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

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

(Stock code: 6190)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

The board of directors (the "**Board**") of Bank of Jiujiang Co., Ltd.* (the "**Bank**") is pleased to announce the audited consolidated annual results of the Bank and its subsidiaries (the "**Group**") for the year ended 31 December 2019 (the "**Annual Results**"). This results announcement is in compliance with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") in relation to information to accompany the preliminary announcement of annual results. The Annual Results have been reviewed by the Board and the audit committee of the Board.

This results announcement is published on the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Bank (www.jjccb.com).

The 2019 annual report will be dispatched to the Bank's H shareholders in due course and will be published on the aforesaid HKEXnews website of the Hong Kong Stock Exchange as well as the website of the Bank.

By order of the Board
Bank of Jiujiang Co., Ltd.*
Liu Xianting
Chairman

Jiangxi, the People's Republic of China
30 March 2020

As at the date of this announcement, the Board comprises Mr. Liu Xianting, Mr. Pan Ming and Ms. Cai Liping as executive directors, Mr. Zeng Huasheng, Mr. Zhang Jianyong, Mr. Li Jianbao and Mr. Yi Zhiqiang as non-executive directors, Mr. Chua Alvin Cheng-Hock, Ms. Gao Yuhui, Mr. Quan Ze and Mr. Yang Tao as independent non-executive directors.

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

Contents

2 Company Profile

7 Accounting Data and Financial Indicator Highlights

10 Management Discussion and Analysis

70 Changes in Share Capital and Information on Shareholders

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

116 Corporate Governance Report

159 Report of the Board of Directors

178 Report of the Board of Supervisors

185 Independent Auditor's Report

193 Consolidated Statement of Profit or Loss and other Comprehensive Income

195 Consolidated Statement of Financial Position

197 Consolidated Statement of Changes in Equity

198 Consolidated Statement of Cash Flows

201 Notes to the Consolidated Financial Statements

353 Definition

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), TONG Faping (童發平)

Board secretary:
TONG Faping (童發平)

Joint company secretaries:
TONG Faping (童發平),
FOK Po Yi (霍寶兒)

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

Abbreviation of stock name:
BANKOFJIUJIANG

Stock code:
6190

Unified social credit code:
9136040070552834XQ

License number for financial business operations:
B0348H236040001

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

Principal business address in Hong Kong:
40/F, Sunlight Tower, 248 Queen's Road East, Wan Chai, Hong Kong

Contact address:
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Tel: +86 (792) 7783000-1101
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Email: lushan2@jjccb.com
Website: http://www.jjccb.com

PRC auditor:
Deloitte Touche Tohmatsu Certified Public Accountants LLP

International auditor:
Deloitte Touche Tohmatsu

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

Hong Kong legal advisor:
Clifford Chance

Compliance advisor:
ABCI Capital Limited

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

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: 6190).

Over the past 19 years, 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 272 outlets, we are now a renowned bank with total assets of over RMB360,000 million which also embodies the entrepreneurial spirit of Bank of Jiujiang – unity, integrity, perseverance and creativity.

Over the past 19 years, 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. Bank of Jiujiang ranks 327th among banks worldwide and 53rd among banks nationwide according to the rankings published in 2019 by The Banker, a globally authoritative journal in the United Kingdom. The Bank has also 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 the end of 2019, Bank of Jiujiang (including controlled county banks) has 3,834 full-time employees, with an average age of 29.62. Among which, 3,417 had undergraduate degrees or graduated from junior college, accounting for 89.13%, while 408 had master's degrees (and above), accounting for 10.64%. We now have operation department of the head office,13 branches and 258 sub-branches, established 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 districts and cities within Jiangxi Province.

Bank of Jiujiang positions itself as a regional commercial bank rising in an area in the middle of Nanjing and Wuhan and with neighboring Guangzhou and Hefei on two sides, in a bid to be "Rooted in Jiujiang and Centered in Jiangxi Province, Spreading business across the country and Striding towards the world" and eventually forge a "gold cross" composed of the economic belts in the middle reach of Yangtze River and along the Beijing-Kowloon Railway. It has now grown into a financial brand name from Jiangxi, a headstream of China's modern revolution.

3. Major awards in the year of 2019

In January 2019, Wuhan Data Center of the Bank received the certification from an international authoritative, Uptime M&O (Management and Operation), and became the first large-scale and high-level data center in the region of Central China to obtain Uptime M&O certification. The Bank also became the first city commercial bank to be awarded the certification in China.

In February 2019, the National Association of Financial Market Institutional Investors announced the evaluation result of underwriting members (local banks type) participating in Class B debt financing instruments for non-financial enterprises in the lead underwriting business market, and the Bank is one of the 12 new Class B lead underwriters.

In February 2019, in the "Top 100 China Banks Rankings of 2018" published by the China Banking Association, the Bank ranked 62nd in the China bank list, moved up 5 places from the previous year.

In March 2019, the Bank was awarded the honorary title of "Active Dealer in Interbank RMB Market in 2018" on the 2019 Inter-bank Local Currency Market Conference hosted by the China Foreign Exchange Trade System & National Interbank Funding Center, and became one of the 50 core dealers in the country.

In March 2019, the Jiujiang Municipal Committee of the Chinese Communist Youth League awarded the honorary title of "2018 Outstanding Organization of the Communist Youth League Work in the City" to our Bank.

In March 2019, the Bank was successfully listed on the 2019 Primary Dealer of Open Market Business List published by the PBOC (Open Market Business Announcement [2019] No.2), and was the first legal person financial institution which obtained the Primary Dealer of Open Market Business in Jiangxi Province.

In April 2019, the Bank was awarded the title of "2018 National Banking Financial Information Registration Work Improvement Award" issued by the China Banking Industry Financial Registration and Custody Center.

In May 2019, Yichun Branch of the Bank was awarded the honorary title of the 15th session of "Civilized Units of Jiangxi Province" by the Jiangxi Provincial Committee of the CPC and People's Government of Jiangxi Province.

In May 2019, the Bank was awarded the "Promotion Special Award on QuickPass Mobile Payment Convenience Project of 2018".

In June 2019, the mobile loan product "Kuai Huo Dai" (快活貸) of the Bank was awarded the "Best Retail Banking Technology Innovation Award of the Year" and "Jiu Ying Wealth Management" product was awarded the "Best Retail Banking Brand Award of the Year" on "The Second Annual Meeting of Leaders of Retail Banking" hosted by Shine Consultant.

In June 2019, the Bank was awarded two prizes, namely "The Best Corporate Governance Award" and "The Highest Potential Listed Company" on the ceremony of China Financing Awards 2019, which was hosted by the China Financial Market, a journal and co-organized by eight organizations including The Listed Companies Council of the Hong Kong Chinese Enterprises Association.

In July 2019, in the "Top 1,000 World Banks of 2019" rankings published by the Banker, a British journal, the Bank ranked 327th in the world bank list and 53rd in the China Bank list, which is 45 places higher in world ranking and 11 places higher in national ranking when compared to the previous year.

On August 12, 2019, Pingxiang Branch of the Bank was awarded the honorary title of "National Youth Civilization for the year 2017-2018" by the National Organisation Committee for Youth Civilization.

In September 2019, the Bank was ranked No. 402 in the "Top 500 China Service Enterprises of 2019" by the China Enterprise Confederation and the China Enterprise Directors Association.

In October 2019, Zhongshan Xiaolan County Bank and Beijing Daxing Jiuyin County Bank was awarded the title "National Top 100 County Banks of 2018" issued by the China County Area Economic Exchange Promotion Association and the China County Bank Development Forum Organizing Committee. At the same time, Zhongshan Xiaolan County Bank was awarded the title of "National Grade 5A Outstanding County Bank of 2018" for the first time; Ruichang Jiuyin County Bank was awarded the honorary title of "2018 Excellent National County Bank with Rapid Development".

In November 2019, the Bank was awarded the "Award of Excellence 2018-2019" by The Community Chest.

Company Profile

In December 2019, the Bank was awarded the honorary title of "The Winning Unit of Financial Statistics Work and Financial Statistical Data Quality Improvement of Financial Institutions in Jiangxi Province of 2019" issued by the Nanchang Center Branch of the PBOC.

In December 2019, the Bank's report on "Three-Dimensional Performance Management System for Regional Commercial Banks – Taking the Bank's Performance-Driven System as an Example" was awarded the "First Prize for Outstanding Achievements in the Reform and Development of Chinese Enterprises" issued by the China Enterprise Reform and Development Society.

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 annual report is prepared on a consolidated basis in accordance with International Financial Reporting Standards ("**IFRS**") and expressed in Renminbi unless otherwise stated.

In the financial reports prepared in accordance with the PRC accounting standards and the IFRS, the Bank's net profit attributable to shareholders for the year ended 31 December 2019 and the net profit attributable to shareholders at the end of the reporting period did not differ.

	Year ended December 31				
	2019	2018	Comparison between 2019 and 2018	2017	2016
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Results of operations			Rate of changes (%)		
Net interest income	7,276.7	5,568.3	30.7	5,639.3	4,910.7
Net fee and commission income	416.4	279.1	49.2	349.7	163.4
Operating income	9,549.0	7,866.1	21.4	5,804.2	5,005.7
Operating expenses	(2,783.1)	(2,267.8)	22.7	(1,951.4)	(1,878.8)
Impairment losses on assets	(4,492.3)	(3,408.6)	31.8	1,588.3	(1,102.8)
Profit before tax	2,282.5	2,201.3	3.7	2,275.0	2,032.0
Net profit	1,881.2	1,787.0	5.3	1,761.6	1,559.1
Net profit attributable to shareholders of the Bank	1,837.2	1,757.7	4.5	1,766.4	1,578.3
Calculated on a per share basis (RMB)			Rate of changes (%)		
Net assets per share attributable to the Bank's shareholders	10.27	9.58	7.20	8.57	8.55
Earnings per share	0.76	0.80	(5.00)	0.93	1.04
Profitability indicators (%)			Changes (percentage point)		
Return on average total assets[1]	0.56	0.61	(0.05)	0.71	0.78
Return on average equity[2]	7.69	8.66	(0.97)	11.31	12.01
Net interest spread[3]	2.36	2.49	(0.13)	2.16	2.57
Net interest margin[4]	2.56	2.65	(0.09)	2.32	2.70
Net fee and commission income to operating income	4.36	3.55	0.81	5.97	3.26
Cost-to-income ratio[5]	28.12	27.86	0.26	32.50	34.32

Accounting Data and Financial Indicator Highlights

	Year ended December 31				
	2019	2018	Comparison between 2019 and 2018	2017	2016
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Capital adequacy indicators[6] (%)			**Changes (percentage point)**		
Calculated under the Administrative Measures for the Capital of Commercial Banks					
Core tier-one capital adequacy ratio	9.01	8.90	0.11	8.75	8.59
Tier-one capital adequacy ratio	9.01	8.90	0.11	8.75	8.59
Capital adequacy ratio	11.68	11.55	0.13	10.51	11.15
Total equity to total assets	6.98	7.57	(0.59)	6.51	5.99
Asset quality indicators (%)			**Changes (percentage point)**		
Non-performing loan ratio[7]	1.71	1.99	(0.28)	1.62	1.99
General allowance ratio[8]	182.34	169.69	12.65	192.00	164.11
Allowance to gross loan ratio[9]	3.12	3.38	(0.26)	3.11	3.27
Other indicator (%)					
Loan to deposit ratio	70.11	65.08	5.03	57.19	54.60
Scale indicator			**Rate of changes (%)**		
Total assets	363,351.6	311,622.5	16.6	271,254.1	225,296.6
Including: Net loan products	173,368.6	137,148.2	26.4	99,528.2	76,907.6
Total liabilities	337,993.8	288,023.3	17.4	253,602.8	211,800.5
Including: Taking deposits	255,263.1	217,934.3	17.1	179,636.6	145,616.1
Share capital	2,407.4	2,407.4	0.0	2,000.0	1,516.0
Equity attributable to shareholders of the Bank	24,725.6	23,062.6	7.2	17,143.5	12,963.1
Non–controlling interests	632.2	536.6	17.8	507.7	533.0
Total equity	25,357.8	23,599.2	7.5	17,651.2	13,496.1

Notes:

(1) Represents net profit for the period as a percentage of average balance of total assets at the beginning and the end of the period.

(2) Represents net profit attributable to the Shareholders of the Bank for the period as a percentage of average balance of total equity attributable to the Shareholders of our parent company at the beginning and the end of the period.

(3) Calculated as the difference between the average yield on total interest-earning assets and the average cost ratio of total interest-bearing liabilities, and based on daily average interest-earning assets and interest-bearing liabilities.

(4) Calculated by dividing net interest income by average interest-earning assets, and based on daily average interest-earning assets.

(5) Calculated by dividing operating expenses, excluding business tax and surcharges, by operating income.

(6) The Administrative Measures for the Capital of Commercial Banks (商業銀行資本管理辦法) promulgated by the CBRC on June 7, 2012 and replaced by the Measures on the Administration of Capital Adequacy Ratios of Commercial Banks (商業銀行資本充足率管理辦法) effective on January 1, 2013.

(7) Calculated by dividing total non-performing loans by gross loans to customers.

(8) Calculated by dividing allowance for impairment losses on loans by total non-performing loans.

(9) Calculated by dividing allowance for impairment losses on loans by gross loans to customers.

Management Discussion and Analysis

1. Historical economy and politics

The global economic and growth slowed down dramatically in 2019. The intensifying trade disputes and geopolitical tensions added to the volatility and risks of world economy, with major developed economies suffering growth slowdown across the board and emerging ones facing mounting downward pressure.

2019 marks the 70th anniversary of China's founding and a crucial year for China to build moderately prosperous society. Confronted with the complicated and changing internal and external environment, China continued to maintain stable economy growth, despite GDP growth slowdown compared with 2018. The consumer price rises picked up, and the per capita disposable income of residents nationwide maintained steady growth. China's economic structure continued to improve, and the new economy and new economic drivers have maintained rapid growth. In 2019, China's per capita GDP exceeded US$10,000, with its GDP reaching RMB99,086.5 billion, representing a rise of 6.1% over that at the end of the previous year. The rise falls within the expected 6% to 6.5% range and was ranked 2nd in the world; with the rate maintained between 6% and 7% for 18 consecutive quarters, China continues to demonstrate its economic resilience.

In 2019, adhering to the general principle of moving forward with steady growth, the Jiangxi Province closely adopted to the new meanings of developing important strategic opportunities. It puts implementing the "consolidate, enhance, improve, and streamline" guideline as the overall requirement for deepening supply-side structural reforms and promoting high-quality leapfrog development to well carry out various tasks including stabilizing growth, promoting reforms, adjusting structures, improving ecology, benefiting people's livelihood, preventing risks, and maintaining stability. In 2019, the province's GDP recorded RMB2,475.75 billion, representing a rise of 8.0% over that at the end of the previous year, and 1.9 percentage points higher than the national average. The province's fixed asset investment increased by 9.2%, total retail sales of consumer goods increased by 11.3%, disbursement of foreign capital increased by 8%, and loans in Renminbi and foreign currencies of financial institutions increased by 16.8%, with its growth rates of major economic indicators continuing to rank among the top in the country.

In 2019, amid the complexity of rising risks and challenges domestically and internationally, the People's Bank of China adhered to the general principle of seeking progress while keeping performance stable and made significant contributions to promoting high-quality economic development. It actively responded to the economic downside and implemented a prudent monetary policy to highlight counter-cyclical adjustments, and managed to ensure abundant liquidity through operations including cuts to required reserve ratios, issuing of central bank note swap instruments, support for banks to issue perpetual bonds, medium-term lending facility, standing lending facility, and open market operations, which have improved banks' lending capacity. It also streamlined the transmission of monetary policies and reformed and improved the formation of the quoted interest rates in the loan market to lower down social financing costs and strengthen financial services in the real economy.

In 2019, under the leadership of the Party Central Committee centering around Xi Jinping, the banking regulatory agencies resolutely implemented the decisions and deployment of the Party Central Committee and the State Council, securing generally stable banking operations, with key indicators residing in reasonable ranges. During the year, key progress was made in preventing and mitigating financial risks. Shadow banking and cross-financial risks continued to reduce and problematic financial institutions were coped with in an orderly manner. Online lending risks fell dramatically, real estate financialization and bubblization tended to ease, and the hidden debt risks haunting local governments were gradually resolved. Illicit market phenomena continued to decrease and emergence of new problems was effectively curbed. A number of major illegal fund-raising cases were sternly investigated and dealt with. In addition, the quality and efficiency of financial institutions serving the real economy continued to improve, reforms in key institutions and areas kept deepening, and corporate governance mechanisms were further improved.

2. Operational overview

The scale of operation has grown reasonably. At the end of 2019, the total assets of the Group amounted to RMB363,352 million, representing an increase of 16.6%. Various deposits amounted to RMB255,263 million, representing an increase of 17.1%; Daily average deposits amounted to RMB235,898 million, representing an increase of 19.9%. Various loans amounted to RMB178,956 million, representing an increase of 26.2%. Various investments amounted to RMB136,473 million, representing an increase of 12.4%.

Operating efficiency remained strong. In 2019, the Group achieved an operating income and total profit of RMB9,549 million and RMB2,283 million, representing an increase of 21.4% and 3.7%, respectively; with net profit standing at RMB1.881 billion, representing an increase of 5.3%. Return on capital amounted to 7.69% and return on assets amounted to 0.56%.

Operating structure was further optimized. At the end of 2019, various loans of the Group accounted for 49.2% of the total assets, increased by 3.7 percentage points compared to beginning of the year. Of which, the balance of retail loans amounted to RMB59,558 million, representing an increase of 44.5%; retail loans accounted for 33.3%, increased by 4.2 percentage points compared to the beginning of the year. At the end of the year, the proportion of the balance of various deposits to total liabilities was 75.5%, of which the balance of savings deposits amounted to RMB91,607 million, representing an increase of 31.5%, accounting for 35.9% of various deposits, becoming the main force of growth.

Regulatory indicators are sound and are up to standard. At the end of 2019, capital adequacy ratio amounted to 11.68%, representing a year-on-year increase of 0.13 percentage point. Non-performing loan ratio amounted to 1.71%, representing a year-on-year decrease of 0.28 percentage point. General allowance ratio amounted to 182.34%; allowance to gross loan ratio amounted to 3.12%; liquidity ratio amounted to 75.57%, and cost-to-income ratio amounted to 28.12%, meeting main regulatory indicators while exceeding regulatory requirements.

The brand image has improved significantly. During the year, the Group obtained various qualification honors. In the “Top 1000 World Banks of 2019”published by The Banker, a globally authoritative journal in the United Kingdom, the Bank ranked 327th in the world bank list, and ranked 53rd in the China bank list, which is 45 places and 11 places higher than the previous year, respectively. At the same time, the Bank also obtained the qualification of a Primary Dealer in Open Market Business and a class B bond underwriter, with the rating being upgraded to AAA and the brand image being further enhanced.

3. Income statement analysis

For the year ended December 31, 2019, the Group achieved a profit before tax of RMB2,283 million, representing a year-on-year increase of 3.7%; the Group achieved a net profit of RMB1,881 million, representing a year-on-year increase of 5.3%.

	For the year ended December 31			
	2019	2018	Amount of change	Percentage of change (%)
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Interest income	15,720.1	12,570.7	3,149.4	25.1
Interest expense	(8,443.4)	(7,002.4)	(1,441.0)	20.6
Net interest income	7,276.7	5,568.3	1,708.4	30.7
Net fee and commission income	569.4	467.0	102.4	21.9
Fee and commission expense	(153.0)	(187.9)	34.9	(18.6)
Net fee and commission Income	416.4	279.1	137.3	49.2
Net gains/(losses) on investment securities	2,163.3	1,999.1	164.2	8.2
Other income, gains or losses	(307.4)	19.6	(327.0)	–
Operating income	9,549.0	7,866.1	1,682.9	21.4
Operating expenses	(2,783.1)	(2,267.8)	(515.3)	22.7
Impairment losses on assets	(4,492.3)	(3,408.6)	(1,083.7)	31.8
Share of profit of associates	8.9	11.6	(2.7)	(23.4)
Profit before tax	2,282.5	2,201.3	81.2	3.7
Income tax expense	(401.3)	(414.3)	13.0	(3.1)
Net profit for the year	1,881.2	1,787.0	94.2	5.3
Net profit attributable to shareholders of the Bank	1,837.2	1,757.7	79.5	4.5
Non-controlling interests	44.0	29.3	14.7	50.4

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

The Group adopted IFRS 9 issued by the IASB in July 2014. The effective date of the standard is 1 January 2018. Combining the requirements of IFRS 9 and IAS 1 – Presentation of Financial Statements, the Group reclassified certain financial assets measured at amortized cost under the original standard to financial assets at fair value through profit or loss under the new standard. The interest generated by such assets was also transferred from interest income item to investment income item, which would affect the interest income, net interest income, investment income, net interest spread and net interest margin. According to the transition requirements of IFRS 9, the Group chose not to restate the information during the comparison period. In order to maintain the comparability of the two significant financial indicators, the Group still based on the relevant requirements of IAS 39 to calculate the interest income and net interest income for 2019, and then calculate the net interest spread and net interest margin for 2019 accordingly. The interest income calculated according to IAS 39 was RMB17,513 million which included the amount in investment income from financial assets at fair value through profit or loss and the net interest income was RMB9,091 million which included the amount in investment income from financial assets at fair value through profit or loss, which was 19.9% and 19.5% higher than the figures for 2018 on the same comparison basis, respectively.

The following table sets forth 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 cost ratio of interest-bearing liabilities for the years ended December 31, 2018 and 2019.

	For the year ended December 31					
	2019			2018		
	Average balance	Interest income/ expense	Average yield/ interest rate (%)[1]	Average balance	Interest income/ expense	Average yield/ interest rate (%)[1]
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)					
Interest-earning assets						
Loans and advances to customers	160,623.0	9,138.9	5.69	116,433.2	6,879.8	5.91
Investments in securities and other financial assets[2]	139,293.2	6,982.5	5.01	119,432.9	6,361.1	5.33
Financial assets held under resale agreements	17,439.0	760.0	4.36	17,149.8	822.9	4.80
Balances with central bank[3]	26,268.7	418.8	1.59	25,279.6	400.5	1.58
Amounts due from banks and other financial institutions[4]	11,531.8	213.0	1.85	8,809.2	145.1	1.65
Total interest-earning assets	355,155.7	17,513.2	4.93	287,104.7	14,609.4	5.09
Interest-bearing liabilities						
Customer deposits	235,887.9	5,462.1	2.32	196,711.5	4,124.3	2.10
Deposits from banks and other financial institutions	23,035.7	717.5	3.11	18,959.4	665.2	3.51
Financial assets sold under repurchase agreements[5]	18,678.3	450.9	2.41	12,459.1	341.4	2.74
Debt securities issued	46,196.2	1,704.3	3.69	39,816.0	1,849.3	4.64
Borrowings from central bank	3,289.9	87.2	2.65	938.1	22.2	2.37
Total interest-bearing liabilities	327,088.0	8,422.0	2.57	268,884.1	7,002.4	2.60
Net interest income[6]		9,091.2			7,607.0	
Net interest spread (%)[7]		2.36			2.49	
Net interest margin (%)[8]		2.56			2.65	

Notes:

(1) Calculated by dividing interest income/expense by average balance.

(2) Consists of our holdings of non-standardized investments and debt securities. Non-standard investments mainly include asset management plans, trust plans and other wealth management products issued by PRC commercial banks.

(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 tier-two capital bonds issued, interbank negotiable certificates of deposit and asset-backed securities.

(6) The adjusted interest income, net interest income, net interest spread and net interest margin are calculated as the same in the previous year according to IAS 39 in order to maintain the comparability of significant financial indicators for the two periods.

(7) Calculated as the difference between the average yield on total interest-earning assets and the average cost ratio of total interest-bearing liabilities.

(8) Calculated by dividing net interest income by the daily average balance of total interest-earning assets.

The following table sets forth the changes in interest income and interest expenses 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 year ended December 31 Changes in 2019 vs. 2018 Reasons of increase/(decrease)		
	Volume[1]	Interest rate[2]	Net increase/ decrease[3]
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)		
Interest-earning assets			
Loans and advances to customers	2,611.1	(352.0)	2,259.1
Investments in securities and other financial assets	1,057.8	(436.4)	621.4
Financial assets held under resale agreements	13.9	(76.8)	(62.9)
Balances with central bank[4]	15.7	2.6	18.3
Amounts due from banks and other financial institutions[5]	44.8	23.1	67.9
Change in interest income	3,743.3	(839.5)	2,903.8
Interest-bearing liabilities			
Customer deposits	821.4	516.4	1,337.8
Deposits from banks and other financial institutions	143.0	(90.7)	52.3
Financial assets sold under repurchase agreements	170.4	(60.9)	109.5
Debt securities issued[6]	296.3	(441.3)	(145.0)
Borrowings from central bank	55.6	9.4	65.0
Change in interest expense	1,486.7	(67.1)	1,419.6
Change in net interest income	2,316.5	(832.3)	1,484.2

Notes:

(1) Represents the average balance of the reporting period deducting the average balance of the previous period, multiplied by the average yield/cost ratio of the previous period.

(2) Represents the average yield/cost ratio of the reporting period deducting the average yield/cost ratio 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 tier-two capital bonds issued, interbank negotiable certificates of deposit and asset-backed securities.

3.2 Interest income

Adjusted according to the comparison basis of the corresponding period of the previous year, for the year ended December 31, 2019, the Group achieved an interest income of RMB17,513 million, representing a year-on-year increase of RMB2,904 million, or 19.9%. The increase in interest income was primarily due to the increase in the average balance of interest-earning assets. The increase in the average balance of interest-earning assets during the reporting period was mainly attributable to the increase in the average balance of customer loans and debt securities investment of the Group along with the business growth of the Group.

3.2.1 Interest income from loans and advances

For the year ended December 31, 2019, interest income from the Group's customer loans was RMB9,139 million, representing a year-on-year increase of RMB2,259 million or 32.8%, mainly attributable to the increase in the average balance of total loans to customers. The average balance of our total loans to customers increased during the reporting period, primarily reflecting the overall growth of our loan portfolio.

The following table sets forth the average balance, interest income and average yield of various customer loan components of the Group in the period indicated.

	For the year ended December 31					
	2019			2018		
	Average balance	Interest income	Average yield/ interest rate (%)	Average balance	Interest income	Average yield/ interest rate (%)
	(in millions of RMB, except percentages)					
Corporate loans	101,434.6	6,080.4	5.99	73,549.4	4,421.0	6.01
Personal loans	47,275.2	2,806.2	5.94	39,090.7	2,329.8	5.96
Discounted bills	11,913.2	252.4	2.12	3,793.1	129.0	3.40
Total	161,637.0	9,138.9	5.69	116,433.2	6,879.8	5.91

3.2.2 Interest income from investments in securities and other financial assets

For the year ended December 31, 2019, interest income from investments in securities and other financial assets of the Group amounted to RMB6,983 million, representing a year-on-year increase of RMB621 million, or 9.8%, primarily due to the increase in average balance of debt securities investment.

3.2.3 Interest income from financial assets held under resale agreements

For the year ended December 31, 2019, interest income from financial assets held under resale agreements of the Group amounted to RMB760 million, representing a year-on-year decrease of RMB63 million, or 7.6%, primarily due to the decrease in the average yield of financial assets held under resale agreements. The decrease in average yield was primarily due to the implementation of a stable and monetary policy by the central bank in 2019. The market liquidity was generally sufficient and the capital price was lower than that in 2018.

3.2.4 Interest income from deposits with central bank

For the year ended December 31, 2019, interest income from deposits with central bank was RMB419 million, representing a year-on-year increase of RMB18 million or 4.6%, mainly attributable to the increase in the average balance of deposits with the central bank. Such increase was mainly attributable to the continued growth in mandatory reserve deposits that was caused by the customer deposits.

3.2.5 Interest income from amounts due from banks and other financial institutions

For the year ended December 31, 2019, the interest income from amounts due from banks and other financial institutions of the Group was RMB213 million, representing a year-on-year increase of RMB68 million, or 46.9%. This was mainly due to the increase in the average balance of amounts due from banks and other financial institutions, in which attributable to our gradual improvement on liquidity management.

3.3 Interest expense

For the year ended December 31, 2019, interest expense of the Group was RMB8,422 million, representing a year-on-year increase of RMB1,420 million or 20.3%, mainly attributable to the increase in the average balance of customer deposits and the increase in the average interest rate.

3.3.1 Interest expense on customer deposits

For the year ended December 31, 2019, interest expense on customer deposits of the Group was RMB5,462 million, representing a year-on-year increase of RMB1,338 million or 32.4%, mainly attributable to the increase in the average balance of customer deposits and the increase in the average interest rate. The increase in the average interest rate on customer deposits was mainly due to fierce competition in the industry. The increase in the average balance of customer deposits was mainly due to our continuous efforts to broaden our corporate customer base, improvements in our customer service and marketing activities, which resulted in an increase in corporate customer deposits; and our increased personal deposits in line with the expansion of our retail banking branch network.

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

	For the year ended December 31					
	2019			2018		
	Average balance	Interest income/ expense	Average yield/ interest rate (%)	Average balance	Interest income/ expense	Average yield/ interest rate (%)
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)					
Corporate deposits						
Demand	84,510.5	1,029.8	1.22	71,516.0	639.9	0.89
Time	39,852.8	1,375.5	3.45	38,515.5	1,208.8	3.14
Pledged deposits	28,044.2	655.7	2.34	23,875.5	633.9	2.66
Subtotal	152,407.5	3,061.0	2.01	133,907.0	2,482.6	1.85
Personal deposits						
Demand	15,433.4	65.0	0.42	13,697.6	56.3	0.41
Time	67,871.5	2,336.1	3.44	48,618.0	1,585.4	3.26
Subtotal	83,304.9	2,401.1	2.88	62,315.6	1,641.7	2.63
Others	186.0	0.0	0.00	488.9	0.0	0.00
Total customer deposits	235,898.4	5,462.1	2.32	196,711.5	4,124.3	2.10

3.3.2 Interest expense on deposits from banks and other financial institutions

For the year ended December 31, 2019, our interest expense on deposits from banks and other financial institutions was RMB718 million, representing a year-on-year increase of RMB52 million, or 7.8%. This was mainly due to the increase in the average balance of deposits from banks and other financial institutions, which was partially offset by the decrease in the average interest rate. The decrease in average interest rate of deposits from banks and other financial institutions primarily reflected higher market interest rates which resulted from loosened market liquidity in 2019.

3.3.3 Interest expense from financial assets sold under repurchase agreements

For the year ended December 31, 2019, interest expense on financial assets sold under repurchase agreements of the Group amounted to RMB451 million, representing a year-on-year increase of RMB110 million, or 32.1%. This was primarily due to the decrease in the average balance and the average yield of financial assets sold under repurchase agreements. The decrease in the average balance was primarily due to the gradual improvement on liquidity management of the Group. The decrease in average yield was primarily due to the implementation of a stable and monetary policy by the central bank in 2019. The market liquidity was generally sufficient and the capital price was lower than that in 2018.

3.3.4 Interest expense from debt securities issued

For the year ended December 31, 2019, interest expense from debt securities issued of the Group amounted to RMB1,704 million, representing a year-on-year decrease of RMB145 million, or 7.8%. This was mainly due to the increase in the average balance and the decrease in the average interest rate of debt securities issued of the Group. The decrease in average interest rate was primarily due to loosened market liquidity in 2019, which led to the decrease in the cost of interbank certificates of deposit.

3.3.5 Interest expense from borrowings from central bank

For the year ended December 31, 2019, interest expense on borrowings from central bank of the Group amounted to RMB87 million, representing a year-on-year increase of RMB65 million. This was mainly due to the increase in the average balance of borrowings from the central bank.

3.3.6 Net interest spread and net interest margin

For the year ended December 31, 2019, net interest spread of the Group decreased from 2.49% in last year to 2.34%, and net interest margin decreased from 2.65% in last year to 2.55%, primarily due to the decrease in the average yield of loans and investment of the Group.

3.4 Non-interest income

3.4.1 Net fee and commission Income

For the year ended December 31, 2019, net fee and commission Income of the Group was RMB416 million, representing a year-on-year increase of RMB137 million or 49.2%, mainly attributable to the continuous increase in the related fee income as a result of promotion and application of our credit cards business.

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

	For the year ended December 31			
	2019	2018	Amount of change	Percentage of change (%)
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Net fee and commission Income				
Agency service fees	192.6	173.3	19.3	11.2
Wealth management fees	132.1	130.3	1.8	1.4
Acceptance and guarantee commitment fee	99.2	63.3	35.9	56.6
Settlement and clearing fees	8.0	13.0	(5.0)	(38.4)
Bank card fees	129.4	65.8	63.6	96.8
Transaction and consultancy fees	8.1	21.3	(13.2)	(62.0)
Subtotal	569.4	467.0	102.4	21.9
Fee and commission expense	(153.0)	(187.9)	34.9	(18.6)
Net fee and commission income	416.4	279.1	137.3	49.2

For the year ended December 31, 2019, agency service fees of the Group was RMB193 million, representing a year-on-year increase of RMB19 million or 11.2%, mainly attributable to the increase in the agency service fee for securities business.

For the year ended December 31, 2019, the Group achieved wealth management fees of RMB132 million, which was basically the same as that of the same period last year.

For the year ended December 31, 2019, acceptance and guarantee commitment fee of the Group was RMB99 million, representing a year-on-year increase of RMB36 million or 56.6%, mainly attributable to increase in trading volume as a result of our vigorous development of the acceptance business.

For the year ended December 31, 2019, settlement and clearing fees of the Group was RMB8 million, which was basically the same as that of the same period last year.

For the year ended December 31, 2019, bank card handling fees of the Group was RMB129 million, representing a year-on-year increase of RMB64 million or 96.8%, mainly attributable to increase in the related fee income as a result of promotion and application of our credit cards business.

For the year ended December 31, 2019, transaction and consultancy fees of the Group was RMB8 million, representing a year-on-year decrease of RMB13 million or 62.0%, mainly attributable to the decrease in the related fee income as a result of the decrease in that business.

3.5. Operating Expenses

For the year ended December 31, 2019, our operating expenses were RMB2,783 million, representing a year-on-year increase of RMB515 million, or 22.7%, which was in line with the overall growth of our business.

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

	For the year ended December 31			
	2019	2018	Amount of change	Percentage of change (%)
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Staff costs	1,341.8	1,062.7	279.1	26.3
General and administrative expenses	884.4	748.6	135.8	18.1
Tax and surcharges	98.1	76.3	21.8	28.6
Rental expenses	94.5	92.4	2.1	2.3
Depreciation	278.1	159.0	119.1	74.9
Amortisation	31.3	88.0	(56.7)	(64.4)
Others	54.9	40.8	14.1	34.6
Total operating expenses	2,783.1	2,267.8	515.3	22.7

For the year ended December 31, 2019, staff costs of the Group was RMB1,342 million, representing a year-on-year increase of RMB279 million or 26.3%, mainly attributable to the general increase in the number of employees and average remuneration as a result of our continued business expansion, resulting in increases in salaries, bonuses and allowances and expenses of social insurance for our employees.

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

	For the year ended December 31			
	2019	2018	Amount of change	Percentage of change (%)
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Salaries, bonuses and allowances	1,020.6	830.6	190.0	22.9
Staff welfare	53.1	46.0	7.1	15.4
Social insurance	211.1	144.7	66.4	45.9
Housing funds	31.2	27.2	4.0	14.7
Labor union fees and staff education expenses	25.8	14.2	11.6	81.7
Total staff cost	1,341.8	1,062.7	279.1	26.3

For the year ended December 31, 2019, general and administrative expenses of the Group was RMB884 million, representing a year-on-year increase of RMB136 million or 18.1%, mainly attributable to the increase in the promotion cost as our business grows.

For the year ended December 31, 2019, tax and surcharges of the Group was RMB98 million, representing a year-on-year increase of RMB22 million or 28.6%, mainly attributable to our business growth.

For the year ended December 31, 2019, rental expenses of the Group was RMB95 million, which was basically the same as that of the same period last year.

For the year ended December 31, 2019, depreciation and amortisation of the Group were RMB278 million and RMB31 million respectively. Depreciation increased by RMB119 million year on year, and amortization decreased by RMB57 million year on year, mainly due to changes in tangible assets, property and equipment and renovation expenses during the relevant period.

For the year ended December 31, 2019, other operating expenses of the Group was RMB55 million, representing a year-on-year increase of RMB14 million, mainly attributable to the increase in the other expenses as our business grows.

3.6 Impairment losses allowance

For the year ended December 31, 2019, impairment losses of the Group was RMB4,492 million, representing a year-on-year increase of RMB1,084 million or 31.8%, mainly attributable to the increase in the loss allowance of financial assets that are measured at amortized cost.

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

	For the year ended December 31			
	2019	2018	Amount of change	Percentage of change (%)
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Loans and advances to customers	2,351.9	2,437.9	(86.0)	(3.5)
Financial assets measured at amortized cost	2,096.9	716.6	1,380.2	192.6
Financial assets measured at FVTOCI	51.8	151.6	(99.8)	(65.8)
Placements from bank	(0.9)	1.1	(2.0)	(184.1)
Deposits with banks and other financial institutions	0.2	0.6	(0.4)	(68.7)
Financial assets held under resale agreements	(7.8)	(10.8)	3.0	(27.4)
Financial guarantee and commitment	0.2	111.6	(111.4)	(99.8)
Other assets	0.0	0.0	0.0	0.0
Total impairment losses	4,492.3	3,408.6	1,083.7	31.8

3.7.Income Tax Expense

For the year ended December 31, 2019, income tax of the Group was RMB401 million, representing a year-on-year decrease of RMB13 million or 3.1%, mainly attributable to the exemption of enterprise income tax on interest income and dividends of funds from investments in national bonds and local government bonds.

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

	For the year ended December 31			
	2019	2018	Amount of change	Percentage of change (%)
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Current income tax	637.7	1,049.4	(411.7)	(39.2)
Effect of tax for previous years	4.0	21.7	(17.7)	(81.5)
Deferred income tax	(240.4)	(656.8)	413.7	(63.0)
Total income tax expenses	401.3	414.3	(13.0)	(3.1)

4. Analysis of major financial position items

4.1 Assets

For the year ended December 31, 2019, total assets of the Group was RMB363,352 million, representing an increase of RMB51,729 million or 16.6% as compared to the end of last year, mainly attributable to the increase in the following assets: (i) loans and advances to customers; and (ii) investment in securities.

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

	As of December 31, 2019		As of December 31, 2018	
	Amount	% of total	Amount	% of total
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Total loans and advances to customers – measured at amortized cost	178,955.5	49.2	141,829.5	45.5
Less: Allowance for impairment losses	(5,586.9)	(1.5)	(4,681.3)	(1.5)
Loans and advances to customers, net	173,368.6	47.7	137,148.2	44.0
Net securities and other financial assets	134,421.6	37.0	120,055.8	38.6
Cash and balances with central bank	35,382.2	9.8	28,436.9	9.1
Deposits with banks and other financial institutions	2,247.7	0.6	1,634.3	0.5
Placements with banks and other financial institutions	2,251.0	0.6	2,818.3	0.9
Financial assets held under resale agreements	7,808.5	2.2	13,954.1	4.5
Investment in associates	121.6	0.0	117.7	0.0
Other assets	7,750.4	2.1	7,457.2	2.4
Total assets	363,351.6	100.0	311,622.5	100.0

4.1.1 Loans and advances to customers

For the year ended December 31, 2019, our loans and advances to customers amounted to RMB178,956 million, representing an increase of RMB37,126 million, or 26.2% 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 our corporate loans; and (ii)our continued efforts to develop personal loan business.

The following table sets forth, as at the dates indicated, the distribution of our loans by business type.

	As of December 31, 2019		As of December 31, 2018	
	Amount	% of total	Amount	% of total
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Corporate loans	106,031.8	59.2	89,842.5	63.3
Personal loans	59,557.5	33.3	41,223.2	29.1
Discounted bills	13,366.2	7.5	10,763.8	7.6
Total loans and advances to customers	178,955.5	100.0	141,829.5	100.0

(1) Corporate loans

For the year ended December 31, 2019, our corporate loans amounted to RMB106,032 million, representing an increase of RMB16,189 million, or 18.0% from the end of the previous year. The overall increase in corporate loans was mainly due to the continuous growth of our business.

The following table sets forth, as at the dates indicated, the distribution of our corporate loans by products.

	As of December 31, 2019		As of December 31, 2018	
	Amount	% of total	Amount	% of total
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Working capital loans	60,937.6	57.5	54,832.9	61.0
Fixed asset loans	39,342.6	37.1	30,719.5	34.2
Trade finance loans	4,057.4	3.8	2,298.4	2.6
Others	1,694.2	1.6	1,991.7	2.2
Total corporate loans	106,031.8	100.0	89,842.5	100.0

(2) Personal loans

For the year ended December 31, 2019, our personal loans amounted to RMB59,558 million, representing an increase of RMB18,335 million, or 44.5% from the end of the previous year. The substantial increase in personal loans was mainly attributable to (i) the expansion of our customer base due to the expansion of our retail banking branch network; and (2) the rapid development of our personal consumption loans.

The table below sets forth, as at the dates indicated, the breakdown of our personal loans by product type.

	As of December 31, 2019		As of December 31, 2018	
	Amount	% of total	Amount	% of total
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Residential mortgage loans	25,201.1	42.3	20,289.9	49.2
Personal business loans	9,936.2	16.7	9,264.4	22.5
Personal loans for consumption	22,608.9	38.0	10,116.0	24.5
Bank card balances	1,811.3	3.0	1,552.9	3.8
Total personal loans	59,557.5	100.0	41,223.2	100.0

(3) Discounted bills

For the year ended December 31, 2019, discounted bills of the Group were RMB13,366 million, representing an increase of RMB2,602 million or 24.2% as compared to the end of last year, mainly attributable to the fact that the Group continuously increased the support towards the real economy through bills business.

4.1.2 Investments in securities and other financial assets

For the year ended December 31, 2019, our total investments in securities and other financial assets amounted to RMB136,473 million, representing an increase of RMB15,046 million or 12.4% from the end of the previous year, primarily due to the fact that the Group's debt securities held by the Group increased.

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

	As of December 31, 2019		As of December 31, 2018	
	Amount	% of total	Amount	% of total
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Investments at fair value through profit or loss	34,789.9	25.5	36,994.9	30.5
Investments at amortized cost	83,124.9	60.9	69,470.8	57.2
Investments at fair value through other comprehensive income	18,558.0	13.6	14,960.8	12.3
Investments in securities and other financial assets, gross	136,472.8	100.0	121,426.6	100.0

The following table sets forth, as at the dates indicated, the distribution of our investments in securities and other financial assets.

	As of December 31, 2019		As of December 31, 2018	
	Amount	% of total	Amount	% of total
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Debt securities				
Government bonds	15,086.8	11.1	9,569.6	7.9
Debt securities issued by PRC policy banks	26,348.3	19.3	16,573.3	13.6
Debt securities issued by other PRC banks and financial institutions	5,177.7	3.8	859.2	0.7
Debt securities issued by PRC corporate issuers	25,275.5	18.5	14,658.9	12.1
Subtotal	71,888.4	52.7	41,661.0	34.3
Non-standard Investment				
Trust plans and asset management plans	44,466.1	32.5	67,070.1	55.2
Wealth management products issued by other PRC commercial banks	937.0	0.7	715.3	0.6
Other investments at fair value through profit or loss	4,873.1	3.6	2,963.3	2.4
Subtotal	50,276.2	36.8	70,748.6	58.3
Equity investments				
Equity investments	689.5	0.5	530.9	0.4
Fund investments	13,618.7	10.0	8,486.1	7.0
Subtotal	14,308.2	10.5	9,017.0	7.4
Investments in securities and other financial assets, gross	136,472.8	100.0	121,426.6	100.0
Less: Allowance for impairment losses	(2,051.2)		(1,370.8)	
Investments in securities and other financial assets, net	134,421.6		120,055.8	

4.1.3 Other Components of Our Assets

Other components of our assets mainly include: (i) Cash and balances with 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.

For the year ended December 31, 2019, the total amount of cash and balances with central bank of the Group was RMB35,382 million, representing an increase of RMB6,945 million or 24.4% from the end of the previous year, mainly due to the increase in mandatory reserve deposits and the needs of liquidity management.

For the year ended December 31, 2019, the total amount of deposits with banks and other financial institutions of the Group was RMB2,248 million, representing an increase of RMB613 million or 37.5% from the end of the previous year, mainly due to our adjustment of liquidity management measures based on the funding situation and market liquidity changes.

For the year ended December 31, 2019, the total amount of placements with banks and other financial institutions of the Group was RMB2,251 million, representing a decrease of RMB567 million or 20.1% from the end of the previous year, mainly due to our adjustment of liquidity management measures based on the funding situation and market liquidity changes.

For the year ended December 31, 2019, the total amount of financial assets held under resale agreements of the Group was RMB7,809 million, representing a decrease of RMB6,146 million or 44.0% from the end of the previous year, mainly attributable to the decrease in financial assets held under resale agreements due to our liquidity management measures.

4.2 Liabilities

For the year ended December 31, 2019, the Group recorded total liabilities of RMB337,994 million, increasing by RMB49,971 million, or 17.3% 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.

	As of December 31, 2019		As of December 31, 2018	
	Amount	% of total	Amount	% of total
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Borrowings from central bank	4,073.3	1.2	3,167.7	1.1
Customer deposits	255,263.1	75.5	217,934.3	75.7
Deposits from banks and other financial institutions	14,244.3	4.2	12,772.3	4.4
Placements from banks	5,140.2	1.5	1,774.9	0.6
Financial assets sold under repurchase agreements	6,379.4	1.9	8,202.1	2.9
Debt securities issued	49,667.0	14.7	40,900.0	14.2
Other liabilities[1]	3,226.5	1.0	3,272.0	1.1
Total liabilities	337,993.8	100.0	288,023.3	100

Notes:

(1) Consists of interest payable, other payables, settlement payable, salaries payable, tax payables and dividends payable.

4.2.1 Customer deposits

For the year ended December 31, 2019, we recorded total deposits of RMB255,263 million, increasing by RMB37,329 million, or 17.1% over that at the end of last year, mainly due to rising momentum of our corporate and retail banking business.

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

	As of December 31, 2019		As of December 31, 2018	
	Amount	% of total	Amount	% of total
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Corporate deposits				
Demand	90,195.1	35.3	84,274.1	38.7
Time	46,198.5	18.1	39,507.7	18.1
Pledged deposits	27,040.5	10.6	24,314.8	11.2
Subtotal	163,434.1	64.0	148,096.6	68.0
Personal deposits				
Demand	16,879.3	6.6	15,521.4	7.1
Time	74,727.2	29.3	54,130.2	24.8
Subtotal	91,606.5	35.9	69,651.6	31.9
Other deposits[1]	222.5	0.1	186.1	0.1
Total customer deposits	255,263.1	100.0	217,934.3	100.0

Notes:

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

4.2.2 Deposits with banks and other financial institutions

For the year ended December 31, 2019, the balance of deposits from banks and other financial institutions in our bank recorded a balance of RMB14,244 million, increasing by RMB1,472 million, or 11.5% from that at the end of last year, which was primarily due to our strategic adjustment on the financing structure portfolio which has driven up the deposits from banks and other financial institutions.

4.2.3 Borrowing from central bank

For the year ended December 31, 2019, the balance of borrowings from central bank of the Group amounted to RMB4,073 million, representing an increase of RMB906 million, or 28.6%, primarily due to the increase in reloan issuance.

4.2.4 Financial assets sold under repurchase agreements

For the year ended December 31, 2019, our financial assets sold under repurchase agreements amounted to RMB6,379 million, declining by RMB1,823 million, or 22.2% from that at the end of last year, which was primarily due to our adjustment on selling bonds for repurchase in compliance with the capital liquidity management measures.

4.2.5 Debt securities issued

For the year ended December 31, 2019, our issued debt securities totaled RMB49,667 million, increasing by RMB8,767 million or 21.4%, from that at the end of last year, which was primarily due to the increase in issuance of interbank certificates of deposit.

4.3 Shareholders' equity

For the year ended December 31, 2019, our total shareholders' equity valued RMB25,358 million, representing an increase of RMB1,759 million, or 7.5% as compared to the end of last year; for the year ended December 31, 2019, the total equity attributed to shareholders of our parent company valued RMB24,726 million, representing an increase of RMB1,663 million, or 7.2% as compared to the end of last year. The increase in equity of the Group's Shareholders can be primarily ascribed to the growing retained earnings.

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

	As of December 31, 2019		As of December 31, 2018	
	Amount	% of total	Amount	% of total
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Share capital	2,407.4	9.5	2,407.4	10.2
Share premium	8,165.7	32.2	8,165.7	34.6
Surplus reserve	3,460.5	13.6	3,106.4	13.2
General reserve	4,175.5	16.5	3,894.1	16.5
Investment revaluation reserve	54.2	0.2	(12.6)	(0.1)
Retained earnings	6,462.3	25.5	5,501.6	23.3
Equity attributable to shareholders of the Bank	24,725.6	97.5	23,062.6	97.7
Non-controlling interests	632.2	2.5	536.6	2.3
Shareholders' equity, gross	25,357.8	100.0	23,599.2	100.0

5. Off-balance sheet commitments of assets and liabilities

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

	As of December 31, 2019	As of December 31, 2018
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)	
Loan commitments	4,136.8	2,016.9
Bank acceptances	27,944.5	30,837.9
Letters of credit	7,144.3	3,205.2
Letters of guarantee	5,776.0	3,976.2
Total	45,001.6	40,036.2

As of December 31, 2019, the Group's off-balance sheet commitments totaled RMB45,002 million, increasing by RMB4,966 million, or 12.4% over that at the end of last year, mainly due to the Group's vigorous effort in promoting credit cards and development of our letters of credit business. For details on off-balance sheet commitments of assets and liabilities, see note 42. Contingent Liabilities and Commitments" to the financial statement in this report.

6. Loan quality analysis

In 2019, in order to cope with issues such as the complex and dynamic external environment, the slowdown in economic growth and the business difficulties in small and medium enterprises, the Group took concrete steps to strengthen full-process management over loans, sped up credit structure adjustment, intensified recovery and disposal of non-performing loans, and enhanced risk management levels. As a result, the Group's asset quality has been effectively improving. As of December 31, 2019, the balance of non-performing loans amounted to RMB3,064 million; non-performing loan ratio amounted to 1.71%, representing a decrease of 0.28 percentage point as compared to the end of last 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 categorized by five-category loan classification.

	As of December 31, 2019		As of December 31, 2018	
	Amount	% of total	Amount	% of total
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Normal	170,930.7	95.5	137,057.1	96.7
Special mention	4,960.8	2.8	1,944.2	1.4
Substandard	894.1	0.5	1,866.3	1.3
Doubtful	1,623.8	0.9	619.4	0.4
Loss	546.1	0.3	342.5	0.2
Total loans and advances to customers	178,955.5	100.0	141,829.5	100.0
Non-performing loan ratio(%)[1]		1.71		1.99

Notes:

(1) The core definition of credit asset classification in the Guidelines of Risk-based Classification of Loans is:

Normal: The borrower can honor the terms of its loans and there is insufficient reason to doubt its ability to repay principal and interest in full on a timely basis.

Special mention: The borrower is able to repay the loans currently, although repayment may be adversely affected by certain factors.

Substandard: The borrower's ability to repay its loans is in question as it cannot rely entirely on normal income to repay the principal and interest, and losses may ensue even when guarantees are invoked.

Doubtful: The borrower cannot repay principal and interest in full and significant losses will be recognized even when guarantees are invoked.

Loss: Only a small portion or none of the principal and interest can be recovered after taking all possible measures and exhausting all legal remedies.

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

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

6.2 Loans and non-performing loans classified by business type

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

	As of December 31, 2019				As of December 31, 2018			
	Amount	% of total (%)	Non-performing loan amount	Non-performing loan ratio (%)	Amount	% of total (%)	Non-performing loan amount	Non-performing loan ratio (%)
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)							
Corporate loans								
Working capital loans	60,937.6	34.0	1,818.9	2.98	54,832.9	38.7	1,350.0	2.46
Fixed asset loans	39,342.6	22.0	266.5	0.68	30,719.5	21.6	666.3	2.17
Trade finance loans	4,057.4	2.3	3.0	0.07	2,298.4	1.6	2.0	0.09
Others	1,694.2	0.9	387.4	22.87	1,991.7	1.4	238.6	11.98
Subtotal	106,031.8	59.2	2,475.8	2.33	89,842.5	63.3	2,256.9	2.51
Personal loans								
Residential mortgage loans	25,201.1	14.1	62.3	0.25	20,289.9	14.3	50.2	0.25
Personal business loans	9,936.2	5.6	330.7	3.33	9,264.4	6.6	342.4	3.70
Personal loans for consumption	22,608.9	12.6	145.3	0.64	10,116.0	7.1	151.0	1.49
Bank card balances	1,811.3	1.0	49.9	2.75	1,552.9	1.1	27.7	1.79
Subtotal	59,557.5	33.3	588.2	0.99	41,223.2	29.1	571.3	1.39
Discounted bills	13,366.2	7.5	0.0	0.00	10,763.8	7.6	0.0	0.00
Total loans and advances to customers	178,955.5	100.0	3,064.0	1.71	141,829.5	100.0	2,828.2	1.99

As of December 31, 2019, the balance of the Group's corporate loans amounted to RMB106,032 million, representing an increase of RMB16,189 million from the end of the previous year, and recorded a decrease in non-performing loan ratio from 2.51% to 2.33%, representing a decrease of 0.18 percentage point, as compared to the end of last year. The total personal loans amounted to RMB59,558 million. The balance of non-performing personal loans of the Group amounted to RMB588 million, representing an increase of RMB17 million as compared to the end of last year. Non-performing ratio decreased from 1.39% to 0.99%, representing a decrease of 0.40 percentage point, as compared to the end of last year. The Group's non-performing corporate and personal loans both decreased compared to the end of last year. This was mainly due to the efforts of the Group on settling non-performing loans.

6.3 Loans and non-performing loans classified by industry

The following table sets forth, as at the dates indicated, the distribution of our corporate loans by industry of the Group.

	As of December 31, 2019				As of December 31, 2018			
	Amount	% of total (%)	Non-performing loan amount	Non-performing loan ratio (%)[1]	Amount	% of total (%)	Non-performing loan amount	Non-performing loan ratio (%)[1]
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)							
Real estate	25,819.8	14.4	697.7	2.70	24,584.1	17.3	1,026.3	4.17
Leasing and commercial services	20,169.1	11.3	26.6	0.13	21,188.9	14.9	14.1	0.07
Water conservancy, environment and public utility management	13,392.9	7.5	0.0	0.00	11,959.0	8.4	0.0	0.00
Wholesale and retail	11,728.7	6.5	655.2	5.59	9,247.8	6.5	531.9	5.75
Construction	14,252.4	8.0	255.2	1.79	7,230.4	5.1	246.7	3.41
Manufacturing	7,463.5	4.1	600.0	8.04	6,808.4	4.8	114.7	1.68
Production and supply of electricity, heat, gas and water	2,977.8	1.7	0.0	0.00	940.7	0.7	0.0	0.00
Education	1,342.4	0.8	0.0	0.00	1,356.8	1.0	0.0	0.00
Hotels and catering services	1,291.4	0.7	4.5	0.35	1,197.8	0.8	71.8	5.99
Agriculture, forestry, animal husbandry and fishery	1,444.9	0.8	125.8	8.71	512.2	0.4	140.2	27.37
Transportation, storage and postal services	725.8	0.4	22.3	3.07	665.3	0.5	26.8	4.02
Others[2]	5,423.1	3.0	88.5	1.63	4,150.9	2.9	84.5	2.04
Total corporate loans	106,031.8	59.2	2,475.8	2.33	89,842.5	63.3	2,256.9	2.51
Total personal loans	59,557.5	33.3	588.2	0.99	41,223.2	29.1	571.3	1.39
Discounted bills	13,366.2	7.5	0.0	0.00	10,763.8	7.6	0.0	0.00
Total loans and advances to customers	178,955.5	100.0	3,064.0	1.71	141,829.5	100.0	2,828.2	1.99

Notes:

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

(2) Mainly included (i) mining; (ii) information transmission, software and information technical services; (iii) finance; (iv) scientific research and technical services; (v) residential services, repair and other services; (vi) hygiene and social services; and (vii) culture, sports and entertainment.

As of December 31, 2019, the Group's non-performing corporate loans were primarily from: (i) real estate; (ii) wholesale and retail; (iii) manufacturing our non-performing loan ratios were 2.70%, 5.59% and 8.04%, respectively.

As of December 31, 2019, the Group's non-performing loan balance from real estate is RMB698 million, decreasing by RMB328 million from the end of last year. The non-performing loan ratio decreased by 1.47 percentage points compared to last year. The decrease was primarily due to the efforts of the Group on settling non-performing loans in this industry.

As of December 31, 2019, the Group's non-performing loan balance from wholesale and retail is RMB655 million, increasing by RMB123 million from the end of last year. The non-performing loan ratio decreased by 0.16 percentage point compared to last year. The decrease was primarily due to the efforts of the Group on settling non-performing loans in this industry.

As of December 31, 2019, the Group's non-performing loan balance manufacturing is RMB600 million, increasing by RMB485 million from the end of last year. The non-performing loan ratio increased by 6.36 percentage points compared to last year. The increase reflects the weakening of the repayment ability of customers from specific companies.

6.4 Loans and non-performing loans classified by collateral

The following table sets forth, on the dates indicated, loans and non-performing loans of the Group by collateral.

	As of December 31, 2019				As of December 31, 2018			
	Amount	% of total (%)	Non-performing loan amount	Non-performing loan ratio (%)[1]	Amount	% of total (%)	Non-performing loan amount	Non-performing loan ratio (%)[1]
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)							
Unsecured loans	45,643.8	25.5	337.6	0.74	23,035.2	16.2	247.5	1.07
Pledged loans	20,039.5	11.2	121.4	0.61	22,655.8	16.0	177.2	0.78
Guaranteed loans	35,735.2	20.0	1,056.3	2.96	32,591.3	23.0	483.1	1.48
Collateralized loans	77,537.0	43.3	1,548.7	2.00	63,547.2	44.8	1,920.4	3.02
Total	178,955.5	100.0	3,064.0	1.71	141,829.5	100.0	2,828.2	1.99

Notes:

(1) Calculated by dividing the non-performing loans secured by various types of collateral in each product category by the total amount of loans for such collateral.

As of December 31, 2019, the Group's non-performing loan balance of mortgage loans decreased by RMB371 million from the end of the previous year. The non-performing loan ratio decreased by 1.02 percentage points, primarily due to the efforts of the Group on settling non-performing loans in this industry.

As of December 31, 2019, the Group's non-performing loan balance of guaranteed loans increased by RMB573 million from the end of the previous year. The non-performing loan ratio increased by 1.48 percentage points, which reflects the weakening of the repayment ability of customers from specific companies.

6.5 Borrower concentration

As of December 31, 2019, the Group's loan balance to any single borrower did not exceed 10% of the Group's net capital base.

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

	As of December 31, 2019			
	Industry	**Loan balance**	**% of total loans**	**% of total net capital base**
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Borrower A	Real estate	1,804.0	1.01	5.49
Borrower B	Water conservancy, environment and public utility management	1,501.0	0.84	4.56
Borrower C	Leasing and commercial services	1,358.0	0.76	4.13
Borrower D	Construction	1,202.5	0.67	3.66
Borrower E	Real estate	1,083.4	0.61	3.29
Borrower F	Leasing and commercial services	1,001.3	0.56	3.04
Borrower G	Real estate	964.6	0.54	2.93
Borrower H	Water conservancy, environment and public utility management	779.5	0.44	2.37
Borrower I	Production and supply of electricity, heat, gas and water	751.5	0.42	2.29
Borrower J	Leasing and commercial services	741.7	0.41	2.26
Total		11,187.5	6.26	34.02

As of December 31, 2019, the Group's loan balance to the largest single borrowers amounted to RMB1,804 million, representing 1.01% of the Group's total loans; the total loans to our ten largest single borrowers amounted to approximately RMB11,188 million, representing 6.26% of the Group's total loans.

6.6 Overdue loans

The following table sets forth, on the dates indicated, the Group's loans and advances to customers by length of maturity.

	As of December 31, 2019		As of December 31, 2018	
	Amount	% of total	Amount	% of total
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Current loans	174,279.2	97.4	138,687.6	97.8
Overdue loans[1]				
Up to 3 months (inclusive)	2,019.9	1.1	1,983.9	1.4
3 months to 1 year	1,069.7	0.6	378.7	0.3
1 to 3 years	1,395.4	0.8	615.9	0.4
Over 3 years	191.3	0.1	163.4	0.1
Subtotal	4,676.3	2.6	3,141.9	2.2
Total loans and advances to customers	178,955.5	100.0	141,829.5	100.0

Notes:

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

As of December 31, 2019, the total amount of overdue loans was RMB4,676 million, representing an increase of RMB1,534 million as compared to the end of last year. The ratio of overdue loans to total loans was 2.6%, representing an increase of 0.4 percentage point as compared to last year. The increase in the overdue loans of the Group was primarily due to the reason that some small and medium enterprises could not repay the interest in time due to operation difficulties.

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 December 31, 2019		As of December 31, 2018	
	Amount	% of total	Amount	% of total
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Jiangxi Province	8,908.4	93.3	7,120.8	90.5
Guangdong Province	247.4	2.6	305.9	3.9
Anhui Province	75.2	0.8	128.4	1.6
Other areas[1]	318.0	3.3	311.0	4.0
Total operating income	9,549.0	100.0	7,866.1	100.0

Notes:

(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.

7.2 By business segment

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

	As of December 31, 2019		As of December 31, 2018	
	Amount	% of total	Amount	% of total
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Corporate banking	4,332.7	45.4	3,867.9	49.2
Retail banking business	1,254.0	13.1	1,383.4	17.6
Financial market business	3,687.3	38.6	2,172.2	27.6
Other business[1]	275.0	2.9	442.6	5.6
Total operating income	9,549.0	100.0	7,866.1	100.0

Notes:

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

8. Analysis of Capital Adequacy Ratio

The Group continued to optimize its business structure and strengthen its capital management. As of December 31, 2019, the Group's capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio were 11.68%, 9.01% and 9.01%, respectively. The capital adequacy ratio, tier-one capital adequacy ratio, and core tier-one capital adequacy ratio increased by 0.13 percentage point, 0.11 percentage point, and 0.11 percentage points respectively, which met the internal regulatory requirements of the Administrative Measures for Capital of Commercial Banks (Trial) of the CBRC during the transition period.

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

	As of December 31, 2019	As of December 31, 2018
	(in millions of RMB, except percentages)	
Core tier-one capital		
Share capital	2,407.4	2,407.4
Qualifying share premium	8,350.5	8,153.2
Surplus reserve and general reserve	7,636.0	7,000.5
Retained earnings	6,462.3	5,501.6
Qualifying non-controlling interest	632.2	536.6
Deductions of core tier-one capital	(132.5)	(82.5)
Net core tier-one capital	25,355.9	23,516.8
Other tier-one capital	–	–
Net tier-one capital	25,355.9	23,516.8
Tier-two capital		
Qualifying tier-two capital instruments and related premiums	5,000.0	5,000.0
Surplus provision for loan impairment	2,531.5	1,986.1
Qualifying non-controlling interests	–	–
Total tier-two capital	7,531.5	6,986.1
Net capital base	32,887.4	30,502.9
Total risk-weighted assets	281,488.7	264,112.9
Core tier-one capital adequacy ratio(%)	9.01	8.90
Tier-one capital adequacy ratio(%)	9.01	8.90
Capital adequacy ratio(%)	11.68	11.55

9. Business Operation

9.1 Corporate Banking Business

The corporate banking business of the Bank adheres to its principle of moving forward with steady growth and continuously optimizes the structure of the corporate business to highlight the point of serving the real economy. Firstly, the basic business grew steadily. As of December 31, 2019, the Group recognised corporate banking operating income of RMB4,333 million, representing an increase of RMB465 million, or 12.0% compared to last year. The corporate deposit balance amounted to RMB163,434 million, representing an increase of RMB15,338 million, or 10.4% as compared to last year. The total corporate loan amounted to RMB106,032 million, representing an increase of RMB16,189 million, or 18.0% as compared to the end of last year. Secondly, the structure of the customers became more optimized. As of December 31, 2019, the number of corporate deposit customers was approximately 45,000, representing an increase of approximately 7,100 or 18.8% as compared to the end of last year. The number of corporate loan customers was approximately 3,900, representing an increase of approximately 1,400 or 53.6% as compared to the end of last year. Thirdly, the Bank's business qualifications have been expanding continuously, and we have obtained the qualification to conduct Class B lead underwriter in debt financing instruments for non-financial enterprises this year, and have entered into underwriting agreements with a number of provincial and municipal enterprises to achieve the first successful issuance of our underwriting business. We obtained the qualifications of provincial treasury centralized payment agency bank in Jiangxi Province, social insurance premium collection business of “Golden Insurance System”, and social insurance premium collection business of “Tax and silver sub-system”. At the same time, the first city commercial bank credit enhancement in Jiangxi Province for our overseas bond projects was launched.

Bill Discounting Business

Further assist the real economy. In 2019, the Bank continued to expand our bill discounting business so as to effectively introduce the bill rediscounting policies to small and micro enterprises, as well as private enterprises, providing medium-, small- and micro-sized local enterprises with easy and accessible funds. As of December 31, 2019, the Group's discounted bills amounted to RMB13,366 million, accounting for 7.5% of the gross amount of loans and advances to customers, increasing by RMB2,602 million, or 24.2% as compared to the end of last year.

Outstanding achievements in the integration of industry and research. During the reporting period, the Bank organised three national bills-related business meetings in Nanchang, Shanghai and Zhengzhou, which were highly recognized by the industry. In June 2019, the Bank, the Finance Society in Jiangxi Province and Jiangxi University of Finance and Economics successfully and jointly hosted an academic exchange meeting on "High Quality Economic Development of Bill Business Services". Meanwhile, the Bank joined hands with the International Institute of Green Finance to explore the practical implementation of "green bills", aiming to create a new pattern for green bill business while integrating academic research and constantly combining academic research with practical work.

Trading and Financial Business

The trading and financial business of the Bank continued to develop featured products and expanded the basic business scale. We promoted "fully attentive" foreign exchange business and continued to enhance customer's loyalty. For the year ended December 31, 2019, total settlement of trading and financial business of the Bank amounted to USD3,668 million, increasing by USD1,680 million or 84.5% as compared to the end of last year. In addition, the Bank proactively expanded new businesses. In May 2019, the Bank successfully assisted Pingxiang Urban Construction Investment Developing Company in Jiangxi Province's first issuance of public credit-enhanced USD-dominated bonds by city commercial bank.

Green Financial Business

Since its establishment, the Green Financing department of Bank of Jiujiang assisted in the launch of the first green corporate bond of RMB800 million in Jiangxi Province, and the first green private placement convertible bond of RMB350 million in Ganjiang River New Area, and issued a Green Financial Bond of RMB4,000 million to support the green economic development. In the green credit assessment of CBIRC Jiangxi Bureau, the Bank was rated as "the highest among the participating incorporated banks in Jiangxi Province"; it was awarded the Green Finance Development Contribution Award and the Advanced Model Group of the Province in the Financial Field by the Provincial Financial Supervision and Administration Bureau. During the reporting period, the Bank was also the first city commercial bank in China to join the Hong Kong Green Finance Association, and jointly established the Ganjiang Green Finance Research Institute, the first green finance research institute in Jiangxi Province; it published the first research result of green bills in China in support of small and micro green enterprises; it also launched the first "Green Home Loan" for "Hand in Hand Wealth Management" in China to facilitate waste sorting; it initiated "Green Bank Lease", the first financial leasing platform in China, and innovated the business model of green corporate finance.

As of December 31, 2019, we recorded green credit balance of RMB9,002 million, increasing by RMB5,999 million, or 199.7% as compared to the end of last year. The number of green credit customers was 224, increasing by 133 as compared to the end of last year. Green credit grew at a CAGR of 358.7% in the past three years.

9.2 Retail Banking Business

In 2019, the Bank's retail banking business continued to build a "one core, two platforms" strategic plan based on improvement of retail products, and continued to deepen the "Mobile Jiuyin" business channel layout, establishing a retail marketing system, product system and interest system and ultimately achieved a larger scale of the retail business and the structural optimization of retail customers.

Product promotion and platform construction were improved. The Bank launched the Quick Operating Loan series of products which effectively promoted the synergies of corporate and retail banking and continuously assisted in the development of small and medium enterprises and real economy. It launched the Rapid Mortgage Loan that allows the one-click property valuation, one-click application and the instantaneous borrowing and repayments. It launched the Jiu Ying Money Plus, a net value wealth management product; it initiated the construction of the "Jiuyin Lifestyle Privilege Program" merchant platform, enhanced the added value of services, and created an industrial scenario-based ecosystem. We also launched the "Jiuyin Wallet" platform, enhancing our capability to acquire online customers. As of December 31, 2019, the number of retail loan customers of the Group was approximately 121,000, and the number of retail deposit customers was approximately 3,639,300.

The Bank created online and offline scenarios with the principle of targeted marketing. In 2019, the Bank held 87 seminars in relation to the marketing campaign of college programme choices – "Conquer the College Entrance Exam and Realize Your Dream" of 2019, and 153 "Bank of Jiujiang Cup" square dance competitions that covered branches outside the province, all counties (cities) and major towns in the province. The Bank created scenarios including commercial complex, chain markets, hospitals, smart food markets, public transportation, taxis and parking lots, provided comprehensive industry application solutions to form a mature scenario construction plan with 67 scenarios created.

Electronic Banking Business

Our electronic channels provide customers with comprehensive financial services through online banking, mobile banking, telephone banking, WeChat banking and self-service banking. For the year ended December 31, 2019, the Group completed transactions of RMB2,045.99 billion through e-banking channels. The online platform handled a total transaction volume of RMB1,854.27 billion, accounting for 90.6% of the total amount of electronic banking transactions. As of December 31, 2019, the total number of mobile banking customers of the Bank was around 913,200, representing an increase of 404,700, or 79.6% as compared to the end of last year. The total number of retail online banking customers was 921,800, representing an increase of 391,800, or 73.9% as compared to the end of last year. The total number of corporate online banking customers was 42,500, representing an increase of 11,000, or 34.9% as compared to the end of last year. As of December 31, 2019, the Bank's personal loans amounted to RMB59,558 million, representing an increase of RMB18,334 million, or 44.5% as compared to the end of last year; the Bank's personal deposits amounted to RMB91,607 million, representing an increase of RMB21,955 million, or 31.5% as compared to the end of last year.

Bank Card Business

Debit Card

As of December 31, 2019, the total number of issued debit cards "Lushan card (廬山卡)" of the Bank was amounted to 3.37 million, representing an increase of 140,000 as compared to the end of last year.

Credit Card

During the reporting period, the Bank was committed to providing more efficient and convenient services to customers, and launched the installments and points online store together with Jiujiang Bank Credit Card WeChat Official Account. The Bank focused on creating special products, launched various special products including joint credit card with Liansheng Group, Credit Card for Teachers, and Yuedong credit card, and vigorously promoted the joint credit card project with Meituan. In order to enhance the customer experience with cards, third-party payment channels such as WeChat, JD.com, Meituan, Alipay, and Huawei Pay were launched, and a series of promotional offers such as "Feast on Cuisine" (匯美食), "Indulge in Movies" (樂觀影), "Bathe in Books" (愛看書) and "Enjoy Car Washing" (悦洗車) around the topic of "Enjoy life with one single card" were carried out.

As of December 31, 2019, the total number of issued credit cards was amounted to 229,900, representing an increase of 124,300, or 117.7% as compared to the end of last year. In 2019, the Bank's activation rate of newly issued cards reached 64.83%.

9.3 Inclusive Financial Business

During the reporting period, the Bank thoroughly implemented the requirements of the "Notice on Issuing the Plan of Promoting Inclusive Financing Development (2016-2020)" of the State Council, promoted the sinking effect of inclusive finance, focused on the New Sannong business, and explored the rural financial services market by innovating our products and business model.

Smart Loan for Enriching Farmers was effective. We signed a total of 484 contracts with agricultural fund stores, and granted loans of RMB74.2248 million, benefiting 8,853 households annually.

The effectiveness of "One County and One Product" has improved. "Ju Shi Dai", "Cheng Xiang Dai" and "Zhengbang Agricultural Loan" received well responses. As of December 31, 2019, the total number of credit customers of the Bank was 616. The loan balance amounted to approximately RMB141 million.

9.4 Financial Market Business

In 2019, the Bank adhered to the principle of market orientation, proactively optimized asset allocation and strictly managed various risks. Meanwhile, it actively expanded the business qualifications and was delighted to receive multiple business qualifications and honors. The Bank obtained the qualifications of Class B lead underwriters of debt financing instruments issued by non-financial enterprises and a primary dealer in open market business of the central bank; its rating was upgraded to AAA; it was awarded the "Inter-Bank Local Currency Market Core Dealer" in 2018 and 2019 for two consecutive years, and the "Excellent Award for Net Bond Sole Settlement" of 2019 issued by Shanghai Clearing House; it was also awarded national awards such as "X-REPO Trading Mechanism Innovation Award", "Best Improvement Institute for Local Debt Underwriting Banks" and "Top 100 Clearing Companies – Excellent Dealer" by the Trading System and Central Clearing Company.

As of December 31, 2019, the Group recognised a financial market business operating income of RMB3,687 million, increasing by RMB1,515 million or 69.7% as compared to the end of last year.

Money Market Transactions

On December 31, 2019, the balance oft deposits and placements with banks and other financial institutions, financial assets held under resale agreements amounted to RMB12,307 million, the balance of placements and deposits from banks and other financial institutions, financial assets sold under repurchase agreements amounted to RMB25,764 million.

Investments Business

On December 31, 2019, the Group's investments in Standard Investment Products, Non-Standard Credit and equity investments amounted to RMB136,473 million, accounting for 37.6% of our asset aggregate of the same day, increasing by RMB15,046 million, or 12.4% as compared to the end of last year. The increase in investment business was primarily due to the fact that: (i) the debt securities held by the Bank increased; and (ii) equity investments, primarily comprising bond funds and currency funds held by the Bank significantly increased. In addition, due to the proactive transformation to standardized business, the non-standardized investments held by the Group decreased significantly by RMB20,472 million, or 28.9%, as compared to the end of last year.

According to the statistics of the local currency trade system of China Foreign Exchange Trading System, the Bank completed the delivery volume of local currency bond of RMB15.00 trillion in total in 2019, representing an increase of 44.4%, ranked among the “Top 100 Traders in the Inter-Bank Local Currency Market” in a consecutive of five years. Among which, the case delivery volume of China bonds amounted to RMB5.28 trillion, ranking the 5th in the bond delivery volume (spot) announced by ChinaBond.com.cn. It underwrote 1,200 debt financing instruments of non-financial enterprises, ranked among the top in the underwriting institutions of the banks in the country.

In 2019, the Group's investments in trust plans, asset management plans and wealth management products issued by other PRC commercial banks amounted to RMB44,466 million and RMB937 million, realizing an investment interest income of RMB3,981 million, decreasing by RMB582 million, or 12.7% as compared to the end of last year.

Asset management business: In accordance with the requirements of the Guiding Opinions on Regulating the Asset Management Business of Financial Institutions (《關於規範金融機構資產管理業務的指導意見》), the Bank has proactively accelerated the pace in transformation and launched the cash management product of "Jiu Ying Increase Profit No. 1" (久贏增利1號) to achieve a breakthrough in net-value products. As of December 31, 2019, the existing wealth management products balance amounted to RMB34,916 million, decreasing by RMB1,468 million as compared to the end of last year. In 2019, we made 459 issues of wealth management products in total, raising RMB70,491 million, with a scale of each issue raising RMB150 million. The decline in the scale of the issuance was mainly due to the fact that the Bank actively adjusted the term structure of wealth management products and strengthened the issuance scale of mid and long term wealth management products in order to meet the regulatory requirements of the PRC's domestic new asset management regulations.

9.5 Automobile Finance

The Bank reinforced efforts on development of "Shang Dai Tong (商貸通)". As of December 31, 2019, the Bank established a tripartite inventory financing cooperation with seven OEMs, with a comprehensive credit line of RMB7,400 million.

Innovated for and optimized processes of products. The Bank optimized the business process of "Joint Loan" and "Static Bill Pool", the "Joint Loan" can be automatically approved online. It also developed "Car Rental Loan", "Bicycle Loan" and financial products targeting new energy vehicles. It has commenced comprehensive cooperation with Deying Leasing, a financial leasing company under Shaanxi Automobile, Tianjin Oula Financial Leasing, a financial leasing company under Great Wall Motor, and Lian Lian Auto Finance Leasing (Guangzhou) Co., Ltd.

9.6 Subsidiaries Business

9.6.1 Businesses of Controlling Subsidiaries

As of December 31, 2019, 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 RMB13,938 million, increasing by 18.6% as compared to the end of last year. The total loan amounted to RMB6,328 million, increasing by 13.5% as compared to the end of last year. The deposits balance amounted to RMB11,987 million, increasing by 22.5% as compared to the end of last year. In 2019, 18 controlled county banks realized a net profit of RMB88 million.

9.6.2 Companies in which the Bank has Shareholdings

As of December 31, 2019, 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 RMB5,008 million, among which, the total loans amounted to RMB2,948 million, representing an increase of 8.1% as compared to the end of last year; the deposit balance amounted to RMB4,187 million, representing an increase of 0.9% as compared to the end of last year. In 2019, 2 county banks realized a net profit of RMB36 million.

10. Development Strategy

The Bank always upholds the great vision of “creating a branded bank and building a century-old store", adheres to the high-quality development concept of “innovation-driven, green, coordinated, oriented toward global progress, and beneficial to all", and strides towards the goals of “being the internationally and regionally leading listed bank with distinctive characteristics, adequate capital, strict internal control, safe operation, excellent efficiency and service".

In 2020, the Bank continues to adhere to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as the guideline and further strengthens “Four Consciousnesses”, secures “Four Confidences” and accomplishes “Two Maintenances". This is to remain true to our original aspiration, to bear our missions in mind, to strive to reach the goal in the shortest time and to live up to the good times. The Bank focused on the financial supply-side structural reform and revolved around the three major missions and regulatory policy requirements, and promoted the high-quality development of Jiuyin.

First is to 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, highlighting its distinctive business.

Second is to motivate empowerment to improve quality and efficiency. The Bank further enhanced corporate governance and adhered to the organic unification of the Party committee 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 into the efficiency of human resources, integrate selection and training, and optimize the talent supply chain.

Third is to 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.

Fourth is to 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 opening and scenario aggregation to further enhance the level of technology enabling and leading role. The Bank adhere to “Digital Operation” and promote the construction of smart bank.

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 take the lead in managing various risks.

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 prudent approach. The Bank has been dedicated to raising efficiency of our talents and recruiting quality talents and continuously improving the risk management structure and system. The Bank gained advanced concepts and technologies, promoted the construction of systems including 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.

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 various mechanisms including an asset quality scheduling mechanism, a major account diagnosis mechanism and risk monitoring mechanism.

2. Lay stress on the improvement of basic management to strengthen credit management. In addition to the strict execution of a differential credit system, the Bank carried out rounds of specific risk examination and inspection, covering large transactions in corporate banking business, investments business, wealth management, trading and financial business, and inclusive rural financial business in accordance with regulatory requirements and changes in external environment. Through self-examination and rectification, the Bank enhanced the effectiveness of internal control, strengthened the risk awareness and improved the risk management capability.

3. Lay stress on the control of digital risk to establish itself as a smart bank. By persistently improving the quality and enhancing the efficiency, the Bank thoroughly implemented the strategy of “digital risk control", adhered to the principle of “useful, unified and compatible", and was committed to building a unified digital risk control platform incorporating the features of “collateral management, unified credit limit, enterprise rating, smart decision, risk forewarn and smart collection” to facilitate the information sharing of risk control platform. During the reporting period, the Bank completed the consultation of the project of a unified credit limit and the internal rating project for non-retail customers, providing a theoretical foundation for the construction of a unified credit limit system of the Bank and a customer rating system. The Bank initiated a smart risk control and collateral management system to enhance the unified management of the risk models and collateral of the Bank, moving forward towards to goal of a full-process risk management and control.

4. Improve the guideline for credit policy. To cope with changes in the macro economy and external market, the Bank formulated the regulations on development of the trade financial business, the guidelines for credit granting related to public policies, the guidelines for credit granting to private gas stations and other guidelines for the banking industry in accordance to the 2019 Credit Granting Development Plan, setting the direction for the development of credit business.

5. Optimize the management of credit authorization. Firstly, the Bank optimized the authorization process. The authority of credit granting was delegated to effectively shortened the credit approval process and enhance the credit approval efficiency. Secondly, the Bank optimized the rules of authorization granting. The Bank differentiated businesses by type of collateral and whether the business is new. The Bank also carried out coefficient adjustments by the region authorized, the ranking of the authorizer and type of the business authorized to form a differential authorization mechanism.

6. Strictly execute the requirements of risk classification. Firstly, the Bank formulated the management measures and implementation rules of credit risk classification, covering the two major categories, namely, credit assets and non-credit assets. Secondly, pursuant to the regulatory requirements, the Bank revised relevant rules regarding the overdue days in the implementation rules of classification to implement the regulatory requirements. Thirdly, in the process of classification, the Bank strictly complied with the classification principles of authenticity, timeliness, importance and prudence, and reflected the asset quality in an accurate and a comprehensive manner to reveal the actual risk.

11.3 Market Risk Management

Market risk refers to the risk that the value of a financial instrument may change due to the changes in interest rates, exchange rates and other market factors, which may result in potential losses to future income or future cash flows. Primary sources of market risks for our Bank are interest rate risks and exchange rate risks, including the trading book and banking book.

11.3.1 Interest Rate Risk – Trading Book

The trading book includes financial instruments and positions that are freely traded and held by the Bank for purposes of trading or hedging the risks of other items in the trading book.

The Bank established the market risk management system for the trading book according to the nature, scale and actual condition of the trading book, regularly analyzed the trading book risk profile, and judged the trend of interest rates to provide necessary basis for the trades of the trading book. At the same time, the Bank increased the utilization of technology with the launch of the online treasury operations on the Comstar system, and made use of its regular stress test on the market risks in the trading book to analyze the impact on the Bank.

11.3.2 Interest Rate Risk – Banking Book

Banking book refers to the assets and liabilities business and related financial instruments recorded on and off the balance sheet of the Bank, with relatively stable market value, that the Bank is willing to hold for stable income or to hedge the risk of the banking book business.

Our Bank primarily uses re-pricing cap analysis, revenue curve analysis, duration analysis, interest rate sensitivity analysis and stress testing to measure the interest rate risk of the banking book. It also periodically convenes asset and liability meetings to report the interest rate risk level to the management, and propose managements recommendations and business adjustment strategies.

The Bank continuously pays attention to the changes in the external interest rate environment, forecasts the future interest rate trend, and achieves the balance between risks and profits primarily through the adjustment of our asset and liability structure of our asset and liability structure. On one hand, our Bank adjusts our asset and liability structure by adjusting the interest rate maturity, pricing of our products, transferring pricing of internal capital, and developing new products and securitizing assets. On the other hand, our Bank evaluates the potential price fluctuations through maturity analysis upon the bond instruments in our investment portfolios and analysis of the sensitivity of the bonds' price against interest rate fluctuations, to ensure that the interest rate risk of the banking book is manageable.

11.3.3 Exchange Rate Risk

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.

Our Bank's primary principle for controlling our exchange rate risk is to match assets with liabilities denominated in each currency and monitor our foreign currency exposure on a daily basis. Meanwhile, based on the relevant regulatory requirements and the management's decisions on the current situation, we seek to control our exposure to exchange rate risk by reasonably arranging our sources and use of funds denominated in foreign currencies to minimize the mismatches of assets and liabilities in different currencies. We also prevent currency exchange loss frisk arising from exchange rate fluctuation through settlement and sales of foreign exchange in a timely manner under our prudent transaction strategy. In addition, our Bank imposes an exchange rate lock on the large transactions in foreign currencies and conducts regular re-evaluation on exchange rate translation for collaterals, and reduces losses from exchange rate risk through advance repayment or supplementary guarantee in a timely manner in the event of collateral devalue.

11.4 Operational Risk Management

Operational risk refers to risks caused by imperfect or problematic 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. The Board of Directors is our Bank's highest decision-making body regarding operational risk management. The Senior Management is responsible for executing operational risk management strategies, overall policies and systems approved by the Board of Directors. The Compliance Department leads our Bank's operational risk management, with the Risk Management Department, Operation Management Department and other departments supporting it in collaboration.

During the reporting period, the Bank managed operational risk mainly through the following measures: Firstly, the Bank sorted out business processes, centralized the management of key links in principal activity processes and important nodes and standardized the processes; Secondly, it initiated the information system construction, launched the “three-in-one” system that incorporates the systems of internal control, compliance and operational risk, and strengthened the operational risk management by means of information technology; Thirdly, the Bank conducted business inspections on various business lines, including loans, investments, trade finance, bills, operations and information technology, corrected the problems found in inspections to enhance the employees’ awareness of compliance operations; Fourthly, the Bank continued to optimize the system management by establishing a post-system evaluation model pairing up individual evaluation and overall evaluation, regular evaluation and interim evaluation, self-evaluation and external evaluation, and sorted out the system of the whole bank to form the List of Effective Systems and the List of Ineffective Systems; Fifthly, the Bank continued to strengthen its compliance education. Through the combination of online and offline, centralized and decentralized, and “coming in” and “going out", the Bank provided compliance education and training to all employees to further promote their awareness of compliance and strengthen the concept of standardized operations; Sixthly, the Bank focused on promoting employee behavior management, comprehensively utilized various means such as supervision linkage, on-site inspection, and off-site monitoring to carry out employee behavior investigation throughout the Bank on a regular basis.

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.

The organizational structure for liquidity risk management consists of a decision-making system, an executive system and a supervision system. The decision-making system includes the Board of Directors and the Risk Management Committee under the Board of Directors; The executive system includes senior management and its Asset and Liability Management Committee, Risk Classification Committee and other relevant business management departments; The supervision system includes the Board of Supervisors and the Audit Department. 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: First, we improved related policies and basic standard and optimized organizational structures and procedures, and updated and revised the Management Measures for Liquidity Risk of Bank of Jiujiang and Management Measures on Fund Position of Bank of Jiujiang; Second, the Bank strengthened the daily coordination of liquidity risk, enhanced the monitoring of supervision indicators as well as liquidity gap projection and limit management during special periods to ensure an outstanding performance in various indicators over regulatory requirements; third, we deepened the construction of liquidity alert mechanisms, effectively implemented liquidity emergency drills, launched quarterly liquidity pressure tests which showed that the shortest lifespan of our Bank is more than 30 days in a pressurized scenario, which indicated our pressure tolerance capacity is maintained at a favorable level; fourth, we monitored the maturities of assets and liabilities and continued to optimize the maturity structure of assets and liabilities; fifth, we kept the total amounts and structures of assets and liabilities under control through the asset and liability management system to enhance our active management over liquidity risks and push for integration of risk management, 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.

11.6 Compliance Risk Management

We have established a three-level compliance management departments (positions) from the top to the bottom, forming a compliance risk management structure including foreground, middleground and background that covers both dimensions. We also established a compliance risk management system tailored to our Bank's asset scale, institution setting, business structure and operational objectives.

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

1. We strengthened strategic leadership and clarified the management direction. According to the external regulatory situation and the inherent needs of its own operation and development, the Bank issued the "Three-Year Plan for Compliance Construction of Bank of Jiujiang"(《九江銀行合規建設三年規劃》) and "Key Points for Compliance Management of Bank of Jiujiang in 2019"(《九江銀行2019年合規管理工作要點》), etc. to clarify the objectives and directions for the compliance management of the Bank.

2. We paid close attention to compliance education and built a compliance culture. Through the combination of online and offline, centralized and decentralized, and "coming in" and "going out", the Bank provided compliance education and training and organized compliance examination for all employees. We prepared compliance cases to speak of and explain the laws with the cases, so as to promote the continuous awareness of compliance among employees of the Bank.

3. We accelerated system construction and improved management efficiency. We strengthened the application of financial technology in the compliance field, completed the construction of the "three-in-one" system for internal control, compliance and operational risk, and achieved online operation of system management, inspection management, compliance education and compliance risk monitoring. The standardization of technology, informationization and intelligence of regulatory management was effectively improved.

4. We implemented innovation drives to stimulate domestic vitality. Through innovative compliance review, we embedded compliance requirements into the front-end review process of new products, new businesses and new systems, and further moved forward compliance risk management and control; We embedded the final compliance assessment into the use of administrative seals of the Bank to achieve early warning and prevention of compliance risks. Through innovative compliance inspection, we continued to strengthen compliance inspection, and further strengthened the supervision role of "two lines of defenses". We incorporated business compliance into the scope of compliance inspection. We carried out compliance inspection on 7 branches by combining the inspection off-site and on-site. Through innovative compliance assessments, we continued to increase the weight of compliance content in the institutional assessment system, and included the middle and back office departments of the head office in the scope of assessment, so as to achieve full coverage of the department and branches of the head office in compliance assessments. The Bank continued to refine the compliance assessment indicators, and introduced the Internal Control Compliance Rating Rules to restrict the compliance operation of branches and business departments from multiple perspectives. The Bank continued to optimize the job responsibilities and assessment plans of the compliance manager, further clarified the job requirements and evaluation standards, and achieved vertical assessment of the compliance manager of the branches, and promoted the compliance manager to actively perform his duties and take the initiative to take responsibility.

5. The Bank strictly controlled legal examination and prevented legal risks. The Bank implemented the requirements of daily legal examination, and strived to achieve both the efficiency of legal examination and the prevention and control of legal risks. The Bank sorted out and revised the format texts of the whole bank, improved the unity, applicability and rigor of the format texts, and realized the advance of legal risk prevention.

11.7 Money Laundering Risk Management

The risk of money laundering refers to the criminals or criminals 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, and the likelihood or probability of an act or process.

Effective money laundering risk management is the foundation for the safe and sound operation of banks. In accordance with the requirements of diligence and integrity, the Bank firmly established compliance awareness and risk awareness, and established a sound money laundering risk management system. According to the risk-based approach, resources were reasonably allocated, and the Bank 's money laundering risk was continuously identified, prudently assessed, effectively controlled and managed throughout the process to effectively prevent the risk of money laundering.

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

Firstly, the Bank re-established the internal anti-money laundering control system, specified job responsibilities and standardized the work procedures; Secondly, adhering to the "risk-oriented" philosophy, the Bank performed money laundering risk assessment on institutions and products/businesses to improve the scientific basis and effectiveness of risk assessment. Thirdly, sticking to "autonomous monitoring", it assessed and adjusted the monitoring model, enhanced the accuracy of suspicious monitoring, improved and optimized the anti-money laundering monitoring system. Fourthly, the Bank focused on piloting the "centralized operation" model, initially focusing on anti-money laundering and experts, reducing the workload of branches and improving the quality and efficiency of anti-money laundering. Fifthly, the Bank gave full play to the role of "baton" in the assessment, continuously optimized the assessment plan, clarified the assessment indicators, quantified the tasks, improved the assessment system, unified the line management, and urged relevant personnel to perform their duties on their own initiative. Sixthly, the Bank strengthened supervision and inspection, strengthened anti-money laundering inspection and guidance to branches and sub-branches to regulate anti-money laundering work and inspect the work effect by various means such as supervision and inspection. Seventhly, adhering to the training idea of "go global and attract foreign investment", the Bank made full use of Jiuyin e-learning online learning platform to vigorously carry out distinctive training activities to cultivate anti-money laundering professionals. Eighthly, the Bank vigorously carried outinnovative promotional activities, attracted public participation through online quizzes, popularized knowledge with respect to anti-money laundering, demonstrated the vibrant corporate image of Jiuyin, fulfilled its social responsibilities, and was well received by the public.

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 Implementation 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 system have been effectively ameliorated.

1. Promoting qualification certification and improving operation and maintenance capabilities. The Wuhan data center of the Bank successfully passes the final trial of Uptime M&O certification, becoming the first city commercial bank in China to receive the certification. It also passes the ISO27000 (Information Security System) certification, which strengthened the information security management level of the Bank.

2. Strengthening risk assessment and promoting system development steadily. 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, comprehensive risk assessment were carried out on the constructions of important systems for internet application, such as new core system, credit system and retail lines.

3. Strengthening information security, preventing and mitigating risks. 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 anti-virus version of the Bank 's anti-virus version system, 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, it participated in the Jiangxi Banking Industry Internet Security Attack and Defense Contest 2019 and was awarded the First Class Prize in the Group category.

4. Comprehensive management of information technology outsourcing and safe and controllable outsourcing projectsIn respect of the outsourcing projects currently carried out by the Bank, the Bank mainly assessed individual aspects, such as system security management, source code management, source code management, developer management, development terminal environment management, and development test server management. It also carried out in-depth analysis on potential risk, extent of impacts, risk control measures and more, and analyzed the risk control effects based on the risk control measures adopted or to be adopted.

11.9 Reputational Risk Management

Reputational risk refers to the risk of negative comments from relevant interested parties resulting from our Bank's operation, management, and other activities or external events. Our Bank's reputational risk management further improves the establishment of 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. During the reporting period, our Bank established a public opinion monitoring mechanism running 365 day x 24 hours to achieve a comprehensive coverage of public opinion monitoring, further stepping up its efforts in monitoring public opinions, managing and handling related events.

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 executed the Management Measures for Strategy and Operation Planning of Bank of Jiujiang strictly, 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 the plan has covered the readiness and equipment of enough resources (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 affects 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 preferences and portfolio complexity.

During the reporting period, our Bank's strategic risk level remained stable and under control overall, indicating our effective management over strategic risks.

1. Strengthening strategic leadership. In order to promote planning ahead, our Bank strengthened the guiding role of strategic planning in business and management to offset the shortcomings of the current strategic management. Our organizations also improved and optimized the medium and long-term strategic planning of the Bank. Under the overall strategic objectives of the Bank's development, combined with the changes in the economic and financial environment and the changes of the Bank's operation and management, the Bank completed the Strategic Planning Report (2019-2021) of Bank of Jiujiang in the first half of 2019, and submitted to the Executive Office, the Party Committee and the Board of Directors for approval in strict accordance with the prescribed procedures and processes as the theme of the operation development of the Bank in the next stage.

2. Strengthening the performance of duties in management. The Bank performed division of labor in accordance with the well-defined governance structure and responsibilities of the relevant systems such as the Administrative Measures for the Strategy and Operation Planning of Bank of Jiujiang. The Bank also continued to strengthen the performance of duties of strategic planning, strategic monitoring and strategic execution, further improved the design of strategic systems and procedures, and strengthened the standardization and assessment of daily work and key work on strategic performance.

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 plans, resource allocation and emergencies.

Changes in Share Capital and Information on Shareholders

1. Changes in Share Capital

As of December 31, 2019, the Bank's total number of issued shares is 2,407,367,200, including 2,000,000,000 Domestic Shares and 407,367,200 H Shares.

On April 19, 2019, the Bank received the approval from CBIRC Jiujiang Branch Office with respect to the change in the registered capital of the Bank from RMB2,000,000,000 to RMB2,407,367,200. Subsequently, the Bank completed the change in registered capital with respect to the global offering and the partial exercise of the over-allotment option. For details regarding the change in registered capital, please refer to the announcement published by the Bank on June 10, 2019.

Saved as disclosed above, during the reporting period, the Bank had no other change in share capital.

1.1 Breakdown table of changes in shares

	December 31, 2018			December 31, 2019	
Class of shares	Number of shares (share)	Proportions (%)	Changes in shares during the reporting period (share)	Number of shares (share)	Proportions (%)
Domestic state-owned shares	366,020,000	15.20	0	366,020,000	15.20
Domestic state-owned legal person shares	451,721,736	18.76	40,000,000	491,721,736	20.43
Domestic social legal person shares	1,155,945,670	48.03	(39,494,880)	1,116,450,790	46.38
Domestic natural person shares	26,312,594	1.09	(505,120)	25,807,474	1.07
Overseas listed shares (H Shares)	407,367,200	16.92	0	407,367,200	16.92
Total number of ordinary shares	2,407,367,200	100.00	0	2,407,367,200	100.00

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

During the reporting period, Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd. transferred 40 million Domestic Shares to Jiujiang City Financial Enterprise Financial Services Co., Ltd. Jiujiang City Financial Enterprise Financial Services Co., Ltd. is a wholly-owned subsidiary of a subsidiary of Jiujiang Finance Bureau.

2. Information on Shareholders

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

As at December 31, 2019, the Bank had 673 domestic shareholders in total, including 1 state-owned shareholder, 6 state-owned legal person shareholders, 58 social legal person shareholders and 608 natural person shareholders.

2.2 Top 10 Shareholders of Non-overseas Listed Domestic Shares

As at December 31, 2019, the shareholdings of the top 10 Shareholders who directly held non-overseas listed Domestic Shares are as follows:

Name of Shareholders	Class of Shares	Number of Shares Held (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	–
Dasheng (Fujian) Agriculture Co., Ltd.	Domestic Shares	136,077,498	5.65	Pledged Frozen	136,070,000 136,077,498
Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd.	Domestic Shares	95,840,000	3.98	Normal	–
Jiangxi Baoshen Industrial Co., Ltd.	Domestic Shares	86,920,000	3.61	Pledged	84,792,010
Junhe (Xiamen) Holdings Co., Ltd.	Domestic Shares	86,653,080	3.60	Pledged	81,653,080
Tellhow Group Limited	Domestic Shares	57,040,000	2.37	Pledged	49,000,000
Jiujiang Hehui Import & Export Co., Ltd	Domestic Shares	56,392,500	2.34	Pledged	49,890,000
Jiujiang State-owned Assets Management Co., Ltd.	Domestic Shares	43,454,831	1.81	Normal	–
Total		1,588,817,909	66.00[1]		

Note:

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

2.3 Interests and short positions of substantial shareholders in shares and underlying shares

As at December 31, 2019, 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	Class 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[2]	Domestic Shares	366,020,000(L)[1]	Beneficial Owner	18.30	15.20
	Domestic Shares	40,000,000(L)[1]	Interest of Controlled Corporation	2.00	1.66
Beijing Automotive Group Co., Ltd.[3]	Domestic Shares	366,020,000(L)[1]	Beneficial Owner	18.30	15.20
Industrial Bank Co., Ltd.[4]	Domestic Shares	294,400,000(L)[1]	Beneficial Owner	14.72	12.23
Dasheng (Fujian) Agriculture Co., Ltd.[5]	Domestic Shares	136,077,498(L)[1]	Beneficial Owner	6.80	5.65
Foresea Life Insurance Co., Ltd.	H Shares	104,666,400(L)[1]	Beneficial Owner	25.69	4.35
Taiping Assets Management (HK) Company Limited	H Shares	104,666,400(L)[1]	Investment Manager	25.69	4.35
Chu Mang Yee[6]	H Shares	66,037,600(L)[1]	Interest of Controlled Corporation	16.21	2.74
Sounda Properties Limited[6]	H Shares	66,037,600(L)[1]	Interest of Controlled Corporation	16.21	2.74
Hopson Development Holdings Limited[6]	H Shares	66,037,600(L)[1]	Interest of Controlled Corporation	16.21	2.74
Hopson Development International Limited[6]	H Shares	66,037,600(L)[1]	Interest of Controlled Corporation	16.21	2.74
R&F Properties (HK) Co., Ltd.[7]	H Shares	59,591,000(L)[1]	Beneficial Owner	14.63	2.48
Guangzhou R&F Properties Co., Ltd.[7]	H Shares	59,591,000(L)[1]	Interest of Controlled Corporation	14.63	2.48
Harbor Sure (HK) Investments Limited	H Shares	52,891,000(L)[1]	Security interest in shares	12.98	2.20

Name of Shareholders	Class 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 (%)
ABCI Investment Management Limited	H Shares	52,891,000(L)[1]	Interest of Controlled Corporation	12.98	2.20
ABCI International Holdings Limited	H Shares	52,891,000(L)[1]	Interest of Controlled Corporation	12.98	2.20
Agricultural Bank of China Limited	H Shares	52,891,000(L)[1]	Interest of Controlled Corporation	12.98	2.20
Ministry of Finance of the People's Republic of China	H Shares	52,891,000(L)[1]	Interest of Controlled Corporation	12.98	2.20
Central Huijin Investment Ltd.	H Shares	52,891,000(L)[1]	Interest of Controlled Corporation	12.98	2.20
Hopeson Holdings Limited[6]	H Shares	46,037,600(L)[1]	Beneficial Owner	11.30	1.91
Success Cypress Limited[8]	H Shares	40,317,800(L)[1]	Beneficial Owner	9.90	1.67
Tan Huichuan[8]	H Shares	40,317,800(L)[1]	Interest of Controlled Corporation	9.90	1.67
Guangzhou Jinxiu Dadi Property Development Company Limited[8]	H Shares	40,317,800(L)[1]	Interest of Controlled Corporation	9.90	1.67
Guangzhou Jinxiu Investment Company Limited[8]	H Shares	40,317,800(L)[1]	Interest of Controlled Corporation	9.90	1.67
Zhaoqing Tiancheng Property Co., Ltd.[8]	H Shares	40,317,800(L)[1]	Interest of Controlled Corporation	9.90	1.67
Faithful Edge Limited[8]	H Shares	40,317,800(L)[1]	Interest of Controlled Corporation	9.90	1.67
Rong De Investment Limited[9]	H Shares	33,308,200(L)[1]	Beneficial Owner	8.18	1.38
East System Investments Limited	H Shares	27,370,800(L)[1]	Beneficial Owner	6.72	1.14
Venfi Group Limited[10]	H Shares	22,205,400(L)[1]	Beneficial Owner	5.45	0.92
COAST TOWN LIMITED	H Shares	20,418,800(L)[1]	Beneficial Owner	5.01	0.85

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 or indirectly holds a total of 406.02 million domestic shares of the Bank, accounting for 16.86% of the Bank's total issued share capital as at the end of the reporting period. The bureau's legal representative is Wu Zexun. Among which, Jiujiang Finance Bureau indirectly holds 40 million domestic shares of the Bank through the holding of Jiujiang City Financial Enterprise Financial Services Co., Ltd. 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. Jiujiang Finance Bureau and Jiujiang State-owned Assets Management Co., Ltd controlled an approximate of 18.67% of ordinary shares of Bank of Jiujiang Co., Ltd.

(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 Xu Heyi. Founded in 1958, Beijing Automotive Group Co., Ltd. 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 Gao Jianping. 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 50 banks in the world.

(5) Dasheng (Fujian) Agriculture Co., Ltd. ("Dasheng Agriculture") holds 136.08 million domestic shares of the Bank, accounting for 5.65% of the Bank's total issued share capital as at the end of the reporting period., Founded on May 18, 2006 and situated in Fuzhou city, Fujian province, with Lu Tingfu as its legal representative, Dasheng Agriculture was established by Shenzhen Dasheng Agriculture Group Co.,Ltd. with full investment, and was consecutively shortlisted as one of the Top 500 Chinese private enterprises from 2015 to 2017.

(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 held through Hopeson Holdings Limited and the remaining 20,000,000 H shares 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.

(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.

2.4 The controlling shareholders of the Bank

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

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

Jiujiang Finance Bureau

Jiujiang Finance Bureau directly 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 City Financial Enterprise Financial Services Co., Ltd., who holds 40 million domestic shares of the Bank, is a wholly-owned company of Jiujiang Financial Holdings Group Co., Ltd., a wholly-owned 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. Therefore, Jiujiang Finance Bureau. controlled an aggregate of 18.67% of the interest of the total issued share capital of the Bank.

As of the end of the reporting period, both Jiujiang Finance Bureau and its concert parties did not 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 is headquartered in Beijing and is one of leading automotive groups in China and a Fortune 500 Company. The company's legal representative is Xu Heyi and its controlling shareholder is Beijing State-owned Capital Operation and Management Center. The actual controller and ultimate beneficial owner are the State-owned Assets Supervision and Administration Commission of Beijing Municipality. BAIC Group has no concert parties.

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 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. The company's legal representative is Gao Jianping. It has no controlling shareholder, concert parties and 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 50 banks in the world.

Dasheng (Fujian) Agriculture Co., Ltd.

Dasheng Agriculture holds 136.08 million domestic shares of the Bank, which are social legal person shares, accounting for 5.65% of the Bank's total issued share capital as of the end of the reporting period. As of the end of the reporting period, Dasheng Agriculture pledged a total of 136.08 million shares of the Bank.

Founded on May 18, 2006 and situated in Fuzhou city, Fujian province, Dasheng Agriculture was consecutively shortlisted as one of the Top 500 Chinese private enterprises from 2015 to 2017. The legal representative of Dasheng Agriculture is Lu Tingfu. The controlling shareholder is Shenzhen D.S. Agriculture and the actual controller and the ultimate beneficial owner are Lan Huasheng. Dasheng Agriculture has no concert parties.

2.6 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 means shareholders who hold or control 5% or above shares or voting right of the commercial bank, or who hold less than 5% of total capital or total shares of the commercial bank but have significant impact on the business of the commercial bank. The significant impact mentioned above includes but not limited to dispatching directors, supervisors or senior management of a commercial bank.

Other than those disclosed in the section 2.5 in this chapter, i.e. Jiujiang Finance Bureau, Beijing Automotive Group, Industrial Bank and Dasheng Agriculture, substantial domestic shareholders of the Bank who hold less than 5% of total capital or total shares but dispatch Directors and Supervisors to the Bank respectively are Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd. ("Foshan Gaoming") and Jiujiang Hehui Import & Export Co., Ltd. ("Jiujiang Hehui").

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 and is located in Foshan city, Guangdong province. 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 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 Unit in Foshan City".

Jiujiang Hehui Import & Export Co., Ltd.

Jiujiang Hehui holds 56.3925 million domestic shares of the Bank, which are social legal person shares, accounting for 2.34% of the Bank's total issued share capital as of the end of the reporting period. As of the end of the reporting period, Jiujiang Hehui pledged a total of 49.89 million shares of the Bank.

The legal representative of Jiujiang Hehui is Zhang Jixiang, the controlling shareholders, the actual controllers, and the ultimate beneficial owners are Zhang Jixiang, Zhang Hengying and Zhang Shuying. Jiujiang Hehui has no concert parties. The main businesses of Jiujiang Hehui are import and export of various products as a self-operated dealer and an agent; sales of fuel oil, metal materials, steel, construction materials, instrumentation, machinery and spare parts; prepackaged food; sales of mineral product; waste material recycling.

2.7 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 Investment Co., Ltd., 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 Wealth 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 Securities Co.,Ltd., etc.
4	Dasheng (Fujian) Agriculture Co., Ltd.	Dasheng Holdings Limited, Shenzhen Dasheng Agriculture Group Co., Ltd., Major Linkage Ltd., and Shenzhen Qianhai Dasheng Equity Investment Fund 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.
6	Jiujiang Hehui Import & Export Co., Ltd	Jiujiang Ship Trade Co., Ltd., Shanghai Huichuan Ship Materials Co., Ltd., Jiujiang Ship Materials Distribution Co., Ltd., Jiujiang Hehui Investment Real Estate Co., Ltd., Jiujiang Hehui Changhong Real Estate Co., Ltd., and Shanghai Xianglong Investment Management Co., Ltd., etc.

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

Unit: in millions of RMB

No.	Name of shareholders	Credit balance	The controlling shareholders of the corporation	Credit balance	Actual controllers	Credit balance	Persons 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.	225.00	Jiujiang Finance Bureau	-	Jiujiang Infrastructural Investment Limited	195.00	429.67
											Jiangxi Natural Gas Duchang Co., Ltd.	9.67	
2	Beijing Automotive Group Co., Ltd.	-	Beijing State-owned Capital Operation and Management Center	-	State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality	-	nil	-	State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality	-	Anpeng International Financial Leasing (Shenzhen) Co., Ltd.	700.00	2,917.58
											Beijing Beiqi Pengyuan Automobile Sales & Service Co., Ltd.	30.58	
											BAIC Yinxiang Automobile Co.,Ltd.	0.40	
											BAIC Penglong (Tianjin) Import & Export Co., Ltd.	150.00	
											BAIC Yinxiang Automobile Co.,Ltd.	102.00	
											Hunan Guanghua Rongchang Automobile Parts Co., Ltd.	5.30	
											Jiangxi Zhicheng Automobile Co., Ltd.	71.14	
											Jiangxi Changhe Automobile Sales Co., Ltd.	20.00	
											Jiangxi Changhe Automobile Co., Ltd.	428.16	
											BAIC Group Industrial Investment Co., Ltd.	210.00	
											BAIC Eternaland Heshun Property Co., Ltd.	1,200.00	
3	Industrial Bank Co., Ltd.	-	nil	-	nil	-	nil	-	Industrial Bank Co., Ltd.	-	-	-	0.00

No.	Name of shareholders	Credit balance	The controlling shareholders of the corporation	Credit balance	Actual controllers	Credit balance	Persons acting in concert	Credit balance	Ultimate beneficiary	Credit balance	Related party with related transaction(s)	Credit balance	Total
4	Dasheng (Fujian) Agriculture Co., Ltd.	-	Shenzhen Dasheng Agriculture Group Co.,Ltd.	-	Lan Huasheng	-	nil	-	Lan Huasheng	-	Anhui Huaxing Chemical Industry Company Limited	265.22	700.92
											Ever Fortune Financial Leasing Co., Ltd.	3.71	
											Shanghai Dasheng Agriculture Finance Technology Co., Ltd.	387.99	
											Gongqingcheng Dasheng Agriculture Wholesale One Investment Center (L.P.)	44.00	
5	Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd.	-	Lin Xin	-	Lin Xin	-	nil	-	Lin Xin	-	-	-	0.00
6	Jiujiang Hehui Import & Export Co., Ltd	144.30	Zhang Jixiang, Zhang Hengying, Zhang Shuying	-	Zhang Jixiang, Zhang Hengying, Zhang Shuying	-	nil	-	Zhang Jixiang, Zhang Hengying, Zhang Shuying	-	-	-	144.30
	Total	144.30		-		-		225.00		-	-	3,823.17	4,192.47

2.9 Pledge of equity in the Bank by substantial domestic shareholders

As of December 31, 2019, the pledge of equity in the Bank by substantial shareholders of the Bank is as follows:

(1) Dasheng Agriculture held 136,077,498 shares of the Bank and pledged 136,070,000 shares, with a pledge rate of 99.99%.

(2) Jiujiang Hehui held 56,392,500 shares of the Bank and pledged 49,890,000 shares, with a pledge rate of 88.47%.

2.10 Nomination of Directors and Supervisors by the shareholders

(1) Jiujiang Finance Bureau nominated Mr. ZENG Huasheng as a Director of the Bank;

(2) BAIC Group nominated Mr. ZHANG Jianyong as a Director of the Bank;

(3) Industrial Bank nominated Mr. LI Jianbao as a Director of the Bank;

(4) Dasheng Agriculture nominated Mr. LU Tingfu as a Supervisor of the Bank;

(5) Foshan Gaoming nominated Mr. YI Zhiqiang as a Director of the Bank; and

(6) Jiujiang Hehui nominated Ms. LIAO Jingwen as a Supervisor of the Bank.

2.11 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 Bank issued a total of 2,407,367,200 Shares, 581,184,712 of which held by 29[1] Domestic Shareholders were pledged, accounting for 24.14% of the Bank's total issued capital.

2.12 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 had a total of 581,184,712 Domestic Shares which were pledged and held by 29[1] Domestic Shareholders, accounting for 24.14% of the Bank's total shares; 148,577,498 pledged shares were judicially frozen; 136,077,498 pledged share was judicially auctioned.

(2) According to the Articles of Association, when the number of shares pledged by a shareholder reaches or exceeds 50% of the total shares held by him/her in the Bank, the said shareholder is required to issue a commitment letter of giving up his/her voting right at the Shareholders' General Meeting. As of the end of the reporting period, the number of Domestic Shares pledged by 27[1] shareholders reached or exceeded 50% (inclusive) of the total shares held by them in the Bank, and voting rights represented by 615,233,250 shares were restricted, accounting for 25.56% of the total shares.

2.13 Purchase, sale or redemption of listed securities of the Bank

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

Note:

1 Among them, 12.5 million shares held by one of the tenants were pledged and subject to judicial freeze, and such shares were auctioned in December 2019. The procedures for change of shareholding, defrosting and redemption of pledge are pending.

1. Current Directors, Supervisors and Senior Management

Directors

Name	Former name or alias	Gender	Age	Position	Terms of appointment	Number of shares held on December 31, 2019 (Share)	Class of shares
LIU Xianting		Male	58	Chairman of the Board of Directors and Executive Director	May 2017 – May 2020	500,000	Domestic Shares
PAN Ming		Male	45	Vice Chairman of the Board of Directors, Executive Director, President and Chief Customer Manager	May 2017 – May 2020	224,910	Domestic Shares
CAI Liping	CAI Liping (蔡麗萍)	Female	56	Executive Director and Vice President	May 2017 – May 2020	500,000	Domestic Shares
ZENG Huasheng		Male	56	Non-executive Director	May 2017 – May 2020	Nil	
ZHANG Jianyong		Male	43	Non-executive Director	August 2017 – May 2020	Nil	
LI Jianbao		Male	46	Non-executive Director	August 2017 – May 2020	Nil	
YI Zhiqiang		Male	60	Non-executive Director	May 2017 – May 2020	Nil	
CHUA Alvin Cheng-Hock		Male	61	Independent Non-executive Director	August 2017 – May 2020	Nil	
GAO Yuhui		Female	70	Independent Non-executive Director	August 2017 – May 2020	Nil	
QUAN Ze		Male	48	Independent Non-executive Director	August 2017 – May 2020	Nil	
YANG Tao		Male	46	Independent Non-executive Director	August 2017 – May 2020	Nil	

Supervisors

Name	Former name or alias	Gender	Age	Position	Terms of appointment	Number of shares held on December 31, 2019 (Share)	Class of shares
LUO Xinhua		Male	60	Chairman of the Board of Supervisors	May 2017 – May 2020	411,600	Domestic Shares
LU Tingfu		Male	49	Supervisor	May 2017 – May 2020	Nil	
GUO Jiequn		Male	49	Supervisor	May 2017 – May 2020	Nil	
CHEN Chunxia		Female	56	Supervisor	May 2017 – May 2020	Nil	
LIAO Jingwen		Female	34	Supervisor	May 2017 – May 2020	14,000	Domestic Shares
WANG Xinyan		Male	44	Supervisor and General Manager of the Asset Preservation Department	December 2019 – May 2020	Nil	

Senior Management

Name	Former name or alias	Gender	Age	Position	Number of shares held on December 31, 2019 (Share)	Class of shares
PAN Ming		Male	45	Vice Chairman of the Board of Directors, Executive Director, President and Chief Customer Manager	224,910	Domestic Shares
CAI Liping	CAI Liping (蔡麗萍)	Female	56	Executive Director and Vice President	500,000	Domestic Shares
WANG Kun		Male	43	Vice President	434,588	Domestic Shares
XIAO Jing		Male	43	Vice President and Chief Information Officer	55,566	Domestic Shares
TONG Faping		Male	47	Board Secretary	379,291	Domestic Shares
HUANG Chaoyang		Male	50	Assistant to President	500,000	Domestic Shares
QI Yongwen		Male	49	Director of Retail Banking and President of Shangrao Branch	249,900	Domestic Shares
CHEN Luping		Male	53	Director of Small-enterprise Credit	331,100	Domestic Shares
XU Cao		Male	52	Assistant to President and President of Fuzhou Branch	217,560	Domestic Shares
WANG Yuanxin		Male	52	Assistant to the President, Chairman and President of Beijing Daxing Jiuyin County Bank	220,500	Domestic Shares
CAI Jianhong		Male	51	Assistant to President and Director and President of Guixi Jiuyin County Bank	16,170	Domestic Shares
WANG Li		Female	56	Assistant to President	Nil	

2. Changes in Directors, Supervisors and Senior Management

2.1 Changes in Directors, Supervisors and Senior Management during the Reporting Period

Supervisors

During the reporting period, Ms. QIU Jian has resigned as a Shareholder Supervisor of the Bank on May 21, 2019 due to work rearrangement. Meanwhile, upon the consideration and approval at the 2018 Annual General Meeting of the Bank convened on May 21, 2019, Mr. LU Tingfu was elected as the Shareholder Supervisor of the Bank. The term of office commenced from the date of the consideration and approval by the 2018 Annual General Meeting until the expiry date of the 5th session of the Board of Supervisors. For details, please refer to the announcements of the Bank dated March 29, 2019 and May 21, 2019.

During the reporting period, Ms. DAI Wenjing has resigned as an Employee Supervisor of the Bank on December 27, 2019 due to work adjustment. Meanwhile, upon the consideration and approval at the 4th meeting of the 5th session of the general meeting of employee representatives of the Bank convened on December 27, 2019, Mr. WANG Xinyan was elected as the Employee Supervisor of the Bank. The term of office commenced from the date of the consideration and approval by the 4th meeting of the 5th session of the general meeting of employee representatives until the expiry date of the 5th session of the Board of Supervisors. For details, please refer to the announcement of the Bank dated December 27, 2019.

Senior Management

Upon the review conducted by the People's Government of Jiujiang City on September 24, 2019, the notice of appointment and dismissal and approval by the 16th meeting of the 5th session of the Board of Directors of the Bank convened on March 30, 2020, Mr. Tong Faping was removed from the position of Vice President of Bank of Jiujiang.

2.2. Changes in Directors, Supervisors and Senior Management after the Reporting Period

Directors

Considered and passed at the 16th meeting of the 5th session of the Board of the Bank, Mr. HUANG Jiajue was nominated as a Non-executive Director of the 6th session of the Board of the Bank, and Mr. YI Zhiqiang will no longer serve as a Non-executive Director of the Bank.

Mr. HUANG Jiajue, aged 49, acted as a lecturer in the Department of Economics of Jiaying University, Meizhou city from July 1991 to March 1993; a staff member and then the deputy chief of the Personnel Section of China Construction Bank Meizhou Branch from March 1993 to May 1996; the president of China Construction Bank Fengshun County Sub-branch from May 1996 to April 2000; the assistant president and the vice president of Guangdong Eastern Fibernet Investment Co., Ltd. from May 2000 to December 2001; the vice president of Guangdong Zhuguang Group from December 2001 to November 2009; the executive director, deputy chairman of the Board, and CFO of Zhuguang Holdings (listed on Hong Kong Stock Exchange, stock code: 1176) from November 2009 up to now; and is also the executive director and CEO of Silver Grant International Holdings Group Limited (listed on Hong Kong Stock Exchange, stock code: 171) from January 2019 up to now. Mr. HUANG obtained the EMBA degree from Sun Yat-Sen University (中山大學) in June 2008.

Matters concerning the re-election of directors are still pending for deliberation and approval by the Bank's shareholders' general meeting. The newly elected directors will be reported to China's Banking and Insurance Regulatory Authority for qualification approval. Their tenure will start from the date of the effective approval by China's Banking and Insurance Regulatory Authority and last until the expiry of the term of the 6th session of the Board.

For details of the transition of directors, please refer to the announcement issued by the Bank on March 30, 2020.

Supervisors

Considered and passed at the 16th meeting of the 5th session of the Board, LIU Chunmei was nominated as a Shareholder Supervisor of the 6th session of the Board of Supervisors of the Bank, and LU Tingfu will no longer serve as a Shareholder Supervisor of the Bank.

Ms. LIU Chunmei, aged 71, was an educated youth in the 12th Regiment of the 4th Division under Guangzhou Production and Construction Corps from 1968 to 1973; continued her studies in People's Bank of China Guangzhou Branch Technical Secondary School from 1974 to 1976; acted in succession as the chief of the Savings Section and office head of Industrial and Commercial Bank of China Guangzhou Branch from 1976 to 2000; and served as the deputy general manager of Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd. from 2004 up to now. Ms. LIU graduated in December 1997 from Correspondence College of the Party School of the Central Committee of C.P.C.

Matters concerning the re-election of supervisors are still pending for deliberation and approval by the Shareholders' General Meeting of the Bank. The tenure of supervisors is three years starting from the date of the effective approval of this resolution by the Shareholders' General Meeting of the Bank.

For details of the transition of supervisors, please refer to the announcement issued by the Bank on March 30, 2020.

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 the other Directors, Supervisors and senior management of the Bank.

3. Biographies of Directors, Supervisors and Senior Management

3.1 Directors

Mr. LIU Xianting (劉羨庭), aged 58, is an executive Director and the chairman of the Board of Directors of the Bank.

Mr. LIU worked for the Lianhua County Sub-branch of PBOC from January 1981 to November 1984 and was responsible for accounting and cashier works, statistical planning and industrial and commercial credit. He joined the Ji'an Regional Branch of PBOC from November 1984 to February 1987 and was responsible for fund management and integrated management at the fund planning division. He served as the deputy head and subsequently head of the fund planning division of Ji'an Regional Branch of PBOC from February 1987 to May 1990 and from May 1990 to September 1991, respectively. He became the president of Ji'an Municipal Sub-branch of PBOC from September 1991 to September 1998. He served as the standing deputy head and director of the office of the leading preparatory team of Jiujiang City Commercial Bank (九江市商業銀行) from September 1998 to January 2001; and deputy Party leadership group secretary, vice chairman and president of Jiujiang City Commercial Bank from January 2000 to October 2004. He served as the Party committee secretary, chairman and president of Jiujiang City Commercial Bank from October 2004 to October 2008, and Party committee secretary, chairman and president of the Bank from October 2008 to August 2013. Mr. LIU has been the Party committee secretary and chairman of the Bank since August 2013.

Mr. LIU is a senior economist. He graduated from Shaanxi Institute of Finance and Economics (陝西財經學院) in July 1997, majoring in finance, and was conferred a bachelor's degree in economics by the same institute in June 1998. He obtained an EMBA degree from Huazhong University of Science and Technology (華中科技大學) in December 2006.

Mr. PAN Ming (潘明), aged 45, is an executive Director, vice chairman, president and chief customer manager of the Bank.

Mr. PAN served as a teller and credit officer of the Jiujiang Baishuihu Urban Credit Cooperative (九江市白水湖城市信用社) from July 1997 to March 1999; head of the credit department under the preparatory office of Jiujiang City Commercial Bank from February 1999 to January 2000; vice president of the Baishuihu Governing Branch (in preparation) of Jiujiang City Commercial Bank from January 2000 to December 2002; and vice president (person-in-charge) of the Baishuihu Governing Branch of Jiujiang City Commercial Bank from December 2002 to January 2004. He served as the president of Sanli Street Sub-branch of Jiujiang City Commercial Bank from January 2004 to February 2006; and assistant to the president of Jiujiang City Commercial Bank and president of the Sanli Street Sub-branch from February 2006 to January 2008. He served as an assistant to the president of Jiujiang City Commercial Bank from January 2008 to August 2008; Party committee member and assistant to the president of the Bank from August 2008 to January 2009; and Party committee member and assistant to the president of the Bank and president of the Ji'an Branch from January 2009 to April 2009. He served as the Party committee member and vice president of the Bank and president of the Ji'an Branch from April 2009 to February 2010; Party committee member and vice president of the Bank from February 2010 to April 2013 as well as president of Guangzhou Branch from March 2011 to April 2013; and deputy party committee secretary and vice president of the Bank from April 2013 to August 2013. Mr. PAN has been the deputy Party committee secretary, vice chairman, president and head customer manager of the Bank since August 2013.

Mr. PAN is a senior economist. He graduated from the Investment and Finance Faculty of Jiangxi University of Finance and Economics (江西財經大學), majoring in monetary banking and was conferred a bachelor's degree in economics by the same university in July 1997. He graduated from the MBA School of Jiangxi University of Finance and Economics in September 2007 and obtained an MBA degree from Jiangxi University of Finance and Economics in December 2009. He also obtained an EMBA degree from Tsinghua University (清華大學) in January 2017.

Ms. CAI Liping (蔡麗平), former name: 蔡麗萍, aged 56, is an executive Director and vice-president of the Bank.

Ms. CAI served as staff of Jiujiang Dazhong Road Urban Credit Cooperative (九江市大中路城市信用社) from April 1990 to September 1994; deputy head of Jiujiang Dazhong Road Urban Credit Cooperative from September 1994 to April 2000; and became the person-in-charge of the Baishuihu Sub-branch (in preparation) of Jiujiang City Commercial Bank from April 2000 to February 2001; and assistant to the president of Jiujiang City Commercial Bank from February 2001 to May 2003. Ms. CAI has been a Party committee member and the vice president of the Bank since May 2003. Ms. CAI is a senior economist. She graduated from Hubei University of Technology (湖北工學院) in July 2003, majoring in law, and obtained an EMBA degree from Huazhong University of Science and Technology (華中科技大學) in December 2006.

Mr. ZENG Huasheng (曾華生), aged 56, is a non-executive Director of the Bank.

Mr. ZENG served as the deputy director of the Finance Bureau of Yongxiu County from January 1990 to December 1992; deputy director of the State-owned Assets Administrative Bureau of Jiujiang from June 1994 to October 1996; and became the director of the office and head of the extra-budgetary fund management division of Jiujiang Finance Bureau from November 1996 to July 2004. Mr. ZENG has served as the deputy director of the Jiujiang Finance Bureau since August 2004. Mr. ZENG graduated from the Correspondence College of the Party School of the Central Committee of C.P.C. (中共中央黨校函授學院), majoring in economic management, in December 1996.

Mr. ZHANG Jianyong (張建勇), aged 43, is a non-executive Director of the Bank.

Mr. ZHANG served as the chief accountant of the finance and asset department of the China Electric Power Research Institute from July 2001 to December 2003; assistant to the manager, deputy manager and manager of the asset and finance department of Beijing Automotive Industry Holding Co., Ltd. successively from December 2003 to December 2010; and as head of the finance department and deputy chief financial officer of Beijing Automotive Group Co., Ltd. from December 2010 to June 2015. Mr. ZHANG has been the vice general manager of Beijing Automotive Group Co., Ltd. Since March 2016, Mr. ZHANG has served as the Party committee secretary and chairman of BAIC Group Finance Co., Ltd.

Mr. ZHANG is a senior accountant and a PRC lawyer. He graduated from Zhongnan University of Finance and Economics (中南財經大學) in June 1998, majoring in business administration, and was conferred a bachelor's degree in business administration by the same university at the same time. He obtained his doctoral degree in management from Beijing Institute of Technology (北京理工大學) in March 2015.

Mr. LI Jianbao (李堅寶), aged 46, is a non-executive Director of the Bank.

Mr. LI served as a member of the Jin'an Sub-branch of the Fuzhou Branch of Industrial Bank from August 1996 to February 1997; officer of the planning and fund department under the head office of Industrial Bank from February 1997 to June 2001; and senior deputy manager of the interbank business department under the head office of Industrial Bank from June 2001 to November 2003. He served as a senior deputy manager of the fund operations center under the head office of Industrial Bank from November 2003 to October 2007; senior manager of the fund operations center under the head office of Industrial Bank from October 2007 to May 2011; and as head of the interbank cooperation services center under the head office of Industrial Bank from May 2011 to March 2015. Mr. LI has been the general manager of the interbank cooperation services center under the head office of Industrial Bank since March 2015.

Mr. LI graduated from the Department of Finance of Shaanxi Institute of Finance and Economics (陝西財經學院) in July 1996, majoring in finance, and was conferred a bachelor's degree in economics by the same institute at the same time. He obtained an MBA degree from China Europe International Business School (中歐國際工商學院) in October 2011.

Mr. YI Zhiqiang (易志強), aged 60, is a non-executive Director of the Bank.

Mr. YI served as a clerk of Foshan Labor Services Company (佛山市勞動服務公司) from November 1981 to July 1982; officer of the publicity department of the Party Committee of Foshan from August 1982 to August 1984; an officer of Foshan Bureau of Radio and Television from September 1984 to July 1987; and an officer of Nanhai Foreign Economic Working Committee (南海對外經濟工作委員會) from August 1987 to July 1993. Mr. YI has been the deputy general manager of Foshan Gaoming since October 2000.

Mr. YI graduated from the Academy of Executive Management Leadership of South China Normal University (華南師範大學行政管理幹部學院) by completing a two-year program in Chinese studies in July 1986.

Mr. CHUA Alvin Cheng-Hock (蔡清福), aged 61, is an independent non-executive Director of the Bank.

Mr. CHUA has been an independent non-executive director of China Guangfa Bank since April 2014, and managing director and global head of the sales sector, trading and research of securities and fixed-income products of BOC International Holdings Limited (Hong Kong) since June 2014. He has been a part-time professor of Lingnan (University) College, Sun Yat-sen University (中山大學嶺南(大學)學院) since April 2014. Mr. CHUA obtained a bachelor's degree in business administration from The University of Texas at Austin in May 1981, and obtained an MBA degree from The University of Chicago in June 1987.

Ms. GAO Yuhui (高玉輝), aged 70, is an independent non-executive Director of the Bank.

Ms. GAO was the chief risk officer and general manager of the risk management department of Bank of Beijing Co., Ltd. (listed on Shanghai Stock Exchange, stock code: 601169) from July 2006 to June 2010, and served concurrently as a director of Bank of Beijing Co., Ltd. from June 2004 to August 2010.

Ms. GAO is an intermediate economist. She graduated from the evening class of Beijing Vocational College of Finance and Commerce (北京財貿學院夜大學) in January 1984, majoring in finance.

Mr. QUAN Ze (全澤), aged 48, is an independent non-executive Director of the Bank.

Mr. QUAN served as a senior manager of the investment banking department of Shenyin & Wanguo Securities Co., Ltd., now known as Shenwan Hangyuan Group Co., Ltd., (listed on Shenzhen Stock Exchange, stock code: 000166 and Hong Kong Stock Exchange stock code: 06806) from January 1998 to January 2001, and as a vice president of China Dragon Securities Co., Ltd. from May 2001 to May 2012. Mr. QUAN served as the vice chairman of Shanghai Committee of China National Democratic Construction Association and concurrently a member of Shanghai Xuhui District Committee of the Chinese People's Political Consultative Conference since December 2011 to December 2016. Mr. QUAN has been the general manager of Shanghai Difeng Investment Co., Ltd. since May 2012. Mr. QUAN served as an independent director of Zhejiang Lonsen Group Co., Ltd. (listed on Shanghai Stock Exchange, stock code: 600352) since April 2013 to April 2019; an independent director of Guangdong Taiantang Pharmaceutical Co., Ltd. (listed on Shenzhen Stock Exchange, stock code: 002433) since May 2013 to May 2019; an independent director of Zhejiang Juhua Co., Ltd. (listed on Shanghai Stock Exchange, stock code: 600160) since October 2013 to November 2019; an independent director of Shanghai Worth Garden Products Co., Ltd. (listed on Shenzhen Stock Exchange, stock code: 300483) since February 2015 to July 2018. Mr. QUAN has been an independent director of Xinjiang Tianye Co., Ltd. (listed on Shanghai Stock Exchange, stock code: 600075) since September 2016.

Mr. QUAN is a Certified Public Accountant. He graduated from Tongji University (同濟大學) in July 1995 majoring in polymer materials, and was conferred a bachelor's degree in engineering by the same university at the same time. He graduated as a doctoral student in accounting from Shanghai University of Finance and Economics (上海財經大學) in January 2007, and was conferred a doctoral degree in management by the same university at the same time.

Mr. YANG Tao (楊濤), aged 46, is an independent non-executive Director of the Bank.

Mr. YANG was engaged in post-doctoral research in the business administration department of Chinese Academy of Social Sciences (中國社會科學院) from October 2004 to January 2007. Mr. YANG has been a researcher at the Institute of Finance of Chinese Academy of Social Sciences since September 2003.

Mr. YANG is a non-practising member of the Beijing Institute of Certified Public Accountants and is qualified to practice law in the PRC. He graduated from the Faculty of Economic Management of Nanjing University of Science and Technology (南京理工大學) in June 1995 with a major in industrial trading. He was a master student at the graduate school of the Research Institute of the Ministry of Finance (財政部科研所研究生部) from September 1997 to July 2000 and a doctoral student of the Finance and Trade Department of the Graduate School of Chinese Academy of Social Sciences from September 2000 to July 2003. Mr. YANG graduated as a doctoral student in finance and politics from the Graduate School of Chinese Academy of Social Sciences in June 2003, and obtained a doctoral degree in economics from the same Academy in June 2003.

3.2 Supervisors

Mr. LUO Xinhua (羅新華), aged 60, is the chairman of the Board of Supervisors of the Bank.

Mr. LUO served as a communication officer of Jiujiang Finance Bureau from October 1978 to April 1982, teacher at the Jiujiang Correspondence School (九江函授站) of Jiangxi Institute of Finance and Economics (江西財經學院) from May 1982 to December 1990 and became the person-in-charge of the academic registry, head of the academic registry and vice principal of Jiujiang Vocational School of Finance and Accounting (九江市財會職業中專) successively from January 1991 to October 1997. He served as the deputy head of the preparatory office of Jiujiang City Commercial Bank from November 1997 to January 2000; and as head of the discipline inspection department, Party group member and chairman of the board of supervisors of Jiujiang City Commercial Bank from January 2000 to October 2003. Mr. LUO served as a Party committee member of the Bank, secretary of the Commission for Discipline Inspection, and chairman of the Board of Supervisors from November 2003 to September 2019; and as a Party committee member of the Bank and chairman of the Board of Supervisors from November 2003 to March 2020. Mr. LUO has been the chairman of the Board of Supervisors since November 2003.

Mr. LUO graduated from Hubei Province Economic Management Cadre Institute (湖北省經濟管理幹部學院) in July 2004, majoring in accounting, and obtained an EMBA degree from Huazhong University of Science and Technology (華中科技大學) in December 2006.

Mr. LU Tingfu (盧挺富), aged 49, is a Supervisor of the Bank.

Mr. LU held a number of positions of Fujian Textile and Chemical Fiber Group Co., Ltd. (福建紡織化纖集團有限公司), including assistant finance manager, finance manager and auditor from July 1993 to October 2010. Mr. LU acted as the vice general manager of Shenzhen Dasheng Agriculture Group Co., Ltd. (深圳市大生農業集團有限公司) from January 2014 to February 2019, acts as the legal representative of Dasheng (Fujian) Agriculture Co., Ltd. (大生(福建)農業有限公司) from May 2014 up to now, and the general manager of Shenzhen Dasheng Agriculture Group Co., Ltd. from March 2019 up to now.

Mr. LU graduated from South China Institute of Tropical Crops (華南熱帶作物學院) (now known as Hainan University(海南大學)) majoring in economics and management in June 1993.

Mr. GUO Jiequn (郭傑群), aged 49, is a Supervisor of the Bank.

Mr. GUO has been the President of Ningbo (China) Supply Chain Innovation Institute since September 2019, and has been a part-time researcher at the Transportation and Logistics Center of Massachusetts Institute of Technology since September 2019. In addition, Mr. GUO has been a part-time researcher at Monetary Policy and Financial Stability Research Center of Tsinghua University since 2017. Mr. GUO served as a deputy director of XIN Real Estate FinTech Research Center under the National Institute of Financial Research of Tsinghua University (清華大學國家金融研究院鑫苑房地產金融科技研究中心) from 2017 to 2019.

Mr. GUO graduated from the Department of Mathematics of Beijing Normal University (北京師範大學) in July 1992 and was conferred a bachelor's degree in science by the same university at the same time. He was conferred a Ph.D. in philosophy by Indiana University in the United States in May 2001.

Ms. CHEN Chunxia (陳春霞), aged 56, is a Supervisor of the Bank.

Ms. CHEN has been a professor of the School of Finance of Jiangxi University of Finance and Economics (江西財經大學金融學院) since October 2002, and currently teaches monetary banking policy and theory and corporate financial theory and policy. Ms. CHEN was accredited as a "young and middle-aged backbone teacher of Jiangxi Province" (江西省中青年骨幹教師) in 2004, a "young and middle-aged pioneer of higher education institutions of Jiangxi Province for 2006-2009" (2006-2009年江西省高等學校中青年帶頭人) in 2006 and a member of the "seventh batch of young and middle-aged pioneers of Jiangxi Province" (江西省第七批中青年帶頭人) in 2011.

Ms. CHEN graduated from Jiangxi Institute of Finance and Economics (江西財經學院) in July 1985 and was conferred a bachelor's degree in economics by the same university at the same time. She obtained a doctoral degree in economics from Jiangxi University of Finance and Economics (江西財經大學) in June 2004.

Ms. LIAO Jingwen (廖靜文), aged 34, is a Supervisor of the Bank.

Ms. LIAO served as a teller at the banking business department of the Bank from August 2006 to September 2006; human resources commissioner of the human resources department of the Bank from September 2006 to February 2010; and as an assistant to the general manager of the human resources department of the Bank from February 2010 to April 2016. Ms. LIAO has been the deputy general manager of the county bank management headquarters and general manager of the human resources department under the county bank management headquarters of the Bank since April 2016.

Ms. LIAO is a level-one human resources manager, and an IPMA-CP. She graduated from Zhongnan University of Economics and Law (中南財經政法大學) in June 2006, majoring in labor and social security.

Mr. WANG Xinyan (王新顏), aged 44, is a Supervisor of the Bank.

Mr. WANG Xinyan served as a credit clerk of Baishuihu Urban Credit Cooperative (白水湖城市信用社) from July 1997 to February 1999; a chief accountant of the Dazhong Road Urban Credit Cooperative (大中路城市信用社) from March 1999 to January 2000; a statistician of the planning and finance department of Jiujiang City Commercial Bank (九江市商業銀行) from February 2000 to July 2004; an audit commissioner of the internal control and audit department of Jiujiang City Commercial Bank from August 2004 to February 2008; an assistant to the general manager of the internal control and audit department of Jiujiang City Commercial Bank from March 2008 to July 2008; a deputy general manager of the internal control and audit department of Jiujiang City Commercial Bank from August 2008 to January 2010; a deputy general manager of the audit department of the Bank from February 2010 to January 2011; president of the Xiushui Branch of the Bank from February 2011 to March 2013; vice president of the Ji'an Branch of the Bank from April 2013 to February 2015; head of the Yingtan Branch (in preparation) of the Bank from February 2015 to October 2015; president of the Yingtan Branch of the Bank from October 2015 to January 2018; and a general manager of the risk management department of the Bank from January 2018 to November 2019. Mr. WANG has been a general manager of the asset preservation department of the Bank since November 2019.

Mr. WANG Xinyan graduated from Jiangxi University of Finance and Economics (江西財經大學) in December 2016 majoring in finance.

3.3 Senior Management

See "3. Biographies of Directors, Supervisors and Senior Management – 3.1 Directors" of this Chapter for the biographical details of Mr. PAN Ming and Ms. CAI Liping.

Mr. WANG Kun (王琨), aged 43, is the vice president of the Bank.

Mr. WANG served as a teller of Jiujiang Dazhong Road Urban Credit Cooperative (九江市大中路城市信用社) from September 1995 to July 1998; customer manager of the preparatory office of Jiujiang City Commercial Bank from August 1998 to January 2000; deputy head of the business department of Jiujiang City Commercial Bank from January 2000 to February 2003; vice president of Gongyuan Governing Branch of Jiujiang City Commercial Bank from February 2003 to January 2004; and president of the Changhong Sub-branch of Jiujiang City Commercial Bank from January 2004 to March 2008. He became an assistant to the president of the Bank and president of the Changhong Sub-branch from March 2008 to March 2009; assistant to the president and general manager of key customer center of the Bank from March 2009 to October 2009; assistant to the president of the Bank and president of Nanchang Branch from October 2009 to August 2010; party committee member and assistant to the president of the Bank and president of the Nanchang Branch from August 2010 to December 2010; and Party committee member, vice president of the Bank and president of Nanchang Branch from December 2010 to March 2014. Mr. WANG has been a Party committee member and vice president of the Bank since March 2014.

Mr. WANG is an intermediate economist. He graduated from Tsinghua University (清華大學) in July 2003 with a major in law, and obtained an MBA degree from Jiangxi University of Finance and Economics (江西財經大學) in December 2008. He graduated from the EMBA (finance) program of Cheung Kong Graduate School of Business (長江商學院) in September 2016 and was conferred an EMBA degree by the school.

Mr. XIAO Jing (肖璟), aged 43, is the vice president and chief information officer of the Bank.

Mr. XIAO served as a programmer of the back-office project team under the development department of ICBC from September 1999 to May 2002; the deputy manager and then manager of the second division of the system department of ICBC from May 2002 to September 2006 and from September 2006 to August 2009, respectively. He served as a senior technical manager of the Hangzhou first development division under the software development center of ICBC from August 2009 to August 2010; deputy general manager and then general manager of the Guangzhou first development division under the software development center of ICBC from September 2010 to February 2012 and from March

2012 to April 2014, respectively. He joined the Bank in April 2014, and has served as the chief information officer of the Bank from July 2014 to August 2018 and has been a Party committee member as well as chief information officer of the Bank from August 2018 to December 2018. Mr. XIAO has been a Party committee member, vice president and chief information officer of the Bank since December 2018.

Mr. XIAO is a senior engineer and is qualified as an internal auditor. He was also accredited as a Financial Risk Manager by the Global Association of Risk Professionals. He graduated from Zhongnan University of Finance and Economics (中南財經大學), majoring in management information systems, and was conferred a bachelor's degree in engineering by the same university in June 1999. He obtained an MBA degree from Sun Yat-sen University (中山大學) in June 2007.

Mr. TONG Faping (童發平), aged 47, is the board secretary of the Bank.

Mr. TONG served as a teller of Jiujiang Binxing Urban Credit Cooperative (九江市濱興城市信用社) from July 1997 to August 1998; chief accountant of Jiujiang Dazhong Road Urban Credit Cooperative (九江市大中路城市信用社) from August 1998 to April 1999; general manager of the planning and finance department of Jiujiang City Commercial Bank from April 1999 to March 2003; and general manager of the credit approval department of the Bank from March 2003 to January 2006. He became an assistant to the president of the Bank from January 2006 to August 2008; party committee member and assistant to the president of the Bank from August 2008 to April 2009; a party committee member and vice president from April 2009 to May 2016. He was a party committee member, vice president and secretary to the Board of the Bank from May 2016 to September 2019. Mr. TONG has served as a secretary to the Board of the Bank since May 2016.

Mr. TONG is an intermediate accountant and a senior economist. He graduated from Vocational Technology Normal College under Jiangxi Agricultural University (江西農業大學職業技術師範學院會), majoring in accounting education in July 1997, and obtained an MBA degree from Zhongnan University of Economics and Law (中南財經政法大學) in June 2007.

Mr. HUANG Chaoyang (黃朝陽), aged 50, is an assistant to the president of the Bank.

Mr. HUANG served as a clerk and deputy section head of the De'an County Sub-branch of PBOC from August 1991 to June 2001; general manager of the planning and finance department of the Bank from June 2001 to April 2009; and board secretary of the Bank from April 2009 to January 2011. He served as the board secretary of the Bank and president of the Hefei Branch from February 2011 to February 2012; board secretary of the Bank from March 2012 to June 2014 and compliance director of the Bank from June 2014 to September 2016. Mr. HUANG has served as an assistant to the president of the Bank since September 2016.

Mr. HUANG is a senior economist and a Certified Public Accountant in China. He graduated from the Faculty of Chemistry and Chemical Engineering of Wuxi Institute of Light Industry (無錫輕工業學院), majoring in refined chemical engineering, and was conferred a bachelor's degree in engineering by that institute in June 1991. He obtained an MBA degree from Zhongnan University of Economics and Law (中南財經政法大學) in December 2007.

Mr. QI Yongwen (齊永文), aged 49, is the director of retail banking and the President of Shangyuan Branch of the Bank.

Mr. QI served as a software engineer of the computer department of the Jiujiang Branch of China Construction Bank from January 1994 to January 2001; and deputy general manager of the technology department of Jiujiang City Commercial Bank from January 2001 to January 2006. He served as the general manager of the information technology department of the Bank from February 2006 to February 2011; information director (chief information officer) of the Bank from February 2011 to April 2013; information director (chief information officer) of the Bank and president of Guangzhou Branch from April 2013 to June 2013; assistant to the president of the Bank and president of the Guangzhou Branch from June 2013 to January 2016, and assistant to the president of the Bank from January 2016 to September 2016; and the director of retail banking of the Bank from September 2016 to June. Mr. QI has been the director of retail banking and the President of the Shangyuan Branch since June 2019.

Mr. Qi graduated from the School of Computer Science of Shandong University (山東大學計算機科學系) with a major in computer applications and was conferred a bachelor's degree of science by such university in July 1992. He obtained an MBA degree from Zhongnan University of Economics and Law (中南財經政法大學) in December 2008.

Mr. CHEN Luping (陳盧平), aged 53, is the director of small-enterprise credit of the Bank.

Mr. CHEN served as a credit officer of the Daqiao office of Jiujiang Branch of Agricultural Bank of China from July 1989 to April 1990; section head of the life insurance section of Lushan Sub-branch of Jiujiang Branch of Agricultural Bank of China from April 1990 to October 2000; and president of Lushan Sub-branch of the Bank from October 2000 to January 2006. He served as an independent credit approval officer (grade 1) of the credit approval department of the Bank from January 2006 to March 2007; general manager of the loan center for small-and-micro enterprises of the Bank from March 2007 to July 2010; and general manager of the small-enterprise credit center of the Bank from July 2010 to December 2014.Mr. CHEN has served as the director of small-enterprise credit of the Bank since December 2014.

Mr. CHEN is a senior economist. He graduated from Anhui Institute of Finance and Economics (安徽財貿學院), majoring in accounting in July 2004.

Mr. XU Cao (許操), aged 52, is an assistant to the president of the Bank and president of the Fuzhou Branch of the Bank.

Mr. XU served as the general office secretary of the Bank from August 2000 to February 2003; deputy general manager (person-in-charge) of the office of the Bank from February 2003 to July 2004; president of the Ruichang Sub-branch of the Bank from July 2004 to December 2008; and chairman of the board of directors and president of Zhongshan Xiaolan County Bank (中山小欖村鎮銀行) from December 2008 to January 2012. He served as the general manager of the risk management department of the Bank from February 2012 to January 2015, and has concurrently served as the general manager of the legal and compliance department of the Bank since February 2012. He was the principal person-in-charge of Fuzhou Branch of the Bank, and then president of Fuzhou Branch of Jiujiang Bank from January 2015 to March 2015 and from April 2015 to August 2015, respectively. Mr. XU has served as an assistant to the president of the Bank and president of the Fuzhou Branch since August 2015.

Mr. XU is a senior economist. He graduated from Tsinghua University (清華大學) with a major in economics (finance and insurance) in September 2006.

Mr. WANG Yuanxin (王遠昕), aged 52, is an assistant to the president of the Bank, and chairman and president of Beijing Daxing Jiuyin County Bank (北京大興九銀村鎮銀行).

Mr. WANG served as a credit officer of the suburb office of Jiujiang Branch of Agricultural Bank from July 1987 to August 1993; director of the Guizhixiang savings section of the suburb office of Jiujiang Branch of Agricultural Bank from September 1993 to April 1995; and director of the Yifangtian Sub-office of the suburb office of Jiujiang Branch of Agricultural Bank from May 1995 to June 1996. He served as the deputy director of the Maotoushan Sub-office of the suburb office of Jiujiang Branch of Agricultural Bank from July 1996 to January 2000; deputy director of the suburb office of Jiujiang Branch of Agricultural Bank from January 2000 to February 2001; manager of the suburb office of Jiujiang Branch of Agricultural Bank from February 2001 to January 2002; and manager of the Balihu Subbranch of Jiujiang Branch of Agricultural Bank from January 2002 to September 2004. He became the deputy general manager of the credit approval department of Jiujiang Commercial Bank from October 2004 to January 2005; general manager of the business department of the Bank from January 2005 to January 2012; chairman and president of Zhongshan Xiaolan County Bank from February 2012 to January 2016; and principal personin-charge of Beijing Daxing Jiuyin County Bank from February 2016 to October 2016. Mr. WANG has served as the chairman and president of Beijing Daxing Jiuyin County Bank since October 2016, and has concurrently served as an assistant to the president of the Bank since November 2016.

Mr. WANG is an intermediate economist. He graduated from China Central Radio and TV University (中央廣播電視大學), majoring in finance, in May 2005.

Mr. CAI Jianhong (蔡劍洪), aged 51, is an assistant to the president of the Bank, and chairman and president of Guixi Jiuyin County Bank (貴溪九銀村鎮銀行).

Mr. CAI served as a statistician and investigator of the planning section of Jiujiang County Subbranch of PBOC from February 1986 to March 1994; auditor of the audit section of Jiujiang County Sub-branch of PBOC from March 1994 to August 1994; head of the administrative secretariat section of Jiujiang County Sub-branch of PBOC from August 1994 to March 2000; and personal secretary of head of office of the Jiujiang Central Sub-branch of PBOC from March 2000 to February 2001. He served as the head of the discipline inspection division of Jiujiang County Sub-branch of PBOC from March 2001 to December 2003; director of the Jiujiang Regulatory Office of the CBRC Jiujiang Branch Office (currently CBIRC Jiujiang Branch Office) from December 2003 to August 2012; head of the regulatory third division of the CBRC Jiujiang Branch Office (currently CBIRC Jiujiang Branch Office) from August 2012 to February 2016; and principal person-in-charge of Guixi Jiuyin County Bank from March 2016 to November 2016. Mr. CAI has served as an assistant to the president of the Bank, and as the chairman and president of Guixi Jiuyin County Bank since November 2016.

Mr. CAI is an intermediate financial economist. He graduated from the Party School of the Central Committee of C.P.C (中共中央黨校), majoring in economic management, in December 1998.

Ms. WANG Li (王琍), aged 56, is an assistant to the president of the Bank.

Ms. WANG served as an officer and head of the planning department of the Jiangxi Branch of the PBOC from July 1986 to December 1998; head of the cooperative division under the Nanchang supervision office of the Wuhan Branch of the PBOC from January 1999 to February 2001; deputy head of the Corporate Banking Supervision Division under the Nanchang supervision office of the Wuhan Branch of the PBOC from February 2001 to September 2003; and deputy head of the Rural Banking Supervision Division of the CBRC Jiangxi Bureau from October 2003 to October 2006. She served as the deputy head of the second state-owned banking department of the CBRC Jiangxi Bureau from November 2006 to August 2009; deputy director of the cooperative division of the CBRC Jiangxi Bureau from September 2009 to October 2011; director of the Stock Division of the CBRC Jiangxi Bureau from November 2011 to March 2016; and head of the postal office of the CBRC Jiangxi Bureau from April 2016 to March 2017. Ms. WANG has served as an assistant to the president of the Bank since March 2017.

Ms. WANG is a senior economist. She graduated from the quantitative statistics department of Jiangxi Institute of Finance and Economics (江西財經學院), majoring in national economic plans in July 1987, and was conferred a bachelor's degree in economics by the same institute at the same time. Ms. WANG obtained an MBA degree from the University of South Australia in March 2009.

4. Joint Company Secretaries

On July 5, 2019, Ms. Ng Wing Yan has resigned as the joint company secretary of the Bank and agent for the acceptance on delivery of service of process or notice of the Bank ("Service of Process Agent") in Hong Kong under the Company Ordinance (Chapter 622 of the Laws of Hong Kong). At the same time, upon the consideration and approval at the 12th meeting of the fifth session of the Board, Ms. Fok Po Yi was appointed as one of the joint company secretaries and Service of Process Agent. For details of the changes, please refer to the announcement published by the Bank on July 5, 2019.

5. Remuneration Policy and Annual Remuneration of Directors, Supervisors and Senior Management

5.1 Remuneration Policy

The Bank provided remuneration to executive Directors, chairperson of the board of Supervisors and senior management in accordance with the Remuneration Management System of Senior Management Personnel of the Bank of Jiujiang Co., Ltd.. The Bank provided remuneration to independent non-executive Directors and external supervisors in accordance with the Allowance System of the Bank of Jiujiang Co., Ltd. independent Director and external Supervisor. The remuneration standard of other Supervisors was implemented in accordance with relevant measures of the Bank.

5.2 Remuneration Policy of Directors and Supervisors

For remuneration details of Directors, Supervisors and five highest paid individuals of the Bank, please refer to Note 16 of the financial statements of this annual report.

5.3 Remuneration Policy of Senior Management

The following table sets forth, for the year ended December 31, 2019, the remuneration of the Bank's senior management personnel (excluding directors) by remuneration range:

Remuneration range	Number of staff
RMB500,001 to RMB1,000,000	3
RMB1,000,001 to RMB1,500,000	7

Note:

As of December 31, 2019, two of the Bank's senior management were Directors at the same time, who were Mr. PAN Ming and Ms. CAI Liping. For the remuneration details of Mr. PAN Ming and Ms. CAI Liping, please refer to Note 16 of the financial statements of this annual report.

6. Confirmation of Independence of Independent Non-executive Directors

The Bank has received an annual confirmation letter from each of the independent non-executive directors regarding their independence in accordance with the requirements of the Listing Rules. It considers that all independent non-executive directors are in compliance with the relevant guidelines set out in Rule 3.13 of the Listing Rules, and that they are independent persons.

Independent non-executive directors do not have business and financial interests, nor do they hold any management positions in the Bank. All current non-executive directors and independent non-executive directors are selected through election for a term of 3 years. They are eligible for re-election at the expiry of the 3-year term, independent non-executive directors can serve for a term of not more than 6 years on an accumulative basis in the Bank.

7. 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 year ended 2019. 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.

8. 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 (unit: Share)	Approximate percentage of total issued share capital 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
CAI Liping	Executive Director and Vice President	Domestic Shares	Beneficial Owner	500,000	0.03	0.02
LUO Xinhua	Chairman of the Board of Supervisors	Domestic Shares	Beneficial Owner	411,600	0.02	0.02
LIAO Jingwen	Supervisor	Domestic Shares	Beneficial Owner	14,000	0.00	0.00

Interests in Associated Corporations (Long Positions)

Name	Position	Associated corporation	Nature of interest	Number of shares (unit: 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)(1)	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)(2)	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)(3)	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)(4)	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)(5)	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)(1)	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)(2)	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)(3)	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)(4)	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)(5)	Beneficial Owner	250,000	0.50
CAI Liping	Executive Director and Vice President	Pengze Jiuyin County Bank Co., Ltd. (彭澤九銀村鎮銀行股份有限公司)(1)	Beneficial Owner	100,000	0.20
		Ruichang Jiuyin County Bank Co., Ltd. (瑞昌九銀村鎮銀行股份有限公司)(2)	Beneficial Owner	100,000	0.20
		Zixi Jiuyin County Bank Co., Ltd. (資溪九銀村鎮銀行股份有限公司)(3)	Beneficial Owner	80,000	0.40
		Chongren Jiuyin County Bank Co., Ltd. (崇仁九銀村鎮銀行股份有限公司)(4)	Beneficial Owner	160,000	0.40
		Fenyi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司)(5)	Beneficial Owner	200,000	0.40

Name	Position	Associated corporation	Nature of interest	Number of shares (unit: Share)	Approximate percentage of share capital (%)
LUO Xinhua	Chairman of the Board of Supervisors	Pengze Jiuyin County Bank Co., Ltd. (彭澤九銀村鎮銀行股份有限公司)[1]	Beneficial Owner	100,000	0.20
		Ruichang Jiuyin County Bank Co., Ltd. (瑞昌九銀村鎮銀行股份有限公司)[2]	Beneficial Owner	100,000	0.20
		Zixi Jiuyin County Bank Co., Ltd. (資溪九銀村鎮銀行股份有限公司)[3]	Beneficial Owner	80,000	0.40
		Chongren Jiuyin County Bank Co., Ltd. (崇仁九銀村鎮銀行股份有限公司)[4]	Beneficial Owner	160,000	0.40
		Fenyi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司)[5]	Beneficial Owner	200,000	0.40
WANG Xinyan	Supervisor and General Manager of the Asset Preservation Department	Pengze Jiuyin County Bank Co., Ltd. (彭澤九銀村鎮銀行股份有限公司)[1]	Beneficial Owner	50,000	0.10
		Ruichang Jiuyin County Bank Co., Ltd. (瑞昌九銀村鎮銀行股份有限公司)[2]	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)[3]	Beneficial Owner	30,000	0.15
		Chongren Jiuyin County Bank Co., Ltd. (崇仁九銀村鎮銀行股份有限公司)[4]	Beneficial Owner	60,000	0.15
		Fenyi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司)[5]	Beneficial Owner	75,000	0.15
LIAO Jingwen	Supervisor	Ruichang Jiuyin County Bank Co., Ltd. (瑞昌九銀村鎮銀行股份有限公司)[2]	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)[3]	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)[4]	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)[5]	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.

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

Ms. Cai Liping, Director of the Bank, serves as the director of Zhongshan Xiaolan Jiuyin County Bank.

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

Mr. Wang Xinyan, Supervisor of the Bank, serves as the chairman of the board of supervisors of Zixi Jiuyin County Bank.

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

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.

Mr. Cai Jianhong, Assistant to President of the Bank, serves as the chairman of the board of directors of Guixi Jiuyin County Bank.

10. Information on Employees

10.1 Composition of personnel

By department/function

	At December 31, 2019	
	Number of staff	Percentage of total (%)
Corporate banking	605	15.78
Retail banking	657	17.14
Inclusive financial business	89	2.32
Financial market business	35	0.91
Finance and accounting	298	7.77
Risk management, internal control and audit	193	5.03
Legal and compliance, human resources and information technology	271	7.07
Management	66	1.72
Teller	1,034	26.98
Jiuyin county bank	545	14.21
Others	41	1.07
Total	3,834	100.00

By age

	At December 31, 2019	
	Number of staff	Percentage of total (%)
Aged below 30	2,508	65.41
Aged 31 – 40	1,106	28.85
Aged 41 – 50	191	4.98
Aged over 50	29	0.76
Total	3,834	100.00

By education level

	At December 31, 2019	
	Number of staff	Percentage of total (%)
Master's degree and above	408	10.64
Undergraduate and junior college	3,417	89.13
Others	9	0.23
Total	3,834	100.00

10.2 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", cultivating ability to self-taught through works and duties, fully integrating its business development needs, formulating reasonable learning plans and adopting various methods of online and offline to carry out learning empowerment.

The Bank continuously improves the new employee learning system, which includes eight modules, which aims to help new employees to enter into professional roles in mobile learning, integrate into Jiuyin culture, understand trends of the industry, establish career aspirations and clarify growth direction; enhance team cohesion and enhance synergy in group challenges; mastering service skills, developing marketing capabilities, realizing self-transcendence training, counter preparation, counter internship, business preparation and business practice in a practical environment. During the reporting period, the Bank organized 6 sessions of new employee learning activities, with a total of 328 new employees.

The staff learnt to take full advantage of our online and offline learning environment and fully utilized spare time from work to learn new policies and new concepts each week. The staff actively participated in the ability improvement learning activities organized by the functions. During the reporting period, the Bank carried out 21 centralized learning courses with 252 courses, and organized 21 concentrated offline learning courses. The Bank implemented the development concept of "Digital Jiuyin" and fully utilized the online learning platform "Jiuyin Yixue" to carry out learning and empowerment, so that the employees of the Bank improved their professional level through regular learning and new learning, and achieved online courses, online examinations, resources sharing, effectively improved the efficiency of daily learning. During the reporting period, the Bank completed 1,195 production courses, produced 4,732 courseware and made 322,774 times of course views. The number of employees course attendance was 1,810,936 times, the duration of the courses was 43,015.13 hours, and the average learning time per employee was 9.21 hours. Nine training courses were conducted with 1,913 trainees.

In order to ensure the learning empowerment is closer to the business needs, the training department of the Bank sorted out on job learning and empowerment system together with the business lines, and focused on determining the knowledge system, learning resources and learning paths of the lines, and used these as basics to develop the question bank, lecturers and curriculum resources, so that the content of staff learning is more suitable for the content of the work, and the work of learning and empowerment effectively promote our business. At the same time, the Bank conducted full-service qualification management, matching the qualifications with the sequence system, effectively urging employees to learn on a daily basis, so that employees can take the initiative to learn and each employee can be qualified with a certificate. During the reporting period, the Bank conducted 589 online examinations, with 159,814 examinees.

10.3 Staff remuneration policies

In order to enhance our competitive advantages and to establish a scientific and reasonable incentive and restraint mechanism, as well as to ensure full effectiveness of remuneration in the Bank's risk management and control, the Bank revised and improved the policies of corporate annuity and deferred payment in 2019, and revised and issued the Performance of Bank of Jiujiang Employees Administrative Measures for the Deferred Payment of Remuneration and Bank of Jiujiang Administrative Measures for Enterprise Annuity. Our remuneration policy adhered to the principle of efficiency, fairness, flexibility and business-orientation. We established a remuneration system connecting job ranking with score and connecting the job title with performance. Remuneration are fully used for the purpose of incentivisation, restrictiveness, and protection, fostering the organic unification of value creation, evaluation and allocation. The Bank established a deferred payment management system for employees of the Bank, and strictly implemented the remuneration deferred payment system that associated performance pay of key employees to business risk exposure. Exposure shall be subject to corresponding recourse and rebate system.

11. Basic Information of Institutions under the Bank

As at December 31, 2019, we operated our business through our operation department of head office in Jiujiang, 13 branches and 258 sub-branches which consisted of 154 traditional sub-branches, 92 community sub-branches and 12 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. In addition, we established 20 Jiuyin County banks, among which 18 County banks were controlled and consolidated as at December 31, 2019.

Status of the branches of the Bank as of December 31, 2019 is set out below:

District	Name of institution	Operating address	Remarks	Count
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-branch	24

District	Name of institution	Operating address	Remarks	Count
	Ganzhou Branch	Building 5, Shenghui City Center, Ganxian Road, Zhanggong District, Ganzhou, Jiangxi Province	1 branch 15 traditional sub-branches 10 community sub-branches 2 small and micro enterprises sub-branch	28
Fuzhou Branch		No. 1250 Gandong Avenue, Fuzhou, Jiangxi Province	1 branch 11 traditional sub-branches 9 community sub-branches	21
Yichun Branch		No. 587 Yichun Luzhou North Road, Yichun, Jiangxi Province	1 branch 12 traditional sub-branches 3 community sub-branches 3 small and micro enterprises sub-branches	19
	Shangrao Branch	1-1, 2-1, 3-1, 4-1, 5-1, No. 87 Wusan Avenue, Xinzhou District, Shangrao, Jiangxi Province	1 branch 11 traditional sub-branches 6 community sub-branches	18
	Jingdezhen Branch	No. 197 Licun Garden, 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

District	Name of institution	Operating address	Remarks	Count
	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
	Yingtan Branch	Bank of Jiujiang Mansion, south of Wei Wu Road and north of Binjiang Road, Xinjiang New Area, Yingtan, Jiangxi Province	1 branch 3 traditional sub-branches 1 community sub-branch 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 10 traditional sub-branches 5 community sub-branches	16
	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, Guangdong Province	1 sub-branch	1
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				272

Status of the controlled county banks of the Bank as of December 31, 2019 is set out below:

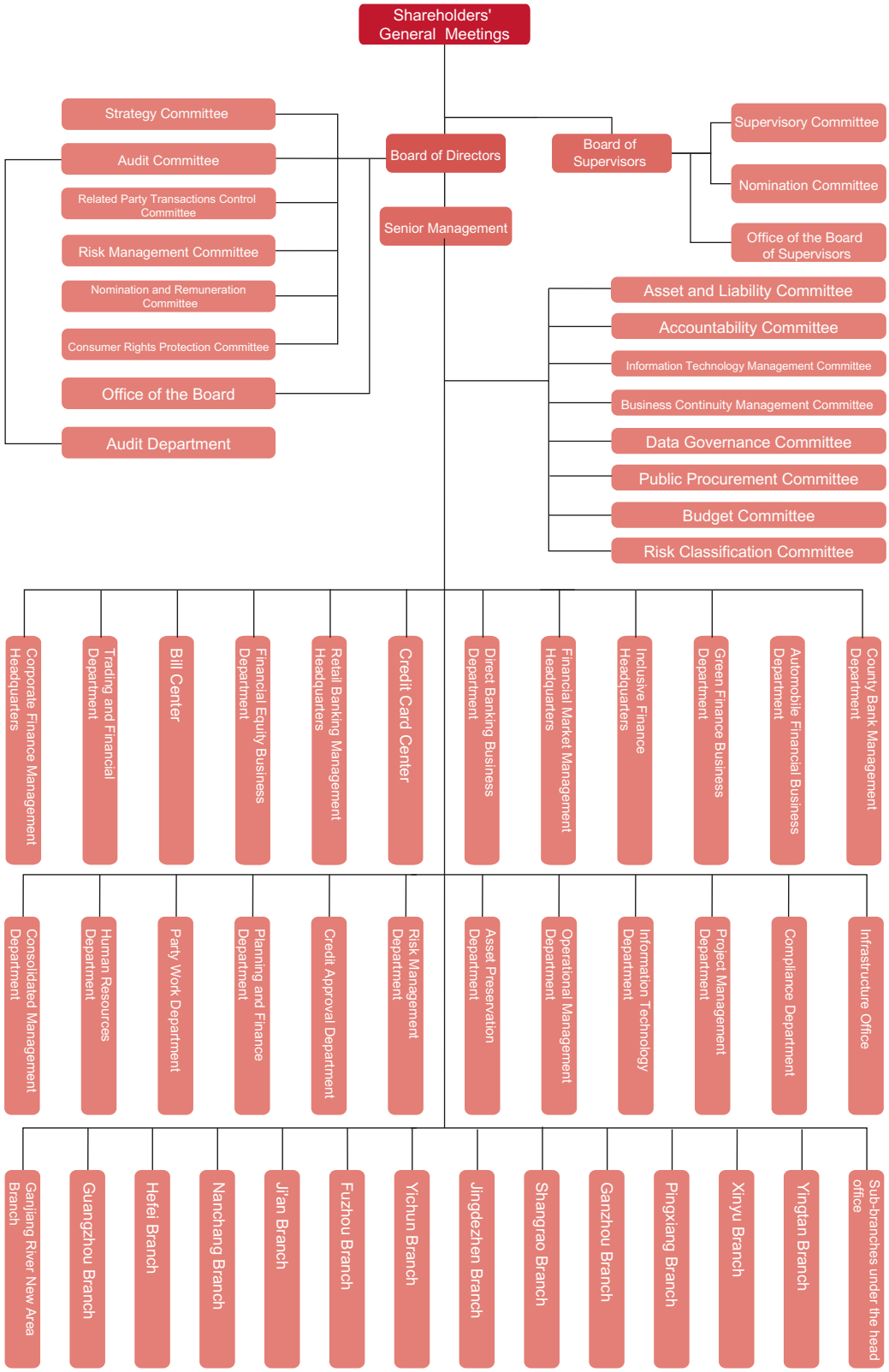
Name of subsidiaries	Operating address
Xiushui Jiuyin County Bank LLC.	No. 123 Valley Avenue, Xiushui County, Jiangxi Province
Jinggangshan Jiuyin County Bank LLC.	No. 17-22 Guanrui Mall, Yingshanhong Road, Xincheng District, Jinggangshan, Jiangxi Province
Beijing Daxing Jiuyin County Bank Co., Ltd.	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
Nanchang Changdong Jiuyin County Bank Co., Ltd.	Rooms 130, 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, Hecheng Town, Zixi County, Fuzhou, Jiangxi Province
Chongren Jiuyin County Bank Co., Ltd.	No. 8 Xifu Road, Chongren County, Fuzhou, Jiangxi Province
Fenyi Jiuyin County Bank Co., Ltd.	No. 83 Qianshandong Road, Fenyi County, Xinyu, Jiangxi Province
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
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 December 31, 2019 is set out below:

Name of associates	Operating address
Zhongshan Xiaolan County Bank Co., Ltd.	1/F and 4/F, No. 10 Shengping Middle Road, Xiaolan Town, Zhongshan, Guangdong Province
Guixi Jiuyin County Bank Co., Ltd.	No. 619 Jianshe Road, Guixi, Jiangxi Province

Corporate Governance Report

1. Organizational Chart



Note: 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. The original inspection and supervision office is no longer implemented.

2. Overview of Corporate Governance

The Bank is committed to improving corporate governance in accordance with domestic and overseas laws and regulations and setting up a corporate governance framework with coordination, continuously improving the corporate governance mechanism, and consistently enhancing the effectiveness of corporate governance so as to promote the steady development of the Bank's business with high-quality corporate governance.

During the reporting period, the Bank, on the basis of institutional construction, clarified the orientation of the construction of the governance system consisting of the Shareholders' General Meeting, the Board of Directors, the Board of Supervisors and the management, set up a complete corporate governance system and adopted relevant rules including the Articles of Association of the Bank, Rules of Procedures for the Shareholders' General Meeting of Bank of Jiujiang Co., Ltd., Rules of Procedures for the Board of Directors of Bank of Jiujiang Co., Ltd., Rules of Procedure for the Board of Supervisors of Bank of Jiujiang Co., Ltd., and Terms of Reference for Special Committees of Bank of Jiujiang Co., Ltd., with efforts to constantly improve the decision-making system centering around the Board of Directors, the executive system centering around the senior management and the supervision system centering around the Board of Supervisors. The Bank kept laying a solid foundation of the "four-in-one" job fulfillment structure of directors and supervisors, namely meetings, opinions, trainings and surveys, enriched the job fulfillment forms of directors and supervisors, sorted out job fulfillment appraisal procedures for directors and supervisors, combined self-appraisals and external appraisals of directors and supervisors and optimized job fulfillment appraisal profiles. Using special committees as an entry point, the Bank also set up Committee Offices and departments with well-defined departmental responsibilities to ensure the scientificness of decision-making and the effectiveness of execution by the boards of directors and supervisors with special committees as the link. (The Bank adopts the Corporate Governance Code as our corporate governance code)

During the reporting period, the Bank convened Shareholders' General Meetings, in accordance with the laws. The Board of Directors and Board of Supervisors fully performed their functions of strategic decision-making and supervision. Meanwhile, directors and supervisors performed their duties in an earnest manner, and the management actively implemented the decisions made at Shareholders' General Meetings and by Board of Directors and Board of Supervisors. The Bank achieved steady progress in various undertakings, effectively safeguarding the interests of all shareholders and stakeholders.

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 proposed best practices. To the knowledge of our directors, there is no information showing that the Bank failed to comply with the provisions contained in the Corporate Governance Code during the reporting period.

3. Holding of Shareholders' General Meetings during the Reporting Period

During the reporting period, the Bank held a total of four shareholders' general meetings, including two shareholders class meetings. Details are set out as follows:

1. On March 7, 2019, the Bank convened the first extraordinary general meeting of 2019, the first domestic shareholders class meeting of 2019 and the first H shareholders class meeting of 2019 sequentially at Bank of Jiujiang Mansion.

   A total of 43 shareholders and authorized proxies holding a total of 1,573,392,831 shares with voting rights, representing 88.62% of the total number of shares with voting rights of the Bank, were present at the first extraordinary general meeting of 2019. A total of 40 domestic shareholders and authorized proxies holding a total of 1,303,506,431 domestic shares with voting rights, representing 95.28% of the total number of domestic shares with voting rights of the Bank, were present at the first domestic shareholders class meeting of 2019. A total of 3 H Shareholders and proxies holding a total of 273,071,400 H shares with voting rights, representing 67.03% of the total number of H Shares with voting rights of the Bank, were present at the first H shareholders class meeting of 2019.

   The first extraordinary general meeting of 2019 deliberated on and adopted a total of 12 proposals, including the "Proposal in Relation to the Change of the Registered Capital", "Proposal in Relation to the Amendments to the Articles of Association of Bank of Jiujiang Co., Ltd.", "Proposal in Relation to the Amendments to the Rules of Procedures for the Shareholders' General Meeting of Bank of Jiujiang Co., Ltd." and "Proposal in Relation to the Amendments to the Rules of Procedures for the Board of Directors of Bank of Jiujiang Co., Ltd.".

   The first domestic shareholders class meeting of 2019 deliberated on and adopted a total of 2 proposals, including the "Proposal in Relation to the Plan for Non-Public Issuance of Offshore Preference Shares of Bank of Jiujiang Co., Ltd." and "Proposal in Relation to the Authorization to the Board of Directors and Its Authorized Persons to Exercise Full Power to Handle All Matters Relating to the Non-Public Issuance of Offshore Preference Shares".

   The first H shareholders class meeting of 2019 deliberated on and adopted a total of 2 proposals, including the "Proposal in Relation to the Plan for Non-Public Issuance of Offshore Preference Shares of Bank of Jiujiang Co., Ltd." and "Proposal in Relation to the Authorization to the Board of Directors and Its Authorized Persons to Exercise Full Power to Handle All Matters Relating to the Non-Public Issuance Of Offshore Preference Shares".

2. On May 21, 2019, the Bank convened the 2018 annual general meeting at Bank of Jiujiang Mansion. A total of 42 shareholders and authorized proxies holding a total of 1,493,699,731 shares with voting rights, representing 84.20% of the total number of shares with voting rights of the Bank, were present at the 2018 annual general meeting. The meeting deliberated on and adopted 18 proposals, including the "Proposal in Relation to the Deliberation of the 2018 Annual Directors' Report of Bank of Jiujiang Co., Ltd.", "Proposal on Deliberating on the 2018 Annual Supervisors' Report of Bank of Jiujiang Co., Ltd.", "Proposal in Relation to the Deliberation of the 2018 Annual Report of Bank of Jiujiang Co., Ltd." and "Proposal in Relation on the Deliberation of the 2018 Annual Evaluation Report of Directors and Senior Executives from the Board of Directors of Bank of Jiujiang Co., Ltd.".

The assembling, notifying, convening and voting procedures concerning the above shareholders' general meeting all complied with relevant laws and regulations as well as the relevant provisions of the Articles of Association of the Bank. The relevant announcements on resolutions of the above shareholders' general meetings were published on the official websites of the Hong Kong Stock Exchange and the Bank on the date of the meetings. For details, please refer to the following table:

Meeting	Type of meeting	Participation ratio of investors	Convening date	Disclosure date	Disclosure index
First Extraordinary General Meeting of 2019	Extraordinary general meeting	88.62%	March 7, 2019	March 7, 2019	Official websites of the Hong Kong Stock Exchange and the Bank
First Domestic Shareholders Class Meeting of 2019	Extraordinary general meeting	95.28%	March 7, 2019	March 7, 2019	Official websites of the Hong Kong Stock Exchange and the Bank
First H Shareholders Class Meeting of 2019	Extraordinary general meeting	67.03%	March 7, 2019	March 7, 2019	Official websites of the Hong Kong Stock Exchange and the Bank
2018 Annual General Meeting	Annual general meeting	84.20%	May 21, 2019	May 21, 2019	Official websites of the Hong Kong Stock Exchange and the Bank

Note: The first domestic shareholders class meeting of 2019 and the first H Shareholders class meeting of 2019 of the Bank were held immediately after the first extraordinary general meeting of 2019.

4. Board of Directors

4.1 Operation of Board of Directors

The Board meetings of the Bank can be divided into regular meetings and interim meetings. The Board meetings take the forms of on-site meetings and written countersignature. Meetings such as conference calls and video conferences that feature real-time discussions and full exchanges are deemed as on-site meetings. The Board holds at least one regular meeting every quarter and at least four regular meetings every year as convened by the chairman of the Board. The Bank would notify all directors and supervisors in writing 14 days before the meeting in accordance with the Bank's Articles of Association. For interim Board meetings, the Bank would notify all directors and supervisors 5 days before the meeting. All directors would maintain communications with the office of the Board to ensure compliance with the procedures for the Board and all applicable rules and regulations, and that all directors have the opportunity to contribute topics for discussion to the agenda of regular Board meetings.

A sound communication and reporting mechanism has been set up between directors and the senior management. The senior management is responsible for providing sufficient, complete and reliable data in a timely manner to the Board and each special committee. All directors have the right to access the documents and relevant data regarding the Board. Directors can seek independent professional advice where appropriate based on reasonable requests at the expense of the Bank. At Board meetings, all directors are free to voice their opinions and important decisions shall be made after in-depth discussions. If a director has a material interest in proposed matters for discussion by the Board, he or she shall abstain from voting on the relevant proposal(s), and such director will not be counted in the quorum of voting for such proposal(s).

Detailed minutes are kept for Board meetings, and provided to all participating directors for review after the conclusion of meetings. Participating directors can propose revisions after receiving the minutes. Finalized meeting minutes will be sent to all directors in the soonest possible manner. Minutes of Board meetings are kept in accordance with the Bank's regulations on record management for directors' access at any time.

An office of the Board is set up under the Board for handling day-to-day affairs, which is responsible for the preparation for Shareholders' General Meetings, Board meetings, and special committee meetings of the Board, information disclosure as well as other daily matters of the Board and its special committees.

The Board is also responsible for formulating corporate governance policies of the Company, and performing its duties in accordance with Code D.3.1 of the Corporate Governance Code, formulating and reviewing the Bank's policies and corporate governance practices, reviewing and monitoring training and continuous professional development of directors, supervisors and the senior management, reviewing and monitoring the Bank's compliance with the policies and practices as stipulated in laws and regulatory provisions, and reviewing the Bank's compliance with the Code and disclosures within the Corporate Governance Report.

4.2 Members of Board of Directors

As at the end of the reporting period, the Board consisted of 11 directors, including 3 executive directors, namely Mr. LIU Xianting (chairman), Mr. PAN Ming (deputy chairman and president) and Ms. CAI Liping, 4 non-executive directors, namely Mr. ZENG Huasheng, Mr. ZHANG Jianyong, Mr. LI Jianbao and Mr. YI Zhiqiang, as well as 4 independent non-executive directors, namely Mr. CHUA Alvin Cheng-Hock, Ms. GAO Yuhui, Mr. YANG Tao and Mr. QUAN Ze. The number and composition of the Board comply with the requirements of laws and regulations.

Directors of the Bank (including non-executive directors) are elected for a three-year term and can be re-elected upon expiry of term. Independent non-executive directors are elected for a three-year term and appointed in accordance with the opinions of regulatory authorities upon expiry of the three-year term. Independent directors can serve for a term of not more than six years on an accumulative basis in the same commercial bank.

4.3 Changes in and Remuneration of Members of Board of Directors

Please refer to the section headed "Information on Directors, Supervisors, Senior Management, Staff and Institution – 5. Remuneration Policy and Annual Remuneration of Directors, Supervisors and Senior Management" of this annual report for changes in and remuneration of directors.

4.4 Board Diversity Policy

The Bank believes that the diversity of Board members can positively bolster the Bank's performance. The Bank treats the increasing diversity at the Board level as a key contributor to sustainable development and fulfillment of our strategic goals as well as maintaining a sound corporate governance level.

The Bank seeks diversity of members from multiple perspectives during establishment of the Board, including but not limited to gender, location, expertise, skill, knowledge and education background. We put equal stress on integrity and ability for all appointments by the Board and fully take into account the benefits of member diversity during candidate selection under objective conditions. Selecting the members of the Board is based on a diversity of criteria, including but not limited to gender, location, expertise, skill, knowledge and education background.

The Nomination and Remuneration Committee of the Bank will review this policy when appropriate to ensure its effectiveness. The Nomination and Remuneration Committee will discuss any required revisions and then put forward the opinions on revisions to the Board for approval.

The Bank seeks diversity of members from multiple perspectives in designing the composition of the Board, including gender, age, cultural and education background, as well as professional experience. As at the publish date of this annual report, the Board consists of 11 directors, of whom two are women; five are aged 40 to 49, three are aged 50 to 59, and three are aged 60 and above. Directors are with an extensive background in fields such as finance, accounting, audit, economics, management and law, while some of them have multiple professional backgrounds.

4.5 Duties and Powers of the Board of Directors

As the Bank's decision-making body, the Board is accountable to the Shareholders' General Meetings and shall perform the following duties and powers:

(1) to convene Shareholders' General Meetings and to report on its duty performance to shareholders at the shareholders' general meetings;

(2) to implement the resolutions of the Shareholders' General Meetings;

(3) to review and consider the work reports of our president;

(4) to decide on our operational plans and investment plans;

(5) to formulate our annual financial budgets, final accounts, profit distribution plans and plans for recovery of losses;

(6) to formulate plans for merger, separation, dissolution, liquidation or change in corporate structure;

(7) to formulate proposals on increases or reductions of our registered capital, proposals on issuance of bonds or other securities, listing plans as well as investment plan for funds raised, and to supervise the implementation thereof;

(8) to decide on the establishment of our internal management departments;

(9) to appoint or dismiss the Bank's president and Board of Directors secretaries and determine their remuneration, appoint or dismiss senior executives, such as the vice presidents and finance chief based on the nominations by the president and decide on matters relating to their remuneration, rewards and imposition of any disciplinary measures;

(10) to establish our basic management system;

(11) to consider and approve our compliance policies and supervise their implementation, and take ultimate responsibility for the compliance of our operating activities;

(12) to formulate measures for increasing our capital adequacy ratio when it is lower than the statutory standard;

(13) to decide on matters such as external investment, purchase and disposal of assets, pledge of assets, external guarantees, entrusted wealth management and related party transactions within the scope of authorization granted by the Shareholders' General Meetings;

(14) to disclose information of the Bank and take ultimate responsibility for the completeness and accuracy of our systems of accounting and financial reporting, and formulate relevant procedures and systems to ensure our statistics continue to conform with the regulatory requirements;

(15) to propose to the Shareholders' General Meetings the appointment or change of appointment of the accounting firms auditing the Bank, and to give an explanation to the Shareholders' General Meetings on the non-standard audit opinions of certified public accountant on our financial report;

(16) to exercise any other power and duties prescribed by the applicable laws, administrative requirements, regulations and rules governing securities of the place where the shares of the Bank are listed and our Articles of Association as well as any other power and duties conferred by our Shareholders' General Meetings.

4.6 Responsibilities of Directors

During the reporting period, all directors were able to attend relevant meetings in a prudent, conscientious and diligent manner in accordance with relevant laws and regulations and the Articles of Association, and effectively exercise their powers in accordance with the prescribed operation procedures for the Board and in respect of various proposals of the Board. They made careful deliberation and voting, and actively voiced opinions and tabled proposals, which has promoted the healthy, stable and sustainable development of the Bank, successfully accomplishing the tasks and objectives of the Board. Meanwhile, they also fulfilled the obligations as directors, fully protecting the rights of shareholders. Independent non-executive directors and other non-executive directors made positive contributions to the Bank in terms of strategy and policy formulation by offering independent and well-founded advice.

Directors have confirmed that they are responsible for the Bank's financial statements for the year ended December 31, 2019. Directors are responsible for overseeing the financial reports for each accounting period so that the financial reports truly and fairly reflect the Bank's operation conditions. In preparing the financial statements for the year ended December 31, 2019, directors have selected the applicable accounting policies and applied them consistently, and have made prudent and reasonable judgments. With the assistance of accounting and finance personnel, directors ensure that the Bank prepares financial statements in accordance with statutory requirements and applicable financial reporting standards.

4.7 Board Meetings and Attendance of Directors

During the reporting period, the Bank held a total of 7 Board meetings which considered and approved 104 resolutions.

Convening of Board meetings

Meeting	Date	Form
The 9th Meeting of the 5th session of the Board	January 18, 2019	On-site meeting
The 10th Meeting of the 5th session of the Board	March 29, 2019	On-site meeting
The 11th Meeting of the 5th session of the Board	April 30, 2019	Correspondence meeting
The 12th Meeting of the 5th session of the Board	July 5, 2019	Conference call
The 13th Meeting of the 5th session of the Board	August 30, 2019	On-site meeting
The 14th Meeting of the 5th session of the Board	November 6, 2019	Conference call
The 15th Meeting of the 5th session of the Board	December 31, 2019	Correspondence meeting

Attendance of directors at Board meetings

Director	Expected Attendance	Attendance in Person	Attendance by Proxy	Rate of Attendance in Person of Board meetings[1]	Rate of Attendance of Board meetings
LIU Xianting	7	7	0	100%	100%
PAN Ming	7	6	1	85.71%	100%
CAI Liping	7	7	0	100%	100%
ZENG Huasheng	7	6	1	85.71%	100%
ZHANG Jianyong	7	6	1	85.71%	100%
LI Jianbao	7	5	2	71.43%	100%
YI Zhiqiang	7	4	3	57.14%	100%
CHUA Alvin Cheng-Hock	7	7	0	100%	100%
GAO Yuhui	7	7	0	100%	100%
QUAN Ze	7	6	1	85.71%	100%
YANG Tao	7	5	2	71.43%	100%

Note:

1 In the case where the attendance in person is less than the expected attendance, it means that the director did not attend the meeting in person but entrusted another director to attend on his/her behalf.

4.8 Attendance at Shareholders' General Meetings during the Reporting Period

During the reporting period, the Bank held a total of four Shareholders' General Meeting. Our chairman, Mr. LIU Xianting, and non-executive director, Mr. LI Jianbao, attended the meeting.

4.9 Performance of Independent Non-executive Directors

The Board currently has four independent non-executive directors, and the qualification, number and proportion of independent non-executive directors comply with the relevant provisions set forth by the CBIRC and the CSRC and the Listing Rules. None of our independent non-executive directors are involved in any circumstances incurring questionable independence as stipulated in Rule 3.13 of the Listing Rules. The Bank has received the annual letters of confirmation from each independent non-executive director with regard to their independence as stipulated in Rule 3.13 of the Listing Rules. Therefore, the Bank considered that all independent non-executive directors are in compliance with the independence requirements as set out in the Listing Rules. Independent non-executive directors are dominant in number and act as chairpersons in the Audit Committee, Risk Management Committee, Related Party Transactions Control Committee and Nomination and Remuneration Committee under the Board of the Bank.

During the reporting period, all independent non-executive directors maintained communication with the Bank through joining meetings and trainings or in other forms and took part in meetings of the Board and various special committees in an earnest manner. They gave full play to their roles by putting forward opinions and paying attention to safeguarding the rights and interests of depositors and medium and small shareholders.

During the reporting period, independent non-executive directors voiced their independent opinions with regard to the Bank's appointment and dismissal of senior management personnel, remuneration of directors and senior management personnel, legality and fairness of substantial related transactions, profit distribution plans, appointment of external auditors and other major issues, with no objections against the proposals of the Board and other non-Board proposals during the reporting period.

5. Special Committees under the Board of Directors

There were six special committees under the Board of the Bank, namely Audit Committee, Related Party Transactions Control Committee, Risk Management Committee, Nomination and Remuneration Committee, Strategy Committee and Consumer Rights Protection Committee.

During the reporting period, in order to further strengthen the Board's management and decision-making regarding the consumer rights protection of the Bank and to improve the governance structure of the Bank, the Board established the Consumer Rights Protection Committee pursuant to relevant regulatory requirements. For details of the establishment of the Consumer Rights Protection Committee, please refer to the announcements of the Bank dated January 18, 2019 and June 19, 2019.

They played the roles to conduct specialized discussions and effectively support and improve the level of scientific, well-founded decision-making by the Board. Each special committee has full access to the sufficient resources provided by the Bank for duty performance purposes. Detailed minutes were kept for each special committee meeting, drafted and finalized versions of the minutes were sent to all members after a reasonable time of the conclusion of meetings. Drafted versions are for members to propose revisions, eventually used for finalizing. Finalized meeting minutes were sent to all members in the soonest possible manner. Minutes of each special committee meeting were kept in accordance with our Bank's regulations on archives administration for members' access at any time.

5.1 Audit Committee

During the reporting period, the Audit Committee under the Board of the Bank was composed of one non-executive director and two independent non-executive directors, namely Mr. LI Jianbao as the non-executive director and Mr. CHUA Alvin Cheng-Hock and Ms. GAO Yuhui as the independent non-executive directors. The independent non-executive director, Mr. CHUA Alvin Cheng-Hock acted as the chairman.

The primary responsibilities of the Audit Committee include:

(1) to review the accounting policy, financial position and financial reporting procedures of the Bank;

(2) to examine the risks and compliance of the Bank, to review the policy and its implementation in respect of the assessment of capital adequacy of the Bank, the implementation of the capital plan, implementation of capital replenishment plan, audit reports on liquidity risk management, market risk management, operational risk management and technology risk management at least once a year, and to produce a report of the same;

(3) to supervise the internal audit of the Bank and to produce quarterly audit reports to the Board;

(4) to be responsible for the annual audit of the Bank and to produce a conclusive report on the truthfulness, completeness and accuracy of information on the audited financial report to the Board for review;

(5) to inspect the internal control systems and to audit the major related party transactions of the Bank;

(6) to review the special audit report on the formulation and implementation of the remuneration mechanism and report the same to the Board;

(7) to review the audit of projects in a timely manner and report to the Board in a timely manner;

(8) to review special audit of ongoing operational management of the Bank and report to the Board;

(9) to deal with all matters in relation to external auditors:

(i) to comment on the appointment, reappointment and removal of external auditors to the Board, approve the remuneration and terms of appointment for external auditors, and handle any issues pertaining to the resignation or dismissal of the auditor;

(ii) the Audit Committee shall discuss with auditors the nature and scope of auditing and related responsibilities for declaration prior to the commencement of auditing, as well as review and monitor the independence and objectivity of external auditors and the effectiveness of auditing procedures in accordance with applicable standards;

(iii) to formulate and implement policies with regard to external auditors' provision of non-auditing services. For the purpose of such provisions, "external auditors" include any organization under the same control, ownership or administration rights as the company in charge of auditing, or any organization that enables any third party with reasonable access to all related information to conclude, under reasonable circumstances, that the organization is a part of the company in charge of auditing, either in the local or international business. The Audit Committee shall report any issues requiring actions or improvements to the Board and table proposals; and

(iv) to act as the chief representative between the Bank and external auditors and be responsible for supervising the relationship between the two.

(10) to supervise the completeness of the financial statements, annual reports and accounts, interim reports and (if issued) quarterly reports, and to review the key opinions on financial reporting contained therein. The Audit Committee shall review the following items prior to submitting related statements and reports to the Board:

(i) any modifications to the accounting policies and practices;

(ii) any information involving important judgments;

(iii) major adjustments arising from auditing;

(iv) assumptions and any qualified opinions on corporate continuing operations;

(v) compliance with accounting principles; and

(vi) compliance with listing rules, laws and regulations in relation to financial reporting;

The Audit Committee shall consider the major issues or irregularities which are reflected or need to be reflected in such reports and financial statements and the matters raised by staff responsible for accounting and financial reporting, supervisors and auditors of the Bank;

(11) to review the financial control of the Bank and to review the risk management and internal controls of the Bank, including:

(i) to exchange ideas with the management with regard to risk management and internal control system to ensure that the management has fulfilled their duties in setting up an effective system. Such exchanges should cover the resources available for accounting and financial reporting of the Bank, the competence of employees in terms of qualification and experience, and the sufficiency of training courses received by employees and related budget;

(ii) to initiate or as appointed by the Board to conduct research on the key findings in relation to the risk management and internal control matters as well as the management's response to the findings;

(iii) to ensure the coordination between internal and external auditors if the Bank has an internal auditing process in place, as well as the resources availability for and the appropriateness of the internal auditing process, and review and supervise its effectiveness;

(iv) to review the financial and accounting policies and practices of the Bank;

(v) to examine the Auditing Description Letter submitted by external auditors to the management, and auditors' responses to any significant doubts raised by the management regarding accounting records, financial accounts or control system;

(vi) to ensure the Board timely respond to the issues highlighted in the Auditing Description Letter submitted by external auditors to the management;

(vii) to report to the Board;

(viii) to review the following arrangements set by the Bank: the employees of the Bank can secretly raise concerns regarding possible misconduct in financial reporting, internal control or other aspects. The Audit Committee shall make appropriate arrangements to allow the Bank to conduct independent and fair investigations on such issues and take proper actions; and

(12) to deal with other matters authorized by the Board.

During the reporting period, the Audit Committee convened a total of six meetings and deliberated on and adopted the "Proposal on Deliberating on 2018 Internal Auditing Work Report of Bank of Jiujiang Co., Ltd." and "Proposal on Deliberating on 2019 Internal Auditing Work Plan of Bank of Jiujiang Co., Ltd." and the others. In addition, the Audit Committee organized two meetings with auditors of our Bank to discuss audit issues.

Attendance of members at the Audit Committee Meetings during the Reporting Period

Committee Member	Expected Attendance	Attendance in Person	Attendance by Proxy	Rate of Attendance in Person
CHUA Alvin Cheng-Hock	6	6	0	100%
GAO Yuhui	6	6	0	100%
LI Jianbao	6	4	2	66.67%

5.2 Related Party Transactions Control Committee

During the reporting period, the Related Party Transactions Control Committee under the Board of the 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.

The primary responsibilities of the Related Party Transactions Control Committee include but not limited to:

(1) to review and approve the related party transactions within the authority of the Board;

(2) to review major related party transactions required to be submitted to the Board and Shareholders' General Meetings and to report the same to the Board of Supervisors and China Banking Regulatory Commission;

(3) to collect information about and compile a list of the Bank's related parties and report the same to the Board and Board of Supervisors, and to inform relevant staffs of the information of related parties identified by them;

(4) to investigate and supervise the control of related party transactions of the Bank and the execution of the related party transaction control system by Directors, senior officers and related parties of the Bank, and to report the same to the Board;

(5) to formulate the related party transaction control system of the Bank;

(6) to conclude a general review of all related party transactions of the Bank for the year following the year end and report the same to the Board; and

(7) to deal with other matters authorized by the Board.

During the reporting period, the Related Party Transactions Control Committee convened a total of seven meetings, and deliberated on and adopted the "Proposal of Deliberating on the 2018 Related Party Transactions Special Report of Bank of Jiujiang Co., Ltd.", "Proposal of Extending the Basic Credit Facilities to County Banks in 2019" and the others.

Attendance of members at the Related Party Transactions Control Committee Meetings during the Reporting Period

Committee Member	Expected Attendance	Attendance in Person	Attendance by Proxy	Rate of Attendance in Person
YANG Tao	7	7	0	100%
QUAN Ze	7	7	0	100%
Liu Xianting	7	7	0	100%

5.3 Risk Management Committee

During the reporting period, the Risk Management Committee under the Board was composed of one executive director and two independent non-executive directors, namely Ms. CAI Liping as the executive director, and Mr. CHUA Alvin Cheng-Hock and Ms. GAO Yuhui as the independent non-executive directors. The independent non-executive director, Ms. GAO Yuhui acted as the chairlady.

The primary responsibilities of the Risk Management Committee include but not limited to:

(1) to review and approve bank-wide risk management policies based on our overall strategies, and to supervise and evaluate the control of, and implementation of measures against capital and credit risk, liquidity risk, market risk, operational risk, compliance risk, technology risk, reputational risk, money laundering risk, country risk and other risks, so as to ensure the effective execution of the risk management system and procedures. The results shall be reported to the Board, which shall specifically contain the strategy of information technology risk management proved to be effective in identifying such risk;

(2) to review our risk reports, to conduct regular assessment on our risk policies, management and risk tolerance and to give advice on the improvement of risk management and internal control;

(3) to review the examination and assessment results for the system, procedures and implementation of credit assets classification at least once a year;

(4) to determine the overall risk management strategy and overall risk limit;

(5) to supervise and to evaluate the structure, organization, working procedures and efficiency of the risk management department, and to provide suggestions for improvement;

(6) to review the compliance of the country risk limit identified on a monthly basis;

(7) to review the annual report on information systems risk management;

(8) to review and approve the general policy for the prevention of incidents, to issue the general requirements for case prevention, to review the working report on case prevention and to promote the establishment of incident prevention systems;

(9) to specify the duties and scope of authorization of senior management regarding incident prevention, so as to ensure that senior management has adopted necessary measures for the effective monitoring, alert and handling of crises;

(10) to assess the effectiveness of our incident prevention, and to ensure the effective review and supervision of incident prevention by the internal audit functions;

(11) to establish the goal of building a culture of money laundering risk management, to review the money laundering risk management strategy, to approve the policies and procedures for money laundering risk management, to authorize senior management to take the lead in money laundering risk management, to review anti-money laundering work reports regularly, to understand the incidents and handling of major money laundering risk in a timely manner, and to provide professional advice on money laundering risk management to the Board; and

(12) to deal with other matters authorized by the Board.

During the reporting period, the Risk Management Committee convened a total of seven meetings, and deliberated on and adopted the "Proposal of Deliberating on the 2018 Risk Management Report of Bank of Jiujiang Co., Ltd.", "Proposal of Deliberating on the 2018 Anti-Money Laundering Work Summary and 2019 Anti-Money Laundering Work Plan of Bank of Jiujiang Co., Ltd." and the others.

Attendance of members at the Risk Management Committee Meetings during the Reporting Period

Committee Member	Expected Attendance	Attendance in Person	Attendance by Proxy	Rate of Attendance in Person
GAO Yuhui	7	7	0	100%
CHUA Alvin Cheng-Hock	7	7	0	100%
CAI Liping	7	7	0	100%

5.4 Nomination and Remuneration Committee

During the reporting period, 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. PAN Ming as the executive director, and Mr. QUAN Ze and Mr. YANG Tao as the independent non-executive directors. The independent non-executive director, Mr. QUAN Ze acted as the chairman.

The primary responsibilities of the Nomination and Remuneration Committee include:

(1) to determine the procedures and standards for selection of Directors and senior management;

(2) to conduct a preliminary assessment of the qualifications of Directors and senior management, and to make recommendations thereon to the Board;

(3) to review the general remuneration management system and policies of the Bank;

(4) to formulate remuneration plans for Directors and the senior management, and to provide suggestions to the Board on remuneration plans;

(5) to supervise the implementation of remuneration plans, and to review the performance appraisal system and indicator system formulated and revised by the relevant departments once each year;

(6) to review the structure, size and composition (including education background, skills, knowledge and experience) of the Board at least once each year, and to make recommendations on any proposed changes to the Board to complement the corporate strategy of the issuer;

(7) to identify qualified candidates for Directors and to propose the appointment of such candidates as Directors, or to make recommendations thereon to the Board;

(8) to assess the independence of independent non-executive Directors;

(9) to make recommendations to the Board on the appointment and reappointment of Directors and the succession plans for Directors, in particular the chairman and the chief executive officer;

(10) to study and determine the standards and procedures for selecting members of Board committees and to make recommendations to the Board;

(11) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management;

(12) to review and approve the management's remuneration proposals with reference to the corporate objectives determined by the Board;

(13) to review the salaries paid by comparable companies, and the time commitment and responsibilities and employment conditions elsewhere in the Group;

(14) to review and approve the compensation payable to executive Directors and the senior management on loss or termination of office or appointment in order to ensure that such compensation is consistent with their contractual terms or are otherwise fair, reasonable and not excessive;

(15) to review and approve the compensation package for the dismissal or removal of Directors due to misconduct in order to ensure that the packages are consistent with the contractual terms, or are otherwise reasonable and appropriate;

(16) to ensure that no Directors or any of their associates are involved in the determination of their own remuneration;

(17) to prepare for re-election of Directors before the expiration of their term of office, so as to ensure that the term of office of Directors shall comply with the requirements of the relevant laws and regulations and the Articles of Association of the Bank, the term of office shall be 3 years; and

(18) to deal with other matters authorized by the Board.

Director Nomination Policy

The appointment and election of Directors and Supervisors of the Bank shall follow the ways and procedures below:

(1) Candidates for Directors and Supervisors who are not staff representatives shall be nominated by the Nomination and Remuneration Committee of the Board or Nomination Committee of the Board of Supervisors respectively, and the number of such persons to be elected shall be within the number of persons of the Board of Directors and the Board of Supervisors stipulated in these Articles. Shareholders individually or in aggregate holding 3% or more of the Bank's total voting shares may propose candidates for Directors to the Board or candidates for Supervisors to the Board of Supervisors; The same shareholder and his/her/its associates shall not nominate a candidate for a Director and another candidate for a Supervisor at the shareholders' general meeting; if the candidate for a Director (or Supervisor) nominated by such shareholder and his/her/its associates is appointed as a Director (or Supervisor), the shareholder shall not nominate any candidate for Supervisor (or Director) prior to the expiry of the term of office or change of such person. The number of Directors (or Supervisors) nominated by any same shareholder and his/her/its associates in principle shall not exceed one third of the total number of the members of the Board (or Board of Supervisors). Such shareholder and his/her/its associates shall only nominate one candidate for Independent Director or External Supervisor, and shall not nominate candidates for both Independent Director and External Supervisor;

(2) The Nomination and Remuneration Committee of the Board shall conduct preliminary assessment of the qualifications and conditions of the candidates for directors and supervisors respectively and/or propose the candidates passing such assessment to the Board, Board of Supervisors for consideration respectively; and propose them to the shareholders' general meeting by way of written resolutions after they are considered and approved by the Board and/or Board of Supervisors;

(3) The candidates for Directors and Supervisors shall, before the convening of the shareholders' general meeting, make written undertakings, express their consent to their nomination, confirm the truthfulness and completeness of their publicly disclosed information and undertake that they will duly perform their duties upon election;

(4) The Board shall disclose the details of the director candidates to the shareholders in accordance with the laws, administrative regulations and the Articles of Association before the shareholders' general meeting to ensure that shareholders will have adequate understanding of the candidates when they cast their votes;

(5) Voting on each candidate for Directors and Supervisors shall be carried out at the shareholders' general meeting separately; and

(6) When an additional Director or Supervisor is temporarily nominated, the Nomination and Remuneration Committee of the Board or the Board of Supervisors or the shareholders satisfying the conditions for making such nomination may propose a candidate to the Board or the Board of Supervisors for consideration, and to the shareholders' general meeting for election or replacement.

Procedures for selection of Directors and senior management of the Bank:

(1) the Human Resources Department shall submit to the Nomination and Remuneration Committee related information for studying the Bank's demand for new directors and senior management and form written materials;

(2) collect information concerning primary candidates' occupations, education background, titles, detailed working experience and part-time jobs and form written materials;

(3) consider the nominees as candidates for Directors and senior management upon their consent;

(4) conduct qualification review on the primary candidates in accordance with qualifications for Directors and senior management;

(5) make recommendations and provide related materials to the Board within ten working days prior to formal nomination of new directors and engagement of new senior management; and

(6) carry out other follow-up work based on resolutions and feedbacks of the Board.

The Bank seeks diversity of members from multiple perspectives during establishment of the Board, including but not limited to gender, location, expertise, skill, knowledge and education background. We put equal stress on integrity and ability for all appointments by the Board and fully take into account the benefits of member diversity during candidate selection under objective conditions. The Nomination and Remuneration Committee of the Board is responsible for reviewing the structure, number and composition of the Board, making recommendations to the Board on the size and composition of the Board in accordance with the Bank 's strategic planning, business development and shareholding structure, studying and reviewing the selection criteria, nomination and appointment procedures of Directors, and making proposals to the Board for consideration and approval by the Directors.

During the reporting period, the Nomination and Remuneration Committee convened a total of six meetings, and deliberated on and adopted the "Proposal of Amending the Measures for the Evaluation by the Board of the Performance of Duties of Directors and Senior Management of Bank of Jiujiang Co., Ltd." as well as the proposals on appointing and removing senior executives. The Nomination and Remuneration Committee shall, as required, seek professional advice for duty performance purposes at the expense of our Bank.

Attendance of members at the Nomination and Remuneration Committee Meetings during the Reporting Period

Committee Member	Expected Attendance	Attendance in Person	Attendance by Proxy	Rate of Attendance in Person
QUAN Ze	6	6	0	100%
YANG Tao	6	6	0	100%
PAN Ming	6	6	0	100%

5.5 Strategy Committee

During the reporting period, the Strategy Committee under the Board was composed of one executive director and two non-executive directors, namely Mr. PAN Ming as the executive director, and Mr. ZENG Huasheng and Mr. ZHANG Jianyong as the non-executive directors. The executive director, Mr. PAN Ming acted as the chairman.

The primary responsibilities of the Strategy Committee include:

(1) to determine the objectives and long-term development strategies of the Bank and its listing plan;

(2) to supervise and review the implementation of our annual business plans and investment plans;

(3) to conduct research and to provide suggestions on major capital activities and asset management projects which are subject to the approval of the Board;

(4) to review the strategic development of human resources and to provide suggestions to the Board;

(5) to review the annual financial budgets and final accounts, and to provide advice to the Board;

(6) to review major corporate restructuring and adjustment plans and to provide advice to the Board;

(7) to review scientific information technology development and other special strategic development plans, and to provide advice to the Board;

(8) to review and assess the effectiveness of the corporate governance structure in order to ensure that the financial reporting, risk management and internal controls comply with our corporate governance standards;

(9) to approve and implement green credit development strategies and objectives; to approve and support green, low-carbon, and circular economy, and strengthen environmental and social risk management; to supervise the implementation and compliance of green credit strategies;

(10) to conduct research and to provide suggestions on other major matters significant to our development; and

(11) to deal with other matters authorized by the Board.

During the reporting period, the Strategy Committee convened a total of seven meetings, and deliberated on and adopted the "Proposal of Deliberating on the 2018 Work Report of the President of Bank of Jiujiang Co., Ltd.", "Proposal of Deliberating on 2018 Financial Statement Report of Bank of Jiujiang Co., Ltd.", "Proposal of Deliberating on the 2019 Financial Budget Plan of Bank of Jiujiang Co., Ltd." and the others.

Attendance of members at the Strategy Committee Meetings during the Reporting Period

Committee Member	Expected Attendance	Attendance in Person	Attendance by Proxy	Rate of Attendance in Person
PAN Ming	7	7	0	100%
ZENG Huasheng	7	6	1	85.71%
ZHANG Jianyong	7	6	1	85.71%

5.6 Consumer Rights Protection Committee

During the reporting period, the Consumer Rights Protection Committee under the Board was composed of one executive director and two non-executive directors, namely Ms. CAI Liping as the executive director, and Mr. ZENG Huasheng and Mr. ZHANG Jianyong as the non-executive directors. The executive director, Ms. CAI Liping acted as the chairlady.

The primary responsibilities of the Consumer Rights Protection Committee include:

(1) to formulate strategies, policies and objectives for the protection of consumer rights and interests related to the Bank, and to urge senior management to effectively perform and implement the relevant work;

(2) to provide guidance and supervision on the establishment and improvement of the management system for the protection of consumer rights and interests;

(3) to supervise and evaluate the comprehensiveness, timeliness and effectiveness of the Bank's protection of consumer rights and interests and the relevant performance of the senior management;

(4) to regularly receive special reports from senior management on the development of protection of consumer rights of the Bank, to review the relevant special reports on protection of consumer rights, to submit the relevant special reports to the Board, and to consider the relevant work as an important part of information disclosure;

(5) to urge the senior management and the relevant departments to promptly and effectively rectify various issues identified in the audit and to supervise the implementation of such rectification as specifoed in the report;

(6) to consider other significant issues related to consumer rights protection; and

(7) to exercise any other matters prescribed by the law, regulations, rules, regulatory documents, regulations and rules governing securities of the place where the shares of the Bank are listed, our Articles of Association and any other matters authorized by the Board.

During the reporting period, the Consumer Rights Protection Committee convened a total of two meetings, and deliberated on and adopted the "Proposal of Amending the Measures for the Consumer Rights Protection Management of Bank of Jiujiang Co., Ltd.", "Proposal of Deliberating on 2018 Consumer Rights Protection Report of Bank of Jiujiang Co., Ltd." and the others.

Attendance of members at the Consumer Rights Protection Committee Meetings during the Reporting Period

Committee Member	Expected Attendance	Attendance in Person	Attendance by Proxy	Rate of Attendance in Person
CAI Liping	2	2	0	100%
ZENG Huasheng	2	2	0	100%
ZHANG Jianyong	2	2	0	100%

6. Board of Supervisors

As the supervisory authority of the Bank, the Board of Supervisors of the Bank is accountable to the Shareholders' General Meetings, overseeing the legality of our Bank's financial activities as well as the duty performance of Directors, presidents and other senior management personnel to safeguard the legitimate rights and interests of our Bank and Shareholders.

6.1 Composition of the Board of Supervisors

The Board of Supervisors was composed of six Supervisors, including two employee Supervisors, namely Mr. LUO Xinhua (chairman of the Board of Supervisors) and Mr. WANG Xinyan, two external Supervisors, namely Mr. GUO Jiequn and Ms. CHEN Chunxia, as well as two Shareholder Supervisors, namely Mr. LU Tingfu and Ms. LIAO Jingwen. The structure of the members of the Board of Supervisors is reasonable, with sufficient expertise and independence, which is able to ensure that the Board of Supervisors exert the supervisory functions effectively.

Supervisors of our Bank are elected for a three-year term and can be re-elected upon expiry of the said term. External Supervisors are elected for a three-year term and can serve as an external Supervisor of the Bank for consecutive terms, but not more than 6 years on an accumulative basis.

During the reporting period, the Board of Supervisors performed duties in an earnest manner, oversaw the conduct of our Directors and senior management in performing their duties, reviewed and supervised our financial activities, risk management and internal control, and investigated unusual business circumstances.

6.2 Changes in Supervisors

Please refer to the section headed "Information on Directors, Supervisors, Senior Management, Staff and Institution – 5. Remuneration Policy and Annual Remuneration of Directors, Supervisors and Senior Management" of this annual report for changes in Supervisors.

6.3 Duties and Powers of the Board of Supervisors

The Board of Supervisors shall perform the following duties and powers:

(1) to carry out review and give written review opinions on the regular reports on our Bank prepared by the Board;

(2) to oversee the conduct of our Directors and senior management in performing their duties and propose removal of our Directors and senior management in the event of their non-compliance with the laws, administrative regulations, our Articles of Association or resolutions passed by the Shareholders' General Meetings;

(3) to be responsible for the supervision of comprehensive risk management; supervise and review the performance of duties of the Board and senior management in respect of risk management and urge for rectification; and include supervision and inspection results in the work report of the Board of Supervisors;

(4) to be responsible for supervision of internal control and management; supervise the efforts of the Board and senior management in improving the internal control mechanism; supervise the performance of internal control duties by the Board and the senior management;

(5) to order rectification of the conducts of the Directors and the senior management which are prejudicial to the interests of our Bank;

(6) to propose the convening of extraordinary Shareholders' General Meetings and to convene and preside over Shareholders' General Meetings when the Board fails to perform the duty of convening and presiding over Shareholders' General Meetings under the Company Law;

(7) to submit proposals to the Shareholders' General Meetings;

(8) to file legal proceeding against our Directors and senior management in accordance with the regulation of the Article 151 of the Company Law;

(9) to verify financial information including financial reports, operation reports and profit distribution plans to be proposed by the Board to the Shareholders' General Meetings, and engage certified accountants or practicing auditors to assist in the re-examination in the name of our Bank if problems are identified;

(10) to perform off-office audit of our Directors and senior management, and give guidance to our internal audit department;

(11) to review and supervise our financial activities;

(12) to make enquiries to our Directors, chairman of the Board and senior management; and

(13) to exercise other powers stipulated by applicable laws, administrative requirements, regulations and rules governing securities of the place where the shares of our Bank are listed or our Articles of Association.

6.4 Operation of the Board of Supervisors

Through various means such as convening meetings of the Board of Supervisors and the Special Committees to consider and approve resolutions and listen to reports, conducting regular business investigation and research and proposing suggestions, attending general meetings, and being present at Board meetings and important meetings of the Bank, the Board of Supervisors supervised and appraised the discharge of duties by the Board and senior management and its members, oversaw the financial activities, risk management and internal controls of the Bank, gave their recommendations after supervising and continuously monitored the implementation of various recommendations by the Bank.

During the reporting period, the Board of Supervisors arranged and implemented the 2018 duty performance appraisal for the Board, Directors, senior management and its members, and Supervisors, and provided feedback to the Board and the senior management.

6.5 Meetings of Board of Supervisors and Attendance of Supervisors

During the reporting period, our Bank held a total of 7 meetings of Board of Supervisors at which 113 proposals were deliberated on and approved.

Convening of Board of Supervisors meetings

Meeting	Date	Form
The 9th Meeting of the 5th session of the Board of Supervisors	January 18, 2019	Correspondence meeting
The 10th Meeting of the 5th session of the Board of Supervisors	March 29, 2019	On-site meeting
The 11th Meeting of the 5th session of the Board of Supervisors	April 29, 2019	Correspondence meeting
The 12th Meeting of the 5th session of the Board of Supervisors	July 8, 2019	Conference call
The 13th Meeting of the 5th session of the Board of Supervisors	September 4, 2019	Conference call
The 14th Meeting of the 5th session of the Board of Supervisors	November 11, 2019	Conference call
The 15th Meeting of the 5th session of the Board of Supervisors	December 31, 2019	Correspondence meeting

Attendance of Supervisors at the Board of Supervisors meetings

The 5th session	Supervisors	Expected Attendance	Attendance in Person	Attendance by Proxy	Rate of Attendance in Personof the Board of Supervisors meetings[1]	Rate of Attendanceof the Board of Supervisors meetings[1]
	LUO Xinhua	7	7	0	100%	100%
	Qiu Jian[2]	1	1	0	100%	100%
	GUO Jiequn	7	7	0	100%	100%
	CHEN Chunxia	7	7	0	100%	100%
	LIAO Jingwen	7	7	0	100%	100%
	LU Tingfu[3]	4	3	1	75%	100%
	Dai Wenjing[4]	6	6	0	100%	100%
	WANG Xinyan[5]	1	1	0	100%	100%

Notes:

1 In the case where the attendance in person is less than the expected attendance, it means that the supervisor did not attend the meeting in person but entrusted another supervisor to attend and vote on his/her behalf.

2. For details of Ms. Qiu Jian resigning as the supervisor of the Bank due to work reallocation, please refer to the announcements of the Bank dated March 31, 2019 and May 21, 2019.

3. For details of Mr. Lu Tingfu being elected as the shareholder supervisor of the Bank at the 2018 annual general meeting, please refer to the announcements of the Bank dated March 31, 2019 and May 21, 2019.

4. For details of Ms. Dai Wenjing resigning as an employee supervisor of the Bank at the fourth meeting of the fifth session of the general meeting of employee representatives, please refer to the announcement of the Bank dated December 27, 2019.

5. For details of Mr. Wang Xinyan being elected as an employee supervisor of the Bank at the fourth meeting of the fifth session of the general meeting of employee representatives, please refer to the announcement of the Bank dated December 27, 2019.

6.6 Attendance at Shareholders' General Meetings during the Reporting Period

During the reporting period, our Bank held a total of four Shareholders' General Meeting. The Board of Supervisors designated representatives to attend the meeting who oversaw on the spot the compliance and legality of the reviewed proposals, meeting procedures and voting process.

6.7 Attendance at the Board Meetings and Senior Management Meetings during the Reporting Period

During the reporting period, the Board of Supervisors designated representatives to be present at on-site meetings of the Board held by the Bank, and supervised the legality and compliance of procedures of convening the Board meeting and voting, as well as the attendance, speech and voting of Directors. The Board of Supervisors also sent representatives to be present at related senior management meetings and oversaw senior management's execution of resolutions by the Board and the launch of operational management activities.

6.8 Special Committees under the Board of Supervisors

The Board of Supervisors has established a Nomination Committee and a Supervisory Committee. The composition of these committees is as follows:

No.	Special Committees under the Board of Supervisors	Chairperson	Member
1	Nomination Committee	CHEN Chunxia	LU Tingfu, WANG Xinyan
2	Supervisory Committee	GUO Jiequn	LIAO Jingwen, WANG Xinyan

6.8.1 Nomination Committee

The primary responsibilities of the Nomination Committee include:

(1) to study the selection standards and procedures of Supervisors;

(2) to conduct preliminary reviews on qualification of Supervisors;

(3) to draw up the size and composition of the Board of Supervisors;

(4) to nominate and recommend members for the special committees under the Board of Supervisors;

(5) to examine the duty performance of Supervisors; and

(6) to deal with other matters authorized by the Board of Supervisors.

During the reporting period, the Nomination Committee convened a total of four meetings, and deliberated on and adopted the "Proposal of Amending the Measures for the Evaluation by the Board of the Performance of Duties of Directors, Supervisors and Senior Management of Bank of Jiujiang Co., Ltd.", "Proposal of Deliberating on the 2018 Remuneration Management Special Audit Report of Bank of Jiujiang Co., Ltd." and the others.

6.8.2 Supervisory Committee

The primary responsibilities of the Supervisory Committee include:

(1) to draw up supervisory plans for our financial activities;

(2) to launch relevant inspections and oversee implementation of supervisory plans;

(3) to examine and discuss our operation philosophies, value criteria and development strategies, and raise relevant opinions through the Board of Supervisors;

(4) to supervise our Board of Directors to establish steady business philosophies, value criteria and to formulate development strategies in line with the actual situations of the Bank;

(5) to supervise and examine the operation strategy, risk management and internal control of the Bank; and

(6) to deal with other matters authorized by the Board of Supervisors.

During the reporting period, the Supervisory Committee convened a total of four meetings, and deliberated on and adopted the "Proposal of Deliberating on the 2018 Reputation Risk Management and Public Opinion Management Report of Bank of Jiujiang Co., Ltd.", "Proposal of Deliberating on 2019 Comprehensive Risk Management Plan of Bank of Jiujiang Co., Ltd." and the others.

7. Training and Studies Undertaken by Directors and Supervisors during the Reporting Period

During the reporting period, with the support of extensive performance of duties, the directors' meetings, opinions, trainings and research were pushed forward and went into practice. Since 2019, the Directors have conducted two training sessions for the staff of the Bank, some of whom have visited the Wuhan Data Center and the Jinggangshan Jiuyin County Bank for research, and provided professional guidance on different aspects, for instance, the Bank's internal control, risk management, information technology, and talent cultivation. The Bank has done a good job of retaining the performance files of each of the Directors to ensure that the performance files of the Directors are complete.

During the reporting period, the Board of Supervisors organized and conducted tutorials and trainings for all Supervisors on a quarterly basis. The content covered the common external supervision system and the latest developments of the regulatory authorities, helped Supervisors to familiarise themselves with and comprehend regulatory requirements as well as dynamics, which effectively improved Supervisors' awareness to perform their duties and supervisory ability. For instance, all Supervisors studied materials such as the system related to Anti-Money Laundering, and the review and prospects of financial supervision in the first quarter of 2019.

In addition, the Board of Supervisors carried out researches on Wuhan Data Center, and the special committees organized and carried out researches on remuneration and financial management.

Directors	Participated training/studies
Executive Directors	
LIU Xianting	1,2,3,4,5
PAN Ming	1,2,3,4
CAI Liping	1,2,3,4,5
Non-executive Directors	
ZENG Huasheng	1,2,3,4,5
ZHANG Jianyong	1,2,3,4,5
LI Jianbao	1,2,3,4,5
YI Zhiqiang	1,2,3,4
Independent Non-executive Directors	
CHUA Alvin Cheng-Hock	1,2,3,4,
GAO Yuhui	1,2,3,4,5
QUAN Ze	1,2,3,4,
YANG Tao	1,2,3,4,5

Note:

1. IAS review summary and regulatory advice training

2. The CBIRC and CSRC Joint Guiding Opinions on the Issuance of Preference Shares by Commercial Banks to Replenish Tier-1 Capital (amended)

3. Environmental, Social and Governance Reporting Guide (May 2019) of the Hong Kong Stock Exchange

4. Responsibilities and obligations of directors and supervisors of Hong Kong listed companies and daily compliance

5. Studies in Wuhan Research Center

Supervisor	Participated training/studies
LUO Xinhua	1,2,3,4,5
QIU Jian[6]	1,2
LIAO Jingwen	1,2,3,4
LU Tingfu[7]	1,3,4
DAI Wenjing[8]	1,2,3,4,5
CHEN Chunxia	1,2,3,4,5
GUO Jiequn	1,2,3,4,5
WANG Xinyan[9]	1

Note:

1. Responsibilities and obligations of directors and supervisors of Hong Kong listed companies and daily compliance

2. Analysis report of consultant

3. The CBIRC Administrative Measures on Liquidity Risk of Commercial Banks (Provisional) and working guidelines on protection of consumer rights and interests in the banking industry

4. Anti-money laundering policies and regulatory advice training

5. Studies in Wuhan Research Center

6. For details of Ms. QIU Jian resigning as the Supervisor of the Bank due to work reallocation, please refer to the announcements of the Bank dated March 31, 2019 and May 21, 2019

7. For details of Mr. LU Tingfu being elected as the shareholder Supervisor of the Bank at the 2018 annual general meeting, please refer to the announcements of the Bank dated March 31, 2019 and May 21, 2019

8. For details of Ms. DAI Wenjing resigning as an employee supervisor of the Bank at the fourth meeting of the fifth session of the general meeting of employee representatives, please refer to the announcement of the Bank dated December 27, 2019

9. For details of Mr. WANG Xinyan being elected as an employee supervisor of the Bank at the fourth meeting of the fifth session of the general meeting of employee representatives, please refer to the announcement of the Bank dated December 27, 2019

8. Senior Management

Serving as the executive body of the Bank, the senior management is accountable for the Board and is subject to the supervision of the Board of Supervisors. Powers and authorities of the senior management and the Board of Directors are divided in strict compliance with the Articles of Association. Our Bank practices a president accountability system under the leadership of the Board. Our Bank has one president and several vice presidents. Directors can hold concurrent posts as president or vice president. Such appointments shall be made by the Board after the candidates pass the qualification reviews by the banking and insurance regulatory authority under the State Council.

The president of the Bank shall be accountable to the Board and exercise the following powers:

(1) to be in charge of the operation and management of our Bank, organize and implement the resolutions of the Board and report his/her work to the Board;

(2) to submit the operation plans and investment proposals to the Board and organize and implement the same upon approval of the Board;

(3) to draft the plans for the establishment of the internal management departments of our Bank and decide on matters in accordance with the authorization of the Board, other than those which shall be determined by the Shareholders' General Meetings or the Board, in respect of the establishment of internal management departments and branches and sub-branches of our Bank;

(4) to propose the annual financial budget, final account and profit distribution plan of our Bank;

(5) to formulate the basic management system of our Bank;

(6) to formulate the specific management system of our Bank;

(7) to propose to convene extraordinary Board meetings;

(8) to recommend to the Board the appointment or dismissal of the vice president, chief financial officer and other senior management of our Bank;

(9) to determine the appointment or dismissal of persons in charge of all of our internal functional departments and branches and sub-branches other than those required to be appointed or dismissed by the Board;

(10) to be responsible for the operation of comprehensive risk management and execute relevant resolutions of the Board; establish operational management system in line with the comprehensive risk management; specify risk management responsibilities among functional departments in charge of comprehensive risk management, business departments and other departments; and establish an operation mechanism that facilitates coordination and maintains balance effectively among departments;

(11) to establish a system of mechanisms, procedures and methods in accordance with the acceptable risk level determined by the Board and take relevant risk control measures; be responsible for establishing and improving internal organizational structure to ensure that all internal control functions are performed effectively; carry out tests and assessments regarding the adequacy and effectiveness of the internal control mechanism;

(12) to formulate clear execution and accountability mechanism to ensure full conveyance and effective implementation of risk management strategies, risk preferences and risk limits; formulate risk management policies and procedures and carry out regular assessment and report assessment results of our comprehensive risks and different major risk management conditions to the Board; monitor the non-compliance issues in respect of risk preferences and risk limits as well as violation of risk management policies and procedures and carry out corresponding rectification based on the authorization of the Board;

(13) to authorize other senior management, different internal functional department and persons in charge of branches and sub-branches to carry out operation and management activities;

(14) in the event of major emergencies including a run on the Bank, to perform contingency measure and report to the banking and insurance regulatory authority of the State Council, the Board and the Board of Supervisors immediately; and

(15) to exercise other powers granted by the applicable laws, administrative requirements, regulations and our Articles of Association or the Board.

In addition, the senior management is also responsible for offering full explanations and documents for financial and other materials submitted to the Board, providing updates to the members of the Board on a monthly basis, listing fair and eligible assessment on the performance, financial status and prospect of the Bank, with content enough to enable Directors to perform their functions and powers as stipulated in Rule 3.08 and Chapter 13 of the Listing Rules.

8.1 Chairman and President

In line with the recommendations under the Hong Kong Listing Rules, the roles and responsibilities of the Chairman and President of the Bank are taken up by different persons, and their respective responsibilities are clearly defined in the Articles of Association.

Mr. LIU Xianting acts as the chairman of the Bank, in charge of organizing Board meetings to timely review and discuss our major issues, ensuring that all Directors at the Board meetings are properly aware of the current issues; ensuring that all Directors timely receive adequate information which is accurate, clear, complete and authentic; ensuring that the bank formulates sound corporate governance practices and procedures; encouraging Directors to express different ideas and ensuring that the decisions from the Board can fairly represent the consensus of the Board; maintaining effective connections with shareholders and ensuring that shareholders' opinions can reach the entire Board; facilitating the Directors to make effective contribution to the Board and ensuring a constructive relationship between executive Directors and non-executive Directors; ensuring sound operation of the Board and effective execution of its decisions. Mr. LIU Xianting conducted a discussion with non-executive Directors without the presence of executive Directors about the business performance of the Bank in 2019.

Mr. PAN Ming acts as our President, in charge of our operational management in accordance with the laws and regulations as well as the Articles of Association.

9. Securities Transactions by Directors, Supervisors and Relevant Employees

The Bank has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct governing securities transactions by the Directors, Supervisors and related employees of the Bank. After having made inquiries to all Directors and Supervisors, they confirmed that they had complied with the above Model Code during the reporting period. The Bank was not aware that any relevant employee had breached the code.

10. Financial, Business and Family Relationships among Directors, Supervisors and Senior Management

There are no relationships among each of the Directors, Supervisors and senior management of the Bank, including financial, business, family or other material relationships.

The Bank has purchased insurance for our Directors, supervisors and senior management against the legal liabilities arising from duty performance, and such insurance policies are governed by PRC laws.

11. Joint Company Secretaries

At July 5, 2019, Ms. Ng Wing Yan has resigned as the joint company secretary of the Bank and agent for the acceptance on delivery of service of process or notice of the Bank in Hong Kong under the Company Ordinance (Chapter 622 of the Laws of Hong Kong). At the same time, upon the consideration and approval at the 12th meeting of the fifth session of the Board, Ms. Fok Po Yi from the SWCS Corporate Services Group (Hong Kong) Limited was appointed as one of the Joint Company Secretaries and Service of Process Agent. For details of the changes, please refer to the announcement published by the Bank on July 5, 2019.

During the reporting period, Mr. Tong Faping and Ms. Fok Po Yi, the joint company secretaries, have received not less than 15 hours of related professional training in accordance with the requirements in Rule 3.29 of the Listing Rules. Ms. Fok Po Yi is the company secretary of the external service provider and her key contact person is Mr. Tong Faping, the other joint company secretary of the Bank.

12. Communications with Shareholders

12.1 Investor Relations

The Bank values communications and connections with shareholders. We have launched a diversity of activities for shareholders to strengthen contacts with shareholders and enhance mutual understanding and exchanges, as well as actively provide feedback to shareholders' requests. For enquiries to the Board, shareholders may contact our Office of the Board, the contact information is as follows:

Address: No. 619 Changhong Avenue, Jiujiang, Jiangxi Province, China
Tel: +86 (792) 7783000-1101
Fax: +86 (792) 8325019
Email: lushan2@jjccb.com

12.2 Information Disclosure

The Board and the senior management of the Bank place great importance on information disclosure. They rely on good corporate governance and internal controls to ensure investors obtain information in a timely, accurate and fair manner.

In accordance with the requirements of the Listing Rules, "Measures for the Information Disclosure of Commercial Banks" and "Measures for the Information Disclosure of Bank of Jiujiang Co., Ltd.", the Bank continuously improved the timeliness, accuracy and completeness of the information to be disclosed. During the reporting period, the Bank published related announcements from time to time on the website of Hong Kong Stock Exchange in accordance with the Listing Rules and provided full version of the relevant reports on our website for review by the investors and stakeholders.

13. Amendments to the Articles of Association

During the reporting period, the Bank amended certain provisions of the Articles of Association in order to reflect the changes in the total issued share capital of the Bank following the completion of Global Offering and the partially exercise of the Over-Allotment Option. The amendment has been considered and approved by the Board and Shareholders' General Meeting. The relevant amendment has been filed for registration at the CBIRC Jiangxi Bureau and Jiujiang Market Supervision and Management Bureau. For details of the amendment, please refer to the announcement published by the Bank on June 10, 2019.

In addition, the Bank amended certain provisions of the Articles of Association, in order to fully implement the relevant requirements of the regulatory authority about the certain provision of the Interim Measures for the Equity Management of Commercial Banks to be included in the Articles of Association as well as the need of establishing the Consumer Rights Protection Committee. The amendment has been considered and approved by the Board and Shareholders' General Meeting. The amendment has been approved by the CBIRC Jiangxi Bureau and filed for registration at Jiujiang Market Supervision and Management Bureau. For details of the amendment, please refer to the announcement published by the Bank on June 19, 2019.

14. Shareholders' Rights

14.1 Convening of Shareholders' General Meetings

In accordance with related laws, regulations and the Articles of Association of the Bank, Shareholders individually or in aggregate holding 10% or more of the Bank's shares shall have the right to request the Board to convene an extraordinary general meeting or a class shareholders' general meeting, which shall follow the procedures as below:

(1) Two or more Shareholders holding an aggregate of 10% or more of shares carrying voting rights at such meetings to be convened can sign one or several written requests in the same format and content requesting the Board to convene an extraordinary general meeting or a class shareholders' general meeting, which specify the matters to be discussed at the meeting. Upon receipt of the said written requests, the Board shall convene an extraordinary general meeting or a class shareholders' general meeting as soon as possible. The aforementioned share holdings shall be calculated based on the number of shares held at the close of the date of written requests or on the previous trading day (where the date of written requests is not a trading day).

(2) Where the Board fails to give the notice to convene the meeting within 30 days upon the receipt of the said written requests, the Shareholders making such requests may convene a meeting within four months upon the receipt of the said requests by the Board. Such meeting shall be convened in the same manner, as nearly as possible, as the meetings convened by the Board.

14.2 Submitting Proposals to the Shareholders' General Meetings

Shareholder(s) holding individually or in aggregate 3% or more of our Bank's voting shares may submit proposals to the Bank. Our Bank shall place on the agenda those matters in the proposed resolutions that are within the scope of functions and powers of the shareholders' general meeting.

Shareholder(s) holding individually or in aggregate 3% or more of our Bank's voting shares may prepare interim proposals in written form to the convener 10 days prior to the Shareholders' General Meetings. The convener shall dispatch a supplementary notice of the shareholders' general meetings to announce the content of interim proposals within two days upon receipt of the proposals.

15. Profit distribution policies

The profit distribution policy of the Bank shall focus on generating reasonable returns on investment made by investors. Continuity and stability shall be maintained with the profit distribution policy, which is conducive to the long-term development of the Bank. The Bank shall distribute dividends in the profit-making year. The Bank's profit distribution shall neither exceed the range of the accumulated distributable profits nor harm the sustainable operation capability of the Bank. The Board, the Board of Supervisors and the shareholders' general meeting of the Bank shall fully consider the opinions of independent Directors and public investors in the decision-making and demonstration process of the profit distribution policy.

(1) the Bank distributes dividends in cash or shares, or cash-and-shares, but mainly in cash;

(2) if the net cash flow from operating activities in the current year is negative, the Bank may pay no cash dividends;

(3) generally, dividends are paid annually, and the Board of the Bank may also propose interim dividend distribution based on the company's demand for fund;

(4) if the Bank needs to adjust its profit distribution policy according to its production & operation conditions, investment plans and long-term development needs, it shall seek consent of more than two thirds of all independent Directors and submit such adjustment to the shareholders' general meeting for deliberation after consideration by the Board and the Board of Supervisors of the Bank;

(5) the Bank shall formulate or adjust the plan of dividend returns to shareholders within the scope of the aforesaid profit distribution policy based on its own actual conditions;

(6) the profit distribution plan of the Bank shall be submitted to the shareholders' general meeting for deliberation and approval after deliberation by the Board and the Board of Supervisors; the Bank shall listen to the opinion of public investors when deliberating on the proposals for profit distribution policies and profit distribution plans at the shareholders' general meeting.

16. External Auditors and Auditor Emoluments

The Bank held the 2018 annual general meeting of shareholders on May 21, 2019, which approved the reappointment of Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu as the domestic and overseas financial report auditors of the Bank respectively in 2019. The Bank did not change the auditing firms in the past three years. For the year ended December 31, 2019, the Bank paid a total of RMB2.85 million to Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu for auditing services.

The Board and the Audit Committee under the Board are unanimously in agreement with regard to the selection and appointment of external auditors of the Bank.

17. Risk Management and Internal Control

During the reporting period, we gradually strengthened our risk management and established an integrated and comprehensive risk management system, through which we successfully met increasingly strict regulatory and other relevant requirements, mitigating risks associated with uncertain external economic conditions, and achieved the sustainable development of our business. In our daily operations, we have been continuously improving our risk management standards through various measures, including setting up a risk management structure to ensure integration of efficient management and all-round support. We have been formulating and implementing effective risk management plans, improving our risk management mechanism and the risk identification and control technical competency. With the help of an effective incentive and accountability system, we have improved our assessment and supervision efficiency, while strengthening and refining our risk management methodologies and measures.

The Bank conducts risk identification for the nine major risks under the comprehensive risk management including credit, market, operational and liquidity from three perspectives of the likelihood, financial impacts and non-financial impacts incurred in relation to risk occurrences every year in order to distinguish the principal risks and non-principal risks faced by the Bank. The nine major risks are assessed from the two dimensions of risk status and risk management standards. According to the assessment results, risk vulnerability is improved and management is strengthened, and the risk tolerance capability is enhanced by increasing additional second pillar capital.

In accordance with the PRC Commercial Banking Law, the Basic Standard for Enterprise Internal Control, Internal Control Guidelines for Commercial Banks and other external laws and regulations and regulatory rules as well as the Basic Internal Control System of Bank of Jiujiang Co., Ltd. and other requirements within the Bank's system, the Bank set up a scientific, complete and reasonable internal control system for the purpose of enhancing the ability of risk management and control, improving customer services and promoting sustainable development, steadily pushing forward internal control assessment as devised in annual work plans. Our internal control covers almost all management and business processes, with an internal control mechanism featuring beforehand risk prevention, in-progress control and post-event supervision and correction in place. The review procedures of the effectiveness of internal control mainly serve the commencement of internal control evaluation. The compliance department of the Head Office leads all branches to conduct self-evaluation on the effectiveness of internal control, and conduct self-evaluation on five aspects including internal environment, risk assessment, control activities, information and communication, and internal supervision. The compliance department of the Head Office conducts spot check and reassessment according to the internal control self-evaluation of each institution, prepares the internal control self-evaluation reports, and reports to the Board.

The Board of the Bank assumes ultimate responsibilities of comprehensive risk management, including the establishment of risk culture, the formulation of risk management policies, and the setting of risk appetite, risk tolerance and risk limit. It also formulates risk management and internal control policies, as well as and reviews the effectiveness of annual risk management and internal control at least once a year. The Board ensures the establishment and implementation of a fully effective internal control system, which guarantee the Bank operates prudently within the legal and policy framework. It assumes responsibilities regarding the risk management and internal control system of the bank, which aims to manage rather than eliminate the risk of failing to achieve business goals, and can only provide reasonable and not absolute assurance against material misstatements or losses.

The Board of Supervisors is responsible for the supervision of risk management and internal control, supervising and reviewing the performance of duties of the Board and senior management in respect of risk management and urge for rectification; supervising the efforts of the Board and senior management in improving the internal control mechanism; and supervising the performance of internal control duties by the Board and the senior management.

For the year ended December 31, 2019, the Board completed the annual review and evaluation of the effectiveness of the Bank's internal control and risk management system. The evaluation covers all of the Group's key internal control environment, including financial, operational and compliance as well as risk management function. The Board also considered that the operations of the Bank's risk management and internal control systems, including resources, staff qualifications and experience, training programs and budgets for accounting, internal audit and financial reporting functions, were adequate and effective on the whole. There were no material matters to be brought to attention during the year.

18. Inside Information Management

The Board is responsible for disclosing information of the Bank, and ensuring the authenticity, accuracy and integrity of the disclosed information in all material respects without misleading statements or material misstatement and bears individual and joint responsibilities for the authenticity, accuracy and integrity of the disclosed information. The Chairman of the Board is the primary person responsible for implementing the management measures for information disclosure. The Secretary of the Board is in charge of the execution of information disclosure of the Bank and the Office of the Board deals with the daily work thereof.

To ensure confidentiality of the inside information, safeguard the fairness in information disclosure and protect the legal rights of investors, the Bank enacted the "Measures for Information Disclosure Management in Bank of Jiujiang Co., Ltd." and "Management Measures on Information Insiders of Bank of Jiujiang Co., Ltd." based on domestic and overseas laws, regulations and other regulatory documents such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, Measures for the Information Disclosure of Commercial Banks, and the Listing Rules.

The Bank makes information disclosure and manages inside information in strict compliance with the regulatory requirements and specifies the principles, contents, management and procedures for information disclosure in the "Measures for Information Disclosure Management in Bank of Jiujiang Co., Ltd." and "Management Measures on Information Insiders of Bank of Jiujiang Co., Ltd.", which also provide specific regulations for the coverage, insider limits and the security management of inside information as well as punishment for divulging inside information, etc.

During the reporting period, the Bank not only stringently complied with the regulatory requirements of domestic and overseas regulators, but also intensified its management rules and enhanced the security measures of its inside information as well as disclosed relevant information timely according to requirements.

Report of the Board of Directors

1. Principal Activities and Business Review

The Bank is principally engaged in banking and related financial services in the PRC, including corporate banking, personal banking, treasury operations and other businesses. During the reporting period, the Bank operated in accordance with law, and the decision-making procedures were in compliance with relevant laws, regulations as well as the Articles of Association.

Further discussion and analysis of the business review required by the Fifth Schedule of the Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong) is set out in "Accounting Data and Financial Highlights" and "Management Discussion and Analysis" of this annual report. The principle risks faced by the Bank are set out in the section headed "Management Discussion and Analysis – 11. Risk Management". This discussion forms part of the "Report of the Board of Directors".

2. Annual General Meeting and Dividends

2.1 Annual General Meeting

The Bank intends to hold the 2019 annual general meeting of Shareholders on Friday, May 22, 2020. To determine the shareholders' entitlement to attend and vote at the annual general meeting, the register of members will be closed from Wednesday, April 22, 2020 to Friday, May 22, 2020 (both dates inclusive), during which no transfer of shares will be effected. Shareholders whose names appear on the register of members of the Bank on Friday, May 22, 2020 are entitled to attend and vote at the annual general meeting. In order to be eligible to attend and vote at the annual general meeting, all transfer documents together with the relevant share certificates must be returned by 4:30 p.m. on Tuesday, April 21, 2020 to our Board Office (at Bank of Jiujiang Mansion No. 619, Changhong Avenue, Lianxi District, Jiujiang, Jiangxi Province, China (for shareholders of domestic shares) or H share Registrar of the Bank, Computershare Hong Kong Investor Services Limited (at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) (for shareholders of H shares) for registration. The Bank will release the notice and circular of the 2019 annual general meeting of the Bank together with the reply slip and proxy from in due course.

2.2. Dividends

Shareholders of the Bank have considered and approved the 2018 Profit Distribution Plan of the Bank at the 2018 Annual General Meeting held on May 21, 2019. The final dividend for 2018 RMB0.8 (tax inclusive) per ten shares, totalling RMB192.59 million (tax inclusive). The dividend was paid to the Domestic Shareholders and the H Shareholders whose names appear on the register of members of the Bank on June 3, 2019. The above dividends paid were denominated in Renminbi, and will be paid to Domestic Shareholders in Renminbi and H Shareholders in Hong Kong dollars. Calculation of the exchange rate for dividends payable in Hong Kong dollars was based on the central parity rate of the average exchange rate of Renminbi to Hong Kong dollars, i.e. HK$1.00 = RMB0.876954, as announced by the People's Bank of China on the five working days prior to May 21, 2019, the date of declaration of the dividend at the 2018 annual general meeting (inclusive). The above dividend was paid to holders of the Domestic Shareholders and H Shareholders of the Bank.

The Board of Directors of the Bank recommends a cash dividend of RMB1.2 (tax inclusive) per ten shares for the year ended December 31, 2019, totaling approximately RMB288.88 million (tax inclusive). If the proposal is approved at the 2019 annual general meeting, the dividend will be distributed to the Domestic Shareholders and the H Shareholders whose names appear on the register of members of the Bank on Wednesday, June 3, 2020. The dividend is expected to be paid on Friday, July 10, 2020. The proposed dividends payable are denominated in Renminbi, and will be paid to Domestic Shareholders in Renminbi and H Shareholders in Hong Kong dollars. Calculation of the exchange rate for dividends payable in Hong Kong dollars will be based on the central parity rate of the average exchange rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China on the five working days preceding the date of declaration of the dividend at the 2019 annual general meeting (inclusive).

3. Tax on Dividend Income

Withholding of Enterprise Income Tax for Overseas Non-PRC Resident Enterprise

Pursuant to the applicable provisions of the "Enterprise Income Tax Law of the People's Republic of China" and its implementation regulations and the "Circular of the State Administration of Taxation on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares" (Guo Shui Han [2008] No. 897), when the Bank distributes the final dividend to H share non-PRC resident enterprise shareholders (including H shares registered in the name of HKSCC Nominees Limited), it will withhold and pay enterprise income tax at a rate of 10%. If the relevant non-resident enterprise shareholders are the actual beneficial owners who meet the requirements of the tax protocol (arrangement), the Bank will apply on behalf of the beneficial owners for enjoying the relevant treatments of the tax agreement in accordance with the Tax Agreement Announcement. Shareholders who

meet the requirements shall submit to the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited, the written entrustment and all the application materials required by the Tax Agreement Announcement in a timely manner. It shall be submitted to the competent tax authority for review by the Bank, and the Bank will then assist in the refund of extra tax withheld upon approval.

Withholding of individual Income tax for overseas non-PRC resident individual shareholders

According to the applicable provisions of the "Individual Income Tax Law of the PRC" and its implementation regulations and the "Announcement of the State Administration of Taxation on the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Agreements (Notice of the State Administration of Taxation ([2015] No. 60) ("Tax Agreement Announcement"), the Bank will withhold and pay individual income tax for H-share shareholders in accordance with the following arrangements:

The Bank will withhold and pay individual income tax at a rate of 10% for H share individual shareholders from Hong Kong or Macau or other countries (regions) with a tax rate of 10% with China as specified by the Tax Agreement when the final dividend is paid;

The Bank will withhold and pay individual income tax at a rate of 10% tentatively for H share individual shareholders from countries (regions) with a tax rate lower than 10% with China as specified by the Tax Agreement. If the relevant H share individual shareholder intends to apply for a refund of the extra withholding tax, the Bank will apply on behalf of the shareholders for enjoying the relevant treatments of the tax agreement in accordance with the Tax Agreement Announcement. Shareholders who meet the requirements shall submit to the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited, the written entrustment and all the application materials required by the Tax Agreement Announcement in a timely manner. It shall be submitted to the competent tax authority for review by the Bank, and the Bank will then assist in the refund of extra tax withheld upon approval.

The Bank will withhold and pay individual income tax at a rate in accordance with the effective tax rate as stipulated in the relevant tax agreement for H share individual shareholders from countries (regions) with a tax rate higher than 10% but lower than 20% with China as specified by the Tax Agreement when the final dividend is paid.

The Bank will withhold and pay individual income tax at a rate of 20% for H share individual shareholders from countries (regions) with a tax rate of 20% or with no tax agreement with China as specified by the Tax Agreement or other circumstances when the final dividend is paid.

The Bank will generally withhold and pay individual income tax for H share shareholders in accordance with the above arrangements. However, the Bank will handle the application in compliance with specific requirements by the taxation authorities.

4. Share capital

For details of the share capital of the Bank, please see "Changes in Share Capital and Information on Shareholders – 1. Changes in Share Capital" in this annual report.

5. Substantial Shareholders

For details of the substantial shareholders of the Bank as at the end of the reporting period, please see "Changes in Share Capital and Information on Shareholders – 2. Information on Shareholders" in this annual report.

6. Issuance of Bonds

Details of the bonds issued by the Bank for the year ended December 31, 2019 are set out in Note 32 of the financial statements of this annual report.

7. Reserves and Distributable Reserves

Details of the changes of the reserves of the Bank for the year ended December 31, 2019 are set out in the consolidated statement of changes in equity within the financial statements of this report.

8. Property and Equipment

Details of the changes of the property and equipment of the Bank for the year ended December 31, 2019 are set out in Note 24 of the financial statements of this annual report.

9. Connected Transactions

9.1 Non-Exempt Continuing Connected Transactions

The Group has conducted a number of non-exempt continuing connected transactions during the reporting period. The following table sets forth the status of these continuing connected transactions:

No.	Continuing Connected Transactions	Connected Persons	2019 Annual Caps (RMB million)	Actual Amount for the year ended 2019 (RMB million)
(1)	**Provision of investment trust services by CIIT** Maximum balance of investment principal of our Bank in trusts managed by CIIT for the year or period	Industrial Bank and its associates	348.5	248.5
	Investment interest income received by our Bank from CIIT		5.93	5.10
(2)	**Provision of Financing to BAIC Group and its associates through an Independent Third Party Trust Company**	BAIC Group and its associates	nil	nil
	Maximum balance of investments principal of our Bank in trusts managed by an independent third-party trust company for the year or period			
	Investment interest income received by our Bank from an independent third-party trust company		nil	nil
(3)	**Provision of financing to BAIC Heshun with funds raised from the issue of wealth management products**	BAIC Group and its associates	1,200	1,200
	Maximum balance of investment principal of our Bank with funds raised from the issue of wealth management products in trusts managed by an independent third-party trust company in the year or period			
	Handling fee of wealth management products and handling fee of entrusted loan received by the Bank		4.8	3.05

Note:

In respect of the above non-exempt continuing connected transactions, the Bank has obtained the approval for these continuing connected transactions and the amount of annual caps of the transactions for the years ended 2018, 2019 and 2020 upon listing. The Bank has also exempted from the compliance with the relevant announcements and independent shareholders' approval requirement within the annual caps of transactions.

1. Provision of investment trust services by CIIT

Our Bank entered into certain investment trust agreements with CIIT in October 2015, October 2016, February 2017, November 2017 and February 2018, where by CIIT acted as the manager of the investment trusts and we received investment returns from the trusts as investor ("CIIT Investment Trusts Agreements"). CIIT is a wholly owned subsidiary of Industrial Bank, and is therefore the Bank's connected person.

Principal terms

- Our Bank subscribed for certain monetary amounts in the CIIT Investment Trusts Agreements and received investment returns.
- The expected maximum annualized return on investment of certain CIIT Investment Trust Agreements to be received by our Bank ranges from approximately 5.60% to 7.00%. Certain other CIIT Investment Trust Agreements have a floating annualized return.
- The maturity of the investment trusts ranges from 12 months to 36 months.

Hong Kong Listing Rules Implications

The transactions under the CIIT Investment Trust Agreements are conducted in our ordinary and usual course of business on normal commercial terms or better to us. As the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules for the three years ending December 31, 2018, 2019 and 2020 is expected to be less than 5% while more than 0.1% on an annual basis, it is subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules.

Brief description of the transaction and its purpose

There are 30 trust companies with which our Bank has approved to conduct business, with 21 of which our Bank has an established business relationship. Pursuant to our operation policy that adopts the open market principle, the Bank has conducted sufficient market inquiries (including comparing the quality and return with other products then available in the market) and due diligence on the products and believes that the return of our investment in the trusts managed by CIIT is sizeable, and with controllable investment risk.

2. Provision of Financing to BAIC Group and its associates through an Independent Third Party Trust Company

The Bank entered into investment trust agreements ("BAIC Related Investment Trust Agreements") with an independent third-party trust company in March 2017 and August 2017, pursuant to which our Bank provided financing to BAIC Group and its associates (namely BAIC Investment) through such independent third-party trust company.

BAIC Group is a substantial shareholder of the Bank and BAIC Investment is an indirect wholly owned subsidiary of BAIC Group, and is therefore the Bank's connected persons.

Principal terms

- Our Bank subscribed for certain monetary amounts in the BAIC Related Investment Trust Agreements and received investment returns.
- The expected maximum annualized return on investment to be received by our Bank is approximately 6.7% and 4.4175%.
- The maturity of the investment trusts is 12 months.
- The independent third-party trust company provides financing to BAIC Group and its associates (namely BAIC Investment) by way of capital injection as limited partners or loan agreement.

Hong Kong Listing Rules Implications

The transactions contemplated under the BAIC Related Investment Trust Agreements are conducted in our ordinary and usual course of business on normal commercial terms or better to us. As the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules for the three years ending December 31, 2018, 2019 and 2020 is expected to be less than 5% while more than 0.1% on an annual basis, it is subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules.

Brief description of the transaction and its purpose

Our Bank has conducted market research (including comparing the quality and return with those of other products then available in the market) and sufficient due diligence on the products and believes that the return of the BAIC Related Investment Trust Agreements is sizeable, and with controllable investment risk.

3. Provision of financing to BAIC Heshun with funds raised from the issue of wealth management products

Our Bank entered into an investment trust agreement ("BAIC Heshun Related Investment Trust Agreement") with an independent third-party trust company in March 2017, pursuant to which our Bank provided financing to BAIC Heshun through such independent third-party trust company with funds raised from the issue of our Bank's non-principal guaranteed wealth management products. Our Bank received handling fees as a result of the arrangement.

BAIC Heshun is an indirect wholly owned subsidiary of BAIC Group, and is therefore the Bank's connected persons.

Principal terms

- The Bank subscribed for certain monetary amounts in the BAIC Heshun Related Investment Trust Agreement and received investment returns.
- The independent third party trust company provides financing to BAIC Heshun by way of a shareholder's loan as a limited partner through an entrusted loan from our Bank.
- The maturity of the investment trusts is 36 months.
- The handling fee charged by our Bank for the wealth management products shall be the difference between the expected net yield as prescribed under the BAIC Heshun Related Investment Trust Agreement and the cost of each of the relevant non-principal guaranteed wealth management products.
- The handling fee charged by our Bank for the entrusted loan is a one-off payment equal to 0.15% of the loan amount.

Hong Kong Listing Rules Implications

The transactions contemplated under the BAIC Heshun Related Investment Trust Agreements are conducted in our ordinary and usual course of business on normal commercial terms or better to us. As the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules for the three years ending December 31, 2018, 2019 and 2020 is expected to be less than 5% while more than 0.1% on an annual basis, it is subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules.

Brief description of the transaction and its purpose

Our Bank has conducted market research (including comparing the quality and return with those of other products then available in the market) and sufficient due diligence on the products and believes that the return of the BAIC Related Investment Trust Agreements is sizeable, and with controllable investment risk.

9.2 Confirmation by Independent Non-executive Directors

As at the end of the reporting period, the independent non-executive Directors have reviewed the above continuing connected transactions and confirmed the transactions:

1. were entered into the ordinary and usual course of business of the Bank;
2. were conducted on normal commercial terms or better; and
3. were conducted in accordance with relevant terms of the transaction agreement with fair and reasonable terms and in the interests of the shareholders of the Bank as a whole.

9.3 Confirmation by Auditor

According to Rule 14A.56 of the Listing Rules, the Board of Directors engaged the overseas auditor of the Bank, Deloitte Touche Tohmatsu to undertake a limited assurance engagement in respect of the above continuing connected transactions, in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Board confirmed that the auditor has reported to the Board of Directors the results on executing the procedure that:

a. nothing has come to the auditor's attention that causes the auditor to believe that those disclosed continuing connected transactions were not approved by the Bank's Board of Directors;
b. for transactions involving the provision of services by the Bank, nothing has come to the auditor's attention that causes the auditor to believe that the transactions have not been conducted in accordance with the Bank's pricing policy in all material respects;
c. nothing has come to the auditor's attention that causes the auditor to believe that the transactions have not been conducted in all material respects in accordance with the relevant agreements governing such transactions; and
d. for the total amount of the continuing connected transactions, nothing has come to the auditor's attention that causes the auditor to believe that the amount of these continuing connected transactions exceeds the total annual cap of the continuing connected transactions of 2019 that the Bank has applied for.

The related party transactions disclosed in Note 41 to the Financial Statements in this annual report also constitute a connected transaction or continuing connected transaction as defined in Chapter 14A of the Hong Kong Listing Rules and the Bank has complied with the disclosure requirements of Chapter 14A of the Hong Kong Listing Rules.

Except as disclosed in this annual report, during the reporting period, the Bank does not have any other connected transactions or continuing connected transactions that are required to be disclosed in accordance with the disclosure requirements of connected transactions under Chapter 14A of the Hong Kong Listing Rules.

10. Directors, Supervisors and Senior Management

Please refer to the section headed "Information on Directors, Supervisors, Senior Management, Staff and Institution" of this annual report for biographical details of current Directors, Supervisors and senior management and changes in Directors during the reporting period.

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 notice of criticism by CSRC, nor under any public censure by Hong Kong Stock Exchange or punishment by any other regulators which has a material effect on the Bank's operation.

12. Confirmation of Their Independence by Independent Non-executive Directors

The Bank has received the confirmation letters from each of the independent non-executive directors regarding their independence. We consider that all independent non-executive Directors are in compliance with the relevant guidelines set out in Rule 3.13 of the Listing Rules, and that they are independent persons.

13. Interests of Directors' and Supervisors' in Competing Businesses with the Bank

During the reporting period, no Directors, Supervisors and their associates have any competing interests in any business that competes, or may compete, directly or indirectly, with the business of the Bank.

14. Directors' and Supervisors' Emoluments

Details of the emoluments of Directors and Supervisors are set out in Note 16 to the Financial Statements in this annual report.

15. Retirement Benefits

Details of the retirement benefits provided by the Bank to employees are set out in Note 35 to the Financial Statements in this annual report.

16. Directors' and Supervisors' Service Contracts

During the reporting period, the Directors and Supervisors did not enter into any service contract with the Bank that cannot be terminated by the Bank within one year without payment of compensation (other than statutory compensation).

17. Permitted Indemnity Provisions

Pursuant to Code Provision A.1.8, the Bank should purchase appropriate insurance covering potential legal proceedings against the Bank's Directors. In order to comply with the code provisions, the Bank has purchased appropriate liability insurance for Directors to provide indemnity for their liability arising in the business in 2019.

Save as disclosed above, at any time during the reporting period and as at the date of this annual report, there was no permitted indemnity provision in favour of Directors or Supervisors (whether by the Bank or by other means) or directors or supervisors from the Bank's associated corporations (if formulated by the Bank) as beneficiaries.

18. Financial, Business and Family Relationships between Directors, Supervisors and Senior Management

There is no financial, business or family relationships between each of the Directors, Supervisors and senior management.

19. Interests and Short Positions of Directors, Supervisors and Chief Executive

As at the end of the reporting period, the Directors, Supervisors and chief executives 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 are set out in "Information on Directors, Supervisors, Senior Management, Staff and Institution – 8. Interests and Short Positions of Directors, Supervisors and Chief Executive in Shares, Underlying Shares and Debentures" of this annual report.

20. Material Interests of Directors and Supervisors in transactions, arrangements or contracts

During the reporting period, the Bank and its subsidiaries did not enter into any transactions, arrangements or material contracts in which the Directors or Supervisors (or their connected entities) directly or indirectly have material interests.

21. Arrangements to Purchase Shares or Debentures

During the reporting period, the Bank did not grant any rights, or exercise any of these rights to enable Directors and Supervisors to obtain benefits in the acquisition of shares or bonds of the Bank or any other body corporate.

22. Management Contract

Except for the service contracts with the Bank's management, the Bank did not enter into any other contract with any individual, company or body corporate to manage or deal with the entire part or any significant part of any business of the Bank.

23. Purchase, Sale or Redemption of Listed Securities of the Bank

During the reporting period, the Bank or any of its subsidiaries did not purchase, sell or redeem any listed securities of the Bank.

24. Pre-emptive Rights and Share Option

There is no relevant laws of mainland China and the provisions in the Articles of Association for granting the Bank's shareholders with the pre-emptive rights and share option. The Articles of Association stipulates that after the resolution of the shareholders' meeting is submitted to the relevant national authorities of the State for approval, the registered capital may be increased by the following means: public issuance of shares; non-public issuance of shares; distribution of bonus shares to its existing shareholders; conversion of funds in the capital reserve to share capital; other means stipulated by law and administrative regulations or by the relevant national authorities.

25. Donation

The Bank made charitable and other donations totaling approximately RMB3.013 million for the year ended December 31, 2019.

26. Equity-linked Agreement

During the reporting period, the Bank did not enter into or continue to keep any other equity-linked Agreement.

27. Major Customers

As at the end of the reporting period, the Bank's loan balance to any single borrower did not exceed 10% of the Bank's net capital base. The interest income of the top five largest customers of the Bank accounted for no more than 30% of the Bank's interest income. Directors of the Bank and their close associates or any shareholder who, as far as the Directors know, has more than 5% of the issued shares of the Bank, do not own any equity of the above five major customers.

28. Public Float

When it applied for the listing of its H Shares, the Bank applied to the Hong Kong Stock Exchange, and the Hong Kong Stock Exchange has granted the Bank a waiver that the minimum public float requirement under Rule 8.08(1) of the Hong Kong Listing Rules be reduced and the minimum percentage of the H Shares from time to time held by the public to be the higher of (a) 15.15% of the total issued share capital of the Bank (assuming the over-allotment option is not exercised); or (b) such percentage of H Shares of the Bank to be held by the public after the exercise of the over-allotment option.

Immediately after the partial exercise of the over-allotment option and as of the date of this annual report, the number of H Shares in public hands represents approximately 16.92% of the total issued share capital of the Bank, which satisfies the minimum percentage prescribed in the conditions imposed in the waiver granted by the Hong Kong Stock Exchange from strict compliance with Rule 8.08(1) of the Hong Kong Listing Rules.

29. Corporate Governance

The Bank is committed to maintaining a high level of corporate governance. Please refer to "Corporate Governance Report" of this annual report.

30. Auditors

For information about the auditors of the Bank, please refer to the section headed "Corporate Governance Report – 16. External Auditors and Auditor Emoluments" of this annual report. The Bank did not change auditors after listing.

31. Proposed Issuance of Offshore Preference Shares

After the consideration and approval at the Board meeting held by the Bank on January 18, 2019, in order to improve the overall competitiveness of the Bank and to enhance sustainable development of the Bank, the Bank plans to conduct a non-public issuance of offshore preference shares of no more than 100 million shares in total, and the total amount of proceeds does not exceed RMB10,000 million or its equivalent to replenish the Bank's other-tier-one Capital. The Bank's proposal to issue offshore preference shares was reviewed and approved as special resolutions at the first extraordinary general meeting of 2019, the first domestic shareholders class meeting of 2019 and the first H shareholders class meeting of 2019 respectively. It will be implemented after approval or filing by the relevant regulatory authorities.

After the Bank's proposal to issue offshore preference shares is approved or filed by the regulatory authorities, the specific issue quantity, issue currency, and issue price will be determined by the Board with reference to market conditions and according to relevant laws and regulations, relevant exchange listing rules, market practices, and the authorisation granted at general meeting(s). Please refer to the announcements of the Bank dated January 11, 2019 and January 18, 2019 and the circular dated February 4, 2019 for details.

32. Consumer Rights Protection

During the reporting period, the Bank firstly improved its organizational structure. The compliance department of the Head Office has set up a consumer rights protection center under secondary departments, which is fully responsible for consumer rights protection for the whole Bank. The compliance department of each branch identified a full-time consumer rights protection personnel, intergrating the position of consumer rights protection into the compliance department of the branch for centralized management and hence establishing a management model consistent with that at the Head Office. Secondly, the Bank improved work mechanism. The Bank revised, amended and improved measures including "Administrative Measures for Consumer Rights Protection of Bank of Jiujiang" (《九江銀行消費者權益保護工作管理辦法》), as well as strengthened the management system; clarified the consumer protection complaint hotline for each outlet and strengthen the management on complaints. Thirdly, the Bank boosted its efforts on promotion. Through outlet publicity, centralized publicity and online publicity, the Bank launched financial awareness campaigns on themes including "March 15 World Consumer Rights Day", "Prevention of Illegal Fund-raising Publicity Month" and others. In 2019, the Bank organised a total of more than 2,300 various types of publicity activities and distributed more than 380,000 publicity materials. It texted more than 220,000 messages, had its posts on WeChat shared more than 170,000 times, catered for more than 580,000 audiences and was reported in the media more than 80 times. Fourthly, the Bank implemented system development. The Bank proactively promoted the development of financial consumer complaint management system, which has been put into operation by the end of the year, to enable the Bank to analyze the complaints in a systematic, technological and informatized manner. Fifthly, the Bank conducted strict internal inspection. The Bank continued to put more efforts in supervision and inspection. By means of combination of on-site inspection and off-site inspection, we carried out inspection on consumer righers protection in 7 branches in five aspects of consumer rights protection service management, consumer rights protection complaint management, consumer rights protection behavior management, publicity on consumer rights protection knowledge and annual indicators.

33. Environmental and Social Policy

As the main force of commercial banks in Jiangxi Province, while accelerating its development, the Bank actively fulfills its social responsibilities and sees green finance development as its responsibility and mission. Ganjiang New District was approved as the National Green Finance Reform and Innovation Pilot Zone, and the Bank seized this opportunity and put "Green Financial Bank" as one of our market positions. The Bank takes the lead in setting up the first green finance unit in the province for research and development of green financial products. The Bank also increases investment in green finance and launched green financial products such as Green Bills, Green Home Loan, Solid Waste Loan, Smart Loan for Enriching Farmers, and Photovoltaic Loan for Benefiting Farmers.

Since the outbreak of the epidemic this year, the Bank has been devoted to fighting against novel coronavirus epidemic. As one of the three special re-loans in the province, the Bank implemented the epidemic prevention and control requirements to ensure the smoothness of financial services, and on the other hand, proactively contacted local anti-epidemic enterprises and medical institutions to provide support. The Bank launched anti-epidemic products Aiding Finance Loan, underwrote anti-epidemic financial bonds and launched uninterrupted financial services that do not require bank visits. At the same time, in response to the national appeal, we worked together with various public welfare organizations to fight against the epidemic, and cooperated with more than 10 public welfare organizations such as Jiujiang Charity Federation, Fengcheng Charity Federation and Ji'an City Anfu County Red Cross to collect donations from various channels.

For details of the environmental policy, social policy and the performance of the Bank, please refer to the publication of Environmental, Social and Governance Report of the Bank after the annual report.

34. Significant Assets Pledged

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

35. Acquisition and Disposal of Assets and Joint Venture

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

36. Material Lawsuits, Arbitration Matters and Material Cases

The Bank and its subsidiaries are involved in certain legal proceedings in their normal business operations. As at December 31, 2019, in light of court decisions or advice from legal counsels, the Group considered that provision has been provided for any potential losses from these claims.

The Bank estimates that such pending litigations or arbitration (whether individually or jointly) will not result in any significant adverse impact on the Bank's financial and operation performance.

37. Review of Annual Report

The Audit Committee of the Bank has reviewed the Bank's annual results of 2019, and the financial statements for the year ended December 31, 2019 prepared in accordance with International Financial Reporting Standards.

38. Significant Events since the End of the Reporting Period

Establishment of Compliance Management Committee of the Board of Directors

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 Board proposed to establish the Compliance Committee of the Board pursuant to the revised regulatory requirements, and amended the content related to Compliance Committee in the Articles of Association accordingly.

Proposal of the establishment of the Compliance Committee of the Board was considered and approved at the meeting of the Board held by the Bank dated 30 March, and will be formally established upon the consideration and approval of the proposed amended Articles of Association of the Bank at the Shareholders' General Meeting and the approval of the proposed amended Articles of Association of the Bank by the China Banking and Insurance Regulatory Authority.

Amendments to Articles of Association

According to the relevant content of the Reply of the State Council on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to the Overseas Listed Companies, the Bank has proposed to make amendments to the relevant articles of the Articles of Association regarding the notice period of the Shareholders' General Meeting.

According to the need for the Bank to establish the Compliance Committee of the Board of Directors, the Bank has proposed to make amendments to the content regarding the Compliance Committee of the Articles of Association.

According to the need of internal management of the Bank, the Bank has proposed to make amendments to in relation to the composition and responsibilities of the Board of Supervisors, and the terms of significant investment, significant disposal plans, significant changes in equity of the Articles of Association.

For details of the amendments to the Articles of Association of the Bank, please refer to the announcement of the Bank published on March 30, 2020.

Re-election of Directors and Supervisors

The term of office of the fifth session of the Board of Directors and the Board of Supervisors will expire in May 2020. The Bank is working on the re-election of directors and supervisors. Please refer to the section headed "Information on Directors, Supervisors, Senior Management, Staff and Institution – 2. Changes in Directors, Supervisors and Senior Management" of this annual report and the announcement dated March 30, 2020 issued by the Bank for the details of re-election of directors and supervisors.

Matters concerning the impact of the novel coronavirus pneumonia epidemic

The Bank has evaluated and analyzed the impact of the novel coronavirus pneumonia epidemic in its early stage and formulated timely countermeasures to cope with possible outcomes. As of now, the epidemic has not produced any significant adverse impact on the Bank's financial position, operating results or risk management. The Bank will continue to monitor the development of the epidemic and continue to evaluate its impact.

Except the above disclosures, the Bank did not have any other significant matters after the reporting period.

39. Other Matters

As far as the Board of Directors is aware, the Bank has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Bank. At the same time, the Bank is committed to the long-term sustainable development of the environment and community where we operate. The Bank acted in an environmentally responsible manner and tried its best to comply with the laws and regulations concerning environmental protection, and took effective measures to make effective use of resources, save energy and reduce waste.

As at the date of this report, the Bank is not aware of any Shareholders who has waived or agreed to waive any arrangement related to dividends.

As at the date of this report, none of our Directors has waived or agreed to waive arrangement related to remuneration.

The Bank will publish the Environmental, Social and Governance Report during the reporting period in accordance with the related requirement of Appendix 27 Environmental, Social and Governance Reporting Guide of the Listing Rules.

DIRECTORS

During the reporting period and as at the date of this annual report, the Board of Directors include:

Executive Directors

Mr. LIU Xianting *(Chairman)*
Mr. PAN Ming *(Deputy Chairman)*
Ms. CAI Liping

Non-executive Directors

Mr. ZENG Huasheng
Mr. ZHANG Jianyong
Mr. LI Jianbao
Mr. YI Zhiqiang

Independent Non-executive Directors

Mr. CHUA Alvin Cheng-Hock
Ms. GAO Yuhui
Mr. QUAN Ze
Mr. YANG Tao

By Order of the Board
Liu Xianting
Chairman

Jiujiang, PRC
March 30, 2020

Report of the Board of Supervisors

In 2019, the Board of Supervisors of Bank of Jlujiang Co., Ltd. carried out various supervision and management work, and steadily promoted and enhanced the comprehensiveness and effectiveness of the work of the Board of Supervisors, in accordance with the requirements of internal and external rules and regulations such as the Company Law, Guidelines on the Functioning of Supervisory Board of Commercial Banks and the Articles of Association of Bank of Jiujiang Co., Ltd., as well as the principles of legal compliance, independent prudence and effective supervision, with an aim to protect the legitimate rights and interests of the Bank, shareholders, employees, creditors and other stakeholders.

1. Basic Information of the Board of Supervisors

In 2019, the Board of Supervisors of the Bank consists of six Supervisors, of whom two are External Supervisors, two are Shareholder Supervisors and two are Employee Supervisors. The Nomination Committee and the Supervisory Committee are under the Board of Supervisors with the external supervisor as the chairperson. The Board of Supervisors Office is under the Board of Supervisors, with a team of dedicated staff responsible for the routine work of the Board of Supervisors.

The number and composition of the Board of Supervisors of the Bank, the qualifications of the Supervisors and the procedures for selection and appointment are in compliance with the provisions of the Articles of Association of the Bank, and the organisational structure is in compliance with internal and external rules and regulations.

In the year of 2019, through various means including such as convening meetings of the Board of Supervisors and the Special Committees to consider and approve resolutions and listen to reports, conducting regular business investigation and research, providing supervisory suggestions, attending general meetings, and being present at Board meetings and important meetings of the Bank, the Board of Supervisors of the Bank supervised and evaluated the performance of the Board of Directors, senior management and its members, supervised the financial activities, risk management, and internal control, gave their recommendations after supervising, and continued to monitor the implementation of each suggestions of the Bank, in order to further improve the corporate governance mechanism of the Bank and promote the steady and sustainable development of the Bank.

2. Major Internal Management

In 2019, taking external supervision system and recommendations as starting points, the Bank further improve corporate governance, enhance the performance of the Board of Supervisors, the evaluation mechanism, and strengthen the performance of supervision of the Supervisors. At the same time, we will facilitate the communication and feedback with Supervisors, boost the adequacy and effectiveness of Supervisors' performance, and promote the improvement of the Bank's internal control and management and enhance sustainable development ability.

(1) **Standardising regulatory mechanism and improving policy system.** In order to improve the standardization and effectiveness of the work of the Board of Supervisors, the Board of Supervisors of the Bank continuously improved the establishment of the supervision mechanism, enhanced the performance of duties and ensured the effective performance of the supervisory functions of the Board of Supervisors. In the year of 2019, the Board of Supervisors revised the "Evaluation System of Performance of Duties of Directors, Supervisors and Senior Management by the Board of Supervisors of Bank of Jiujiang Co., Ltd.", the compliance, initiative and adequacy of the performance of the supervised and evaluated personnel from the aspects of workload and quality of performance. At the same time, the differentiation of the evaluation results were emphasized to promote the effective duty performance of the Board of Directors, the Board of Supervisors and senior management.

(2) **Formulating work plans reasonably and promoting the work of Board of Supervisors in an orderly manner.** In 2019, the Bank continued to use the external regulatory requirements and the Articles of Association of our Bank to prepare the "2019 Annual Work Plan of the Board of Supervisors and its Special Committees of Bank of Jiujiang Co., Ltd." in February 2019 to carry out supervision work in a planned and effective manner according the requirements of the plan, ensuring the steady advancement of the Board of Supervisors and the fulfillment of the annual work objectives.

(3) **Enhancing the performance evaluation and urging relevant parties to perform their duties effectively.** Firstly, taking the performance evaluation and efficiency evaluation as a starting point, the Board of Directors and senior management were urged to perform their duties effectively. The Board of Supervisors evaluated the performance of duties of Directors, Supervisors, and senior management annually in accordance with relevant regulations, conducts self-evaluation on the work of the Board of Supervisors, and submitted relevant performance evaluation reports, work reports of the Board of Supervisors to the regulatory departments and the Shareholders' General Meeting. Secondly, we continued to broaden and deepen the supervision

and management scope and depth of the Board of Supervisors. With the review of proposals as a major approach supported by researches and attending meetings, we supervised the Bank's corporate governance, development strategy, capital management, remuneration management, internal control, compliance operation and risk management, focused on the strategic planning, implementation of the New Capital Accord, implementation of risk prevention and control responsibilities, and rectification of problems found in supervision, and effectively implemented the supervision and evaluation duties of the Board of Supervisors.

(4) Strengthening the supervision mechanism of Supervisors' opinions. Firstly, the Bank recorded the opinions and requests put forward by each Supervisor and in each Board of Supervisors meeting seriously according to the regulations, communicated and supervised through the prescribed procedures and timely reported the implementation. Secondly, in response to the doubts raised by the Supervisors in the meetings of the Board of Supervisors, it provided detailed explanations on a case-by-case basis, effectively safeguarding the effective implementation of the supervisory functions of the Board of Supervisors.

3. Performance of the Board of Supervisors

In 2019, the Board of Supervisors supervised the Bank's financial activities, risk management, internal control and internal audit by convening meetings, considering proposals, interviews and researches, and provided 20 suggestions and opinions. In addition, it also submitted the work report and performance evaluation report of the Board of Supervisors to the Shareholders' General Meetings in accordance with the regulations.

(1) Holding of meetings

In 2019, the Board of Supervisors held a total of 7 meetings. 113 proposals were deliberated and adopted, including risk management report, internal control assessment report, compliance management report, case prevention work report, information technology risk report and report of performance assessment on the Board of Directors, the Board of Supervisors and Senior Management.

The Supervisory Committee and the Nomination Committee held a total of 8 meetings to reinforce the supervision of risk management and audit work, and deliberated on and adopted 43 proposals.

(2) Focusing on key areas

Strategy management: The Board of Supervisors continued to supervise the formulation and implementation of strategic plans. The "2018 Report of Development Strategy Implementation of Bank of Jiujiang" was considered in the 10th Meeting of the 5th session of the Board of Supervisors, and the "Strategic Planning Report of Bank of Jiujiang Co., Ltd (2019-2021)" was considered in the 12th Meeting of the 5th session of the Board of Supervisors. The Supervisors provided relevant opinions and suggestions and considered the "2019 Report of Development Strategy Implementation of Bank of Jiujiang" in the 15th Meeting of the 5th session of the Board of Supervisors.

Implementation of the New Capital Accord: The Board of Supervisors continued to monitor the establishment and implement of the New Capital Accord of the Bank. The "Proposal of Deliberating on the Establishment of the New Capital Accord" was considered in the 11th Meeting of the 5th session of the Board of Supervisors, the "New Capital Accord Progress Report of Bank of Jiujiang Co., Ltd." was considered in the 12th Meeting of the 5th session of the Board of Supervisors, and the "Rectification and Improvement Report of the Reported Issued in the Ernst and Young Assessment Report" was in the 15th Meeting of the 5th session of the Board of Supervisors.

Implementation of risk prevention and control responsibilities: The Board of Supervisors comprehensively supervised the establishment of the risk prevention and control responsibility mechanism and the performance of the duties of the risk management at all levels. It also submitted the "Performance Report of Risk Prevention and Control Responsibilities of Bank of Jiujiang for the first six months of 2019" and the "2019 Performance Report of Risk Prevention and Control Responsibilities of Bank of Jiujiang".

Communication and feedback from regulatory authorities: The supervisory opinions were transferred to the Board of Supervisors in a timely manner. The Board of Supervisors thoroughly analyzed the root causes of the issues, advised requirements for rectification, urged relevant departments to carry out the rectification, and followed up with the rectification situation reports. As of the reporting date, the rectification progress was positive.

(3) Performance of Supervisors

Studies. In 2019, the Board of Supervisors organized an on-site research to Wuhan Research Center for the external supervisors and one Supervisors of Employees, and submitted the "Research Report of Research Center of Bank of Jiujiang". In addition, each special committee conducted research on the remuneration management, risk management and more of the Bank together with the Audit Department.

Opinions and suggestions of Supervisors. In 2019, the Supervisors carefully considered the proposals and performed their duties with a total of 19 suggestions and opinions. At the same time, the Board of Supervisors communicated with relevant departments in a timely manner and followed up the implementation. We also received the "Feedback of the Implementation of the Opinions and Suggestions of the Supervisors for 2019" report in the 15th Meeting of the 5th session of the Board of Supervisors.

4. Study and training of Supervisors

In 2019, the Board of Supervisors organized and conducted tutorials and trainings for all Supervisors on a quarterly basis. The content covered the common external supervision system and the latest developments of the regulatory authorities, helped Supervisors to familiarise themselves with and comprehend regulatory requirements as well as dynamics, which effectively improved Supervisors' awareness to perform their duties and supervisory ability. For example, in the first quarter, we studied "Macro Report by CIB Research: Adjustment and Optimization of Structure of the Financial System". In the second quarter, we organized and studied "Financial Supervision Report by CIB Research: The Balance between "Stable Growth" and "Risk Prevention" and "How can banks change from large-scale banks to value banks, from high-speed growth to high-quality growth under strict supervision?" issued by McKinsey. In the third quarter, we organized and studied anti-money laundering policies and "One Law and Five Orders". In the fourth quarter, we organized and studied "Measures for the Liquidity Risk Management of Commercial Banks (for Trial Implementation)" and "Guidelines on Protection of the Rights and Interests of Banking Consumers".

5. Independent Opinions of the Board of Supervisors on Relevant Matters

(1) Operation in compliance with laws and regulations

During the reporting period, the operation of the Bank was in accordance with the requirements of Company Law, Commercial Banking Law as well as the Articles of Association, while the decision-making procedures were legal and valid. The Directors and senior management of the Bank were diligent in performing their duties and no acts in violation of laws, regulations and the Articles of Association and detrimental to the interests of the Bank and Shareholders were discovered when the Directors and senior management of the Bank performed their duties.

(2) Actual circumstances of financial report

During the reporting period, the Bank's Supervisors conducted a detailed review of the Bank's 2019 annual report based on the principle of seeking truth from facts and the working attitude of being responsible to shareholders. The Board of Supervisors considered: The procedures for the preparation of the 2019 annual report by the Board of Directors were in compliance with laws, administrative regulations and rules and regulations. The 2019 financial report has been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu, which were hired by the Board of the Bank, and issued an audit report with unqualified opinion. The contents in this report reflect the actual situation of the Bank in a true, accurate and complete manner. It has no false representations, misleading statements or material omissions.

(3) Related party transactions

During the reporting period, the Board of Supervisors supervised the Bank's related party transaction management and found no violation of the principle of fairness or damage to the Bank's interests.

(4) Internal control

During the reporting period, the Board of Supervisors considered that the Bank had established a relatively comprehensive corporate governance structure, formulated relatively complete management systems relating to corporate governance and internal control, and was capable of improving the foregoing in accordance with the actual situation of the Bank and regulatory requirements. The internal control system of the Bank was carried out smoothly, in compliance with the relevant standardised requirements of laws and regulations on the management of internal control systems. No major defects were found in the internal control system or its implementation.

(5) Implementation of the resolutions of the Shareholders' General Meetings

During the reporting period, the Board of Supervisors had no objection to the resolutions submitted by the Board of Directors of the Bank at the Shareholders' General Meetings within 2019 for review, as well as supervised the implementation of the resolutions of the Shareholders' General Meetings, and was of the view that the Board was capable of earnestly implementing the relevant resolutions of the Shareholders' General Meetings, and did not take any action detrimental to the interests of Shareholders.

6. Major Work Arrangement for the Year of 2020

In 2019, the performance of its supervisory functions of the Board of Supervisors of the Bank was satisfactory in general and all Supervisors were able to perform their supervisory duties diligently. In 2020, the term of office of the current Supervisors will expire, therefore we will firstly complete the new election of Supervisors. Secondly, we will strengthen the training and learning of the newly appointed Supervisors to effectively promote their awareness to perform their duties and supervisory ability. Thirdly, we will continue to improve internal control management and promote the adequacy and effectiveness of the performance of the board of Supervisors. Fourthly, we will continue to improve the tracking and supervision of the performance of Supervisors, and carry out performance profile management of the Supervisors.

The Board of Supervisors of Bank of Jiujiang Co., Ltd.
March 30, 2020

Independent Auditor's Report

TO THE SHAREHOLDERS OF BANK OF JIUJIANG CO., LTD

(incorporated in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of Bank of Jiujiang Co., Ltd (the "Bank") and its subsidiaries (collectively referred to as "the Group") set out on pages 193 to 352, which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("the Code''), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter

Expected credit loss allowance of loans and advances to customers and trust beneficiary rights and asset management plans measured at amortised cost

We identified expected credit loss ("ECL") of loans and advances to customers and trust beneficiary rights and asset management plans measured at amortised cost as a key audit matter due to the materiality of the balances and the subjective judgement and estimation applied by the management of the Bank when using the ECL model in the measurement of ECL.

As at December31, 2019, as set out in note 21 to the consolidated financial statements, loans and advances to customers at amortised cost amounted to RMB161,799 million, against which related ECL of RMB5,587 million has been recognised. While, as set out in note 22 to the consolidated financial statements, trust beneficiary rights and asset management plans measured at amortised cost amounted to RMB31,011 million, against which related ECL of RMB1,419 million has been recognised.

Significant judgements and estimates are made on probability of default and loss given default that are based on historical data of the Group as adjusted by forward looking information. Significant judgement is also required in determining whether there is significant increase in credit risk ("SICR") since initial recognition and whether a financial asset is credit-impaired. This would result in whether a 12-month ECL or lifetime ECL should be recognised for the financial assets.

Our procedures in relation to the auditing of ECL of loans and advances to customers and trust beneficiary rights and assets management plans measured of amortised cost that are measured at amortised cost included:

- Understanding the key controls across the manangment's process relevant to the ECL, including controls over the model data input and the controls over the identification of SICR indicators and impairment evidence;
- Testing the operating effectiveness of the controls over the identification of SICR indicators and impairment evidence;
- Understanding the ECL model used by the Group, involving our internal experts on evaluating the appropriateness of the ECL model;
- With assistance of our internal experts, assessing the reasonableness of the critical assumptions and parameters used in the model including assessing stage determination, probability of default, loss given default, exposure at default and forward-looking information;

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Expected credit loss allowance of loans and advances to customers and trust beneficiary rights and asset management plans measured at amortized cost	
Principal accounting policies, accounting estimates and judgements applied in determining the ECL of loans and advances to customers and trust beneficiary rights and asset management plans measured at amortised cost are set out in notes 3.9 and 4 to the consolidated financial statements respectively. When made the ECL allowance for financial assets measured at amortised cost, assessments are based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the end of the reporting period as well as the forecast of future conditions.	• Examining on a sample basis, the data that has been used to arrive at ECL; testing on a sample basis, the calculation of the ECL model; • Performing credit review procedures, on a sample basis, in order to assess whether the SICR and impairment events were incurred and were appropriately recognised. For credit-impaired assets at stage 3. Testing the reasonableness of future cash flows estimated by the Group, on a sample basis, taking into consideration of post-lending investigation reports, debtors' financial information, the realisation of collateral held and other available information, to assess whether there were significant misstatements in the expected credit loss allowance.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of financial instruments	
The valuation of the Group's financial instruments, measured at fair value, is based on a combination of market data and valuation models which require a considerable number of inputs. Most of these inputs are obtained from readily available data, in particular for level 1 and level 2 financial instruments, the valuation techniques for which use quoted market prices and observable inputs, respectively. Where observable data is not readily available, as in the case of level 3 financial instruments, estimates are required to determine the unobservable inputs, which involve significant management judgement and estimation. We identified the valuation of financial instruments as a key audit matter due to the materiality of the balances and the complexity involved in valuing certain financial instruments, of which significant judgement and estimation are required in determining the valuation technique and the inputs used in the valuation models. As at December 31, 2019, as set out in note 46, the Group's financial assets measured at fair value totalled RMB70,504,024 thousand, accounting for 19% of total assets of the Group. Significant estimates applied in fair value measurement of financial instruments and the disclosure of fair value are set out in notes 4.2 and 46 to the consolidated financial statements respectively.	Our audit procedures in relation to the valuation of the financial instruments measured at fair value included the following: • Understanding the key internal controls over the valuation of the financial assets measured at fair value; • Assessing the level 1 fair values, on a sample basis, by comparing the fair values applied by the Group with publicly available market data; • For level 2 or level 3 fair values, with the support of out internal specialists, on a sample basis, evaluating the reasonableness of the valuation method adopted by the management; • Recalculating the level 2 or level 3 fair value on a sample basis, and comparing our results with those of the Group's.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Consolidation of structured entities	
We identified consolidation of structured entities as an area of key audit matter since significant judgment is applied by the management of the bank to determine whether the Group has control over structured entities, including the judgement of the Group's power arising from rights, variable returns, and link between power and returns. Structured entities mainly include wealth management products, mutual funds, trust beneficiary rights and asset management plans as disclosed in note 40 to the consolidated financial statements. When performing the assessment of whether the Group has control over structured entities, the Group considers several factors including, amongst others, the scope of its decision-making rights over the structured entities, the rights held by other parties, the remunerations to which it is entitled in accordance with the related agreements for the assets management related services and the Group's exposure to variability of returns from interests that it holds in the structured entities.	Our procedures in relation to consolidation of structured entities included: • Understanding the key controls of management's process in determining the consolidation of structured entities; • On a sample basis, reviewing the terms of the relevant contracts and other information used by the management of the Bank in determining the consolidation criteria of structured entities, assessing the variable returns from the Group's involvement in the structured entities and the ability of the Group to use its power to affect its return, and evaluating the management analysis and conclusions in determining whether the Group has control over the structured entities it involves and whether or not the consolidation criteria are met for each of these structured entities.

Other Information

The directors of the Bank are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Bank are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Bank determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Bank are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Bank either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Bank.

- Conclude on the appropriateness of the directors of the Bank's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Brian T.K. Chan.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
March 30, 2020

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the year ended December 31, 2019

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	Year ended December 31 2019	2018
Interest income	6	15,720,076	12,570,675
Interest expense	6	(8,443,432)	(7,002,417)
Net interest income	6	7,276,644	5,568,258
Fee and commission income	7	569,439	466,980
Fee and commission expense	7	(152,966)	(187,931)
Net fee and commission income	7	416,473	279,049
Net gains arising from financial assets	8	2,163,323	1,999,155
Other income, gains or losses	9	(307,415)	19,581
Operating income		9,549,025	7,866,043
Operating expenses	10	(2,783,079)	(2,267,798)
Impairment losses under expected credit loss model, net of reversal	11	(4,492,276)	(3,408,645)
Share of profit or loss of associates		8,905	11,624
Profit before tax		2,282,575	2,201,224
Income tax expense	12	(401,327)	(414,250)
Profit for the year		1,881,248	1,786,974

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the year ended December 31, 2019 (continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	Year ended December 31 2019	2018
Items that may be reclassified subsequently to profit or loss:			
Fair value changes on debt instruments measured at fair value through other comprehensive income		19,290	995,117
Amount reclassified to profit or loss upon disposal of financial assets measured at fair value through other comprehensive income		(8,938)	64,820
Expected credit loss recognised on financial assets measured at fair value through other comprehensive income		73,828	269,523
Income tax relating to items that may be reclassified to profit or loss		(21,045)	(332,365)
Other comprehensive income for the year, net of tax	13	63,135	997,095
Total comprehensive income for the year		1,944,383	2,784,069
Profit for the year attributable to:			
Shareholders of the Bank		1,837,210	1,757,688
Non-controlling interests		44,038	29,286
		1,881,248	1,786,974
Total comprehensive income for the year attributable to:			
Shareholders of the Bank		1,904,000	2,750,835
Non-controlling interests		40,383	33,234
Total comprehensive income for the year		1,944,383	2,784,069
Earnings per share (Expressed in RMB Yuan per share)			
– Basic	14	0.76	0.80
– Diluted	14	N/A	0.80

Consolidated Statement of Financial Position

As at December 31, 2019

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	As at December 31 2019	2018
ASSETS			
Cash and balances with central bank	17	35,382,213	28,436,935
Deposits with banks and other financial institutions	18	2,247,682	1,634,278
Placements with banks and other financial institutions	19	2,251,001	2,818,256
Financial assets held under resale agreements	20	7,808,479	13,954,100
Loans and advances to customers	21	173,368,584	137,148,201
Investment securities	22	134,421,629	120,055,806
Interests in associates	23	121,647	117,742
Right-of-use assets	24	338,188	–
Property and equipment	25	2,722,460	2,514,181
Deferred tax assets	26	1,878,548	1,659,174
Other assets	27	2,811,169	3,283,838
Total assets		363,351,600	311,622,511

Consolidated Statement of Financial Position

As at December 31, 2019 (continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	As at December 31 2019	2018
LIABILITIES			
Borrowings from central bank		4,073,327	3,167,719
Deposits from banks and other financial institutions	28	14,244,344	12,772,260
Placements from banks	29	5,140,224	1,774,929
Financial assets sold under repurchase agreements	30	6,379,391	8,202,042
Customers deposits	31	255,263,070	217,934,258
Income tax payable		227,501	674,234
Debt securities issued	32	49,666,982	40,900,044
Lease liabilities	33	360,610	–
Provisions	34	333,421	333,174
Other liabilities	35	2,304,938	2,264,596
Total liabilities		337,993,808	288,023,256
EQUITY			
Share capital	36	2,407,367	2,407,367
Reserves	37	22,318,218	20,655,293
Equity attributable to Shareholders of the Bank		24,725,585	23,062,660
Non-controlling interests		632,207	536,595
Total equity		25,357,792	23,599,255
Total equity and liabilities		363,351,600	311,622,511

The consolidated financial statements on pages 193 to 352 were approved and authorized for issue by the Board of Directors on March 30, 2020 and are signed on its behalf by:

EXECUTIVE DIRECTOR *EXECUTIVE DIRECTOR*

Consolidated Statement of Changes in Equity

For the year ended December 31, 2019

(Amounts in thousands of Renminbi, unless otherwise stated)

		Attributable to shareholders of the Bank								
	NOTES	Share capital	Share premium	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Total	Non-controlling interests	Total
As at January 1, 2018		2,000,000	5,020,023	(1,005,749)	2,758,046	3,275,358	4,911,042	16,958,720	462,327	17,421,047
Profit for the year		-	-	-	-	-	1,757,688	1,757,688	29,286	1,786,974
Other comprehensive income for the year		-	-	993,147	-	-	-	993,147	3,948	997,095
Total comprehensive income for the year		-	-	993,147	-	-	1,757,688	2,750,835	33,234	2,784,069
Shares issued by the bank	36	407,367	3,250,576	-	-	-	-	3,657,943	-	3,657,943
Transaction costs for the share issue	36	-	(104,838)	-	-	-	-	(104,838)	-	(104,838)
Capital injection by non-controlling shareholders		-	-	-	-	-	-	-	50,000	50,000
Appropriation to surplus reserve	37(3)	-	-	-	348,360	-	(348,360)	-	-	-
Appropriation to general reserve	37(4)	-	-	-	-	618,778	(618,778)	-	-	-
Dividend distribution	15	-	-	-	-	-	(200,000)	(200,000)	-	(200,000)
Dividend distribution to non-controlling interests		-	-	-	-	-	-	-	(8,966)	(8,966)
As at December 31, 2018		2,407,367	8,165,761	(12,602)	3,106,406	3,894,136	5,501,592	23,062,660	536,595	23,599,255
Effect of change in accounting principles for leases		-	-	-	-	-	(48,486)	(48,486)	(3,763)	(52,249)
As at January 1, 2019		2,407,367	8,165,761	(12,602)	3,106,406	3,894,136	5,453,106	23,014,174	532,832	23,547,006
Profit for the year		-	-	-	-	-	1,837,210	1,837,210	44,038	1,881,248
Other comprehensive income for the year		-	-	66,790	-	-	-	66,790	(3,655)	63,135
Total comprehensive income for the year		-	-	66,790	-	-	1,837,210	1,904,000	40,383	1,944,383
Capital injection by non-controlling shareholders		-	-	-	-	-	-	-	66,000	66,000
Appropriation to surplus reserve	37(3)	-	-	-	354,057	-	(354,057)	-	-	-
Appropriation to general reserve	37(4)	-	-	-	-	281,378	(281,378)	-	-	-
Dividend distribution	15	-	-	-	-	-	(192,589)	(192,589)	-	(192,589)
Dividend distribution to non-controlling interests		-	-	-	-	-	-	-	(7,008)	(7,008)
As at December 31, 2019		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

Consolidated Statement of Cash Flows

For the year ended December 31, 2019

(Amounts in thousands of Renminbi, unless otherwise stated)

	Year ended December 31	
	2019	2018
OPERATING ACTIVITIES		
Profit before tax	2,282,575	2,201,224
Adjustments for:		
Depreciation and amortization	397,982	247,874
Impairment losses under expected credit losses model	4,492,276	3,408,645
Impairment losses on repossessed assets	126,997	24,574
Interest income arising from investment securities	(5,189,345)	(6,110,952)
Interest expense arising from debt securities issued	1,704,279	1,849,259
Interest expense arising from lease liabilities	21,402	–
Net unrealised (gains)/losses on investment securities measured at fair value through profit or loss	(370,214)	56,680
Net gains arising from investment securities measured at fair value through profit or loss	(1,464,659)	(1,845,167)
Net losses arising from financial assets measured at fair value through other comprehensive income	(8,938)	64,820
Dividend income from fund instruments at fair value through profit or loss	(278,670)	(264,813)
Dividend income from equity investments at fair value through profit or loss	(900)	(17,206)
Share of profit of associates, net	(8,905)	(11,624)
Losses/(gains) on disposal of property and equipment and repossessed assets	287,659	(23,735)
Reversal of business tax payable	(46,621)	–
Exchange (gains)/losses	(11,995)	(12,617)
Operating cash flows before movements in working capital	1,932,923	(433,038)

Consolidated Statement of Cash Flows

For the year ended December 31, 2019 (continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

	Year ended December 31	
	2019	2018
(Increase)/decrease in balances with central bank and deposits with banks and other financial institutions	(1,536,171)	810,438
Decrease in placements with banks and other financial institutions	92,321	964,864
Decrease in financial assets held under resale agreements	6,146,885	12,553,104
(Increase)/decrease in bonds investment measured at fair value through profit or loss	(413,225)	836,999
Increase in loans and advances to customers	(38,879,814)	(39,972,910)
Increase in borrowings from central bank	905,000	2,354,060
Increase in deposits from banks and other financial institutions	1,496,891	4,368,301
Increase in placements from banks	3,357,939	648,634
(Decrease)/increase in financial assets sold under repurchase agreements	(1,820,033)	(9,208,825)
Increase in customer deposits	36,544,555	35,908,224
Decrease/(Increase) in other operating assets	(513,456)	(817,062)
Increase/(Decrease) in other operating liabilities	741,929	(661,577)
Cash generated from operating activities	8,055,744	7,351,212
Income tax paid	(1,088,479)	(749,481)
Net cash generated from operating activities	6,967,265	6,601,731

Consolidated Statement of Cash Flows

For the year ended December 31, 2019 (continued)

(Amounts in thousands of Renminbi, unless otherwise stated)

	Notes	Year ended December 31 2019	2018
INVESTING ACTIVITIES			
Cash received from disposal and redemption of investment securities		77,708,576	105,267,127
Cash received from disposal of property and equipment and other assets		893,276	1,131,140
Dividends received from an associate		5,000	5,000
Dividends received from fund investments		278,670	264,813
Dividends received from equity investment		900	282,019
Interest received from investment securities		6,383,081	5,642,995
Cash received from rental deposits		339	–
Cash paid for purchase of investment securities		(93,012,871)	(118,226,232)
Cash paid for purchase of property and equipment and other assets		(548,945)	(404,155)
Cash paid for rental deposits		(537)	–
Net cash used in investing activities		(8,292,511)	(6,037,293)
FINANCING ACTIVITIES			
Gross proceeds from shares issued		–	3,657,943
Capital contribution from non-controlling shareholders		66,000	50,000
Cash received from debt securities issued	39	41,100,000	54,540,000
Repayment of debt securities issued	39	(32,373,423)	(54,507,597)
Repayment of leases liabilities	39	(104,841)	–
Payments for the costs of debt securities issued	39	–	(4,600)
Interest expenses paid for debt securities issued	39	(1,663,918)	(1,224,857)
Dividends paid	39	(207,553)	(210,508)
Issue costs paid	39	–	(93,578)
Net cash generated from financing activities		6,816,265	2,206,803
Net increase in cash and cash equivalents		5,491,019	2,771,241
Cash and cash equivalents at beginning of the year		8,450,383	5,666,525
Effect of foreign exchange rate changes		11,995	12,617
Cash and cash equivalents at end of the year	38	13,953,397	8,450,383
Net cash generated by operating activities include:			
Interest paid		5,952,955	4,508,155
Interest received		10,972,290	8,099,925
Net interest received from operating activities		5,019,335	3,591,770

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

(Amounts 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.

As at December 31, 2019, the share capital of the Bank was RMB2.41 billion as at December 31, 2018 RMB2.41 billion.

The Bank is headquartered in Jiujiang, Jiangxi Province, the PRC. It has 13 tier-one branches and 258 sub-branches, which consists of 154 traditional sub-branches, 92 community sub-branches and 12 small and micro enterprises sub-branches.

The principal activities of the Bank and its subsidiaries (collectively, the "Group") comprise 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 businesses approved by the CBIRC.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Bank and its subsidiaries.

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs")

2.1 New and Amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time in the current year:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRS 2015-2017 Cycle

Except as described below, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

2.1 New and Amendments to IFRSs that are mandatorily effective for the current year (continued)

2.1.1 IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current year. IFRS 16 superseded IAS 17 Leases ("IAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after January 1, 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, January 1, 2019.

As at January 1, 2019, the Group recognised additional lease liabilities and measured right-of-use assets at the carrying amounts as if IFRS 16 had been applied since commencement dates, but discounted using the incremental borrowing rates of the relevant group entities at the date of initial application by applying IFRS 16.C8(b)(i) transition. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

2.1 New and Amendments to IFRSs that are mandatorily effective for the current year (continued)

2.1.1 IFRS 16 Leases (continued)

As a lessee (continued)

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of (1) lands and buidings, (2) machinery and equipment, in the PRC, was determined on a portfolio basis.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied by the relevant group entities range from 2.98% to 5.61%.

	As at January 1, 2019 RMB '000
Operating lease commitments at December 31, 2018	502,994
Lease liabilities discounted at relevant incremental borrowing rates	450,250
Less: Recognition exemption – short-term leases	(57)
Recognition exemption – low value assets (excluding short-term leases of low value leases)	(20)
Practical expedient – leases with lease term ending within 12 months from the date of initial application	(11,488)
Value-added tax impact	(18,660)
Lease liabilities as at January 1, 2019	420,025

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

2.1 New and Amendments to IFRSs that are mandatorily effective for the current year (continued)

2.1.1 IFRS 16 Leases (continued)

As a lessee (continued)

The carrying amount of right-of-use assets for own use and those under subleases (classified as investment properties) as at January 1, 2019 comprises the following:

	Note	As at January 1, 2019	
		Right-of-use assets RMB '000	Leased properties under subleases RMB '000
Right-of-use assets relating to operating leases recognised upon application of IFRS 16		356,415	11,361
Reclassified from prepaid lease payments	(a)	42,799	–
Total		399,214	11,361
By class:			
Land and buildings		392,807	11,361
Land use rights		6,150	–
Machinery and equipment		257	–
Total		399,214	11,361

(a) Upfront payments for leasehold land and buildings in the PRC for own used properties were classified as prepaid lease payments as at December 31, 2018. Upon application of IFRS 16, the prepaid lease payments amounting to RMB42,799 thousand was reclassified to right-of-use assets.

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

2.1 New and Amendments to IFRSs that are mandatorily effective for the current year (continued)

2.1.1 IFRS 16 Leases (continued)

As a lessor

In accordance with the transitional provisions in IFRS 16, except for sub-leases in which the Group acts as an intermediate lessor, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with IFRS 16 from the date of initial application and comparative information has not been restated.

Upon application of IFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at January 1, 2019. The application has had no impact on the Group's consolidated statement of financial position at January 1, 2019. However, effective January 1, 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

Before application of IFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which IAS 17 applied. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right-of-use assets and the amount has no significant impact.

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

2.1 New and Amendments to IFRSs that are mandatorily effective for the current year (continued)

2.1.1 IFRS 16 Leases (continued)

Subleases

At the date of initial application, leased properties under subleases were assessed and classified as an operating lease individually based on the remaining contractual terms and conditions of the head lease and the sublease at that date. All leased properties under subleases of RMB11,361 thousand as at the date of initial application were classified as operating leases in accordance with the Group's accounting policies for investment properties.

The following table summarizes the impact of transition to IFRS 16 on retained profits at January 1, 2019.

	January 1, 2019 RMB '000
Retained profits	48,486
Impact at January 1, 2019	48,486

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

2.1 New and Amendments to IFRSs that are mandatorily effective for the current year (continued)

2.1.1 IFRS 16 Leases (continued)

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at January 1, 2019. Line items that were not affected by the changes have not been included.

		Adjustments for	
	December 31, 2018	IFRS 16	January 1, 2019
ASSETS			
Property and equipment	2,514,181	(5,412)	2,508,769
Right-of-use assets	–	399,214	399,214
Other assets	3,283,838	(26,026)	3,257,812
LIABILITIES			
Lease liabilities	–	420,025	420,025
EQUITY			
Reserves	20,655,293	(48,486)	20,606,807
Non-controlling interests	536,595	(3,763)	532,832

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended December, 31, 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at January 1, 2019 as disclosed above.

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

2.1 New and Amendments to IFRSs that are mandatorily effective for the current year (continued)

2.1.1 IFRS 16 Leases (continued)

Certain right-of-use assets of the Group were under subleases in which the Group acted as an intermediate lessor. As December 31, 2019, the carrying amount of investment properties which were under subleases amounted to RMB8,418 thousand. During the year ended December 31, 2019, income from subleasing these properties amounted to RMB5,390 thousand was recognised in profit or loss.

2.2 New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts[1]
Amendments to IFRS 3	Definition of a Business[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[4]
Amendments to IAS 1 and IAS 8	Definition of Material[5]
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform[5]

1 *Effective for annual periods beginning on or after January 1, 2021.*
2 *Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after January 1, 2020.*
3 *Effective for annual periods beginning on or after a date to be determined.*
4 *Effective for annual periods beginning on or after January 1, 2022.*
5 *Effective for annual periods beginning on or after January 1, 2020.*

The directors of the Bank anticipate that the application of all new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. Significant Accounting Policies

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

3.2 Basis of preparation and presentation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 Leases (since January 1, 2019) or IAS 17 Leases (before application of IFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

3. Significant Accounting Policies (continued)

3.2 Basis of preparation and presentation (continued)

In addition, for financial reporting purposes, 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 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and entities (including structured entities) controlled by the Bank and its subsidiaries. Control is achieved when the Bank:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. Significant Accounting Policies (continued)

3.3 Basis of consolidation (continued)

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or losses and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the shareholders of the Bank and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the shareholders of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

3. Significant Accounting Policies (continued)

3.3 Basis of consolidation (continued)

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Bank.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the shareholders of the Bank. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* ("IFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate.

3. Significant Accounting Policies (continued)

3.4 Interests in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

The results and assets and liabilities of the associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of the associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3. Significant Accounting Policies (continued)

3.4 Interests in associates (continued)

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, which forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

3. Significant Accounting Policies (continued)

3.4 Interests in associates (continued)

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3.5 Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

3. Significant Accounting Policies (continued)

3.5 Revenue from contracts with customers (continued)

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, except for the allocation of discounts and variable consideration.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

3. Significant Accounting Policies (continued)

3.5 Revenue from contracts with customers (continued)

Variable consideration

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Borrowing cost are recognised in profit or loss in the period in which they are incurred.

3. Significant Accounting Policies (continued)

3.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and the associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. Significant Accounting Policies (continued)

3.6 Taxation (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.7 Employee benefits

In the reporting period in which an employee has rendered services, the Group recognises the employee benefits expenses for those services in profit or loss.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for the service.

3. Significant Accounting Policies (continued)

3.7 Employee benefits (continued)

Social welfare

Social welfare expenditure refers to payments for employees' social welfare system established by the government of the PRC, including social pension insurance, health care insurance, housing funds and other social welfare contributions. The Group contributes on a regular basis to these funds based on certain percentage of the employees' salaries and the contributions are recognised in profit or loss for the period when employees have rendered service entitling them to the contribution. The Group's liabilities in respect of these funds are limited to the contribution payable during the year.

Annuity plan

Regarding the Bank's annuity plan, the scope of beneficiary has covered all staff under current employment of the Bank. It is a defined contribution plan where the Bank contributes certain percentage of the gross employee salaries, and the contributions are recognised to profit or loss immediately as "Operating expenses" when they occur. Besides the fixed amount contributed to the pension plan, even if the pension plan is not sufficient to pay the employees' future retirement benefits, the Group has no further obligation to contribute to the plan.

3.8 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3. Significant Accounting Policies (continued)

3.9 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. Significant Accounting Policies (continued)

3.9 Financial instruments (continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal ("SPPI") amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of IFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

3. Significant Accounting Policies (continued)

3.9 Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and investment securities subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

3. Significant Accounting Policies (continued)

3.9 Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(ii) Investment securities and loans and advances to customers classified as at FVTOCI

Subsequent changes in the carrying amounts for investment securities and loans and advances to customers classified as at FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these investment securities and loans and advances to customers are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these investment securities and loans and advances to customers. When these investment securities and loans and advances to customers are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other income, gains and losses" line item.

3. Significant Accounting Policies (continued)

3.9 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including loan and advances to customers, investment securities at amortised cost, investment securities measured at FVTOCI, other receivables), and other items (including loan commitments and financial guarantee contracts) which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. Significant Accounting Policies (continued)

3.9 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(i) Stage of financial instruments

The three stages are defined as follows:

- Stage 1: A financial instrument of which the credit risk has not significantly increase since initial recognition. The amount equal to 12-month ECL is recognised as loss allowance;

- Stage 2: A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired, indicators usually include loan principles or interest overdue more than 30 days but less than 90 days. The amount equal to lifetime ECL is recognised as loss allowance; and

- Stage 3: A financial instrument is considered to be credit-impaired as at statement of financial position date, indicators usually include loan principles or interest overdue more than 90 days. The amount equal to lifetime ECL is recognised as loss allowance.

3. Significant Accounting Policies (continued)

3.9 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(ii) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

3. Significant Accounting Policies (continued)

3.9 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(ii) Significant increase in credit risk (continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. Significant Accounting Policies (continued)

3.9 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(iii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iv) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

3. Significant Accounting Policies (continued)

3.9 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(v) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(vi) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For undrawn loan commitments, the ECL is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitments draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

3. Significant Accounting Policies (continued)

3.9 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(vi) Measurement and recognition of ECL (continued)

For ECL on financial guarantee contracts or on loan commitments for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's loan and advances to customers, investment securities at amortised cost, investment securities measured at FVOCI, other receivables are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

3. Significant Accounting Policies (continued)

3.9 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(vi) Measurement and recognition of ECL (continued)

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

For undrawn loan commitments, the loss allowances are the present value of the difference between:

- the contractual cash flows that are due to the Group if the holder of the loan commitment draws down the loan: and
- the cash flows that the Group expects to receive if the loan is drawn down.

For investments securities and loans and advances to customers that are measured at FVTOCI, the loss allowance is recognised in OCI and accumulated in the investment revaluation reserve without reducing the carrying amount of these financial assets. Such amount represents the changes in the investment revaluation reserve in relation to accumulated loss allowance. For loan commitments and financial guarantee contracts, loss allowance is recognised in profit or loss and accumulated in provision. The loss allowance for other financial assets which are subject to impairment under IFRS 9 is recognised in profit or loss through a loss allowance account.

3. Significant Accounting Policies (continued)

3.9 Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of investment securities and loans and advances to customers classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3. Significant Accounting Policies (continued)

3.9 Financial instruments (continued)

Financial liabilities and equity (continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Bank are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities including borrowings from central bank, deposits from banks and other financial institutions, placements from banks, financial assets sold under repurchase agreements, customer deposits, debt securities issued, are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.10 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of: (i) the amount of the loss allowance determined in accordance with IFRS 9 (ii) the amount initially recognised less, where appropriate, cumulative amortization recognised over the guarantee period.

3. Significant Accounting Policies (continued)

3.11 Repurchase agreements and agreements to resale

Financial assets sold subject to repurchase agreements continue to be recognised, and are recorded as “investment securities” or “loans and advances to customers” as appropriate. The corresponding liability is included in “financial assets sold under repurchase agreements". Financial assets held under agreements to resell at a specific future date at a fixed price are recorded as “financial assets held under resale agreements".

The difference between purchase and sale price is recognised as interest expense or income in profit or loss over the life of the agreements using the effective interest method.

3.12 Property and equipment

Property and equipment are tangible assets that are held for use in the supply of services, or for administrative purposes (other than construction in progress as described below). Property and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties and equipment in the course of construction for supply of services or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including the depreciation of right-of-use asset provided during the construction period. Such properties and equipment are classified to the appropriate category of property and equipment when completed and ready for their intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3. Significant Accounting Policies (continued)

3.12 Property and equipment (continued)

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "right-of-use assets" (upon application of IFRS 16) or "land use right" (before application of IFRS 16) in the consolidated statement of financial position and is depreciated or amortised over the lease term on a straight-line basis. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire property are classified as property, and equipment.

Depreciation is recognised so as to write off the cost of assets, other than construction in progress, less their residual values over their estimated useful lives, using straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated residual value rates and useful lives of each class of property and equipment, other than construction in progress, are as follows:

Classes	Useful lives	Estimated residual value rates	Annual depreciation rates
Buildings	20-30 years	3%	3.23%-4.85%
Electronic equipment	3 years	3%	32.33%
Motor vehicles	4 years	3%	24.25%
Furniture and fixtures	5 years	3%	19.40%
Leasehold improvements	5 years	0%	20.00%

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. Significant Accounting Policies (continued)

3.13 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes).

Effective January 1, 2019, investment properties also include leased properties which are being recognised as right-of-use assets upon application of IFRS 16 and subleased by the Group under operating leases.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

3.14 Repossessed assets

Repossessed assets are initially recognised at fair value and subsequently measured at the lower of carrying amount and fair value less costs to sell at the end of the reporting period. When the fair value less costs to sell is lower than the repossessed asset's carrying amount, an impairment loss is recognised in profit or loss.

Any gain or loss arising from disposal of the repossessed asset is included in profit or loss in the year in which the item is disposed of.

A repossessed asset used by the Group is transferred to property and equipment at carrying amount.

3. Significant Accounting Policies (continued)

3.15 Cash and cash equivalents

Cash and cash equivalents refer to short term highly liquid assets, which are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

3.16 Leases (upon application of IFRS 16 in accordance with transitions in Note 2)

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of land and buildings, machinery and equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3. Significant Accounting Policies (continued)

3.16 Leases (upon application of IFRS 16 in accordance with transitions in Note 2) (continued)

The Group as a lessee (continued)

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property are presented within “property and equipment".

3. Significant Accounting Policies (continued)

3.16 Leases (upon application of IFRS 16 in accordance with transitions in Note 2) (continued)

The Group as a lessee (continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

3. Significant Accounting Policies (continued)

3.16 Leases (upon application of IFRS 16 in accordance with transitions in Note 2) (continued)

The Group as a lessee (continued)

Lease liabilities (continued)

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

3. Significant Accounting Policies (continued)

3.16 Leases (upon application of IFRS 16 in accordance with transitions in Note 2) (continued)

The Group as a lessee (continued)

Lease modifications (continued)

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Classification and measurement of leases

Lease for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Leases for which the Group is a lessor are all classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.

Allocation of consideration to cmponents of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling price.

Refundable rental deposits

Refundable rental deposits received are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

3. Significant Accounting Policies (continued)

3.16 Leases (upon application of IFRS 16 in accordance with transitions in Note 2) (continued)

The Group as a lessor (continued)

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

3.17 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from its use. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

3.18 Impairment on property and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

3. Significant Accounting Policies (continued)

3.18 Impairment on property and equipment, right-of-use assets and intangible assets other than goodwill (continued)

The recoverable amount of property and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset(or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

3. Significant Accounting Policies (continued)

3.18 Impairment on property and equipment, right-of-use assets and intangible assets other than goodwill (continued)

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made on the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.20 Foreign currencies

In preparing the consolidated financial statements of the Group, transactions in currencies other than the functional currency of the Group (foreign currencies) are recorded at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the year in which they arise.

3. Significant Accounting Policies (continued)

3.21 Fiduciary Activities

The Group acts in fiduciary activities as a manager, custodian, or an agent for customers. Assets held by the Group and the related undertakings to return such assets to customers are recorded as off-balance sheet items as the risks and rewards of the assets reside with customers.

The Group enters into entrusted loan agreements with customers, whereby the customers provide funding (the "entrusted funds") to the Group, and the Group grants loans to third parties (the "entrusted loans") under instructions of the customers. As the Group does not assume the risks and rewards of the entrusted loans and the corresponding entrusted funds, the entrusted loans and funds are recorded as off-balance sheet items at their principal amount. No provision for impairment loss is made for entrusted loans.

3.22 Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organization, management requirements and internal reporting system, whose operating results are regularly reviewed by the Group's Chief Operating Decision Makers to make decisions about resources to be allocated to the segment and assess its performance. Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of services, the type or class of customers, the methods used to provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated as "others" segment if they share a majority of these criteria.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Bank are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying accounting policies

The followings are the critical judgements, apart from those involving estimations (see below), that the directors of the Bank have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Classification of financial assets

Classification and measurement of financial assets depends on the results of the SPPI test and the business model test. The Group determines the business model at a level that reflects how groups of these financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of these assets is evaluated and their performance measured, the risks that affect the performance of these assets and how these are managed and how the managers of these assets are compensated. The Group monitors financial assets measured at amortised cost or FVTOCI that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

4.1 Critical judgements in applying accounting policies (continued)

Control over structured entities

Where the Bank acts as asset manager of structured entities, the Bank makes judgment on whether it is the principal or an agent to assess whether the Bank controls the structured entities and should consolidate them. When performing this assessment, the Bank considers several factors including, among other things, the scope of its decision-making authority over the structured entities, the rights held by other parties, the remuneration to which it is entitled in accordance with the related agreements for the assets management services, the Bank's exposure to variability of returns from other interests (e.g. direct investment) that it holds in the structured entities. The Bank performs reassessment periodically. Details of the structured entities are included in Note 40.

4.2 Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment under ECL model

Significant increase of credit risk: ECL are measured as an allowance equal to 12m ECL for stage 1 financial assets or lifetime ECL for stage 2 or stage 3 financial assets. The allowance of a financial asset would be equal to lifetime ECL when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

4.2 Key sources of estimation uncertainty (continued)

Impairment under ECL model (continued)

Establishing groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. Details of the characteristics considered in this judgement are included in Note 45. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Assets move from 12-month to lifetime ECLs when there is a significant increase in credit risk, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

Models and assumptions used: The Group uses various models and assumptions in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

Forward-looking information: When measuring ECL, the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of Default ("PD"): PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Loss Given Default ("LGD"): LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Details of ECL recognised under ECL model are set out in Note 45.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

4.2 Key sources of estimation uncertainty (continued)

Fair value of financial instruments

The directors of the Bank use valuation techniques to determine the fair value of certain financial instruments. Valuation techniques include the use of discounted cash flow model, market approach, reference to the current fair value of similar instruments, and discounted cash flow analysis or other valuation methods; as appropriate. To the extent practical, models use only observable data. However, areas such as credit risk of the Bank and counterparties, estimated future cash flows or the discount for lack of liquidity may not be observable and require the directors of the Bank to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments. Details of the fair value of financial instruments are included in Note 46.

Recoverable amount of repossessed assets

At the end of each reporting period, the Group recognised repossessed assets at the lower of the carrying amount and net realizable amount, and made provisions when the net realizable amount is lower than its carrying amount. In the assessment of net realizable amount of repossessed assets, the Group is required to make judgements on key parameters, assumptions and comparable data used in the assessment. Any change in those factors will lead to impact on the carrying amount of repossessed assets. Details of the repossessed assets as at the end of the reporting period are included in Note 27.

Income taxes

There are certain transactions and activities for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially estimated, such differences will impact the current income tax and deferred income tax in the year during which such a determination is made. Details of the tax expenses are included in Note 12.

5. 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 review 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. Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements as disclosed in Note 3.

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 revenue, 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:

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.

Personal banking

The personal 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.

5. Segment Analysis (continued)

Treasury operations

The Group's treasury operations conduct money market or repurchase transactions, and debt instruments investment for its own accounts or on behalf of customers.

Segment result represents the profit earned by each segment without allocation of certain other income, gains or losses, share of profit of associates, income tax expense and results from subsidiaries of the Group. Segment assets/liabilities are allocated to each segment, excluding investment properties, 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.

	Corporate banking	Personal banking	Treasury operations	Unallocated	Total
Year ended December 31, 2019					
External interest income	6,266,505	2,497,328	6,376,032	580,211	15,720,076
External interest expense	(2,992,111)	(2,296,469)	(2,930,043)	(224,809)	(8,443,432)
Net inter-segment interest income/(expense)	963,207	942,172	(1,996,236)	90,857	–
Net interest income	4,237,601	1,143,031	1,449,753	446,259	7,276,644
Fee and commission income	289,862	143,216	132,824	3,537	569,439
Fee and commission expense	(61,670)	(29,383)	(56,393)	(5,520)	(152,966)
Net fee and commission income	228,192	113,833	76,431	(1,983)	416,473
Net gains arising from financial assets	–	–	2,119,505	43,818	2,163,323
Other income, gains or losses	(133,102)	(2,909)	41,638	(213,042)	(307,415)
Operating income	4,332,691	1,253,955	3,687,327	275,052	9,549,025
Operating expenses	(1,030,421)	(660,586)	(852,657)	(239,415)	(2,783,079)
Impairment losses under ECL model, net of reversal	(2,048,414)	(192,114)	(2,166,160)	(85,588)	(4,492,276)
Share of profit of associates	–	–	–	8,905	8,905
Profit before tax	1,253,856	401,255	668,510	(41,046)	2,282,575
Income tax expense					(401,327)
Profit for the year					1,881,248
Depreciation and amortization	155,096	73,895	141,820	27,171	397,982
Purchase of non-current assets	250,746	119,468	229,283	4,021	603,518
As at December 31, 2019					
Segment assets	100,648,761	54,394,338	194,519,788	13,919,297	363,482,184
– Interests in associates	–	–	–	121,647	121,647
Segment liabilities	158,826,424	86,309,472	80,746,099	12,111,813	337,993,808
Supplementary information					
– Credit commitments	40,864,827	2,958,472	–	–	43,823,299

5. Segment Analysis (continued)

Treasury operations (continued)

	Corporate banking	Personal banking	Treasury operations	Unallocated	Total
Year ended December 31, 2018					
External interest income	4,471,568	2,064,545	5,579,073	455,489	12,570,675
External interest expense	(2,401,603)	(1,558,187)	(2,871,376)	(171,251)	(7,002,417)
Net inter-segment interest income/(expense)	1,657,612	842,102	(2,614,941)	115,227	–
Net interest income	3,727,577	1,348,460	92,756	399,465	5,568,258
Fee and commission income	239,973	77,998	142,278	6,731	466,980
Fee and commission expense	(80,847)	(37,271)	(65,782)	(4,031)	(187,931)
Net fee and commission income	159,126	40,727	76,496	2,700	279,049
Net gains/(losses) arising from financial assets	–	–	2,000,670	(1,515)	1,999,155
Other income, gains or losses	(18,899)	(5,676)	2,312	41,844	19,581
Operating income	3,867,804	1,383,511	2,172,234	442,494	7,866,043
Operating expenses	(873,894)	(439,778)	(712,689)	(241,437)	(2,267,798)
Impairment losses, net of reversal	(1,912,928)	(574,480)	(859,130)	(62,107)	(3,408,645)
Share of profit of associates	–	–	–	11,624	11,624
Profit before tax	1,080,982	369,253	600,415	150,574	2,201,224
Income tax expense					(414,250)
Profit for the year					1,786,974
Depreciation and amortization	96,905	45,578	80,443	24,948	247,874
Purchase of non-current assets	174,153	81,910	144,567	3,525	404,155
As at December 31, 2018					
Segment assets	97,592,970	37,369,288	166,068,668	10,591,585	311,622,511
– Interests in associates	–	–	–	117,742	117,742
Segment liabilities	143,325,919	66,946,049	68,772,995	8,978,293	288,023,256
Supplementary information					
– Credit commitments	38,019,284	2,016,899	–	–	40,036,183

Geographical information

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

Information about major customers

During the years ended December 31, 2019 and 2018, there were no revenue from transactions with a single external customer amounting to 10% or more of the Group's total revenue.

6. Net Interest Income

	Year ended December 31	
	2019	2018
Interest income:		
Balances with central bank	418,795	400,498
Deposits with banks and other financial institutions	123,598	103,499
Placements with banks and other financial institutions	89,404	41,552
Financial assets held under resale agreements	759,991	822,901
Loans and advances to customers at amortised cost, including:		
Corporate loans and advances	6,027,407	4,417,580
Personal loans and advances	2,806,185	2,329,770
Loans and advances to customers at FVTOCI, including:		
Forfeiting	52,959	3,451
Discounted bills	252,392	128,959
Investment, including:		
Investment securities measured at amortised cost	4,451,773	3,547,865
Investment securities measured at FVTOCI	737,572	774,600
Subtotal	15,720,076	12,570,675
Interest expense:		
Borrowing from central bank	(87,232)	(22,194)
Deposits from banks and other financial institutions	(527,878)	(627,756)
Placements from banks	(189,602)	(37,564)
Financial assets sold under repurchase agreements	(450,939)	(341,382)
Customer deposits	(5,462,100)	(4,124,262)
Debt securities issued	(1,704,279)	(1,849,259)
Lease Liabilities	(21,402)	–
Subtotal	(8,443,432)	(7,002,417)
Net interest income	7,276,644	5,568,258
Including: Interest income on impaired financial assets	61,888	37,441

7. Net Fee and Commission Income

	Year ended December 31	
	2019	2018
Fee and commission income		
Agency service fees	192,635	173,303
Wealth management fees	132,121	130,306
Bank card fees	129,380	65,758
Credit commitments and financial guarantee fees	99,212	63,338
Settlement and clearing fees	8,014	13,004
Transaction and consultancy fees	8,077	21,271
Subtotal	569,439	466,980
Fee and commission expense	(152,966)	(187,931)
Total	416,473	279,049

Note: Most contracts with customers have original expected duration of less than one year and therefore information about their remaining performance obligations is not disclosed.

8. Net Gains Arising from Financial Assets

	Year ended December 31	
	2019	2018
Fair value changes on		
– financial instruments measured at FVTPL	370,214	(56,680)
Realized gains/(losses) on investments		
– financial instruments measured at FVTPL	1,497,651	1,840,635
– disposal of debt instruments at FVTOCI	8,938	(64,820)
– disposal of debt instruments at FVTPL	6,950	(1,999)
Dividend income from fund investments at FVTPL	278,670	264,813
Dividend income from equity investments at FVTPL	900	17,206
Total	2,163,323	1,999,155

9. Other Income, Gains or Losses

	Year ended December 31	
	2019	2018
Exchange gains	47,220	2,312
Reversal of business tax payable	46,621	–
Government subsidies (1)	26,256	23,871
Rental income	15,627	14,067
Tax refund	6,080	5,237
Losses on disposal of property and equipment	(66)	(40)
Donation	(3,013)	(3,904)
Depreciation of investment properties	(3,723)	(876)
Others	(27,761)	(20,287)
Impairment losses on repossessed assets	(126,997)	(24,574)
(Losses)/gains on disposal of repossessed assets	(287,659)	23,775
Total	(307,415)	19,581

(1) Government subsidies mainly represent incentive subsidies received from local government to encourage the expansion of agriculture-related loan portfolios and bonus for the Group's contribution to the local economic development.

10. Operating Expenses

	Year ended December 31	
	2019	2018
Staff costs (1)	1,341,812	1,062,722
General and administrative expenses (2)	884,445	748,561
Depreciation – property and equipment	278,056	159,021
Depreciation – right-of-use assets	84,881	–
Amortization	31,322	87,977
Tax and surcharges	98,050	76,261
Minimum lease payments – short term leases	9,589	–
Minimum lease payments – low value leases	64	–
Minimum rental expenses	–	92,437
Others	54,860	40,819
Total	2,783,079	2,267,798

10. Operating Expenses (continued)

(1) Staff costs

	Year ended December 31	
	2019	*2018*
Salaries, bonuses and allowances	*1,020,577*	*830,627*
Social insurance	*211,134*	*144,700*
Including: defined contribution plans	*178,850*	*126,619*
Staff welfare	*53,123*	*45,951*
Housing funds	*31,192*	*27,198*
Labor union fees and staff education expenses	*25,786*	*14,246*
Total	*1,341,812*	*1,062,722*

(2) Included in the general and administrative expenses, there were auditor's remunerations for the years ended December 31, 2019 and 2018 amounting to RMB2.85 million and RMB3.4 million respectively.

11. Impairment Losses under Expected Credit Loss Model, Net of Reversal

	Year ended December 31	
	2019	2018
Loans and advances to customers at amortised cost	2,329,831	2,319,909
Loans and advances to customers at FVTOCI	22,024	117,962
Investment securities measured at amortised cost	2,096,891	716,653
Investment securities measured at FVTOCI	51,804	151,561
Placements with banks and other financial institutions	(900)	1,070
Deposits with banks and other financial institutions	192	613
Financial assets held under resale agreements	(7,813)	(10,767)
Financial guarantees and credit commitments	247	111,644
Total	4,492,276	3,408,645

12. Income Tax Expense

	Year ended December 31	
	2019	2018
Income tax expense comprises:		
Current income tax	637,730	1,049,429
Under provision of tax for prior years	4,016	21,686
Deferred tax (Note 26)	(240,419)	(656,865)
Total	401,327	414,250

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% of the estimated assessable profit for the year.

The tax charge for the year can be reconciled to profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended December 31	
	2019	2018
Profit before tax	2,282,575	2,201,224
Tax calculated at applicable statutory tax rate of 25%	570,644	550,306
Adjustments for prior years	4,016	21,686
Effect of expenses not deductible for tax purpose	6,078	5,509
Effect of non taxable income (1)	(181,202)	(143,827)
Effect of unused tax losses and deductible temporary difference not recognised as deferred tax assets	2,277	2,125
Utilization of tax losses previously not recognised	(486)	(21,549)
Total	401,327	414,250

(1) The non taxable income mainly represents interest income arising from government bonds, dividends distributed from mutual fund investment, share of profit of associates, which is income tax free in accordance with the PRC tax regulations.

12. Income Tax Expense (continued)

Due to the uncertainty of having adequate taxable income in future, certain subsidiaries did not recognise the deferred tax assets for their deductible losses.

The deductible losses of unrecognised deferred tax assets will expire by the year below:

	As at December 31	
	2019	2018
Year 2021	3,176	4,871
Year 2022	14,543	14,707
Year 2023	8,416	8,501
Year 2024	9,106	–

13. Other Comprehensive Income

	Year ended December 31, 2019		
	Before-tax amount	Tax expense	Net of income tax amount
Items that may be reclassified subsequently to profit or loss:			
Debt instruments measured at FVTOCI	72,502	(18,126)	54,376
Discount bills and forfeiting measured at FVTOCI	11,678	(2,919)	8,759
Total	84,180	(21,045)	63,135

	Year ended December 31, 2018		
	Before-tax amount	Tax expense	Net of income tax amount
Items that may be reclassified subsequently to profit or loss:			
Debt instruments measured at FVTOCI	1,188,468	(297,117)	891,351
Discount bills and forfeiting measured at FVTOCI	140,992	(35,248)	105,744
Total	1,329,460	(332,365)	997,095

14. Earnings Per Share

The calculation of basic earnings per share for the years 2019 and 2018 is based on the net profit attributable to Shareholders of the Bank and the weighted average number of shares in issue. There is no diluted earnings per share in 2019 as there were no potential ordinary shares outstanding during the year of 2019.

The calculation of basic and diluted earnings per share is as follows:

	Year ended December 31	
	2019	2018
Earnings:		
Earnings for the purpose of basic and diluted earnings per share	1,837,210	1,757,688
Numbers of shares (in thousands):		
Weighted average number of ordinary shares for the purpose of basic earnings per share in issue (in '000)	2,407,367	2,192,977
Effect of dilutive potential ordinary shares:		
Over-allotment option	N/A	1
Weighted average number of ordinary shares for the purpose of diluted earnings per share(in '000)	2,407,367	2,192,978
Basic earnings per share (RMB Yuan)	0.76	0.80
Diluted earnings per share (RMB Yuan)(1)	N/A	0.80

(1) No diluted earnings per share has been presented for the year ended December 31, 2019 as the Group had no potential ordinary shares in issue during the year. The computation of diluted earnings per share for the year ended December 31, 2018 has taken into account the effect of the over-allotment option which was granted on July 10, 2018.

15. Dividends

	Notes	Year ended December 31	
		2019	2018
2018 Final Dividend	(2)	192,589	–
2017 Final Dividend	(3)	–	200,000

Notes:

(1) A final dividend of RMB12 cents per share (tax inclusive) in respect of the year ended December 31, 2019 amounting in a total of RMB289 million was proposed by the board of directors of the Bank and is subject to the approval of the forthcoming annual general meeting of the Bank.

(2) A final dividend of RMB8 cents per share (tax inclusive) in respect of the year ended December 31, 2018 amounting in a total of RMB193 million was proposed by the board of directors of the Bank and approved by the 2018 annual general meeting of the Bank on May 21, 2019.

(3) A final dividend of RMB10 cents per share (tax inclusive) in respect of the year ended December 31, 2017 amounting in a total of RMB200 million was proposed by the board of directors of the Bank and approved by the 2017 annual general meeting of the Bank on June 22, 2018.

16. Emoluments of Directors, Supervisors and Five Highest Paid Individuals

(I) Directors' and supervisors' remunerations

Year ended December 31, 2019

Name	Fees	Basic salaries bonuses, allowances and other benefits	Contribution to pension schemes	Total
Executive directors				
Liu Xianting	–	1,429	153	1,582
Pan Ming	–	1,133	153	1,286
Cai Liping	–	1,044	141	1,185
Non-executive directors				
Zeng Huasheng	–	–	–	–
Zhang Jianyong	–	–	–	–
Li Jianbao	–	–	–	–
Yi Zhiqiang	–	–	–	–
Independent non-executive directors				
Cai Qingfu	296	–	–	296
Gao Yuhui	302	–	–	302
Yang Tao	283	–	–	283
Quan Ze	280	–	–	280
Supervisors				
Luo Xinhua	–	788	141	929
Qiu Jian (i)	–	–	–	–
Lu Tingfu (ii)	–	–	–	–
Dai Wenjing (iii)	–	563	92	655
Wang Xinyan (iv)	–	–	–	–
Guo Jiequn	–	258	–	258
Chen Chunxia	–	258	–	258
Liao Jingwen	–	382	92	474
Total	1,161	5,855	772	7,788

Notes:

(i) Qiu Jian resigned in May 2019.

(ii) Lu Tingfu was appointed as supervisor of the Bank in May 2019.

(iii) Dai Wenjing resigned in December 2019.

(iv) Wang Xinyan was appointed as supervisor of the Bank in December 2019.

16. Emoluments of Directors, Supervisors and Five Highest Paid Individuals (continued)

(I) Directors' and supervisors' remunerations (continued)

Year ended December 31, 2018

Name	Fees	Basic salaries bonuses, allowances and other benefits	Contribution to pension schemes	Total
Executive directors				
Liu Xianting	–	1,274	156	1,430
Pan Ming	–	936	156	1,092
Cai Liping	–	814	144	958
Non-executive directors				
Zeng Huasheng	–	–	–	–
Zhang Jianyong	–	–	–	–
Li Jianbao	–	–	–	–
Yi Zhiqiang	–	–	–	–
Independent non-executive directors				
Cai Qingfu	199	–	–	199
Gao Yuhui	199	–	–	199
Yang Tao	192	–	–	192
Quan Ze	195	–	–	195
Supervisors				
Luo Xinhua	–	814	144	958
Qiu Jian	–	–	–	–
Dai Wenjing	–	471	90	561
Guo Jiequn	–	175	–	175
Chen Chunxia	–	175	–	175
Liao Jingwen	–	230	94	324
Total	785	4,889	784	6,458

16. Emoluments of Directors, Supervisors and Five Highest Paid Individuals (continued)

(I) Directors' and supervisors' remunerations (continued)

The executive directors' remunerations shown above were for their services in connection with the management of the affairs of the Bank and the Group.

Non-executive directors did not receive any remunerations for their services as directors of the Bank.

The independent non-executive directors' remunerations shown above were for their services as directors of the Bank.

The supervisors' remunerations shown above were for the supervised services and employment in the Bank.

The bonuses are discretionary and are determined by reference to the Group's and the individuals' performance.

For the years ended December 31, 2019 and 2018, no directors or supervisors of the Bank waived any remunerations and no remunerations were paid by the Bank to any of the directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office.

16. Emoluments of Directors, Supervisors and Five Highest Paid Individuals (continued)

(II) Five highest paid individuals

Among the five highest paid individuals, none of them are directors of the Bank and none of them are supervisors of the Bank whose remunerations are disclosed above for the years ended December 31, 2019 and 2018 respectively.

The total remunerations payable to the five individuals whose remunerations were the highest in the Group during the years of 2019 and 2018 are as follows:

	Year ended December 31	
	2019	2018
Basic salaries and allowances	10,003	7,335
Discretionary bonuses	33	15
Contribution to pension schemes	239	215
Total	10,275	7,565

Remunerations of the five highest paid individuals were within the following bands:

	Year ended December 31	
	2019	2018
HK$1,500,001 – HK$2,000,000	1	5
HK$2,000,001 – HK$2,500,000	2	–
HK$2,500,001 – HK$3,000,000	2	–
Total	5	5

During the years ended December 31, 2019 and 2018, no remuneration was paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

17. Cash and Balances with Central Bank

	As at December 31	
	2019	2018
Cash	601,607	517,789
Mandatory reserve deposits (1)	25,412,618	23,180,080
Surplus reserve deposits (2)	9,306,875	4,381,801
Other deposits (3)	61,113	357,265
Total	35,382,213	28,436,935

Notes:

(1) 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 December 31, 2019 and 2018, mandatory reserve deposits with the PBOC were calculated at 10.5% and 11% of eligible RMB deposits for the Bank; and at 7.5% and 9% of those for the subsidiaries respectively, except for six subsidiaries, which were at 6.5% this year, and at 5% of foreign currency deposits for the Bank and its subsidiaries. The foreign currency reserve deposits placed with the PBOC are non-interest bearing.

(2) The surplus reserve deposits are maintained with the PBOC mainly for the purpose of clearing.

(3) Other deposits mainly represent the required fiscal deposits placed with the PBOC.

18. Deposits with Banks and Other Financial Institutions

	As at December 31	
	2019	2018
Deposits with:		
Banks and other financial institutions in mainland China	1,311,173	1,350,670
Banks outside mainland China	937,394	284,301
Less: Expected credit loss	(885)	(693)
Total	2,247,682	1,634,278

19. Placements with Banks and Other Financial Institutions

	As at December 31	
	2019	2018
Placements with:		
Banks in mainland China	1,251,118	115,380
Other financial institutions in mainland China	1,000,715	2,704,608
Less: Expected credit loss	(832)	(1,732)
Total	2,251,001	2,818,256

20. Financial Assets Held Under Resale Agreements

Analyzed by counterparties:

	As at December 31	
	2019	2018
Banks in mainland China	1,193,131	10,534,728
Other financial institutions in mainland China	6,619,500	3,431,337
Less: Expected credit loss	(4,152)	(11,965)
Total	7,808,479	13,954,100

Analyzed by collateral type:

	As at December 31	
	2019	2018
Bonds	7,812,631	9,724,938
Bills	–	4,241,127
Less: Expected credit loss	(4,152)	(11,965)
Total	7,808,479	13,954,100

21. Loans and Advances to Customers

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

	As at December 31	
	2019	2018
Loans and advances to customers at amortised cost		
Corporate loans and advances		
– Loans	102,241,873	88,146,895
Subtotal	102,241,873	88,146,895
Retail loans and advances		
– Residential mortgage loans	25,201,065	20,289,939
– Personal loans for consumption	22,608,923	10,115,961
– Personal loans for business purposes	9,936,210	9,264,379
– Credit card	1,811,294	1,552,962
Subtotal	59,557,492	41,223,241
Gross loans and advances to customers at amortised cost	161,799,365	129,370,136
Allowance for expected credit loss		
– stage 1 (12-month ECL)	(3,129,218)	(2,765,371)
– stage 2 (Lifetime ECL- not credit-impaired)	(603,435)	(356,972)
– stage 3 (Lifetime ECL- credit impaired)	(1,854,264)	(1,558,963)
Subtotal	(5,586,917)	(4,681,306)
Loans and advances to customers at amortised cost, net	156,212,448	124,688,830
Loans and advances to customers at FVTOCI (i)		
– Discounted bills and forfeiting	17,156,136	12,459,371
Total loans and advances to customers	173,368,584	137,148,201

(i) As at December 31, 2019 and 2018, the Group's expected credit loss on loans and advances to customers measured at FVTOCI was RMB139,986 thousand and RMB117,962 thousand, respectively, as detailed in Note 21(3)(b).

21. Loans and Advances to Customers (continued)

(2) Analysis of loans and advances to customers as at December 31, 2019 are as follows:

	As at December 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at amortised cost	153,574,528	4,576,905	3,647,932	161,799,365
Less: Expected credit loss	(3,129,218)	(603,435)	(1,854,264)	(5,586,917)
Loans and advances to customers at amortised cost, net	150,445,310	3,973,470	1,793,668	156,212,448
Loans and advances to customers at FVTOCI	17,156,136	–	–	17,156,136
Balance at December 31, 2019	167,601,446	3,973,470	1,793,668	173,368,584

	As at December 31, 2018			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at amortised cost	124,597,715	1,944,205	2,828,216	129,370,136
Less: Impairment losses allowance	(2,765,371)	(356,972)	(1,558,963)	(4,681,306)
Loans and advances to customers at amortised cost, net	121,832,344	1,587,233	1,269,253	124,688,830
Loans and advances to customers at FVTOCI	12,459,371	–	–	12,459,371
Balance at December 31, 2018	134,291,715	1,587,233	1,269,253	137,148,201

21. Loans and Advances to Customers (continued)

(3) Analysis of movements of the allowance for impairment losses on loans and advances to customers for the year ended December 31, 2019 and 2018 are as follows:

(a) Loans and advances to customers at amortised cost

	As at December 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Balance at January 1, 2019	2,765,371	356,972	1,558,963	4,681,306
Provided for the year	360,287	299,046	1,670,498	2,329,831
Write-offs	–	–	(1,628,773)	(1,628,773)
Transfer:				
To 12-month ECL	109,250	(60,899)	(48,351)	–
To lifetime ECL – (not credit-impaired)	(105,690)	111,735	(6,045)	–
To lifetime ECL – (credit-impaired)	–	(103,419)	103,419	–
Recoveries	–	–	204,553	204,553
Balance at December 31, 2019	3,129,218	603,435	1,854,264	5,586,917

	Year ended December 31, 2018			
	Stage 1	Stage 2	Stage 3	Total
Balance at January 1, 2018	2,175,585	318,946	905,080	3,399,611
Provided for the year	510,921	230,759	1,578,229	2,319,909
Write-offs	–	–	(1,113,069)	(1,113,069)
Transfer:				
To 12-month ECL	159,263	(128,672)	(30,591)	–
To lifetime ECL – (not credit-impaired)	(80,398)	80,623	(225)	–
To lifetime ECL – (credit-impaired)	–	(144,684)	144,684	–
Recoveries	–	–	74,855	74,855
Balance at December 31, 2018	2,765,371	356,972	1,558,963	4,681,306

21. Loans and Advances to Customers (continued)

(3) Analysis of movements of the allowance for impairment losses on loans and advances to customers for the year ended December 31, 2019 and 2018 are as follows: (continued)

(b) Loans and advances to customers at FVTOCI

	Year ended December 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Balance at January 1, 2019	117,962	–	–	117,962
Provided for the year	22,024	–	–	22,024
Balance at December 31, 2019	139,986	–	–	139,986

	Year ended December 31, 2018			
	Stage 1	Stage 2	Stage 3	Total
Balance at January 1, 2018	–	–	–	–
Provided for the year	117,962	–	–	117,962
Balance at December 31, 2018	117,962	–	–	117,962

Allowance for impairment losses on loans and advances to customers measured at fair value through other comprehensive income is recognised 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 recognised in the profit or loss.

22. Investment Securities

	As at December 31	
	2019	2018
Investment securities measured at FVTPL (1)	34,789,870	36,994,938
Investment securities measured at FVTOCI (2)	18,558,018	14,960,845
Investment securities measured at amortised cost (3)	81,073,741	68,100,023
Total	134,421,629	120,055,806

(1) Investment securities measured at FVTPL

	As at December 31	
	2019	2018
Debt securities issued by:		
Policy banks	101,887	52,555
Commercial banks and other financial institutions	–	48,550
Corporations	496,007	80,009
Asset Backed Medium-term Notes	557,909	–
Non-public project bonds	60,297	–
Subtotal	1,216,100	181,114
Equity investments	689,535	530,940
Funds and other investments:		
Funds investments held for trading	13,618,659	8,486,055
Trust beneficiary rights and asset management plans	13,455,396	24,118,297
Wealth management products	936,952	715,267
Others	4,873,228	2,963,265
Subtotal	32,884,235	36,282,884
Total	34,789,870	36,994,938
Listed outside Hong Kong (Note)	1,690,740	8,667,169
Unlisted	33,099,130	28,327,769
Total	34,789,870	36,994,938

Note: Debt securities listed outside Hong Kong include those traded in inter-bank market.

22. Investment Securities (continued)

(2) Investment securities measured at FVTOCI

	As at December 31	
	2019	2018
Debt securities issued by:		
Government and central bank	2,512,735	2,513,177
Policy banks	7,408,737	7,594,422
Commercial banks and other financial institutions	5,177,734	810,627
Corporations	3,418,130	3,997,015
Non public Project Bonds	40,682	45,604
Total	18,558,018	14,960,845
Listed outside Hong Kong (Note)	15,644,590	13,403,654
Listed in Hong Kong (Note)	2,913,428	1,557,191
Total	18,558,018	14,960,845

Note: Debt securities listed outside Hong Kong include those traded in inter-bank market.

	As at December 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Balance at December 31, 2019	18,415,563	–	142,455	18,558,018

	As at December 31, 2018			
	Stage 1	Stage 2	Stage 3	Total
Balance at December 31, 2018	14,644,278	–	316,567	14,960,845

22. Investment Securities (continued)

(2) Investment securities measured at FVTOCI (continued)

Movements of the allowance for impairment losses on financial investments measured at fair value through other comprehensive income are as follows:

	Year ended December 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Balance at January 1, 2019	39,823	–	145,621	185,444
To lifetime ECL –(credit-impaired)	(136)	–	136	–
Provided for the year	(32,976)	–	84,780	51,804
Write-off	–	–	(49,654)	(49,654)
Balance at December 31, 2019	6,711	–	180,883	187,594

	Year ended December 31, 2018			
	Stage 1	Stage 2	Stage 3	Total
Balance at January 1, 2018	33,883	–	–	33,883
Provided for the year	5,940	–	145,621	151,561
Balance at December 31, 2018	39,823	–	145,621	185,444

Expected credit loss on financial investments measured at fair value through other comprehensive income is recognised 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 recognised in the profit or loss.

22. Investment Securities (continued)

(3) Investment securities measured at amortised cost

	As at December 31	
	2019	2018
Debt securities issued by:		
Government and central bank	12,574,040	7,056,437
Policy banks	18,837,725	8,926,321
Corporations	20,702,493	10,536,238
Subtotal	52,114,258	26,518,996
Other investments		
Trust beneficiary rights and asset management plans	31,010,677	42,951,809
Subtotal	31,010,677	42,951,809
Less: Expected credit loss		
Including:		
Debt securities	(376,395)	(302,610)
Other investments	(1,674,799)	(1,068,172)
Total	81,073,741	68,100,023
Listed outside Hong Kong (Note)	51,737,863	26,216,386
Unlisted	29,335,878	41,883,637
Total	81,073,741	68,100,023

Note: Debt securities listed outside Hong Kong include those traded in inter-bank market.

	As at December 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Investment securities measured at amortised cost	79,088,235	1,529,342	2,507,358	83,124,935
Less: Expected credit loss	(570,329)	(174,573)	(1,306,292)	(2,051,194)
Balance at December 31, 2019	78,517,906	1,354,769	1,201,066	81,073,741

22. Investment Securities (continued)

(3) Investment securities measured at amortized cost (continued)

	As at December 31, 2018			
	Stage 1	Stage 2	Stage 3	Total
Investment securities measured at amortised cost	68,441,277	161,763	867,765	69,470,805
Less: Expected credit loss	(1,051,652)	(18,259)	(300,871)	(1,370,782)
Balance at December 31, 2018	67,389,625	143,504	566,894	68,100,023

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

	Year ended December 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Balance at January 1, 2019	1,051,652	18,259	300,871	1,370,782
Transfer:				
To lifetime ECL – (not credit-impaired)	(70,506)	70,506	–	–
To lifetime ECL – (credit-impaired)	–	(182,789)	182,789	–
(Reversal)/Charge for the year	(410,817)	268,597	2,239,111	2,096,891
Write-offs	–	–	(1,416,479)	(1,416,479)
Balance at December 31, 2019	570,329	174,573	1,306,292	2,051,194

22. Investment Securities (continued)

(3) Investment securities measured at amortized cost (continued)

	Year ended December 31, 2018			
	Stage 1	Stage 2	Stage 3	Total
Balance at January 1, 2018	645,223	–	8,906	654,129
Transfer:				
To lifetime ECL – (not credit-impaired)	(4,461)	4,461	–	–
To lifetime ECL – (credit-impaired)	–	(1,434)	1,434	–
Charge for the year	410,890	15,232	290,531	716,653
Balance at December 31, 2018	1,051,652	18,259	300,871	1,370,782

23. Interests in Associates

	As at December 31	
	2019	2018
Cost of unlisted investments in associates	83,187	83,187
Share of post-acquisition profits and other comprehensive income, net of dividends received	38,460	34,555
Total	121,647	117,742

23. Interests in Associates (continued)

Details of the Bank's associates as at December 31, 2019 and 2018 are set out below:

Name of entity	Place of incorporation/ establishment	Date of incorporation/ establishment	Authorized/ paid-in capital as at December 31, 2019 (RMB'000)	Proportion of ownership held by the Group		Proportion of voting rights held by the Group		Principal activities
				As at December 31, 2018 %	As at December 31, 2019 %	As at December 31, 2018 %	As at December 31 2019 %	
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%	30.56%	Commercial bank

Note 1: The Group initiated and established Zhongshan Xiaolan County Bank Co, Ltd. in December 2008, with an investment of RMB62.5 million, holding 25% 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 49.5million 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.

23. Interests in Associates (continued)

Zhongshan Xiaolan County Bank Co, Ltd.:

	As at December 31	
	2019	2018
Total assets	4,291,649	4,968,864
Total liabilities	3,905,181	4,601,976
Net assets	386,468	366,888

	Year ended December 31	
	2019	2018
Operating income	116,807	132,681
Profit for the year	40,855	47,619
Dividends received from the associate during the year	5,000	5,000

Reconciliations of the above summarized financial information to the carrying amount of the interest in an associate recognised in the consolidated financial statements are as follows:

	As at December 31	
	2019	2018
Net assets	386,468	366,888
Proportion of the Group's ownership interest	25.00%	25.00%
The Group's share of net assets	96,617	91,722
Others	5,632	5,632
Carrying amount of the Group's interest	102,249	97,354

23. Interests in Associates (continued)

Guixi Jiuyin County Bank Co, Ltd.:

	As at December 31	
	2019	2018
Total assets	716,137	625,955
Total liabilities	622,166	527,190
Net assets	93,971	98,765

	Year ended December 31	
	2019	2018
Operating income	8,028	24,602
Loss for the year	(4,794)	(1,448)
Dividends received from the associate during the year	–	–

Reconciliations of the above summarized financial information to the carrying amount of the interest in an associate recognised in the consolidated financial statements are as follows:

	As at December 31	
	2019	2018
Net assets	93,971	98,765
Proportion of the Group's ownership interest	20.64%	20.64%
The Group's share of net assets	19,398	20,388
Carrying amount of the Group's interest	19,398	20,388

24. Right of Use Assets

The Group as lessee

	Land and buildings	Land use right	Machinery and equipment	Total
COST				
As at January 1, 2019	609,354	7,098	513	616,965
Additions	24,024	–	–	24,024
Transfer out to investment properties	(169)	–	–	(169)
Disposals	(1,052)	–	–	(1,052)
As at December 31, 2019	632,157	7,098	513	639,768
ACCUMULATED DEPRECIATION				
As at January 1, 2019	(216,547)	(948)	(256)	(217,751)
Additions	(84,541)	(238)	(102)	(84,881)
Disposals	1,052	–	–	1,052
As at December 31, 2019	(300,036)	(1,186)	(358)	(301,580)
NET CARRYING AMOUNT				
As at January 1, 2019	392,807	6,150	257	399,214
As at December 31, 2019	332,121	5,912	155	338,188

24. Right of Use Assets (continued)

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.

For the year ended December 31, 2019, expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of IFRS 16 amounts to RMB9,589 thousand. Expense relating to leases of low-value assets, excluding short-term leases of low value assets amounts to RMB64 thousand.

As at December 31, 2019, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in note 10.

For the year ended December 31, 2019, total cash outflow for leases amounts to RMB114,227 thousand.

In addition, lease liabilities of RMB360,610 thousand are recognised as at December 31, 2019 (Note 33) and interest expenses on lease liabilities are disclosed in Note 6. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

As at December 31, 2019, the Group did not entered into any leases that have not yet commenced.

25. Property and Equipment

	Leasehold land and buildings	Electronic equipment	Motor vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
COST							
As at January 1, 2018	1,301,428	226,220	17,744	133,020	311,161	1,045,050	3,034,623
Additions	73,296	27,328	2,005	16,523	52,974	223,851	395,977
Transfers	871,014	34,517	–	327	14,408	(920,266)	–
Transfers to other assets	–	–	–	–	–	(62,409)	(62,409)
Disposals	–	(4,424)	(813)	(521)	(915)	–	(6,673)
As at December 31, 2018	2,245,738	283,641	18,936	149,349	377,628	286,226	3,361,518
Adjustments upon application of IFRS 16	27,175	–	–	–	(16,773)	–	10,402
At January 1, 2019 – restated	2,272,913	283,641	18,936	149,349	360,855	286,226	3,371,920
Additions	12,244	61,143	732	15,152	50,429	424,751	570,451
Transfers	106,114	2,833	–	3,659	27,325	(139,931)	–
Transfer in from Right-of-use assets	169	–	–	–	–	–	169
Transfers to other assets	–	–	–	–	–	(69,507)	(69,507)
Disposals	(2,177)	(6,107)	(1,123)	(5,459)	–	–	(14,866)
As at December 31, 2019	2,389,263	341,510	18,545	162,701	444,609	501,539	3,858,167
ACCUMULATED DEPRECIATION							
As at January 1, 2018	(275,436)	(133,149)	(10,027)	(52,625)	(150,913)	–	(622,150)
Provided for the year	(74,922)	(59,469)	(2,626)	(22,880)	(71,117)	–	(231,014)
Disposals	–	3,870	799	521	637	–	5,827
As at December 31, 2018	(350,358)	(188,748)	(11,854)	(74,984)	(221,393)	–	(847,337)
Adjustments upon application of IFRS 16	(15,814)	–	–	–	–	–	(15,814)
At 1 January 2019 (restated)	(366,172)	(188,748)	(11,854)	(74,984)	(221,393)	–	(863,151)
Provided for the year	(116,882)	(58,287)	(2,600)	(24,726)	(79,284)	–	(281,779)
Disposals	1,593	4,266	955	2,409	–	–	9,223
As at December 31, 2019	(481,461)	(242,769)	(13,499)	(97,301)	(300,677)	–	(1,135,707)
NET BOOK VALUE							
As at December 31, 2018	1,895,380	94,893	7,082	74,365	156,235	286,226	2,514,181
As at December 31, 2019	1,907,802	98,741	5,046	65,400	143,932	501,539	2,722,460

25. Property and Equipment (continued)

The carrying amount of buildings of the Group with incomplete title deeds as at December 31, 2019 and 2018 amounted RMB13.62 million and RMB33.02 million, respectively. The Group are still in the process of applying for the outstanding title deeds of these buildings. 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 December 31, 2019 and 2018, leasehold land and buildings of the Group with net book value amounting to RMB20.62 million and RMB13.07 million were rented out to third parties as investment properties.

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

	As at December 31	
	2019	2018
Held in mainland China		
10-50 years	20,616	13,074
Total	20,616	13,074

26. Deferred Tax Assets/Liabilities

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset.The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at December 31	
	2019	2018
Deferred tax assets	1,925,339	1,659,174
Deferred tax liabilities	(46,791)	–
Total	1,878,548	1,659,174

26. Deferred Tax Assets/Liabilities (continued)

The followings are the major deferred tax asset items recognised and movements thereon:

	Allowance for impairment losses	Accrued salaries, bonuses and allowances	Fair value changes of investment securities measured at FVTOCI	Fair value changes of investment securities measured at FVTPL	Others	Total
As at January 1, 2019	1,277,825	127,970	70,314	67,969	115,096	1,659,174
Credit to profit or loss	339,364	38,525	–	(92,554)	(44,916)	240,419
Charge to other comprehensive income	(6,044)	–	(15,001)	–	–	(21,045)
As at December 31, 2019	1,611,145	166,495	55,313	(24,585)	70,180	1,878,548

	Allowance for impairment losses	Accrued salaries, bonuses and allowances	Fair value changes of investment securities measured at FVTOCI	Fair value changes of investment securities measured at FVTPL	Others	Total
As at January 1, 2018	809,777	101,694	335,298	50,928	36,977	1,334,674
Credit to profit or loss	535,429	26,276	–	17,041	78,119	656,865
Charge to other comprehensive income	(67,381)	–	(264,984)	–	–	(332,365)
As at December 31, 2018	1,277,825	127,970	70,314	67,969	115,096	1,659,174

27. Other Assets

	As at December 31	
	2019	2018
Repossessed assets	1,829,488	2,650,672
Prepayment and other receivables	351,753	286,507
Intangible assets	132,547	82,547
Precious metals	1,985	1,662
Land use rights	–	6,150
Others	495,396	256,300
Total	2,811,169	3,283,838

28. Deposits From Banks and Other Financial Institutions

	As at December 31	
	2019	2018
Banks in mainland China	13,006,629	11,732,951
Other financial institutions in mainland China	1,237,715	1,039,309
Total	14,244,344	12,772,260

29. Placements From Banks

	As at December 31	
	2019	2018
Banks in mainland China	2,932,636	1,040,290
Banks outside mainland China	2,207,588	734,639
	5,140,224	1,774,929

30. Financial Assets Sold Under Repurchase Agreements

Analyzed by counterparties:

	As at December 31	
	2019	2018
Banks in mainland China	6,379,391	8,005,943
Other financial institutions in mainland China	–	100,060
Banks outside mainland China	–	96,039
Total	6,379,391	8,202,042

Analyzed by collateral type:

	As at December 31	
	2019	2018
Bonds	2,692,252	6,524,346
Bills	3,687,139	1,677,696
Total	6,379,391	8,202,042

31. Customers Deposits

	As at December 31	
	2019	2018
Demand deposits		
Corporate customers	90,195,099	84,274,124
Individual customers	16,879,340	15,521,265
Time deposits		
Corporate customers	46,198,505	39,507,732
Individual customers	74,727,198	54,130,195
Pledged deposits (1)	27,040,478	24,314,814
Others	222,450	186,128
Total	255,263,070	217,934,258

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

	As at December 31	
	2019	*2018*
Bank acceptances	*18,193,687*	*19,297,565*
Guarantees and letters of guarantee	*781,410*	*720,413*
Letters of credit	*4,644,919*	*2,093,660*
Others	*3,420,462*	*2,203,176*
Total	*27,040,478*	*24,314,814*

32. Debt Securities Issued

Analysis of the debt securities issued by remaining maturities

The tables below summarize the maturity analysis of the debt securities issued by remaining contractual maturities at the end of each reporting period.

	As at December 31, 2019				
	Less than 1 year (1 year inclusive)	1 to 2 years (2 years inclusive)	2 to 5 years (5 years inclusive)	over 5 years	Total
15 Jiujiang Bank bonds (1)	–	–	–	2,001,058	2,001,058
18 Jiujiang Bank bonds (2)	–	4,034,810	–	3,110,555	7,145,365
Interbank negotiable certificates of deposit (3)	40,520,559	–	–	–	40,520,559
Total	40,520,559	4,034,810	–	5,111,613	49,666,982

	As at December 31, 2018				
	Less than 1 year (1 year inclusive)	1 to 2 years (2 years inclusive)	2 to 5 years (5 years inclusive)	over 5 years	Total
15 Jiujiang Bank bonds (1)	–	–	–	2,001,058	2,001,058
18 Jiujiang Bank bonds (2)	–	–	4,034,810	3,110,555	7,145,365
Interbank negotiable certificates of deposit (3)	30,946,621	–	–	–	30,946,621
Asset-backed securities	702,506	104,494	–	–	807,000
Total	31,649,127	104,494	4,034,810	5,111,613	40,900,044

32. Debt Securities Issued (continued)

(1) On December 25, 2015, the Bank issued a fixed-rate tier-two capital bond with nominal value of RMB2 billion. Pursuant to the agreement, the bond has a term of 10 years, expiring on December 24, 2025, bearing an interest rate of 4.9% per annum. The issuer has the right to redeem the bond in full at nominal value at the end of the fifth year. No adjustment is made on the bond interest rate after five years of issue, if the bond is not redeemed in the fifth year.

(2) On January 31 and July 17, 2018, the Bank issued two fixed-rate subordinated bonds with nominal value of RMB1.5 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 billion and 3 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.

(3) As at December 31, 2019, the Bank had 106 outstanding interbank negotiable certificates of deposit with total notional amount of RMB41.10 billion. As at December 31, 2018, the Bank had 61 outstanding interbank negotiable certificates of deposit with total notional amount of RMB31.42 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.

33. Lease Liabilities

	As at December 31 2019
Lease liabilities payable:	
Within one year	2,087
Within a period of more than one year but not more than two years	19,662
Within a period of more than two years but not more than five years	118,296
Within a period of more than five years	220,565
Total	360,610

34. Provisions

	As at December 31	
	2019	2018
Expected credit loss provision	333,421	333,174

35. Other Liabilities

	As at December 31	
	2019	2018
Salaries payable	983,515	792,896
Other payables	707,987	704,651
Business and other tax payables	319,181	397,306
Settlement payable	267,006	301,398
Accrued liabilities	22,610	55,750
Dividends payable	4,639	12,595
Total	2,304,938	2,264,596

36. Share Capital

	As at December 31	
	2019	2018
Ordinary shares of RMB1.00 yuan each		
Authorized		
At beginning of the year	2,407,367	2,000,000
Increase during the year	–	407,367
At end of the year	2,407,367	2,407,367
Issued and fully paid		
At beginning of the year	2,407,367	2,000,000
Issuance of shares	–	407,367
At end of the year	2,407,367	2,407,367

On July 10, 2018, the Bank was listed on The Stock Exchange of Hong Kong Limited with initial public offering of 360,000,000 H shares at HK$10.60 per share.

The over-allotment options were partially exercised on July 28, 2018, in respect of an aggregate of 47,367,200 H Shares at HK$10.60 per share. After the exercise of the over-allotment option, the total number of shares issued by the Bank increased to 2,407,367,200.

Through the initial public offering and the exercise of the over-allotment option, the Bank has raised a gross proceed of HKD4,317.47 million (equivalent to a net proceed of approximately RMB3,553.11 million after deducting the relevant expenses), of which RMB3,145.74 million credited to the share premium account.

37. Reserves

	As at December 31	
	2019	2018
Share premium (1)	8,165,761	8,165,761
Investment revaluation reserve (2)	54,188	(12,602)
Surplus reserve (3)	3,460,463	3,106,406
General reserve (4)	4,175,514	3,894,136
Retained earnings	6,462,292	5,501,592
Total reserves	22,318,218	20,655,293

(1) Share Premium

For the year ended December 31, 2018, the increase of share premium amounting to RMB3,145.74 million was resulted from the public offering on The Stock Exchange of Hong Kong Limited in 2018.

(2) Investment revaluation reserve

	Gross amount	*Tax effect*	*Net amount*
As at January 1, 2018	*(1,341,047)*	*335,298*	*(1,005,749)*
Fair value changes in investment securities measured at FVTOCI	*995,165*	*(248,791)*	*746,374*
Amount reclassified to profit or loss upon disposal of investment securities measured at FVTOCI	*64,820*	*(16,205)*	*48,615*
Impairment loss recognised on financial assets measured at FVTOCI	*264,211*	*(66,053)*	*198,158*
As at December 31, 2018	*(16,851)*	*4,249*	*(12,602)*
Fair value changes in investment securities measured at FVTOCI	*19,268*	*(4,817)*	*14,451*
Amount reclassified to profit or loss upon disposal of investment securities measured at FVTOCI	*(8,938)*	*2,234*	*(6,704)*
Impairment loss recognised on financial assets measured at FVTOCI	*78,724*	*(19,681)*	*59,043*
As at December 31, 2019	*72,203*	*(18,015)*	*54,188*

(3) Surplus reserve

Pursuant to the Company Law of PRC, corporation is required to transfer 10% of its net profit, determined under the relevant accounting rules in the PRC, to a non-distributable statutory surplus reserve. Appropriation to the statutory surplus reserve may cease when the balance of such reserve has reached 50% of the share 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.

37. Reserves (continued)

(3) Surplus reserve (continued)

	Statutory surplus reserve	*Discretionary surplus reserve*	*Total*
As at January 1, 2018	*1,257,917*	*1,500,129*	*2,758,046*
Appropriation during the year	*171,112*	*177,248*	*348,360*
As at December 31, 2018	*1,429,029*	*1,677,377*	*3,106,406*
Appropriation during the year	*183,051*	*171,006*	*354,057*
As at December 31, 2019	*1,612,080*	*1,848,383*	*3,460,463*

(4) General reserve

Pursuant to the Administrative Measures for the Provision of Reserves of Financial Enterprises (Cai Jin [2012] No. 20) issued by the Ministry of Finance of the PRC, in addition to the individual and collective allowances for impairment losses, financial enterprise is required to establish and maintain a general reserve within equity to address potential unidentified impairment losses. The general reserve should not be less than 1.5% of the aggregate amount of risk assets as defined by the above measures.

	As at December 31	
	2019	*2018*
At beginning of the year	*3,894,136*	*3,275,358*
Appropriations during the year	*281,378*	*618,778*
At end of the year	*4,175,514*	*3,894,136*

38. Cash and Cash Equivalents

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

	As at December 31	
	2019	2018
Cash	601,607	517,789
Balances with central bank	9,304,395	4,381,346
Deposits with banks and other financial institutions	2,143,989	1,117,137
Placements with banks and other financial institutions	1,903,406	2,384,129
Investment securities measured at FVTPL	–	49,982
Total	13,953,397	8,450,383

39. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financial liabilities, 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, 2019 (Restated)	Financing cash flows	Effective interest rate adjustments	Interest accrued/ dividend declared/ expense accrued	New lease	As at December 31, 2019
Bonds	9,146,423	(433,750)	–	433,750	–	9,146,423
Interbank negotiable certificates of deposit	30,946,621	8,303,409	224,916	1,045,613	–	40,520,559
Asset-backed securities	807,000	(807,000)	–	–	–	–
Dividends payable	12,595	(207,553)	–	199,597	–	4,639
Lease Liabilities	420,025	(104,841)	–	21,402	24,024	360,610
Total	41,332,664	6,750,265	224,916	1,700,362	24,024	50,032,231

39. Reconciliation of Assets and Liabilities Arising from Financing Activities (continued)

	As at January 1, 2018	Financing cash flows	Non-cash changes: Effective interest rate adjustments	Non-cash changes: Interest accrued/ dividend declared/ expense accrued	As at December 31, 2018
Bonds	2,000,000	6,902,000	244,423	–	9,146,423
Interbank negotiable certificates of deposit	36,752,839	(7,411,054)	1,604,836	–	30,946,621
Asset-backed securities	1,495,000	(688,000)	–	–	807,000
Dividends payable	14,137	(210,508)	–	208,966	12,595
Issue costs accrued	9,716	(93,578)	–	83,862	–
Total	40,271,692	(1,501,140)	1,849,259	292,828	40,912,639

40. Structured Entities

40.1 Consolidated structured entities

The consolidated structured entities of the Group included non-principal-guaranteed wealth management products issued by the Bank that were invested by its subsidiaries. As at December 31, 2019 and 2018, the assets held by the consolidated structured entities amounted to RMB925 million and RMB925 million respectively.

As the initiator and manager of the wealth management products, the Group considers it has control over such structured entities and those structured entities should be consolidated by the Group.

40.2 Unconsolidated structured entities

(1) Structured entities managed by third party institutions in which the Group holds interests

The Group holds interests in these 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 management plans, trust beneficiary rights and asset-backed securities.

40. Structured Entities (continued)

40.2 Unconsolidated structured entities (continued)

(1) Structured entities managed by third party institutions in which the Group holds interests (continued)

The following tables set out an analysis of the gross carrying amounts of interests held by the Group as at December 31, 2019 and 2018 in the structured entities sponsored and managed by third party institutions.

	As at December 31, 2019				
	Investment securities at FVTPL	Investment securities at FVTOCI	Investment securities as amortised cost	Total	Maximum risk exposure (Note)
Wealth management products	936,952	–	–	936,952	936,952
Funds	13,618,659	–	–	13,618,659	13,618,659
Trust beneficiary rights	10,629,870	–	27,007,754	37,637,624	36,342,621
Asset management plans	2,825,526	–	4,002,923	6,828,449	6,448,653
Asset backed securities and medium-term notes	557,909	–	–	557,909	557,909
Total	28,568,916	–	31,010,677	59,579,593	57,904,794

	As at December 31, 2018				
	Investment securities at FVTPL	Investment securities at FVTOCI	Investment securities as amortized cost	Total	Maximum risk exposure (Note)
Wealth management products	715,267	–	–	715,267	715,267
Funds	8,486,055	–	–	8,486,055	8,486,055
Trust beneficiary rights	18,377,223	–	35,749,810	54,127,033	53,272,726
Asset management plans	5,741,074	–	7,201,999	12,943,073	12,729,208
Total	33,319,619	–	42,951,809	76,271,428	75,203,256

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.

40. Structured Entities (continued)

40.2 Unconsolidated structured entities (continued)

(2) Unconsolidated structured entities managed by the Group

The types of unconsolidated structured entities managed by the Bank 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 Bank includes fees charged by providing management services to these structured entities.

As at December 31, 2019 and 2018, the amount of assets held by the unconsolidated non-principal-guaranteed wealth management products managed by the Bank amounting to RMB33,991 million and RMB35,459 million respectively. The Group did not hold any investment in the wealth management products and management fee earned from these products for the year ended December 31, 2019 and 2018 amounted to RMB132,121 thousands and RMB130,306 thousands respectively.

The Group did not provide any financial or other support to these unconsolidated structured entities during both years.

41. Related Party Transactions

(1) Major shareholders and entities under their control

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

	Percentage of shares held as at December 31	
Name of shareholders	2019	2018
Jiujiang Finance Bureau	15.20%	15.20%
Beijing Automotive Group Co., Ltd.	15.20%	15.20%
Industrial Bank Co., Ltd.	12.23%	12.23%
Dasheng (Fujian) Agricultural Co., Ltd.	5.65%	5.65%
Foshan Gaomin Jindun Hengye Computer Special Printing Co., Ltd.	3.98%	5.64%

Note: 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.

Balances and transactions between the Group and the major shareholders and entities under their control are as follows:

During the years ended December 31, 2019 and 2018, 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.

41. Related Party Transactions (continued)

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

	As at December 31	
	2019	2018
Balances at end of the year:		
Assets		
Deposits with banks and other financial institutions	734,750	186,822
Loans and advances to customers	654,376	214,281
Investments securities at amortised cost (Note 1)	–	248,500
Total	1,389,126	649,603
Liabilities		
Customer deposits	4,973,817	4,524,981
Deposits from banks and other financial institutions	1,064,638	56,948
Placement from banks	2,207,588	–
Total	8,246,043	4,581,929
Non-principal-guaranteed wealth management products (Note 2)	1,200,000	1,200,000

Note 1: It represented the trust products purchased by the Group, which was issued by a subsidiary of Industrial Bank and the asset management plan purchased by the Group of which the underlying borrower is a related party of the Group.

Note 2: 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.

41. Related Party Transactions (continued)

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

	Year ended December 31	
	2019	2018
Transactions during the year:		
Interest income	43,278	135,662
Interest expense	90,304	16,609
Fee and commission income	3,050	3,494

(2) Associates of the Bank

Details of the associates of the Bank are set out in Note 23.

	As at December 31	
	2019	2018
Liabilities		
Deposits from banks and other financial institutions	230,952	1,314,425

	Year ended December 31	
	2019	2018
Transactions during the year:		
Interest expense	19,275	20,094

41. Related Party Transactions (continued)

(3) Other related parties

Other related parties can be individuals or enterprises, which include: members of the Board of Directors, the Board of Supervisors and senior management and close family members of such individuals; entities (and their subsidiaries) controlled or jointly controlled by members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals. 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:

	As at December 31	
	2019	2018
Balances at the end of the year:		
Assets		
Loans and advances to customers	13,865	16,205
Total	13,865	16,205
Liabilities		
Customer deposits	3,782	42,372
Total	3,782	42,372

	Year ended December 31	
	2019	2018
Transactions during the year:		
Interest income	745	600
Interest expense	94	8

41. Related Party Transactions (continued)

(4) Key management personnel

Key management personnel, include directors, supervisors and senior management team members, 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 key management personeel during the reporting period were as follows:

Transactions between the Group and key management personnel

	Year ended December 31	
	2019	2018
Fees	1,161	785
Basic salaries, bonuses and allowances	15,599	13,362
Contribution to pension schemes	2,100	2,419
Total	18,860	16,566

42. Contingent Liabilities and Commitments

Legal proceedings

The Bank and its subsidiaries, are involved as defendants in certain lawsuits arising from their normal business operations. As at December 31, 2019 and 2018, in light of court decisions or advice from legal counsels, the Group considered that sufficient provision has been provided for any potential losses from these claims.

Capital commitments

	As at December 31	
	2019	2018
Contracted but not provided for	674,264	200,441

42. Contingent Liabilities and Commitments (continued)

Credit commitments

	As at December 31	
	2019	2018
Credit card commitment	4,136,840	2,016,899
Letters of credit	7,144,313	3,205,178
Letters of guarantee	5,776,036	3,976,248
Bank acceptances	27,944,478	30,837,858
Total	45,001,667	40,036,183

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.

Credit risk weighted amounts for credit commitments

	As at December 31	
	2019	2018
Credit commitments	14,680,780	14,431,467

The credit risk weighted amounts are the amounts calculated in accordance with the guidelines issued by the CBIRC and are dependent on, among other factors, the creditworthiness of the counterparty and the maturity characteristics. The risk weightings used range from 0% to 100%.

42. Contingent Liabilities and Commitments (continued)

Collateral

Assets pledged

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

	As at December 31	
	2019	2018
Bonds	2,754,054	6,772,167
Bills	3,697,264	1,676,700
Total	6,451,318	8,448,867

As at December 31, 2019 and 2018, the carrying amounts of financial assets sold under repurchase agreements for the Group amounted to RMB6,379 million and RMB8,202 million, respectively

All repurchase agreements were due within twelve months from inception.

Operating leases

The Group as lessor

Minimum lease payments receivable on leases are as follows:

	As at December 31 2019
Within one year	15,614
In the second year	15,188
In the third year	14,892
In the fourth year	10,431
In the fifth year	6,634
After five years	14,472
Total	77,231

43. 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 December 31, 2019 and 2018, the entrusted loans balance of the Group amounted to RMB11,487 million and RMB24,727 million respectively.

As at December 31, 2019 and 2018, the balance of the non-principal-guaranteed wealth management products issued and managed by the Group amounted to RMB34,916 million and RMB36,384 million respectively.

44. Transfers of Financial Assets

Repurchase agreement

The Group entered into repurchase agreements with certain counterparties to sell bonds or bills with carrying amount of RMB6,441 million and RMB8,449 million respectively as at December 31, 2019 and 2018, which are subject to the simultaneous agreements with commitments to repurchase at specified future dates and prices. The proceeds from selling such bonds or bills totalling RMB6,379 million and RMB8,202 million respectively as at December 31, 2019 and 2018 are presented as "financial assets sold under repurchase agreements" (Note 30) as at the end of the respective reporting period.

As stipulated in the repurchase agreements, there is no transfer of the legal ownership of these bonds or bills to the counterparties during the covered period. However, the Group is not allowed to sell or repledge these securities during the covered period unless both parties mutually agree with such arrangement. Accordingly, the Group has determined that it retains substantially all the risks and rewards of these bonds and bills and therefore has not derecognised them from the consolidated financial statements but regarded them as "collateral" for the secured lending from the counterparties. The counterparty's recourse is not limited to the transferred assets.

45. Financial Risk Management

Overview

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.

Risk management framework

The Group has designed its organization framework, risk management policies and processes with an objective to identify, evaluate and manage its risk effectively. The Board of Directors is mainly responsible for the review and approval of risk management policies and plans, and the determination of the risk appetite of the Group. Risk Management Committee, Strategy Committee, Connected Transaction Control Committee and Audit Committee set up and appointed by the Board of Directors are responsible for supervising and evaluating the set-up, organizational structure, work process and effectiveness of various risk management functions.

The Group's main functional departments responsible for risk management include Risk Management Department (the department to guide and organize other related departments), Credit Approval Department, Planning and Finance Department, Corporate Finance Department, Financial Market Department, International Business Center, Small-sized Enterprise Credit Center, Retail Bank Headquarters, Operation Management Department, Information Technology Department, etc., which are obligated to implement various policies and systems regarding risk management in practice. The Group's internal audit department is responsible for the independent review of the Group's risk management and control environment.

45. Financial Risk Management (continued)

45.1 Credit risk

The primary credit risk of the Group comes from loans and advances to customers, investment securities, interbank businesses, commitment and other on-balance and off-balance sheet credit risk exposures. The Group monitors all financial assets that are subject to impairment test requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime ECL rather than 12-month ECL.

Credit risk management

The Group exercises standardized credit management procedures, including credit investigation and proposal, credit limit review, loan granting, post lending monitoring, and non-performing loans management. The Group enhances its credit risk management by complying with its credit management procedures; strengthening customer investigation, lending approval and post lending monitoring; enhancing risk mitigation effect of loans through collateral; accelerating disposal process of non-performing loans.

The Group has been working on the enhancement of credit business in accordance with the policies and regulations, and aligning the credit management with the trends of industry development and national macro-economic policies so as to optimize the loan exposure structure. The Group's customer managers are responsible for post lending monitoring regularly or as necessary. The approaches adopted by the Group to reduce its loss from non-performing loans include (1) collecting debts; (2) restructuring; (3) executing collaterals or reclaim from guarantor; (4) litigations or lawsuits; and (5) transferring.

For the non-standard investments, the Group has made great efforts to restrict such business conducted by the branches through terminating new business and gradually unwinding the existing investments on maturity. Such business has to be authorized by the Financial Market Department of the head office to integrate resource allocation and monitor the Group's overall exposure. Besides, business beyond the department authorization requires approval by Investment Committee. Furthermore, in order to refine inter-banking credit granting, standardize the access and exit mechanism, as well as introduce high-quality counterparties, the Group has released the Management Measures for Bulk Credit Limit Authorization for Inter-banking Businesses of Bank of Jiujiang(<九江银行同业批量授信管理辦法>), which stipulates the principles of inter-banking credit business as "strict access, choosing better quality customers, dynamic monitoring and timely termination".

45. Financial Risk Management (continued)

45.1 Credit risk (continued)

Impairment Assessment

Measurement of Expected Credit Loss (ECL)

In accordance with IFRS 9, the Group classifies financial instruments measured at amortised cost or FVOCI into three stages and makes provisions for expected credit losses accordingly, depending on whether credit risk on that financial instrument has increased significantly since initial recognition. Detailed definition of stages are included in Note 3.

In order to minimise credit risk, the Group has tasked its credit management committee to develop and maintain the Group's credit risk grading to categorize exposures according to their degree of risk of default. The Group's credit risk grading framework comprises ten categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

Significant increase in credit risk

The Group takes into consideration all reasonable and supportable information (including forward-looking information) that reflects significant change in credit risk for the purposes of classifying financial instruments. The main considerations are regulatory and industry environment, internal and external credit risk gradings, operational and financial situation, contractual terms, and historical repayment records etc. The Group compares the risk of default of a single financial instrument or a portfolio of financial instruments with similar credit risk characteristics as at the statement of financial position date and its risk of default at the date of initial recognition to determine changes in the risk of default during the lifetime of a financial instrument or a portfolio of financial instruments. In determining whether credit risk of a financial instrument has increased significantly since initial recognition, the Group considers factors indicating whether significant changes with an adverse effect have taken place in the borrower's business, financial and economic status, whether less value of the collaterals (for the collateral loans and pledged loans only) have been identified, whether early indicators of problems of cash flow/liquidity have been identified, such as late payment of accounts payable/repayment of loans, whether the financial instrument has been past due for more than 30 days or whether the market price has been falling to indicate deterioration in asset quality.

45. Financial Risk Management (continued)

45.1 Credit risk (continued)

Definition of default

The Group defines a borrower as in default when it meets any of the following criteria:

(i) The principal or interest of loan is past due for more than 90 days;

(ii) The corporate borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as liquidation against collateral; or

(iii) The corporate borrower has the above matters in other financial institutions

Generally, a financial asset is considered to be credit-impaired if:

- It has been overdue for more than 90 days;
- In light of economic, legal or other factors, the Group has made concessions to a borrower in financial difficulties, which would otherwise have been impossible under normal circumstances;
- The borrower is probable to be insolvent or carry out other financial restructurings;
- Due to serious financial difficulties, the financial asset cannot continue to be traded in an active market;
- There are other objective evidences that the financial asset is impaired;
- Borrowers' ability to repay their loans is in question and they cannot rely entirely on normal operational revenues to repay principal and interest. Losses may ensue even when collateral or guarantees are invoked;
- Borrowers cannot repay principal and interest in full and significant losses will need to be recognised even when collateral or guarantees are invoked;
- Only a small portion or none of the principal and interest can be recovered after taking all possible measures and exhausting all legal remedies.

45. Financial Risk Management (continued)

45.1 Credit risk (continued)

Description of parameters, assumptions, and estimation techniques

ECL is measured at an amount equal to 12-month ECL or lifetime ECL depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL is the product of the Probability of Default ("PD"), Loss Given Default ("LGD"), and Exposure at Default ("EAD"), considering the time value of money. Related definitions are as follows:

- probability of default (PD): is an estimate of the likelihood of default over 12 months or lifetime horizon;
- loss given default (LGD): is the proportion of the loss arising on default to the exposure at default;
- exposure at default (EAD): is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

The assumptions underlying the ECL calculation, such as how the PDs and LGDs of different maturity profiles change are periodically monitored and reviewed by the Group. These figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

Forward-looking information contained in ECL

According to the different risk characteristics of assets, the Group divides assets into different asset groups, identifies macro indicators related to credit risks, and establishes regression models. The Group uses forward-looking information that is available without undue cost or effort, and predict the macro-economic assumptions. External information includes macro-economic data, forecast information issued by government or regulatory agencies, for example, GDP, fixed asset investment, total social consumption, etc. The Group measures PD as a weighted average of PD under optimistic, neutral and pessimistic scenarios, with the combination of the LGD of different business, the Group calculates the forward-looking adjusted ECL.

45. Financial Risk Management (continued)

45.1 Credit risk (continued)

Collateral and other credit enhancements

The amount and type of collateral required depend on the assessment of the credit risk of the counterparty. Guidelines are in place specifying the types of collateral and valuation parameters which can be accepted.

Reverse repurchase business is mainly collateralized by bills or bonds. As part of the reverse repurchase agreements, the Group has received securities that it is allowed to sell or repledge in the absence of default by their owners.

Corporate loans and discounted bills are mainly collateralized/pledged by properties or other assets. As at December 31, 2019, the carrying value (before deduction of expected credit loss) of corporate loans and discounted bills amounted to RMB119,398 million (December 31, 2018: RMB100,606 million), of which credit exposure covered by collateral/pledge amounted to RMB63,492 million (December 31, 2018: RMB57,702 million).

Retail loans are mainly collateralised by residential properties. As at December 31, 2019, the carrying value (before deduction of expected credit loss) of retail loans amounted to RMB59,557 million (December 31 2018: RMB41,223 million), of which credit exposure covered by collateral amounted to RMB34,073 million (December 31, 2018: RMB28,491 million).

Management monitors the market value of collateral periodically and requests additional collateral in accordance with the underlying agreement when it is considered necessary.

It is the Group's policy to dispose of repossessed assets in an orderly manner. In general, the Group does not occupy repossessed assets for business use.

45. Financial Risk Management (continued)

45.1 Credit risk (continued)

Maximum exposure to credit risk before taking into account any collateral held or other credit enhancements is set out below:

	As at December 31	
	2019	2018
Balances with central bank	34,780,606	27,919,146
Deposits with banks and other financial institutions	2,247,682	1,634,278
Placements with banks and other financial institutions	2,251,001	2,818,256
Financial assets held under resale agreements	7,808,479	13,954,100
Loans and advances to customers	173,368,584	137,148,201
Investment securities	120,113,435	111,038,811
Other financial assets	351,753	286,507
Subtotal	340,921,540	294,799,299
Off-balance sheet credit commitments	45,001,667	40,036,183
Total	385,923,207	334,835,482

45. Financial Risk Management (continued)

45.1 Credit risk (continued)

As at December 31, 2019, the Group's credit risk stages of financial instruments are as follows:

(i) Financial assets measured at amortised cost

	As at December 31, 2019							
	Gross carrying amount				Provision for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances with central bank	34,780,606	–	–	34,780,606	–	–	–	–
Deposits with banks and other financial institutions	2,248,567	–	–	2,248,567	(885)	–	–	(885)
Placements with banks and other financial institutions	2,251,833	–	–	2,251,833	(832)	–	–	(832)
Financial assets held under resale agreements	7,812,631	–	–	7,812,631	(4,152)	–	–	(4,152)
Investment securities	79,088,235	1,529,342	2,507,358	83,124,935	(570,329)	(174,573)	(1,306,292)	(2,051,194)
Loans and advances to customers	153,574,528	4,576,905	3,647,932	161,799,365	(3,129,218)	(603,435)	(1,854,264)	(5,586,917)
Total	279,756,400	6,106,247	6,155,290	292,017,937	(3,705,416)	(778,008)	(3,160,556)	(7,643,980)

In 2019, the amount of expected credit losses of loans and advances to customers of the Group increased, which is because the amount of gross carrying amount of loans and advances to customers has increased.

45. Financial Risk Management (continued)

45.1 Credit risk (continued)

(ii) Financial assets measured at FVTOCI

	As at December 31, 2019							
	Gross carrying amount				Provision for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Investment securities	18,415,563	–	142,455	18,558,018	(6,711)	–	(180,883)	(187,594)
Loans and advances to customers	17,156,136	–	–	17,156,136	(139,986)	–	–	(139,986)
Total	35,571,699	–	142,455	35,714,154	(146,697)	–	(180,883)	(327,580)

(iii) Credit commitments

	As at December 31, 2019							
	Gross carrying amount				Provision for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Credit commitments	44,980,185	8,266	13,216	45,001,667	(333,206)	(25)	(190)	(333,421)

45. Financial Risk Management (continued)

45.1 Credit risk (continued)

As at December 31, 2018, the Group's credit risk stages of financial instruments are as follows:

(i) Financial assets measured at amortised cost

	As at December 31, 2018							
	Gross carrying amount				Provision for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances with central bank	27,919,146	–	–	27,919,146	–	–	–	–
Deposits with banks and other financial institutions	1,634,971	–	–	1,634,971	(693)	–	–	(693)
Placements with banks and other financial institutions	2,819,988	–	–	2,819,988	(1,732)	–	–	(1,732)
Financial assets held under resale agreements	13,966,065	–	–	13,966,065	(11,965)	–	–	(11,965)
Investment securities	68,441,277	161,763	867,765	69,470,805	(1,051,652)	(18,259)	(300,871)	(1,370,782)
Loans and advances to customers	124,597,715	1,944,205	2,828,216	129,370,136	(2,765,371)	(356,972)	(1,558,963)	(4,681,306)
Total	239,379,162	2,105,968	3,695,981	245,181,111	(3,831,413)	(375,231)	(1,859,834)	(6,066,478)

45. Financial Risk Management (continued)

45.1 Credit risk (continued)

(ii) Financial assets measured at FVTOCI

	As at December 31, 2018							
	Gross carrying amount				Provision for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Investment securities	14,644,278	–	316,567	14,960,845	(39,823)	–	(145,621)	(185,444)
Loans and advances to customers	12,459,371	–	–	12,459,371	(117,962)	–	–	(117,962)
Total	27,103,649	–	316,567	27,420,216	(157,785)	–	(145,621)	(303,406)

(iii) Credit commitments

	As at December 31, 2018							
	Gross carrying amount				Provision for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Credit commitments	39,686,223	349,960	–	40,036,183	(302,190)	(30,984)	–	(333,174)

45. Financial Risk Management (continued)

45.1 Credit risk (continued)

Loans and advances to customers

(1) The composition of the contractual amount of loans and advances to customers by industry is analyzed as follows:

	As at December 31					
	2019			2018		
	Amount	% of total	Amount secured by collateral/ pledges	Amount	% of total	Amount secured by collateral/ pledges
Corporate loans and advances						
K – Real estate	25,819,795	14.43	22,137,693	24,584,127	17.33	19,563,961
L – Leasing and commercial services	20,169,080	11.27	7,086,045	21,188,898	14.94	7,400,397
N – Water, environment and public utilities management	13,392,869	7.48	4,311,108	11,959,037	8.43	4,406,197
F – Retail and wholesale	11,728,664	6.55	5,639,061	9,247,799	6.52	5,447,658
E – Construction	14,252,357	7.97	7,962,146	7,230,357	5.10	3,159,092
C – Manufacturing	7,463,544	4.17	3,097,736	6,808,405	4.80	2,872,530
D – Production and supply of electricity, gas and water	2,977,819	1.66	1,163,439	940,725	0.66	388,129
P – Education	1,342,446	0.75	458,057	1,356,843	0.96	582,435
H – Accommodation and food services	1,291,398	0.72	989,072	1,197,802	0.84	1,003,947
A – Farming, forestry, animal husbandry and fishery	1,444,909	0.81	579,694	512,231	0.36	245,238
G – Transportation, logistics and postal services	725,811	0.41	486,332	665,328	0.47	180,267
Others	5,423,061	3.03	1,819,832	4,150,930	2.93	1,688,562
Discounted bills	13,366,256	7.47	7,772,654	10,763,784	7.59	10,763,784
Subtotal	119,398,009	66.72	63,502,869	100,606,266	70.93	57,702,197
Retail loans and advances	59,557,492	33.28	34,073,632	41,223,241	29.07	28,491,124
Gross amount of loans and advances to customers	178,955,501	100.00	97,576,501	141,829,507	100.00	86,193,321

45. Financial Risk Management (continued)

45.1 Credit risk (continued)

Loans and advances to customers (continued)

(2) The composition of the contractual amount of loans and advances to customers and the credit-impaired loans amount by region is analyzed as follows:

	As at December 31, 2019					
					Allowance	
	Gross amount of loans and advances to customers	%	Credit-impaired loan Balance	Past due loan balance	12 Months ECL	Lifetime ECL
Jiujiang	56,675,433	31.67	505,680	702,740	893,776	446,742
Nanchang	26,671,196	14.90	1,630,747	2,880,140	436,027	873,780
Guangzhou	14,048,583	7.85	383,531	64,070	203,179	281,432
Hefei	10,111,414	5.65	36,141	44,577	203,657	18,779
Others	71,448,875	39.93	1,091,834	984,733	1,392,579	836,966
Total	178,955,501	100.00	3,647,933	4,676,260	3,129,218	2,457,699

	As at December 31, 2018					
					Allowance	
	Gross amount of loans and advances to customers	%	Credit-impaired loan Balance	Past due loan balance	12 Months ECL	Lifetime ECL
Jiujiang	43,299,585	30.53	439,250	629,209	755,793	454,446
Nanchang	19,752,476	13.93	1,575,164	1,478,552	350,857	756,526
Guangzhou	12,312,393	8.68	120,887	71,514	236,791	100,837
Hefei	9,370,732	6.61	29,902	52,469	180,022	22,595
Others	57,094,321	40.25	663,013	910,180	1,241,908	581,531
Total	141,829,507	100.00	2,828,216	3,141,924	2,765,371	1,915,935

45. Financial Risk Management (continued)

45.1 Credit risk (continued)

Loans and advances to customers (continued)

(3) The composition of the contractual amount of loans and advances to customers by contractual maturity and collateral type is analyzed as follows:

	As at December 31, 2019			
	Less than 1 year (1 year inclusive)	1 to 5 years (5 years inclusive)	More than 5 years	Total
Unsecured loans	30,760,615	12,905,348	1,977,846	45,643,809
Guaranteed loans	16,043,720	16,914,683	2,776,786	35,735,189
Collateralized loans	24,186,230	24,322,719	29,028,065	77,537,014
Pledged loans	15,512,707	3,741,406	785,376	20,039,489
Total	86,503,272	57,884,156	34,568,073	178,955,501

	As at December 31, 2018			
	Less than 1 year (1 year inclusive)	1 to 5 years (5 years inclusive)	More than 5 years	Total
Unsecured loans	10,547,369	10,158,158	2,329,696	23,035,223
Guaranteed loans	11,406,934	18,960,907	2,223,493	32,591,334
Collateralized loans	13,182,669	26,916,620	23,447,874	63,547,163
Pledged loans	16,663,989	5,840,905	150,893	22,655,787
Total	51,800,961	61,876,590	28,151,956	141,829,507

45. Financial Risk Management (continued)

45.1 Credit risk (continued)

Loans and advances to customers (continued)

(4) Past due loans at contractual amount

	As at December 31, 2019				
	Up to 90 days (90 days inclusive)	90 days to 1 year (1 year inclusive)	1 year to 3 years (3 years inclusive)	Over 3 years	Total
Unsecured loans	153,994	133,402	83,319	69,261	439,976
Guaranteed loans	321,914	399,432	250,348	11,312	983,006
Collateralized loans	475,591	525,880	943,540	110,780	2,055,791
Pledged loans	1,068,301	10,987	118,199	–	1,197,487
Total	2,019,800	1,069,701	1,395,406	191,353	4,676,260

	As at December 31, 2018				
	Up to 90 days (90 days inclusive)	90 days to 1 year (1 year inclusive)	1 year to 3 years (3 years inclusive)	Over 3 years	Total
Unsecured loans	261,052	73,606	16,833	9,000	360,491
Guaranteed loans	214,252	87,725	123,555	20,201	445,733
Collateralized loans	1,405,571	217,376	398,997	134,217	2,156,161
Pledged loans	103,042	–	76,497	–	179,539
Total	1,983,917	378,707	615,882	163,418	3,141,924

Note: Loans and advances with a specific repayment date are considered as past due when either the principal or interest is overdue.

45. Financial Risk Management (continued)

45.1 Credit risk (continued)

Loans and advances to customers (continued)

(5) Rescheduled loans and advances

Rescheduled loans and advances arise from rescheduling or deferring the repayment terms mainly representing offering lower interest rate or extending payment schedule. Rescheduled loans and advances are under continuous monitoring by the Group.

Contractual amount of rescheduled loans and advances for the Group as at December 31, 2019 and 2018 amounted to RMB6,115 million and RMB4,949 million respectively, among which loans and advances overdue for more than 90 days amounted to RMB1,127 million and RMB192 million respectively.

Debt instruments

Debt instruments are referenced to ratings from major rating agencies where the issuers of the securities are located.

Debt instruments are analyzed by credit rating as follows:

	As at December 31, 2019			
	Investment securities at FVTPL	Investment securities at FVTOCI	Investment securities at amortized cost	Total
AAA	618,206	5,466,906	11,926,236	18,011,348
A - 1	10,027	–	–	10,027
AA+ - AA-	32,505	2,230,384	4,179,604	6,442,493
A+ - A-	–	14,228	–	14,228
C	–	142,455	142,490	284,945
D	–	–	140,271	140,271
Unrated (Note)	555,362	10,704,045	35,349,262	46,608,669
Total	1,216,100	18,558,018	51,737,863	71,511,981

45. Financial Risk Management (continued)

45.1 Credit risk (continued)

Debt instruments (continued)

	As at December 31, 2018			
	Investment securities at FVTPL	Investment securities at FVTOCI	Investment securities at amortized cost	Total
AAA	–	2,859,856	6,284,951	9,144,807
AA+ - AA-	–	1,465,428	1,931,467	3,396,895
A+ - A-	–	89,777	–	89,777
D	–	–	168,325	168,325
Unrated (Note)	181,114	10,545,784	17,831,643	28,558,541
Total	181,114	14,960,845	26,216,386	41,358,345

Note: The unrated debt securities mainly consist of investment and trading securities issued by the Ministry of Finance, PBOC, policy banks and other financial institutions which are creditworthy issuers in the market, but are not rated by independent rating agencies.

45.2 Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due. This may arise from cash flow or maturity mis-matches of assets and liabilities.

Risk Management Department manages the Group's liquidity risk via:

- Setting target ratio on assets and liabilities structure in accordance with the regulatory requirements and business plan;
- Maintaining stability of deposit base; and
- Making advanced projection on future cash flows and evaluating the appropriate current assets position.

45. Financial Risk Management (continued)

45.2 Liquidity risk (continued)

Analysis of the remaining maturity of assets and liabilities

The tables below summarize the maturity analysis of assets and liabilities by remaining contractual maturities at the end of each reporting period.

	As at December 31, 2019							
	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	over 5 years	Total
Cash and balances with central bank	25,473,731	9,908,482	–	–	–	–	–	35,382,213
Deposits with banks and other financial institutions	–	1,396,403	751,303	–	99,976	–	–	2,247,682
Placements with banks and other financial institutions	–	–	1,757,862	150,162	317,634	25,343	–	2,251,001
Investment securities measured at FVTPL	706,013	13,618,659	522,615	570,415	2,794,652	13,242,502	3,335,014	34,789,870
Financial assets held under resale agreements	–	–	7,808,479	–	–	–	–	7,808,479
Loans and advances to customers	3,066,169	–	8,144,765	14,176,617	65,423,482	58,566,106	23,991,445	173,368,584
Investment securities measured at FVTOCI	142,455	–	108,512	471,479	540,172	7,276,895	10,018,505	18,558,018
Investment securities measured at amortized cost	296,304	–	861,379	4,162,960	7,967,829	53,051,595	14,733,674	81,073,741
Other assets	7,476,731	351,753	–	–	–	–	–	7,828,484
Total assets	37,161,403	25,275,297	19,954,915	19,531,633	77,143,745	132,162,441	52,078,638	363,308,072
Borrowings from central bank	–	–	20,000	20,000	4,033,327	–	–	4,073,327
Deposits from banks and other financial institutions	–	185,243	2,108,436	2,546,204	9,404,461	–	–	14,244,344
Placements from banks	–	–	–	705,129	4,195,095	240,000	–	5,140,224
Financial assets sold under repurchase agreements	–	–	3,592,346	1,147,305	1,639,740	–	–	6,379,391
Customer deposits	–	115,568,815	9,229,486	19,299,526	40,977,879	68,728,923	1,458,441	255,263,070
Debt securities issued	–	–	–	–	40,520,559	4,034,810	5,111,613	49,666,982
Lease liabilities	–	–	2,391	9,962	57,227	211,861	79,169	360,610
Other liabilities	1,863,618	1,002,242	–	–	–	–	–	2,865,860
Total liabilities	1,863,618	116,756,300	14,952,659	23,728,126	100,828,288	73,215,594	6,649,223	337,993,808
Net position	35,297,785	(91,481,003)	5,002,256	(4,196,493)	(23,684,543)	58,946,847	45,429,415	25,314,264

45. Financial Risk Management (continued)

45.2 Liquidity risk (continued)

Analysis of the remaining maturity of assets and liabilities (continued)

	As at December 31, 2018							
	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	over 5 years	Total
Cash and balances with central bank	23,537,345	4,899,590	–	–	–	–	–	28,436,935
Deposits with banks and other financial institutions	–	1,116,830	–	314,194	203,254	–	–	1,634,278
Placements with banks and other financial institutions	–	–	2,283,952	101,522	404,941	27,841	–	2,818,256
Investment securities measured at FVTPL	630,796	8,486,055	686,029	979,280	2,640,744	20,413,826	3,158,208	36,994,938
Financial assets held under resale agreements	–	–	11,163,386	–	2,790,714	–	–	13,954,100
Loans and advances to customers	1,597,442	–	6,968,505	11,465,384	56,581,536	44,957,004	15,578,330	137,148,201
Investment securities measured at FVTOCI	316,568	–	224,967	269,552	1,964,136	3,659,510	8,526,112	14,960,845
Investment securities measured at amortised cost	361,784	–	885,202	2,908,542	17,123,357	31,133,931	15,687,207	68,100,023
Other assets	7,288,428	286,507	–	–	–	–	–	7,574,935
Total assets	33,732,363	14,788,982	22,212,041	16,038,474	81,708,682	100,192,112	42,949,857	311,622,511
Borrowings from central bank	–	–	–	50,027	3,117,692	–	–	3,167,719
Deposits from banks and other financial institutions	–	1,589,795	2,525,747	1,491,692	6,860,501	304,525	–	12,772,260
Placements from banks	–	–	876,225	348,716	209,495	340,493	–	1,774,929
Financial assets sold under repurchase agreements	–	–	7,105,077	283,533	813,432	–	–	8,202,042
Customer deposits	–	111,382,619	9,063,620	21,229,211	46,214,876	30,043,932	–	217,934,258
Debt securities issued	–	–	301,443	10,118,108	21,280,713	4,088,167	5,111,613	40,900,044
Other liabilities	2,197,610	1,074,394	–	–	–	–	–	3,272,004
Total liabilities	2,197,610	114,046,808	19,872,112	33,521,287	78,496,709	34,777,117	5,111,613	288,023,256
Net position	31,534,753	(99,257,826)	2,339,929	(17,482,813)	3,211,973	65,414,995	37,838,244	23,599,255

45. Financial Risk Management (continued)

45.2 Liquidity risk (continued)

Analysis of the undiscounted contractual cash flows

The tables below present the cash flows of non-derivatives financial assets and financial liabilities by remaining contractual maturities at the end of reporting period. The amounts disclosed in the tables are the undiscounted contractual cash flows.

	As at December 31, 2019							
	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	over 5 years	Total
Cash and balances with central bank	25,473,731	9,908,482	–	–	–	–	–	35,382,213
Deposits with banks and other financial institutions	–	1,396,951	752,231	–	105,388	–	–	2,254,570
Placements with banks and other financial institutions	–	–	1,760,013	151,620	321,100	25,653	–	2,258,386
Investment securities measured at FVTPL	706,013	13,618,659	525,604	777,859	3,747,424	15,658,224	4,705,937	39,739,720
Financial assets held under resale agreements	–	–	7,812,758	–	–	–	–	7,812,758
Loans and advances to customers	4,461,931	–	9,403,294	15,879,468	71,048,911	68,995,449	32,676,978	202,466,031
Investment securities measured at FVTOCI	142,455	–	159,334	526,102	956,851	9,790,767	11,161,950	22,737,459
Investment securities measured at amortised cost	641,900	–	960,364	4,750,632	10,383,231	62,819,035	16,332,285	95,887,447
Other financial assets	–	351,753	–	–	–	–	–	351,753
Total financial assets	31,426,030	25,275,845	21,373,598	22,085,681	86,562,905	157,289,128	64,877,150	408,890,337
Borrowings from central bank	–	–	20,354	20,556	4,141,240	–	–	4,182,150
Deposits from banks and other financial institutions	–	185,243	2,111,227	2,617,341	9,545,276	–	–	14,459,087
Placements from banks	–	–	–	708,673	4,243,511	243,198	–	5,195,382
Financial assets sold under repurchase agreements	–	–	3,592,820	1,151,898	1,652,191	–	–	6,396,909
Customer deposits	–	115,568,815	9,439,407	19,804,571	42,283,789	82,297,054	1,775,341	271,168,977
Debt securities issued	–	–	36,146	72,291	41,425,313	5,203,126	5,663,376	52,400,252
Lease liabilities	–	–	2,396	10,038	59,007	249,363	117,180	437,984
Other financial liabilities	–	1,002,243	–	–	–	–	–	1,002,243
Total financial liabilities	–	116,756,301	15,202,350	24,385,368	103,350,327	87,992,741	7,555,897	355,242,984
Net position	31,426,030	(91,480,456)	6,171,248	(2,299,687)	(16,787,422)	69,296,387	57,321,253	53,647,353

45. Financial Risk Management (continued)

45.2 Liquidity risk (continued)

Analysis of the undiscounted contractual cash flows (continued)

	As at December 31, 2018							
	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	over 5 years	Total
Cash and balances with central bank	24,089,100	5,274,823	–	–	–	–	–	29,363,923
Deposits with banks and other financial institutions	–	1,117,316	–	319,363	205,002	–	–	1,641,681
Placements with banks and other financial institutions	–	–	2,285,806	106,402	417,074	29,379	–	2,838,661
Investment securities measured at FVTPL	636,649	8,486,055	695,847	1,171,729	3,962,195	23,941,832	4,124,543	43,018,850
Financial assets held under resale agreements	–	–	11,173,394	–	2,823,929	–	–	13,997,323
Loans and advances to customers	3,125,297	–	7,840,687	12,853,190	61,300,302	51,405,281	21,257,531	157,782,288
Investment securities measured at FVTOCI	316,644	–	278,598	311,680	2,221,872	5,353,194	10,011,373	18,493,361
Investment securities measured at amortised cost	657,022	–	903,399	3,467,620	19,448,220	37,560,436	17,554,332	79,591,029
Other financial assets	–	286,507	–	–	–	–	–	286,507
Total financial assets	28,824,712	15,164,701	23,177,731	18,229,984	90,378,594	118,290,122	52,947,779	347,013,623
Borrowings from central bank	–	–	–	70,331	3,168,069	–	–	3,238,400
Deposits from banks and other financial institutions	–	1,573,276	2,560,884	1,530,990	7,018,937	311,933	–	12,996,020
Placements from banks	–	–	878,736	348,927	265,542	340,493	–	1,833,698
Financial assets sold under repurchase agreements	–	–	7,108,919	285,454	821,225	–	–	8,215,598
Customer deposits	–	111,627,089	9,209,391	21,654,840	47,279,848	31,885,533	–	221,656,701
Debt securities issued	–	–	308,784	10,202,518	21,686,053	4,096,145	5,164,792	41,458,292
Other financial liabilities	–	1,074,394	–	–	–	–	–	1,074,394
Total financial liabilities	–	114,274,759	20,066,714	34,093,060	80,239,674	36,634,104	5,164,792	290,473,103
Net position	28,824,712	(99,110,058)	3,111,017	(15,863,076)	10,138,920	81,656,018	47,782,987	56,540,520

Assets available to meet all of the liabilities include cash, balances with central bank, deposits with banks and other financial institutions, placements with banks and other financial institutions, and investment securities. In the normal course of business, the majority of customer deposits repayable on demand are expected to be revolved.

45. Financial Risk Management (continued)

45.2 Liquidity risk (continued)

Analysis of off-balance sheet items

Off-balance sheet items of the Group mainly include credit commitments. The tables below set forth the amounts of the off-balance sheet credit commitments by remaining maturity.

	As at December 31, 2019			
	Less than 1 year	1 to 5 years	Over 5 years	Total
Credit card commitments	4,136,840	–	–	4,136,840
Letters of credit	7,144,313	–	–	7,144,313
Letters of guarantee	96,350	5,372,853	306,833	5,776,036
Bank acceptances	27,944,478	–	–	27,944,478
Total	39,321,981	5,372,853	306,833	45,001,667

	As at December 31, 2018			
	Less than 1 year	1 to 5 years	Over 5 years	Total
Credit card commitments	2,016,899	–	–	2,016,899
Letters of credit	3,205,178	–	–	3,205,178
Letters of guarantee	1,820,413	1,855,835	300,000	3,976,248
Bank acceptances	30,837,858	–	–	30,837,858
Total	37,880,348	1,855,835	300,000	40,036,183

45.3 Market risk

Market risk is the risk of loss, in respect of the Group's on and off-balance sheet activities, arising from adverse movements in market rates including foreign exchange rates, interest rates and stock prices.

The Group considers the market risk arising from equity price movements in respect of its trading and investment portfolios as immaterial.

The Group's foreign currency risk is the risk of loss in respect of its foreign currency exposures, arising from transactions taken on foreign currency denominated assets and liabilities, which results from movements in foreign currency exchange rates.

45. Financial Risk Management (continued)

45.3 Market risk (continued)

The Group is primarily exposed to interest rate risk arising from corporate and personal banking business and treasury business. Interest rate risk is inherent in many of its businesses and largely arises from mismatches between the re-pricing dates of interest-generating assets and those of interest-bearing liabilities.

Foreign currency risk

The Group conducts its businesses mainly in RMB, with certain transactions denominated in USD, HKD and, to a lesser extent other currencies. Transactions in foreign currencies mainly arise from the Group's treasury exposures.

	As at December 31, 2019				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
Cash and balances with central bank	35,284,246	81,126	16,841	–	35,382,213
Deposits with banks and other financial institutions	862,458	573,427	589,883	221,914	2,247,682
Placements with banks and other financial institutions	1,197,595	1,053,406	–	–	2,251,001
Investment securities measured at FVTPL	34,789,870	–	–	–	34,789,870
Financial assets held under resale agreements	7,808,479	–	–	–	7,808,479
Loans and advances to customers	172,600,017	566,883	–	201,684	173,368,584
Investment securities measured at FVTOCI	13,255,789	5,302,229	–	–	18,558,018
Investment securities measured at amortised cost	81,073,741	–	–	–	81,073,741
Other financial assets	351,753	–	–	–	351,753
Total financial assets	347,223,948	7,577,071	606,724	423,598	355,831,341
Borrowings from central bank	4,073,327	–	–	–	4,073,327
Deposits from banks and other financial institutions	12,639,935	1,604,409	–	–	14,244,344
Placements from banks	2,340,000	2,800,224	–	–	5,140,224
Financial assets sold under repurchase agreements	6,379,391	–	–	–	6,379,391
Customer deposits	252,165,234	2,344,040	336,868	416,928	255,263,070
Debt securities issued	49,666,982	–	–	–	49,666,982
Other financial liabilities	1,359,515	3,338	–	–	1,362,853
Total financial liabilities	328,624,384	6,752,011	336,868	416,928	336,130,191
Net exposure	18,599,564	825,060	269,856	6,670	19,701,150

45. Financial Risk Management (continued)

45.3 Market risk (continued)

Foreign currency risk (continued)

	As at December 31, 2018				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
Cash and balances with central bank	28,379,397	57,459	79	–	28,436,935
Deposits with banks and other financial institutions	1,144,620	422,254	59,468	7,936	1,634,278
Placements with banks and other financial institutions	2,730,765	13,726	–	73,765	2,818,256
Investment securities measured at FVTPL	36,994,938	–	–	–	36,994,938
Financial assets held under resale agreements	13,954,100	–	–	–	13,954,100
Loans and advances to customers	135,787,999	837,388	–	522,814	137,148,201
Investment securities measured at FVTOCI	13,403,654	902,958	654,233	–	14,960,845
Investment securities measured at amortised cost	68,100,023	–	–	–	68,100,023
Other financial assets	286,507	–	–	–	286,507
Total financial assets	300,782,003	2,233,785	713,780	604,515	304,334,083
Borrowings from central bank	3,167,719	–	–	–	3,167,719
Deposits from banks and other financial institutions	12,772,260	–	–	–	12,772,260
Placements from banks	649,364	1,125,565	–	–	1,774,929
Financial assets sold under repurchase agreements	8,202,042	–	–	–	8,202,042
Customer deposits	216,816,740	518,281	1,580	597,657	217,934,258
Debt securities issued	40,900,044	–	–	–	40,900,044
Other financial liabilities	1,072,803	1,591	–	–	1,074,394
Total financial liabilities	283,580,972	1,645,437	1,580	597,657	285,825,646
Net exposure	17,201,031	588,348	712,200	6,858	18,508,437

45. Financial Risk Management (continued)

45.3 Market risk (continued)

Foreign currency risk (continued)

The table below indicates the potential effect of a 10% appreciation or depreciation of RMB spot and forward exchange rates against all other currencies on net profit.

	As at December 31	
	2019 (Decrease)/ increase in Net Profit	2018 (Decrease)/ increase in Net Profit
10% appreciation	(82,618)	(98,055)
10% depreciation	82,618	98,055

The impact on net profit arises from the effects of movement in RMB exchange rate on the net positions of foreign currency monetary assets and monetary liabilities. Changes in foreign currency exchange rate will affect other comprehensive income.

The effect on net profit is calculated based on the assumption that the Group's net foreign currency exposure at the end of each reporting period remains unchanged. The Group mitigates its foreign currency risk through active management of its foreign currency exposures, based on the management expectation of future foreign currency movements, and therefore the above sensitivity analysis may differ from the actual situation.

Interest rate risk

The interest rate risk of the Group arises from the mis-matches between contractual maturities or re-pricing of interest-generating assets and interest-bearing liabilities. The interest-generating assets and interest-bearing liabilities of the Group are mainly denominated in RMB. The PBOC establishes RMB benchmark interest rates which serve as references for commercial banks.

45. Financial Risk Management (continued)

45.3 Market risk (continued)

Interest rate risk (continued)

The Group manages its interest rate risk by:

- Regularly monitoring the macro-economic factors that may impact the PBOC benchmark interest rates;
- Minimizing the mis-matches between contractual maturities or re-pricing of interest-generating assets and interest-bearing liabilities; and
- Enhancing the interest rate margin between the interest-generating assets and interest-bearing liabilities with reference to the prevailing PBOC benchmark interest rates.

The tables below summarize the contractual maturity or re-pricing date, whichever is earlier, of the Group's financial assets and financial liabilities.

45. Financial Risk Management (continued)

45.3 Market risk (continued)

Interest rate risk (continued)

	As at December 31, 2019						
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
Cash and balances with central bank	34,682,640	–	–	–	–	699,573	35,382,213
Deposits with banks and other financial institutions	2,122,910	–	99,976	–	–	24,796	2,247,682
Placements with banks and other financial institutions	1,757,862	150,162	317,634	25,343	–	–	2,251,001
Investment securities measured at FVTPL	522,615	570,415	2,794,652	13,242,502	3,335,014	14,324,672	34,789,870
Financial assets held under resale agreements	7,808,479	–	–	–	–	–	7,808,479
Loans and advances to customers	46,874,678	34,809,430	61,440,216	26,582,566	3,661,694	–	173,368,584
Investment securities measured at FVTOCI	250,967	471,479	540,172	7,276,895	10,018,505	–	18,558,018
Investment securities measured at amortised cost	1,157,683	4,162,960	7,967,829	53,051,595	14,733,674	–	81,073,741
Other financial assets	–	–	–	–	–	351,753	351,753
Total financial assets	95,177,834	40,164,446	73,160,479	100,178,901	31,748,887	15,400,794	355,831,341
Borrowings from central bank	20,012	20,011	4,033,304	–	–	–	4,073,327
Deposits from banks and other financial institutions	2,293,679	2,546,204	9,404,461	–	–	–	14,244,344
Placements from banks	–	705,129	4,195,095	240,000	–	–	5,140,224
Financial assets sold under repurchase agreements	3,592,346	1,147,305	1,639,740	–	–	–	6,379,391
Customer deposits	124,798,301	19,299,526	40,977,879	68,728,923	1,458,441	–	255,263,070
Debt securities issued	–	–	40,520,559	4,034,810	5,111,613	–	49,666,982
Lease liability	297	8	1,782	137,958	220,565	–	360,610
Other financial liabilities	–	–	–	–	–	1,002,243	1,002,243
Total financial liabilities	130,704,635	23,718,183	100,772,820	73,141,691	6,790,619	1,002,243	336,130,191
Total interest sensitivity gap	(35,526,801)	16,446,263	(27,612,341)	27,037,210	24,958,268	14,398,551	19,701,150

45. Financial Risk Management (continued)

45.3 Market risk (continued)

Interest rate risk (continued)

	As at December 31, 2018						
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
Cash and balances with central bank	27,866,494	–	–	–	–	570,441	28,436,935
Deposits with banks and other financial institutions	990,764	300,000	200,000	–	–	143,514	1,634,278
Placements with banks and other financial institutions	2,287,078	100,000	403,362	27,816	–	–	2,818,256
Investment securities measured at FVTPL	785,885	979,280	2,640,744	20,413,826	3,158,208	9,016,995	36,994,938
Financial assets held under resale agreements	11,163,386	–	2,790,714	–	–	–	13,954,100
Loans and advances to customers	33,973,243	30,919,316	55,478,722	14,582,454	2,194,466	–	137,148,201
Investment securities measured at FVTOCI	1,027,566	436,763	1,309,085	3,661,319	8,526,112	–	14,960,845
Investment securities measured at amortised cost	1,246,986	2,908,542	17,123,357	31,133,931	15,687,207	–	68,100,023
Other financial assets	–	–	–	–	–	286,507	286,507
Total financial assets	79,341,402	35,643,901	79,945,984	69,819,346	29,565,993	10,017,457	304,334,083
Borrowings from central bank	1,719	50,000	3,116,000	–	–	–	3,167,719
Deposits from banks and other financial institutions	4,207,214	1,475,896	6,787,850	301,300	–	–	12,772,260
Placements from banks	880,990	348,043	205,896	340,000	–	–	1,774,929
Financial assets sold under repurchase agreements	7,105,077	283,533	813,432	–	–	–	8,202,042
Customer deposits	120,289,413	21,299,319	46,299,785	30,045,741	–	–	217,934,258
Debt securities issued	–	9,705,926	21,240,695	4,841,810	5,111,613	–	40,900,044
Other financial liabilities	–	–	–	–	–	1,074,394	1,074,394
Total financial liabilities	132,484,413	33,162,717	78,463,658	35,528,851	5,111,613	1,074,394	285,825,646
Total interest sensitivity gap	(53,143,011)	2,481,184	1,482,326	34,290,495	24,454,380	8,943,063	18,508,437

45. Financial Risk Management (continued)

45.3 Market risk (continued)

Interest rate risk (continued)

The following table illustrates the potential impact of a parallel upward or downward shift of 100 basis points in RMB's yield curve on the net interest income and other comprehensive income, based on the Group's position of interest-generating assets and interest-bearing liabilities excluding current deposits at the end of each reporting period.

	2019		2018	
	Net interest income	Other comprehensive income	Net interest income	Other comprehensive income
+100 basis points	539,378	(872,247)	346,449	(664,661)
–100 basis points	(539,378)	941,783	(346,449)	725,636

The sensitivity analysis on net interest income is carried out based on reasonably possible changes in interest rates in the coming year with the assumption that the structure of financial assets and financial liabilities (except current deposits) held at the end of the reporting period remain unchanged.

The sensitivity analysis on other comprehensive income is the effect on changes of fixed rate investment securities measured at FVTOCI at the end of each reporting period after adjusting for reasonably possible changes in interest rates.

45.4 Capital management

The Group's objectives on capital management are to:

- safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- support the Group's stability and growth;
- allocate capital in an efficient and risk based approach to optimize risk adjusted return to shareholders; and
- maintain an adequate capital base to support the development of its business.

45. Financial Risk Management (continued)

45.4 Capital management (continued)

The Group calculates its capital adequacy ratios in accordance with Regulation Governing the Capital of Commercial Banks (Provisional) (「商業銀行資本管理辦法（試行）」) ("the Capital Regulation") promulgated by the CBIRC and other relevant regulations promulgated by the CBIRC.

For non-systematically important banks, CBIRC requires corresponding minimum core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio of 7.5%, 8.50% and 10.50%, respectively. The CBIRC requires commercial banks to meet these requirements by the end of 2019 in accordance with the Capital Regulation.

The Group's capital management focuses on the capital adequacy ratio management, which reflects the Group's capability of operations and risk resistance. By the end of year 2019, the Group has complied with the capital requirement set by the regulators.

45.5 Operational risk

Operational risk refers to the risk arising from inadequate or failed internal control procedures, personnel and information technology systems, or external events. The primary operational risks the Group faces include internal and external frauds, worksite safety failures, business interruptions and failure in the information technology system.

The Board of Directors is ultimately responsible for the Group's operational risk management. The Group's senior management leads the group-wide operational risk management on a day-to-day basis. The Group has established "three lines of defenses" to manage operational risk on an end-to-end basis. The business lines and functions are the first line of defense against operational risks, taking direct responsibilities for operational risk management. The legal and compliance department is the second line of defense against operational risks, responsible for the establishment of operational risk management policies and procedures and the coordination, support and supervision of operational risk management. The internal audit department is the third line of defense against operational risk, responsible for evaluating the adequacy and effectiveness of operational risk management policies and procedures and assessing the Group's internal control system and compliance.

46. Fair Value of Financial Instruments

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 is observable and the significance of the inputs to the fair value measurement in its entirety. 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.

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

	As at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Investment securities measured at FVTPL				
– Debt instruments investment	–	1,216,100	–	1,216,100
– Fund investments	–	13,618,659	–	13,618,659
– Equity investments	27,111	–	662,424	689,535
– Trust beneficiary rights and asset management plans	–	–	13,455,396	13,455,396
– Wealth management products	–	936,952	–	936,952
– Other investments measured at FVTPL	–	–	4,873,228	4,873,228
Investment securities measured at FVTOCI				
– Debt instruments investment	–	18,415,563	142,455	18,558,018
Loans and advances to customers measured at FVTOCI	–	17,156,136	–	17,156,136
Total	27,111	51,343,410	19,133,503	70,504,024

46. Fair Value of Financial Instruments (continued)

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

	As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Investment securities measured at FVTPL				
– Debt instruments investment	–	181,114	–	181,114
– Fund investments	–	8,486,055	–	8,486,055
– Equity investments	–	–	530,940	530,940
– Trust beneficiary rights and asset management plans	–	–	24,118,297	24,118,297
– Wealth management products	–	715,267	–	715,267
– Other investments measured at FVTPL	–	–	2,963,265	2,963,265
Investment securities measured at FVTOCI				
– Debt instruments investment	–	14,960,845	–	14,960,845
Loans and advances to customers measured at FVTOCI	–	12,459,371	–	12,459,371
Total	–	36,802,652	27,612,502	64,415,154

There were no transfers between Level 1 and Level 2 during the years ended December 31, 2019 and 2018.

46. Fair Value of Financial Instruments (continued)

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

The following table summarises information about how the fair values of financial assets are determined:

Financial assets	Fair value as at December 31, 2019	Fair value as at December 31, 2018	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservabl input(s)	Relationship of unobservable inputs to fair value
Investment securities measured at FVTPL						
Debt securities	1,216,100	181,114	Level 2	Discounted cash flows Future cash flows are discounted based on applying the interest yield curve of different types of bonds are the key parameter	N/A	N/A
Fund investments	13,618,659	8,486,055	Level 2	Based on the net asset values of the funds, determined with reference to observable quoted prices of underlying investment portfolio and adjustments of related expenses	N/A	N/A
Listed equity investments	27,111	-	Level 1	Quoted bid price in an active market	N/A	N/A
Ristricted listed equity investments	447,530	-	Level 3	The fair value is determined with reference to the quoted market prices with an adjustment of discount for lack of marketability	Discount for lack of marketability	The higher the discount, the lower the fair value.

46. Fair Value of Financial Instruments (continued)

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets	Fair value as at December 31, 2019	Fair value as at December 31, 2018	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservabl input(s)	Relationship of unobservable inputs to fair value
Unlisted equity investments	214,894	530,940	Level 3	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	The higher the price to earnings ratio, the higher the fair value, the higher the discount, the lower the fair value.
Wealth management products	936,952	715,267	Level 2	Discounted cash flows. Future cash flows are estimated based on expected rate of return as the key parameter	N/A	N/A
Trust beneficiary rights and asset management plans	13,455,396	24,118,297	Level 3	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	The higher the discount rate, the lower the fair value
Other investments	4,873,228	2,963,265	Level 3	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	The higher the discount rate, the lower the fair value

46. Fair Value of Financial Instruments (continued)

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets	Fair value as at December 31, 2019	Fair value as at December 31, 2018	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservabl input(s)	Relationship of unobservable inputs to fair value
Investment securities measured at FVTOCI						
Debt securities	18,415,563	14,960,845	Level 2	Discounted cash flows Future cash flows are discounted based on applying the interest yield curve of different types of bonds are the key parameter	N/A	N/A
Debt securities	142,455	-	Level 3	Discounted cash flows Estimated future cash flows are discounted using the discount rates with reference to the PBOC benchmark interest rates and credit spread for specific borrowers	Estimated future cash flows; discount rate.	The higher the estimated future cash flows, the higher the fair value; the higher the discount rate, the lower the fair value
Loans and advances to customers measured at FVTOCI						
Discounted bills and forfeiting	17,156,136	12,459,371	Level 2	Discounted cash flows Future and forfeiting cash flows are discounted at the market discount rates for discounted bills on expected rate of return as the key parameter	N/A	N/A

46. Fair Value of Financial Instruments (continued)

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:

Investment securities	Investment securities measured at FVTPL	measured at FVTOCI
At December 31, 2018	27,612,502	–
Profit or loss		
-In profit or loss	74,756	(174,112)
Purchases	2,955,085	–
Transfer to level 3	–	316,567
Disposals and settlement on maturity	(11,651,295)	–
At December 31, 2019	18,991,048	142,455
Total unrealized gains or losses included in the consolidated statement of profit or loss for assets held at the end of the reporting period	(64,551)	–

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

	As at December 31, 2019		As at December 31, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans and advances to customers measured at amortised cost	156,212,448	156,355,875	124,668,830	124,769,878
Investment securities measured at amortised cost	81,073,741	81,680,690	68,100,023	69,983,657
Total	237,286,189	238,036,565	192,768,853	194,753,535
Financial liabilities				
Customer deposits	255,263,070	254,369,223	217,934,258	218,360,849
Debt securities issued	49,666,982	49,867,574	40,900,044	40,831,268
Total	304,930,052	304,236,797	258,834,302	259,192,117

The following table gives the information about how the fair values of these financial assets and financial liabilities are determined, in particular, the valuation technique(s) and input(s) used.

46. Fair Value of Financial Instruments (continued)

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (continued)

Financial assets/ financial liabilities	Fair value as at December 31, 2019	Fair value as at December 31, 2018	Fair value hierarchy	Valuation technique(s) and key input(s)
Loans and advances to customers	156,355,875	124,769,878	Level 3	Discounted cash flows. Future cash flows are estimated based on expected contractual amount and discounted using the yield curve with reference to the PBOC benchmark interest rates and credit spread for specific borrowers.
Investment securities measured at amortised cost – Debt	52,139,993	26,659,853	Level 2	See note 1.
Investment securities measured at amortised cost – Debt	282,760	–	Level 3	Discounted cash flows. Future cash flows are estimated based on expected contractual amount and discounted using the yield curve with reference to the PBOC benchmark interest rates and credit spread for specific borrowers
Investment securities measured at amortised cost – Other investments	29,257,937	43,323,804	Level 3	Discounted cash flows. Future cash flows are estimated based on expected contractual amounts, discounted at rates that reflect the credit risk of various counterparties.
Customer deposits	254,369,223	218,360,849	Level 2	Discounted cash flows. Future cash flows are estimated based on contractual amounts and discounted at rate with reference to the PBOC benchmark interest rates for deposits of similar remaining maturities.
Debt securities issued	49,867,574	40,024,268	Level 2	See note 1.
Debt securities issued	–	807,000	Level 3	See note 2.

46. Fair Value of Financial Instruments (continued)

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (continued)

Note 1: *Debt instruments traded on China Interbank Market are classified into Level 2. Their fair values are provided by China Central Depository & Clearing Co., Ltd. and determined by using discounted cash flow method.*

Note 2: *The debt securities issued with carrying amounts of RMB807 million as at December 31, 2018 representing the Asset-backed securities the Group issued, of which the fair values are determined by discounted cash flows with discount rate reflecting the credit risk of the Group and they are classified into Level 3.*

Other financial assets and financial liabilities including balances with central bank, deposits and placements with banks and other financial institutions, financial assets held under resale agreements, borrowing from central bank, deposits and placements from banks and financial assets sold under repurchase agreements mostly have terms within one year. Their carrying values approximate their fair values.

47. Particulars of Principal Subsidiaries

Details of the Bank's principal subsidiaries as at December 31, 2019 and 2018 are set out below:

Name of entity	Place of incorporation/ establishment	Date of incorporation/ establishment	Authorized/ paid-in capital as at December 31, 2019	Proportion of ownership held by the Group		Proportion of voting rights held by the Group		Principal activities	Type of entity
				As at December 31, 2019 %	As at December 31, 2018 %	As at December 31, 2019 %	As at December 31, 2018 %		
Xiushui Jiuyin County Bank LLC.	Jiangxi, PRC	February 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	55.00	55.00	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 (i)	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	53.90	Commercial bank	Joint Stock Company
Ruichang Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	December 2015	50,000	35.00	35.00	54.10	54.00	Commercial bank	Joint Stock Company
Zixi Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	April 2016	20,000	35.00	35.00	54.40	54.20	Commercial bank	Joint Stock Company

47. Particulars of Principal Subsidiaries (continued)

Details of the Bank's principal subsidiaries as at December 31, 2019 and 2018 are set out below: (continued)

Name of entity	Place of incorporation/ establishment	Date of incorporation/ establishment	Authorized/ paid-in capital as at December 31, 2019	Proportion of ownership held by the Group		Proportion of voting rights held by the Group		Principal activities	Type of entity
				As at December 31, 2019 %	As at December 31, 2018 %	As at December 31, 2019 %	As at December 31, 2018 %		
Chongren Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	June 2016	40,000	35.00	35.00	54.90	54.80	Commercial bank	Joint Stock Company
Fenyi Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	June 2016	50,000	35.00	35.00	54.90	54.80	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

47. Particulars of Principal Subsidiaries (continued)

None of the subsidiaries had issued any debt securities at the end of the year.

(i) The Bank holds less than 50% equity interests in these subsidiaries. In accordance with the agreements to act in concert entered into by the Bank and the non-controlling shareholders, or 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 December 31, 2019, 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.

48. Non-Cash Transactions

The Group entered into the following non-cash operating activities which are not reflected in the consolidated statement of cash flows:

For the year ended December 31, 2019, loans and advances to customers with carrying amount of RMB453 million (Year ended December 31, 2018: RMB216 million) have been settled by repossessed assets.

49. Statement of Financial Position of the Bank and the Movement of the Banks' Reserves

	As at December 31	
	2019	2018
ASSETS		
Cash and balances with central bank	30,839,561	25,241,476
Deposits with banks and other financial institutions	2,214,834	1,583,587
Placements with banks and other financial institutions	2,251,001	2,818,256
Financial assets held under resale agreements	7,433,234	13,776,122
Loans and advances to customers	167,191,304	131,865,668
Investment securities	132,626,084	119,027,992
Interests in associates	121,647	117,742
Investments in subsidiaries	453,735	399,734
Right-of-use assets	310,473	–
Property and equipment	2,563,383	2,359,392
Deferred tax assets	1,782,124	1,632,661
Other assets	2,770,756	3,242,112
Total assets	350,558,136	302,064,742
LIABILITIES		
Borrowings from central bank	3,771,327	2,501,719
Deposits from banks and other financial institutions	14,762,795	14,485,095
Placements from banks	5,140,224	1,774,929
Financial assets sold under repurchase agreements	6,371,824	8,202,042
Customer deposits	243,134,587	208,051,626
Income tax payable	151,401	656,405
Debt securities issued	49,666,982	40,900,044
Lease liabilities	333,943	–
Provisions	333,421	333,174
Other liabilities	2,233,603	2,164,371
Total liabilities	325,900,107	279,069,405
EQUITY		
Share capital	2,407,367	2,407,367
Reserves	22,250,662	20,587,970
Total equity	24,658,029	22,995,337
Total equity and liabilities	350,558,136	302,064,742

Note: The Bank has applied IFRS 16 since January 1, 2019 in accordance with transitional provision stated in Note 2 lease liabilities amounted to RMB385,677 thousand were recognised on initial application of IFRS 16, of which RMB363,879 thousand and RMB11,361 thousand recognised as right-of-use assets for own use and investment properties respectively.

49. Statement of Financial Position of the Bank and the Movement of the Banks' Reserves (continued)

	Share premium	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Total
As at January 1, 2018	5,020,023	(1,005,749)	2,758,046	3,269,052	4,901,337	14,942,709
Profit for the year	–	–	–	–	1,710,065	1,710,065
Other comprehensive income for the year	–	989,458	–	–	–	989,458
Total comprehensive income for the year	–	989,458	–	–	1,710,065	2,699,523
Shares issue of the Bank proceeds	3,250,576	–	–	–	–	3,250,576
Shares issue of the Bank transection costs	(104,838)	–	–	–	–	(104,838)
Appropriation to surplus reserve	–	–	348,255	–	(348,255)	–
Appropriation to general reserve	–	–	–	615,967	(615,967)	–
Dividend distribution	–	–	–	–	(200,000)	(200,000)
As at December 31, 2018	8,165,761	(16,291)	3,106,301	3,885,019	5,447,180	20,587,970
Effect of change in accounting principles for leases	–	–	–	–	(45,335)	(45,335)
As at January 1, 2019	8,165,761	(16,291)	3,106,301	3,885,019	5,401,845	20,542,635
Profit for the year	–	–	–	–	1,830,511	1,830,511
Other comprehensive income for the year	–	70,105	–	–	–	70,105
Total comprehensive income for the year	–	70,105	–	–	1,830,511	1,900,616
Appropriation to surplus reserve	–	–	354,057	–	(354,057)	–
Appropriation to general reserve	–	–	–	281,378	(281,378)	–
Dividend distribution	–	–	–	–	(192,589)	(192,589)
As at December 31, 2019	8,165,761	53,814	3,460,358	4,166,397	6,404,332	22,250,662

50. EVENT AFTER THE REPORTING PERIOD

The Coronavirus Disease 2019 ("COVID-19") outbreak since January 2020 has brought additional uncertainties to the Group's operating environment and has impacted the Group's operations. The degree of impact will depend on how the situation evolves and duration of the pandemic prevention and control, and the implementation of national economic and industrial control policies. The Group has been closely monitoring the impact of the developments on the Group's businesses and has put in place contingency measures.

The inputs to ECL, including forward-looking information, reflect the assessment of the economic outlook as at 31 December 2019.

As of the date of the issuance of these consolidated financial statements, the situation related to the COVID-19 is not clear, and the impact on the financial situation and operating results of the Group is still under evaluation.

Definition

In this annual report, unless the context otherwise requires, the following terms and expressions have the meanings set forth below:

"Articles of Association" or "Articles"	the articles of association of the Bank, the version of which was passed by our shareholders at the first extraordinary shareholders' meeting of 2019 on March 7, 2019 and was approved by the CBIRC Jiangxi Bureau on June 10, 2019, as the same may be amended, supplemented or otherwise modified from time to time
"Bank", "Bank of Jiujiang", "Group", "we" or "us"	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"	China Banking and Insurance Regulatory Commission Jiangxi Bureau (中國銀行保險監督管理委員會江西監管局)
"CBIRC Jiujiang Branch Office"	China Banking and Insurance Regulatory Commission Jiujiang Branch Office (中國銀行保險監督管理委員會九江監管分局)
"CBRC"	former China Banking Regulatory Commission (原中國銀行業監督管理委員會), currently Chinese Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
"China" or "PRC"	the People's Republic of China, for the purpose of this annual report only, refers to Mainland China, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan of the PRC

"city commercial banks"	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
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Corporate Governance Code"	Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Hong Kong Listing Rules
"county bank"	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 paid in full for in RMB
"Global Offering"	Hong Kong Public Offering and International Offering as stated in the Prospectus of the Bank dated June 26, 2018

"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
"HK$" or "HKD" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"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 us as at June 30, 2019
"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
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)

"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 MOF, 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 MOF, and/or IFRS
"reporting period"	the year from January 1, 2019 to December 31, 2019
"RMB" or "Renminbi"	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
"US$", "USD" or "US dollars"	United States dollars, the lawful currency of the United States of America
"yuan"	Renminbi yuan