



九江銀行股份有限公司  
Bank of Jiujiang Co., Ltd.

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

Stock Code : 06190

2021  
INTERIM REPORT



Better Striver with Greater Performance  
Community Sub-branch Manager  
Ouyang Mengzhi

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# Company Profile

## 1. Basics

Legal name in Chinese:  
九江銀行股份有限公司\*

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

Legal representative:  
LIU Xianting (劉羨庭)

Authorized representatives:  
PAN Ming (潘明), WONG Wai Chiu (黃偉超)

Board secretary:  
WANG Li (王琍)

Company secretary:  
WONG Wai Chiu (黃偉超)

H-share exchange:  
The Stock Exchange of Hong Kong Limited

Stock short name:  
BANK OF JIUJIANG

Stock code:  
06190

Unified social credit code:  
9136040070552834XQ

License number for financial business operations:  
B0348H236040001

Registered capital:  
RMB2,407,367,200

Registered address and office address:  
No. 619 Changhong Avenue, Lianxi District,  
Jiujiang, Jiangxi Province, China  
(Postal code: 332000)

Principal place of business in Hong Kong:  
40/F, Dah Sing Financial Centre, 248  
Queen's Road East, Wan Chai, Hong Kong

Tel: +86 (792) 7783000-1101  
Fax: +86 (792) 8325019  
Email: lushan2@jjccb.com  
Website: <http://www.jjccb.com>  
Customer service and complaint hotline:  
+86 95316

PRC auditor:  
KPMG Huazhen LLP

International auditor:  
KPMG

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

Hong Kong (PRC) legal advisor:  
Clifford Chance

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

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

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

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

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## Company Profile

### 2. About Us

Approved by Wuhan Branch of the People's Bank of China for establishment, Bank of Jiujiang Co., Ltd. ("**Bank of Jiujiang**" or the "**Bank**" or "**our Bank**" or "**we**") was a regional commercial bank incorporated in November 2000 from eight urban credit cooperatives in Jiujiang City. In October 2008, the Bank officially changed its name to the Bank of Jiujiang Co., Ltd.. On July 10, 2018, the Bank of Jiujiang was listed on the Main Board of the Hong Kong Stock Exchange (stock code: 06190).

Since its establishment, staffs of Bank of Jiujiang, with unwavering faith, persistent pursuit, selfless dedication, and the mindset that success only comes through hard work, have endured through great hardships in order to realize the achievements that Bank of Jiujiang has today. From a handful of branches to 275 outlets, we are now a renowned bank with total assets of over RMB440,000 million. Meanwhile, Bank of Jiujiang consistently optimized its shareholder structure and introduced strategic investors such as Industrial Bank and Beijing Automotive Group to enhance its brand image. The Bank has successively received numerous recognition including "National Advanced Grassroots Party Organization", "National May Day Labour Award", "Best National Small and Medium Commercial Bank" and "Exemplary Workplace for Talents in Jiangxi Province".

As of June 30, 2021, Bank of Jiujiang (including controlled county banks) has 4,405 full-time employees, with an average age of 29.34. Among which, 3,875 had undergraduate degrees or graduated from junior college, accounting for 87.97%, while 512 had master's degrees (and above), accounting for 11.62%. We now have operation department of the head office, 13 branches and 261 sub-branches, successively led to establish 20 county banks such as Xiushui Jiuyin and Zhongshan Xiaolan. As a city commercial bank, Bank of Jiujiang was the first to realize the full coverage of cities with districts in Jiangxi Province.

## Company Profile

### 3. Major awards in the first half of 2021

In January 2021, China Central Depository & Clearing Co., Ltd. announced the list of awards of 2020 and the Bank was awarded two honorary titles of “Top 100 Clearing Companies – Excellent Proprietary Dealers” and “Local Bond Institution and Bank Underwriters with the Best Progress”. As of 2020, the Bank has won the honorary title of “Top 100 Clearing Companies – Excellent Proprietary Dealers” for three consecutive years and won “Local Bond Institution and Bank Underwriters with the Best Progress” for two consecutive years.

In January 2021, The National Interbank Funding Center announced the results of selected outstanding in interbank local currency markets for 2020. The Bank won three awards including the “Core Dealer”, “Outstanding Money Market Dealer” and “X-lending Trading Mechanism Innovation” in the inter-bank local currency market in 2020; of which, “X-lending Trading Mechanism Innovation” was won by the Bank for the first time.

In January 2021, China Banking Wealth Management Registration & Depository published the 2020 excellent units in national banking industry for wealth management information registration and the Bank was awarded the “2020 Excellent Bank in National Banking Industry for Wealth Management Information Registration”.

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

In February 2021, Agricultural Development Bank of China announced the winner list of 2020 financial bond underwriting market makers and the Bank was awarded the “Best City Commercial Bank” of financial bond underwriting market makers in 2020.

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## Company Profile

In February 2021, Shanghai Clearing House announced outstanding institutions in settlement and central counterparty clearing businesses in the year of 2020, and the Bank was awarded the Excellent Award for Net Bond Sole Settlement of 2020.

In February 2021, the Leading Group for Green Finance Reform and Innovation of Jiangxi Province issued the Notice on Commendation of Advanced Cities and Counties, Advanced Units and Advanced Individuals of Green Finance in Jiangxi Province from 2018 to 2020 and the Bank won the title of “Advanced Unit”.

In March 2021, Jiangxi Branch, China UnionPay issued “A Letter on Commending Advanced Units of Mobile Payment Convenience Project Construction 2020 in Jiangxi Province”, and the Bank was awarded “Excellent Award for Mobile Payment Scenario Construction” and “Excellent Award for Expansion to Small and Micro Merchants” in Jiangxi Province.

In March 2021, The Export-Import Bank of China announced the list of 2020 excellent organizations of domestic RMB financial bond underwriting market maker group, and the Bank was awarded the honorary titles of “Excellent Underwriter” and “Excellent Market Maker” in 2020 domestic RMB financial bond underwriting market maker group and awarded the “Special Contribution Award” for the first time.

In March 2021, the Bank was awarded the “Special Contribution Award to Worship of Soldiers” by Jiangxi Provincial Veterans Affairs Office.

In April 2021, the Bank won the “2020 Social Responsibility Bank Award” at the “Financial Industry 2021: Change and Confidence under Double Cycle-Annual Meeting of Chinese Institutional Investors and the 14th Golden Cicada Awards Ceremony”.

On June 16, 2021, the Bank won the title of “Jiangxi Meritorious Enterprise of the Year” at the Third Jiangxi Annual Conference on Economic Events, Economic Figures, Meritorious Enterprises, Poverty Alleviation Contributing Enterprises and Entrepreneurs, which was the only prefecture-level city commercial bank in Jiangxi Province that won this honor.

On June 23, 2021, the Bank was named as “Advanced Group in Poverty Alleviation and Difficulties Tackling in Jiangxi Province” at the Summary and Commendation Conference in Poverty Alleviation and Difficulties Tackling, Jiangxi Province.

On July 22, 2021, the Bank won the “Golden Cup Awards-Excellent Competitive Bank Award for Corporate Business” at the “2021 Future Trading Bank Summit” sponsored by Institution of Pan-Yangtze River Delta Transaction Bank and Industry Chain Finance and Shanghai Pudong International Finance Institute and hosted by Shanghai Shine Media Consulting.



# Accounting Data and Financial Indicator Highlights

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

	Six months ended June 30,		
	2021	2020	2021 as compared with 2020
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
<b>Results of operations</b>			<b>Percentage of change (%)</b>
Net interest income <sup>(1)</sup>	4,002.0	3,925.0	2.0
Net fee and commission income <sup>(1)</sup>	308.5	268.3	15.0
Operating income <sup>(2)</sup>	4,928.6	5,209.6	(5.4)
Operating expenses	(1,191.8)	(1,151.0)	3.5
Impairment losses on assets <sup>(2)</sup>	(2,453.0)	(2,759.4)	(11.1)
Profit before taxation	1,288.3	1,305.7	(1.3)
Net profit for the period	1,128.7	1,092.6	3.3
Net profit for the period attributable to equity shareholders of the Bank	1,087.1	1,014.3	7.2
<b>Calculated on a per share basis (RMB)</b>			<b>Percentage of change (%)</b>
Net assets per share attributable to equity shareholders of the Bank <sup>(3)</sup>	11.17	10.58	5.58
Basic earnings per share <sup>(3)</sup>	0.45	0.42	7.14
Diluted earnings per share <sup>(3)</sup>	0.45	0.42	7.14
<b>Profitability indicators (%)</b>			<b>Changes (percentage point)</b>
Return on average total assets <sup>(4)</sup>	0.52	0.58	(0.06)
Return on average equity <sup>(5)</sup>	8.33	8.48	(0.15)
Net interest spread <sup>(6)</sup>	2.01	2.12	(0.11)
Net interest margin <sup>(7)</sup>	2.01	2.17	(0.16)
Net fee and commission income to operating income	6.26	5.15	1.11
Cost-to-income ratio <sup>(8)</sup>	22.97	21.08	1.89

## Accounting Data and Financial Indicator Highlights

	June 30, 2021	December 31, 2020	Change over the end of last year
			<b>Changes (percentage point)</b>
<b>Capital adequacy indicators (%)</b>			
Core tier-one capital adequacy ratio <sup>(9)</sup>	8.55	9.02	(0.47)
Tier-one capital adequacy ratio <sup>(9)</sup>	10.86	9.02	1.84
Capital adequacy ratio <sup>(9)</sup>	12.47	10.71	1.76
Total equity to total assets	7.73	6.40	1.33
			<b>Changes (percentage point)</b>
<b>Asset quality indicators (%)</b>			
Non-performing loan ratio <sup>(10)</sup>	1.46	1.55	(0.09)
General allowance ratio <sup>(11)</sup>	158.02	165.97	(7.95)
Allowance-to-loan ratio <sup>(12)</sup>	2.30	2.58	(0.28)
			<b>Percentage of change (%)</b>
<b>Volume indicators</b>			
Total assets	447,113.9	415,794.1	7.5
Including: Loans and advances to customers, net	230,238.1	205,658.2	12.0
Total liabilities	412,529.8	389,164.6	6.0
Including: Customer deposits	324,028.5	313,804.7	3.3
Share capital	2,407.4	2,407.4	–
Equity attributable to equity shareholders of the Bank	33,894.5	25,976.2	30.5
Non-controlling interests	689.6	653.3	5.6
Total equity	34,584.1	26,629.5	29.9
Net capital base <sup>(9)</sup>	38,009.1	31,323.3	21.3



## Accounting Data and Financial Indicator Highlights

	June 30, 2021	December 31, 2020	Change over the corresponding period of last year
			<b>Changes (percentage point)</b>
<b>Other financial indicators (%)</b>			
Leverage ratio <sup>(13)</sup>	6.57	5.70	0.87
Liquidity ratio <sup>(14)</sup>	78.91	72.65	6.26
Liquidity coverage <sup>(15)</sup>	298.76	327.77	(29.01)
Loan to deposit ratio	72.54	67.06	5.48
Ratio of loans and advances to single top customer <sup>(16)</sup>	0.94	1.04	(0.10)
Ratio of loans and advances to top 10 customers <sup>(16)</sup>	5.44	5.84	(0.40)

### Notes:

- (1) The Ministry of Finance, Assets Supervision and Administration Commission of the State Council, CBIRC and CSRC jointly issued the Notice of Strict Implementation of Accounting Standards for Business Enterprises for Effective Improvement of the Work of 2020 Annual Report for Enterprises (Cai Kuai [2021] No.2) in 2021. The Group reclassified the income of credit card installment business from fee and commission income to interest income according to the requirements of the notice since 2020.
- (2) The Group reclassified impairment losses on repossessed assets from "Other income, gains or losses" to "Impairment losses on assets" in 2021. The comparative figures in the same period have been adjusted accordingly.
- (3) Both of the numerator and denominator only include net profit attributable to ordinary shareholders and net assets when calculated net assets per share and earnings per share.
- (4) Represents net profit for the period as a percentage of average balance of total assets at the beginning and the end of the period.
- (5) Calculated by dividing net profit for the period by the average balance of total equity at the beginning and the end of the period. The average balance of total equity at the end of the period deducted other equity instruments.
- (6) Calculated as the difference between the average yield on total interest-earning assets and the average interest rate of total interest-bearing liabilities, and based on daily average interest-earning assets and interest-bearing liabilities.
- (7) Calculated by dividing net interest income by average interest-earning assets, and based on daily average interest-earning assets.
- (8) Calculated by dividing operating expenses, excluding business tax and surcharges, by operating income.

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## Accounting Data and Financial Indicator Highlights

- (9) On June 7, 2012, the CBIRC promulgated the Administrative Measures for the Capital of Commercial Banks (《商業銀行資本管理辦法》) to superseded the Administrative Measures on the Capital Adequacy Ratio of Commercial Banks (《商業銀行資本充足率管理辦法》), effective from January 1, 2013.
- (10) Calculated by dividing total non-performing loans by gross loans and advances to customers.
- (11) Calculated by dividing allowance for impairment losses on loans by total non-performing loans.
- (12) Calculated by dividing allowance for impairment losses on loans by gross loans and advances to customers.
- (13) Calculated by dividing net in-sheet balance and off-sheet balance of capital (after adjustment) into tier-one net capital according to the regulatory standards of CBIRC and based on reviewed data.
- (14) Calculated by dividing current liabilities into current assets according to the regulatory standards of CBIRC.
- (15) Calculated by dividing net cash outflows in the next 30 days into qualified high-quality current assets according to the regulatory standards of CBIRC.
- (16) Ratio of loans and advances to single top customer and ratio of loans and advances to top 10 customers were recalculated according to the regulatory standards of CBIRC and based on the reviewed data.

# Management Discussion and Analysis

## 1. Past economics and politics

Since 2021, with rapid changes in international environment, presence of anti-globalization thinking and trade protectionism to a certain extent and the continuous spreading of COVID-19 outbreak, huge challenges have been posed to the global economy. In the face of the complex and volatile domestic and international situation and the impact of the COVID-19 outbreak, under the strong leadership of the Party Central Committee with Comrade Xi Jinping at the core, China's pandemic prevention and control has entered a normalized phase, during which, Chinese people respond to the national call for vaccination and the establishment of an immune barrier gains speed. Chinese economy has maintained its full resilience. With the continued consolidation and expansion of the results of pandemic prevention and control, economic and social development, and the precise implementation of macro policies, the resilience continues to be transformed into growth tension and a sustained and stable recovery is evident. The main macro indicators of the national economy fall within a reasonable range, with GDP exceeding RMB5 trillion in the first half of 2021, increasing by 12.7% year-on-year and 5.3% for two-year average growth. Economic development presents a stable reinforcement and steady improvement.

Since 2021, under the strong leadership of the Party Central Committee with Comrade Xi Jinping at the core, the whole province of Jiangxi has conscientiously implemented the decisions and plans of the Party Central Committee, the State Council and the provincial Party committee and provincial government, and made every effort to consolidate and expand the results of pandemic prevention and control and economic and social development, and to implement scientific and precise measures to stabilize economic growth. In the first half of 2021, the province's GDP was RMB1,397.72 billion, increasing by 12.9% year-on-year. The province's economy continues to recover steadily with more solid foundation and more evidently promising trend.

Since 2021, guided by the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, CBIRC has been resolutely implementing the decisions and arrangements of the Party Central Committee, the State Council and conscientiously implementing the arrangements and requirements of the Finance Committee of State Council and vigorously promoting the tasks identified at the beginning of the year. The "14th Five-Year Plan" of banking and insurance supervision is off to a good start. As at the end of June 2021, local and foreign currency assets of the Chinese Banking financial institutions recorded RMB336 trillion, representing a year-on-year increase of 8.6% and maintaining a steady growth; the non-performing loan balance of commercial banks was RMB2.8 trillion, and the non-performing loan ratio was 1.76%, decreasing by 0.05 percentage point as compared with the end of last quarter. The quality of credit assets remained stable.

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## Management Discussion and Analysis

Since 2021, in the face of the complex and severe economic and financial situation, the People's Bank of China has conscientiously implemented the decisions and plans of the Party Central Committee and the State Council. Under the overall guidance of the Finance Committee of the State Council, adhering to righteousness and innovation, it has taken the initiative to perform its central banking duties, implement a prudent monetary policy, and vigorously support high-quality economic development. Meanwhile, it effectively prevented and resolved major financial risks, deepened financial reform and opening up in key areas, continuously improved financial services and management, continuously strengthened the Party building of the People's Bank of China system, and achieved new and remarkable results in all its work.

### **2. Operation overview**

In face of repeated COVID-19 epidemic and economic downturn during the reporting period, the Group actively responded to retain stable development trend by the twelve-word principle: "adjusting business structures, reducing capital consumption, controlling non-performance loans, promoting steady growth".

In the first half of 2021, the Group's realized operating income of RMB4,929 million and the net profit amounted to RMB1,129 million, representing a year-on-year increase of 3.3%.

As of the end of June 2021, the total assets of the Group amounted to RMB447,114 million, representing an increase of 7.5% as compared to the end of last year; gross loans and advances to customers amounted to RMB235,065 million, representing an increase of 11.7% as compared to the end of last year; the total customer deposits amounted to RMB324,029 million, representing an increase of 3.3% as compared to the end of last year; the non-performing loan ratio amounted to 1.46%; general allowance ratio amounted to 158.02%; capital adequacy ratio amounted to 12.47%, with all the main regulatory indicators meeting regulatory requirements.

## Management Discussion and Analysis

### 3. Income statement analysis

For the six months ended June 30, 2021, the Group achieved a profit before taxation of RMB1,288 million, representing a year-on-year decrease of 1.3%; the Group achieved a net profit of RMB1,129 million, representing a year-on-year increase of 3.3%.

	<b>For the six months ended June 30,</b>			
	<b>2021</b>	2020	Amount of change	Percentage of change (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Interest income <sup>(1)</sup>	9,243.2	8,485.6	757.6	8.9
Interest expense	(5,241.2)	(4,560.6)	(680.6)	14.9
<b>Net interest income</b>	4,002.0	3,925.0	77.0	2.0
Fee and commission income <sup>(1)</sup>	356.0	330.7	25.3	7.7
Fee and commission expense	(47.5)	(62.4)	14.9	(23.9)
<b>Net fee and commission income</b>	308.5	268.3	40.2	15.0
Net gains arising from financial investments	541.6	948.5	(406.9)	(42.9)
Other income, gains or losses <sup>(2)</sup>	76.5	67.8	8.7	12.8
<b>Operating income<sup>(2)</sup></b>	4,928.6	5,209.6	(281.0)	(5.4)
Operating expenses	(1,191.8)	(1,151.0)	(40.8)	3.5
Impairment losses on assets <sup>(2)</sup>	(2,453.0)	(2,759.4)	306.4	(11.1)
Share of profits of associates	4.5	6.5	(2.0)	(30.8)
<b>Profit before taxation</b>	1,288.3	1,305.7	(17.4)	(1.3)
Income tax expense	(159.6)	(213.1)	53.5	(25.1)
<b>Net profit for the period</b>	1,128.7	1,092.6	36.1	3.3
<b>Net profit for the period attributable to equity shareholders of the Bank</b>	1,087.1	1,014.3	72.8	7.2
Non-controlling interests	41.6	78.3	(36.7)	(46.9)

# Management Discussion and Analysis

Notes:

- (1) The Ministry of Finance, Assets Supervision and Administration Commission of the State Council, CBIRC and CSRC jointly issued the Notice of Strict Implementation of Accounting Standards for Business Enterprises for Effective Improvement of the Work of 2020 Annual Report for Enterprises (Cai Kuai [2021] No.2) in 2021. The Group has reclassified the income of credit card installment business from fee and commission income to interest income according to the requirements of the notice since 2020.
- (2) The Group reclassified impairment losses on repossessed assets from “Other income, gains or losses” to “Impairment losses on assets” in 2021. The comparative figures in the same period have been adjusted accordingly.

## 3.1 Net interest income, net interest spread and net interest margin

During the reporting period, the Group achieved a net interest income of RMB4,002 million, representing an increase of RMB77 million, or 2.0% compared to the same period of last year, accounting for 81.2% of operating income.

During the reporting period, the average balance of interest-earning assets and interest-bearing liabilities, the interest income and expenses of these assets and liabilities, and the average yield of interest-earning assets and the average interest rate of interest-bearing liabilities of the Group are as follows:

	For the six months ended June 30,					
	2021			2020		
	Average balance	Interest income/expense	Average yield/interest rate (%) <sup>(1)</sup>	Average balance	Interest income/expense	Average yield/interest rate (%) <sup>(1)</sup>
<b>Interest-earning assets</b>						
Loans and advances to customers	219,680.3	5,942.7	5.41	187,041.7	5,448.1	5.83
Financial investments <sup>(2)</sup>	118,467.3	2,760.4	4.66	122,576.7	2,631.8	4.29
Financial assets held under resale agreements	23,578.0	250.5	2.12	17,167.4	141.8	1.65
Balances with the central bank <sup>(3)</sup>	32,434.5	249.0	1.54	27,515.0	214.5	1.56
Deposits with banks and other financial institutions <sup>(4)</sup>	4,146.0	40.6	1.96	7,408.4	49.4	1.33
<b>Total interest-earning assets</b>	<b>398,306.1</b>	<b>9,243.2</b>	<b>4.64</b>	<b>361,709.2</b>	<b>8,485.6</b>	<b>4.69</b>

(All amounts expressed in millions of RMB except percentages, unless otherwise stated)

## Management Discussion and Analysis

	For the six months ended June 30,					
	2021	Average		2020	Average	
	Average	Interest	yield/	Average	Interest	Average
	balance	income/	interest	balance	income/	interest rate
		expense	rate (%) <sup>(1)</sup>		expense	(%) <sup>(1)</sup>
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)						
<b>Interest-bearing liabilities</b>						
Customer deposits	309,954.9	4,052.8	2.62	261,632.4	3,186.7	2.44
Deposits from banks and other financial institutions <sup>(5)</sup>	19,116.0	253.1	2.65	22,565.7	328.9	2.92
Financial assets sold under repurchase agreements	23,371.6	229.1	1.96	18,055.0	161.6	1.79
Debt securities issued <sup>(6)</sup>	33,721.5	575.5	3.41	45,919.5	798.4	3.48
Borrowings from the central bank	12,363.0	130.7	2.11	7,369.6	85.0	2.31
<b>Total interest-bearing liabilities</b>	<b>398,527.0</b>	<b>5,241.2</b>	<b>2.63</b>	<b>355,542.2</b>	<b>4,560.6</b>	<b>2.57</b>
<b>Net interest income<sup>(7)</sup></b>		<b>4,002.0</b>			<b>3,925.0</b>	
<b>Net interest spread (%)<sup>(8)</sup></b>		<b>2.01</b>			<b>2.12</b>	
<b>Net interest margin (%)<sup>(9)</sup></b>		<b>2.01</b>			<b>2.17</b>	

### Notes:

- (1) Calculated by dividing interest income/expense by average balance.
- (2) Consists of the financial investments measured at amortized cost and at fair value through other comprehensive income.
- (3) Consists primarily of mandatory reserve deposits and surplus reserve deposits.
- (4) Consists of deposits with banks and other financial institutions and placements with banks and other financial institutions.
- (5) Consists of deposits from banks and other financial institutions and placements from banks and other financial institutions.
- (6) Consists of tier-two capital bonds issued, green financial bonds and interbank negotiable certificates of deposit.
- (7) The Ministry of Finance, Assets Supervision and Administration Commission of the State Council, CBIRC and CSRC jointly issued the Notice of Strict Implementation of Accounting Standards for Business Enterprises for Effective Improvement of the Work of 2020 Annual Report for Enterprises (Cai Kuai [2021] No.2) in 2021. The Group has reclassified the income of credit card installment business from fee and commission income to interest income according to the requirement of the notice since 2020.
- (8) Calculated as the difference between the average yield on total interest-earning assets and the average interest rate of total interest-bearing liabilities.
- (9) Calculated by dividing net interest income by the daily average balance of total interest-earning assets.



## Management Discussion and Analysis

The following table sets forth the changes in interest income and interest expenses of the Group due to changes in scale and interest rates during the period indicated. The change in scale is measured by the change in the average balance of interest-earning assets and interest-bearing liabilities, while the change in interest rates is measured by the change in the average interest rates of interest-earning assets and interest-bearing liabilities. The combined effect of changes in scale and interest rates is included in interest rate changes.

**For the six months ended June 30,  
Changes in 2021 vs. 2020  
Reasons of increase/(decrease)**

	<b>Scale<sup>(1)</sup></b>	<b>Rate<sup>(2)</sup></b>	<b>Net increase/ decrease<sup>(3)</sup></b>
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
<b>Interest-earning assets</b>			
Loans and advances to customers	955.9	(461.3)	494.6
Financial investments	(90.6)	219.2	128.6
Financial assets held under resale agreements	53.3	55.4	108.7
Balances with the central bank <sup>(4)</sup>	37.7	(3.2)	34.5
Deposits with banks and other financial institution <sup>(5)</sup>	(21.9)	13.1	(8.8)
<b>Change in interest income</b>	<b>934.4</b>	<b>(176.8)</b>	<b>757.6</b>
<b>Interest-bearing liabilities</b>			
Customer deposits	587.1	279.0	866.1
Deposits from banks and other financial institutions <sup>(6)</sup>	(50.0)	(25.8)	(75.8)
Financial assets sold under repurchase agreements	47.6	19.9	67.5
Debt securities issued <sup>(7)</sup>	(211.1)	(11.8)	(222.9)
Borrowings from the central bank	58.1	(12.4)	45.7
<b>Change in interest expense</b>	<b>431.7</b>	<b>248.9</b>	<b>680.6</b>
<b>Change in net interest income</b>	<b>502.7</b>	<b>(425.7)</b>	<b>77.0</b>

# Management Discussion and Analysis

## Notes:

- (1) Represents the average balance of the reporting period deducting the average balance of the previous period, multiplied by the average yield/interest rate of the previous period.
- (2) Represents the average yield/interest rate of the reporting period deducting the average yield/interest rate of the previous period multiplied by the average balance for the reporting period.
- (3) Represents interest income/expense during the reporting period deducting interest income/expense from the previous period.
- (4) Consists primarily of mandatory reserve deposits and surplus reserve deposits.
- (5) Consists of deposits with banks and other financial institutions and placements with banks and other financial institutions.
- (6) Consists of deposits from banks and other financial institutions and placements from banks and other financial institutions.
- (7) Consists of tier-two capital bonds issued, green financial bonds and interbank negotiable certificates of deposit.

## 3.2 Interest income

For the six months ended June 30, 2021, the Group achieved interest income of RMB9,243 million, representing a year-on-year increase of RMB758 million, or 8.9%. The increase in interest income was mainly due to the increase in the average balance of interest-earning assets, though it was partially offset by decrease in the average asset yield. During the reporting period, the increase in the average balance of interest-earning assets of the Group was mainly due to the increase in the loan of the Group in line with the business development; the decrease in the average asset yield was mainly due to the decrease in the yield of the loans and advances to customers business of the Group.

### 3.2.1 Interest income from loans and advances to customers

For the six months ended June 30, 2021, interest income from the Group's loans and advances to customers was RMB5,943 million, representing a year-on-year increase of RMB495 million or 9.1%, mainly attributable to the increase in the average balance of total loans and advances to customers, though it was partially offset by the decrease in the average yield. During the reporting period, the average balance of our total loans and advances to customers increased, primarily reflecting the overall growth of the Group's credit supply. The decrease in the average yield was mainly attributable to the fact that the Group implemented preferential interest rate policies to actually reduce social financing cost and increase the support towards the real economy.

The following table sets forth the average balance, interest income and average yield of various components of loans and advances to customers of the Group in the period indicated.

## Management Discussion and Analysis

For the six months ended June 30,

	2021			2020		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)

(All amounts expressed in millions of RMB except percentages,  
unless otherwise stated)

Corporate loans and advances	132,616.5	3,764.9	5.68	111,107.9	3,296.1	5.93
Retail loans and advances	69,531.0	1,877.7	5.40	58,703.3	1,825.7	6.22
Discounted bills	17,532.8	300.1	3.42	17,230.5	326.3	3.79
<b>Total</b>	<b>219,680.3</b>	<b>5,942.7</b>	<b>5.41</b>	<b>187,041.7</b>	<b>5,448.1</b>	<b>5.83</b>

### 3.2.2 Interest income from financial investments

For the six months ended June 30, 2021, interest income from financial investments of the Group amounted to RMB2,760 million, representing a year-on-year increase of RMB129 million, or 4.9%, primarily due to the increase in investment income.

### 3.2.3 Interest income from financial assets held under resale agreements

For the six months ended June 30, 2021, interest income from financial assets held under resale agreements of the Group amounted to RMB251 million, representing a year-on-year increase of RMB109 million, or 76.7%, primarily due to the increase in the average yield of financial assets held under resale agreements and the increase in average balance. The increase in average yield was primarily due to (i) increased portion of bills held under resale agreements which have higher yields, and (ii) the increase in yield as a result of tightened market liquidity. The increase in the average balance was due to the Group's needs of liquidity management.

### 3.2.4 Interest income from balances with the central bank

For the six months ended June 30, 2021, interest income from balances with the central bank of the Group was RMB249 million, representing a year-on-year increase of RMB35 million or 16.1%, mainly attributable to the increase in the Group's reserve and excess reserve deposits in the central bank as the growth in scale of various deposit businesses.

## Management Discussion and Analysis

### **3.2.5 Interest income from deposits with banks and other financial institutions**

For the six months ended June 30, 2021, the interest income from deposits with banks and other financial institutions of the Group was RMB41 million, representing a year-on-year decrease of RMB9 million, or 17.8%. This was mainly due to the decrease in the average balance of deposits with banks and other financial institutions. The decrease in average balance was due to the decrease in scale of interbank lending funds arising from the flexible adjustment of fund allocation of the Group.

### 3.3 Interest expense

For the six months ended June 30, 2021, interest expense of the Group amounted to RMB5,241 million, representing a year-on-year increase of RMB681 million, or 14.9%.

#### **3.3.1 Interest expense on customer deposits**

For the six months ended June 30, 2021, interest expense on customer deposits of the Group amounted to RMB4,053 million, representing a year-on-year increase of RMB866 million, or 27.2%, primarily due to the increase in the average interest rate and the increase in average balance of customer deposits. The increase in the average interest rate of customer deposits was mainly due to fierce competition in the industry. The increase in the average balance was mainly due to the overall growth in the scale of the deposit business as a result of progressive customer expansion by the Group.

The following table sets forth the average balance, interest expense and average interest rate for each component of the Group's customer deposits in the period indicated.

## Management Discussion and Analysis

	For the six months ended June 30,					
	2021			2020		
	Average balance	Interest expense	Average interest rate (%)	Average balance	Interest expense	Average interest rate (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)						
<b>Corporate deposits</b>						
Demand	96,655.0	614.9	1.27	86,715.6	573.3	1.32
Time	54,271.9	920.9	3.39	43,836.2	766.3	3.50
Pledged deposits	34,512.7	395.1	2.29	29,768.7	308.0	2.07
Subtotal	185,439.6	1,930.9	2.08	160,320.5	1,647.6	2.06
<b>Personal deposits</b>						
Demand	18,897.1	50.9	0.54	16,604.8	41.2	0.50
Time	105,464.6	2,071.0	3.93	84,429.3	1,497.9	3.55
Subtotal	124,361.7	2,121.9	3.41	101,034.1	1,539.1	3.05
<b>Others</b>	153.6	0.0	0.00	277.8	0.0	0.00
<b>Total customer deposits</b>	309,954.9	4,052.8	2.62	261,632.4	3,186.7	2.44

### 3.3.2 Interest expense on deposits from banks and other financial institutions

For the six months ended June 30, 2021, interest expense on deposits from banks and other financial institutions of the Group was RMB253 million, representing a year-on-year decrease of RMB76 million, or 23.0%. This was mainly due to the decrease in both interest rate and scale as the Group strengthened the daily management of interbank liabilities and moderately controlled daily average scale and structure.

### 3.3.3 Interest expense on financial assets sold under repurchase agreements

For the six months ended June 30, 2021, interest expense on financial assets sold under repurchase agreements of the Group amounted to RMB229 million, representing a year-on-year increase of RMB68 million or 41.8%. This was mainly due to the increase in the average balance of financial assets sold under repurchase agreements. The increase in the average balance was mainly due to the Group's needs of liquidity management.

## Management Discussion and Analysis

### **3.3.4 Interest expense from debt securities issued**

For the six months ended June 30, 2021, interest expense from the issued debt securities of the Group amounted to RMB576 million, representing a year-on-year decrease of RMB223 million, or 27.9%. This was mainly due to the decrease in the average interest rate and the average balance of the issued debt securities of the Group. The decrease in average interest rate was primarily due to loosened market liquidity, which led to the decrease in the interest rate of inter-bank certificates of deposit. The decline in the average balance was mainly due to the Group's optimization and adjustment of its debt structure during the reporting period and the reduction in the issuance of negotiable inter-bank certificates of deposit.

### **3.3.5 Interest expense on borrowings from the central bank**

For the six months ended June 30, 2021, interest expense on borrowings from the central bank of the Group amounted to RMB131 million, representing a year-on-year increase of RMB46 million, or 53.8%. This was mainly due to the increase in the average balance of borrowings from the central bank of the Group.

### **3.3.6 Net interest spread and net interest margin**

For the six months ended June 30, 2021, net interest spread of the Group decreased from 2.12% in the same period of the previous year to 2.01%. The net interest margin decreased from 2.17% in the same period of the previous year to 2.01%, mainly due to the narrowing of interest spread in the overall macro market as a result of the acceleration of interest rate marketization.

## 3.4 Non-interest income

### **3.4.1 Fee and commission income**

For the six months ended June 30, 2021, the fee and commission income of the Group amounted to RMB356 million, representing a year-on-year increase of RMB25 million or 7.7%, mainly attributable to the strengthening of management related to net income of intermediary business of the Group.

## Management Discussion and Analysis

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

	<b>For the six months ended June 30,</b>			
	<b>2021</b>	2020	Amount of change	Percentage of change (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
<b>Fee and commission income<sup>(1)</sup></b>				
Agency service fees	85.5	121.1	(35.6)	(29.4)
Wealth management fees	82.6	78.2	4.4	5.6
Credit commitments and financial guarantees fees	74.3	41.3	33.0	79.9
Bank card fees	67.1	28.3	38.8	137.1
Settlement and clearing fees	42.6	22.9	19.7	86.0
Transaction and consultancy fees	3.9	38.9	(35.0)	(90.0)
Subtotal	356.0	330.7	25.3	7.7
<b>Fee and commission expense</b>				
Transaction fees	(23.7)	(29.0)	5.3	(18.3)
Settlement fees	(16.1)	(23.6)	7.5	(31.8)
Others	(7.7)	(9.8)	2.1	(21.4)
Subtotal	(47.5)	(62.4)	14.9	(23.9)
<b>Net fee and commission income</b>	<b>308.5</b>	<b>268.3</b>	<b>40.2</b>	<b>15.0</b>

Note:

- (1) The Ministry of Finance, Assets Supervision and Administration Commission of the State Council, CBIRC and CSRC jointly issued the Notice of Strict Implementation of Accounting Standards for Business Enterprises for Effective Improvement of the Work of 2020 Annual Report for Enterprises (Cai Kuai [2021] No.2) in 2021. The Group reclassified the income of credit card installment business from fee and commission income to interest income according to the requirement of the notice since 2020.

For the six months ended June 30, 2021, agency service fee income of the Group amounted to RMB86 million, representing a year-on-year decrease of RMB36 million or 29.4%, mainly attributable to expiry of some agency business of the Group which was not renewed.

For the six months ended June 30, 2021, the wealth management fee income of the Group amounted to RMB83 million, representing a year-on-year increase of RMB4 million or 5.6%, mainly attributable to the expansion of scale of the Group's wealth management assets.



## Management Discussion and Analysis

For the six months ended June 30, 2021, credit commitments and financial guarantees fee income of the Group amounted to RMB74 million, representing a year-on-year increase of RMB33 million or 79.9%, mainly attributable to the growth in letters of guarantee business and commercial bill acceptance business of the Group.

For the six months ended June 30, 2021, bank card fee income of the Group reached RMB67 million, representing a year-on-year increase of RMB39 million, or 137.1%. The increase in income was mainly due to the increase in the related fee income as a result of promotion and application of the Group's credit cards.

### **3.4.2 Net gains arising from financial investments**

For the six months ended June 30, 2021, net gains arising from financial investments of the Group reached RMB542 million, representing a year-on-year decrease of RMB407 million, or 42.9%, mainly due to the decrease in both yield and scale of the financial investments measured at fair value through profit or loss resulting from the Group's implementation of national policy guidance and steady financial investment strategy.

### 3.5 Operating expenses

For the six months ended June 30, 2021, operating expenses of the Group amounted to RMB1,192 million, which was basically the same as that of the same period of the previous year.

The following table sets forth the amount, amount of change and percentage of changes for each component of operating expenses of the Group in the period indicated.

## Management Discussion and Analysis

	<b>For the six months ended June 30,</b>			
	<b>2021</b>	2020	Amount of change	Percentage of change (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Staff costs	634.5	647.7	(13.2)	(2.0)
General and administrative expenses	271.1	247.4	23.7	9.6
Tax and surcharges	59.6	53.0	6.6	12.5
Depreciation and amortization (excluding investment properties)	174.8	160.9	13.9	8.6
Depreciation on right-of-use assets	40.1	32.2	7.9	24.5
Rental and property management expenses	11.7	9.8	1.9	19.4
<b>Total operating expenses</b>	<b>1,191.8</b>	<b>1,151.0</b>	<b>40.8</b>	<b>3.5</b>

For the six months ended June 30, 2021, staff costs of the Group amounted to RMB635 million, which was basically the same as that of the same period of the previous year.

	<b>For the six months ended June 30,</b>			
	<b>2021</b>	2020	Amount of change	Percentage of change (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Salaries, bonuses and allowances	514.7	554.1	(39.4)	(7.1)
Staff welfares	27.2	20.9	6.3	30.1
Social insurance and supplementary retirement benefits	50.3	47.5	2.8	5.9
Housing funds	28.7	17.6	11.1	63.1
Staff education expenses and labor union fees	13.6	7.6	6.0	78.9
<b>Total staff costs</b>	<b>634.5</b>	<b>647.7</b>	<b>(13.2)</b>	<b>(2.0)</b>

For the six months ended June 30, 2021, general and administrative expenses of the Group were RMB271 million, representing a year-on-year increase of RMB24 million or 9.6%, mainly due to the normal business growth of the Group.

## Management Discussion and Analysis

For the six months ended June 30, 2021, the tax and surcharges of the Group were RMB60 million, representing a year-on-year increase of RMB7 million, or 12.5%, mainly attributable to the increase in value-added taxes payable of the Group.

For the six months ended June 30, 2021, depreciation and amortization (excluding investment properties) of the Group amounted to RMB175 million, increased by RMB14 million or 8.6% year-on-year. This is primarily due to changes in tangible assets, property and equipment and renovation expenses of the Group during the relevant period.

### 3.6 Impairment losses on assets

For the six months ended June 30, 2021, the Group's impairment losses on assets were RMB2,453 million, representing a year-on-year decrease of RMB306 million or 11.1%. This is primarily due to the effective control of non-performing level as a result of the strengthening of collection and disposal of non-performing assets by the Group.

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

	<b>For the six months ended June 30,</b>			
	<b>2021</b>	2020	Amount of change	Percentage of change (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Loans and advances to customers at amortized cost	1,301.3	249.1	1,052.2	422.4
Loans and advances to customers at FVOCI	(69.3)	69.7	(139.0)	(199.4)
Financial investments measured at amortized cost	1,156.2	1,896.5	(740.3)	(39.0)
Financial investments measured at FVOCI	(1.6)	242.2	(243.8)	(100.7)
Others <sup>(1)</sup>	66.4	301.9	(235.5)	(78.0)
<b>Total impairment losses on assets</b>	<b>2,453.0</b>	<b>2,759.4</b>	<b>(306.4)</b>	<b>(11.1)</b>

Note:

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

## Management Discussion and Analysis

### 3.7 Income tax expense

For the six months ended June 30, 2021, income tax of the Group was RMB160 million, representing a year-on-year decrease of RMB54 million or 25.1%, mainly attributable to the exemption of enterprise income tax on interest income and dividends of funds from the Group's investments in national bonds and local government bonds.

The following table sets forth the amount, amount of change and percentage of change for each component of income tax expense of the Group in the period indicated.

	<b>For the six months ended June 30,</b>			
	<b>2021</b>	2020	Amount of change	Percentage of change (%)
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Current income tax	556.7	832.6	(275.9)	(33.1)
Tax filling differences	33.2	653.1	(619.9)	(94.9)
Deferred tax	(430.3)	(1,272.6)	842.3	(66.2)
<b>Total income tax expenses</b>	<b>159.6</b>	<b>213.1</b>	<b>(53.5)</b>	<b>(25.1)</b>

## 4. Analysis of major financial position items

### 4.1 Assets

As of June 30, 2021, total assets of the Group were RMB447,114 million, representing an increase of RMB31,320 million or 7.5% as compared to the end of last year, mainly attributable to (i) the increase in loans and advances to customers, and (ii) the increase in financial investments.

## Management Discussion and Analysis

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

	<b>As of June 30, 2021</b>		As of December 31, 2020	
	<b>Amount</b>	<b>% of total amount</b>	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Total loans and advances to customers	235,064.7	52.6	210,440.0	50.7
Accrued interest on loans and advances to customers	453.8	0.1	439.9	0.1
Less: Allowances for impairment losses	(5,280.4)	(1.2)	(5,221.7)	(1.3)
Loans and advances to customers, net	230,238.1	51.5	205,658.2	49.5
Financial investments, net	152,267.5	34.1	145,947.1	35.1
Cash and balances with the central bank	36,985.8	8.3	38,740.9	9.3
Deposits with banks and other financial institutions	3,077.9	0.7	2,014.6	0.5
Placements with banks and other financial institutions	150.1	0.0	-	-
Financial assets held under resale agreements	14,342.4	3.2	13,447.8	3.2
Interests in associates	131.4	0.0	126.8	0.0
Other assets <sup>(1)</sup>	9,920.7	2.2	9,858.7	2.4
<b>Total assets</b>	<b>447,113.9</b>	<b>100.0</b>	<b>415,794.1</b>	<b>100.0</b>

Note:

(1) Consists of property and equipment, right-of-use assets, deferred tax assets and others.

### 4.1.1 Loans and advances to customers

As of June 30, 2021, total loans and advances to customers of the Group amounted to RMB235,065 million, representing an increase of RMB24,625 million, or 11.7% from the end of the previous year. The increase in the loan portfolio of the Group is primarily due to (i) the stable growth in the corporate loans of the Group, and (ii) the Group's continued efforts to develop retail loan business.

## Management Discussion and Analysis

The following table sets forth, as at the dates indicated, the distribution of total loans and advances to customers of the Group by business type.

	<b>As of June 30, 2021</b>		As of December 31, 2020	
	<b>Amount</b>	<b>% of total amount</b>	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Corporate loans and advances	141,434.8	60.2	124,439.4	59.1
Retail loans and advances	75,978.1	32.3	66,362.3	31.5
Discounted bills	17,651.8	7.5	19,638.3	9.4
<b>Total loans and advances to customers</b>	<b>235,064.7</b>	<b>100.00</b>	<b>210,440.0</b>	<b>100.0</b>

### (1) Corporate loans and advances

As of June 30, 2021, the total corporate loans and advances of the Group amounted to RMB141,435 million, representing an increase of RMB16,995 million or 13.7% from the end of the previous year. The increase in the gross corporate loans and advances was mainly due to that the Group proactively expanded the credit investment to support the real economy.

The following table sets forth, as at the dates indicated, the distribution of corporate loans and advances of the Group by product type.

	<b>As of June 30, 2021</b>		As of December 31, 2020	
	<b>Amount</b>	<b>% of total amount</b>	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Working capital loans	84,173.9	59.5	72,974.8	58.6
Fixed asset loans	42,162.2	29.8	40,354.3	32.4
Trade finance loans	13,525.0	9.6	9,543.0	7.7
Others	1,573.7	1.1	1,567.3	1.3
<b>Total corporate loans and advances</b>	<b>141,434.8</b>	<b>100.0</b>	<b>124,439.4</b>	<b>100.0</b>

## Management Discussion and Analysis

The following table sets forth, as at the dates indicated, the distribution of corporate loans and advances of the Group by size of corporate banking customers.

	<b>As of June 30, 2021</b>		As of December 31, 2020	
	<b>Amount</b>	<b>% of total amount</b>	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Large enterprise	18,536.0	13.1	11,995.0	9.6
Medium enterprise	31,588.7	22.3	32,508.8	26.1
Small enterprise	60,222.8	42.6	51,519.7	41.4
Micro enterprise	26,812.6	19.0	24,886.2	20.0
Others	4,274.7	3.0	3,529.7	2.9
<b>Total corporate loans and advances</b>	<b>141,434.8</b>	<b>100.0</b>	<b>124,439.4</b>	<b>100.0</b>

### (2) Retail loans and advances

As of June 30, 2021, total retail loans and advances of the Group amounted to RMB75,978 million, representing an increase of RMB9,616 million, or 14.5% as compared to the end of last year. The continuous increase of the retail loans and advances of the Group was mainly due to the steady development of the Group's personal loans for business purposes.

The following table sets forth, as at the dates indicated, the breakdown of retail loans and advances of the Group by product type.

	<b>As of June 30, 2021</b>		As of December 31, 2020	
	<b>Amount</b>	<b>% of total amount</b>	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Residential mortgage loans	32,788.4	43.2	29,565.8	44.6
Personal loans for business purposes	21,128.9	27.8	17,279.7	26.0
Personal loans for consumption	17,455.4	23.0	16,550.2	24.9
Credit card	4,605.4	6.0	2,966.6	4.5
<b>Total retail loans and advances</b>	<b>75,978.1</b>	<b>100.0</b>	<b>66,362.3</b>	<b>100.0</b>



## Management Discussion and Analysis

### (3) Discounted bills

As of June 30, 2021, discounted bills of the Group were RMB17,652 million, representing a decrease of RMB1,987 million or 10.1% as compared to the end of last year, mainly attributable to the fact that the Group optimized the asset and liability structure, and moderately adjusted its size of discounted bills.

### 4.1.2 Financial investments

As of June 30, 2021, the total financial investments of the Group were RMB156,245 million, increasing by RMB7,024 million, or 4.7% over that at the end of last year. The increase is primarily due to the fact that: (i) the debt securities held by the Group increased; and (ii) equity investments held by the Group increased, primarily in bond funds and currency funds.

The following table sets out the components of the Group's financial investments by investment intention as at the dates indicated.

	<b>As of June 30, 2021</b>		As of December 31, 2020	
	<b>Amount</b>	<b>% of total amount</b>	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Financial investments at fair value through profit or loss	31,826.5	20.4	30,087.7	20.1
Financial investments measured at amortized cost	93,032.4	59.5	88,122.7	59.1
Financial investments at fair value through other comprehensive income	31,385.7	20.1	31,010.4	20.8
<b>Total financial investments</b>	<b>156,244.6</b>	<b>100.0</b>	<b>149,220.8</b>	<b>100.0</b>

## Management Discussion and Analysis

The following table sets forth, as at the dates indicated, the distribution of financial investments of the Group.

	<b>As of June 30, 2021</b>		As of December 31, 2020	
	<b>Amount</b>	<b>% of total amount</b>	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
<b>Debt securities</b>				
Government bonds	35,818.1	23.0	32,804.8	21.9
Debt securities issued by PRC policy banks	30,254.5	19.4	30,306.8	20.3
Debt securities issued by other PRC banks and financial institutions	4,655.9	3.0	4,742.2	3.2
Debt securities issued by PRC corporate issuers	21,460.6	13.7	19,500.4	13.1
Subtotal	92,189.1	59.1	87,354.2	58.5
<b>Non-standard investment</b>				
Trust beneficiary rights and asset management plans	38,212.5	24.4	39,369.9	26.4
Wealth management products issued by other PRC commercial banks	–	–	207.6	0.1
Other investments at fair value through profit or loss	5,167.4	3.3	5,192.3	3.5
Subtotal	43,379.9	27.7	44,769.8	30.0
<b>Equity investments</b>				
Equity investments	261.1	0.2	256.5	0.2
Fund investments	18,540.5	11.8	14,947.0	10.0
Subtotal	18,801.6	12.0	15,203.5	10.2
Accrued interest	1,874.0	1.2	1,893.3	1.3
<b>Total financial investments</b>	156,244.6	100.0	149,220.8	100.0
Less: Allowances for impairment losses	(3,977.1)		(3,273.7)	
<b>Financial investments, net</b>	152,267.5		145,947.1	

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## Management Discussion and Analysis

### **4.1.3 Other Components of the Group's Assets**

Other components of the Group's assets mainly include: (i) Cash and balances with the central bank; (ii) Deposits with banks and other financial institutions; (iii) Placements with banks and other financial institutions; and (iv) Financial assets held under resale agreements.

As of June 30, 2021, the total amount of cash and balances with the central bank of the Group was RMB36,986 million, representing a decrease of RMB1,755 million or 4.5% from the end of the previous year, mainly due to the needs of liquidity management of the Group.

As of June 30, 2021, the total amount of deposits with banks and other financial institutions of the Group was RMB3,078 million, representing an increase of RMB1,063 million or 52.8% from the end of the previous year. The increase was mainly due to our adjustment of liquidity management measures based on the funding situation and market liquidity changes.

As of June 30, 2021, the total amount of placements with banks and other financial institutions of the Group was RMB150 million, which was mainly due to the needs of liquidity management of the Group.

As of June 30, 2021, the total amount of financial assets held under resale agreements of the Group was RMB14,342 million, representing an increase of RMB895 million or 6.7% as compared with the end of the last year. This is mainly due to the increase of financial assets held under resale agreements based on the Group's liquidity management measures.

# Management Discussion and Analysis

## 4.2 Liabilities

As of June 30, 2021, the total liabilities of the Group were RMB412,530 million, increasing by RMB23,365 million, or 6.0% over that at the end of last year.

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

	<b>As of June 30, 2021</b>		As of December 31, 2020	
	<b>Amount</b>	<b>% of total amount</b>	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Borrowings from the central bank	14,113.6	3.4	13,763.5	3.5
Customer deposits	324,028.5	78.5	313,804.7	80.6
Deposits from banks and other financial institutions	12,770.1	3.1	9,124.1	2.3
Placements from banks and other financial institutions	6,550.3	1.6	7,409.5	1.9
Financial assets sold under repurchase agreements	13,304.0	3.2	14,705.0	3.8
Debt securities issued	37,851.3	9.2	26,634.1	6.8
Other liabilities <sup>(1)</sup>	3,912.0	1.0	3,723.7	1.1
<b>Total liabilities</b>	<b>412,529.8</b>	<b>100.0</b>	<b>389,164.6</b>	<b>100.0</b>

Note:

- (1) Consisted of income tax payable, lease liabilities, provisions, salaries payable, settlement and clearing accounts, and dividend payable, etc.

### 4.2.1 Customer deposits

As of June 30, 2021, the Group recorded total customer deposits of RMB324,029 million, increasing by RMB10,224 million, or 3.3% over that at the end of last year, mainly due to that the Group put more effort into expanding the deposits business, resulting in a steady increase of customer deposits.

## Management Discussion and Analysis

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

	<b>As of June 30, 2021</b>		As of December 31, 2020	
	<b>Amount</b>	<b>% of total amount</b>	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
<b>Corporate deposits</b>				
Demand	99,248.8	30.6	102,884.3	32.8
Time	55,262.3	17.1	54,123.6	17.2
Pledged deposits	38,567.3	11.9	35,719.6	11.4
Subtotal	193,078.4	59.6	192,727.5	61.4
<b>Personal deposits</b>				
Demand	18,876.0	5.8	18,803.8	6.0
Time	106,549.2	32.9	97,415.1	31.0
Subtotal	125,425.2	38.7	116,218.9	37.0
<b>Other deposits<sup>(1)</sup></b>	121.3	0.0	192.5	0.1
<b>Accrued interest</b>	5,403.6	1.7	4,665.8	1.5
<b>Total customer deposits</b>	324,028.5	100.0	313,804.7	100.0

Note:

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

### 4.2.2 Deposits from banks and other financial institutions

As of June 30, 2021, the balance of the Group's deposits from banks and other financial institutions was RMB12,770 million, increasing by RMB3,646 million, or 40.0% from that at the end of last year, mainly due to the Group's strategic adjustment on the financing structure portfolio, and increased deposits from banks and other financial institutions.

## Management Discussion and Analysis

### **4.2.3 Borrowings from the central bank**

As of June 30, 2021, the balance of the Group's borrowings from the central bank was RMB14,114 million, representing an increase of RMB350 million, or 2.5%, as compared with the end of last year. The increase was primarily due to the Group's borrowings at lower interest rates from the central bank during the reporting period to support the economic development of farmers and small and micro enterprises.

### **4.2.4 Financial assets sold under repurchase agreements**

As of June 30, 2021, the Group's financial assets sold under repurchase agreements valued RMB13,304 million, decreasing by RMB1,401 million, or 9.5% from that at the end of last year. The decrease was primarily due to the adjustment of the Group on selling bonds for repurchase in compliance with the capital liquidity management measures.

### **4.2.5 Debt securities issued**

As of June 30, 2021, the Group's debt securities issued was RMB37,851 million, increasing by RMB11,217 million or 42.1% as compared to the end of last year, which was primarily due to the Group's strengthened management on active interbank liabilities and adjustment of the issuance of negotiable inter-bank certificates of deposit.

## 4.3 Equity

As of June 30, 2021, the total equity of the Group was RMB34,584 million, increasing by RMB7,955 million, or 29.9% over that at the end of last year. As of June 30, 2021, the equity attributable to equity shareholders of the Bank was RMB33,895 million, increasing by RMB7,918 million, or 30.5% over that at the end of last year. The increase in the Group's equity can be primarily ascribed to the issuance of RMB7.0 billion of capital bonds with no fixed term in the first half of 2021. For details of the issuance of bonds, please refer to the section of "Significant Issues" in this interim report.

## Management Discussion and Analysis

The following table sets forth, as at the dates indicated, the various components of the Group's equity.

	<b>As of June 30, 2021</b>		As of December 31, 2020	
	<b>Amount</b>	<b>% of total amount</b>	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Share capital	2,407.4	7.0	2,407.4	9.0
Other equity instrument	6,997.8	20.2	–	–
Share premium	8,165.8	23.6	8,165.8	30.7
Investment revaluation reserve	(5.0)	0.0	(79.2)	(0.3)
Surplus reserve	3,808.8	11.0	3,808.8	14.3
General reserve	4,673.6	13.5	4,673.6	17.6
Retained earnings	7,846.1	22.7	6,999.8	26.2
<b>Equity attributable to equity shareholders of the Bank</b>	<b>33,894.5</b>	<b>98.0</b>	<b>25,976.2</b>	<b>97.5</b>
<b>Non-controlling interests</b>	<b>689.6</b>	<b>2.0</b>	<b>653.3</b>	<b>2.5</b>
<b>Total equity</b>	<b>34,584.1</b>	<b>100.0</b>	<b>26,629.5</b>	<b>100.0</b>

### 5. Off-balance sheet commitments

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

	<b>As of June 30, 2021</b>	As of December 31, 2020
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)		
<b>Credit commitments</b>		
Unused credit card commitments	15,339.4	9,568.6
Bank acceptances	43,210.3	35,207.3
Letters of credit	9,461.6	8,858.4
Letters of guarantee	13,147.3	11,999.9
<b>Total</b>	<b>81,158.6</b>	<b>65,634.2</b>

## Management Discussion and Analysis

As of June 30, 2021, the Group's off-balance sheet commitments was RMB81,159 million, which was mainly due to the increase in unused credit card commitments and bank acceptances. For details on off-balance sheet commitments, see "Contingent Liabilities and Commitments" under the note to the financial statement in this report.

### 6. Loan quality analysis

In 2021, the Group paid close attention to external dynamics and took concrete steps to strengthen full-process management over loans, sped up the adjustment of credit structure, step up the efforts on collection and disposal of non-performing loans, and enhanced risk management performance assessment, so as to keep the loan quality at a generally manageable level. However, due to the impact of the COVID-19 epidemic, changes in the market operating environment, slowdown in economic growth and operational difficulties of small and medium-sized enterprises, the Group's non-performing loans were facing upward pressure. As of June 30, 2021, the balance of non-performing loans was RMB3,423 million, representing an increase of RMB157 million as compared to the end of the previous year; non-performing loan ratio was 1.46%, representing a decrease of 0.09 percentage point as compared to the end of the previous year.

#### 6.1 Distribution of loans by five-category loan classification

The following table sets forth, as at the dates indicated, loans and advances to customers of the Group categorized by five-category loan classification.

	<b>As of June 30, 2021</b>		As of December 31, 2020	
	<b>Amount</b>	<b>% of total amount</b>	Amount	% of total amount
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Normal	228,894.8	97.4	204,356.9	97.1
Special mention	2,747.3	1.2	2,817.8	1.3
Substandard	1,014.9	0.4	807.6	0.4
Doubtful	518.5	0.2	1,488.8	0.7
Loss	1,889.2	0.8	968.9	0.5
<b>Total loans and advances to customers</b>	<b>235,064.7</b>	<b>100.0</b>	<b>210,440.0</b>	<b>100.0</b>
<b>Non-performing loan ratio (%)<sup>(1)</sup></b>		<b>1.46</b>		<b>1.55</b>

Note:

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



## Management Discussion and Analysis

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

As of the end of the reporting period, the Group's total normal and special mention loans amounted to RMB231,642 million, accounting for 98.6%, among which, total non-performing loans amounted to RMB3,423 million and the non-performing loan ratio was 1.46%, representing a decrease of 0.09 percentage point as compared to the end of the previous year.

### 6.2 Distribution of loans and non-performing loans classified by business type

The following table sets forth, as at the dates indicated, loans and non-performing loans of the Group by business type.

	As of June 30, 2021				As of December 31, 2020			
	Amount	% of total amount	Non-performing loan amount	Non-performing loan ratio (%)	Amount	% of total amount	Non-performing loan amount	Non-performing loan ratio (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)								
<b>Corporate loans and advances</b>								
Working capital loans	84,173.9	35.8	2,151.6	2.56	72,974.8	34.7	1,725.8	2.36
Fixed asset loans	42,162.2	17.9	44.8	0.11	40,354.3	19.2	259.7	0.64
Trade finance loans	13,525.0	5.8	0.4	0.00	9,543.0	4.5	2.8	0.03
Others <sup>(1)</sup>	1,573.7	0.7	140.1	8.90	1,567.3	0.7	437.4	27.91
Subtotal	141,434.8	60.2	2,336.9	1.65	124,439.4	59.1	2,425.7	1.95
<b>Retail loans and advances</b>								
Residential mortgage loans	32,788.4	13.9	267.7	0.82	29,565.8	14.0	147.8	0.50
Personal loans for business purposes	21,128.9	9.0	519.7	2.46	17,279.7	8.2	389.7	2.26
Personal loans for consumption	17,455.4	7.4	256.2	1.47	16,550.2	7.9	266.3	1.61
Credit card	4,605.4	2.0	42.1	0.91	2,966.6	1.4	35.8	1.21
Subtotal	75,978.1	32.3	1,085.7	1.43	66,362.3	31.5	839.6	1.27
<b>Discounted bills</b>	17,651.8	7.5	-	-	19,638.3	9.4	-	-
<b>Total loans and advances to customers</b>	235,064.7	100.0	3,422.6	1.46	210,440.0	100.0	3,265.3	1.55

## Management Discussion and Analysis

Note:

- (1) Mainly include the advances under bank acceptance bills in corporate loans, third-party loans and merger and acquisition loans.

As of June 30, 2021, the balance of the Group's corporate loans and advances amounted to RMB141,435 million, representing an increase of RMB16,995 million as compared to the end of the previous year; the Group's non-performing loan balance of corporate loans and advances amounted to RMB2,337 million, representing a decrease of RMB89 million as compared to the end of the previous year; the non-performing loan ratio of the Group's corporate loans and advances decreased by 0.30 percentage point as compared to the end of the previous year to 1.65%, primarily due to that the Group step up the efforts on the cash collection and write-off of such non-performing corporate loans.

As of June 30, 2021, the balance of the Group's retail loans and advances amounted to RMB75,978 million, representing an increase of RMB9,616 million as compared to the end of the previous year; the Group's non-performing loan balance of retail loans and advances amounted to RMB1,086 million, representing an increase of RMB246 million as compared to the end of the previous year; the non-performing loan ratio of retail loans and advances of the Group increased by 0.16 percentage point as compared to the end of the previous year to 1.43%, which was mainly due to the weakened repayment ability of retail customers affected by overall economic environment and the COVID-19 epidemic.

## Management Discussion and Analysis

### 6.3 Loans and non-performing loans classified by industry

The following table sets forth, as at the dates indicated, loans and non-performing loans of the Group by industry.

	As of June 30, 2021				As of December 31, 2020			
	Amount	% of total amount	Non-performing loan amount	Non-performing loan ratio (%) <sup>(1)</sup>	Amount	% of total amount	Non-performing loan amount	Non-performing loan ratio (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)								
Real estate	30,189.6	12.8	50.2	0.17	29,703.7	14.1	530.0	1.78
Construction	19,756.5	8.4	77.9	0.39	20,913.3	9.9	341.0	1.63
Wholesale and retail	18,935.9	8.1	599.9	3.17	17,016.2	8.1	578.6	3.40
Manufacturing	16,681.1	7.1	493.2	2.96	10,711.0	5.1	816.0	7.62
Leasing and commercial services	16,439.7	7.0	69.2	0.42	11,182.8	5.3	67.2	0.60
Water conservancy, environment and public utility management	14,017.4	6.0	-	-	12,663.7	6.0	-	-
Education	4,140.4	1.8	-	-	2,374.7	1.1	-	-
Finance	3,932.5	1.7	3.7	0.09	4,057.8	1.9	3.7	0.09
Production and supply of electricity, heating, gas and water	3,782.3	1.6	953.4	25.21	4,191.7	2.0	1.4	0.03
Agriculture, forestry, animal husbandry and fishery	3,387.0	1.4	36.5	1.08	2,337.8	1.1	34.7	1.48
Health and social work	3,386.3	1.4	-	-	3,083.6	1.5	-	-
Mining	2,141.1	0.9	-	-	1,223.7	0.6	-	-
Accommodation and catering	1,391.6	0.6	20.9	1.50	1,380.0	0.7	17.5	1.27
Transportation, storage and postal services	1,204.3	0.5	7.6	0.63	1,366.4	0.6	11.2	0.82
Residential services, repairing and other services	1,026.7	0.4	-	-	952.4	0.5	-	-
Information transmission, software and information technology services	661.3	0.3	-	-	566.6	0.3	-	-
Culture, sports and entertainment	285.2	0.2	24.4	8.56	654.4	0.3	24.4	3.73
Scientific research and technical services	66.2	0.0	-	-	25.1	0.0	-	-
Public administration, public security and social organisations	9.7	0.0	-	-	34.5	0.0	-	-
<b>Total corporate loans and advances</b>	<b>141,434.8</b>	<b>60.2</b>	<b>2,336.9</b>	<b>1.65</b>	<b>124,439.4</b>	<b>59.1</b>	<b>2,425.7</b>	<b>1.95</b>
<b>Total retail loans and advances</b>	<b>75,978.1</b>	<b>32.3</b>	<b>1,085.7</b>	<b>1.43</b>	<b>66,362.3</b>	<b>31.5</b>	<b>839.6</b>	<b>1.27</b>
<b>Discounted bills</b>	<b>17,651.8</b>	<b>7.5</b>	<b>-</b>	<b>-</b>	<b>19,638.3</b>	<b>9.4</b>	<b>-</b>	<b>-</b>
<b>Gross loans and advances to customers</b>	<b>235,064.7</b>	<b>100.0</b>	<b>3,422.6</b>	<b>1.46</b>	<b>210,440.0</b>	<b>100.0</b>	<b>3,265.3</b>	<b>1.55</b>

## Management Discussion and Analysis

Note:

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

As of June 30, 2021, the Group's non-performing loans of corporate loans and advances were primarily from: (i) production and supply of electricity, heating, gas and water; (ii) wholesale and retail; (iii) manufacturing, the non-performing loan ratios of which were 25.21%, 3.17% and 2.96%, respectively.

As of June 30, 2021, the Group's non-performing loan balance of production and supply of electricity, heating, gas and water was RMB953 million, increasing by RMB952 million from the end of last year, and the non-performing loan ratio increased by 25.18 percentage points over last year. Such increase in non-performing loan ratio reflects the weakened repayment ability of some customers.

As of June 30, 2021, the Group's non-performing loan balance of wholesale and retail industry was RMB600 million, increasing by RMB21 million from the end of last year, and the non-performing loan ratio decreased by 0.23 percentage point over last year. Such decrease in non-performing loan ratio was mainly due to the increased efforts of the Group on risk control of loan in such industry, resulting in an increase in the scale of Group's loan while a decrease in non-performing loan ratio.

As of June 30, 2021, the Group's non-performing loan balance of manufacturing industry was RMB493 million, decreasing by RMB323 million from the end of last year, and the non-performing loan ratio decreased by 4.66 percentage points over last year. Such decrease in non-performing loan ratio was mainly due to the increased efforts of the Group on settling non-performing loans in this industry.

## Management Discussion and Analysis

### 6.4 Distribution of loans and non-performing loans classified by guarantee type

The following table sets forth, as at the dates indicated, loans and non-performing loans of the Group by guarantee type.

	As of June 30, 2021				As of December 31, 2020			
	Amount	% of total amount	Non-performing loan amount	Non-performing loan ratio (%) <sup>(1)</sup>	Amount	% of total amount	Non-performing loan amount	Non-performing loan ratio (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)								
Unsecured loans	46,769.2	19.9	523.8	1.12	41,068.5	19.5	492.1	1.20
Pledged loans	45,184.5	19.2	1,220.4	2.70	41,454.3	19.7	315.7	0.76
Guaranteed loans	50,300.6	21.4	868.8	1.73	44,220.6	21.0	1,051.5	2.38
Collateralized loans	92,810.4	39.5	809.6	0.87	83,696.6	39.8	1,406.0	1.68
<b>Total</b>	<b>235,064.7</b>	<b>100.0</b>	<b>3,422.6</b>	<b>1.46</b>	<b>210,440.0</b>	<b>100.0</b>	<b>3,265.3</b>	<b>1.55</b>

Note:

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

As of June 30, 2021, the Group's non-performing loan balance of credit loans increased by RMB32 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 0.08 percentage point; the Group's non-performing loan balance of guaranteed loans decreased by RMB183 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 0.65 percentage point; the Group's non-performing loan balance of collateralized loans decreased by RMB596 million as compared to the end of last year and non-performing loan ratio decreased by 0.81 percentage point, primarily because the Group step up the efforts on the cash collection and write-off of such non-performing loans, improving the quality of credit assets on a continuous basis.

As of June 30, 2021, the Group's non-performing loan balance of pledged loans increased by RMB905 million as compared to the end of last year. The non-performing loan ratio increased by 1.94 percentage points, mainly due to the weakened repayment ability of some customers.

## Management Discussion and Analysis

### 6.5 Distribution of loans and non-performing loans classified by region

The following table sets forth, as at the dates indicated, loans and non-performing loans of the Group by region.

	As of June 30, 2021				As of December 31, 2020			
	Amount	% of total amount	Non-performing loan amount	Non-performing loan ratio (%)	Amount	% of total amount	Non-performing loan amount	Non-performing loan ratio (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)								
Jiangxi Province	194,140.2	82.6	2,865.3	1.48	174,963.3	83.1	2,758.8	1.58
Including: Jiujiang City	73,716.5	31.4	653.2	0.89	67,369.9	32.0	578.6	0.86
Guangdong Province	21,272.5	9.0	352.3	1.66	17,721.6	8.4	328.3	1.85
Anhui Province	12,437.9	5.3	50.8	0.41	10,320.4	4.9	47.8	0.46
Others <sup>(1)</sup>	7,214.1	3.1	154.2	2.14	7,434.7	3.6	130.4	1.75
<b>Total</b>	<b>235,064.7</b>	<b>100.0</b>	<b>3,422.6</b>	<b>1.46</b>	<b>210,440.0</b>	<b>100.0</b>	<b>3,265.3</b>	<b>1.55</b>

#### Note

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

As of June 30, 2021, the Group's loans released in Jiangxi Province amounted to RMB194,140 million, representing an increase of RMB19,177 million as compared to the end of the previous year, accounting for 82.6% of total loans and advances to customers of the Group. Among which, the Group's loans released in Jiujiang City amounted to RMB73,717 million, representing an increase of RMB6,347 million as compared to the end of the previous year. Meanwhile, the Group's non-performing loan balance of Jiangxi Province increased by RMB107 million as compared to the end of last year and the non-performing loan ratio decreased by 0.10 percentage point, which was primarily due to the fact that the Group enhanced the risk control of credit assets of Jiangxi Province, and the non-performing loan ratio declined while the credit assets steadily grew and the quality of assets maintained at a stable and moderate growth momentum.

## Management Discussion and Analysis

### 6.6 Borrower concentration

As of June 30, 2021, the Group's loan balance to any single borrower did not exceed 10% of the Group's net capital.

The following table sets forth, as at the dates indicated, the loan balances to the Group's ten largest single borrowers (excluding group borrowers). Such loans are classified as normal.

<b>As of June 30, 2021</b>				
	<b>Industry</b>	<b>Loan balance</b>	<b>% of total loan</b>	<b>% of net capital</b>
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Borrower A	Water conservancy, environment and public utility management	2,199.0	0.94	5.79
Borrower B	Real estate	1,753.2	0.75	4.61
Borrower C	Real estate	1,300.0	0.55	3.42
Borrower D	Construction	1,167.0	0.50	3.07
Borrower E	Construction	1,164.2	0.50	3.06
Borrower F	Real estate	1,086.0	0.46	2.86
Borrower G	Leasing and commercial services	1,058.0	0.45	2.78
Borrower H	Water conservancy, environment and public utility management	1,039.0	0.44	2.73
Borrower I	Finance	1,012.0	0.43	2.66
Borrower J	Construction	1,000.0	0.43	2.63
<b>Total</b>		<b>12,778.4</b>	<b>5.45</b>	<b>33.61</b>

As of June 30, 2021, the Group's loan balance to the largest single borrowers amounted to RMB2,199 million, representing 0.94% of the Group's total loans; the total loans to our ten largest single borrowers amounted to approximately RMB12,778 million, representing 5.45% of the Group's total loans, and accounting for 33.61% of the Group's net capital.

## Management Discussion and Analysis

### 6.7 Overdue loans

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

	<b>As of June 30, 2021</b>		As of December 31, 2020	
	<b>Amount</b>	<b>% of total amount</b>	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Current loans	230,926.2	98.2	206,269.6	98.0
Overdue loans <sup>(1)</sup>				
Up to 3 months (inclusive)	1,215.3	0.5	1,604.6	0.8
3 months to 1 year (inclusive)	1,535.6	0.7	735.2	0.3
1 to 3 years (inclusive)	989.0	0.4	1,673.6	0.8
Over 3 years	398.6	0.2	157.0	0.1
Subtotal	4,138.5	1.8	4,170.4	2.0
<b>Total loans and advances to customers</b>	<b>235,064.7</b>	<b>100.0</b>	<b>210,440.0</b>	<b>100.0</b>

Note:

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

As of June 30, 2021, the gross overdue loans amounted to RMB4,139 million, representing a decrease of RMB32 million as compared to the end of last year; overdue loans accounted for 1.8% of the total loans and advances to customers, representing a decrease of 0.2 percentage point as compared to the end of the last year. The decrease in overdue loans was primarily due to the fact that the Group continued to control new non-performing loans and reduce old non-performing loans and enhanced the efforts on overdue loans management.



## Management Discussion and Analysis

### 6.8 Changes in allowance for impairment losses on loans

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

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

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

	<b>As of June 30, 2021</b>	As of December 31, 2020
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)	
Balance at the beginning of the year	5,221.7	5,586.9
Provision for the period/year	1,301.3	386.5
Write-offs and transferred out for the period/year	(1,280.3)	(989.7)
Recoveries for the period/year	37.7	238.0
<b>Balance at the end of the period/year</b>	<b>5,280.4</b>	<b>5,221.7</b>

As of June 30, 2021, the Group's allowance for impairment losses on loans amounted to RMB5,280 million, which was basically the same as that of the end of last year.

## Management Discussion and Analysis

### 7. Segment reporting

#### 7.1 By geographical region

The following table sets forth, for the periods indicated, the Group's operating income in various geographical regions and shares in the total operating income.

	As of June 30, 2021		As of June 30, 2020	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Jiangxi Province	3,310.1	67.2	4,473.8	85.7
Guangdong Province	881.7	17.9	353.9	6.9
Anhui Province	583.8	11.8	283.8	5.5
Other areas <sup>(1)</sup>	153.0	3.1	98.1	1.9
<b>Total operating income</b>	<b>4,928.6</b>	<b>100.0</b>	<b>5,209.6</b>	<b>100.0</b>

Note:

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

## Management Discussion and Analysis

### 7.2 By business segment

The following table sets forth, for the periods indicated, the operating income and shares in the total operating income of the Group's various business segments.

	<b>As of June 30, 2021</b>		As of June 30, 2020	
	<b>Amount</b>	<b>% of total amount</b>	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Corporate banking	2,183.0	44.3	2,351.2	54.2
Retail banking business	458.2	9.3	725.5	22.3
Financial market business	1,967.5	39.9	1,892.0	19.2
Unallocated <sup>(1)</sup>	319.9	6.5	240.9	4.3
<b>Total operating income</b>	<b>4,928.6</b>	<b>100.0</b>	<b>5,209.6</b>	<b>100.0</b>

Note:

(1) Consists primarily of income and expenses that are not directly attributable to any specific segment.

## 8. Analysis of capital adequacy ratio and leverage ratio

### 8.1 Capital adequacy ratio

The Group continued to optimize its business structure and strengthen its capital management. As of June 30, 2021, the Group's capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio were 12.47%, 10.86% and 8.55%, respectively; capital adequacy ratio and tier-one capital adequacy ratio increased by 1.76 percentage points and 1.84 percentage points, respectively, as compared to the end of last year, while core tier-one capital adequacy ratio decreased by 0.47 percentage point, which met the regulatory requirements of the Administrative Measures for Capital of Commercial Banks (Trial) promulgated by the CBIRC.

The increase of capital adequacy ratio and tier-one capital adequacy ratio was mainly due to the replenishment of other tier-one capital through the issuance of capital bonds with no fixed term of the Group; the decrease of core tier-one capital adequacy ratio was mainly due to the increased risk-weighted assets brought by the expanded asset scale of the Group.

## Management Discussion and Analysis

The capital adequacy ratio calculated by the Group in accordance with the Administrative Measures for Capital of Commercial Banks (Trial) promulgated by the CBIRC is as follows:

	<b>As of June 30, 2021</b>	As of December 31, 2020
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)		
<b>Total core tier-one capital</b>		
Share capital	2,407.4	2,407.4
Qualifying portion of capital reserve	8,160.8	8,086.6
Surplus reserve and general reserve	8,482.4	8,482.4
Retained earnings	7,846.1	6,999.8
Qualifying non-controlling interests	214.6	1,107.1
Deductions of core tier-one capital	(1,048.2)	(716.5)
<b>Net core tier-one capital</b>	<b>26,063.1</b>	<b>26,366.8</b>
<b>Other tier-one capital</b>	<b>7,026.4</b>	<b>–</b>
<b>Net tier-one capital</b>	<b>33,089.5</b>	<b>26,366.8</b>
<b>Tier-two capital</b>		
Qualifying portion of tier-two capital instruments issued	3,000.0	3,000.0
Surplus provision for loan impairment	1,862.4	1,956.5
Qualifying non-controlling interests	57.2	–
<b>Net capital base</b>	<b>38,009.1</b>	<b>31,323.3</b>
<b>Total risk-weighted assets</b>	<b>304,811.1</b>	<b>292,351.4</b>
<b>Core tier-one capital adequacy ratio (%)</b>	<b>8.55</b>	<b>9.02</b>
<b>Tier-one capital adequacy ratio (%)</b>	<b>10.86</b>	<b>9.02</b>
<b>Capital adequacy ratio (%)</b>	<b>12.47</b>	<b>10.71</b>

## Management Discussion and Analysis

### 8.2 Leverage ratio

The leverage ratio of commercial banks shall not be lower than 4% in accordance with the requirements in “Measures for the Administration of the Leverage Ratio of Commercial Banks (Revised)” promulgated by the CBIRC. As of June 30, 2021, the Group’s leverage ratio, calculated in accordance with “Measures for the Administration of the Leverage Ratio of Commercial Banks (Revised)”, was 6.57%, higher than the regulatory requirement by CBIRC.

Item	As of June 30, 2021	As of December 31, 2020
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)		
Net tier-one capital	33,089.5	26,366.8
Adjusted balance of on-balance and off-balance sheet assets	503,527.8	462,314.8
<b>Leverage ratio</b>	<b>6.57%</b>	<b>5.70%</b>

## 9. Business operations

### 9.1 Corporate financing business

Adhering to the gist of macro policies and bearing in mind the responsibilities and undertakings given by the times, with the objective of serving the real economy with financial services, the Bank promotes the gradual and overall transformation of corporate financing businesses with small and micro private enterprises as the main service targets, the high-quality development of the manufacturing industry as an important direction, and supply chain finance as the effective means.

**Effectively increase support for manufacturing industry.** The Bank has been promoting the high-quality development of the manufacturing industry by setting up a special credit line, visiting enterprises to listen to their needs, seeking entry points for cooperation through “one household, one policy” and managing the list system. As of the end of June 2021, the Bank’s manufacturing loan balance was RMB16.681 billion, an increase of RMB5.970 billion or 55.74% as compared to the end of the previous year.

## Management Discussion and Analysis

**Make financing for small and micro enterprises more accessible.** In the first half of 2021, the Bank made financing for small and micro enterprises more accessible through multiple initiatives to help them develop. On the one hand, the Bank accelerated the development of online credit products, launched the online customer acquisition platform for corporate credit – Jiu Rong Yi (九融易), developed the first online due diligence system for corporate business in the province – “Jiu Rong Hui (九融匯)” platform, and released the Bank’s first online credit product with enterprises as the main credit subjects – Shui Yidai (稅易貸). On the other hand, the Bank continued to deepen its cooperation with the provincial financial guarantee company to provide credit enhancement measures for small and micro enterprises, implemented the “instant guarantee for loan (見貸即保)” model for guaranteed loan projects, and launched the “Jiu Rong Dai (九融貸)” business. The balance of this business has exceeded RMB1.5 billion at the end of June 2021.

**Continuously promote innovation in supply chain finance.** The Bank launched the innovative supply chain finance product “Jiuyin E Chain (九銀E鏈)” which effectively helps small and medium-sized upstream suppliers of core enterprises revitalize their accounts receivable, improve liquidity and reduce financing costs through technology. At the same time, the Bank continued to focus on key industrial chains to support the real enterprises in the chains, and extended its services in the non-ferrous and steel industries to create an “end-to-end” solution for the industrial chain.

### Trading and Financial Business

The Bank’s trading and financial line strictly follows the macro policies and regulatory guidelines, adheres to the business ideas of “customer first, capital saving, revenue-oriented and service-focused”, promotes the construction of scenarios with “international + domestic + supply chain” as the core, practices the deep integration of industrial chain and customer development, and fully serves the development of the real economy. As of the end of June 2021, the Bank’s trading and financial business achieved a settlement volume of USD2.669 billion, increased by 28.44% year-on-year.

**Give priority to customers and strengthen foundation for development.** The Bank is committed to building a full range of financial services and promoting the optimization and upgrading of customer structure to achieve improvement in both “quality” and “quantity”. By the end of June 2021, the number of active trade finance customers of the Bank increased by 101.89% year-on-year, and the number of customers of small and medium-sized enterprises and manufacturing enterprises increased by 431.25% and 317.65% respectively, becoming a new engine of customer growth. The customer structure of “international + domestic + supply chain” continued to upgrade.

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## Management Discussion and Analysis

**Promote digital trade and finance and strengthen technological support.** The Bank has incorporated the “Digital Trade and Finance” plan into its business development strategy and strengthened the support of technology for “efficient, process-oriented and professional” business. The Bank has continued to improve its domestic letter of credit system and completed the launch of the sub-system of Forfaiting on the basis of accessing the electronic letter of credit information exchange system of the PBOC, which has significantly improved the business efficiency; the Bank has participated in the testing of the credit guarantee financing module of the blockchain service platform for cross-border finance of the State Administration of Foreign Exchange, became the first pilot local legal person bank in Jiangxi Province and continued to broaden the international trade financing channels.

### Bill Business

**Communicate policies and efficiently serve the real economy.** In the first half of 2021, the Bank handled rediscounting of RMB8,311 million, representing a year-on-year increase of RMB3,273 million, or 64.97%, and served 867 real enterprises, effectively applying the policy of rediscounting bills to the real economy.

**Innovate products to reduce the difficulty of entity financing.** The Bank has completed the bill product system of “one brand, two series and seven products”, and further expanded the list of green bill subjects and optimized the commercial bill discount guarantee model.

**Release brand and expand the influence of Jiuyin Bill.** In May 2021, the Bank and Jiujiang Finance Office co-hosted the “Bills Contribute to the Upgrade of Industrial Chain&Jiuyin Bill Trade Financing (九銀票易融) Brand Release Conference” in Jiujiang, officially launching Jiuyin Bill Trade Financing, the general brand of bills business of the Bank of Jiujiang and discussing in depth the issue of bills supporting the development of manufacturing industry and helping upgrade the industrial chain. Meanwhile, bills financing service agreements were signed with manufacturing enterprises, so that the brand influence of the Bank’s bills penetrated into the real entities.

## Management Discussion and Analysis

**Deepen industry-academia-research integration and promote the application of research results.** In response to three market hotspots, namely, rules for adjudication of bill disputes, innovation of commercial bills of exchange and development of supply chain of bill service industry chain, special seminars were held; the preparation of Billsology and Collection of Excellent Papers on Bills for the Thirteenth Five-Year Period of Jiuyin Bills Research Institute of Jiangxi University of Finance and Economics was completed to promote the publication of bills monographs; the research results were shared to the whole market in real time to expand the influence of Jiuyin Bills brand.

### Investment Banking Business

**Expand and improve bond undertaking business.** Since obtaining the qualification of Class B lead underwriter in the inter-bank market, the Bank has made every effort to serve the direct financing needs of enterprises in Jiangxi Province. In the first half of 2021, the Bank underwrote 21 debt financing instruments in total, with an issue size of RMB13.6 billion. The Bank also underwrote the first single rural revitalization bond issued by a prefecture-level city in Jiangxi Province as the principal underwriter and actively expanded innovative products such as carbon neutral bonds, debt financing instruments for high-growth enterprises and equity-funded bills.

**Actively expand comprehensive financial services.** Through product innovation and service model innovation, the Bank's investment banking business coordinates various market resources, builds a diversified integrated financial service system for customers, and launches integrated financial service brands such as "Jiuyin Bond Connect (久赢债券通)". Meanwhile, the Bank actively assisted local governments to carry out direct financing and became a member of the local government direct financing working group, further enhancing the influence of its business brand.



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## Management Discussion and Analysis

### 9.2 Retail banking business

In the first half of 2021, the Bank's retail line made every effort to build a product operation team, increased the optimization of basic products, focused on the core index – the number of customers. Centering on the operation philosophy of “customer first” and “customer experience first”, the Bank sticks to digital and online transformation in the competition of homogenized products and continues to forge its core competitiveness in the retail business segment through compliance operation, accurate marketing, efficient processes, and changing the business model of rough incremental volume to refined management to increase revenue. As of June 30, 2021, the balance of the retail loans and advances of the Group was RMB75.978 billion, representing an increase of RMB9.616 billion or 14.49% as compared to the end of the previous year; the personal deposit was RMB125.425 billion, representing an increase of RMB9.206 billion or 7.92% as compared to the end of the previous year; the number of individual customers exceeded 4 million, reaching 4.1179 million.

**Steadily develop personal loan business.** Loan balance maintains a position grow trend. In the first half of 2021, the Bank's retail line achieved RMB9.616 billion in new retail loans and advances, loan balance was increased as planned and exceeded the annual growth in 2020; individual loan products achieved breakthrough and the fast loan guarantee model operated by the Bank achieved a major breakthrough in the first half of the year, thus the business increased by RMB850 million and nearly 3,000 customers were served.

**Continuously serve acquirers.** The focus Bank on helping small and micro enterprises and serving the real economy. In the first half of 2021, the number of acquirers reached 85,000, the number of transactions reached 39.68 million, and the transaction amount reached RMB14 billion, which was awarded the “Excellent Award for Mobile Payment Scenario Construction” and “Excellence Award for Expansion to Small and Micro Merchants” in Jiangxi Province. The Bank was the only financial institution in Jiangxi Province to be awarded the “Excellent Award for Expansion to Small and Micro Merchants”.

**Construct industry scenarios in depth.** The Bank provides specialized industry application solutions, explores the “payment + scenario application + financial services” model, creates 70 key scenario projects of smart education and smart property, and takes the lead in the province to launch the fund supervision system for out-of-school training institutions, and has successfully completed the landing of five county-level education and sports projects.

## Management Discussion and Analysis

### **E-Banking Business**

As of the end of June 2021, the Bank had 1,719,900 e-banking users, 412,600 active users, 291,300 new users and 62,200 new active customers. The Bank gradually optimized the operating system of retail face-to-face customers by establishing a user experience team and forming working mechanisms and design specifications; optimized the existing functions of mobile banking, and started the construction of online operation platform and new mobile banking; carried out head office level activity planning and design with concentrated resources. In the meantime, the Bank will take advantage of the branch's deep contact with customers and strong execution ability, and create a model to be promoted throughout the Bank to ensure the efficiency and quality of activities.

### **Bank Card Business**

#### **Debit Card**

As of June 30, 2021, the cumulative number of debit cards issued by the Bank was approximately 4,343,500, representing an increase of 198,500 or 4.79% as compared to the end of last year.

#### **Credit card**

As of the end of June 2021, for the credit card business, the Bank had issued a total of 710,100 cards, representing an increase of 139,100 cards as compared to the end of last year; the asset size reached RMB4,605 million, representing an increase of RMB1,639 million as compared to the end of the previous year; the overall non-performing ratio was 0.91%, representing a decrease of 0.30 percentage point as compared to the end of the previous year. Risk management concept has been integrated into business development.

**Achieve paperless in the whole process of credit card handling.** In response to the call for a conservation-minded society and to enhance customer experience, in the first half of 2021, the Bank opened the last link of paperless credit card, realizing the paperless credit card process from application, face-to-face interview, activation to card usage, comprehensively optimizing user experience in all channels and effectively improving the efficiency of business processing.

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## Management Discussion and Analysis

**Bring digital risk control to next level.** In the first half of 2021, the Bank's credit card business was put together with an important building block of the "Xuan Yuan (軒轅)" big data risk control system – the anti-fraud system. On one hand, the completion of the system will effectively solve the problem of manual operation efficiency and operation risk in fraud cases; on the other hand, it will enhance the ability to prevent gang fraud, which is of great significance to link the anti-fraud linkage of each scene. Meanwhile, the Bank made important progress in the construction of the whole process strategy system, with the pre-lending automatic approval rate increased to 93%. During lending, relying on the lending management platform, various risk-operating models have been developed and launched in succession, which is beneficial to the differentiated operation.

**Surrender profits to people and facilitate their lives.** In the first half of 2021, the Bank carried out various credit card discount activities and diversified preferential activities for "clothing, food, housing and transportation" and "food, drink and entertainment" to truly realize "surrender profits to people and facilitate their lives".

### Direct Banking Business

**Innovative development of various businesses.** For consumer finance, in the first half of 2021, the Bank focused on following up the conversion of the local customer base, formulated detailed plans for each quarter of the year, grasped quality, stabilized scale and facilitated supervision, and strove to achieve a smooth and orderly switch of the customer base in the three provinces; in terms of industry, the Bank adhered to the direction of new financial innovation and cooperated with Haier's microfinance subsidiary to carry out factoring business with auto finance leasing as the underlying asset, with funds penetrating into the underlying finance leasing customers of the industry chain; in terms of digital micro and small businesses, the Bank took advantage of independent risk control and model of big data, among which it carried out the "Tobacco Business Loan" with Yunlian Gold Service, the exclusive financial service provider of China Tobacco New Business Alliance, for small and micro business owners and individual business owners holding tobacco licenses.

**Evident effect in risk management.** In the first half of 2021, the Bank actively explored big data risk control technology and benchmarked with industry frontiers to build an online intelligent risk control system covering the entire process before, during and after lending. Relying on the Bank's big data platform, the Bank uses over 20 data dimensions to conduct comprehensive risk assessment of customers, and the risk control model covers various credit processes such as identity identification, anti-fraud, risk assessment, credit approval, fixed pricing, credit warning and overdue collection, etc. On average, more than 10,000 loan applications are automatically processed daily. Meanwhile, in response to the fraud risk characteristics of online customers, the Bank developed Obsidian anti-fraud system independently.

## Management Discussion and Analysis

### 9.3 Financial market business

In the first half of 2021, the Bank's financial market business focused on serving the real economy, expanding business externally, preventing risks internally, strengthening management and promoting transformation, and comprehensively promoting high-quality business development, with initial results.

**Stick to the original intention and continuously improve the quality and effectiveness of serving the local economy.** The Bank continues to increase its efforts to serve local economic development. In the first half of 2021, the Bank completed the underwriting of local bonds in Jiangxi, Anhui and Guangdong provinces with a total volume of nearly RMB7 billion, and won the “Local Bond Institution and Bank Underwriters with the Best Progress”.

**Cultivate the market and gradually establish the characteristics of bond business brand.** The Bank actively performs the role of a market maker to enhance the bond market activity and create a “transactional bank”. In the first half of 2021, the Bank achieved a total of RMB5.57 trillion in bond transactions, and for the first time ever, both of the number and value of bond borrowing and lending transactions exceeded 1,000. For five consecutive months, the Bank ranked among the top 20 in the list of active bond lending and borrowing by the Foreign Exchange Trade Center. The total volume of interest rate bonds underwritten was RMB36.09 billion, and the Bank won the “Local Bond Institution and Bank Underwriters with the Best Progress”, and the “Excellent Underwriters” and “Excellent Market Maker” awarded by the Export-import Bank of China for two consecutive years. It also won the “Special Contribution Award for the Export-Important Bank of China's Financial Bonds” awarded by the Export-import Bank of China and the “Best City Merchant Bank in Underwriting Group for Agricultural Bonds” awarded by the Agricultural Development Bank of China for the first time.

**Actively explore and win more business honors.** In the first half of 2021, the Bank was awarded “Core Dealer”, “Outstanding Money Market Dealer” and “X-lending Trading Mechanism Innovation Award” in the inter-bank local currency market for 2020, “Top 100 Clearing Companies–Excellent Proprietary Dealer” by the Central Government Bond Corporation, and “Outstanding Bond Net Self-dealing Award” by Shanghai Clearing House.

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## Management Discussion and Analysis

### **Wealth Management Business**

As of the end of June 2021, the balance of the Bank's wealth management products was RMB40,525 million, representing an increase of RMB5,739 million as compared to the end of the previous year, of which, the balance of net-worth products was RMB34,569 million, accounting for 85.30% as compared to 52.63% at the end of the previous year, and the net-worth transformation was effective.

**The types of wealth management products were increasingly diversified.** Based on the strengthening of R&D of net-worth products and the completion of the three major types of net-worth products, including flexible cash management, stable regular open-end and long-term closed operation, the Bank continued to explore the creation of diversified products and successfully issued the first private net-worth product and the first hybrid net-worth product in the first half of 2021 to continuously meet customers' needs.

**The transformation of wealth management development continued to deepen.** The Bank deepened its product research and development, continued to enrich the net-worth product system, and continuously improved the competitiveness of the Bank's wealth management products; attached importance to investment and research construction, expanded trading channels, and explored multi-strategy investment direction based on standardized assets in parallel, further optimizing the asset structure.

**The level of wealth management technology was steadily improved.** The Bank has steadily promoted the technological transformation of its wealth management business by empowering its wealth management business with financial technology, based on the construction of the second phase of the asset management system and the construction of the CCDC direct link reporting system, with the core of improving operational efficiency and enhancing management capabilities.

## Management Discussion and Analysis

### 9.4 Specialty business

#### **Inclusive Financial Service**

**Improve the quantity and quality of inclusive products.** In line with the idea of “shifting of offline business online and standardizing online business”, the Bank launched the Easy Farming Loan (易農貸) and Rural Achiever Loan (鄉村能人貸) series products and issued mobile banking online loan products, realizing the online application, approval and lending process. The Bank issued a total of 562 online loan products with the credit balance of RMB113 million by the end of June 2021.

**Promote the construction of service stations in an orderly manner.** By the end of June 2021, the Bank had built 594 inclusive financial service stations in Jiangxi Province, with 4,592 transactions and 160 special promotional activities at the service stations during the year, laying a solid foundation for further developing the customer base in rural areas.

**Steadily improve social influence.** By the end of June 2021, the Bank had selected and assigned more than 150 helping cadres and team members, paired nearly 80 villages, with a balance of RMB548 million in targeted poverty alleviation loans and more than 5,000 loans in progress, driving more than 600 people in poverty. With its outstanding contribution to poverty alleviation and support on rural revitalization, the Bank was awarded the title of “Advanced Collective in Poverty Alleviation in Jiangxi Province” at the province’s Poverty Alleviation Commendation Conference.

**“Two increases” target was achieved as request.** As of the end of June 2021, the balance of “two increases” loan of the Bank was RMB24,398 million, representing an increase of RMB6,532 million or 36.56% as compared to the end of the previous year, the growth rate of which is higher than that of various loans of the Bank. The number of “two increases” accounts was 42,714, representing an increase of 4,324 as compared to the end of the last year.

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## Management Discussion and Analysis

### Green Financial Business

**Continue to step up efforts in the issue of green credit.** In the first half of 2021, the Bank's green credit reached a new level. According to the statistics of the People's Bank of China, as of the end of June 2021, the Bank's green credit balance was RMB15,577 million, an increase of RMB2,257 million or 16.94% as compared to the end of the last year.

**Continue to innovate green financial products model.** On one hand, the Bank insisted on the promotion of green bills and completed RMB1,255 million of green bill acceptance, RMB1,333 million of discount and RMB805 million of rediscount as of the end of June 2021, effectively supporting the development of low-carbon industries such as green buildings, new energy vehicles and resource recycling. On the other hand, in order to support the development of green industries, the Bank innovatively launched ESG-themed wealth management products to provide direct financing support for pollution prevention and control, green travel, clean energy, energy saving and environmental protection industries through investment in green assets, providing a source for green and low-carbon transformation and promoting green and high-quality development of the real economy.

**Continue to carry out green finance cooperation.** In the first half of 2021, the Bank joined the Green Finance Alliance of small and medium-sized banks to contribute more and stronger financial strength to achieve the goal of "carbon neutrality and emission peak". During the reporting period, the Bank became the vice chairman of Jiangxi Green Building Association, the only financial institution member of the association, helping the development of green building industry in the province.

**Continue to expand the influence of green finance brand.** On one hand, the Bank continues to set up green franchised institutions. After Yingtan Branch of Bank of Jiujiang became the only green franchised banking institution at Yingtan city level, Chongyi Sub-branch of Bank of Jiujiang became the only green franchised sub-branch in Chongyi County. On the other hand, the Bank has jointly initiated the establishment of Ganzhou Green Finance Research Institute with Ganzhou Municipal People's Government and Gannan Normal University to explore the development model of green finance.



## Management Discussion and Analysis

### Automobile Finance Business

**Stable increase in business scale.** In the first half of 2021, the Bank made great efforts to add new active accounts, and as of the end of June 2021, the number of active dealer accounts was 245, representing a net increase of 88 accounts or 56.05% as compared to the end of the previous year, which laid a good customer base for the steady development of the business.

**Accelerated digital transformation.** The Bank focused on business needs and carried out digital transformation, building three platforms, namely, the auto supply chain finance platform, the auto retail risk control platform and the Jiu Rong Hui system, to connect the industry chain and realize online business, intelligent risk control and simple operation.

### 9.5 Subsidiaries business

#### 9.5.1 Business of Controlling Subsidiaries

As of June 30, 2021, the Bank controlled 18 county banks, including 15 in Jiangxi Province and 3 in Beijing, Shandong Province and Jiangsu Province. The total assets of 18 county banks amounted to RMB16,073 million, increasing by 3.83% as compared to the end of last year. The total loans amounted to RMB7,214 million, the balance of deposits amounted to RMB13,636 million, representing an increase of 4.65% as compared to the end of last year; in the first half of 2021, the 18 controlling county banks realized net profits of RMB68 million.

#### 9.5.2 Business of Companies in which the Bank has shareholdings

As of June 30, 2021, there were 2 county banks in which the Bank has shareholdings, which were Zhongshan Xiaolan County Bank Co., Ltd. and Guixi Jiuyin County Bank Co., Ltd. respectively. The total assets of 2 county banks in which the Bank has shareholdings amounted to RMB4,713 million; the total loans amounted to RMB3,199 million; the total deposits amounted to RMB3,903 million. In the first half of 2021, the net profit of the 2 county banks in which the Bank has shareholdings was RMB18 million.



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## Management Discussion and Analysis

### 10. Development strategy

The Bank adhered to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as the guideline, committed to “Four Consciousnesses” and firmly established “Four Confidences”. Based on the new development stage, the Bank implemented the new development concept, built a new development pattern, with promoting high-quality sustainable development as the theme, deepening the financial supply-side structural reform as the main line and serving the real economy as its mission. The work theme of “Implement macro policies, adhere to regulatory guidance, deepen the twelve-word policy, take considerable efforts to the focus, work hard and take responsibility, solidify the foundation of high-quality sustainable development of the Bank of Jiuyin” was determined.

**Optimize the structure to achieve high-quality development.** The Bank expanded and strengthened its customer base, optimized product research and development promotion and business operation processes and steadily improved its traditional business while highlighting its distinctive business.

**Motivate empowerment to improve quality and efficiency.** The Bank further enhanced corporate governance and adhered to the organic unification of the Party committee’s overall leadership and the strategic deployment of the Board; the Bank continued to strengthen the role of discipline inspection and supervision, and promoted the synergy between the responsibilities of entities and supervisors; we will explore the efficiency of human resources, integrate selection and training, and optimize the talent supply chain.

**Prioritize compliance to strengthen the foundation of internal control.** The Bank deepened the corporate culture of compliance priority, consolidate risk management, practice the credit culture of “due diligence, flexibility and service” and promote the construction of project management in the whole process of credit; the Bank strengthened audit supervision, increased the use of audit results and promoted the improvement of management capability and efficiency of the Bank.

**Focus on efficiency to promote “Digital Jiuyin”.** Taking advantage of the launch of the new core system, the Bank implemented digitalized and refined management, enhanced technology empowerment and supported efficient operation. Taking “Digital Jiuyin” as the core, the Bank will promote platform integration, data exchange, capability enhancement and scenario aggregation to further enhance the level of technology empowerment and leading role. The Bank adheres to the “Digital Operation” to promote the construction of smart bank.

# Management Discussion and Analysis

## 11 Risk management

### 11.1 Risk management structure

The risk management structure of the Bank consists of the Board of Directors and its sub-committees, senior management and its sub-committees, as well as risk management functions.

The Board performs its risk management duties in accordance with the Articles of Association and regulatory requirements. The Risk Management Committee under the Board is responsible for determining the risk management strategies and risk appetite of the Bank, reviewing the risk organizational structure, policies and systems, supervising and evaluating the implementation of the systems and risk control, and regularly assessing the risk management status and risk tolerance. The Board regularly reviews the annual risk appetite statement, comprehensive risk management report and special reports on various risks to ensure that the overall risk of the Bank is within the scope of risk appetite. The Board of Supervisors supervises the establishment of a comprehensive risk management system and the performance of the duties of comprehensive risk management by the Board and senior management. The senior management is responsible for implementing the risk strategies formulated by the Board and organizing as well as implementing comprehensive risk management.

The risk management department of the Bank is a centralized risk management department, and the relevant departments of business lines take the lead in managing various risks.

The Bank has a sound and compliant internal control system for total risk management, carries out internal special audit of for all risk every year, forms independent audit report and submits it to the Board.

### 11.2 Credit risk management

The Bank has always been committed to building a credit risk management culture with a unified risk appetite and prudent and sound approach. The Bank has been continuously improving the risk management structure and system based on our management structures. The Bank learned advanced concepts and technologies, promoted the construction of systems including a collateral management system, a unified credit limit system, an intelligent risk control system, a non-retail customer rating system and a risk forewarn system, improved the accuracy, efficiency and comprehensiveness of the credit risk management system, and strove to achieve a more advanced credit risk management with a more reasonable structure and a higher asset quality.

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## Management Discussion and Analysis

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

The credit risk management organization system of the Bank is composed of the Board of Directors, senior management, Risk Management Department, Audit Department and Credit Risk Exposure Department, etc., thus forming a credit risk management structure characterized by centralized and unified management and hierarchical authorization and implementation.

The Board is the Bank's highest decision-making body for credit risk management, which undertakes the ultimate responsibility of credit risk management. The Risk Management Committee subordinate to the Board is responsible for deliberating on the strategic planning of credit risk management, major policies and risk capital allocation schemes, evaluating their implementation and effect, and making recommendations to the Board; reviewing major credit risk management matters as authorized by the Board.

Senior management is the Bank's highest decision-making panel for daily credit risk management, which is responsible for fully organizing the implementation of credit risk management strategies and risk appetite approved by the Board, putting into practice credit risk management policies, procedures and measures, and undertaking the credit risk arising from business operation. Risk Management Department is the Bank's leading department for credit risk management, which is responsible for formulating and organizing the implementation of basic policies, systems, measures, procedures and risk evaluation criteria for credit risk management. Credit Extension Department is responsible for implementing risk management of credit extension. The competent department of each line is responsible for their respective credit extension business, as well as inspection and supervision over the implementation and execution of the Bank's credit risk related system. Audit Department is responsible for the independent review and evaluation of the Bank's credit risk management system, including but not limited to reviewing the effectiveness of credit risk management measures and system operation.

## Management Discussion and Analysis

1. Lay stress on asset quality improvement to achieve orderly control and management. Through the formulation of comprehensive working system, optimization of management mechanism, specialization of management measures, the Bank enhanced the efficiency of risk management and achieved the goal of asset quality optimization. During the reporting period, the Bank established a potential risk credit extension management mechanism, and revised and issued the “Management Measures for the Evaluation of Non-performing Credit Responsibility of Bank of Jiujiang Co., Ltd.”, “Management Measures for Compensation for Loss of Credit Assets of Bank of Jiujiang Co., Ltd.”, “Measures for Performance Appraisal of Expatriate Risk Managers in 2021”, “Management Measures for Non-credit Asset Risk Classification of Bank of Jiujiang”, “Management Measures for Credit Risk of Bond Duration of Bank of Jiujiang”, “Post-investment Management Measures for the Financial Market Business of Bank of Jiujiang”, and other systems and measures.
2. Lay stress on the improvement of basic management to strengthen credit management. By focusing on the rectification of problems identified during the on-sit inspection, the Bank established a mechanism comprising risk warning letters, risk verification letters and risk supervision letters and continuously carried out normalized risk investigation and inspection, which covered the investigation of credit risk in the breeding industry, the risk investigation of deferred principal and interest payment business, the investigation of personal consumption loans, the joint investigation of investment business, and the on-site inspection of collateral, helping the Bank to strengthen internal control standards, strengthen risk awareness, and enhance risk management capabilities.
3. Lay stress on the control of digital credit extension to establish itself as a smart bank. By persistently improving the quality the efficiency, the Bank thoroughly implemented the strategy of “digital credit”, adhered to the principle of “useful, unified and compatible”, and was committed to building a unified digital risk control platform incorporating the features of “unified credit limit management, unified collateral management, unified risk warning, unified collection management, unified decision platform” to achieve sharing of various risk control data and information. The second phase of the Bank’s smart risk control system has been completed in August 2021; Both of the first phase of the collateral management system and the unified credit limit management system have been completed, and the second phase of the project has commenced; the functions of the first stage of the first phase of the credit risk warning system have been launched and extended to the whole Bank in July 2021; the first-phase system development of the collection management system has been completed. The rapid advancement of the digital credit project group will strongly promote the Bank’s transformation into a smart bank.

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## Management Discussion and Analysis

### 11.3 Market risk management

Market risk refers to the risk that may result in potential losses to future income or future cash flows due to the change of financial instruments resulting from the changes in interest rates, exchange rates and other market factors. Primary market risks explored by the Bank are interest rate risks and exchange rate risks.

#### **11.3.1 Interest rate risk analysis**

Interest rate risk refers to the possibility of unexpected losses due to the uncertainty of market interest rate changes. The uncertainty of interest rate changes makes the actual gains deviate from the expected gains or actual costs deviate from expected costs of commercial banks, manifested as actual gains are lower than expected gains, or actual costs are higher than expected costs, thereby incurring losses to the bank.

The Bank's main principles of controlling interest rate risk are to comprehensively consider the gap and duration matching of assets and liabilities, maximize the reasonableness of the assets and liabilities structure and income structure, and improve the prediction and monitoring of interest rate changes. At the same time, the Bank will properly carry out internal control management and limit management, dynamically adjust the duration of assets and liabilities, and continue to improve the interest rate risk management capabilities. On the one hand, the Bank reduces the duration mismatch of assets and liabilities by rationally arranging the source and use of assets and liabilities; on the other hand, it will control the size and duration of the assets of the trading account, reducing the size and duration of assets when predicting the overall upward trend of market interest rates and increasing the size and duration of assets in the overall downward trend of market interest rates, thereby reducing the risk of interest rate fluctuations and maintaining the level of interest rate risk at a relatively low level.

#### **11.3.2 Exchange rate risk analysis**

Exchange rate risk refers to the risk of loss of the overall income of the Bank due to adverse changes in exchange rates for assets and liabilities, and equity projects, foreign exchange and foreign exchange derivative positions in the form of foreign currencies.

## Management Discussion and Analysis

Our Bank's primary principle for controlling our exchange rate risk is to match assets with liabilities denominated in each currency and term and monitor our foreign currency exposure on a daily basis. In the first half of 2021, China's pandemic prevention and control and economic recovery maintained a good momentum, and the RMB exchange rate was significantly characterized by a two-way flexible fluctuation. Against this macro backdrop, on the one hand, the Bank regularly measured the cash flow gap and rationally arranged the source and use of foreign currency funds to minimize possible mismatches of assets and liabilities in different currencies and maturities. On the other hand, the Bank adhered to the prudent trading strategy of immediate settlement and sales of foreign exchange, and reduces exchange rate risk exposure through the implementation of limit indicators such as transaction volume limits, comprehensive position limits, overnight exposure limits, etc. In addition, for the credit business, the Bank regularly re-evaluated whether the collateral in the mismatched currency is sufficient in exchange rate conversion, and took measures such as early repayment or supplementary collateral in a timely manner in the case of insufficient value of the collateral to avoid the risk of exchange loss caused by exchange rate fluctuations.

As the Bank is currently not involved in interest rate, exchange rate and other sensitive fields such as derivative trading, the exchange rate risk is controllable as a whole.

### 11.4 Operational risk management

Operational risk refers to risks caused by imperfect or defective internal procedures, employees or information technology systems, as well as external incidents. Our Bank may be primarily exposed to the following categories of operational risks: internal fraud, external fraud, workplace safety incidents and information technology system incidents. Our Bank has set up an operational risk governance organizational structure composed of the Board of Directors and the Risk Management Committee under it, the Senior Management and the implementation level.

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## Management Discussion and Analysis

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

1. Improve the system construction. The Bank gradually improved the Bank's risk management system by the application of three major management tools of operational risk. First, the Bank monitored key risk indicators. It is required to analyze the key indicators of operational risk within the Bank, clarify the responsible department, divide the Bank's indicators into 10 enterprise level risk indicators and 52 line-level risk indicators involving 9 business lines, and carry out monitor on a quarterly basis. Second, The Bank collected the data on losses caused by operational risk. It is required to retrieve data on legal costs, other business expenses, penalty expenses and other accounting items by connecting the three-in-one system with the financial system, and timely prompted each institution that feedback realization was accurate and efficient for the reporting and data collection of loss events by means of system early warning. Third, the Bank carried out risk control and self-appraisal. It is required to gradually develop self-appraisal plans and schemes through the three-in-one system, and then carried out appraisal in an orderly manner.
2. Optimize the indicator system. First is to select risk appetite indicators. In 2021, the Bank launched a comprehensive risk management optimization consulting project, and selected the violation rate of 1,000 persons as the risk appetite indicator based on the actual situation of the Bank. Second is to establish risk limit indicators. By sifting through the historical data of the entire Bank, we established the accumulated number of major vicious cases in the current year and the quarterly reconciliation rate of deposit accounts as our risk limit indicators, and determined the threshold range based on historical data. By monitoring of risk appetite and risk limit indicators, the Bank can proactively prevent operational risks and reduce the probability of operational risk events.



## Management Discussion and Analysis

3. Standardize outsourcing management. First is to complete the outsourcing risk assessment. We organized the whole Bank to carry out risk assessments on all outsourcing matters of the whole Bank from nine aspects including strategic risk, legal risk, compliance risk, and concentration risk etc., to fully understand the risk base, identify potential risks in a timely manner, and reasonably divide risk levels, providing guidance for adopting scientific risk control measures. Second is to compile the annual outsourcing risk management report. Based on the principle of “full-coverage, in-depth and meticulous”, we sort out the Bank’s outsourcing risk points in 2020, and proposed measures based on actual business conditions, whereby we formed and submitted an annual outsourcing risk management report to the Board of Directors, Board of Supervisors and the Senior Management. Third is to sort out the outsourcing risk management structure. In accordance with the Guidelines on the Management of Outsourcing Risks of Banking Financial Institutions and other documents, on-site inspection opinions and off-site supervision requirements of regulatory agencies, we have identified with the shortcomings in the Bank’s outsourcing risk management and determined the focus and direction of this year’s outsourcing management work.
4. Prevent legal risks. First is to issue legal risk warnings. In 2021, we released 4 issues of legal compliance risk warnings to the whole Bank, 4 issues of case-based law interpretation, and 2 issues of legal risk warnings to all departments of the business lines. Second is to interpret important external regulations and laws. We carried out the bank-wide legal interpretation of the “Provisions of the Supreme People’s Court on Several Issues Concerning the Trial of Civil Dispute Cases on Bank Cards”, the legal interpretation of the new Administrative Punishment Law, and the Supreme People’s Court’s Online Litigation Rules of the People’s Court. Through detailed elaboration and analysis of internal and external legal risks, the impact of the introduction or modification of relevant laws on the business operations of the Bank and the potential legal risks that may arise from the operation of existing business models, and putting forward practical recommendations, we further enhanced the Bank’s legal risk prevention and control capabilities, and reduced losses arising from business operation risks to a certain extent.

### 11.5 Liquidity risk management

Liquidity risk refers to the risk of failure of commercial banks to acquire sufficient funds in a timely manner at a reasonable cost to pay off debts due or meet liquidity demands in line with expansion of business operations. Our Bank is exposed to liquidity risk primarily in the funding of our lending, trading and investment activities, as well as in the management of our liquidity positions.



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## Management Discussion and Analysis

The organizational structure for liquidity risk management of the Bank consists of a decision-making system, an executive system and a supervision system. The Board of Directors is our Bank's highest decision-making body regarding liquidity risk management and takes the ultimate responsibility for liquidity risk management. The Board of Supervisors supervises and evaluates the performance of the Board of Directors and senior management in liquidity risk management. The senior management is fully responsible for organization and implementation of the Bank's liquidity risk management. The risk management department of the Head Office leads the liquidity risk management of the Bank, which is responsible for integrating liquidity risk into the comprehensive risk management system, preparing comprehensive risk management reports to the senior management and risk management committee on a regular basis. The planning and finance department of the Head Office is the executive department of the Bank's liquidity risk management, and is primarily responsible for management of the daily fund position, while the financial market management department and other departments (lines) in the Head Office are the executive departments of the Bank's liquidity risk management, and are responsible for coordinating the implementation of liquidity risk management. The Audit Department performs independent audit and supervision on our Bank's liquidity risk management activities.

During the reporting period, the Bank managed liquidity risk mainly through the following measures: Firstly, the Bank improved relevant policies and basic systems, clearly defined the management responsibilities of each department, improved the coordination and cooperation mechanism and the efficiency of emergency response, updated and amended the Liquidity Risk Emergency Response Plan of Bank of Jiujiang Co., Ltd., further improved the liquidity risk management system and mechanism of the Bank and improved the precision and perspectiveness of the liquidity risk emergency management. Secondly, the Bank strengthened the daily coordination of liquidity risk, increased the monitoring of regulatory indicators and liquidity gap prediction and limit control in special periods, and ensured that the value of each indicator is higher than the regulatory requirements. Thirdly, the Bank intensified the construction of liquidity early warning mechanism, conducted liquidity stress test and assessment on a quarterly basis, and increased the number of special stress tests and pressure tests according to the actual situation. The results show that the Bank's minimum survival period under stress is more than 30 days, and its stress bearing capacity remains at a good level. Fourthly, the Bank monitored the term of assets and liabilities, and continuously optimized the term of structure of assets and liabilities. Fifthly, the Bank controlled the total amount and structure of assets and liabilities through the asset and liability management system, so as to enhance the ability of active management of liquidity risk and foster the organic alignment of risk management and control, profitability and resource allocation. Meanwhile, we adopted measures including setting up dedicated capital planning positions, a lead management department, execution and operation department and a liquidity risk contingency team to keep improving our liquidity risk management organizational structure and enhance effectiveness of liquidity risk management.

## Management Discussion and Analysis

As of June 30, 2021, the Group's liquidity ratio, the net stable capital ratio and liquidity coverage ratio were 78.91%, 121.63% and 298.76%, respectively. Among them, the balance of high-quality liquid assets was RMB51,678 million and the net cash outflow in the next 30 days was RMB17,298 million.

Item	Amount	
	As of June 30, 2021	As of December 31, 2020
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)	
Net stable capital ratio	121.63%	123.52%
Available stable capital	300,065.56	290,214.37
Required stable capital	246,711.81	234,954.33

### 11.6 Compliance risk management

The Bank has established a three-level compliance management departments (positions) from top to bottom, formed a compliance risk management structure of “foreground, middle-ground and background that covers both dimensions”, and created a compliance system highly consistent with the Bank's development strategy, market positioning, operating environment, corporate culture and management philosophy.

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

1. Optimize and improve the compliance management system. The Bank has further reformed and optimized the compliance management system and organizational structure. First is to set up a compliance management committee. The Bank formally established a compliance management committee under the Board of Directors, formulated and issued the Working Rules of the Compliance Management Committee to clarify the rules of procedure for compliance risk management. Second is to strengthen organizational leadership. The Bank established a working leadership group headed by the chairman of the Board, carefully organized the “Internal Control and Compliance Management Construction Year” event, clarified the division of tasks and the time for advancement, strengthened the construction of internal control and compliance management, cultivated a sound and prudent business culture, and lay a solid foundation for the Bank's high-quality development.

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## Management Discussion and Analysis

2. Continuously improve the efficiency of compliance management. First is to thoroughly follow the regulatory opinions. For the regulatory policies and requirements, the Bank arranged for dedicated personnel to follow up and manage deadline. The Bank further supervised and urged to fill the shortcomings of the system, optimized the mechanism and system to enhance the effectiveness of compliance management. Based on the annual regulatory opinions and the key work points of city commercial banks in 2021, the Bank formulated implementation plans, steadily promoted the implementation, and further consolidated the Bank's steady operation and management. Second is to gradually strengthen system management. The Bank carried out the system optimization with "all staff involved". With a view to enhance the applicability, rationality and feasibility of the system, the Bank organized front-line employees to evaluate the system and give advices based on actual work, and adopted effective suggestions to further optimize the system of the whole Bank. The Bank optimized and launched the system publishing process to achieve the automation and dynamic update of the system library, further standardize system management, and at the same time incorporate regulation alike documents into the system management category to further tighten the system "cage". Third is to move forward the compliance risk checkpoint. Based on the positioning of compliance creating value, the Bank continued to deepen and improve the pre-compliance review. The Bank added a compliance review node before approval decision on large investment business and exercised the "veto power" for compliance. At the same time, the Bank will further optimize the new product review process with the goal of improving efficiency and compliance, and achieve the overall management of new products and new businesses across the Bank.

## Management Discussion and Analysis

3. Building a culture of compliance gradually. First is to develop a compliance culture. The Bank continuously organized monthly compliance examination and “Monthly Session for Leaders of the Bank” activities to promote corporate key values of “Compliance is everyone’s responsibility” and “Practice of compliance creates values” to develop an overall compliance culture of “Doing business with compliance”. Second is to conduct strict internal accountability. The Director of Compliance also serves as the vice chairperson of Accountability Committee of Head Office to tighten compliance guidance and supervision, giving full play to the warning and deterrence effect against violations. Third is to enhance reporting on integrity violation. The Bank listed and announced major “integrity violation” activities, operated seasonal reporting mechanism, assigned staff members to specifically handle reports on integrity violation. Meanwhile, the Bank established various reporting channels such as drop-in boxes, reporting hotline and OA online QR code reporting etc. Fourth is to compile compliance cases. With reference to daily compliance issues and external regulatory cases, the Bank kept updating and posting compliance cases on “Compliance Online” column to educate all employees of the Bank to “Stay alert to compliance cases, bear in mind the compliance rules”. Fifth is to communicate compliance information in a timely manner. The Bank have formed a compliance document model with the “Compliance Information” as the main journal, on-site inspection and evaluation opinions, compliance consultation and response proposals, and legal compliance risk reminders (bulletin) as the three types of documents to promptly communicate regulatory updates, changes in compliance risks within the industry and related requirements to the responsible departments, and continuously improved the quality and efficiency of compliance management under the guidance of the Board of Directors, the Board of Supervisors, the general meeting of shareholders and the management.

### 11.7 Money laundering risk management

The risk of money laundering refers to likelihood or probability of an act or process where the criminals or lawbreakers who use various means to cover up or conceal the source and nature of illegal funds and turn it into legitimate funds in the process of establishing business relationships with customers, selling financial products and providing financial services.

Effective money laundering risk management is the foundation for the safe and sound operation of banks. The Bank remained the focus on rectifying the issue of law enforcement inspections in respect of the anti-money laundering conducted by the PBOC in 2020, closely followed the principle of “risk-based”, comprehensively consolidated the foundation for anti-money laundering, and steadily improved the ability to prevent and control money laundering risks.

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## Management Discussion and Analysis

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

1. Point out the direction and main points at the beginning. First is to plan key tasks. At the beginning of 2021, we organized and convened the first meeting of the Special Committee on Anti-money Laundering of Bank of Jiujiang in 2021 to plan anti-money laundering work and clarify the direction for anti-money laundering work. Second is to dispatch key work points. We formulated the key points of Bank of Jiujiang's anti-money laundering work in 2021, and coordinated and guided various departments and branches to focus on the key points, important points, and critical points. Third is to actively promote rectification. Based on the issues raised in the inspection opinion, we took the lead in organizing the continuous rectification of various departments, and regularly followed the issues rectification situation.
2. Stabilize internal control management through coordination. First is to strengthen system product review and research, move risk management and control to the front end, work with business departments to carry out system and product review research and judgment, and integrate anti-money laundering requirements into the business system process. Second is to revise the regulations in a timely manner and improve the work process. We amended the anti-money laundering series system through the coordination of the head office and the branches, with reference to the suggestions of the PBOC at various cities.
3. Make every effort to improve the quality and efficiency of duty performance. First is to proactively participate in PBOC's training to strengthen professionalism. We organized employees to participate in the training of the "Senior Management Training Course for Anti-money Laundering and Anti-terrorist Financing for Financial Institutions" jointly organized by the Nanchang Central Sub-Branch and the Zhengzhou Training Institute of the PBOC. Second is to improve the assessment indicators and promote the implementation of key tasks. To achieve compliance and effectiveness of anti-money laundering, we refined the assessment indicators and implemented compliance assessments to serve the high-quality development of the whole Bank. Third is to establish an off-site inspection mechanism, report off-site inspection issues on a quarterly basis, and continue to improve the effectiveness of anti-money laundering work.

## Management Discussion and Analysis

4. Strengthen risk prevention and control based on risks. First is to carry out special investigations by organizing inspection of money laundering risk and gambling and fraudulent accounts in key areas. Second is to issue risk warnings, identifying the money laundering risks in agency business, loan business, credit card business, acquiring business and other businesses. Third is to continuously optimize the Bank's self-assessment mechanism for money laundering risk, adjust the evaluation system and indicators, conduct comprehensive, objective and effective assessments, and improve money laundering risk management capabilities.

### 11.8 Information technology risk management

Information technology risk refers to the operational, legal and reputational risks caused by natural and artificial factors, technical vulnerabilities and management defects during the application of information technology by the Bank.

The Bank has set up an information technology risk management organizational structure composed of the Board of Directors, the senior management and the Information Technology Management Committee under it, and the executive level. The information technology risk management framework of our Bank, under the leadership of our Board of Directors and our senior management, is based on the three lines of defense. The pre-event, during-event and post-event risk prevention systems have been effectively established.

1. Strengthening system risk assessment and carrying out real switching drill. Firstly, all processes prior to the launch of important information system (including project approval, demands and technology review, risk assessment of production versions, business impact analysis and grading) were discussed in online and offline meetings, and risk assessment were performed; secondly, the emergency drill covering bank-wide infrastructure and certain key business system was carried out, which enhanced the staff's awareness of the importance of business continuity management and continuously improved the overall level of business continuity management.
2. Strengthening network security, and strictly managing and controlling information. Firstly, the Bank adhered to the principle of in-depth defense when carrying out information security-related work, and established a sufficiently efficient defense system to ensure the information security of the Bank; secondly, the Bank upgraded the Bank's anti-virus version system and conducted cascade management, updated the rule base of the professional anti-virus system, as well as managed and controlled the USB mobile storage, so as to immediately give attention to and solve the loopholes and strengthen the security control; thirdly, the Bank reinforced network security protection and completed resource preparation, security self-inspection and attack and defense drill, and will continue to reinforce rectification, enhance the training of safety awareness and establish the overall protection system.

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## Management Discussion and Analysis

3. Using information technology to comprehensively manage outsourcing, and ensuring that outsourcing projects are safe and controllable. Regarding the outsourcing projects currently carried out by the Bank, we mainly carry out technical management and control in key areas such as system security management, source code management, developer management, development terminal environment management, development and test server management, and other risks. We revised the bank-wide outsourcing management measures, regularly conducted inspections of outsourcing personnel and office spaces, incorporated the centralized cooperation of outsourcing providers in business continuity management, conducted annual risk assessment and evaluation of outsourcers, and conducted full-process control of outsourcing risks.

### 11.9 Reputational risk management

Reputational risk refers to the risk that interested parties, the public and the media have a negative evaluation of the Bank due to the Bank's institutional behaviors, employee behaviors or external events, which damages the Bank's brand value, is harmful to the Bank's normal operation and even affects market and social stability. Our Bank's reputational risk management further improves the system, optimizes the organizational structure, strengthens the training, investigation and assessment of reputational risk, and establishes a sound reputational risk coordination mechanism to effectively enhance the ability of prevention and resilience of public opinions and reputational risk management. Classification standards, subjects of accountability and management principles concerning reputational risk have been defined. Prevention, monitoring, reporting and handling of reputational risks have been improved so as to minimize the loss and negative impact on our Bank caused by the reputational risk-related events and promote our sustainable and stable operation.

In the next stage of reputational risk management, the Bank will constantly improve the work systems in respect of the reputational risk prevention and control, public opinion contingency management and handling, establish and improve the 365\*24 public opinion monitoring system, organize reputational risk training drills on a regular basis, increase the efforts to investigate reputational risk, strength the quick response and handling capabilities for reputational risk, further strengthen positive publicity and guidance, build a more harmonious and stable external public opinion environment, and consolidate, maintain and enhance the Bank's good brand image.



## Management Discussion and Analysis

### 11.10 Strategic risk management

Strategic risk refers to the risk caused by improper operation policies of a commercial bank or changes in the external operation environment. Our Bank's strategic risk management goals is to set up and improve the strategic risk management system to systematically identify and evaluate potential risks in our Bank's existing strategic plans and adopt scientific decision making approaches and risk management measures to minimize or avoid substantial losses at a maximum level.

Our Bank has established a well-rounded strategic risk management organizational structure composed of the Board of Directors and the Strategy Committee under it, the senior management, strategy management functional departments of the Head Office and other related functional departments. During the reporting period, our Bank strictly executed the Administrative Measures for Strategy and Operation Planning of Bank of Jiujiang, and proactively launched strategic risk management to identify strategic management risks. Risk identification includes identifying whether the strategic plan is scientific and reasonable, whether the plan has taken external business environment changes into consideration, whether enough resources are available and allocated (including manpower, capital, management and IT resources) to support the execution of strategic decisions, whether an effective control mechanism over the strategy implementation process is in place, and whether any significant emergencies that affect the implementation of the strategy occurred, so as to ensure the consistency of the strategic plan with our Bank's development prospect and with our Bank's scale, risk appetite and portfolio complexity.

During the first half of 2021, our Bank's strategic risk level remained stable and under control overall, indicating our effective management over strategic risks.

As the next step, the Bank plans to establish and gradually improve its strategic risk assessment system and adopt reasonable assessment methods to evaluate the likelihood and impact of strategic risks; and regularly evaluates the strategic risks of the Bank, including risk factors such as changes in the external environment, formulation of strategic plans, implementation and control of strategic planning, resource allocation and emergencies.



# Changes in Share Capital and Information on Shareholders

## 1. Changes in share capital

As of June 30, 2021, the Bank's total number of issued shares was 2,407,367,200, including 2,000,000,000 Domestic Shares and 407,367,200 H Shares.

During the reporting period, the Bank had no change in share capital.

### 1.1 Breakdown table of changes in shares

Class of shares	As at June 30, 2021		Changes in shares during the reporting period (share)	As at December 31, 2020	
	Number of shares (share)	Proportions (%)		Number of shares (share)	Proportions (%)
Domestic state-owned shares	366,020,000	15.20	-	366,020,000	15.20
Domestic state-owned legal person shares	617,654,236	25.66	56,392,500	561,261,736	23.31
Domestic social legal person shares	990,518,290	41.15	(56,392,500)	1,046,910,790	43.50
Domestic natural person shares	25,807,474	1.07	-	25,807,474	1.07
Overseas listed shares (H Shares)	407,367,200	16.92	-	407,367,200	16.92
Total number of ordinary shares	2,407,367,200	100.00	-	2,407,367,200	100.00

### 1.2 Information on changes in more than 1% of Domestic Shares

In April 2021, Jiujiang Hehui Import & Export Co., Ltd. (九江和匯進出口有限公司) transferred its 56,392,500 Domestic Shares of the Bank to Wuning County Urban Construction Investment Development Co., Ltd. (武寧縣城市建設投資開發有限公司).

From the end of the reporting period and as at the date of this report, there were no information on changes in more than 1% of Domestic Shares of the Bank.

## Changes in Share Capital and Information on Shareholders

### 2. Particulars of shareholders

#### 2.1 Total number of shareholders of Domestic Shares as at the end of the reporting period

As of June 30, 2021, the Bank had 672 domestic shareholders in total, including 1 state-owned shareholder, 9 state-owned legal person shareholders, 57 social legal person shareholders and 605 natural person shareholders.

#### 2.2 Top 10 shareholders of non-overseas listed Domestic Shares

As of June 30, 2021, the shareholdings of the top 10 shareholders who directly held non-overseas listed Domestic Shares are as follows:

Name of Shareholders	Classes of shares	Number of shares held as at the end of the reporting period (share)	Approximate Percentage of Total Issued Share Capital of the Bank by the end of reporting period (%)	Shares pledged or frozen	
				Particulars of shares	Number of shares (share)
Jiujiang Finance Bureau	Domestic Shares	366,020,000	15.20	Normal	-
Beijing Automotive Group Co., Ltd.	Domestic Shares	366,020,000	15.20	Normal	-
Industrial Bank Co., Ltd.	Domestic Shares	294,400,000	12.23	Normal	-
Fangda Carbon New Material Co., Ltd.	Domestic Shares	136,070,000	5.65	Normal	-
Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd.	Domestic Shares	95,840,000	3.98	Normal	-
Junhe (Xiamen) Holdings Co., Ltd.	Domestic Shares	86,653,080	3.60	Pledged	86,653,080
Jiangxi Baoshen Industrial Co., Ltd.	Domestic Shares	84,792,010	3.52	Pledged frozen	84,792,010
Nanchang County Cultural Tourism Investment Co., Ltd.	Domestic Shares	57,040,000	2.37	Normal	-
Wuning County Urban Construction Investment Development Co., Ltd. (武寧縣城市建設投資開發有限公司)	Domestic Shares	56,392,500	2.34	Normal	-
Jiujiang State-owned Assets Management Co., Ltd.	Domestic Shares	43,454,831	1.81	Pledged	12,000,000
Total		1,586,682,421	65.91 <sup>(1)</sup>		

Note:

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

## Changes in Share Capital and Information on Shareholders

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

As of June 30, 2021, so far as is known to the Bank and the Directors, substantial shareholders of the Bank and other persons (other than Directors, Supervisors and chief executive officers of the Bank) who had interests and short positions in the Shares and underlying Shares of the Bank which were required to notify the Bank or the Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Bank under Section 366 of the SFO were as follows:

Name of shareholders	Classes of shares	Number of shares (share)	Nature of interest	Approximate percentage of shareholding in the relevant class of share (%)	Approximate percentage of total share capital of the Bank (%)
Jiujiang Finance Bureau <sup>(2)</sup>	Domestic Shares	366,020,000(L) <sup>(1)</sup>	Beneficial Owner	18.30	15.20
	Domestic Shares	40,000,000(L) <sup>(1)</sup>	Interest of Controlled Corporation	2.00	1.66
Beijing Automotive Group Co., Ltd. <sup>(3)</sup>	Domestic Shares	366,020,000(L) <sup>(1)</sup>	Beneficial Owner	18.30	15.20
Industrial Bank Co., Ltd. <sup>(4)</sup>	Domestic Shares	294,400,000(L) <sup>(1)</sup>	Beneficial Owner	14.72	12.23
Fangda Carbon New Material Co., Ltd. <sup>(5)</sup>	Domestic Shares	136,070,000(L) <sup>(1)</sup>	Beneficial Owner	6.80	5.65
	Domestic Shares	35,000,000(L) <sup>(1)</sup>	Interest of Controlled Corporation	1.75	1.45
Foresea Life Insurance Co., Ltd.	H Shares	104,666,400(L) <sup>(1)</sup>	Beneficial Owner	25.69	4.35
Taiping Assets Management (HK) Company Limited	H Shares	104,666,400(L) <sup>(1)</sup>	Investment Manager	25.69	4.35
Chu Mang Yee <sup>(6)</sup>	H Shares	66,037,600(L) <sup>(1)</sup>	Interest of Controlled Corporation	16.21	2.74
Sounda Properties Limited <sup>(6)</sup>	H Shares	66,037,600(L) <sup>(1)</sup>	Interest of Controlled Corporation	16.21	2.74
Hopson Development Holdings Limited <sup>(6)</sup>	H Shares	66,037,600(L) <sup>(1)</sup>	Interest of Controlled Corporation	16.21	2.74
Hopson Development International Limited <sup>(6)</sup>	H Shares	66,037,600(L) <sup>(1)</sup>	Interest of Controlled Corporation	16.21	2.74

## Changes in Share Capital and Information on Shareholders

Name of shareholders	Classes of shares	Number of shares (share)	Nature of interest	Approximate percentage of shareholding in the relevant class of share (%)	Approximate percentage of total share capital of the Bank (%)
R&F Properties (HK) Co., Ltd. <sup>(7)</sup>	H Shares	59,591,000(L) <sup>(1)</sup>	Beneficial Owner	14.63	2.48
Guangzhou R&F Properties Co., Ltd. <sup>(7)</sup>	H Shares	59,591,000(L) <sup>(1)</sup>	Interest of Controlled Corporation	14.63	2.48
Harbor Sure (HK) Investments Limited	H Shares	59,591,000(L) <sup>(1)</sup>	Security interest in shares	14.63	2.48
ABCI Investment Management Limited	H Shares	59,591,000(L) <sup>(1)</sup>	Interest of Controlled Corporation	14.63	2.48
ABCI International Holdings Limited	H Shares	59,591,000(L) <sup>(1)</sup>	Interest of Controlled Corporation	14.63	2.48
Agricultural Bank of China Limited	H Shares	59,591,000(L) <sup>(1)</sup>	Interest of Controlled Corporation	14.63	2.48
Ministry of Finance of the People's Republic of China	H Shares	59,591,000(L) <sup>(1)</sup>	Interest of Controlled Corporation	14.63	2.48
Central Huijin Investment Ltd.	H Shares	59,591,000(L) <sup>(1)</sup>	Interest of Controlled Corporation	14.63	2.48
Hopeson Holdings Limited <sup>(6)</sup>	H Shares	46,037,600(L) <sup>(1)</sup>	Beneficial Owner	11.30	1.91
Success Cypress Limited <sup>(6)</sup>	H Shares	40,850,800(L) <sup>(1)</sup>	Beneficial Owner	10.03	1.70
Tan Huichuan <sup>(6)</sup>	H Shares	40,850,800(L) <sup>(1)</sup>	Interest of Controlled Corporation	10.03	1.70
Guangzhou Jinxiu Dadi Property Development Company Limited <sup>(6)</sup>	H Shares	40,850,800(L) <sup>(1)</sup>	Interest of Controlled Corporation	10.03	1.70
Guangzhou Jinxiu Investment Company Limited <sup>(6)</sup>	H Shares	40,850,800(L) <sup>(1)</sup>	Interest of Controlled Corporation	10.03	1.70
Guangdong Nimble Real Estate (Group) Co., Ltd. <sup>(6)</sup>	H Shares	40,850,800(L) <sup>(1)</sup>	Interest of Controlled Corporation	10.03	1.70
Zhaoqing Tiancheng Property Co., Ltd. <sup>(6)</sup>	H Shares	40,850,800(L) <sup>(1)</sup>	Interest of Controlled Corporation	10.03	1.70
Faithful Edge Limited <sup>(6)</sup>	H Shares	40,850,800(L) <sup>(1)</sup>	Interest of Controlled Corporation	10.03	1.70
Rong De Investment Limited <sup>(9)</sup>	H Shares	33,308,200(L) <sup>(1)</sup>	Beneficial Owner	8.18	1.38
East System Investments Limited	H Shares	28,561,400(L) <sup>(1)</sup>	Beneficial Owner	7.01	1.19
Venfi Group Limited <sup>(10)</sup>	H Shares	22,205,400(L) <sup>(1)</sup>	Beneficial Owner	5.45	0.92

## Changes in Share Capital and Information on Shareholders

### Notes:

- (1) The letter “L” denotes the person's long position in the shares.
- (2) Jiujiang Finance Bureau, an official organ as legal person, directly holds a total of 366.02 million Domestic Shares of the Bank, accounting for 15.20% of the Bank's total issued share capital as at the end of the reporting period. The bureau's legal representative is Wu Zexun. Besides, Jiujiang Finance Bureau indirectly holds 40 million Domestic Shares of the Bank through Jiujiang City Financial Enterprise Financial Services Co., Ltd.. Furthermore, in accordance with the forms for filing disclosure of interests submitted on August 20, 2019, Jiujiang Finance Bureau and Jiujiang State-owned Assets Management Co., Ltd. have acted in concert or without contradictory since January 1, 2016, the Bank's Domestic Shares held by Jiujiang State-owned Assets Management Co., Ltd. amounted to 43,454,800 shares. Therefore, Jiujiang Finance Bureau controlled an approximate of 18.67% of ordinary shares of the Bank.
- (3) Beijing Automotive Group Co., Ltd. (“BAIC Group”) holds 366.02 million Domestic Shares of the Bank, accounting for 15.20% of the Bank's total issued share capital as at the end of the reporting period. The company's legal representative is Jiang Deyi. Founded in 1958, BAIC Group is headquartered in Beijing and is one of leading automotive groups in China and a Fortune 500 Company.
- (4) Industrial Bank Co., Ltd. (“Industrial Bank”) holds 294.40 million Domestic Shares of the Bank, accounting for 12.23% of the Bank's total issued share capital as at the end of the reporting period. The company's legal representative is Mr. Lyu Jiajin. Founded in August 1988 and headquartered in Fuzhou City, Fujian province, Industrial Bank is one of the first joint-stock commercial banks approved by the State Council and the central bank. Industrial Bank was officially listed in Shanghai Stock Exchange on February 5, 2007 (stock code: 601166) and ranks among the Top 20 banks in the world.
- (5) Fangda Carbon New Material Co., Ltd. (“Fangda Carbon”) held 136.07 million Domestic Shares, accounting for 5.65% of the Bank's total issued share capital as at the end of the reporting period. In addition, Jiangxi PXSteel Industrial Co. Ltd., a related company of Fangda Carbon holds 35.00 million Domestic Shares of the Bank, accounting for 1.45% of the Bank's total issued share capital as at the end of the reporting period. Therefore, Fangda Carbon controlled an aggregate of 7.11% of the ordinary shares of the total issued share capital of the Bank. Founded in January 1999, Fangda Carbon, with a registration place in Lanzhou City, Gansu province and a total of approximately 3,806 million registered capital, is mainly engaged in research and development and sale of carbon products and iron concentrates and is a leading enterprise of the National Science and Technology Development and Innovation Base. Fangda Carbon was listed on Shanghai Stock Exchange on August 30, 2002 (stock code: 600516).
- (6) Chu Mang Yee holds equity interests in 66,037,600 H Shares of the Bank through two controlled corporations, of which 46,037,600 H shares are held through Hopeson Holdings Limited and the remaining 20,000,000 H shares are held through Sound Zone Properties Limited.
- (7) R&F Properties (HK) Co., Ltd. is a company incorporated in Hong Kong and a wholly-owned subsidiary of Guangzhou R&F Properties Co., Ltd. (stock code: 2777). It is principally engaged in investment holding business.
- (8) Success Cypress Limited is a company incorporated in the British Virgin Islands and is ultimately held by Tan Huichuan, Tan Mei, Tan Haocheng and Tan Yuehua as to 43%, 7%, 25% and 25%, respectively. It is principally engaged in investment holding business. Guangzhou Jinxiu Dadi Property Development Company Limited (“Guangzhou Jinxiu Dadi”) is held by Tan Huichuan as to 90%; Guangdong Nimble Real Estate (Group) Co., Ltd. (“Guangzhou Nimble”) is a wholly-owned subsidiary of Guangzhou Jinxiu Dadi; Guangzhou Nimble held 90% of Guangzhou Jinxiu Investment Company Limited (“Guangzhou Jinxiu Investment”) which is held by Tan Huichuan as to 10%; Guangzhou Jinxiu Investment held 50% of Zhaoqing Tiancheng Property Co., Ltd. (“Zhaoqing Tiancheng”); Faithful Edge Limited is a wholly-owned subsidiary of Zhaoqing Tiancheng; and Success Cypress Limited is a wholly-owned subsidiary of Faithful Edge Limited and the beneficial owner of the Bank.
- (9) Rong De Investments Limited is a company incorporated in the British Virgin Islands and is owned as to 36%, 34.06% and 29.94% by Liao Tengjia, Zhu Qingsong and Zhu Muzhi, respectively. It is principally engaged in investment holding business.
- (10) Venfi Group Limited is a company incorporated in Hong Kong and is wholly owned by Liu Yang. It is principally engaged in investment holding business.

## Changes in Share Capital and Information on Shareholders

### 2.4 Top 10 shareholders of ordinary shares

As of June 30, 2021, the shareholdings of the top 10 shareholders who directly held ordinary shares are as follows:

Name of shareholders	Classes of shares	Number of shares held as at the end of the reporting period (share)	Approximate
			percentage of total issued share capital of the Bank by the end of reporting period (%)
Jiujiang Finance Bureau	Domestic Shares	366,020,000	15.20
Beijing Automotive Group Co., Ltd.	Domestic Shares	366,020,000	15.20
Industrial Bank Co., Ltd.	Domestic Shares	294,400,000	12.23
Fangda Carbon New Material Co., Ltd.	Domestic Shares	136,070,000	5.65
Foresea Life Insurance Co., Ltd.	H Shares	104,666,400	4.35
Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd.	Domestic Shares	95,840,000	3.98
Junhe (Xiamen) Holdings Co., Ltd.	Domestic Shares	86,653,080	3.60
Jiangxi Baoshen Industrial Co., Ltd.	Domestic Shares	84,792,010	3.52
R&F Properties (HK) Co., Ltd.	H Shares	59,591,000	2.48
Nanchang County Cultural Tourism Investment Co., Ltd.	Domestic Shares	57,040,000	2.37
Total		1,651,092,490	68.58

### 2.5 The controlling shareholders of the Bank

As of the end of the reporting period, the Bank had no controlling shareholders.

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## Changes in Share Capital and Information on Shareholders

### 2.6 Shareholders holding 5% (inclusive) or more of the Bank's shares

#### **Jiujiang Finance Bureau**

Jiujiang Finance Bureau holds 366.02 million Domestic Shares of the Bank, which are state-owned shares, accounting for 15.20% of the Bank's total issued share capital as of the end of the reporting period. Jiujiang Finance Bureau is an official organ as legal person, and the bureau's legal representative is Wu Zexun.

Jiujiang Finance Bureau holds 40 million Domestic Shares of the Bank through Jiujiang City Financial Enterprise Financial Services Co., Ltd., the wholly-owned sub-subsidiary of Jiujiang Finance Bureau. In addition, Jiujiang Finance Bureau and Jiujiang State-owned Assets Management Co., Ltd. have acted in concert since January 1, 2016, the Bank's Domestic Shares held by Jiujiang State-owned Assets Management Co., Ltd. amounted to 43,454,800 shares. Therefore, Jiujiang Finance Bureau controlled an aggregate of 18.67% of the ordinary shares of the total issued share capital of the Bank.

As of the end of the reporting period, Jiujiang State-owned Assets Management Co., Ltd., the concert party of Jiujiang Finance Bureau, pledged 12 million Domestic Shares of the Bank. Apart from that, neither Jiujiang Finance Bureau nor its related parties pledge the equity of the Bank.

#### **Beijing Automotive Group Co., Ltd.**

BAIC Group holds 366.02 million Domestic Shares of the Bank, which are state-owned legal person shares, accounting for 15.20% of the Bank's total issued share capital as of the end of the reporting period. As of the end of the reporting period, BAIC Group did not pledge the equity of the Bank.

Founded in 1958, BAIC Group, with a registration place in Beijing and a total of approximately RMB19,957 million registered capital, is one of leading automotive groups in China and a Fortune 500 Company. The company's legal representative is Jiang Deyi and its controlling shareholder is Beijing State-owned Capital Operation and Management Center. The actual controller and ultimate beneficial owners are the State-owned Assets Supervision and Administration Commission of Beijing Municipality. BAIC Group has no concert parties.

## Changes in Share Capital and Information on Shareholders

### **Industrial Bank Co., Ltd.**

Industrial Bank holds 294.40 million Domestic Shares of the Bank, which are social legal person shares, accounting for 12.23% of the Bank's total share capital as of the end of the reporting period. As of the end of the reporting period, Industrial Bank did not pledge the equity of the Bank.

Founded in August 1988 and with a registration place in Fuzhou City, Fujian province, Industrial Bank is one of the first joint-stock commercial banks approved by the State Council and the People's Bank of China. It has a total of approximately RMB20,774 million registered capital. The company's legal representative is Lyu Jiajin. It has no controlling shareholder, concert parties or actual controller. The ultimate beneficial owner is Industrial Bank. Industrial Bank was officially listed in Shanghai Stock Exchange on February 5, 2007 (stock code: 601166) and ranks among the Top 20 banks in the world.

### **Fangda Carbon New Material Co., Ltd.**

Fangda Carbon holds 136.07 million Domestic Shares of the Bank, which are social legal person shares, accounting for 5.65% of the Bank's total share capital as of the end of the reporting period. In addition, Jiangxi PXSteel Industrial Co. Ltd., a related company of Fangda Carbon holds 35.00 million Domestic Shares of the Bank. Therefore, Fangda Carbon controlled an aggregate of 7.11% of the ordinary shares of the total issued share capital of the Bank. As of the end of the reporting period, Fangda Carbon and its related party did not pledge the equity of the Bank.

Founded in January 1999, Fangda Carbon, with a registration place in Lanzhou City, Gansu province and a total of approximately 3,806 million registered capital, is mainly engaged in research and development and sale of carbon products and iron concentrates and is a leading enterprise of the National Science and Technology Development and Innovation Base. Fangda Carbon's legal representative is Dang Xijiang and its controlling shareholder is Liaoning Fangda Group Industrial Co., Ltd.. The actual controller and ultimate beneficial owner is Fang Wei. Fangda Carbon was officially listed on Shanghai Stock Exchange on August 30, 2002 (stock code: 600516).



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## Changes in Share Capital and Information on Shareholders

### 2.7 Other substantial domestic shareholders

According to the Interim Measures for the Equity Management of Commercial Banks of CBIRC (CBRC Order 2018 No.1), substantial shareholders of a commercial bank mean shareholders who hold or control 5% or more shares or voting rights of the commercial bank, or who hold less than 5% of total capital or total shares of the commercial bank but have significant influence on the business of the commercial bank. The significant influence mentioned above includes but not limited to dispatching directors, supervisors or senior management of a commercial bank.

Other than those disclosed in the section 2.6 in this chapter, i.e. Jiujiang Finance Bureau, Beijing Automotive Group Co., Ltd., Industrial Bank Co., Ltd. and Fangda Carbon New Material Co., Ltd., substantial domestic shareholder of the Bank who holds less than 5% of total capital or total shares but dispatch Supervisors to the Bank is Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd. (“Foshan Gaoming”).

#### **Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd.**

Foshan Gaoming holds 95.84 million Domestic Shares of the Bank, which are social legal person shares, accounting for 3.98% of the Bank’s total issued share capital as of the end of the reporting period. As of the end of the reporting period, Foshan Gaoming did not pledge the equity of the Bank.

Foshan Gaoming, with Luo Hanmin as its legal representative, was established in 2000 with a registration place in Foshan city, Guangdong province. It has a total of RMB300 million registered capital. The Legal representative is Luo Hanmin. The controlling shareholder, the actual controller and the ultimate beneficial owner are Lin Xin. Foshan Gaoming has no concert parties. The company is engaged in deposit receipt and deposit books printing, R&D and sales, and is the earliest plant in China to apply hot stamping to magnetic stripes of deposit books. It is also a member of “China Trade Association for Anti-counterfeiting”, one of the “Top 100 Printing Enterprises in Guangdong Province”, and a “Garden-like Organization in Foshan City”.

## Changes in Share Capital and Information on Shareholders

### 2.8 Related parties of substantial domestic shareholders at the end of the reporting period

No.	Name of substantial shareholders	Related parties of substantial shareholders and their concert parties (if any)
1	Jiujiang Finance Bureau	Jiujiang Financial Holdings Group Co., Ltd., Jiujiang City Financial Enterprise Financial Services Co., Ltd., Jiujiang City Financial Investment Management Co., Ltd., Jiujiang Technology Investment Co., Ltd., Jiujiang Non-financial Guarantee Holdings Co., Ltd., Jiujiang Infrastructural Investment Limited and Jiujiang State-owned Assets Management Co., Ltd., etc.
2	Beijing Automotive Group Co., Ltd.	BAIC Group Industrial Investment Co., Ltd., BAIC Group Finance Co., Ltd., Beijing Hyundai Motor Co., Ltd., Jiangxi Changhe Automobile Co., Ltd., Beijing Benz Automotive Co., Ltd., Beijing Xingdongfang Industry Co., Ltd., Beijing Automotive Industry Imp. & Exp. Co., Ltd., and Beijing Automotive Institute Co., Ltd., etc.
3	Industrial Bank Co., Ltd.	Industrial Bank Financial Leasing Co., Ltd., China Industrial International Trust Co., Ltd., CIB Fund Management Co., Ltd., Industrial Consumer Finance Co., Ltd., Industrial Economic Research Consulting Co., Ltd., CIIT Asset Management Co., Ltd., Industrial Wealth Asset Management Co., Ltd., and Industrial Futures Co., Ltd., etc.
4	Fangda Carbon New Material Co., Ltd.	Pingxiang Pinggang Anyuan Steel Co., Ltd., Jiangxi Fangda Steel Group Co., Ltd., Jiujiang Ping Gang Steel Co., Ltd., Shanghai Fangda Investment Management Co., Ltd., Chengdu Carbon Co., Ltd., Hefei Carbon Co., Ltd., Fushun Laihe Mining Co., Ltd., etc.
5	Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd.	Foshan Gaoming Standard Spectrum Garden Co., Ltd., Foshan Gaoming Hengye Real Estate Co., Ltd., and Guigang Hengfu Real Estate Co., Ltd., etc.

## Changes in Share Capital and Information on Shareholders

2.9 Related party transactions between the Bank and the substantial domestic shareholders and controlling shareholders, actual controllers, related parties, persons acting in concert and ultimate beneficiaries thereof in the reporting period

Unit: RMB0'000

No.	Name of shareholders	Credit balance	The controlling shareholders of the corporation	Credit balance	Actual controllers	Credit balance	Parties acting in concert	Credit balance	Ultimate beneficiary	Credit balance	Related party with related transaction(s)	Credit balance	Total
1	Jiujiang Finance Bureau	-	-	-	-	-	Jiujiang State-owned Assets Management Co., Ltd.	-	-	-	Pengze County Natural Gas Co., Ltd. Jiangxi Natural Gas Duchang Co., Ltd. Jiujiang Ganghua Gas Company Limited Jiujiang Infrastructural Investment Limited	1,000.00 944.55 500.00 27,500.00	29,944.55
2	Beijing Automotive Group Co., Ltd.	-	Beijing State-owned Capital Operation and Management Center	-	State-owned Assets Supervision and Administration Commission of Beijing Municipality	-	-	-	State-owned Assets Supervision and Administration Commission of Beijing Municipality	-	Anpeng International Financial Leasing (Shenzhen) Co., Ltd. Hunan Guanghua Rongchang Automobile Parts Co., Ltd. BAIC Yinxiang Automobile Co., Ltd. Jiangxi Changhe Automobile Sales Co., Ltd. Beijing Beiqi Pengyuan Automobile Sales & Service Co., Ltd. Jiangxi Changhe Automobile Co., Ltd. Jingdezhen City Xingchangda Property Co., Ltd. BAIC Group Industrial Investment Co., Ltd. Anpeng Financial Leasing (Tianjin) Co., Ltd. (安鹏融资租赁(天津)有限公司) BH Leasing Co., Ltd. Cangzhou Economic Development Zone and Xingye Industrial Park Co., Ltd. (沧州经济开发区興業產業園有限公司)	1,958.59 700.00 10,188.75 12,000.00 2,658.87 39,315.60 2,950.00 26,000.00 60,000.00 7,000.00 4,500.00	167,271.81
3	Industrial Bank Co., Ltd.*	-	-	-	-	-	-	-	Industrial Bank Co., Ltd.	-	-	-	-
4	Fangda Carbon New Material Co., Ltd.	-	Liaoning Fangda Group Industrial Co., Ltd.	60,000.00	Fang Wei	-	-	-	Fang Wei	-	Jiangxi Fangda Steel Group Co., Ltd. Pingxiang Pinggang Anyuan Steel Co., Ltd. (萍鄉市萍鄉安源鋼鐵有限公司)	269,948.22 360.00	330,308.22
5	Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd.	-	Lin Xin	-	Lin Xin	-	-	-	Lin Xin	-	-	-	-
Total		-		60,000.00		-		-		-		467,524.58	527,524.58

Note: Industrial Economic Research Consulting Co., Ltd., the related party of Industrial Bank Co., Ltd., provided consulting service to the Bank, with the service fee of RMB0.8 million.

## Changes in Share Capital and Information on Shareholders

### 2.10 Pledge of equity in the Bank by substantial domestic shareholders

As of June 30, 2021, the substantial shareholders of the Bank didn't pledge equity in the Bank.

### 2.11 Nomination of Directors and Supervisors by the shareholders

- (1) Jiujiang Finance Bureau nominated Mr. ZENG Huasheng as a Director of the Bank;
- (2) Beijing Automotive Group Co., Ltd. nominated Mr. SHI Zhishan as a Director of the Bank; the Bank is reporting to the China banking and insurance regulatory authorities for approval of Director's qualification of Mr. SHI Zhishan, prior to obtaining the Director's qualification, Mr. ZHANG Jianyong will continue to perform the duties of non-executive Director of the Bank and members of relevant special committees of the Board;
- (3) Industrial Bank Co., Ltd. nominated Mr. LI Jianbao as a Director of the Bank; and
- (4) Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd. nominated Ms. LIU Chunmei and Ms. LIAO Jingwen as Supervisors of the Bank.

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

As of the end of the reporting period, the number of pledged shares of the Bank didn't exceed 20% of the issued share capital.

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## Changes in Share Capital and Information on Shareholders

### 2.13 The Bank's pledged shares being frozen, judicially auctioned, restricted from voting or other rights

- (1) As of the end of the reporting period, the Bank has 89,299,518 pledged shares held by 3 Domestic Shareholders that were involved in frozen; 22,500,020 pledged shares held by 2 Shareholders were involved in judicial auctions.
- (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 Shareholders' General Meeting. As of the end of the reporting period, the number of Domestic Shares of the Bank pledged by 18 shareholders reached or exceeded 50% (inclusive) of the total shares held by them in the Bank, and voting rights represented by 308,158,588 shares were restricted, accounting for 12.80% of the total shares of the Bank.

### 2.14 Purchase, sale or redemption of listed securities of the Bank

During the reporting period, the Bank or any of its subsidiaries has not purchased, sold or redeemed any listed securities of the Bank.

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

## 1. Current Directors, Supervisors and Senior Management

### Directors

Name (former name, if any)	Gender	Age	Position	Terms of appointment	Number of shares held as at June 30, 2021 (Share)	Class of shares
LIU Xianting	Male	60	Chairman of the Board of Directors and Executive Director	May 2020 – May 2023	500,000	Domestic Shares
PAN Ming	Male	46	Vice Chairman of the Board of Directors, Executive Director, President and Chief Customer Manager	May 2020 – May 2023	224,910	Domestic Shares
ZENG Huasheng	Male	57	Non-executive Director	May 2020 – May 2023	Nil	
ZHANG Jianyong <sup>(1)</sup>	Male	45	Non-executive Director	May 2020 – May 2023	Nil	
LI Jianbao	Male	47	Non-executive Director	May 2020 – May 2023	Nil	
CHUA Alvin Cheng-Hock	Male	62	Independent Non-executive Director	May 2020 – May 2023	Nil	
GAO Yuhui	Female	71	Independent Non-executive Director	May 2020 – May 2023	Nil	
QUAN Ze	Male	49	Independent Non-executive Director	May 2020 – May 2023	Nil	
YANG Tao	Male	47	Independent Non-executive Director	May 2020 – May 2023	Nil	
LIU Yinan <sup>(2)</sup>	Male	43	Non-executive Director	-	Nil	
YUAN Delei <sup>(2)</sup>	Male	43	Executive Director and Chief Risk Officer	-	Nil	
SHI Zhishan <sup>(2)</sup>	Male	42	Non-executive Director	-	Nil	

<sup>(1)</sup> Mr. ZHANG Jianyong resigned as the non-executive Director and members of the Strategic Committee and the Consumer Rights Protection Committee of the Bank due to his work reallocation. The Board of the Bank received the resignation from Mr. ZHANG Jianyong on March 30, 2021, and his resignation shall take effect from the date of effectiveness of the non-executive Director newly elected by the shareholders' general meeting of the Bank. During this period, Mr. ZHANG Jianyong will continue to perform the duties of non-executive Director of the Bank and members of relevant special committees of the Board.

<sup>(2)</sup> Newly elected Directors, namely Mr. LIU Yinan, Mr. YUAN Delei and Mr. SHI Zhishan will be reported to China banking and insurance regulatory authorities for approval of their Director's qualifications. The term of office will be from the effective date of the approval of China banking and insurance regulatory authorities to the expiry of the term of the sixth session of the Board.

### Supervisors

Name (former name, if any)	Gender	Age	Position	Terms of appointment	Number of shares held as at June 30, 2021 (Share)	Class of shares
MEI Mengsheng	Male	54	Chairman of the Board of Supervisors	May 2020 – May 2023	Nil	
LIU Chunmei	Female	72	Supervisor	May 2020 – May 2023	Nil	
GUO Jiequn	Male	50	Supervisor	May 2020 – May 2023	Nil	
CHEN Chunxia	Female	57	Supervisor	May 2020 – May 2023	Nil	
LIAO Jingwen	Female	36	Supervisor	May 2020 – May 2023	14,000	Domestic Shares
WAN Dandan	Female	33	Supervisor	May 2020 – May 2023	Nil	

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

## Senior Management

Name (former name, if any)	Gender	Age	Position	Number of shares held as at June 30, 2021 (Share)	Class of shares
PAN Ming	Male	46	Vice Chairman of the Board of Directors, Executive Director, President and Chief Customer Manager	224,910	Domestic Shares
XIAO Jing	Male	44	Vice President and Chief Information Officer	55,566	Domestic Shares
XIE Haiyang	Male	37	Vice President and President of Nanchang Branch	Nil	
WANG Li	Female	57	Vice President and Board Secretary	Nil	
HUANG Chaoyang	Male	51	Assistant to President	500,000	Domestic Shares
QI Yongwen	Male	50	Director of Retail Banking and President of Shangrao Branch	249,900	Domestic Shares
CHEN Luping	Male	55	Director of Small-enterprise Credit	331,100	Domestic Shares
XU Cao	Male	53	Assistant to President	217,560	Domestic Shares
WANG Yuanxin	Male	54	Assistant to the President, Chairman and President of Beijing Daxing Jiuyin County Bank	220,500	Domestic Shares
CAI Jianhong	Male	53	Compliance Director	16,170	Domestic Shares
YUAN Delei	Male	43	Chief Risk Officer	Nil	
LI Guoquan	Male	52	Chief Accountant and General Manager of Planning and Finance Department	Nil	

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

### 2.1 Changes in Directors

Upon the consideration and approval at the eighteenth meeting of the fifth session of the Board of the Bank on May 19, 2020 and the first extraordinary general meeting of 2021 held on February 1, 2021, Mr. LIU Yinan was nominated and elected as a non-executive Director of the sixth session of the Board of the Bank. Mr. LIU Yinan, the newly elected Director, will be reported to China banking and insurance regulatory authorities for approval of his Director's qualification. The term of office will be from the effective date of the approval of China banking and insurance regulatory authorities to the expiry of the sixth session of the Board.

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

Upon the consideration and approval at the fourth meeting of the sixth session of the Board of the Bank held on November 10, 2020 and the first extraordinary general meeting of 2021 held on February 1, 2021, Mr. YUAN Delei was nominated and elected as an executive Director of sixth session of the Board of the Bank. Mr. YUAN Delei, the newly elected Director, will be reported to China banking and insurance regulatory authorities for approval of his Director's qualifications. The term of office will be from the effective date of the approval of China banking and insurance regulatory authorities to the expiry of the sixth session of the Board.

On March 30, 2021, the Bank received the resignation report from Mr. ZHANG Jianyong for resignation as the non-executive Director of the Bank and members of the Strategy Committee and the Consumer Rights Protection Committee of the Board and his resignation took effect from the date of the effectiveness of the non-executive Director newly elected by the general meeting of the Bank. During this period, Mr. ZHANG Jianyong will continue to perform the duties of non-executive Director of the Bank and members of relevant special committees of the Board. For details, please refer to the announcement published by the Bank on March 30, 2021.

Upon the consideration and approval at the eighth meeting of the sixth session of the Board of the Bank held on March 30, 2021 and the 2020 Annual General Meeting held on June 25, 2021, Mr. SHI Zhishan was nominated and elected as a non-executive Director of the sixth session of the Board of the Bank. Mr. SHI Zhishan, the newly elected Director, will be reported to China banking and insurance regulatory authorities for approval of his Director's qualifications. The term of office will be from the effective date of the approval of China banking and insurance regulatory authorities to the expiry of the sixth session of the Board. For details, please refer to the announcement published by the Bank on March 30, 2021 and the circular published by the Bank on June 4, 2021.

### 2.2 Changes in Senior Management

Upon the consideration and approval at the first meeting of the sixth session of the Board of the Bank held on June 18, 2020 and the fifth meeting of the sixth session of the Board of the Bank held on December 22, 2020, and the approval from the CBIRC Jiangxi Bureau (Gan Yin Bao Jian Fu [2021] No. 41 and Gan Yin Bao Jian Fu [2021] No. 42), Ms. WANG Li was appointed as the Board Secretary and Vice President of the Bank.

Upon the consideration and approval at the first meeting of the sixth session of the Board of the Bank held on June 18, 2020 and the approval from the CBIRC Jiangxi Bureau (Gan Yin Bao Jian Fu [2021] No. 43), Mr. YUAN Delei was appointed as the Chief Risk Officer of the Bank.

Upon the consideration and approval at the third meeting of the sixth session of the Board held on August 28, 2020 and the approval by the CBIRC Jiangxi Bureau (Gan Yin Bao Jian Fu [2021] No. 123), Mr. XIE Haiyang was appointed as the Vice President of the Bank.



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

Upon the consideration and approval at the seventh meeting of the sixth session of the Board held on February 5, 2021 and the approval by the CBIRC Jiangxi Bureau (Gan Yin Bao Jian Fu [2021] No. 184), Mr. LI Guoquan was appointed as the Chief Accountant, the General Manager of the Planning and Finance Department of the Bank.

### 2.3 Changes in Company Secretary and Authorized Representatives during the Reporting Period

Upon the consideration and approval at the seventh meeting of the sixth session of the Board of the Bank held on February 5, 2021, Ms. FOK Po Yi no longer served as the Company Secretary of the Bank, the Authorized Representative of the Bank (the “**Authorized Representative**”) under Rule 3.05 of the Listing Rules of the Hong Kong Stock Exchange and the agent of the Bank for the acceptance on delivery of service of process or notice in Hong Kong (the “**Service of Process Agent**”) under Rule 19A.13(2)6 of the Listing Rules and Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) with effect from February 5, 2021. Mr. WONG Wai Chiu has been appointed as the company secretary, the Authorized Representative and the Service of Process Agent with effect from February 5, 2021. Details of changes in company secretary and Authorized Representative, please refer to the announcement of the Bank dated February 5, 2021.

From the end of the reporting period and as at the date of this report, except for the above mentioned, there were no changes of other Directors, Supervisors and senior management of the Bank.

## 3. Biographies of the Newly-elected Directors and Senior Management

### 3.1 Directors

**Mr. SHI Zhishan**, aged 42, is proposed as the non-executive Director of the Bank.

Mr. SHI served as an appraisal manager of China Consultants of Accounting and Financial Management Co., Ltd. (中華財務會計諮詢有限公司) from June 2005 to May 2006; an appraisal manager of Beijing Zhongxing Xinshiji Accountant Office (北京中興新世紀會計事務所有限公司) from May 2006 to August 2007; and a senior appraisal manager of China Appraisal Associates\* (北京中天華資產評估有限責任公司) from August 2007 to November 2008. He successively served as a senior manager, an assistant to the head, the vice head of capital operation department of Beijing Automotive Group Co., Ltd. (北京汽車集團有限公司) from November 2008 to July 2013; the deputy general manager, the Party Committee Secretary and the general manager of BAIC Group Industrial Investment Co., Ltd. (北京汽車集團產業投資有限公司) from July 2013 to March 2021. Since March 2021, he has served as the Party Committee Secretary and the executive director of BAIC Group Industrial Investment Co., Ltd. (北京汽車集團產業投資有限公司).

Mr. SHI is a registered asset valuer. He graduated from Central University of Finance and Economics in 2010 and obtained an MBA degree.

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

### 3.2 Senior Management

**Mr. XIE Haiyang**, aged 37, is a Vice President of the Bank and the President of Nanchang Branch.

Mr. XIE served as the general secretary and the assistant to the general manager of the Bank's office from August 2009 to June 2012; the assistant to the general manager and the deputy general manager of the Human Resources Department of the Bank from June 2012 to January 2017; the Party Committee Secretary and President of Hefei Branch of the Bank from January 2017 to January 2020; the Party Committee Secretary and the President of Nanchang Branch of the Bank from January 2020 to June 2020; the member of the Party Committee of the Bank and the Party Committee Secretary and the President of Nanchang Branch from June 2020 to May 2021. Since May 2021, he has served as the Party Committee Member and the Vice President of the Bank and the Party Committee Secretary and the President of Nanchang Branch.

Mr. XIE received a master's degree in Political Economy from Nanchang University in July 2010.

**Mr. LI Guoquan**, aged 52, is a Chief Accountant and the General Manager of the Budget and Finance Department of the Bank.

Mr. LI served as the head of the finance department of Xinxiang Foreign Trade Company from September 1989 to December 1993; the director of the suburb office and the head of the deposit and remittance section of the Xinxiang Sub-branch of Bank of China from January 1994 to October 1997; the manager of the finance and accounting department of the Xinxiang Sub-branch of China Guangfa Bank, the vice president of the sub-branch under the Zhengzhou Branch, and the general manager of the planning and finance department of Jinan Branch from November 1997 to February 2016; the general manager of the planning and finance department and the director of the risk office of the board of directors of Bank of Zhengzhou from March 2016 to November 2019; and the staff of the Bank from December 2019 to June 2021. Since June 2021, he has served as the chief accountant and the general manager of the planning and finance department of the Bank.

Mr. LI received an equivalent education level as a master postgraduate qualification in enterprise management from Beijing Normal University in July 2000.

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

### 4. Securities Transactions by Directors, Supervisors and Relevant Employees

The Bank has adopted the Model Code as the code of conduct for securities transactions of the Bank by all Directors and Supervisors. The Bank has also put in place guidelines in respect of dealings in securities for the relevant employees (as defined under the Listing Rules) of the Bank, of which the terms are no less exacting than those of the Model Code. Having made specific enquiries to all Directors and Supervisors regarding their compliance with the Model Code, each of the Directors and Supervisors confirmed that those standards as provided thereunder have been complied with during the six months ended June 30, 2021. Having made specific enquiries to the relevant employees regarding their compliance with the guidelines of dealing in securities of the Bank, the Bank is not aware of any incompliance with the guidelines.

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

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

#### Interests in the Shares of the Bank (Long Positions)

Name	Position	Class of shares	Nature of interest	Number of shares (share)	Approximate percentage of total issued share capital of the relevant class of the Bank (%)	Approximate percentage of total issued share capital of the Bank (%)
LIU Xianting	Chairman of the Board of Directors and Executive Director	Domestic Shares	Beneficial Owner	500,000	0.03	0.02
PAN Ming	Vice Chairman of the Board of Directors, Executive Director, President and Chief Customer Manager	Domestic Shares	Beneficial Owner	224,910	0.01	0.01
LIAO Jingwen	Supervisor	Domestic Shares	Beneficial Owner	14,000	0.00	0.00

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

### Interests in Associated Corporations (Long Positions)

Name	Position	Associated corporation	Nature of interest	Number of shares (share)	Approximate percentage of share capital (%)
LIU Xianting	Chairman of the Board of Directors and Executive Director	Pengze Jiuyin County Bank Co., Ltd. (彭澤九銀村鎮銀行股份有限公司) <sup>(1)</sup>	Beneficial Owner	125,000	0.25
		Ruichang Jiuyin County Bank Co., Ltd. (瑞昌九銀村鎮銀行股份有限公司) <sup>(2)</sup>	Beneficial Owner	125,000	0.25
		Zixi Jiuyin County Bank Co., Ltd. (資溪九銀村鎮銀行股份有限公司) <sup>(3)</sup>	Beneficial Owner	100,000	0.50
		Chongren Jiuyin County Bank Co., Ltd. (崇仁九銀村鎮銀行股份有限公司) <sup>(4)</sup>	Beneficial Owner	200,000	0.50
		Fenyi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司) <sup>(5)</sup>	Beneficial Owner	250,000	0.50
PAN Ming	Vice Chairman of the Board of Directors, Executive Director, President and Chief Customer Manager	Pengze Jiuyin County Bank Co., Ltd. (彭澤九銀村鎮銀行股份有限公司) <sup>(1)</sup>	Beneficial Owner	125,000	0.25
		Ruichang Jiuyin County Bank Co., Ltd. (瑞昌九銀村鎮銀行股份有限公司) <sup>(2)</sup>	Beneficial Owner	125,000	0.25
		Zixi Jiuyin County Bank Co., Ltd. (資溪九銀村鎮銀行股份有限公司) <sup>(3)</sup>	Beneficial Owner	100,000	0.50
		Chongren Jiuyin County Bank Co., Ltd. (崇仁九銀村鎮銀行股份有限公司) <sup>(4)</sup>	Beneficial Owner	200,000	0.50
		Fenyi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司) <sup>(5)</sup>	Beneficial Owner	250,000	0.50

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

Name	Position	Associated corporation	Nature of interest	Number of shares (share)	Approximate percentage of share capital (%)
LIAO Jingwen	Supervisor	Ruichang Jiuyin County Bank Co., Ltd. (瑞昌九銀村鎮銀行股份有限公司) <sup>(2)</sup>	Beneficial Owner	50,000	0.10
		Zixi Jiuyin County Bank Co., Ltd. (資溪九銀村鎮銀行股份有限公司) <sup>(3)</sup>	Beneficial Owner	20,000	0.10
		Chongren Jiuyin County Bank Co., Ltd. (崇仁九銀村鎮銀行股份有限公司) <sup>(4)</sup>	Beneficial Owner	40,000	0.10
		Fenyi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司) <sup>(5)</sup>	Beneficial Owner	50,000	0.10

### Notes:

- (1) The Bank holds 35.0% of equity and 54.0% of voting rights of Pengze Jiuyin County Bank Co., Ltd. (彭澤九銀村鎮銀行股份有限公司), a subsidiary of the Bank.
- (2) The Bank holds 35.0% of equity and 54.1% of voting rights of Ruichang Jiuyin County Bank Co., Ltd. (瑞昌九銀村鎮銀行股份有限公司), a subsidiary of the Bank.
- (3) The Bank holds 35.0% of equity and 54.4% of voting rights of Zixi Jiuyin County Bank Co., Ltd. (資溪九銀村鎮銀行股份有限公司), a subsidiary of the Bank.
- (4) The Bank holds 35.0% of equity and 54.9% of voting rights of Chongren Jiuyin County Bank Co., Ltd. (崇仁九銀村鎮銀行股份有限公司), a subsidiary of the Bank.
- (5) The Bank holds 35.0% of equity and 54.9% of voting rights of Fenyi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司), a subsidiary of the Bank.

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

Ms. LIAO Jingwen, Supervisor of the Bank, serves as the chairperson of the board of directors of Xiushui Jiuyin County Bank Co., Ltd., the chairperson of the board of supervisors of Guixi Jiuyin County Bank Co., Ltd., the director of Jingdezhen Changjiang Jiuyin County Bank Co., Ltd., the director of Lushan Jiuyin Yishu County Bank Co., Ltd. and the director of Hukou Jiuyin County Bank Co., Ltd..

Mr. HUANG Chaoyang, Assistant to President of the Bank, serves as the director of Beijing Daxing Jiuyin County Bank Co., Ltd..

Mr. WANG Yuanxin, Assistant to President of the Bank, serves as the chairman of the board of directors and president of Beijing Daxing Jiuyin County Bank Co., Ltd..

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

### 7. Information on Employees

#### 7.1 Composition of personnel

##### By department/function

	As at June 30, 2021	
	Number of staff	Percentage of total (%)
Corporate banking	803	18.23
Retail banking	755	17.14
Inclusive financial business	127	2.88
Financial market business	43	0.98
Finance and accounting	307	6.97
Risk management, internal control and audit	218	4.95
Legal and compliance, human resources and information technology	325	7.38
Management	81	1.84
Teller	1,107	25.13
Jiuyin county bank	563	12.78
Others	76	1.72
Total	4,405	100.00

##### By age

	As at June 30, 2021	
	Number of staff	Percentage of total (%)
Aged below 30	2,893	65.68
Aged 31 – 40	1,312	29.78
Aged 41 – 50	171	3.88
Aged over 50	29	0.66
Total	4,405	100.00

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

### By education level

	As at June 30, 2021	
	Number of staff	Percentage of total (%)
Master's degree and above	512	11.62
Undergraduate and junior college	3,875	87.97
Others	18	0.41
Total	4,405	100.00

### 7.2 Staff training plan

In order to continue to develop as a learning organization and to help our employees to become professional, expertized and career-oriented managers, the Bank implemented the concepts of “self-training, self-enhancing, self-criticizing and self-improving”, fully integrating the Bank’s development strategies and business needs to promote the ability of self-taught through works and duties.

The Bank promoted the development concept of “Digital Jiuyin”, by utilizing online learning platform to enhance professional standards of employees through regular learning of new knowledge. The Bank also invited experts in the industry to hold “Mingde Leatures” live lessons every Thursday to broaden horizons of the employees. During the reporting period, the Bank produced 230 online courses, with course views of 39,447 times; while the online learning number of employees reached 35,983, and the learning hours reached 7,677.1 hours, with an average learning hours up to 1.81 hours; and organized 6 training sessions, involving a total of 518 employees.

Adhering to the principle of “combination of training and application”, the Bank has developed standardized courses for pioneer empowerment of retail business, pioneer empowerment of corporate business and corporate culture for new employee, carrying out empowerment in actual business scenarios. The Bank continuously improved the new employee learning system to let them know, understand and trust Jiuyin, then strive and enjoy working here. It also aimed to enhance company cultural identity of the new employees, to boost their understanding of the Bank of Jiujiang and to help them adapt to the environment so as to improve coordination and team cohesion. During the reporting period, the Bank organized 1 session of new employee learning activities, 2 sessions of learning activities for enhancing the ability of branch president, 8 sessions of learning activities for pioneer empowerment of retail business, and 1 session of learning activities for pioneer empowerment of corporate business.



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

### 7.3 Staff remuneration policies

#### **(I) Remuneration management structure and decision-making procedures**

In order to standardize the remuneration management of the Bank, improve the remuneration management mechanism of the Bank, and establish a scientific remuneration management structure and decision-making procedures, the Bank has established a remuneration management structure formed by the Nomination and Remuneration Committee, the Remuneration Management Committee and the Remuneration Management Team.

There is a Nomination and Remuneration Committee under the Board of Directors of the Bank, which reviews the general remuneration management system and policies of the Bank; formulates remuneration plans for Directors and the senior management, and provides suggestions to the Board on remuneration plans and supervises the implementation of remuneration plans. The Nomination and Remuneration Committee under the Board of our Bank was composed of one executive Director and two independent non-executive Directors, namely Mr. LIU Xianting as the executive Director, and Mr. QUAN Ze and Mr. YANG Tao as the independent non-executive Directors. The independent non-executive Director, Mr. YANG Tao acted as the chairman.

There is also a Remuneration Management Committee and the Remuneration Management Team thereunder internally in the Bank. The Remuneration Management Committee is mainly responsible for remuneration management strategies, mechanism and methods of the Bank and establishing employees remuneration benefit management mechanism, management systems and improvement proposals. The Remuneration Management Committee comprises a chairman and members. The chairman shall be served by the President, and the committee members shall be the chairman of the labor union and the bank leader in charge of finance. The Remuneration Management Team is formed by members from the Human Resources Department of Head Office as well as the Planning and Finance Department.

#### **(II) Balance of remuneration and performance, standard of risk adjustment**

The Bank followed the guiding ideology of “Performance-driven” to implement a remuneration mechanism as both an incentive and constraint to employees. The remuneration is directly linked to performances and contributions to the Bank and is evaluated by EVA of each branch and FTP net income of new bank deposits.

#### **(III) Deferred payment remuneration, non-cash remuneration and deduction system**

In order to ensure full effectiveness of remuneration in the Bank’s risk management and control and to establish a scientific and reasonable incentive and restraint mechanism, in accordance with the Supervisory Guidelines on Sound Compensation in Commercial



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

Banks, the Bank established a deferred payment management system for employees of the Bank, and strictly implemented the remuneration deferred payment system that associated performance remuneration of key employees to business risk exposure. Exposure shall be subject to corresponding recourse and rebate system. During deferred payment period, in case of significant risk losses, the Bank will cease the deferred payment of the person responsible and could recall the performance salary.

### **(IV) Remuneration policies of commercial banks**

In order to enhance our competitiveness and establish a scientific incentive and restrain mechanism and to adhere to the principles of efficiency, fairness, flexibility and business orientation, the Bank established an all-rounded remuneration system as an incentive, constraint and protection to foster value creation, evaluation and allocation. The remuneration system of current employees is composed of basic salary, position salary, performance remuneration as well as allowance and benefits. Basic salary is evaluated based on the type of employment, responsibilities, employment level, basic salary points and adjustment by regions. Position salary is evaluated based on the number of days worked, type of employment, responsibilities, employment level, management responsibility, basic salary points and adjustment by regions. Performance remuneration is evaluated based on the results and performances of employees.

### **(V) Further disclosure of the post-employment benefits set out in the 2020 Annual Report**

Reference is made to the 2020 Annual Report (the “**Annual Report**”) published by the Bank on April 26, 2021. Save as the information provided in the Annual Report, the Board hereby provides further information of the “post-employment benefits – defined contribution plans” stated in the Annual Report.

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

## **8. Basic Information of Institutions under the Bank**

As of June 30, 2021, the Bank operated the business through the operation department of head office in Jiujiang, 13 branches and 261 sub-branches which consisted of 163 traditional sub-branches, 87 community sub-branches and 11 small and micro enterprises sub-branches. The branch network of the Bank is primarily located in Jiangxi Province, and also covers Guangzhou, Guangdong Province and Hefei, Anhui Province. The Bank realized the full coverage of districts and cities within Jiangxi Province, and the coverage rate of branches in counties within Jiangxi Province reached 100%. In addition, the Bank established 20 Jiuyin County Banks, among which 18 county banks were controlled and consolidated as of June 30, 2021.

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

Status of the branches of the Bank as of June 30, 2021 is set out below:

District	Name of institution	Operating address	Remark	Number
Jiangxi Province	Head Office	Bank of Jiujiang Mansion, No.619 Changhong Avenue, Jiujiang, Jiangxi Province	1 operation department of head office, 39 traditional sub-branches, 17 community sub-branches	57
	Nanchang Branch	No.1398 Hongguzhong Avenue, Nanchang, Jiangxi Province	1 branch, 11 traditional sub-branches, 19 community sub-branches, 1 small and micro enterprises sub-branch	32
	Ganjiang River New Area Branch	No. 528 Shuanggang West Street, Jingkai District, Nanchang, Jiangxi Province	1 branch, 1 community sub-branch, 1 small and micro enterprises sub-branch	3
	Ji'an Branch	No.196 Jinggangshan Avenue, Ji'an, Jiangxi Province	1 branch, 14 traditional sub-branches, 6 community sub-branches, 3 small and micro enterprises sub-branches	24
	Ganzhou Branch	Building 5, Shenghui City Center, Ganxian Road, Zhanggong District, Ganzhou, Jiangxi Province	1 branch, 16 traditional sub-branches, 11 community sub-branches, 2 small and micro enterprises sub-branches	30
	Fuzhou Branch	No. 1250 Gandong Avenue, Fuzhou, Jiangxi Province	1 branch, 12 traditional sub-branches, 9 community sub-branches	22
	Yichun Branch	No. 587 Luzhou North Road, Yichun, Jiangxi Province	1 branch, 15 traditional sub-branches, 3 community sub-branches, 2 small and micro enterprises sub-branches	21
	Shangrao Branch	1-1, 2-1, 3-1, 4-1, 5-1, No. 87 Wusan Avenue, Xinzhou District, Shangrao, Jiangxi Province	1 branch, 12 traditional sub-branches, 6 community sub-branches	19
	Jingdezhen Branch	Bank of Jiujiang Mansion, Xishan Road, Changjiang District, Jingdezhen, Jiangxi Province	1 branch, 7 traditional sub-branches, 5 community sub-branches	13
	Pingxiang Branch	No. 121 Yuejin North Road, Pingxiang, Jiangxi Province	1 branch, 6 traditional sub-branches, 2 community sub-branches	9
	Xinyu Branch	No. 720 Xianlai East Avenue, Xinyu City, Jiangxi Province	1 branch, 2 traditional sub-branches, 3 community sub-branches, 1 small and micro enterprises sub-branch	7

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

District	Name of institution	Operating address	Remark	Number
	Yingtian Branch	No. 619 Wangbu Road, Xinjiang New Area, Yingtian, Jiangxi Province	1 branch, 3 traditional sub-branches, 1 community subbranch, 1 small and micro enterprises sub-branch	6
Guangdong Province	Guangzhou Branch	Rms 106, 107 and 108, No. 108, Huangpu West Avenue, Tianhe District, Guangzhou, Guangdong Province	1 branch, 11 traditional sub-branches	12
	Nansha Sub-branch in Guangdong Pilot Free-Trade Zone	Rms 105, 401, 402, 403, 404, 405, 406 and 407, No. 106 (Self-named Building 1) Fengze East Road, Nansha District, Guangzhou City, Guangdong Province	1 branch, 1 community sub-branch	2
Anhui Province	Hefei Branch	Office Building A, Jiaqiao International Plaza, Intersection of Maanshan Road and South Second Ring Road (Southwest), Baohe District, Hefei, Anhui Province	1 branch, 12 traditional sub-branches, 5 community sub-branches	18
Total				275

Status of the controlled county banks of the Bank as of June 30, 2021 is set out below:

Name of subsidiaries	Operating address
Xiushui Jiuyin County Bank Co., Ltd.	No. 123 Valley Avenue, Xiushui County, Jiangxi Province
Jinggangshan Jiuyin County Bank LLC.	No. 17-22 Guanrui Mall, Xincheng District, Jinggangshan, Jiangxi Province
Beijing Daxing Jiuyin County Bank Co., Ltd.	No. 3, No. 18 Yard, Xinrong North Street, Xihongmen Town, Daxing District, Beijing
Rizhao Jiuyin County Bank Co., Ltd.	No.619 Lanshan West Road, Lanshan District, Rizhao, Shandong Province
Nanjing Liuhe Jiuyin County Bank Co., Ltd.	No. 103, 105, Taishan Road, Xiongzhou Street, Liuhe District, Nanjing, Jiangsu Province
Nanchang Changdong Jiuyin County Bank Co., Ltd.	Room 201, Commercial Building 38#, Greenland Metropolis, No. 2977 Ziyang Avenue, High-tech Zone, Nanchang, Jiangxi Province
Ruichang Jiuyin County Bank Co., Ltd.	No.1-46 Jianshe Road, Ruichang, Jiangxi Province
Pengze Jiuyin County Bank Co., Ltd.	No. 1172 Longcheng Avenue, Pengze County, Jiujiang, Jiangxi Province
Zixi Jiuyin County Bank Co., Ltd.	No. 1-18 Bund International, Binjiang Road, Zixi County, Fuzhou, Jiangxi Province
Chongren Jiuyin County Bank Co., Ltd.	No. 8 Xianfu West Road, Chongren County, Fuzhou, Jiangxi Province
Fenyi Jiuyin County Bank Co., Ltd.	No. 83 Qianshandong Road, Fenyi County, Xinyu, Jiangxi Province

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

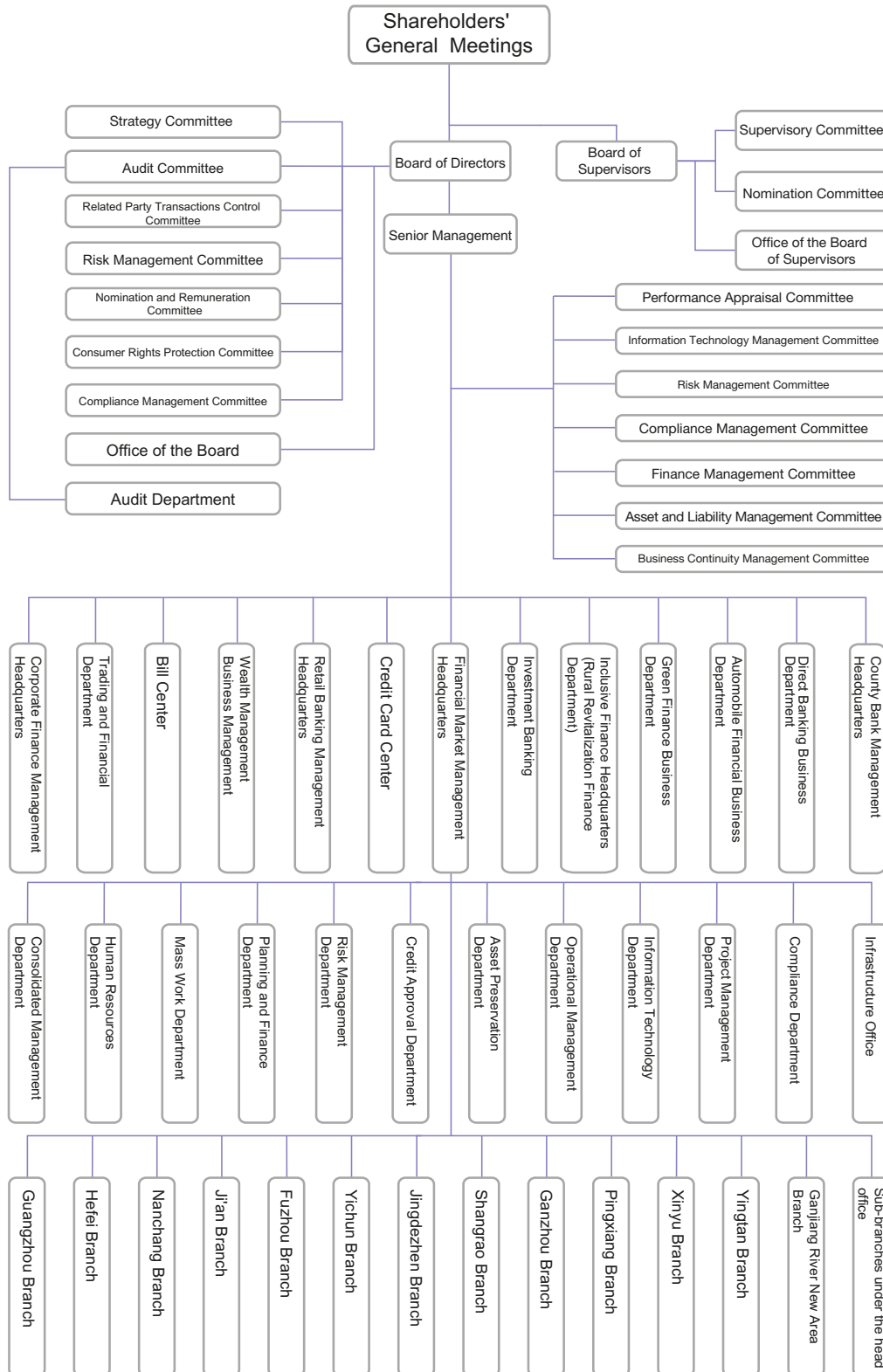
<b>Name of subsidiaries</b>	<b>Operating address</b>
Jing'an Jiuyin County Bank Co., Ltd.	Tower A, Yikun Building, Dongfang West Road, Shuangxi Town, Jing'an County, Yichun, Jiangxi Province
Tonggu Jiuyin County Bank Co., Ltd.	No. 2 Dingjiang West Road, Tonggu County, Yichun, Jiangxi Province
Jingdezhen Changjiang Jiuyin County Bank Co., Ltd.	No. 1268 Porcelain Avenue, Changjiang District, Jingdezhen, Jiangxi Province
Lushan Jiuyin Art County Bank Co., Ltd.	No. 86 Xiufeng Avenue South, Lushan, Jiujiang, Jiangxi Province
Fengxin Jiuyin County Bank Co., Ltd.	No.619 Yingxing North Avenue, Fengxin County, Yichun, Jiangxi Province
Hukou Jiuyin County Bank Co., Ltd.	No. 29 Sanli Avenue, Shuangzhong Town, Hukou County, Jiujiang, Jiangxi Province
Duchang Jiuyin County Bank Co., Ltd.	No. 99 Dongfeng Avenue, Duchang County, Jiujiang, Jiangxi Province

Status of the county banks in which the Bank has shareholdings as of June 30, 2021 is set out below:

<b>Name of associates</b>	<b>Operating address</b>
Zhongshan Xiaolan County Bank Co., Ltd.	Rooms 101, 102, 103, 201, 202, 203, Block 2, No. 10 Shengping Middle Road, Xiaolan Town, Zhongshan, Guangdong Province
Guixi Jiuyin County Bank Co., Ltd.	No. 31 Xinjiang Road, Guixi, Jiangxi Province

# Corporate Governance

## Organizational and Management Chart



- Notes: 1. The Bank has established the Inspection and Supervision Team of the Bank of Jiujiang of the Jiujiang Municipal Supervisory Committee of the CPC, directly under the leadership of the Jiujiang Municipal Supervisory Committee.
2. The Rural Revitalization Finance Department and the Inclusive Finance Headquarters work together.

# Corporate Governance

## 1. Overview of Corporate Governance

The Bank has been improving its corporate governance and making proactive explorations, in view of its actual situations, in corporate governance structures, decision-making rules and procedures, stimulation and restriction mechanisms, risk management and internal control, external governance systems, and enhancement of the leadership of the Communist Party of China in accordance with laws and regulations concerning corporate governance, such as the Company Law of the PRC and the Corporate Governance Guidelines for Commercial Banks, and under supervision and leadership of competent supervision unit.

The Bank's general meeting of shareholders, Board of Directors, Board of Supervisors, as well as various special committees under the Board of Directors and the Board of Supervisors enjoyed efficient operation during the reporting period, which has effectively ensured the Bank's compliance and robust operation as well as sustainable and healthy development. The Bank convened 30 meetings during the reporting period, including 4 general meetings of shareholders (two shareholders class meetings), 4 meetings of the Board of Directors, 18 meetings of special committees under the Board of Directors, 2 meetings of the Board of Supervisors, and 2 meetings of special committees under the Board of Supervisors.

## 2. Compliance with the Corporate Governance Code

During the reporting period, the Bank strictly complied with the provisions in the Corporate Governance Code in Appendix 14 to the Listing Rules and, where appropriate, adopted the recommended best practices.

## 3. Holding of general meetings of shareholders

The Bank held 4 general meetings of shareholders during the reporting period, including 2 class meetings. On February 1, 2021, the Bank convened the 2021 extraordinary general meeting and deliberated on a total of 10 proposals, including the Proposal in relation to the Election of Mr. LIU Yinan as a Non-executive Director of the Sixth Session of the Board of Directors of Bank of Jiujiang Co., Ltd..

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## Corporate Governance

On June 25, 2021, the Bank convened the 2020 annual general meeting and the first domestic shareholders class meeting of 2021 and H shareholders class meeting of 2021 sequentially. In particular, a total of 16 proposals, including “the Proposal on Consideration of the 2020 Report of the Board of Directors of Bank of Jiujiang Co., Ltd.\*”, was deliberated at the 2020 annual general meeting, the Proposal on Consideration of the Replenishment of Other Tier-one Capital through a Convertible Negotiated Deposit of Bank of Jiujiang Co., Ltd.\*” was deliberated at the first domestic shareholders class meeting of 2021 and the Proposal on Consideration of the Replenishment of Other Tier-one Capital through a Convertible Negotiated Deposit of Bank of Jiujiang Co., Ltd.\*” was deliberated at the first H shareholders class meeting of 2021.

All summoning, notifying, convening and voting procedures concerning the above general meetings of shareholders have complied with relevant laws and regulations as well as the relevant provisions of the Articles of Association of the Bank.

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

During the reporting period, the Board of Directors held 4 meetings, considered and approved a total of 59 proposals. The special committees under the Board of Directors of the Bank held 18 meetings, including 4 meetings of the Risk Management Committee, 2 meetings of the Audit Committee, 4 meetings of the Related Party Transactions Control Committee, 4 meetings of the Strategy Committee, 3 meetings of the Nomination and Remuneration Committee and 1 meeting of the Consumer Rights Protection Committee, considered and approved a total of 61 proposals.

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

During the reporting period, the Board of Supervisors of the Bank held 2 meetings, considered and approved a total of 24 proposals. The special committees under the Board of Supervisors of the Bank convened 2 meetings, including 1 meeting of the Nomination Committee and 1 meeting of the Supervisory Committee, at which 4 proposals were considered and approved.

### **6. Amendments to the Articles of Association**

In accordance with the latest requirements of relevant laws and regulations and other regulatory documents and based on the Bank’s actual situation, the Bank intends to amend certain provisions of the Articles of Association. The amendments have been considered and approved by the Board of the Bank and the 2021 first extraordinary general meeting. The relevant amendments have been filed for registration at the CBIRC Jiangxi Bureau and Jiujiang Market Supervision and Management Bureau. For details of the amendments to the Articles of Association, please refer to the announcements of the Bank dated November 10, 2020 and July 28, 2021.

## Corporate Governance

### **7. Establishment of Compliance Management Committee**

In order to further strengthen the Board's management and decision-making regarding the compliance of the Bank and to improve the governance structure of the Bank, the Bank established a Compliance Management Committee in accordance with relevant laws and regulations and the Articles of Association. The Compliance Management Committee is mainly responsible for carrying out compliance management work under the authorization of the Board of Directors. These have been considered and passed by the Board of Directors and the general meetings of shareholders of the Bank, and the Compliance Management Committee has been formally established after the relevant amendments to the Articles of Association has been filed for registration with the CBIRC Jiangxi Bureau and Jiujiang Market Supervision and Management Bureau. For details of the establishment of the Compliance Management Committee, please refer to the announcements published by the Bank on March 30, 2020 and July 28, 2021.

### **8. Internal control and internal audit**

#### 8.1 Internal control

During the reporting period, the Bank set up a well-designed and encompassing internal control system for the purpose of enhancing the Bank's risk control, improving customer services and promoting sustainable development.

The Bank built up a modern corporate governance structure with the general meeting of shareholders as the body of power, the Board of Directors as the decision-making body, the Board of Supervisors as the supervisory body, and the management as the executive body, creating a sound internal control environment. Meanwhile, it improved its internal control system. The guiding system was structured on the Basic Internal Control System of Bank of Jiujiang, Compliance Policies of Bank of Jiujiang, and Authorization Management Measures for Legal Persons of Bank of Jiujiang, and dominated by business management (product) measures and operating instructions of various business lines and departments.



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## Corporate Governance

The Bank paid attention to the coordinated inspection, evaluation, and audit supervision of the three lines of defense, and effectively supervised and corrected the identified issues. During the reporting period, **firstly, in terms of inspections**, each business department of the Bank formulated a compliance management plan based on the actual risk status of business development, formed a bank-wide compliance management plan, and established a supervision and inspection system covering all institutions, products and business processes. As the functional department of internal control management, the Compliance Department of the head office issued the Implementation Plan for On-site Inspection of Compliance Lines in 2021 to organize the entire Bank to complete a comprehensive self-inspection, and the on-site inspection program is being launched. **Secondly, in terms of evaluation**, the Bank strengthened the internal control information feedback mechanism, grasped the internal control information of each branch, carried out special internal control evaluations in a timely manner in response to major internal control issues, and completed the special evaluation of pocket money business. It optimized the internal control evaluation template, designed process test indicators and negative correction indicators, and combined design defects at the head office level and operational defects at the branch level to quantitatively evaluate the internal control situation. It defined the internal control effectiveness levels and internal control defect standards, and optimized the internal control on-site evaluation procedures. It used the COSO framework and the five elements of internal control determined by Internal Control Guidelines for Commercial Banks and the Internal Control Evaluation Guidelines for Commercial Banks to carry out internal control evaluation. It combined the inspection and on-site evaluations to compile the Self-evaluation Report on Internal Control for the First Half of 2021 and transmitted it to the Directors, Supervisors and senior management in a timely manner to plug the loopholes in internal control. **Thirdly, in terms of audit supervision**, the Bank focused on auditing the effectiveness of internal control. It regularly listed the key issues of concern identified by internal audits and supervisory agencies in the Issue Database and Supervisory Opinion Implementation Ledger. Through on-site correction, follow-up, and coordinated supervision over follow-up audit, it implemented effective rectification, which promoted the continuous improvement of internal control and the effective improvement of internal control standards.

## Corporate Governance

### 8.2 Internal audit

Effective internal audit is of vital importance for ensuring sustainable development of the Bank's business operation. The objectives of our internal audit are the review, evaluation and improvement of our business operations, risk management, internal control and compliance and corporate governance through independent and objective supervision, evaluation and advisory activities in a systematic and standardized manner, so as to promote our steady operation and value enhancement. Our audit covers a comprehensive range of areas including our business operations, risk management, internal control and corporate governance. The Bank sticks to the principles of independence and objectivity throughout the internal audit work.

The Bank has established a vertical and independent internal audit organizational structure which is led by its Board of Directors and comprises the Audit Committee and the audit department of the Head Office. The Board of Directors of the Bank has an Audit Committee responsible for reviewing and approving the important regulations and reports related to internal audit and more, as well as approving medium-to long-term audit plans and annual audit plans and providing guidance, assessment and evaluation for internal auditing. The Audit Committee is supervised by the Board of Directors and reports to it when appropriate. The audit department of the Head Office is an internal audit department of the Bank. The audit department reports audit work to the Audit Committee on a regular basis. Pursuant to the internal and external requirements, it assumes responsibilities dominated by formulating and implementing medium- to long-term plans as well as annual audit plans, organizing and performing subsequent audit work, evaluating the rectifications and being responsible for the quality of the audit project.

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## Corporate Governance

According to the requirements of the Board of Directors, the Board of Supervisors and regulatory departments, the audit department makes annual internal audit plans taking nature of business, risk profile, management requirements and the allocation of audit resources into consideration, reports them to the Audit Committee for approval, and implements the plans upon approval. The Bank conducts special audits centering on various risks such as credit risk, market risk, operational risk and information technology risk, and also conducts audits on commission upon our senior and middle-level managerial staff's economic liabilities during their tenure. The Bank usually carries out internal audit in the combination forms of site audit and off-site audit. The audit procedure is made up of the preparatory stage, the implementation stage, the reporting and opposition processing stage, the rectification and follow-up audit stage as well as the archiving stage. The audit report covers various contents such as the objective, scope, basis, findings, conclusions and recommendation of audit. In order to ensure and improve the audit effectiveness, the audit department established the auditing result utilization mechanism to continuously follow up the rectifications of auditees, ascertained corresponding responsibilities in a timely manner, and supervised and urged the business competent department to formulate and improve the relevant management systems for the typical, universal and tendentious problems and establish sound internal control measures.

# Significant Issues

## 1. Profits and Dividends

The income and financial position of the Bank for the six months ended June 30, 2021 are set out in the interim financial statement of this interim report. The Bank did not recommend the payment of interim dividend for the six months ended June 30, 2021.

## 2. Significant Investment and Plans

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

## 3. Material Lawsuits, Arbitrations and Material Cases

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

## 4. Significant Contracts and Their Performance

During the reporting period, the Bank was not involved in any significant contracts that it must perform.

## 5. Share Incentive Plans and Specific Implementation During the Reporting Period

The Bank did not implement any share incentive plan during the reporting period.

## 6. Related Party Transactions

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

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

## Significant Issues

As of the end of the reporting period, the balance of the related party transactions with legal persons related to the Bank was RMB5,276 million; the balance of related party transactions with natural persons was RMB312 million; the total balance of related party transactions was RMB5,588 million, accounting for 14.70% of the Bank's net capital, which met the regulatory requirements.

For details of the related party transactions with legal persons, please refer to the Section 2.9 of "Changes in Share Capital and Information on Shareholders" in this interim report.

### **7. Replenishment of Other Tier-one Capital through a Convertible Negotiated Deposit**

In order to actively implement the government's special debt policy of RMB200 billion, enhance the Bank's capital strength and risk resistance level, the Bank intends to carry out the convertible negotiated deposit business to replenish other tier-one capital. Prior to this, the resolution in relation to the replenishment of other tier-one capital through a convertible negotiated deposit by the Bank has been considered and approved at the 2020 Annual General Meeting, the first domestic shareholder class meeting of 2021 and the first H shareholders class meeting of 2021 of the Bank. For details, please refer to the announcement of the Bank dated June 9, 2021.

### **8. Issuance of Capital Bonds with No Fixed Term**

In order to optimize the capital structure, support the business development, strengthen capital strength and comprehensive competition with continued efforts, better increase our ability to serve the real economy, increase the support to small and micro enterprises, help enterprises resume production and work, develop social well-being and people's livelihood and develop the local economy, the Bank issued capital bonds with no fixed term in an aggregate amount of RMB7 billion in February 2021 and April 2021, respectively. The details set out below:

The Bank has received the Approval by the CBIRC Jiangxi Bureau in Relation to the Issuance of Capital Bonds with No Fixed Term by Bank of Jiujiang (Gan Yin Bao Jian Fu [2020] No. 363) (《江西銀保監局關於九江銀行發行無固定期限資本債券的批覆》(贛銀保監覆[2020]363號)) and the Affirmative Decision of Administration License of the People's Bank of China (Yin Xu Zhun Yu Jue Zi [2021] No. 17) (《中國人民銀行准予行政許可決定書》(銀許准予決字[2021]第17號)), pursuant to which the public issuance of the capital bonds with no fixed term of not more than RMB7 billion by the Bank was approved.

## Significant Issues

On February 9, 2021, the Bank has successfully completed the issuance of the “Capital Bonds with No Fixed Term (First Tranche) of Bank of Jiujiang Co., Ltd.\* in 2021” in the China interbank bond market, and completed bond registration and custody in China Central Depository & Clearing Co., Ltd. The size of issuance is RMB3 billion, and the denomination of the bonds is RMB100 each, and the bonds were issued at nominal value. The coupon rate is 4.80% during the first five years, and will be adjusted every five years. The issuer shall have a conditional redemption right on every dividend payment date from the fifth year onwards. The proceeds from the bonds will be used to replenish the Bank’s additional tier-one capital in accordance with applicable laws and approvals by the regulatory authorities.

On April 15, 2021, the Bank successfully issued the “Capital Bonds with No Fixed Term (Second Tranche) of Bank of Jiujiang Co., Ltd.\* in 2021” in the China interbank bond market, and completed bond registration and custody in China Central Depository & Clearing Co., Ltd. The size of issuance is RMB4 billion, and the denomination of the bonds is RMB100 each, and the bonds were issued at nominal value. The coupon rate is 4.80% during the first five years, and will be adjusted every five years. The issuer shall have a conditional redemption right on every dividend payment date from the fifth year onwards. The proceeds from the bonds will be used to replenish the Bank’s additional tier-one capital in accordance with applicable laws and approvals by the regulatory authorities.

Accordingly, all capital bonds with no fixed term approved for issuance of the Bank have been issued.

For details of the issuance of the capital bonds with no fixed term of the Bank, please refer to the announcements of the Bank dated February 2, 2021, February 9, 2021 and April 15, 2021 and the circular dated April 28, 2020.

### **9. Significant Assets Pledged**

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

### **10. Significant Acquisition and Disposal of Assets and Business Combination**

During the reporting period, the Bank was not involved in any significant acquisition and disposal of assets and business combination.

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## Significant Issues

### **11. Punishment against the Bank and its Directors, Supervisors and Senior Management**

During the reporting period, the Bank, as well as its Directors, Supervisors and senior management of the Bank were neither under any investigation, administrative penalty or open criticism by the CSRC, nor under any public censure by Hong Kong Stock Exchange or under any punishment by any other regulators which had a material effect on the Bank's operation.

### **12. Review of Interim Report**

The interim financial report disclosed in this interim report is unaudited. KPMG has reviewed the interim financial statements for the six months ended June 30, 2021 in accordance with relevant review standards, which were prepared by the Bank in accordance with the IFRS and issued the auditors' review report with a clean opinion.

On August 26, 2021, the Audit Committee of the Bank had reviewed and confirmed the interim results announcement of the Bank for the six months ended June 30, 2021, the 2021 interim report, as well as the unaudited interim financial statements for the six months ended June 30, 2021 which was prepared in accordance with the requirements of the IFRS.

### **13. Interim Results**

The interim results announcement of the Bank for the six months ended June 30, 2021 was published on the HKExnews website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Bank ([www.jjccb.com](http://www.jjccb.com)) on August 27, 2021.

### **14. Significant Events after the Reporting Period**

#### Approval of the Articles of Association

In accordance with the requirements of relevant laws, regulations and normative documents, the Bank revised the existing Articles of Association. The revised Articles of Association, considered and approved at the 2021 first extraordinary general meeting held by the Bank on February 1, 2021, received the approval from the CBIRC Jiangxi Bureau on July 20, 2021 and completed the registration filing with the Market Supervision and Administration Bureau of Jiujiang City on July 28, 2021. For details of the amendment, please refer to the announcement published by the Bank on November 10, 2020 and July 28, 2021.

## Significant Issues

### Establishment of Compliance Management Committee

In order to further strengthen the Board's management and decision-making regarding the compliance of the Bank and to improve the governance structure of the Bank, the Bank established a Compliance Management Committee in accordance with relevant laws and regulations and the Articles of Association. The Compliance Management Committee is mainly responsible for carrying out compliance management work under the authorization of the Board of Directors. These have been considered and passed by the Board of Directors and the general meetings of shareholders of the Bank, and the Compliance Management Committee has been formally established after the relevant amendments to the Articles of Association has been filed for registration with the CBIRC Jiangxi Bureau and Jiujiang Market Supervision and Management Bureau. For details of the establishment of the Compliance Management Committee, please refer to the announcements published by the Bank on March 30, 2020 and July 28, 2021.



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

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

## **Introduction**

We have reviewed the interim financial report set out on page 119 to 194 which comprises the consolidated statement of financial position of Bank of Jiujiang Co., Ltd. (the “Bank”) and its subsidiaries (collectively the “Group”) as at June 30, 2021, the related consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

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

## **Scope of Review**

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

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

## Conclusion

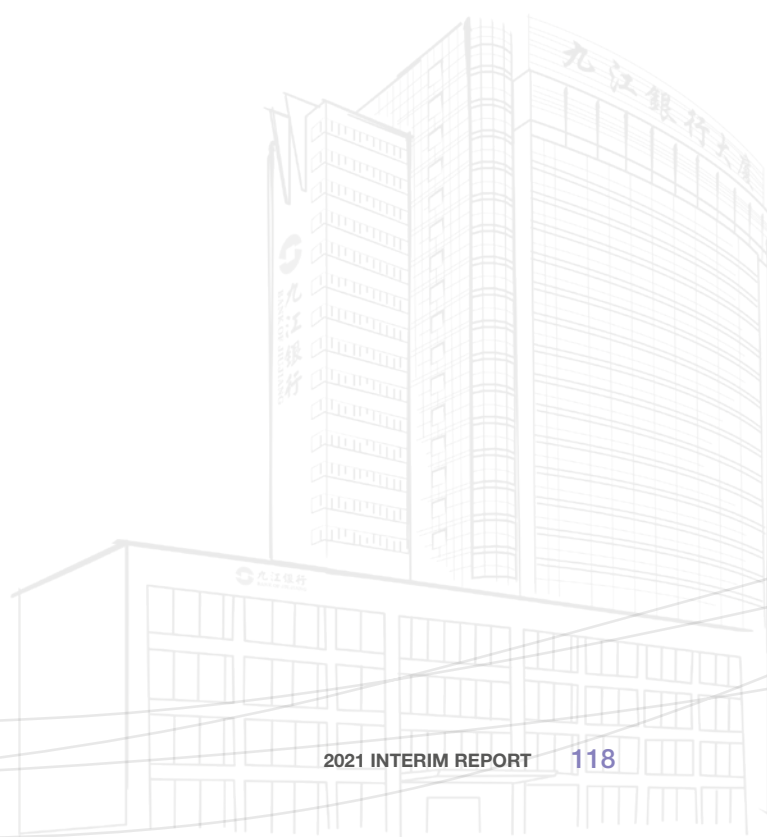
Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at June 30, 2021 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

## KPMG

*Certified Public Accountants*

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

August 27, 2021



# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2021 – Unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

	NOTE	Six months ended June 30,	
		2021 (Unaudited)	2020 (Unaudited)
Interest income		9,243,169	8,485,614
Interest expense		(5,241,150)	(4,560,613)
Net interest income	5	4,002,019	3,925,001
Fee and commission income		356,035	330,722
Fee and commission expense		(47,518)	(62,392)
Net fee and commission income	6	308,517	268,330
Net gains arising from financial investments	7	541,599	948,483
Other income, gains or losses	8	76,523	67,786
Operating income		4,928,658	5,209,600
Operating expenses	9	(1,191,889)	(1,150,988)
Impairment losses on assets	10	(2,453,033)	(2,759,383)
Share of profits of associates		4,549	6,528
Profit before taxation		1,288,285	1,305,757
Income tax expense	11	(159,575)	(213,130)
Net profit for the period		1,128,710	1,092,627
Net profit attributable to:			
Equity shareholders of the Bank		1,087,088	1,014,325
Non-controlling interests		41,622	78,302

The notes on pages 126 to 194 form part of this interim financial report.

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

	NOTE	Six months ended June 30,	
		2021 (Unaudited)	2020 (Unaudited)
<b>Net profit for the period</b>		1,128,710	1,092,627
<b>Items that may be reclassified subsequently to profit or loss:</b>			
– Financial assets at fair value through other comprehensive income: net movement in the fair value reserve		170,151	(271,109)
– Financial assets at fair value through other comprehensive income: net movement in impairment losses		(70,908)	311,931
– Income tax relating to items that may be reclassified to profit or loss		(24,811)	(10,206)
Other comprehensive income for the period, net of tax		74,432	30,616
Total comprehensive income for the period		1,203,142	1,123,243
Total comprehensive income for the period attributable to:			
Equity shareholders of the Bank		1,161,235	1,044,949
Non-controlling interests		41,907	78,294
Total comprehensive income for the period		1,203,142	1,123,243
Basic and diluted earnings per share (in RMB)	13	0.45	0.42

The notes on pages 126 to 194 form part of this interim financial report.

# Consolidated Statement of Financial Position

As at June 30, 2021 – Unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

	NOTE	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
<b>ASSETS</b>			
Cash and balances with the central bank	14	36,985,766	38,740,922
Deposits with banks and other financial institutions	15	3,077,877	2,014,619
Placements with banks and other financial institutions	16	150,128	–
Financial assets held under resale agreements	17	14,342,428	13,447,827
Loans and advances to customers	18	230,238,074	205,658,195
Financial investments	19	152,267,531	145,947,081
Interest in associates	20	131,377	126,828
Property and equipment	21	3,047,093	3,004,864
Right-of-use assets	22	301,496	313,992
Deferred tax assets	23	3,499,689	3,094,177
Other assets	24	3,072,430	3,445,627
<b>Total assets</b>		<b>447,113,889</b>	<b>415,794,132</b>

The notes on pages 126 to 194 form part of this interim financial report.

## Consolidated Statement of Financial Position

As at June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

	NOTE	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
<b>LIABILITIES</b>			
Borrowings from the central bank	25	14,113,566	13,763,463
Deposits from banks and other financial institutions	26	12,770,149	9,124,105
Placements from banks and other financial institutions	27	6,550,275	7,409,467
Financial assets sold under repurchase agreements	28	13,304,008	14,705,039
Customer deposits	29	324,028,450	313,804,684
Income tax payable		446,001	508,735
Debt securities issued	30	37,851,306	26,634,140
Lease liabilities	31	345,690	353,502
Provisions		617,252	521,141
Other liabilities	32	2,503,044	2,340,310
<b>Total liabilities</b>		<b>412,529,741</b>	<b>389,164,586</b>
<b>EQUITY</b>			
Share capital	33	2,407,367	2,407,367
Reserves	34	31,487,146	23,568,808
Equity attributable to equity shareholders of the Bank		33,894,513	25,976,175
Non-controlling interests		689,635	653,371
<b>Total equity</b>		<b>34,584,148</b>	<b>26,629,546</b>
<b>Total liabilities and equity</b>		<b>447,113,889</b>	<b>415,794,132</b>

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

**Liu Xianting**  
EXECUTIVE DIRECTOR

**Pan Ming**  
EXECUTIVE DIRECTOR

The notes on pages 126 to 194 form part of this interim financial report.

# Consolidated Statement of Changes in Equity

For the six months ended June 30, 2021 – Unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

	Attributable to equity shareholders of the Bank								Non-controlling interests	Total
	Share capital	Other equity instruments	Share premium	Fair value reserve	Surplus reserve	General reserve	Retained earnings	Subtotal		
As at January 1, 2021	2,407,367	-	8,165,761	(79,194)	3,808,824	4,673,589	6,999,828	25,976,175	653,371	26,629,546
Net profit for the period	-	-	-	-	-	-	1,087,088	1,087,088	41,622	1,128,710
Other comprehensive income for the period	-	-	-	74,147	-	-	-	74,147	285	74,432
Total comprehensive income for the period	-	-	-	74,147	-	-	1,087,088	1,161,235	41,907	1,203,142
Issue of perpetual debt capital	-	6,997,840	-	-	-	-	-	6,997,840	-	6,997,840
Dividend distribution	-	-	-	-	-	-	(240,737)	(240,737)	-	(240,737)
Dividend distribution to non-controlling interests	-	-	-	-	-	-	-	-	(5,643)	(5,643)
As at June 30, 2021 (unaudited)	2,407,367	6,997,840	8,165,761	(5,047)	3,808,824	4,673,589	7,846,179	33,894,513	689,635	34,584,148
As at January 1, 2020	2,407,367	-	8,165,761	54,188	3,460,463	4,175,514	6,462,292	24,725,585	632,207	25,357,792
Net profit for the period	-	-	-	-	-	-	1,014,325	1,014,325	78,302	1,092,627
Other comprehensive income for the period	-	-	-	30,624	-	-	-	30,624	(8)	30,616
Total comprehensive income for the period	-	-	-	30,624	-	-	1,014,325	1,044,949	78,294	1,123,243
Dividend distribution	-	-	-	-	-	-	(288,885)	(288,885)	-	(288,885)
Dividend distribution to non-controlling interests	-	-	-	-	-	-	-	-	(11,303)	(11,303)
As at June 30, 2020 (unaudited)	2,407,367	-	8,165,761	84,812	3,460,463	4,175,514	7,187,732	25,481,649	699,198	26,180,847

The notes on pages 126 to 194 form part of this interim financial report.

# Consolidated Statement of Cash Flows

For the six months ended June 30, 2021 – Unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

	Six months ended June 30,	
	2021 (Unaudited)	2020 (Unaudited)
<b>Cash flows from operating activities</b>		
Profit before taxation	1,288,285	1,305,757
<i>Adjustments for:</i>		
Depreciation and amortization	216,845	195,538
Impairment losses	2,453,033	2,759,383
Interest income arising from financial investments	(2,760,446)	(2,631,827)
Interest expense arising from debt securities issued	566,724	789,012
Interest expense arising from lease liabilities	8,823	9,438
Net gains arising from financial investments	(515,429)	(905,658)
Share of profits of associates	(4,549)	(6,528)
(Losses)/gains on disposal of property and equipment and other assets	(5,337)	59,037
Unrealized exchange losses/(gains)	10,358	(18,405)
Operating cash flows before movements in working capital	1,258,307	1,555,747
Decrease/(increase) in balances with the central bank and deposits with banks and other financial institutions	3,647,195	(2,882,276)
(Increase)/decrease in placements with banks and other financial institutions	(150,000)	185,058
(Increase)/decrease in financial assets held under resale agreements	(1,244,090)	6,959,280
Decrease in bonds investment measured at fair value through profit or loss	2,206,786	6,748,387
Increase in loans and advances to customers	(25,898,938)	(16,540,966)
Increase in borrowings from the central bank	344,453	5,840,170
Increase/(decrease) in deposits from banks and other financial institutions	3,621,920	(942,061)
(Decrease)/increase in placements from banks and other financial institutions	(852,926)	1,256,297
(Decrease)/increase in financial assets sold under repurchase agreements	(1,400,760)	8,669,761
Increase in customer deposits	9,485,991	20,239,069
Decrease/(increase) in other operating assets	680,273	(213,446)
Increase in other operating liabilities	694,235	192,326
<b>Net cash (used in)/generated from operating activities before tax</b>	(7,607,554)	31,067,346
Income tax paid	(652,632)	(972,127)
<b>Net cash (used in)/generated from operating activities</b>	(8,260,186)	30,095,219

The notes on pages 126 to 194 form part of this interim financial report.



## Consolidated Statement of Cash Flows

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

	NOTE	Six months ended June 30,	
		2021 (Unaudited)	2020 (Unaudited)
<b>Cash flows from investing activities</b>			
Dividends received from associates		–	5,000
Cash received from disposal and redemption of financial investments		45,062,407	95,666,664
Cash received from disposal of property and equipment		56,747	15,626
Net cash received from investment gains and interest		2,796,642	3,067,383
Cash paid for purchase of financial investments		(51,888,530)	(105,979,040)
Cash paid for purchase of property and equipment and other assets		(543,485)	(225,806)
<b>Net cash used in investing activities</b>		<b>(4,516,219)</b>	<b>(7,450,173)</b>
<b>Cash flows from financing activities</b>			
Cash received from debt securities issued		24,799,995	12,940,831
Cash received from other equity instruments issued		6,997,840	–
Repayment of debt securities issued		(14,070,000)	(22,990,000)
Repayment of leases liabilities		(60,199)	(57,519)
Interest expenses paid for debt securities issued		(79,553)	(72,416)
Dividends paid		(4,993)	(19,563)
<b>Net cash generated from/(used in) financing activities</b>		<b>17,583,090</b>	<b>(10,198,667)</b>
<b>Net increase in cash and cash equivalents</b>		<b>4,806,685</b>	<b>12,446,379</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>19,832,497</b>	<b>13,953,397</b>
<b>Effect of foreign exchange rate changes</b>		<b>62,402</b>	<b>(25,416)</b>
<b>Cash and cash equivalents at the end of the period</b>	36	<b>24,701,584</b>	<b>26,374,360</b>
<b>Net cash generated from operating activities include:</b>			
Interest received		6,590,009	6,206,783
Interest paid		(3,904,591)	(3,327,237)

The notes on pages 126 to 194 form part of this interim financial report.

# Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

## 1. GENERAL INFORMATION

Bank of Jiujiang Co., Ltd. (hereinafter referred to as the “Bank”) is formerly known as Jiujiang Commercial Bank, a joint-stock commercial bank established on the basis of Jiujiang Urban Credit Cooperatives as approved by the People’s Bank of China Wuhan Branch (Wuyinfu [1999] No. 300). The Bank changed its name to Bank of Jiujiang Co., Ltd. in September 2008.

The Bank is licensed as a financial institution by the former China Banking Regulatory Commission (the “CBRC”, currently the China Banking and Insurance Regulatory Commission, the “CBIRC”) Jiangxi Province Bureau (No. B0348H236040001) and is registered as a business enterprise with the approval of Jiujiang Administration of Industry and Commerce of the People’s Republic of China (the “PRC”) (No. 9136040070552834XQ). On July 10, 2018, the Bank was listed on The Stock Exchange of Hong Kong Limited with the stock code of 06190.

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

# Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, 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 August 27, 2021.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

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

The financial information relating to the financial year ended December 31, 2020 that is included in the interim financial report as comparative information does not constitute the Bank’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 3. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRSs issued by the IASB to this interim financial report for the current accounting period:

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

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

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

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

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

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## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 4. SEGMENT ANALYSIS

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

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

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

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

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

# Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

## 4. SEGMENT ANALYSIS (continued)

### Corporate banking

The corporate banking segment provides financial products and services to corporations, government agencies and financial institutions. The products and services include corporate loans, trade financing, deposit takings and other types of corporate intermediary services except for those carried by subsidiaries of the Bank.

### Retail banking

The retail banking segment provides financial products and services to individual customers. The products and services include personal loans, deposit products, card business, personal wealth management services and other types of personal intermediary services except for those carried by subsidiaries of the Bank.

### Financial market business

The Group's financial market business conduct money market or repurchase transactions, and financial investments for its own accounts or on behalf of customers except for those carried by subsidiaries of the Bank.

Segment result represents the profit earned by each segment without allocation of certain other income, gains or losses, impairment losses on assets, share of profits of associates, income tax expense and results from subsidiaries of the Group. Segment assets/liabilities are allocated to each segment, excluding investment properties, loans and advances to customers, interests in associates and assets/liabilities of the subsidiaries of the Group. This is the measure reported to the Chief Operating Decision Maker for the purposes of resource allocation and performance assessment.

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 4. SEGMENT ANALYSIS (continued)

#### Financial market business (continued)

	Six months ended June 30, 2021				
	Corporate banking	Retail banking	Financial market business	Unallocated	Total
External interest income	3,626,378	1,805,948	3,579,545	231,298	9,243,169
External interest expense	(1,881,337)	(2,028,514)	(1,264,381)	(66,918)	(5,241,150)
Net inter-segment interest income/ (expense)	259,414	638,697	(969,256)	71,145	-
Net interest income	2,004,455	416,131	1,345,908	235,525	4,002,019
Fee and commission income	192,752	68,400	93,631	1,252	356,035
Fee and commission expense	(6,858)	(25,794)	(12,700)	(2,166)	(47,518)
Net fee and commission income	185,894	42,606	80,931	(914)	308,517
Net gains arising from financial investments	-	-	546,346	(4,747)	541,599
Other income, gains or losses	(7,352)	(562)	(5,685)	90,122	76,523
Operating income	2,182,997	458,175	1,967,500	319,986	4,928,658
Operating expenses	(449,051)	(343,556)	(377,394)	(21,888)	(1,191,889)
Impairment losses on assets	(1,172,013)	(183,233)	(1,246,057)	148,270	(2,453,033)
Share of profits of associates	-	-	-	4,549	4,549
Profit before taxation	561,933	(68,614)	344,049	450,917	1,288,285
Income tax expense					(159,575)
Net profit for the period					1,128,710
Depreciation and amortization	85,075	42,368	83,976	5,426	216,845
Purchase of non-current assets	119,068	59,296	117,530	7,594	303,488
Segment assets	156,777,271	70,224,831	204,277,071	12,335,027	443,614,200
Deferred tax assets					3,499,689
Total assets					447,113,889
Segment liabilities/Total liabilities	(148,411,738)	(120,295,186)	(85,350,730)	(58,472,087)	(412,529,741)
Credit commitments	65,819,116	15,339,447	-	-	81,158,563

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 4. SEGMENT ANALYSIS (continued)

#### Financial market business (continued)

	Six months ended June 30, 2020				
	Corporate banking	Retail banking	Financial market business	Unallocated	Total
External interest income	3,223,610	1,696,462	3,311,799	253,743	8,485,614
External interest expense	(1,601,866)	(1,466,772)	(1,359,531)	(132,444)	(4,560,613)
Net inter-segment interest income/ (expense)	560,034	493,601	(1,121,510)	67,875	-
Net interest income	2,181,778	723,291	830,758	189,174	3,925,001
Fee and commission income	179,189	31,456	117,113	2,964	330,722
Fee and commission expense	(4,604)	(29,071)	(25,068)	(3,649)	(62,392)
Net fee and commission income	174,585	2,385	92,045	(685)	268,330
Net gains arising from financial investments	-	-	949,221	(738)	948,483
Other income, gains or losses	(5,183)	(142)	19,957	53,154	67,786
Operating income	2,351,180	725,534	1,891,981	240,905	5,209,600
Operating expenses	(398,783)	(305,304)	(341,706)	(105,195)	(1,150,988)
Impairment losses on assets	(480,881)	889	(2,290,579)	11,188	(2,759,383)
Share of profits of associates	-	-	-	6,528	6,528
Profit before taxation	1,471,516	421,119	(740,304)	153,426	1,305,757
Income tax expense					(213,130)
Net profit for the period					1,092,627
Depreciation and amortization	67,518	38,767	72,545	16,708	195,538
Purchase of non-current assets	77,656	39,292	79,781	3,597	200,326
Segment assets	129,216,975	57,319,509	189,408,100	11,966,381	387,910,965
Deferred tax assets					3,140,969
Total assets					391,051,934
Segment liabilities/Total liabilities	(127,701,541)	(101,376,956)	(85,914,824)	(49,877,766)	(364,871,087)
Credit commitments	48,366,554	7,237,611	-	-	55,604,165

#### Geographical information

The Group's revenue from external customers is derived mainly from its operations and services rendered in the PRC, and non-current assets of the Group are located in the PRC.



## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 4. SEGMENT ANALYSIS (continued)

Information about major customers

During the six-month ended June 30, 2021 and 2020, there were no revenue from transactions with a single external customer amounting to 10.00% or more of the Group's total revenue.

### 5. NET INTEREST INCOME

	Six months ended June 30,	
	2021	2020
<b>Interest income:</b>		
Balances with the central bank	248,968	214,533
Deposits with banks and other financial institutions	37,580	32,127
Placements with banks and other financial institutions	2,955	17,307
Financial assets held under resale agreements	250,488	141,747
Loans and advances to customers		
– Corporate loans and advances	3,764,946	3,296,078
– Retail loans and advances	1,877,717	1,825,716
– Discounted bills	300,069	326,279
Financial investments	2,760,446	2,631,827
Subtotal	9,243,169	8,485,614
<b>Interest expense:</b>		
Borrowings from the central bank	(130,608)	(84,981)
Deposits from banks and other financial institutions	(165,372)	(236,892)
Placements from banks and other financial institutions	(87,703)	(91,998)
Financial assets sold under repurchase agreements	(229,133)	(161,628)
Customer deposits	(4,052,787)	(3,186,664)
Debt securities issued	(566,724)	(789,012)
Lease liabilities	(8,823)	(9,438)
Subtotal	(5,241,150)	(4,560,613)
<b>Net interest income</b>	<b>4,002,019</b>	<b>3,925,001</b>

During the period, the Group reclassified the income of credit card instalment business from fee and commission income to interest income. The comparative figures have been adjusted accordingly.

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 6. NET FEE AND COMMISSION INCOME

	Six months ended June 30,	
	2021	2020
<b>Fee and commission income</b>		
Agency service fees	85,487	121,057
Wealth management fees	82,622	78,248
Settlement and clearing fees	42,579	22,947
Bank card fees	67,115	28,344
Credit commitments and financial guarantees fees	74,271	41,292
Transaction and consultancy fees	3,961	38,834
Subtotal	356,035	330,722
<b>Fee and commission expense</b>		
Settlement fees	(16,127)	(23,569)
Transaction fees	(23,725)	(29,036)
Others	(7,666)	(9,787)
Subtotal	(47,518)	(62,392)
<b>Net fee and commission income</b>	<b>308,517</b>	<b>268,330</b>

During the period, the Group reclassified the income of credit card instalment business from fee and commission income to interest income. The comparative figures have been adjusted accordingly.

### 7. NET GAINS ARISING FROM FINANCIAL INVESTMENTS

	Six months ended June 30,	
	2021	2020
Net gains on financial investments at fair value through profit or loss ("FVTPL")	525,631	850,804
Net gains on financial investments at fair value through other comprehensive income ("FVOCI")	14,463	93,720
Others	1,505	3,959
Total	541,599	948,483

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 8. OTHER INCOME, GAINS OR LOSSES

	NOTE	Six months ended June 30,	
		2021	2020
Government subsidies	(a)	65,789	13,806
Rental income		11,968	8,248
Gains on disposal of property and equipment		6,930	3
Exchange (losses)/gains		(5,685)	19,957
Donation		(4,969)	(2,811)
Depreciation of investment properties		(2,032)	(2,411)
Losses on disposal of repossessed assets		(1,593)	(59,040)
Reversal of business tax payable		–	89,596
Others		6,115	438
<b>Total</b>		<b>76,523</b>	<b>67,786</b>

(a) Government subsidies mainly represent bonus for the Group's contribution to the local economic development and tax refund.

### 9. OPERATING EXPENSES

	Six months ended June 30,	
	2021	2020
Staff costs		
– Salaries, bonuses and allowances	514,724	554,002
– Social insurance and supplementary retirement benefits	50,294	47,589
– Staff welfares	27,232	20,926
– Housing fund	28,656	17,611
– Employee education expenses and labour union expenses	13,589	7,597
<b>Subtotal</b>	<b>634,495</b>	<b>647,725</b>
General and administrative expenses	271,329	247,310
Depreciation and amortization (excluding investment properties)	174,756	160,928
Tax and surcharges	59,587	52,990
Depreciation – right-of-use assets	40,057	32,199
Rental and property management expenses	11,665	9,836
<b>Total</b>	<b>1,191,889</b>	<b>1,150,988</b>

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 10. IMPAIRMENT LOSSES ON ASSETS

	Six months ended June 30,	
	2021	2020
Loans and advances to customers at amortized cost	1,301,298	249,051
Loans and advances to customers at FVOCI	(69,287)	69,745
Financial investment measured at amortized cost	1,156,224	1,896,525
Financial investment measured at FVOCI	(1,621)	242,186
Others	66,419	301,876
Total	2,453,033	2,759,383

### 11. INCOME TAX EXPENSE

	NOTE	Six months ended June 30,	
		2021	2020
Current income tax		556,686	832,597
Tax filing differences		33,212	653,160
Deferred tax	23	(430,323)	(1,272,627)
Total		159,575	213,130

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

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 12. OTHER COMPREHENSIVE INCOME

	Period ended June 30, 2021		
	Before-tax amount	Tax expense	Net of income amount
Items that may be reclassified subsequently to profit or loss:			
– FVOCI: net movement in the fair value reserve	170,151	(42,538)	127,613
– FVOCI: net movement in impairment losses	(70,908)	17,727	(53,181)
<b>Total</b>	<b>99,243</b>	<b>(24,811)</b>	<b>74,432</b>
	Year ended December 31, 2020		
	Before-tax amount	Tax expense	Net of income amount
Items that may be reclassified subsequently to profit or loss:			
– FVOCI: net movement in the fair value reserve	(56,871)	14,218	(42,653)
– FVOCI: net movement in impairment losses	(121,734)	30,433	(91,301)
<b>Total</b>	<b>(178,605)</b>	<b>44,651</b>	<b>(133,954)</b>

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 13. EARNINGS PER SHARE

The calculation of basic earnings per share is as follows:

	Six months ended June 30,	
	2021	2020
<b>Earnings for the purpose of basic earnings per share:</b>		
Net profit for the period attributable to equity shareholders of the Bank	1,087,088	1,014,325
<b>Numbers of shares:</b>		
Weighted average number of shares for the purpose of basic earnings per share (in '000)	2,407,367	2,407,367
Basic and diluted earnings per share attributable to equity shareholders of the Bank (in RMB)	0.45	0.42

No diluted earnings per share for the six months ended June 30, 2021 and 2020 were presented as there were no dilutive potential ordinary shares outstanding during the respective periods.

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 14. CASH AND BALANCES WITH THE CENTRAL BANK

	NOTE	June 30, 2021	December 31, 2020
Cash		383,800	516,965
Mandatory reserve deposits	(a)	30,665,015	34,054,771
Surplus reserve deposits	(b)	5,665,078	3,286,616
Other deposits	(c)	257,564	866,739
Subtotal		36,971,457	38,725,091
Accrued interest		14,309	15,831
Total		36,985,766	38,740,922

- (a) The Group places mandatory reserve deposits with the People's Bank of China (the "PBOC"). This includes RMB reserve deposits and foreign currency reserve deposits. These mandatory reserve funds are not available for the Group's daily operations.

As at June 30, 2021 and December 31, 2020, mandatory reserve deposits with the PBOC were both calculated at 10% of eligible RMB deposits for the Bank and at 6% for subsidiaries, except for two subsidiaries, which were at 5% this period; and at 7% and 5% of foreign currency deposits for the Bank and its subsidiaries respectively. The foreign currency reserve deposits placed with the PBOC are non-interest bearing.

- (b) The surplus reserve deposits are maintained with the PBOC mainly for the purpose of clearing.
- (c) Other deposits mainly represent fiscal deposits placed with the PBOC.

### 15. DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	June 30, 2021	December 31, 2020
Deposits with:		
Banks and other financial institutions in mainland China	1,842,713	1,108,433
Banks outside mainland China	1,231,422	904,796
Gross balance	3,074,135	2,013,229
Accrued interest	4,572	2,061
Less: Allowances for impairment losses	(830)	(671)
Total	3,077,877	2,014,619

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 16. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	June 30, 2021	December 31, 2020
Placements with:		
Other financial institutions in mainland China	150,000	–
Gross balance	150,000	–
Accrued interest	169	–
Less: Allowances for impairment losses	(41)	–
Total	150,128	–

### 17. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

Analyzed by counterparties:

	June 30, 2021	December 31, 2020
Banks in mainland China	3,464,400	4,304,500
Other financial institutions in mainland China	10,881,914	9,146,957
Gross balance	14,346,314	13,451,457
Accrued interest	1,067	1,572
Less: Allowances for impairment losses	(4,953)	(5,202)
Total	14,342,428	13,447,827

Analyzed by collateral type:

	June 30, 2021	December 31, 2020
Bills	2,531,714	–
Bonds	11,814,600	13,451,457
Gross balance	14,346,314	13,451,457
Accrued interest	1,067	1,572
Less: Allowances for impairment losses	(4,953)	(5,202)
Total	14,342,428	13,447,827



## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 18. LOANS AND ADVANCES TO CUSTOMERS

#### (a) Analyzed by nature

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

	NOTE	June 30, 2021	December 31, 2020
Corporate loans and advances			
– Loans		128,722,423	115,555,744
Retail loans and advances			
– Residential mortgage loans		32,788,432	29,565,806
– Personal loans for consumption		17,455,444	16,550,112
– Personal loans for business purposes		21,128,864	17,279,781
– Credit card		4,605,426	2,966,604
Subtotal		75,978,166	66,362,303
Gross loans and advances to customers at amortized cost		204,700,589	181,918,047
Accrued interest		453,812	439,940
Allowances for impairment losses			
– 12-month ECL		(2,944,656)	(2,939,858)
– lifetime ECL not credit-impaired		(377,348)	(341,446)
– lifetime ECL credit-impaired		(1,958,391)	(1,940,454)
Subtotal		(5,280,395)	(5,221,758)
Loans and advances to customers at amortized cost, net		199,874,006	177,136,229
Loans and advances to customers at FVOCI			
– Discounted bills and forfeiting	(i)	30,364,068	28,521,966
Total loans and advances to customers		230,238,074	205,658,195

- (i) As at June 30, 2021 and December 31, 2020, the Group's allowances for impairment losses on loans and advances to customers measured at FVOCI was RMB128.17 million and RMB197.46 million respectively, as detailed in Note 18(g)(ii).

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(b) Analyzed by industry sector

	June 30, 2021		
	Amount	Percentage	Loans and advances secured by collaterals
Real estate	30,189,555	12.84%	23,108,744
Construction	19,756,458	8.40%	6,641,420
Wholesale and retail	18,935,906	8.06%	5,176,265
Manufacturing	16,681,065	7.10%	2,353,786
Leasing and commercial services	16,439,722	6.99%	3,923,537
Water conservancy, environment and public utility management	14,017,401	5.96%	2,656,603
Education	4,140,414	1.76%	259,780
Finance	3,932,485	1.67%	24,227
Production and supply of electricity, gas and water	3,782,298	1.61%	184,150
Agriculture, forestry, animal husbandry and fishery	3,386,990	1.44%	250,050
Health and social work	3,386,258	1.44%	107,000
Others	6,786,259	2.90%	2,006,076
Sub-total of corporate loans and advances	141,434,811	60.17%	46,691,638
Retail loans and advances	75,978,166	32.32%	46,118,780
Discounted bills	17,651,680	7.51%	–
Gross loans and advances to customers	235,064,657	100.00%	92,810,418

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(b) Analyzed by industry sector (continued)

	December 31, 2020		
	Amount	Percentage	Loans and advances secured by collaterals
Real estate	29,703,676	14.12%	21,599,486
Construction	20,913,339	9.94%	8,490,551
Wholesale and retail	17,016,217	8.09%	3,643,912
Water conservancy, environment and public utility management	12,663,724	6.02%	2,829,943
Leasing and commercial services	11,182,768	5.31%	2,624,891
Manufacturing	10,711,033	5.09%	1,737,636
Production and supply of electricity, gas and water	4,191,650	1.99%	137,050
Finance	4,057,807	1.93%	37,456
Health and social work	3,083,583	1.47%	111,200
Education	2,374,688	1.13%	182,000
Agriculture, forestry, animal husbandry and fishery	2,337,804	1.11%	288,953
Others	6,203,146	2.93%	2,561,354
Sub-total of corporate loans and advances	124,439,435	59.13%	44,244,432
Retail loans and advances	66,362,303	31.54%	39,451,991
Discounted bills	19,638,275	9.33%	–
Gross loans and advances to customers	210,440,013	100.00%	83,696,423

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(c) Analyzed by type of collateral

	June 30, 2021	December 31, 2020
Unsecured loans	46,769,171	41,068,547
Pledged loans	45,184,492	41,454,419
Guaranteed loans	50,300,576	44,220,624
Collateralized loans	92,810,418	83,696,423
Gross loans and advances to customers	235,064,657	210,440,013
Accrued interest	453,812	439,940
Less: Allowances for impairment losses on loans and advances to customers measured at amortized cost	(5,280,395)	(5,221,758)
Net loans and advances to customers	230,238,074	205,658,195

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(d) Overdue loans analyzed by overdue period

	June 30, 2021				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	240,446	184,822	143,830	98,799	667,897
Pledged loans	193,002	1,017,886	210,465	5,650	1,427,003
Guaranteed loans	50,759	72,490	368,135	75,776	567,160
Collateralized loans	731,136	260,431	266,548	218,331	1,476,446
<b>Total</b>	<b>1,215,343</b>	<b>1,535,629</b>	<b>988,978</b>	<b>398,556</b>	<b>4,138,506</b>
As a percentage of gross loans and advances to customers	0.52%	0.65%	0.42%	0.17%	1.76%

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(d) Overdue loans analyzed by overdue period (continued)

	December 31, 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	209,190	224,126	101,940	68,066	603,322
Pledged loans	950,000	209,685	105,980	–	1,265,665
Guaranteed loans	32,321	159,526	440,765	44,799	677,411
Collateralized loans	413,080	141,890	1,024,883	44,113	1,623,966
<b>Total</b>	<b>1,604,591</b>	<b>735,227</b>	<b>1,673,568</b>	<b>156,978</b>	<b>4,170,364</b>
As a percentage of gross loans and advances to customers	0.76%	0.35%	0.80%	0.07%	1.98%

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

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(e) Analyzed by geographical area

	June 30, 2021	
	Amount	Percentage
Within Jiangxi Province		
(apart from Jiujiang area)	120,423,668	51.23%
Jiujiang area	73,716,462	31.36%
Guangdong Province	21,272,453	9.05%
Anhui Province	12,437,947	5.29%
Others	7,214,127	3.07%
Gross loans and advances to customers	235,064,657	100.00%
	December 31, 2020	
	Amount	Percentage
Within Jiangxi Province		
(apart from Jiujiang area)	107,593,362	51.13%
Jiujiang area	67,369,944	32.02%
Guangdong Province	17,721,550	8.42%
Anhui Province	10,320,402	4.90%
Others	7,434,755	3.53%
Gross loans and advances to customers	210,440,013	100.00%

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 18. LOANS AND ADVANCES TO CUSTOMERS (continued)

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

	As at June 30, 2021			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
Total loans and advances to customers measured at amortized cost	198,530,654	2,451,560	3,718,375	204,700,589
Less: Allowances for impairment losses on loans and advances to customers measured at amortized cost	(2,944,656)	(377,348)	(1,958,391)	(5,280,395)
Carrying amount of loans and advances to customers measured at amortized cost (excluding accrued interest)	195,585,998	2,074,212	1,759,984	199,420,194
Carrying amount of loans and advances to customers measured at FVOCI (excluding accrued interest)	30,364,068	–	–	30,364,068
Total carrying amount of loans and advances to customers (excluding accrued interest)	225,950,066	2,074,212	1,759,984	229,784,262



## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 18. LOANS AND ADVANCES TO CUSTOMERS (continued)

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

	As at December 31, 2020			Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
Total loans and advances to customers measured at amortized cost	175,835,006	2,527,356	3,555,685	181,918,047
Less: Allowances for impairment losses on loans and advances to customers measured at amortized cost	(2,939,858)	(341,446)	(1,940,454)	(5,221,758)
Carrying amount of loans and advances to customers measured at amortized cost (excluding accrued interest)	172,895,148	2,185,910	1,615,231	176,696,289
Carrying amount of loans and advances to customers measured at FVOCI (excluding accrued interest)	28,521,966	-	-	28,521,966
Total carrying amount of loans and advances to customers (excluding accrued interest)	201,417,114	2,185,910	1,615,231	205,218,255

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 18. LOANS AND ADVANCES TO CUSTOMERS (continued)

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

#### (i) Loans and advances to customers at amortized cost

	Six months ended June 30, 2021			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
As at January 1, 2021	2,939,858	341,446	1,940,454	5,221,758
Transferred:				
– to 12-month ECL	14,012	(13,074)	(938)	–
– to lifetime ECL not credit-impaired	(15,758)	21,352	(5,594)	–
– to lifetime ECL credit-impaired	(5,228)	(143,031)	148,259	–
Charged for the period	11,772	170,655	1,118,871	1,301,298
Write-offs	–	–	(1,280,265)	(1,280,265)
Recoveries	–	–	37,604	37,604
As at June 30, 2021	2,944,656	377,348	1,958,391	5,280,395

	Year ended December 31, 2020			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
As at January 1, 2020	3,129,218	603,435	1,854,264	5,586,917
Transferred:				
– to 12-month ECL	77,398	(72,064)	(5,334)	–
– to lifetime ECL not credit-impaired	(15,902)	31,307	(15,405)	–
– to lifetime ECL credit-impaired	(7,645)	(389,744)	397,389	–
(Released)/charged for the year	(243,211)	168,512	461,164	386,465
Write-offs/transferred out	–	–	(989,598)	(989,598)
Recoveries	–	–	237,974	237,974
As at December 31, 2020	2,939,858	341,446	1,940,454	5,221,758

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 18. LOANS AND ADVANCES TO CUSTOMERS (continued)

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

#### (ii) Loans and advances to customers at FVOCI

	Six months ended June 30, 2021			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
As at January 1, 2021	197,458	–	–	197,458
Released for the period	(69,287)	–	–	(69,287)
As at June 30, 2021	128,171	–	–	128,171

	Year ended December 31, 2020			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
As at January 1, 2020	139,986	–	–	139,986
Charged for the year	57,472	–	–	57,472
As at December 31, 2020	197,458	–	–	197,458

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

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 19. FINANCIAL INVESTMENTS

	NOTE	June 30, 2021	December 31, 2020
Financial investments measured at FVTPL	(a)	31,826,515	30,087,781
Financial investments measured at FVOCI	(b)	31,385,716	31,010,460
Financial investments measured at amortized cost	(c)	89,055,300	84,848,840
<b>Total</b>		<b>152,267,531</b>	<b>145,947,081</b>

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

	June 30, 2021	December 31, 2020
Debt securities issued by:		
Policy banks	41,489	–
Corporations	581,713	571,390
Asset backed medium-term notes	555,826	551,435
Non-public project bonds	31,039	30,136
Subtotal	1,210,067	1,152,961
Equity investments	261,124	256,496
Funds and other investments:		
Fund Investments	18,540,530	14,947,043
Trust beneficiary rights and asset management plans	6,647,366	8,331,349
Wealth management products	–	207,620
Others	5,167,428	5,192,312
Subtotal	30,355,324	28,678,324
<b>Total</b>	<b>31,826,515</b>	<b>30,087,781</b>
Listed	331,947	324,393
Unlisted	31,494,568	29,763,388
<b>Total</b>	<b>31,826,515</b>	<b>30,087,781</b>

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 19. FINANCIAL INVESTMENTS (continued)

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

	June 30, 2021	December 31, 2020
Debt securities issued by:		
Government and central bank	12,207,025	12,467,045
Policy banks	10,449,566	9,933,819
Commercial banks and other financial institutions	4,655,906	4,742,243
Corporations	3,559,505	3,267,291
Asset backed medium-term notes	83,541	97,658
Subtotal	30,955,543	30,508,056
Accrued interest	430,173	502,404
<b>Total</b>	<b>31,385,716</b>	<b>31,010,460</b>
Listed	5,625,522	6,250,958
Unlisted	25,760,194	24,759,502
<b>Total</b>	<b>31,385,716</b>	<b>31,010,460</b>

	As at June 30, 2021			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at June 30, 2021	31,385,716	–	–	31,385,716

	As at December 31, 2020			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at December 31, 2020	31,010,460	–	–	31,010,460

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 19. FINANCIAL INVESTMENTS (continued)

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

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

	Six months ended June 30, 2021			
	12-months ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
As at January 1, 2021	8,388	–	–	8,388
Released for the period	(1,621)	–	–	(1,621)
As at June 30, 2021	6,767	–	–	6,767

	Year ended December 31, 2020			
	12-months ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
As at January 1, 2020	6,711	–	180,883	187,594
Charged for the year	1,677	–	119,117	120,794
Write-offs	–	–	(300,000)	(300,000)
As at December 31, 2020	8,388	–	–	8,388

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

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 19. FINANCIAL INVESTMENTS (continued)

(c) Financial investments measured at amortized cost

	June 30, 2021	December 31, 2020
Debt securities issued by:		
Government and central bank	23,610,935	20,337,626
Policy banks	19,763,477	20,373,015
Corporations	14,713,221	13,497,794
Non-public project bonds	1,935,711	1,484,732
Subtotal	60,023,344	55,693,167
Trust beneficiary rights and asset management plans	31,565,073	31,038,452
Accrued interest	1,443,951	1,390,896
Less: Allowances for impairment losses	(3,977,068)	(3,273,675)
<b>Total</b>	<b>89,055,300</b>	<b>84,848,840</b>
Listed	8,490,213	11,777,269
Unlisted	80,565,087	73,071,571
<b>Total</b>	<b>89,055,300</b>	<b>84,848,840</b>

	As at June 30, 2021			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Financial investments measured at amortized cost	81,749,748	2,914,104	8,368,516	93,032,368
Less: Allowances for impairment losses	(298,179)	(517,531)	(3,161,358)	(3,977,068)
<b>As at June 30, 2021</b>	<b>81,451,569</b>	<b>2,396,573</b>	<b>5,207,158</b>	<b>89,055,300</b>

	As at December 31, 2020			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Financial investments measured at amortized cost	79,397,742	5,598,964	3,125,809	88,122,515
Less: Allowances for impairment losses	(468,200)	(772,562)	(2,032,913)	(3,273,675)
<b>As at December 31, 2020</b>	<b>78,929,542</b>	<b>4,826,402</b>	<b>1,092,896</b>	<b>84,848,840</b>

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 19. FINANCIAL INVESTMENTS (continued)

(c) Financial investments measured at amortized cost (continued)

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

	Six months ended June 30, 2021			
	12-months ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
As at January 1, 2021	468,200	772,562	2,032,913	3,273,675
Transferred:				
– To lifetime ECL not credit-impaired	(681)	681	–	–
– To lifetime ECL credit-impaired	(2,377)	(184,254)	186,631	–
(Released)/charged for the period	(166,963)	(71,458)	1,394,645	1,156,224
Write-offs	–	–	(459,998)	(459,998)
Recoveries	–	–	7,167	7,167
As at June 30, 2021	298,179	517,531	3,161,358	3,977,068

	Year ended December 31, 2020			
	12-months ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
As at January 1, 2020	570,329	174,573	1,306,292	2,051,194
Transferred:				
– to 12-month ECL	15,421	(15,421)	–	–
– to lifetime ECL not credit-impaired	(38,333)	38,333	–	–
– to lifetime ECL credit-impaired	(2,519)	(159,152)	161,671	–
(Released)/charged for the year	(76,698)	734,229	3,123,373	3,780,904
Write-offs/transferred out	–	–	(2,576,023)	(2,576,023)
Recoveries	–	–	17,600	17,600
As at December 31, 2020	468,200	772,562	2,032,913	3,273,675



## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 20. INTEREST IN ASSOCIATES

	June 30, 2021	December 31, 2020
Cost of unlisted investments in associates	83,040	83,040
Share of post-acquisition profits and other comprehensive income, net of dividends received	48,337	43,788
<b>Total</b>	<b>131,377</b>	<b>126,828</b>

Details of the Bank's associates as at June 30, 2021 and December 31, 2020 are set out below:

Name of entity	Place of incorporation/ establishment	Date of incorporation/ establishment	Authorized/ paid-in capital as at June 30, 2021 (RMB'000)	Proportion of ownership held by the Group		Proportion of voting rights held by the Group		Principal activities
				June 30, 2021 %	December 31, 2020 %	June 30, 2021 %	December 31, 2020 %	
Zhongshan Xiaolan County Bank Co., Ltd. (note 1)	Guangdong, PRC	December 2008	250,000	25.00%	25.00%	25.00%	25.00%	Commercial bank
Guixi Jiuyin County Bank Co., Ltd. (note 2)	Jiangxi, PRC	December 2011	99,500	20.64%	20.64%	25.62%	25.62%	Commercial bank

Note 1: The Group initiated and established Zhongshan Xiaolan County Bank Co., Ltd. in December 2008, with an investment of RMB62.50 million, holding 25.00% equity interest of the associate. The Group has significant influence over the associate which is accounted for using equity method.

Note 2: The Group initiated and established Guixi Jiuyin County Bank Co., Ltd. in December 2011, with an investment of RMB20.54 million, holding 41.08% equity interest of the entity, seized the control of the entity. Guixi Jiuyin issued 49.50 million shares on December 29, 2017, and the Group's shareholding percentage was diluted to 20.64%. The Group lost control over Guixi Jiuyin County Bank Co., Ltd. and recognised the interests in it at the fair value of the deemed disposal date as interests in associate, which is subsequently accounted for by using equity method as the Group continued to have significant influence over it after the deemed disposal.

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 21. PROPERTY AND EQUIPMENT

	Premises	Electronic equipment	Motor vehicles	Furniture and fixtures	Leasehold improvements and others	Construction in progress	Total
<b>COST</b>							
As at January 1, 2020	2,389,263	341,510	18,545	162,701	444,609	501,539	3,858,167
Additions	14,842	24,955	706	16,091	304	530,543	587,441
Transfers from/(out of) construction in progress	196,702	13,210	–	681	10,442	(243,006)	(21,971)
Disposals	(21,378)	(4,552)	(426)	(2,273)	(964)	–	(29,593)
As at December 31, 2020	2,579,429	375,123	18,825	177,200	454,391	789,076	4,394,044
Additions	594	17,572	1,027	6,084	3,584	222,122	250,983
Transfers from/(out of) construction in progress	21,522	9,028	–	130	19,022	(124,383)	(74,681)
Disposals	(8,890)	(2,041)	(1,467)	(1,704)	(559)	–	(14,661)
As at June 30, 2021	2,592,655	399,682	18,385	181,710	476,438	886,815	4,555,685
<b>ACCUMULATED DEPRECIATION</b>							
As at January 1, 2020	(481,461)	(242,769)	(13,499)	(97,301)	(300,677)	–	(1,135,707)
Charged for the year	(131,392)	(60,404)	(2,002)	(23,526)	(44,656)	–	(261,980)
Disposals	1,014	4,378	416	1,853	846	–	8,507
As at December 31, 2020	(611,839)	(298,795)	(15,085)	(118,974)	(344,487)	–	(1,389,180)
Charged for the period	(65,655)	(26,948)	(810)	(11,376)	(27,490)	–	(132,279)
Disposals	8,890	1,726	1,425	536	290	–	12,867
As at June 30, 2021	(668,604)	(324,017)	(14,470)	(129,814)	(371,687)	–	(1,508,592)
<b>NET BOOK VALUE</b>							
As at December 31, 2020	1,967,590	76,328	3,740	58,226	109,904	789,076	3,004,864
As at June 30, 2021	1,924,051	75,665	3,915	51,896	104,751	886,815	3,047,093

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 21. PROPERTY AND EQUIPMENT (continued)

The net book value of premises of the Group with incomplete title deeds as at June 30, 2021 and December 31, 2020 amounted RMB204.59 million and RMB210.24 million, respectively. The Group are still in the process of applying for the outstanding title deeds of these premises. The directors of the Bank are of the opinion that these incomplete title deeds would not cause any significant impact on the Group's operations.

As at June 30, 2021 and December 31, 2020, leasehold land and premises of the Group with net book value amounting to RMB11.54 million and RMB13.01 million were rented out to third parties as investment properties.

The net book value of investment properties is analyzed by the remaining terms of the land leases as follows:

	June 30, 2021	December 31, 2020
Held in mainland China 10 – 50 years	11,536	13,007

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 22. RIGHT-OF-USE ASSETS

The Group as a lessee

#### **COST**

As at January 1, 2020	639,768
Additions	50,149
Disposals	(49,177)
As at December 31, 2020	640,740
Additions	43,564
Disposals	(34,915)
As at June 30, 2021	649,389

#### **ACCUMULATED DEPRECIATION**

As at January 1, 2020	(301,580)
Additions	(74,345)
Disposals	49,177
As at December 31, 2020	(326,748)
Additions	(40,057)
Disposals	18,912
As at June 30, 2021	(347,893)

#### **NET BOOK VALUE**

As at December 31, 2020	313,992
As at June 30, 2021	301,496

The Group leases land and buildings, machinery and equipment for its operations. Lease contracts are entered into for fixed term of 12 months to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

As at June 30, 2021 and December 31, 2020, the Group did not enter into any leases that have not yet commenced.

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 23. DEFERRED TAX ASSETS

The followings are the major deferred tax assets and liabilities recognised and movements thereon:

	Allowances for impairment losses	Accrued salaries, bonuses and allowances	Fair value changes of financial investments measured at FVOCI	Fair value changes of financial investments measured at FVTPL	Others	Total
January 1, 2021	2,924,316	55,554	69,531	(48,231)	93,007	3,094,177
Recognised in profit or loss	343,313	12,213	–	26,324	48,473	430,323
Recognised in other comprehensive income	17,727	–	(42,538)	–	–	(24,811)
June 30, 2021	3,285,356	67,767	26,993	(21,907)	141,480	3,499,689

	Allowances for impairment losses	Accrued salaries, bonuses and allowances	Fair value changes of financial investments measured at FVOCI	Fair value changes of financial investments measured at FVTPL	Others	Total
January 1, 2020	1,611,145	166,495	55,313	(24,585)	70,180	1,878,548
Recognised in profit or loss	1,282,738	(110,941)	–	(23,646)	22,827	1,170,978
Recognised in other comprehensive income	30,433	–	14,218	–	–	44,651
December 31, 2020	2,924,316	55,554	69,531	(48,231)	93,007	3,094,177

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 24. OTHER ASSETS

	NOTE	June 30, 2021	December 31, 2020
Reposessed assets	(a)	1,629,145	1,716,201
Settlement and clearing accounts		1,031,347	1,806,001
Prepayments for projects		332,664	53,424
Intangible assets		263,986	224,873
Deferred expenses		39,677	37,544
Research and development expenditure		375	495
Others		438,889	373,293
Gross balance		3,736,083	4,211,831
Less: Allowances for impairment losses		(663,653)	(766,204)
Net balance		3,072,430	3,445,627

(a) Reposessed assets

	June 30, 2021	December 31, 2020
Land use rights and buildings	1,628,643	1,715,699
Others	502	502
Gross reposessed assets	1,629,145	1,716,201
Less: Allowances for impairment losses	(530,138)	(687,076)
Net reposessed assets	1,099,007	1,029,125

### 25. BORROWINGS FROM THE CENTRAL BANK

	June 30, 2021	December 31, 2020
Borrowings from the central bank	14,105,523	13,761,070
Accrued interest	8,043	2,393
Total	14,113,566	13,763,463

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

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 26. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	June 30, 2021	December 31, 2020
Banks in mainland China	4,961,541	5,607,637
Other financial institutions in mainland China	7,705,868	3,437,852
Subtotal	12,667,409	9,045,489
Accrued interest	102,740	78,616
Total	12,770,149	9,124,105

### 27. PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	June 30, 2021	December 31, 2020
Banks in mainland China	4,319,590	4,432,615
Banks outside mainland China	2,209,354	2,949,255
Subtotal	6,528,944	7,381,870
Accrued interest	21,331	27,597
Total	6,550,275	7,409,467

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 28. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(a) Analyzed by type and location of counterparty

	June 30, 2021	December 31, 2020
Banks in mainland China	13,303,187	14,703,947
Accrued interest	821	1,092
Total	13,304,008	14,705,039

(b) Analyzed by collaterals

	June 30, 2021	December 31, 2020
Bonds	7,165,500	8,280,301
Bills	6,137,687	6,423,646
Subtotal	13,303,187	14,703,947
Accrued interest	821	1,092
Total	13,304,008	14,705,039



## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 29. CUSTOMER DEPOSITS

	NOTE	June 30, 2021	December 31, 2020
Demand deposits			
Corporate customers		99,248,788	102,884,283
Individual customers		18,876,030	18,803,783
Subtotal		118,124,818	121,688,066
Time deposits			
Corporate customers		55,262,281	54,123,645
Individual customers		106,549,212	97,415,148
Subtotal		161,811,493	151,538,793
Pledged deposits	(a)	38,567,273	35,719,601
Others		121,330	192,463
Accrued interest		5,403,536	4,665,761
Total		324,028,450	313,804,684

(a) Pledged deposits analyzed by products for which deposit is required:

	June 30, 2021	December 31, 2020
Bank acceptances	27,851,261	22,976,727
Letters of credit	4,296,200	5,498,041
Guarantees and letters of guarantee	2,636,327	4,170,213
Others	3,783,485	3,074,620
Total	38,567,273	35,719,601

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 30. DEBT SECURITIES ISSUED

	NOTE	June 30, 2021	December 31, 2020
18 Jiujiang bank bonds	(a)	7,000,000	7,000,000
Interbank negotiable certificates of deposit	(b)	30,612,008	19,487,717
Subtotal		37,612,008	26,487,717
Accrued interest		239,298	146,423
Total		37,851,306	26,634,140

- (a) On January 31 and July 17, 2018, the Bank issued two fixed-rate subordinated bonds with nominal value of RMB1.50 billion respectively. Pursuant to the agreement, the two bonds both have a term of 10 years, expiring on January 30, 2028 and July 16, 2028, bearing an interest rate at 5.00% and 6.29% per annum respectively. The Bank has the right to redeem the bonds in full at nominal value at the end of the fifth year. No adjustment is made to the bond interest rate after five years of issue, if the bonds are not redeemed in the fifth year.

On August 17 and November 6, 2018, the Bank issued two Green Financial Bonds with nominal value of RMB1.00 billion and RMB3.00 billion respectively. Pursuant to the agreement, the two bonds have a term of 3 years, expiring on August 16, 2021 and November 5, 2021 respectively, bearing an interest rate at 4.25% and 4.13% per annum.

- (b) As at June 30, 2021, the Bank had 220 outstanding interbank negotiable certificates of deposit with total notional amount of RMB30.97 billion. As at December 31, 2020, the Bank had 109 outstanding interbank negotiable certificates of deposit with total notional amount of RMB19.76 billion. All of these certificates were due within 1 year at the time of issuance. Such certificates were issued at a discount of which interests will be paid-in lump sum at the maturity date.

### 31. LEASE LIABILITIES

	June 30, 2021	December 31, 2020
Lease liabilities payable:		
Within one year	75,312	70,021
Within a period of more than one year but not more than two years	72,836	68,130
Within a period of more than two years but not more than five years	136,375	136,204
Within a period of more than five years	61,167	79,147
Total	345,690	353,502

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 32. OTHER LIABILITIES

	NOTE	June 30, 2021	December 31, 2020
Salaries payable	(a)	1,120,986	1,136,958
Settlement and clearing accounts		525,391	520,751
Payables to external companies		109,343	254,366
Other tax payables		275,020	232,238
Dividend payable		246,643	5,256
Others		225,661	190,741
Total		2,503,044	2,340,310

(a) Salaries payable

	June 30, 2021	December 31, 2020
Salaries, bonuses and allowances	799,867	811,121
Defined Contribution Plans	227,291	228,112
Retiring benefit and annuity plan	66,769	70,296
Early retirement benefits	17,638	18,206
Labor union fees and staff education expenses	3,665	6,541
Social insurance	3,392	1,719
Housing funds	2,364	834
Staff welfare	–	129
Total	1,120,986	1,136,958

### 33. SHARE CAPITAL

Share capital of the Group as at June 30, 2021 and December 31, 2020 represented share capital of the Bank, which was fully paid.

	June 30, 2021	December 31, 2020
Ordinary shares in Mainland China	2,000,000	2,000,000
Ordinary shares listed in Hong Kong (H-share)	407,367	407,367
Total	2,407,367	2,407,367

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 34. RESERVES

	NOTE	June 30, 2021	December 31, 2020
Other equity instruments	(a)	6,997,840	–
Share premium		8,165,761	8,165,761
Fair value reserve	(b)	(5,047)	(79,194)
Surplus reserve	(c)	3,808,824	3,808,824
General reserve	(d)	4,673,589	4,673,589
Retained earnings		7,846,179	6,999,828
<b>Total</b>		<b>31,487,146</b>	<b>23,568,808</b>

(a) Other equity instruments

(i) Table of other equity instruments issued during the period

Perpetual bonds issued	Issued date	Accounting classification	Initial interest rate	Issued price (RMB yuan)	Issued number of shares (million)	Issued nominal value (million)	Expiry date	Conversion conditions	Conversion
Undated tier 1 capital bond (first tranche)	February 8, 2021	Equity instruments	4.80%	100	30.00	3,000.00	No maturity date	none	none
Undated tier 1 capital bond (second tranche)	April 13, 2021	Equity instruments	4.80%	100	40.00	4,000.00	No maturity date	none	none
Minus: Issuance fee (first tranche)						1.14			
Minus: Issuance fee (second tranche)						1.02			
Book value						6,997.84			

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 34. RESERVES (continued)

(a) Other equity instruments (continued)

(ii) Main terms

With the approval of Jiangxi Banking and Insurance Regulatory Bureau on Jiujiang Bank's Issuance of undated tier 1 capital bonds (Jiangxi Banking and Insurance Regulatory Bureau [2020] No. 353) and the Decision of the People's Bank of China on Granting Administrative License (Bank Approval Word [2021] No. 17), the Bank issued a total of RMB3 billion (first tranche) and RMB4 billion (second tranche) undated tier 1 capital bonds in the national interbank bond market on February 9, 2021 and April 15, 2021, respectively. The unit par value of the bond (including the first and second tranches, the bonds below are synonymous) is RMB100, the interest rate for the first 5 years is 4.80%, and the coupon rate adjusted period will be every 5 years from the issuance of the Bonds. In any coupon rate adjusted period, the coupon rate of the Bonds will be made at a prescribed fixed coupon rate.

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

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

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

(iii) Changes of perpetual debt capital

	Balance as of January 1, 2021		Increase in this period		Decrease in this period		Balance as of June 30, 2021	
	Issued number of shares (million)	Book value (million)	Issued number of shares (million)	Book value (million)	Issued number of shares (million)	Book value (million)	Issued number of shares (million)	Book value (million)
Perpetual bonds issued								
Undated tier 1 capital bond	-	-	70.00	6,997.84	-	-	70.00	6,997.84

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 34. RESERVES (continued)

(b) Fair value reserve

	June 30, 2021	December 31, 2020
As at January 1	(79,194)	54,188
Changes in fair value recognized in other comprehensive income	184,227	26,236
Transfer to profit or loss upon disposal	(14,463)	(82,705)
Changes in impairment losses recognized in other comprehensive income	(70,901)	(121,374)
Less: Deferred income tax	(24,716)	44,461
At the end of the reporting period	(5,047)	(79,194)

(c) Surplus reserve

Pursuant to the Company Law of the PRC and the Article of Association of the Bank, the Bank is required to appropriate 10% of its net profit as on an annual basis determined under the PRC GAAP after making good prior year's accumulated loss, to statutory surplus reserve fund until the reserve fund balance reaches 50% of its registered capital.

After making the appropriation to the statutory surplus reserve, the corporation may also appropriate its profit for the year to a discretionary surplus reserve upon approval by the shareholders in general meeting. Subject to the approval by the shareholders, the discretionary surplus reserve may be used to offset accumulated losses of the corporation, if any, and may be converted into capital.

	Statutory surplus reserve	Discretionary surplus reserve	Total
As at January 1, 2020	1,612,080	1,848,383	3,460,463
Appropriation during the year	165,310	183,051	348,361
As at December 31, 2020	1,777,390	2,031,434	3,808,824
Appropriation during the period	-	-	-
As at June 30, 2021	1,777,390	2,031,434	3,808,824

(d) General reserve

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

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 35. PROFIT DISTRIBUTION

In accordance with the resolution at the Bank's Annual General Meeting on June 25, 2021, the shareholders approved the following profit appropriations for the year ended December 31, 2020:

Declaration of cash dividend of RMB1.00 per 10 shares before tax and in an aggregation amount of RMB240.74 million to all existing shareholders of record on December 31, 2020.

### 36. CASH AND CASH EQUIVALENTS

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

	June 30, 2021	December 31, 2020
Cash	383,800	516,965
Balances with the central bank	5,665,078	3,286,616
Deposits with banks and other financial institutions	2,276,129	1,566,959
Financial assets held under resale agreements	13,102,224	13,451,457
Financial investments	3,274,353	1,010,500
Total	24,701,584	19,832,497

#### (a) Net increase in cash and cash equivalents

	Six months ended June 30,	
	2021	2020
Cash and cash equivalents as at 30 June	24,701,584	26,374,360
Less: Cash and cash equivalents as at 1 January	(19,832,497)	(13,953,397)
Less: Effect of foreign exchange rate changes	(62,402)	25,416
Net increase in cash and cash equivalents as at 30 June	4,806,685	12,446,379

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Non-cash changes				
	As at January 1, 2021	Financing cash flows	Interest accrued/ dividend declared/ expense accrued	New lease	As at June 30, 2021
Bonds	7,146,423	(79,553)	172,428	-	7,239,298
Interbank negotiable certificates of deposit	19,487,717	10,729,995	394,296	-	30,612,008
Dividends payable	5,256	(4,993)	246,380	-	246,643
Lease liabilities	353,502	(60,199)	8,823	43,564	345,690
<b>Total</b>	<b>26,992,898</b>	<b>10,585,250</b>	<b>821,927</b>	<b>43,564</b>	<b>38,443,639</b>

	Non-cash changes				
	As at January 1, 2020	Financing cash flows	Interest accrued/ dividend declared/ expense accrued	New lease	As at December 31, 2020
Bonds	9,146,423	(2,433,750)	433,750	-	7,146,423
Interbank negotiable certificates of deposit	40,520,559	(21,942,958)	910,116	-	19,487,717
Dividends payable	4,639	(303,147)	303,764	-	5,256
Lease liabilities	360,610	(75,703)	18,446	50,149	353,502
<b>Total</b>	<b>50,032,231</b>	<b>(24,755,558)</b>	<b>1,666,076</b>	<b>50,149</b>	<b>26,992,898</b>



## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 38. STRUCTURED ENTITIES

#### (a) Unconsolidated structured entities

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

The Group holds an interest in structured entities managed by third party institutions through investments in the beneficial rights or plans issued relating to these structured entities. The Group does not consolidate these structured entities. Such structured entities include wealth management products issued by financial institutions, asset backed medium-term notes, asset management plans and trust beneficiary rights.

The following tables set out an analysis of the gross carrying amounts of interests held by the Group as at June 30, 2021 and December 31, 2020 in the structured entities sponsored and managed by third party institutions.

	June 30, 2021				
	Financial investments at FVTPL	Financial investments at FVOCI	Financial investments at amortized cost	Total	Maximum risk exposure (Note)
Fund investments	18,540,530	–	–	18,540,530	18,540,530
Trust beneficiary rights and asset management plans	6,647,366	–	28,325,802	34,973,168	34,973,168
Asset backed medium-term notes	555,826	84,389	–	640,215	640,215
Total	25,743,722	84,389	28,325,802	54,153,913	54,153,913

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 38. STRUCTURED ENTITIES (continued)

#### (a) Unconsolidated structured entities (continued)

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

	December 31, 2020				
	Financial investments at FVTPL	Financial investments at FVOCI	Financial investments at amortized cost	Total	Maximum risk exposure (Note)
Wealth management products	207,620	–	–	207,620	207,620
Fund investments	14,947,043	–	–	14,947,043	14,947,043
Trust beneficiary rights and asset management plans	8,331,349	–	28,103,998	36,435,347	36,435,347
Asset backed medium-term notes	551,435	98,815	–	650,250	650,250
<b>Total</b>	<b>24,037,447</b>	<b>98,815</b>	<b>28,103,998</b>	<b>52,240,260</b>	<b>52,240,260</b>

Note: The maximum exposures to loss in the above investment products are the carrying amounts of the assets held by the Group at the end of each reporting period.

##### (ii) Unconsolidated structured entities managed by the Group

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

As at June 30, 2021 and December 31, 2020, the amount of assets held by the unconsolidated non-principal-guaranteed wealth management products managed by the Group amounting to RMB40,524.64 million and RMB34,785.76 million respectively. The Group did not hold any investment in the wealth management products and management fee earned from these products for the six months ended June 30, 2021 and 2020 amounted to RMB82.62 million and RMB78.25 million, respectively.

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 39. RELATED PARTY TRANSACTIONS

#### (a) Major shareholders and entities under their control

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

Name of shareholders	Percentage of shares held	
	June 30, 2021	December 31, 2020
Jiujiang Finance Bureau	15.20%	15.20%
Beijing Automotive Group Co., Ltd.	15.20%	15.20%
Industrial Bank Co., Ltd.	12.23%	12.23%
Fangda Carbon New Material Co., Ltd.	5.65%	5.65%
Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd.	3.98%	3.98%

Note 1: The shareholders with less than 5% interest in the Bank and no director or supervisor appointed are not considered as related parties of the Group.

During the six months ended June 30, 2021 and the year ended December 31, 2020, the Group had the following material balances and entered into the following material transactions with major shareholders and entities under their control. These transactions were entered into in the normal course of business, with pricing policies consistent with those transactions conducted with independent third parties.

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 39. RELATED PARTY TRANSACTIONS (continued)

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

	NOTE	June 30, 2021	December 31, 2020
Balances at end of the period/year:			
<b>Assets</b>			
Deposits with banks and other financial institutions		368,381	1,020,669
Loans and advances to customers at amortized cost		2,027,833	1,834,704
Financial investments at amortized cost	(i)	658,310	627,514
Financial investments at FVTPL		45,241	58,000
<b>Total</b>		<b>3,099,765</b>	<b>3,540,887</b>
<b>Liabilities</b>			
Customer deposits		9,100,602	11,371,520
Placements from banks and other financial institutions		1,821,748	2,949,255
Deposits from banks and other financial institutions		7,968	22,691
<b>Total</b>		<b>10,930,318</b>	<b>14,343,466</b>
Non-principal-guaranteed wealth management products	(ii)	210,000	210,000

(i) It represented the corporation bond purchased by the Group, which was issued by a related party of the Group.

(ii) It represented the non-principal-guaranteed wealth management product issued by the Group where the underlying asset is a loan, and the borrower is a related party of the Group.

	Six months ended June 30,	
	2021	2020
Transactions during the period:		
Interest income	32,083	16,890
Interest expense	54,211	23,371
Net gains arising from financial investments	1,722	(2,193)
Fee and commission income	1,829	2,323

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 39. RELATED PARTY TRANSACTIONS (continued)

#### (b) Subsidiaries of the Bank

	June 30, 2021	December 31, 2020
Balances at the end of the period/year: Deposits from banks and other financial institutions	3,986,200	2,988,631
	Six months ended June 30,	
	2021	2020
Transactions during the period:		
Interest expense	49,086	40,876
Dividend from subsidiaries	5,057	10,296

#### (c) Associates of the Bank

	June 30, 2021	December 31, 2020
Balances at the end of the period/year: Deposits from banks and other financial institutions	1,273,999	1,052,448
	Six months ended June 30,	
	2021	2020
Transactions during the period:		
Interest expense	13,786	12,199
Dividend from associates	–	5,000

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 39. RELATED PARTY TRANSACTIONS (continued)

#### (d) Other related parties

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

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

	June 30, 2021	December 31, 2020
Balances at the end of the period/year:		
<b>Assets</b>		
Loans and advances to customers at amortized cost	10,744	4,188
<b>Liabilities</b>		
Customer deposits	3,301	4,143

	Six months ended June 30,	
	2021	2020
Transactions during the period:		
Interest income	286	199
Interest expense	16	42

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 39. RELATED PARTY TRANSACTIONS (continued)

#### (e) Key management personnel

Key management personnel are those persons in the Group who have the authority and responsibility to plan, direct and control the activities of the Group.

The remuneration of directors and other members of key management during the six months ended June 30, 2021 and 2020 are as follows:

	Six months ended June 30,	
	2021	2020
Salaries and other emoluments	4,537	3,823
Discretionary bonuses	4,085	5,449
Delayed payments	4,085	5,449
Contributions by the employers to social insurance and staff welfares, housing fund, etc	494	345
Other welfare	23	46
Total	13,224	15,112

### 40. CONTINGENT LIABILITIES AND COMMITMENTS

#### (a) Legal proceedings

The Bank and its subsidiaries are involved as defendants in certain lawsuits arising from their normal business operations. As at June 30, 2021 and December 31, 2020, in light of court decisions or advice from legal counsels, the Group considered that sufficient provision had been provided for any potential losses from these claims.

#### (b) Capital commitment

	June 30, 2021	December 31, 2020
Contracted but not provided for	795,278	594,090

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 40. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

#### (c) Credit commitments

	June 30, 2021	December 31, 2020
Unused credit card commitments	15,339,447	9,568,690
Letters of credit	9,461,616	8,858,398
Letters of guarantee	13,147,181	11,999,870
Bank acceptances	43,210,319	35,207,251
Total	81,158,563	65,634,209

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

#### (d) Collateral

##### Assets pledged

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

	June 30, 2021	December 31, 2020
Bonds	7,233,615	8,332,065
Bills	6,282,205	6,453,649
Total	13,515,820	14,785,714

As at June 30, 2021 and December 31, 2020, the carrying amount of financial assets sold under repurchase agreements for the Group amounted to RMB13,304 million and RMB14,705 million respectively.

All repurchase agreements were due within twelve months from inception.



## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 41. FIDUCIARY ACTIVITIES

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

As at June 30, 2021 and December 31, 2020, the entrusted loans balance of the Group amounted to RMB10,533 million and RMB11,570 million respectively.

As at June 30, 2021 and December 31, 2020, the balance of the non-principal-guaranteed wealth management products issued and managed by the Group amounted to RMB40,525 million and RMB34,786 million respectively.

### 42. 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 CBIRC. 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.

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 42. CAPITAL MANAGEMENT (continued)

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.

The former CBIRC 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 Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 42. CAPITAL MANAGEMENT (continued)

The Group's capital adequacy ratios at June 30, 2021 and December 31, 2020 calculated in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)" and relevant requirements promulgated by the CBIRC are as follows:

	June 30, 2021	December 31, 2020
Core tier-one capital		
– Share capital	2,407,367	2,407,367
– Qualifying portion of capital reserve	8,160,714	8,086,567
– Surplus reserve and general reserve	8,482,413	8,482,413
– Retained earnings	7,846,179	6,999,828
– Qualifying non-controlling interest	214,557	1,107,124
– Deductions of core tier-one capital	(1,048,219)	(716,517)
Net core tier-one capital	26,063,011	26,366,782
Other tier-one capital	7,026,448	–
Net tier-one capital	33,089,459	26,366,782
Tier-two capital		
– Qualifying portions of tier-two capital instruments issued	3,000,000	3,000,000
– Surplus provision for loan impairment	1,862,418	1,956,526
– Qualifying non-controlling interest	57,215	–
Net capital base	38,009,092	31,323,308
Total risk weighted assets	304,811,144	292,351,353
Core tier-one capital adequacy ratio	8.55%	9.02%
Tier-one capital adequacy ratio	10.86%	9.02%
Capital adequacy ratio	12.47%	10.71%

# Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

## 43. FINANCIAL RISK MANAGEMENT

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

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

Details of the financial instruments are disclosed in respective notes to the consolidated financial statements. The risks associated with these financial instruments include credit risk, liquidity risk and market risk (i.e. interest rate risk, currency risk and other price risk). The Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The policies on how to mitigate these risks for the six-month period ended June 30, 2021 are the same as those presented in the Group's consolidated financial statements for the year ended December 31, 2020.

## 44. FAIR VALUE

Certain financial assets and financial liabilities of the Group are measured at fair value at the end of each reporting period. Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described below:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following tables give the information about how the fair values of these financial assets and financial liabilities are categorized and determined, in particular, the valuation technique(s) and input(s) used.

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 44. FAIR VALUE (continued)

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

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Financial investments measured at FVTPL				
– Debt securities	–	1,210,067	–	1,210,067
– Fund investments	–	18,540,530	–	18,540,530
– Equity investments	16,324	–	244,800	261,124
– Trust beneficiary rights and asset management plans	–	–	6,647,366	6,647,366
– Others	–	–	5,167,428	5,167,428
Financial investments measured at FVOCI				
– Debt securities	–	31,385,716	–	31,385,716
Loans and advances to customers measured at FVOCI	–	30,364,068	–	30,364,068
<b>Total</b>	<b>16,324</b>	<b>81,500,381</b>	<b>12,059,594</b>	<b>93,576,299</b>

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 44. FAIR VALUE (continued)

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

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial investments measured at FVTPL				
– Debt securities	–	1,152,961	–	1,152,961
– Fund investments	–	14,947,043	–	14,947,043
– Equity investments	14,690	–	241,806	256,496
– Trust beneficiary rights and asset management plans	–	–	8,331,349	8,331,349
– Wealth management products	–	–	207,620	207,620
– Others	–	–	5,192,312	5,192,312
Financial investments measured at FVOCI				
– Debt securities	–	31,010,460	–	31,010,460
Loans and advances to customers measured at FVOCI	–	28,521,966	–	28,521,966
<b>Total</b>	<b>14,690</b>	<b>75,632,430</b>	<b>13,973,087</b>	<b>89,620,207</b>

There were no transfers between Level 1 and Level 2 during the six months ended June 30, 2021 and the year ended December 31, 2020.

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

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 44. FAIR VALUE (continued)

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

If quoted market prices are not available, fair values are estimated on the basis of discounted cash flows or other pricing models. For debt securities, the fair values of bonds are determined based on the valuation results provided by China Central Depository Trust & Clearing Co., Ltd., which are determined based on a valuation technique for which all significant inputs are observable market data. For wealth management products, the fair value is measured by discounted cash flow model with main inputs as interest rates, credit spread which are substantively based on observable market data and/or obtainable from active open market.

For the investment funds, the fair value is measured based on the observable quoted price of the underlying investment portfolio in active market.

The fair value of loans and advances to customers at FVOCI in Mainland China are categorized as Level 2. Based on the different credit risk, the Group uses the transaction interest rate of rediscounted bills announced by the Shanghai Commercial Paper Exchange as the basis for calculating the fair value of discounted bills.

For Level 3 financial assets, the Group adopts the discounted cash flow method or other valuation methods to determine the fair value. The fair value of debt securities type of financial assets is measured by the expected discounted cash flows with unobservable input of discount rate reflecting the credit risk of debtors, and the fair value of equity securities type of financial assets are measured by market comparison approach with unobservable input of discount for lack of marketability.

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 44. FAIR VALUE (continued)

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

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

	Financial investments measured at FVTPL	Financial investments measured at FVOCI
As at January 1, 2021	13,973,087	–
Total gains		
– In profit or loss	5,185,596	–
Purchases	–	–
Disposals and settlement on maturity	(7,099,089)	–
As at June 30, 2021	12,059,594	–
Total unrealized gains and losses for the period included in profit or loss for assets held at the end of the reporting period	(96,186)	–
	Financial investments measured at FVTPL	Financial investments measured at FVOCI
As at January 1, 2020	19,928,000	142,455
Total gains		
– In profit or loss	5,540,405	–
Purchases	1,350,000	–
Disposals and settlement on maturity	(12,845,318)	(142,455)
As at December 31, 2020	13,973,087	–
Total unrealized gains and losses for the period included in profit or loss for assets held at the end of the reporting period	(7,243)	–



## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 44. FAIR VALUE (continued)

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

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

	June 30, 2021		December 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Debt securities measured at amortized cost	60,729,498	59,399,353	56,744,842	55,588,823
Financial liabilities				
Debt securities issued	37,851,306	37,295,850	26,634,140	26,339,866

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

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 44. FAIR VALUE (continued)

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

Financial assets/ financial liabilities	Fair value as at		Valuation technique(s) and key input(s)	Significant unobservable input(s)
	June 30, 2021	December 31, 2020		
Financial investments at FVTPL				
- Unlisted equity investments	244,800	241,806	Market approach. Fair value determined by reference to price to earnings ratio of comparable companies after considering the discount for lack of marketability.	Price to earnings ratio; discount for lack of marketability
- Trust beneficiary rights and asset management plans	6,647,366	8,331,349	Discounted cash flows. Future cash flows are discounted using the discount rates with reference to the PBOC benchmark interest rates and credit spread for specific borrowers.	Discount rate, Future Cash Flow
- Wealth management products	-	207,620	Discounted cash flows. Future cash flows are discounted using the discount rates with reference to the PBOC benchmark interest rates and credit spread for specific borrowers.	Discount rate, Future Cash Flow
- Other investments	5,167,428	5,192,312	Discounted cash flows. Future cash flows are discounted using the discount rates with reference to the PBOC benchmark interest rates and credit spread for specific borrowers.	Discount rate, Future Cash Flow

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 45. PARTICULARS OF SUBSIDIARIES

Details of the Bank's subsidiaries as at June 30, 2021 and December 31, 2020 are set out below:

Name of entity	Place of incorporation/ establishment	Date of incorporation/ establishment	Authorized/ paid-in capital as at June 30, 2021	Proportion of ownership held by the Group		Proportion of voting rights held by the Group		Principal activities	Type of entity
				June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020		
				%	%	%	%		
Xiushui Jiuyin County Bank LLC.	Jiangxi, PRC	December 2007	40,000	51.00	51.00	51.00	51.00	Commercial Bank	Limited Liability Company
Beijing Daxing Jiuyin County Bank Co., Ltd. (i)	Beijing, PRC	May 2010	220,000	45.00	45.00	53.00	53.00	Commercial Bank	Joint Stock Company
Jinggangshan Jiuyin County Bank LLC. (i)	Jiangxi, PRC	March 2010	64,274	41.00	41.00	58.33	58.33	Commercial Bank	Limited Liability Company
Rizhao Jiuyin County Bank Co., Ltd.	Shandong, PRC	November 2011	50,000	51.00	51.00	51.00	51.00	Commercial Bank	Joint Stock Company
Nanjing Liuhe Jiuyin County Bank Co., Ltd.	Jiangsu, PRC	December 2011	100,000	51.00	51.00	56.00	56.00	Commercial Bank	Joint Stock Company
Nanchang Changdong Jiuyin County Bank Co., Ltd.	Jiangxi, PRC	October 2012	50,000	51.00	51.00	51.00	51.00	Commercial Bank	Joint Stock Company
Pengze Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	December 2015	50,000	35.00	35.00	54.00	54.00	Commercial Bank	Joint Stock Company
Ruichang Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	December 2015	50,000	35.00	35.00	54.10	54.10	Commercial Bank	Joint Stock Company
Zixi Jiuyin CountyBank Co., Ltd. (i)	Jiangxi, PRC	April 2016	20,000	35.00	35.00	54.40	54.40	Commercial Bank	Joint Stock Company

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 45. PARTICULARS OF SUBSIDIARIES (continued)

Details of the Bank's subsidiaries as at June 30, 2021 and December 31, 2020 are set out below (continued):

Name of entity	Place of incorporation/ establishment	Date of incorporation/ establishment	Authorized/ paid-in capital as at June 30, 2021	Proportion of ownership held by the Group		Proportion of voting rights held by the Group		Principal activities	Type of entity
				June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020		
				%	%	%	%		
Chongren Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	June 2016	40,000	35.00	35.00	54.90	54.90	Commercial Bank	Joint Stock Company
Fenyi Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	June 2016	50,000	35.00	35.00	54.90	54.90	Commercial Bank	Joint Stock Company
Fengxin Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	October 2016	50,000	42.21	42.21	55.00	55.00	Commercial Bank	Joint Stock Company
Jing'an Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	November 2016	20,000	42.21	42.21	55.00	55.00	Commercial Bank	Joint Stock Company
Tonggu Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	November 2016	20,000	42.21	42.21	55.00	55.00	Commercial Bank	Joint Stock Company
Jingdezhen Changjiang Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	December 2016	40,000	42.21	42.21	55.00	55.00	Commercial Bank	Joint Stock Company
Lushan Jiuyin Art County Bank Co., Ltd. (i)	Jiangxi, PRC	January 2017	30,000	42.21	42.21	55.00	55.00	Commercial Bank	Joint Stock Company
Duchang Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	February 2018	50,000	50.00	50.00	52.00	52.00	Commercial Bank	Joint Stock Company
Hukou Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	February 2018	50,000	50.00	50.00	52.70	52.70	Commercial Bank	Joint Stock Company

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 45. PARTICULARS OF SUBSIDIARIES (continued)

Details of the Bank's subsidiaries as at June 30, 2021 and December 31, 2020 are set out below (continued):

None of the subsidiaries had issued any debt securities at the end of the period/year.

- (i) The Bank holds no more than 50.00% equity interests in these subsidiaries. In accordance with the agreements to act in concert entered into by the Bank and the non-controlling shareholders, and through appointing or approving the appointment of the key management of these subsidiaries, the Bank has right to variable returns from its involvement in the relevant operations of these subsidiaries and the ability to affect the returns through the power over these subsidiaries. In the opinion of the directors of the Bank, the Bank has controls over these subsidiaries.
- (ii) As at June 30, 2021, the Group consists of the Bank and 18 subsidiaries, and the non-controlling interests have no material interest in the Group's activities and cash flows.

### 46. SUBSEQUENT EVENTS

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

### 47. COMPARATIVE FIGURES

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

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

Up to the date of issue of these financial statements, a number of amendments, new standards and interpretations are issued which are not yet effective for the six months ended June 30, 2021 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

## Notes to the Consolidated Financial Statements

For the six months ended June 30, 2021 – Unaudited (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

### 48. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED JUNE 30, 2021 (continued)

	<b>Effective for accounting period beginning on or after</b>
<i>Amendments to IFRS 3, Business Combinations “Reference to the conceptual framework”</i>	January 1, 2022
<i>Amendments to IAS 16, Property, Plant and Equipment “Property, plant and equipment: proceeds before intended Use”</i>	January 1, 2022
<i>Amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets “Onerous contracts – cost of fulfilling a contract”</i>	January 1, 2022
<i>Annual Improvements to IFRS Standards 2018-2020</i>	January 1, 2022
<i>IFRS 17 and Amendments to IFRS 17, Insurance contracts</i>	January 1, 2023
<i>Amendments to IAS 1, Presentation of financial statements “Classification of liabilities as current or non-current”</i>	January 1, 2023
<i>Amendments to IAS 1, Presentation of financial statements and IFRS Practice Statement 2, Making materiality judgements “Disclosure of accounting policies”</i>	January 1, 2023
<i>Amendments to IAS 8, Accounting policies, changes in accounting estimates and errors “Definition of accounting estimates”</i>	January 1, 2023
<i>Amendments to IAS 12, Income taxes “Deferred tax related to assets and liabilities arising from a single transaction”</i>	January 1, 2023
<i>Amendments to IFRS 10 and IAS 28, Sale or contribution of assets between an Investor and its associate or joint venture</i>	To be determined

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

# Definition

In this interim report, unless the context otherwise requires, the following terms and expressions have the meanings set forth below:

“Articles of Association”	the articles of association of the Bank, the version of which was passed by the shareholders of the Bank at the first extraordinary shareholders’ meeting of 2021 on February 1, 2021 and was approved by the CBIRC Jiangxi Bureau on July 20, 2021, as the same may be amended, supplemented or otherwise modified from time to time
“Bank”, “Bank of Jiujiang”, “We” or “Group”	Bank of Jiujiang Co., Ltd. (九江銀行股份有限公司), a joint stock company incorporated on November 17, 2000 in Jiangxi Province, China with limited liability in accordance with the PRC laws and regulations and, if the context requires, includes its predecessors, subsidiaries, branches and sub-branches
“Board” or “Board of Directors”	the board of Directors of the Bank
“Board of Supervisors”	the board of Supervisors of the Bank
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會), and if the context requires, includes its predecessor China Banking Regulatory Commission (中國銀行業監督管理委員會)
“CBIRC Jiangxi Bureau” or “Jiangxi Bureau”	CBIRC Jiangxi Bureau (中國銀保監會江西監管局)
“CBRC”	former China Banking Regulatory Commission (中國銀行業監督管理委員會), currently CBIRC (中國銀保監會)
“China” or “PRC”	the People’s Republic of China, for the purpose of this interim report only, refers to Mainland China, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan of the PRC

## Definition

“city commercial bank(s)”	banks with branches at municipal or higher levels created with the approval of the CBIRC pursuant to the Company Law of the PRC and the PRC Commercial Banking Law
“commercial banks”	all the banking financial institutions in the PRC other than policy banks, including the large commercial banks, the nationwide joint-stock commercial banks, city commercial banks, foreign banks and other banking financial institutions
“Company Law of the PRC”	the Company Law of the PRC (中華人民共和國公司法), which was promulgated by the 5th session of the 8th Standing Committee of the National People’s Congress on December 29, 1993 and became effective on July 1, 1994, as amended, supplemented or otherwise modified from time to time
“Corporate Governance Code”	Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Hong Kong Listing Rules
“county bank(s)”	banking institution(s) incorporated with the approval of the CBIRC, pursuant to the Company Law of the PRC and the PRC Commercial Banking Law, to provide services to local growers or enterprises in rural areas
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Bank
“Domestic Shares”	ordinary shares issued by the Bank in the PRC, with a nominal value of RMB1.00 each, which are subscribed for or credited as fully paid in RMB



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## Definition

“H Shares”	overseas-listed shares in the share capital of the Bank, with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and for which an application has been made for listing and permission to trade on the Hong Kong Stock Exchange
“Hong Kong dollars”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“Hong Kong” or “HK”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRS”	International Financial Reporting Standards and International Accounting Standards (“IAS”), which include the related standards, amendments and interpretations issued by the International Accounting Standards Board (“IASB”)
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, are independent of the Bank or are not its connected persons
“Jiuyin County Banks”	18 Jiuyin County Banks controlled and consolidated by the Bank as at June 30, 2021
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
“Ministry of Finance”	Ministry of Finance of the PRC (中華人民共和國財政部)

## Definition

“related party(ies)”	has the meaning ascribed to it under the Administrative Measures for the Related Party Transactions between the Commercial Banks and their Insiders or Shareholders promulgated by the CBRC, Accounting Standards for Business Enterprises promulgated by the Ministry of Finance, and/or IFRS
“related party transaction(s)”	has the meaning ascribed to it under the Administrative Measures for the Related Party Transactions between the Commercial Banks and their Insiders or Shareholders promulgated by the CBRC, Accounting Standards for Business Enterprises promulgated by the Ministry of Finance, and/or IFRS
“reporting period”	the six months from January 1, 2021 to June 30, 2021
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Supervisor(s)”	the supervisor(s) of the Bank
“USD”	United States dollars, the lawful currency of the United States of America