



晋商银行
Jinshang Bank

晋商银行股份有限公司
JINSHANG BANK CO., LTD.

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

Stock Code: 2558



*Environmental, Social and
Governance Report* **2019**

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Description of Report Preparation

Jinshang Bank Co., Ltd. (hereinafter referred to as “Jinshang Bank”, “the Bank”, “we” or “us”) hereby publishes this Environmental, Social and Governance Report (“this report” or “ESG report”) to highlight the efforts we put in economic, social and environmental aspects for sustainable development in 2019, so that stakeholders can have a more comprehensive and in-depth understanding of our visions in social sustainable development and the corporate social responsibilities implemented by us. This report is the first Environmental, Social and Governance Report published by us.

Reporting Period

January 1, 2019 to December 31, 2019 (referred to as the “Reporting Period”)

Reporting Cycle

Annual Report

Reporting Scope

This report is primarily about Jinshang Bank Co., Ltd. and covers the head office, branches, sub-branches and village and township banks, unless otherwise specified.

Preparation Basis

This report is prepared according to the disclosure requirements and suggestions set out in Appendix 27 – Environmental, Social and Governance Reporting Guide of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Hong Kong Listing Rules”) issued by The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”)

and with reference to:

- Sustainable Development Reporting Guidelines (Version G4.0) issued by Global Reporting Initiative
- Opinions Concerning Enhancing the Social Responsibility of Banking and Financial Institutions issued by the former China Banking Regulatory Commission (the “former CBRC”)
- Guidelines of Shanghai Stock Exchange for Environmental Information Disclosure of Listed Companies issued by Shanghai Stock Exchange
- Guidelines for Corporate Social Responsibility of Chinese Banking and Financial Institutions issued by China Banking Association

Collection of Data in This Report

Financial data in this report is partly from the 2019 financial statements which were prepared in accordance with the International Financial Reporting Standards and audited independently by KPMG. Other data mainly comes from statistics of our internal systems, various branches and sub-branches and village and township banks, and relevant cases are summarized from our daily work practices. Unless otherwise stated, amounts referred to in this report are in RMB.



Assurance Approach of This Report

The Board of Directors (the “Board”) undertakes that this report contains no false records, misleading statements or material omissions, and assumes liability for the authenticity, accuracy and completeness of the contents in this report.

KPMG Huazhen LLP is engaged to produce an independent and limited assurance report according to the requirements of ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Release Format of This Report

This report is released in online. You may access to and download the online version at our official website (www.jshbank.com) and the website of Hong Kong Stock Exchange (<http://www.hkex.com.hk>).

This report is published both in Chinese and English. Should there be any discrepancy between the Chinese and the English versions, the Chinese version shall prevail.

Prepared by

Office of the Board of Jinshang Bank

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Chairman's Statement



WANG Junbiao

Chairman

2019 marks the 70th anniversary of the founding of New China and is a crucial year in the development history of Jinshang Bank after 10 years of establishment. In 2019, Jinshang Bank was listed in the Hong Kong Stock Exchange, a major event which we are proud of in the development history of Jinshang Bank. While Jinshang Bank is in steady development, we never forget what makes us today, therefore, we actively fulfill our social responsibilities as a large provincial financial enterprise, focus on serving the local economy, maintain social harmony and stability, and create a warm and green home.

We insisted on serving the real economy. We acted in response to the local economic development strategies, and sought our own development while supporting the economic development of Shanxi Province. We took the initiative to support economic transformation and upgrade and industrial structural adjustment of Shanxi Province, and sought opportunities for cooperation among banks, the government and enterprises in support of the construction of major projects.

We insisted on the original intention of inclusive finance. We actively practiced the concept of inclusive finance, by providing more superior and convenient comprehensive financial services for Shanxi citizens, and we are aspired to become the “daily life assistant” of urban dwellers.

We built a first-class service brand. With the concept of “customer-oriented” and the goal of becoming a first-class commercial bank, we laid the foundation, cleared the obstacles, dredged the channels and built the brand for improving our service capabilities. We achieved a continuous improvement in service and became “the favorite bank of Shanxi citizens”.

We voluntarily assumed our social responsibilities. We put forward and implemented the motto of “Responsibility, Persistence, Implementation and Effectiveness”, voluntarily assumed our social responsibilities, actively explored various ways to repay society, devoted in social welfare, and persist in reproducing the glory of Jinshang brand.

The year 2020 is an unusual year as it marks the opening of Jinshang Bank’s high-quality development. We will work together with all sectors of society to overcome the epidemic and improve financial services with practical actions. We will also continue to align ourselves in the regional economic development of Shanxi, seize opportunities to develop and grow while promoting real economy, developing inclusive finance and supporting private and small and micro enterprises, promote high-quality development to make greater achievements, and repay our shareholders and all sectors of society with a better performance!



About Us

Corporate Information

Established in October 1998, Jinshang Bank is the only provincial city commercial bank in Shanxi Province. The Bank was listed on the Main Board of Hong Kong Stock Exchange (stock code: 2558.HK) in July 2019, becoming the first listed bank in Shanxi Province, and filled the void of listed banks in Shanxi Province, marking the first bank stock IPO in Hong Kong H-share market in 2019.

As of the end of 2019, the Group's total assets amounted to RMB247.571 billion, total deposits from customers amounted to RMB155.322 billion, and total loans and advances to customers amounted to RMB115.483 billion, realizing a profit before tax of RMB1.608 billion and a net profit of RMB1.482 billion. As of December 31, 2019, the Group currently has over 4,000 employees and 159 outlets, which covered all 11 prefecture-level cities in Shanxi Province.

Since its establishment, Jinshang Bank always adhered to the compliance concept of prudent operation, insisted on progressing with stability, highlighted strategic guidance, explored innovative development, developed business pragmatically, improved management steadily, and displayed a good image of a responsible listed bank. Under the correct leadership of the provincial Party Committee and provincial government of Shanxi and the strong support from all sectors of society, the business development of Jinshang Bank continued to improve. The Bank ranked the 421st in "2019 Global Top 1000 Banks" released by the British Banker, moving up 19 places compared to the previous year; in the regulatory rating of China Banking and Insurance Regulatory Commission (the "CBIRC"), the Bank maintained its rating of 2C; the Bank ranked the 68th in "China's Top 100 Banks in 2019" issued by the China Banking Association, moving up 6 places compared to the previous year.

Awards

Awarding institution	Name of the award	Awarded time
China International Fair for Trade in Services	2019 China Internet Finance Emerging Bank	May 2019
The Banker Magazine	2019 China Financial Innovative Award – "Best Ten Innovative Family Trust Management Awards"	May 2019
www.caishiv.com	2019 Jie Fu Awards – Outstanding Internet Finance Bank	June 2019
Shanxi Provincial Spiritual Civilization Construction Steering Committee	2018 Spiritual Civilization Model Unit Directly under the Provincial Government	July 2019
Sensors Data	2019 New Star of Data-driven Pioneering Enterprises	October 2019
China Finance Magazine	2019 Outstanding Procurement Team Award of China Financial System	October 2019
China UnionPay	"Outstanding Unit of Card-free Business Cooperation"	November 2019
Financial Computerizing Magazine	Outstanding Contribution Award for FinTech Channel Innovation	December 2019
China Banking Association	2019 "Best Regional Private Banks in China"	December 2019
Du Xiaoman Financial	Depth Partner Award	December 2019
China National Clearing Center	Contest Prize of Mobile Payment Mega Reward Match	December 2019
China Financial Certification Authority (CFCA)	Most Distinctive Mobile Banking Function Award	December 2019

Key Performance

Type of indicator	Concrete indicators	Unit	2019
Economic performance	Operating income	RMB'00,000,000	50.89
	Net profit	RMB'00,000,000	14.82
	Total assets	RMB'00,000,000	2,475.71
	Total deposits	RMB'00,000,000	1,553.22
	Total loans	RMB'00,000,000	1,154.83
	Basic earnings per share	RMB	0.28
	Average return on total assets	%	0.62
	NPL ratio	%	1.86
	Provision coverage ratio	%	199.92
	Capital adequacy ratio	%	13.60
Social performance	Total tax paid	RMB'00,000,000	7.61
	Charitable donations	RMB'0,000	110.00
	Balance of loans to micro and small enterprises	RMB'00,000,000	385.51
	Balance of agriculture-related loans	RMB'00,000,000	398.49
	Balance of loans for precise poverty alleviation	RMB'00,000,000	14.70
	Social contribution value per share*	RMB	1.52
	Customer satisfaction	%	90.00
	Resolution rate of customer complaints	%	100.00
	Total number of employees	Number	4,314
Environment protection performance	Proportion of female employees	%	55.82
	Balance of green loans	RMB'00,000,000	37.43
	Balance of loans to industries with “high energy consumption, high pollution or overcapacity”	RMB'00,000,000	62.59
	Replacement rate of e-banking	%	83.27
	Number of online banking transactions throughout the year	'0,000	71.71
	Office power consumption of the head office	'0,000 kwh	106.00
	Office water consumption of the head office	Tonne	17,600.00
	Natural gas consumption of the head office	m ³	31,003.30
	Office oil consumption of the head office	Litre	20,750.00

* Social contribution value per share = (total tax paid in the year + staff cost + total interest expense + total external donations – other social cost arising from environmental pollution, etc.) ÷ total equity at the end of the period + basic earnings per share

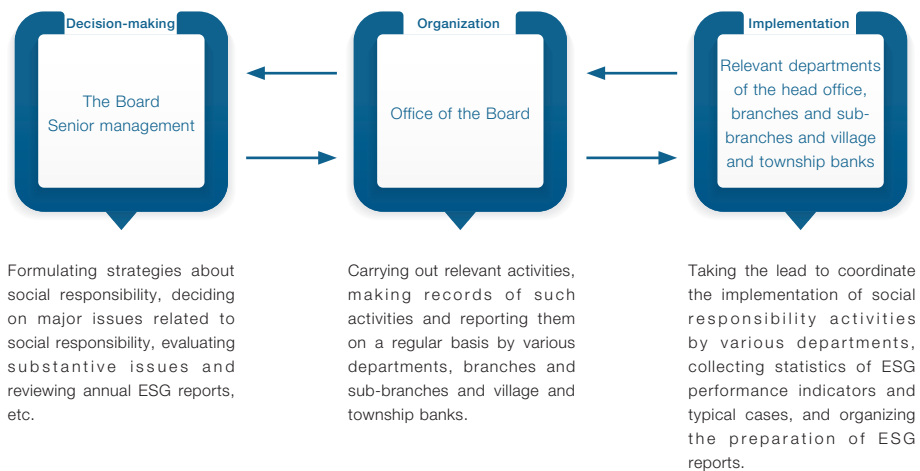
I. PROPEL THE STRATEGIES AND STRENGTHEN RESPONSIBILITY MANAGEMENT

1.1 Concept of Social Responsibility

Our vision:	to build its core competitiveness through serving and supporting Shanxi Province's economic development, and to become a listed regional bank with strong competitiveness in the local market a sound corporate structure, distinctive features, a rigorous risk management system and comprehensive functions
Our mission:	to provide excellent services for customers, to create maximum return for shareholders, and to promote economic development and social progress
Our corporate culture:	honesty, innovation and entrepreneurship
Service philosophy:	customer-oriented
Notion of responsibility:	responsibility, persistence, implementation and effectiveness
Strategic goal:	promote “Comprehensive Development, Four Modernizations and Four-Efficiency”, namely, adhere to the Party’s leadership to efficiently meet market demand, efficiently provide financial products, efficiently achieve optimal investment returns, and efficiently and reasonably distribute operating profits through technical guidance, market-based talent selection and employment, professional business services, and systematic risk prevention and control

1.2 Social Responsibility Management





The Bank applies the concept of sustainable development in its daily business activities. The Board and senior management formulate the strategies about social responsibility, the Office of the Board takes the lead in coordinating specific work, and relevant departments of the head office and the branches and sub-branches perform their respective duties and cooperate with each other to carry out related daily operation so as to put the concept of social responsibility into practice.



1.3 Social Responsibility Communication

Participation of stakeholders

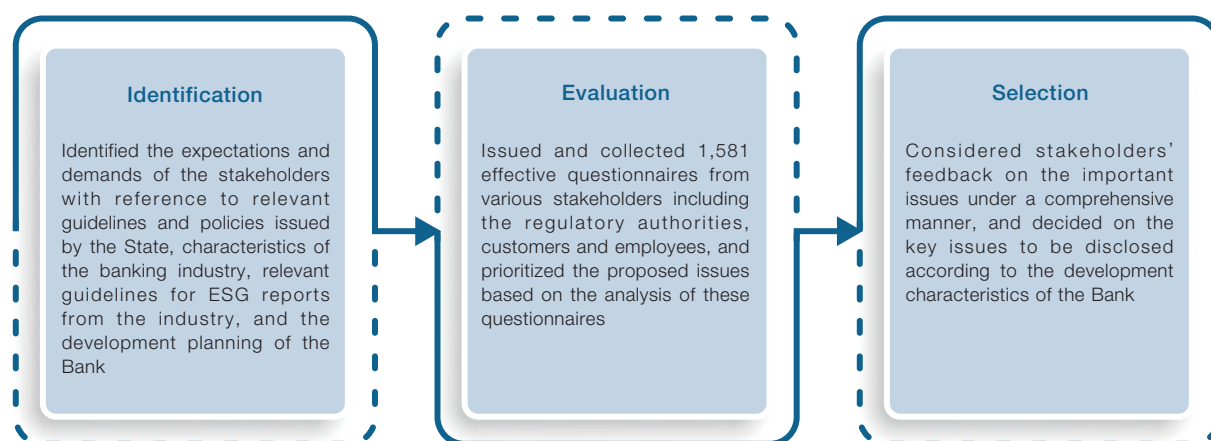
Stakeholders	Expectations and demands	Means of communication	Response measures
 The government	<ul style="list-style-type: none"> • Responding to national policies • Serving real economy • Developing inclusive finance • Promoting energy reform 	<ul style="list-style-type: none"> • Government papers and guidelines • Special reports • Information distribution • Work conference 	<ul style="list-style-type: none"> • Serving the transformational development of Shanxi • Vigorously supporting key projects • Supporting private and small and micro enterprises • Assisting enterprises in transformation and upgrade
 Regulatory authorities	<ul style="list-style-type: none"> • Operating according to laws and regulations • Preventing financial risks • Assuming social responsibilities 	<ul style="list-style-type: none"> • Regulatory policies • Surveys and visits • Data reporting 	<ul style="list-style-type: none"> • Perfecting the risk management system • Establishing a sound internal control system • Promoting targeted poverty alleviation
 Shareholders	<ul style="list-style-type: none"> • Stable development of enterprises • Satisfactory investment return • Enhancing comprehensive strengths 	<ul style="list-style-type: none"> • Shareholders' general meeting • Survey and communication with investors • Information disclosure 	<ul style="list-style-type: none"> • Perfecting corporate governance structure • Enhancing investor relations management • Implementing development strategies and accurately disclosing information
 Customers	<ul style="list-style-type: none"> • Innovating financial products • Improving service quality • Protecting consumers' rights and interests • Developing mobile finance 	<ul style="list-style-type: none"> • Promotional activities • Onsite surveys • Questionnaire • Digital platform 	<ul style="list-style-type: none"> • Innovating financial products • Optimizing business process • Dissemination of financial knowledge • Building more outlets
 Employees	<ul style="list-style-type: none"> • Higher pay and better welfare benefits • Protecting employees' rights and interests • Career planning and training • Diversifying leisure activities 	<ul style="list-style-type: none"> • Labor union • Meeting of the labor union committee • Suggestion box • Feedback 	<ul style="list-style-type: none"> • Improving the salary incentive and welfare system • Caring for employees' lives • Establishing a sound training system and focusing on employees' development • Organizing various group activities

Stakeholders	Expectations and demands	Means of communication	Response measures
 Supplier	<ul style="list-style-type: none"> Fair procurement Win-win cooperation 	<ul style="list-style-type: none"> Negotiation Cooperation agreement Tendering and bidding 	<ul style="list-style-type: none"> Establishing a sound procurement management system Enhancing business communication
 Partners	<ul style="list-style-type: none"> Mutual benefit Industrial exchanges 	<ul style="list-style-type: none"> Seminar Project cooperation 	<ul style="list-style-type: none"> Surveys and visits Strengthening interbank exchanges
 Community	<ul style="list-style-type: none"> Participating in community development Helping vulnerable groups 	<ul style="list-style-type: none"> Consolation and visits Community service activities 	<ul style="list-style-type: none"> Providing financial aid for students Organizing community activities
 Environment	<ul style="list-style-type: none"> Supporting low-carbon economy Sustainable development 	<ul style="list-style-type: none"> Energy conservation and emission reduction Green finance 	<ul style="list-style-type: none"> Implementing green credit policy Insisting on green office Promoting e-banking



1.4 Analysis of Substantive Issues

The Bank ensured timely and fully understanding of the demands of stakeholders through both regular communication and real-time communication. At the same time, the Bank identified social responsibility issues with reference to the guidelines and policies issued by the State, characteristics of the banking industry and its own development strategies. After evaluating the importance of each social responsibility issue to its own sustainable development and the stakeholders comprehensively, the Bank determined the substantive issues to be disclosed in the report.



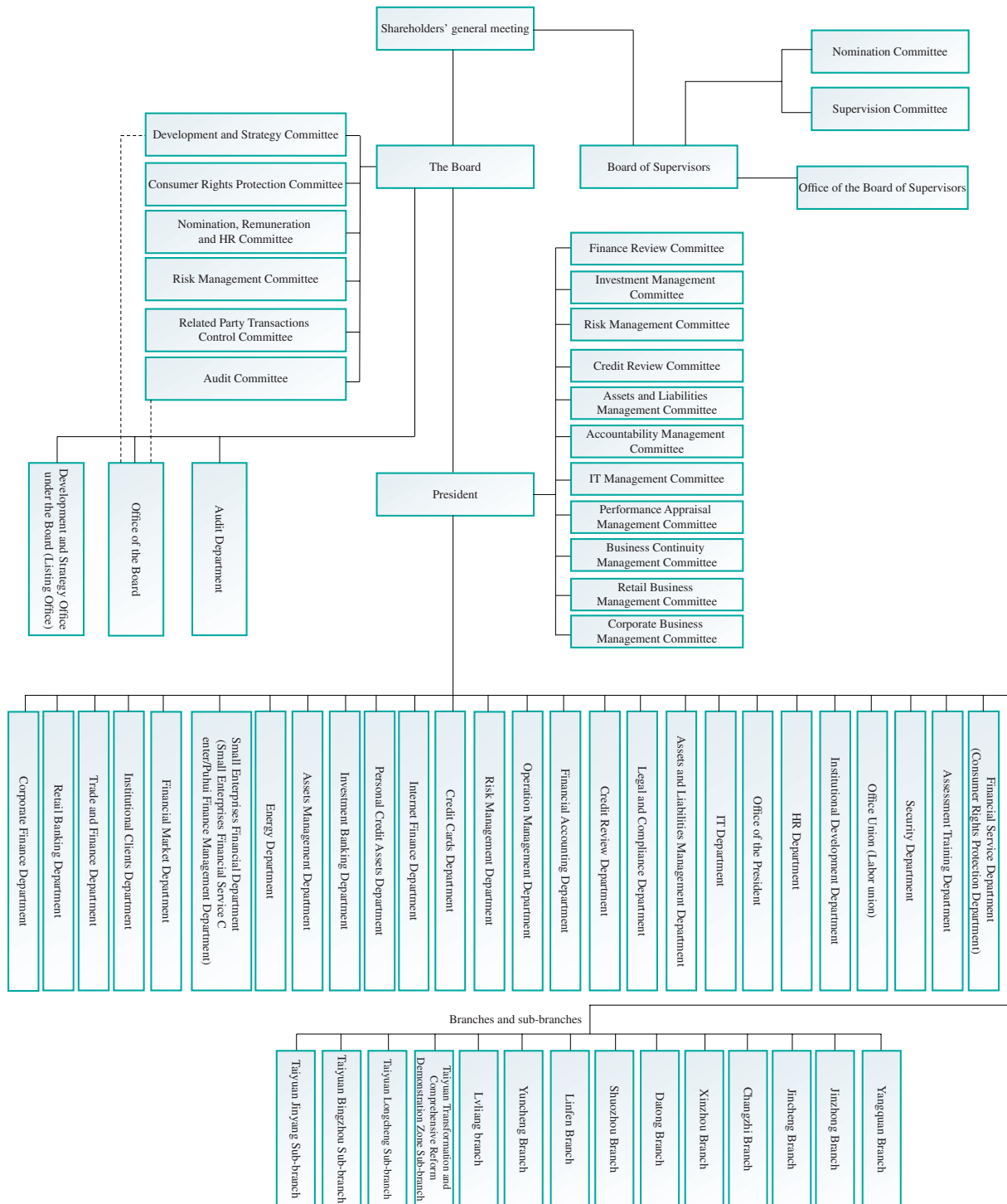
Key issues in 2019

<ul style="list-style-type: none"> ● Hold on to stable operation with prudence and in compliance with laws 	<ul style="list-style-type: none"> ● Improve corporate governance ● Enhance risk control capability ● Ensure operation in accordance with laws 	<ul style="list-style-type: none"> ● Protect the environment to build a green home 	<ul style="list-style-type: none"> ● Develop green credit ● Practice green services ● Advocate green office
<ul style="list-style-type: none"> ● Focus on positioning and serve the real economy 	<ul style="list-style-type: none"> ● Support local key projects ● Assist enterprises in transformation and upgrade ● Strengthen government-bank cooperation 	<ul style="list-style-type: none"> ● Advocate scientific and technological innovation to promote inclusive finance 	<ul style="list-style-type: none"> ● Vigorously support small and micro enterprises ● Actively explore "Sannong (三農)" Services ● Continue to expand the retail banking business ● Enhance scientific and technological support for inclusive finance
<ul style="list-style-type: none"> ● Care for employees to promote common development 	<ul style="list-style-type: none"> ● Enrich employees' life ● Protect employees' rights and interests ● Promote employees' development 	<ul style="list-style-type: none"> ● Never forget what makes us today and repay society 	<ul style="list-style-type: none"> ● Enhance service quality ● Improve targeted poverty alleviation ● Build a warm bank

II. HOLD ON TO STABLE OPERATION WITH PRUDENCE AND IN COMPLIANCE WITH LAWS

2.1 Improve Corporate Governance

Organizational structure for corporate governance



During the Reporting Period, the Bank continued to improve the transparency and accountability of corporate governance and ensured high-level corporate governance to protect the shareholders' interests and enhance the corporate's value and commitment.

The Bank has established a relatively comprehensive corporate governance structure in accordance with the requirements of the Hong Kong Listing Rules. The composition of the Board and the special committees under the Board are in compliance with the requirements of the Hong Kong Listing Rules. The Bank clearly divides the duties of the shareholders' general meeting, the Board, the Board of Supervisors and senior management. The shareholders' general meeting is the supreme authority of the Bank. The Board is accountable to the shareholders' general meeting. The Board has established six special committees, which operate under the leadership of the Board and advise on the decisions of the Board. The Board of Supervisors is responsible for supervising the performance of duties by the Board and the senior management as well as the financial activities, risk management and internal control of the Bank. Under the leadership of the Board, the senior management is responsible for executing the resolutions of the Board and the day-to-day business and management of the Bank, and reports to the Board and the Board of Supervisors on a regular basis. The president of the Bank is appointed by the Board to be responsible for the overall business operation and management of the Bank.

The Bank has adopted the Corporate Governance Code (the "Code") in Appendix 14 to the Hong Kong Listing Rules, and has also met the requirements of the administrative measures and corporate governance for domestic commercial banks and established a good corporate governance system. During the Reporting Period, the Bank has observed all applicable code provisions set forth in Appendix 14 to the Hong Kong Listing Rules.

The Bank is committed to maintaining a high standard of corporate governance. The Bank will continue to review and enhance its corporate governance to ensure compliance with the Code and meet the expectations of shareholders and potential investors of the Bank.

Shareholders' general meeting

During the Reporting Period, the Bank held two shareholders' general meetings in total, at which the Bank has reviewed and passed 14 resolutions. The notification, convening and voting procedures of the above shareholders' general meetings are all in compliance with the relevant provisions of the Company Law of the PRC and the Articles of Association.

Meetings of the Board and special committees

The Board shall hold at least four regular meetings annually, and arrange other extraordinary meetings if necessary. Board meetings shall be held onsite or by means of teleconference. The Board shall send a meeting notice to all directors in advance and timely provide all directors with sufficient information (including background information about the proposals submitted and other data and information necessary for the directors to make informed decisions). The notice of a regular Board meeting shall be given to all directors at least 14 days before the date of the meeting, and the notice of all other extraordinary Board meetings shall be given to all directors five days before the date of the meeting. A good communication and reporting mechanism has been established among the directors, the Board and senior management. All directors may seek independent professional opinions at the expense of the Bank. Our president reports to the Board on a regular basis and accepts the supervision thereof. At the Board meetings, all directors may freely express their opinions, but important decisions shall be subject to detailed discussion.

During the Reporting Period, the Board held six meetings, at which 69 resolutions were considered and adopted. The special committees under the Board held 20 meetings, including four meetings of the Development and Strategy Committee, four meetings of the Audit Committee, five meetings of the Related Party Transactions Control Committee, four meetings of the Risk Management Committee, two meetings of the Nomination, Remuneration and HR Committee and one meeting of the Consumer Rights Protection Committee, at which 49 resolutions were considered and adopted.

The Board shall have a Board office as its daily administrative body responsible for preparing shareholders' general meetings, Board meetings and meetings of various special committees under the Board and handling other tasks assigned by the same. The Board and senior management exercise their respective powers within their terms of reference as specified in the Articles of Association. Directors who have significant interests in a proposal must waive their right to discuss and vote on the proposal and shall not be included in the quorum of the proposal. The Board has reviewed the effectiveness of the Bank's risk management and internal control system (covering finance, operation and compliance control). The risk management and internal control system is reviewed two times every year (for the period from January 1, 2019 to December 31, 2019).

Meetings of the Board of Supervisors

During the Reporting Period, the Bank convened six meetings of the Board of Supervisors, and deliberated and approved 83 proposals, which mainly involved topics including dividend distribution plan, re-election and appointment of directors and supervisors, amendments to the Working Rules for the Nomination Committee under the Board of Supervisors of Jinshang Bank Co., Ltd. and the Working Rules for the Supervision Committee under the Board of Supervisors of Jinshang Bank Co., Ltd., etc.

2.2 Enhance Risk Control Capability

Based on our risk management principles, the Bank has established a sound risk management organizational structure, comprising of (i) the Board, the Risk Management Committee at the Board level and the Board of Supervisors; (ii) various special risk management committees at the Board level and at the senior management level that take charge of the guidance, support and coordination of our risk management system; and (iii) various departments at our head office, branches and sub-branches that are in charge of daily risk management work. Capitalizing on our comprehensive risk management structure, the Bank has been able to effectively manage key risks associated with our daily operations, primarily including credit risk, market risk, liquidity risk and operational risk.

The Bank has established a range of systems and measures to manage and control the legal risks faced by the Bank. Our Legal and Compliance Department at the head office and the corresponding departments at the branch level are responsible for managing our legal risk. The Bank carries out legal risk management mainly through the following measures: (1) Implementing the legal review system. The Bank requires the contracts for all types of businesses bank-wide to be submitted to our Legal and Compliance Department for legal review, and can only be used after obtaining our legal opinion. The Bank conducts legal review of our businesses to prevent legal risks and ensure the legality of our operational activities; (2) Formulating form agreements. The Bank formulates form agreements for frequent operational activities and uses them in bank-wide businesses to reduce legal risks; (3) Strengthening litigation management. The head office centralizes the bank-wide litigation management of cases where amounts in dispute exceed RMB1.00 million. The Bank studies and discusses the action plans upon litigation, formulates internal procedures relating to litigation management, and maintains a database of qualified law firms that we may choose from, so as to enhance our case management capability; (4) Periodic legal training. The Bank conducts multiple bank-wide legal training every year to enhance the legal knowledge and risk awareness of our personnel; and (5) Legal risk alert system. For common legal risks in the Bank's business operations, the Bank publishes legal risk alerts to remind our employees to prevent and reduce the occurrence of legal risk incidents.

The Bank has developed various internal policies and procedures with respect to anti-money laundering which are primarily related to customer due diligence, transaction record keeping, suspected terrorism financing activities, anti-money laundering classification, and large and suspicious transaction reporting. The Bank systematically conducted customer due diligence and collected relevant information and transaction records pursuant to applicable laws and regulations and our internal policies.

2.3 Ensure Operation in Accordance with Laws

The Bank continuously improves its compliance management system and consolidates its compliance operation and management. Firstly, the Bank has formulated the Policies for Compliance Risk Management of Jinshang Bank Co., Ltd., Basic Internal Control System of Jinshang Bank Co., Ltd., Policies for Operational Risk Management of Jinshang Bank Co., Ltd., Risk Management System and Basic Risk Management Principles of Jinshang Bank Co., Ltd., Administrative Measures for Formulation of Rules and Regulations of Jinshang Bank Co., Ltd., Basic Accounting System of Jinshang Bank Co., Ltd. and other basic systems for internal control and compliance management according to Guidelines on Compliance Risk Management of Commercial Banks, Guidelines on Internal Control of Commercial Banks and other regulatory requirements; secondly, the Bank has established a relatively complete compliance management system for various lines, "abolished, reformed and established" systems based on changes in regulatory policies, business development needs and risk features, sorted out and revised various compliance systems and policies, and improved the appropriateness of its compliance risk management systems and policies to ensure the compliance of various policies and systems with the requirements of laws, rules and criteria. As of December 31, 2019, the head office has a total of 816 systems and policies, which lay a solid management foundation for the compliance development of its business.

Compliance culture building

The Bank has several systems regulating behaviors of its staff, including the Code of Conduct for Staff of Jinshang Bank Co., Ltd., Administrative Measures for Behaviors of Staff of Jinshang Bank Co., Ltd. and Rules for Implementation of Supervision on Behaviors of Staff of Jinshang Bank Co., Ltd. It has corresponding systems to regulate its staff in aspects like attendance, leave and holiday, overseas trip and assessment.

The Bank keeps itself updated with the behaviors of its staff through quarterly inspection, keeps tracing and supervising its staff with abnormal behaviors, and actively takes corrective and preventive measures. Inspection is especially focused on staff providing guarantee, starting and conducting business activities, etc. The Bank stamps out corruption, bribery, money laundering, exaction and other behaviors in order to strictly prevent financial risks.

Case

In 2019, the Bank organized case-based warning educational activities, trainings for staff behavior management, speech contest themed on “Compliance creates value, everyone is responsible for compliance”, through which the Bank further promoted compliance awareness to regulate staff behavior.



Note: The pictures on pages 16 to 42 of this report are all taken during the business development of the Bank and are inevitably produced and used by the Bank for the implementation of news coverage. We failed to reach them as the contact information of the persons showed in the pictures was not available. Problems of violating their rights such as the right of portrait resulted from the use of the relevant works are neither intentional nor for profit, and the Bank will correct it immediately upon receipt of the notices from the relevant holders.

Anti-money laundering

The Bank has developed an anti-money laundering system, which enables us to effectively identify, evaluate, monitor, control and report anti-money laundering risks. The Bank also optimizes the system and improves our model for identifying suspicious transactions on a continuous basis in order to enhance our ability to report large-amount and suspicious transactions. The Bank provides frequent training to our employees to assist them in understanding the latest development on domestic and international anti-money laundering laws.

Based on our internal rules and policies, the Bank classifies our customers into five levels based on their money laundering risk. For customers who have a newly established business relationship with us, the Bank reviews the customer information and classifies their risk levels. The Bank continuously monitors changes in the customer's situation and their transactional records and adjusts their risk levels as appropriate. For high risk customers, the Bank conducts identification recognition. The Bank focuses on analysing their source of funding, use of funding, financial conditions, operational status, controlling shareholders and controlling persons. The Bank also closely monitors their transactional details through our core business system or anti-money laundering system.

In 2019, the Bank continuously followed the regulatory requirements on anti-money laundering, earnestly fulfilled its duties in anti-money laundering and put the concept of risk-oriented money laundering risk management into practice to strengthen the anti-money laundering work. Firstly, the Bank effectuated the requirements of the PBoC and CBIRC, improved our money laundering risk management system, and sorted out and refined our anti-money laundering internal control system. Secondly, the Bank strengthened the monitoring and analysis on large-amount and suspicious transactions, enhanced the functions of our anti-money laundering system and optimized the monitoring rules and models of suspicious transactions, which effectively improved the efficiency and effectiveness of monitoring and analysis. Thirdly, the Bank continuously organized anti-money laundering publicity and training. The Bank actively publicized anti-money laundering policies by holding lectures and related publicity activities to enhance public awareness on the harmfulness of money laundering. The Bank also enhanced anti-money laundering training for our staff and encouraged the report of our staff on the potential money laundering identified to create an atmosphere for anti-money laundering compliance.

Intellectual property protection

In compliance with the provisions of the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Copyright Law of the People's Republic of China and other national laws and regulations, the Bank is formulating the administration measures on intellectual property protection, and constantly promotes the creation, use, protection and management of intellectual property, as well as gives full play of intellectual property to safeguard financial innovation, business development and risk management in terms of technology and system.

Case: Conducting Publicity Activities in Streets and Communities

In order to achieve the promotional aim and enhance the quality and effectiveness of the publicity of anti-money laundering, on one hand, the Bank distributed pamphlets to passerby, and actively and extensively conducted anti-money laundering propaganda by setting up booths in front of sub-branches; on the other hand, the Bank sent account managers to visit and make onsite explanations to the surrounding neighbourhoods, communities, corporate customers, etc. to enable the general public to learn about the contents of the anti-money laundering publicity and further enhance the awareness of anti-money laundering among the public.



Case: Actively Creating an Environment to Publicize Anti-money Laundering by Leveraging the Halls

Giving full play to the professionalism of financial practitioners, lobby managers of the Bank outlets are responsible for distributing paper publicity materials to the people in the waiting area, and set up small classes on anti-money laundering in the halls of qualified sub-branches. When there are many customers in the waiting area, the staff would popularize relevant anti-money laundering knowledge in a concentrated manner.



III. PROTECT THE ENVIRONMENT TO BUILD A GREEN HOME

3.1 Develop Green Credit

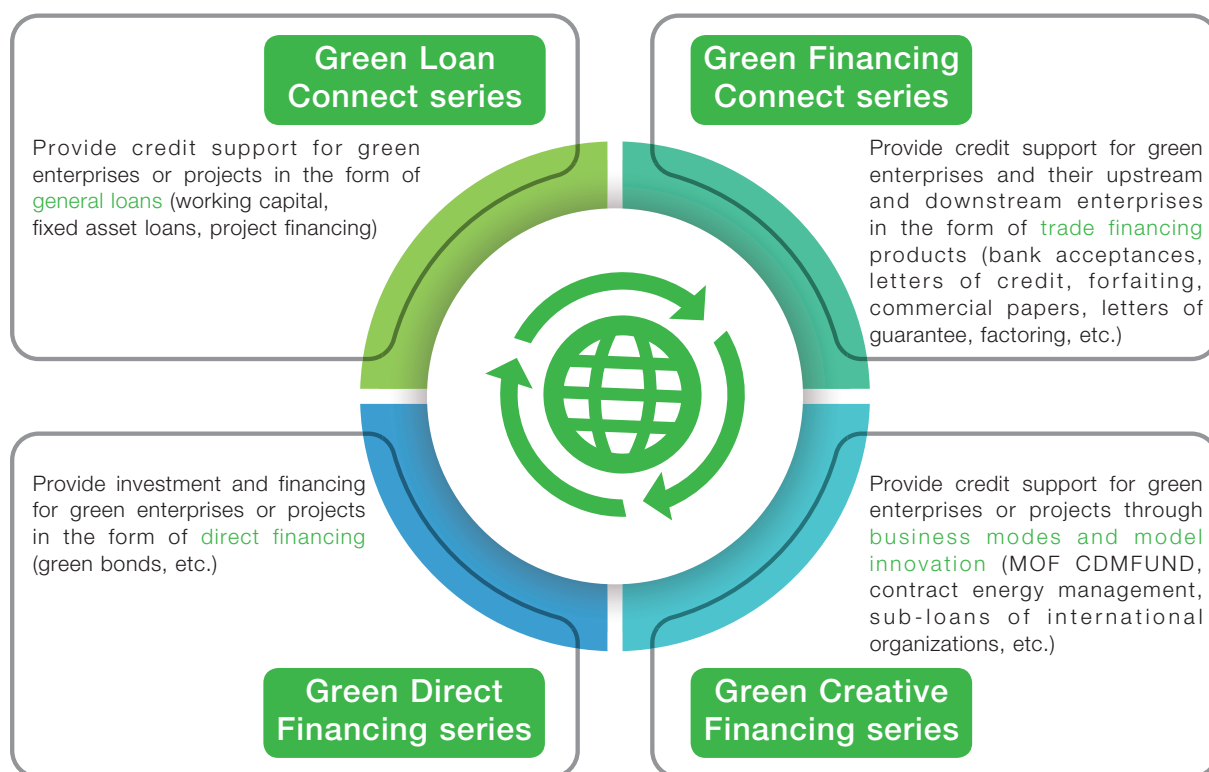
Green finance strategy

In 2019, seizing the rare opportunities brought by the construction of Shanxi Transformation and Comprehensive Reform Demonstration Zone and pilot reform of energy revolution, the Bank innovated product development and research and application, and rationally optimized the allocation of funds, assets, and resources to promote green and sustainable development. The Bank formulated and issued the Green Finance Action Plan of Jinshang Bank to accelerate the innovation and application of green financial products including green financial bonds, green credit assets-backed securities, and green debt financing instruments of non-financial enterprises, with a focus on list, model, and quota management, taking the first step to build a green bank, and providing active and strong support for the Bank to develop green industries.

In 2019, the Bank improved the green financial product system and proposed a green credit system that includes green series products, park loans, and sub-loans of international organizations.

Green series products

Green series products, a series of products developed by the Bank for green finance customers only to meet the needs of green finance, include Green Loan Connect, Green Financing Connect, Green Direct Financing, Green Creative Financing and other product portfolios, which provide customers with more convenient and preferential financing products through differentiated and distinctive products.



Park loans

Park loans refer to credits provided by the Bank to the enterprises authorized by management committees at the province level or above for the development, construction and daily operation of the park, including construction of the park and operation of industrial plants, as well as consolidation, purchase and storage of the non-land reserve centre.

Sub-loans of international organizations

In cooperation with Shanxi Provincial Department of Finance, the Bank, as an on-lending bank, accepts funds from foreign governments and international financial organizations for financing services in support of green technology upgrade and project renovation in Shanxi Province. International organizations include World Bank, Asian Development Bank, French Development Agency, foreign governments and so on.

Case: Green Creative Financing – MOF Clean Energy Fund

On August 13, 2019, Shanxi Provincial Department of Finance, China Clean Development Mechanism Fund Management Center, and Jinshang Bank jointly signed the Agreement on Cooperation of “Green Innovation Investment Business”, under which China Clean Development Mechanism Fund Management Center provided loan funds for projects, the Bank might provide supporting loans and Shanxi Provincial Department of Finance gave appropriate subsidies to enable energy conservation and carbon reduction projects to enjoy preferential support below market interest rates. The main objects supported by the business were industrial activities in Shanxi Province that are conducive to cope with climate change, including but not limited to the development and utilization of renewable energy and new energy, development and industrial production of technologically advanced energy conservation and emission reduction products, central heating, heat and power cogeneration, residual heat and pressure utilization and other projects.

Green credit guidelines

In terms of supporting credit policy, giving full play to the advantages of “efficient decision-making and flexible mechanism” of a corporate bank, the Bank issued credit policy guidelines on an annual basis with a focus on the action plan of our province to implement Opinions of the State Council on Supporting Shanxi Province in Further Deepening Reform and Promoting the Transformation and Development of the Resource-based Economy (Guo Fa <2017> No. 42) and development strategies of building up our province into a region that demonstrates the transformation and development of the resource-based region, being a vanguard in energy revolution, building new heights for opening up in the inland region. Moreover, in 2019, the Bank innovatively issued the Green Credit Guidelines of Jinshang Bank, opening up green channels for strategic emerging industries and making effective and convenient credit resources accessible to energy conservation and environmental protection, new generation of information technology, biology, high-end equipment manufacturing, new energy, new materials, new energy vehicles and other strategic emerging industries.

Green credit extension

The Bank formulated and issued the Rules for the Implementation of Green Credit Business of Jinshang Bank to promote its green credit extension, increased support for green economy, low-carbon economy and circular economy, further broadened “green channels” for credit approval of emerging industries, especially new energy and other businesses in key areas advocated by energy revolution, accelerated the procedures for approval, increased the efficiency for handling businesses, and effectively improved financial support targeted at emerging industries. Drawing insights from asset securitization, perpetual bonds, and M&A business, the Bank strengthened the innovation of investment banking products, met the needs of enterprises in conducting green projects, reducing financial leverage and extending industrial chains, and supported the key projects of our province in green and emerging industries including those advanced in productivity, energy conservation, emission reduction, pollution prevention and treatment, cultural tourism and advanced manufacturing to improve its financial service capability.

The Bank provided financial support through on-balance-sheet businesses including working capital and project loans, and off-balance-sheet businesses including bank acceptances, letters of credit and investment banking. As of the end of 2019, the balance of on-balance-sheet loans by corporate green credit line of the Bank was RMB3.743 billion, involving 21 customers, and accounting for 5.31% of the balance of on-balance-sheet loans by corporate line across the Bank at the end of 2019.

Case: "Green Innovation Investment Business"

In 2019, the Bank actively promoted the implementation of the strategy of "Gasification in Shanxi", and provided green credit to a new energy company with limited liability in Shanxi in support of the construction of its project concerning ecological recycling of biomass natural gases and organic fertilizers. Adopting the existing international leading German raw material pre-treatment technology and anaerobic fermentation system, the project achieved efficient and comprehensive recycling of resources through treatment of agricultural wastes. After putting into production, the project was expected to treat 20,300 tonnes of faeces and 40,600 tonnes of crop straws per year, producing 40,000 cubic meters of biogas per day, 20,000 cubic meters of biological natural gases after purification per day, and 20,300 tonnes of organic fertilizers per year, which was of great significance to solve the problems of heating and gas supply in rural areas and to treat environmental pollution, improve the soil, promote cyclic development of the agriculture, etc.

3.2 Practice Green Services

The Bank actively promoted the innovation of e-banking business. In 2019, we kept upgrading the functions of and optimizing the procedures for mobile banking and online banking, we put functions like Huawei Pay and Samsung Pay into operation, and supported the binding of debit and credit cards with Huawei Pay and Samsung Pay to further expand mobile payment functions and improve mobile application experience. Throughout the year, we optimized 253 functions and services and absorbed 706,400 new e-banking customers, representing a year-on-year increase of 55%. The Bank actively promoted intelligent construction of outlets by adding new intelligent equipment including intelligent counters, high-speed all-in-one machines for cash deposits and withdrawals, interactive desktops, etc., supporting convenient service functions as such speedy card opening, e-banking opening, bank card activation, printing of statements of account, and large cash deposits and withdrawals, to further enhance the capacity of self-service equipment, improve the intelligent services of outlets, strengthen the quality of services in the halls, and optimize customer experience. Meanwhile, the Bank strengthened the construction of 24-hour self-service business halls and made clear the construction standards for equipment configuration, operational management, external image, etc. of business halls to further improve the capacity of self-service equipment, and enhance our external service image.

Case: Commissioning Intelligent Teller Machines

In 2019, the Bank vigorously promoted intelligent equipment, gradually getting customers to involve in business operations instead of relying solely on counters, thus enhancing customer experience. The Bank commissioned 115 intelligent teller machines in traditional outlets and community banks to allow citizens to handle 43 services including inquiry, transfer and fund management at the outlets nearby or at the doorstep.



3.3 Advocate Green Office

Integrating green concept into corporate culture and internal operation management, and practicing the green development concept, the Bank launched a bank-wide “green office, low-carbon life” campaign by advocating bank-wide water-saving, power-saving and energy-saving green lifestyles and public transportation, implementing garbage classification, actively promoting paperless office, and establishing the awareness of energy conservation and environmental protection across the bank. Moreover, labor unions and other organizations took the lead in conducting a series of environmental protection and public welfare activities to jointly protect the environment and green home so as to build up the brand image as a green bank. During the Reporting Period, the Bank strictly complied with the Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes, the Administrative Measures of Shanxi Province on Environment Pollution Prevention and Control Facilities and other provisions, committed to reduce the emissions of hazardous gas such as greenhouse gas, disposed of hazardous and non-hazardous waste in accordance with the laws, and promoted the sustainable development of energy and ecological environment.

In order to regulate, manage and scientifically select suppliers, the Bank implemented procurement management in accordance with the laws and regulations including the Government Procurement Law of the People's Republic of China, the Bidding Law of the People's Republic of China and the Contract Law of the People's Republic of China and the provisions of the Administrative Measures for Centered Procurement and Supplier Management of Jinshang Bank and the Administrative Measures for Centered Procurement of Jinshang Bank and other institutional documents formulated by Jinshang Bank. The administrative measures for procurement clearly define the scope, manner, procedure and other aspects of centralized procurement. The centralized procurement of the Bank is conducted in the principles of “openness, fairness, justice, efficiency, effectiveness, integrity”, and priority is given to procuring energy-saving and environmentally-friendly products.

As of the end of 2019, the Bank had a total of 236 suppliers at head office level (inside Shanxi Province: 99 suppliers; outside Shanxi Province: 137 suppliers).



Table on Energy Consumption and Greenhouse Gas Emissions of Jinshang Bank in 2019

Type	Unit	2019
Office power consumption of the head office	0,000 Kwh	106.00
Office water consumption of the head office ⁽¹⁾	Tonne	17,600.00
Natural gas consumption of the head office	m ³	31,003.30
Office oil consumption of the head office	L	20,750.00
Total greenhouse gas emissions of the head office	Tonnes of CO2 equivalent	716.77
—Direct greenhouse gas emissions ⁽²⁾	Tonnes of CO2 equivalent	48.97
—Indirect greenhouse gas emissions ⁽³⁾	Tonnes of CO2 equivalent	667.80

⁽¹⁾ The water resources used by the Bank come from the municipal water supply network, so there is no problem of water taking

⁽²⁾ Including greenhouse gas emissions generated by consumption of natural gas, liquefied gas and diesel

⁽³⁾ Including greenhouse gas emissions generated by consumption of electricity

IV. FOCUS ON POSITIONING AND SERVE THE REAL ECONOMY

4.1 Support Local Key Projects

The Bank coordinated our agencies to proactively approach, and helped the constructions of major projects such as municipal works, rail transit, and infrastructures with all efforts according to the lists of local governments' key projects. Meanwhile, it further widened the “green lanes” for credit approval, and provided credit support to relevant enterprises in the Shanxi Comprehensive Reform Demonstration Zone within a short time span, which has been unanimously recognized by the Comprehensive Reform Demonstration Zone and the enterprises settled there.

Case: Syndicated Project for a Chemical Technology Company with Limited Liability in Shanxi

The Bank actively leveraged the syndicated loan business model to participate in key projects in Shanxi Province. In response to the large financial needs of a chemical technology company with limited liability in Shanxi for “300,000 tonnes of ethylene glycol and 150,000 tonnes of LNG project via co-production”, the Bank took the lead in conducting an in-depth investigation on the project, based on which, we contacted and negotiated with a number of banking financial institutions in Shanxi Province, and eventually provided a total of RMB1,050 million financial support to the project together with 16 banking financial institutions in the province, of which RMB210 million was from the Bank.



4.2 Assist Enterprises in Transformation and Upgrade

In response to the transformation and financial needs of strategic customers, the Bank actively innovated financial means and mobilized financial resources from various parties to provide efficient and quality comprehensive financial services for energy enterprises. In 2019, the Bank coordinated in procuring RMB2.05 billion of syndicated loans, including RMB0.41 billion from itself, with an emphasis on supporting green environmental protection, and energy conservation and emission reduction projects, and reserved a batch of green and clean energy customers.

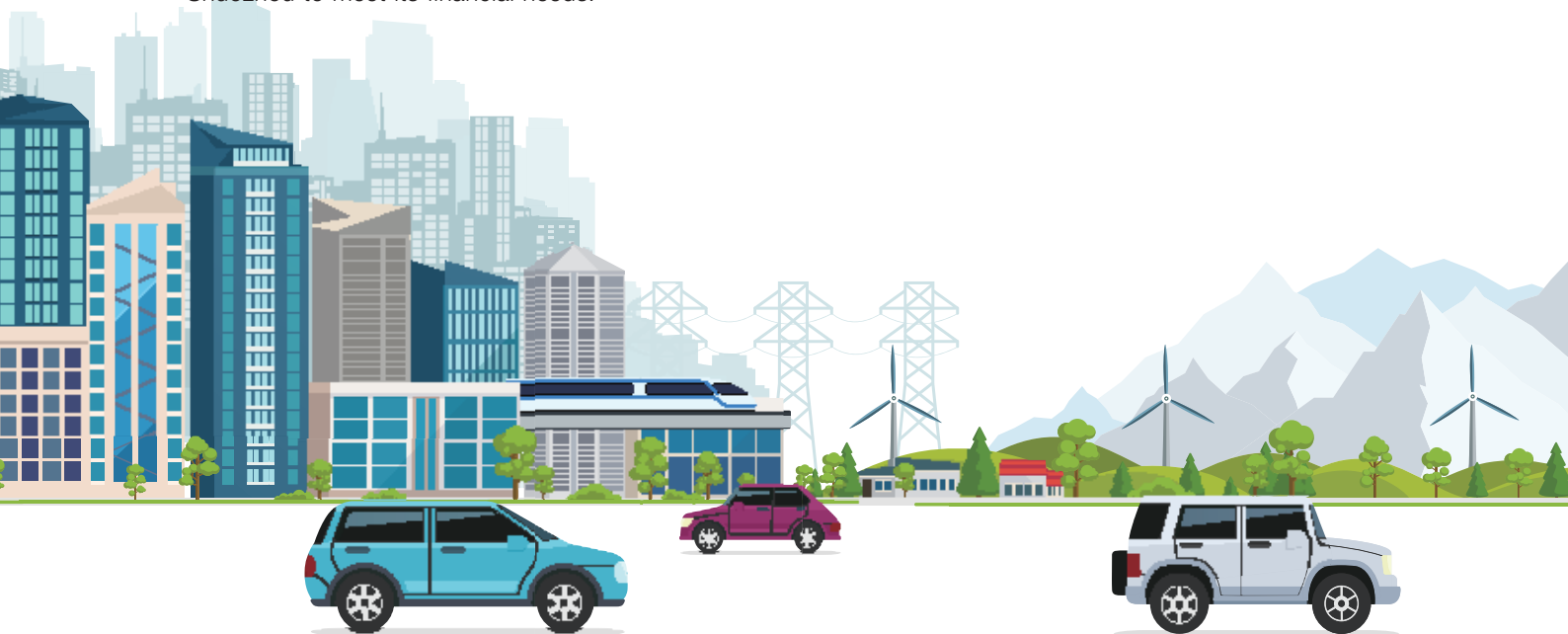
Case: “Green Channel” for Transformation and Upgrade Projects

In response to RMB1 billion capital needs of a holding group company with limited liability in Shanxi Transformation and Comprehensive Reform Demonstration Zone for transformation, upgrade and development, the Bank launched the green channel and took two days only to complete project investigation, data review and approval of credit line, giving full play to the characteristics of a specialized institution, namely closeness to the market and prompt response.

4.3 Strengthen Government-Bank Cooperation

As one of the main members of local bond underwriting syndicates in Shanxi Province, the Bank has always maintained its leading position in the amount of local bond subscriptions. In 2019, the Bank accumulatively subscribed six tranches of local bonds in Shanxi Province, with a subscription amount of RMB4.18 billion. Moreover, in the medical and health field, the Bank took advantage of the hospitals at the county level or above in the province access to the “Healthy Shanxi” elective diagnosis platform launched by the Provincial Health and Family Planning Commission, and participated in “integrated medical information transformation in counties and townships”. Furthermore, the Bank actively cooperated with the Department of Industry and Information Technology of the Province to promote the development of new material industry. It successively participated in the provincial symposium on new material industry, provincial new material bank-enterprise docking and mobilization deployment meeting, new material bank-enterprise docking activity in Taiyuan, and investigated more than 30 new material enterprises with the Department of Industry and Information Technology.

Meanwhile, the Bank promoted the implementation of projects through PPP. To serve and support the development of local government, the Bank provided financing for projects of an engineering company with limited liability in Fenyang, a heating company with limited liability in Linfen, a project management company with limited liability in Shanxi, a construction management company with limited liability in Qi County, an engineering project company with limited liability in Pingyao County, respectively. In addition, the Bank directly provided financing for enterprises with its own funds and wealth management funds through direct bond investment, such as investing RMB500 million bonds in a development company with limited liability in Shuozhou to meet its financial needs.



Case: Signing a Strategic Cooperation Agreement on a Sharing Platform with the Department of Housing and Urban-Rural Development of the Shanxi Province

On July 11, 2019, the Bank signed a strategic cooperation agreement on a sharing platform with the Department of Housing and Urban-Rural Development of the Shanxi Province. The two parties would jointly establish a provident fund data sharing platform and thoroughly implement the policy of “Decentralization of Powers, Combination of Decentralization with Appropriate Control, Optimization of Services and Improvement of Efficiency” of the CPC Shanxi Provincial Committee and the People’s Government of Shanxi Province to provide safe, convenient and efficient information sharing services to handle the housing provident fund business so as to provide technical guarantee for the ultimate realization of “letting the people run fewer errands and run more data” and improvement in the service efficiency of housing provident fund and satisfaction of the people.



Case: Signing the Strategic Agreement on Supporting the Development of New Material Industry with the Department of Industry and Information Technology of the Shanxi Province

On August 23, 2019, the Bank signed a strategic cooperation agreement on supporting the development of new material industry with the Department of Industry and Information Technology of the Province. According to the agreement, the two parties will give full play to their respective advantages, consolidate the long-term work mechanism for comprehensive cooperation and actively build a cooperation mode of “mutual support, mutual service, common prosperity and win-win result” in future cooperation, so as to develop a more solid and steady comprehensive strategic partnership. Meanwhile, the Bank will provide enterprises in the new material industry with customized financial service products and one-stop comprehensive financial services for financing and settlement purposes, constantly promote scale and high value-added development of new material industry in Shanxi Province, gradually foster new energy and energetically build new engines, so as to achieve new breakthroughs.



Case: PPP Project of a Project Management Company with Limited Liability in Shanxi

To support the transformation and development of Shanxi during the process of urban transformation, construction and development, in 2019, Jinzhong Branch granted a credit line of RMB640 million loans to the largest industrial park in Shanxi Transformation and Comprehensive Reform Demonstration Zone. In 2019, RMB499 million project loan was issued to support the ecological governance of rivers in this industrial park, so as to contribute to the construction of “Beautiful Shanxi”.



V. ADVOCATE SCIENTIFIC AND TECHNOLOGICAL INNOVATION TO PROMOTE INCLUSIVE FINANCE

5.1 Vigorously Support Small and Micro Enterprises

Define “two increases” objectives

According to the regulatory requirements of the Notice of the General Office of the China Banking and Insurance Regulatory Commission on Further Improving the Quality and Efficiency of Financial Services for Small and Micro Enterprises in 2019 (Yin Bao Jian Ban [2019] No. 48) and the Work Points of the Banking and Insurance Institutions in Shanxi for Financial Services for Small and Micro Enterprises in 2019 (Jin Yin Bao Jian Ban [2019] No. 49), after fully understood the adjustment of the “two increases” evaluation policy, the Bank formulated the credit plan of net increase of RMB744 million of inclusive loans for small and micro enterprises and distributed the tasks to various institutions in time based on the actual conditions of the Bank. To achieve the objectives, the Bank included the “two increases” policy in the evaluation of management indicators of “social responsibility” of various branches and conducted evaluation management on various institutions on a quarterly basis. In the meantime, the head office worked out multi-level evaluation indicators covering “top leaders” and division heads. The Bank attached greater importance to financial services for small and micro enterprises by working out double evaluation measures for institutions and management personnel.

To achieve the “two increases” task objectives not only needs the cooperation of the head office and branches, but also needs the support of relevant departments of the head office. Therefore, the Bank introduced the Work Plan of Jinshang Bank on Further Improving the Quality and Efficiency of Financial Services for Small and Micro Enterprises in 2019 (Jin Shang Yin Ban [2019] No. 37), which specified the job responsibilities of relevant departments of the head office, laying a foundation for realization of the “two increases” task objectives.

Publicity and marketing

The Bank publicized and promoted products by designing, printing and distributing posters and flyers, releasing videos outdoor, broadcasting audios, WeChat advertising and holding bank-enterprise matchmaking conferences with on-site publicity. To improve the publicity effect of financial products for small and micro enterprises via the official website in the fourth quarter, the Bank proposed the idea of reforming the “Financial Services for Small and Micro Enterprises” sector on the official website, providing the product publicity plan and conducting system function tests. Meanwhile, according to the regulatory requirements, the Bank organized and carried out the publicity activity themed on “Helping Small and Micro Enterprises, Benefiting People’s Livelihood and Promoting Development” concerning financial services for private small and micro enterprises and the publicity activity themed on “One Hundred Banks Entering Ten Thousand Enterprises and Action in Shanxi” to pay attention to small and micro enterprises and serve real economy.



Continuous dynamic supervision

The Bank set up a business promotion team which was responsible for promotion and management of services for small and micro enterprises, regularly reporting the business progress of various institutions and helping the institutions solve their business problems. Besides, the Bank established the “ad hoc contact system” where each staff in the department was responsible for routine business supervision and management for one to two institutions. In addition, the Bank held a meeting on financial services for small and micro enterprises every quarter so that the leaders in the head office and branches could communicate on the spot about their business progress and task completion and irregularly held a joint meeting on financial services for small and micro enterprises to help solve their problems concerning financial services and inclusive finance services; the Bank made statistics on inclusive loans for small and micro enterprises completed by the institutions every month and specifically conducted on-site supervision and business guide for less-developed enterprises in services for small and micro enterprises; followed up the progress of various institutions on services for small and micro enterprises every day and kept an eye on the dynamic conditions of services for small and micro enterprises of various institutions.

5.2 Actively Explore “Sannong (三農)” Services

According to the requirements of the CBIRC Shanxi Office, the Bank formulated the credit plan for agriculture-related loans in 2019, strictly implemented the plan, accurately classified the agriculture-related loans, monitored and analysed the issue of loans every month and increased efforts in issuing agriculture-related loans. As of the end of 2019, the balance of agriculture-related loans of the Bank amounted to RMB39,849 million, representing a net increase of RMB690 million as compared to RMB39,159 million at the beginning of the year; the balance of inclusive agriculture-related loans amounted to RMB2,077 million, representing a net increase of RMB83 million or 4.16% as compared to RMB1,994 million at the beginning of the year. In 2020, the Bank newly included the agriculture-related loans and inclusive agriculture-related loans in the operating budget and measures for performance evaluation of branches, which could help to further promote the development of “Sannong (三農)” services.

Set up professional institutions to actively support rural revitalization

In December 2018, the Bank established the Puhui Finance Management Department and assigned the Puhui Finance Management Department as the general leading department for inclusive finance of the Bank, the Corporate Finance Department as the leading department for corporate agriculture-related loan business, the Personal Credit Assets Department as the leading department for personal agriculture-related loan business, and the Assets and Liabilities Management Department and the Risk Management Department as the leading departments for “Sannong (三農)” data statistics, which would jointly promote the development of inclusive finance of the Bank.

Enhance guidance of publicity policy for rural areas and farmers

Our branches organized and held an on-site publicity activity themed on “Transferring Financial Knowledge to Rural Areas” every quarter in their respective poverty-stricken counties by hanging banners, distributing flyers and offering lectures to different areas, the Bank stepped into rural areas to publicize financial knowledge, enhanced propaganda, publicity and understanding on the policy and raised poverty-stricken families’ awareness and initiative for loan application, so as to help resolve the contradiction between difficulty in loan application for farmers and difficulty in loan release for banks.

Case: Publicity Activity Themed on “Transferring Financial Knowledge to Rural Areas”

During the Reporting Period, the Bank regularly carried out the publicity and education activity themed on “Transferring Financial Knowledge to Rural Areas”, with contents of financial policy for “Sannong (三農)” services, financial products for “Sannong (三農)” services and prevention of illegal fundraising and telecom fraud, with an aim to strengthen propaganda, publicity and understanding on micro-credit policies and improve farmers’ awareness and initiative for loan application.



5.3 Continue to Expand the Retail Banking Business

During the Reporting Period, the size of retail customer financial asset management of the Bank exceeded RMB100 billion, a record high in growth, the competitiveness and influence in the retail banking business market strengthened significantly. We gradually expanded the online sales channels for deposit products, and continuously consolidated the foundation for personal deposits. The residential mortgage business has become a new driving force for personal loan business as it developed rapidly. We became professional in wealth management business, established five “Jin Sheng Cai Fu Star Studios” and won the titles of “Best Regional Private Banks in China” and “Best Ten Innovative Family Trust Management Awards”.

Constantly improve mobile banking business

During the Reporting Period, the Bank kept up with the pace of advanced peers and launched mobile banking APP 4.0. Its design aligned with the current mainstream style, with concise outline, practical functions and full of technological elements. The mobile banking APP provided an intelligent and comfortable experience by including functions such as face login, payment based on fingerprint login, intelligent customer service and voice-based transfer; humanistic and convenient services such as simplistic mode, one-click direct transfer, rapid credit cards repayment and intelligent outlet map; attentive steward services such as transfer by duplicating card number for activation and Xiaojin Reminder; comprehensive and safe account safeguards such as eID fast online identity verification, account safety monitoring and safety tips for screen shots; and multiple highlights to bring more convenient and time-saving and labour-saving operations. It has won the “Most Characteristic Mobile Banking Function Award in the Electronic Banking Golden Award of China in 2019” and was praised and recognized in the industry.

Launch new credit card products

At present, there is a surging demand for credit cards with the gradual increase in household consumption in Shanxi. With strong regional advantages, the Bank will usher in favorable opportunities for credit card business development. To issue more credit cards rapidly, the Bank leveraged on the Internet technology and platform to promote financial development and launched the “JD Co-Branded Cards” and “Credit Cards of Suning.com” during the Reporting Period. The Bank made full use of the resource advantages of the Internet to provide a series of special shopping rights for young customers. Multiple favorable rights have attracted a large number of customers and over 80% of the applicants are young customers. These customers have strong consumption power and have brought endless vitality on the credit card business of Jinshang Bank. Moreover, the Bank launched its first digital credit card “Wutai Mountain Sandalwood Card” in cooperation with Wutai Mountain Tourist Attraction, providing customers with whole-process and one-stop card use experience of “instant handling, instant approval and instant use”. Meanwhile, the Bank leveraged on big data to establish an intelligent risk control model and recorded a significant rise in automatic approval rate while ensuring risk control, which greatly improved customers’ experience of card application.



5.4 Enhance Scientific and Technological Support for Inclusive Finance

The Bank is committed to using advanced information technology systems to improve the performance of credit risk management. The Bank's credit management system enables account managers to efficiently collect and analyze customer data, such as historical affairs records and financial conditions, and provides close monitoring and timely alert on loans reaching maturity. The information technology system automatically matches credit applications to the corresponding approval procedures based on the amount of credit requested, which reduces the risk of unauthorized approval. In addition, account managers and management departments at all levels can access real-time information of overdue loans through the Bank's information technology system to control risks stemming from overdue loans.

Building of the scientific and technological system for inclusive finance

In 2019, the Bank completed the application of "commercial cards" to support the Xbank project, implemented the reform and carried out trial operation tests to further improve the functions of "commercial cards"; to improve the effectiveness of report management and reduce the amount of manual operation, the Bank initiated the scientific and technological project of report automation concerning inclusive finance, organized the business department and scientific and technological companies to hold seminars for analysing the relevant project demands and produced demand reports; cooperated with the Assets and Liabilities Management Department in establishing the online data gathering rules of the 3302 statement system of the People's Bank of China and provided relevant tests and verification materials; cooperated with the Financial Accounting Department in continuously promoting "tax-free" system test to realize exemption of the Bank from value-added tax on interest income from loans for small and micro enterprises; and carried out joint debugging tests for data reporting of the financial system for targeted poverty alleviation.

Product innovation for inclusive finance business

The Bank launched a type of loan products "Jian Ya Kuai Dai" for owners of small and micro enterprises who could provide real estates as mortgage. Usually the maximum amount of such type of loan products was RMB2 million and the maximum term was three years. Such type of products adopted a streamlined approval procedure, and the branches had the right to approve loan applications according to the relevant risk management rules and procedures.

While focusing on promoting development of "Jian Ya Kuai Dai" business, the Bank studied and explored online handling of such products to improve its product competitiveness. For example, the Bank took the initiative to communicate and discuss with external technology companies including "Yuanbao Store", "Dongfang Weiyin" and "Yunfang Data" and sent staff to the peers to learn about "Yong Xu Dai" products and management experience on the spot, laying a foundation for online development of "Jian Ya Kuai Dai" products.

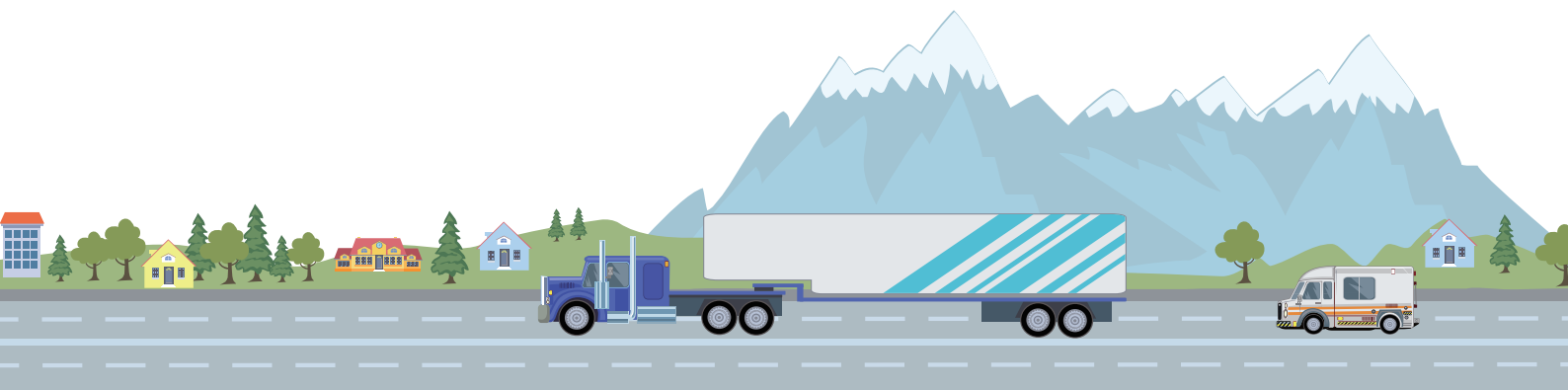


Moreover, the Bank continued to promote the development of “Lian Lian Rong” products and extended marketing to the upstream and downstream small and micro enterprises of core enterprises. While actively promoting offline business, the Bank took the initiative to provide online financial services for supply chain in cooperation with core enterprises such as “Suning.com”, “JD Finance”, “Wine Library of City” and “Shanxi Jianlong”, laying a foundation for future cooperation.

According to the business needs of some institutions, the Bank, in collaboration with the Jinyang sub-branch directly administered by the head office and Jinzhong Branch, developed and launched two types of loan products, namely, “Zu Jin Dai” for small and micro enterprises and “Loans for Purchasing Houses for Business Use for Small and Micro Enterprises”, so as to meet the needs of some small and micro enterprises for financial products with specific use. Meanwhile, the Bank actively joined hands with the Provincial Department of Finance and the receivable financing service platform of the Credit Reference Centre of the People’s Bank of China and sent staff to the peers to study and explore online handling of “Zheng Cai Dai” products on the spot.

To expand the growth channels of services for small and micro enterprises and find out new business growth points, our staff made a field visit to the peers to learn about the “small-amount discounted bill” business. Besides, the Bank cooperated with “JD Finance” to help the Financial Market Department promote the “instant discounted bill” business and made plenty of preliminary studies and preparations for the launch of small-amount discounted bills.

While innovating and improving the finance-oriented products for small and micro enterprises, the Bank also improved our comprehensive financial products such as settlement-oriented and transaction-oriented financial products for small and micro customers. The specific works included: (1) the Bank further studied the function upgrading and improvement of settlement-oriented financial products for small and micro enterprises such as “commercial cards” and conducted project management; (2) the Bank helped the Retail Banking Department improve the “Dai Li Sheng” products and realized full application coverage of credit products for small and micro enterprises so that corporate and individual subjects of loans for small and micro enterprises could apply for “Dai Li Sheng”, further reducing the financing cost of small and micro customers.



VI. CARE FOR EMPLOYEES TO PROMOTE COMMON DEVELOPMENT

6.1 Enrich Employees' Life

The Bank paid attention to the work-life balance of employees. We set up basketball, badminton, ping pong and other interest groups, continuously enhanced support for interest groups in fund, venue and personnel and further improved the management measures for interest groups, so as to ensure the interest group activities could be effectively carried out in an organized and planned way. A series of recreation and sports and interest activities were provided to enrich the employees' recreation and sports, gather the strengths of young employees and enliven the work atmosphere for all the employees in the Bank, hence further improving the brand image of Jinshang Bank.

Employee information statistics

Category		As of December 31, 2019		
		Number	Percentage	Turnover rate
Total number of employees		4,314	100.00%	2.79%
By gender	Male	1,906	44.18%	2.60%
	Female	2,408	55.82%	2.93%
By employment type	Contract-based	4,314	100.00%	2.79%
By age	Under 30 (inclusive)	1,750	40.57%	3.43%
	31-40 (inclusive)	1,577	36.55%	3.55%
	41-50 (inclusive)	798	18.50%	0.25%
	Above 50	189	4.38%	0.53%
By region	In Shanxi	4,314	100.00%	2.79%
	Outside Shanxi	—	—	—
Minority		29	0.67%	—
By education background	Master's degree and above	815	18.89%	3.68%
	Bachelor's degree	2813	65.21%	3.13%
	Others	686	15.90%	0.15%

Note: Data above cover the head office, branches, sub-branches and village and township banks.

Case: “Jinshang Cup” Men’s Basketball Tournament

At 9 a.m. on August 10, 2019, the “Jinshang Cup” men’s basketball tournament sponsored by us was held in the basketball arena of Shanxi Finance & Taxation College. The players sweated on the field, showing their superb skills and strong willpower.



Case: 4th “Property Right Market Cup” Employee Badminton Competition

Our badminton team participated in the 4th “Property Right Market Cup” Employee Badminton Competition themed on “Pay Tribute to Where We Are from and Remain Grateful – Walk with You Through Badminton” for Shanxi’s financial system from May 20 to 23, 2019. Our team that was composed of our employees played well during the intense competition, demonstrating our good image.



Case: Broadcast Gymnastics Show Involving 1,000 Participants

On September 17, 2019, we participated in the closing ceremony of “Happy National Day· Share Youth Games· Build Up Body” campaign and the show of the ninth set of broadcast gymnastics involving 1,000 participants. The participating employees fully carried forward the sportsmanship of unity, hard work and race to the top, showing our team style that our employees could fight a hard battle, dared to fight a hard battle and were good at fighting a hard battle.



6.2 Protect Employees' Rights and Interests

The management of the Bank pays high attention to the interests of the employees, considers the identification and utilization of talents as the basis of the Bank's development, and has established a workforce with necessary expertise and strong execution capacity. The Bank has established a complete post salary management system offering a clear career development path for its staff, to create a safe and guaranteed work environment for employees. At the same time, the Bank focuses on the identity review of applicants during the recruitment process and the legality and compliance of employment relationship. There is no child labor and forced labor in the Bank during the Reporting Period.

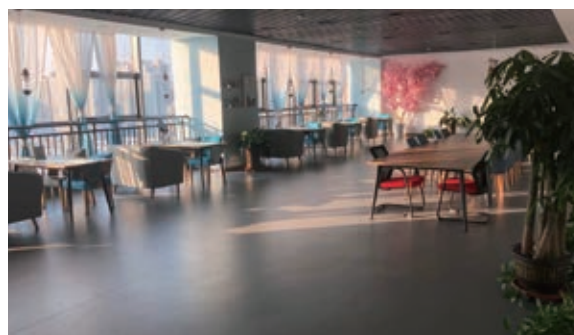
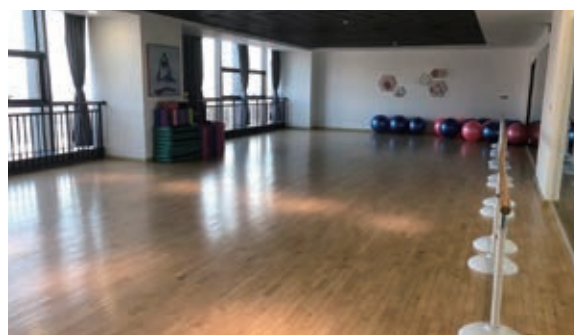
Strive to improve the operation mechanism for the meeting of the labor union committee

We made public our business management, employee benefits and major concerns of our employees through the meeting of the labor union committee, so as to fully mobilize the initiative of the cadres and employees to participate in the democratic management of the Bank and effectively guarantee our employees' rights to be the masters of the Bank.

During the Reporting Period, we organized the 8th and 9th meetings of the first session of the labor union committee, at which, the attending representatives deliberated the report on the Bank's business management, labor union's work report, report on solicitation for employee representatives' proposals, funding review report and relevant policies and methods, and approved such policies and measures as the Administrative Measures for the Leave of Absence and Vacation of Employees of Jinshang Bank, the Enterprise Annuity Plan of Jinshang Bank (Implementation Rules), the Administrative Measures for the Accountability of Jinshang Bank for Its Violations and the Opinions on the Establishment of Supplementary Medical Insurance for Employees. In the meantime, relevant employee supervisors were replaced and elected, and the annual performance report of employee supervisors was reviewed and approved.

Focus on the construction project of the "Five Small" rooms for the grassroots employees

We carried out the "Five Small" construction project focusing on building "small dining rooms, small reading rooms, small retiring rooms, small dressing rooms and small activity rooms" continuously in



2019, which was the fifth consecutive year for the project, in an effort to improve the working and living environment for the grassroots employees. Such activity not only helped greatly improve the working, studying and living environment of employees at the grassroots outlets but also made them feel the warmth from the Jinshang Bank big family, contributing to further enhancement in their cohesion and sense of belonging at work. In addition, we established an employee activity center with complete functions, first-class equipment and good environment, with an area of nearly 1,200 square meters, which was officially put into use during the Reporting Period.

Campaign to deliver warmth to employees

For employees who are in trouble, we insisted on visiting employees who were sick in hospital and sending our sympathy upon material events as well as caring for our needy employees and veteran cadres during Chinese New Year, and constantly helped needy employees with employee mutual aid funds.

In respect of employees' health, we organized employee medical examinations to keep our employees promptly informed of their own health status. We held an advanced female employees' symposium and flower arrangement talent show on Women's Day on March 8. We continued to arrange employees from the head office and four directly subordinate sub-branches in Taiyuan to participate in the medical mutual aid project for severe disease organized by Taiyuan City Federation of Trade Unions. We earnestly implemented the Regulations of Shanxi Province on Female Employees Labor Protection and strictly followed the relevant regulations on maternity leave, breastfeeding leave, and breastfeeding time for female employees.

Regarding employee benefits, we promptly revised the Specific Regulations of Jinshang Bank on Disbursement of Labor Union Funds for Visiting Employees During Festivals in accordance with relevant provisions of the Provincial Federation of Trade Unions to ensure that various benefits are paid to employees in time and in full.

With regard to employees' life, we arranged young employees to participate in the magpie bridge fellowship activity organized by the provincial government agencies and held the parent-child activities for our employees on the Children's Day.

Case: A Visit to Retired Cadres during the Spring Festival

On January 31, 2019, our leaders visited the veteran cadres to learn about their daily life and health status, and briefly introduced the work results of the Bank over the past year. While listening carefully to the veteran cadres' suggestions for the Bank, our leaders also expressed their gratitude for the veteran cadres' outstanding contributions to the business development of Jinshang Bank and sent greetings and good wishes for the Chinese New Year.



6.3 Promote Employees' Development

In 2019, the Bank formulated the Interim Measures for the Training Management of Jinshang Bank and the opinions on strengthening the education and training across the Bank, which were submitted to the main leaders for review. The Bank specified that efforts were made in building a knowledge-based, skill-based and innovation employee team and accurately grasp characteristics and needs of the front-office, mid-office and back-office posts. In the Bank, we mainly worked to promote line training, and outside the Bank, we encouraged active participation in socialized form education and examinations relating to professional qualifications and provided a certain percentage of reimbursement. The annual head office-level large trainings mainly included middle-level and top-level leader training, training for sub-branch presidents, new employee training and internal trainer training. The Assessment and Training Department collects the training plans of all branches and sub-branches directly under Jinshang Bank and the line training plans of departments at the head office at the beginning of each year and training summaries on a quarterly basis. During the Reporting Period, the Bank held and participated in 130 trainings involving 1,339 trainees cumulatively, and the training investment exceeded RMB10.14 million.

Table of trained employees across the Bank in 2019

Gender	Number of trained employees (person)	Percentage of trained employees	Length of training of employees (hour)	Length of training per employee (hour)
Male	535	28%	41,292	77
Female	804	33%	61,938	77

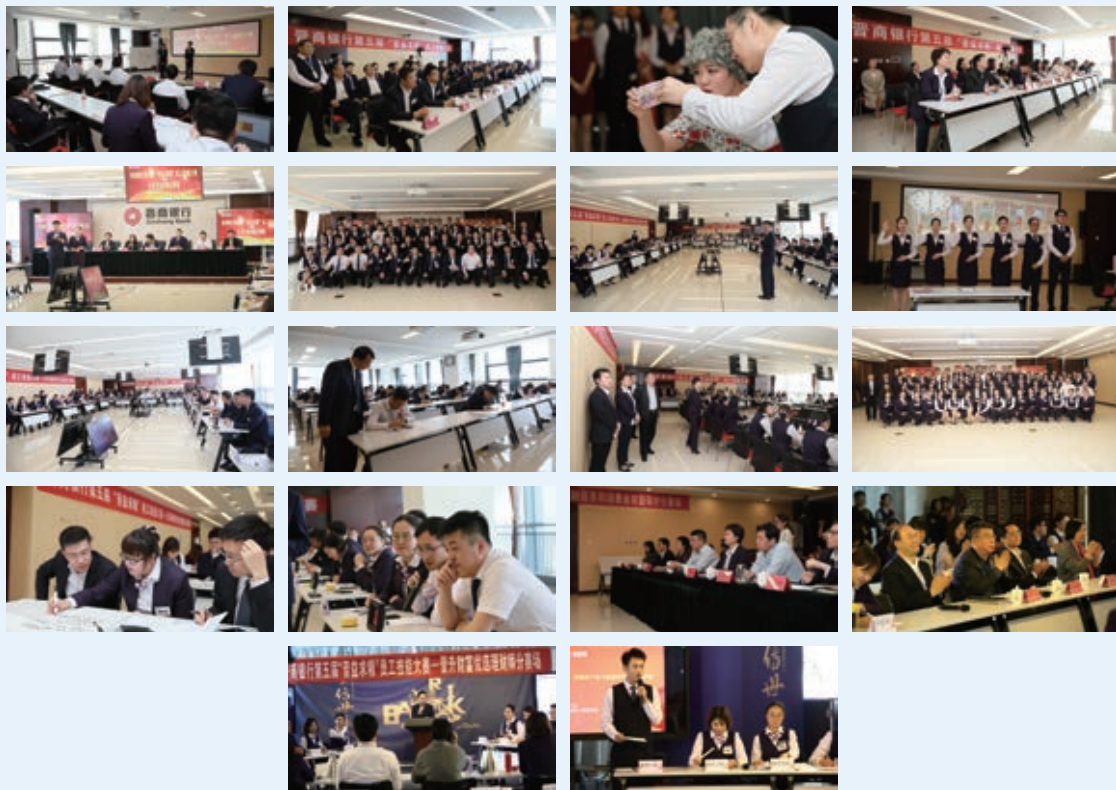
Type	Number of trained employees (person)	Length of training of employees (hour)	Length of training per employee (hour)
Senior management	11	616	56
Middle-level management	97	6,596	68
Grassroots employees	1,231	96,018	78



Case: The 5th Employee Skills Competition Themed on “Skills for Excellence of Jinshang”

In April 2019, we organized the 5th Employee Skills Competition themed on “Strive for Excellence of Jinshang” aiming at thoroughly building Jinshang Bank in the new era, with a focus on “breaking rules in six aspects”, “making efforts in six aspects”, “insisting on six aspects” and “making breakthroughs in six aspects”, in response to the intensified promotion of “Reform and Innovation, Striving for Prosperity” discussion event. The competition involved 15 projects in five major lines, specifically, corporate, retail, technology, operation and financial services. 443 players from 14 branches and sub-branches and IT department and energy department at the head office participated in the competition.

Through the competition, the Bank cultivated more than 300 technical experts and 355 line stars, 12 product innovations were granted the outstanding achievement award during the competition themed on “Five Small Contributions and Six Reforms” for the financial system of Shanxi Province. The emergence of a batch of craftsmen, technical experts and service stars of Jinshang Bank set examples and goals for all the employees and greatly aroused the enthusiasm of all employees to learn technology, practice skills and strive to become high-skilled talents, providing inexhaustible motivation and vitality for the development of Jinshang Bank.



VII. NEVER FORGET WHAT MAKES US TODAY AND REPAY SOCIETY

7.1 Enhance Service Quality

Adhering to the “customer-centric” service concept, the Bank integrated consumer rights protection into all aspects of corporate governance and continued to promote the construction of the mechanism. The Bank set up the Consumer Rights Protection Committee under the Board, with the senior management personnel of the Bank responsible for projects, implementation and development. By establishing a series of systems, the Bank had become the sole city commercial bank with an independent consumer rights protection department in the province, playing a leading role in effectively implementing the requirements of superior regulatory authorities for protection of consumer rights nationwide.

In terms of consumer rights protection, the Bank mainly carried out the following activities: (1) improved the construction of the mechanism, formulated detailed rules for complaint management and hall management services to improve the service system; (2) strengthened service management and further enhanced customer experience and improved service level by establishing a “benchmark network” model and strengthening innovation inspection; (3) improved the complaint mechanism, established a unified consumer complaint classification standard, and realized the normalization, standardization and routinization of the complaint handling and management process; (4) performed social responsibilities and continued to increase the publicity of financial knowledge and education efforts. In 2019, the accumulated number of the employees of the Bank participating in various publicity activities reached 3,559, a total of 1,709 on-site publicity activities were carried out, a total of 68,100 copies of publicity materials were distributed, a total of 45,200 WeChat text messages were sent, and a total of 101,800 customers were benefited, helping consumers improve safety concept and risk prevention ability; (5) cultivated service culture, strengthened corporate culture construction and established the culture concept of responsibility. During the Reporting Period, the Bank has received 54 valid customer complaints in total, which decreased by 9.26% compared to that of the preceding year, and the resolution rate of customer complaints reached 100%.

The Bank always treats customer information with strict confidentiality, and has strictly kept consumer private information collected confidential in strict compliance with relevant requirements of the Notice of the General Office of the China Banking Regulatory Commission on Matters Related to Strengthening Network Information Security and Customer Information Protection, and has formulated and implemented the Jinshang Bank Financial Information Safety Management Measures for Individual Customers to ensure consumer personal information and privacy security.

Case: “Dissemination of Financial Knowledge” Campaign

On June 3, 2019, we held a one-month “Dissemination of Financial Knowledge” campaign for 2019, which covered “Publicity on Personal Information Protection”, “Publicity on Prevention of Telecommunication Network Fraud”, “Publicity on Payment Security”, “Resistance against Illegal Fundraising” and “Promotion on Financial Knowledge”, with an aim to actively establish a long-term mechanism to enhance the public’s financial security awareness and risk prevention capabilities.



Case: 3 • 15 Consumer Rights Protection Promotion Week

In March 2019, we launched the “3 • 15 Consumer Rights Protection Promotion Week” campaign through news media, business outlets, the Internet and consumer complaint hotlines, aiming to improve the quality of financial services, popularize the knowledge of safe financial consumption and guide consumers to protect their rights in accordance with the law.



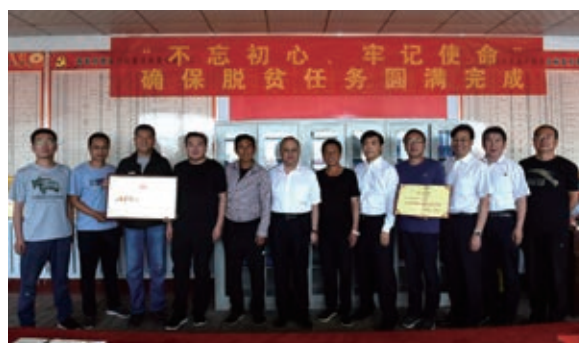
“Xiaojin” smart customer service product

During the Reporting Period, the Bank introduced “Xiaojin”, a smart customer service product, to provide customers with 24-7 consulting services. Leveraging advanced technologies such as natural language processing and cloud computing, humanized answers bring customers “temperature” communication, which provides a convenient and efficient service experience, and several major Fintech products complement each other to achieve accurate customer analysis and accurate service.

7.2 Improve Targeted Poverty Alleviation

Investment in rural industrial development

Since our participation in helping Xiguan Village and Zhangzhuang Village in Yunzhou District, Datong in 2015, we have based on our mission and responsibility led the two villages to find out a unique anti-poverty way by multiple measures and were awarded the “Model Unit in the Campaign of All Cadres in the Province Coming to Villages to Offer Help” by the provincial department of human resources and social security and the poverty relief office. We invested RMB2 million to support the industrial development of the two villages: first, by planting 130 mu of daylily, collective economic income exceeded RMB100,000 per year; second, by introducing a pig farm with a capacity of 10,000 pigs, all poor households were distributed cash bonus of RMB3,000 per person per year; third, we helped solve villagers’ worries by building new equipment for drying fresh apricots and daylily.



Create an e-commerce platform for poverty alleviation

To further support poverty alleviation and rural revitalization, we made full efforts to help the poor in Yunzhou District through e-commerce channels. While working to alleviate poverty in all aspects based on solid foundation, the head office offered great support in project planning, funding, sales channels and other aspects. We helped the poor in Yunzhou District through e-commerce channels to enhance their endogenous impetus for poverty alleviation and promote the integration of regional specialty products into the national market. After intense preparations, our e-commerce poverty alleviation workstation had been completed, and our “Jinshang Agricultural Product Shop for Poverty Alleviation” was introduced on Taobao.com in August 2019 and helped villagers to sell their self-grown agricultural products to other places. Special packaging optimization and brand building made these agricultural products suitable for online sale, contributing to farmers’ income increase.



Case: Build Loving Poverty Alleviation Supermarket

We assigned 10 poverty alleviation working teams consisting of 30 employees to help 10 villages in Huguan County, Changzhi City, where we carried out the “Eight Changes and Eight Requirements” project and invested RMB939,500 for upgrading their infrastructure, including roads, lighting, slope protection, etc. to help improve their look and life of their villagers. The working teams in Huguan, Changzhi built loving poverty alleviation supermarkets in the corresponding villages to support their construction. Instead of simply subsidizing directly, they stimulated villagers’ inherent power and encouraged villagers to earn points in proportion to their labor contributions and redeem the points earned for daily necessities from the poverty alleviation supermarkets, which became a highlight of the rural poverty alleviation work.



7.3 Build a Warm Bank

We took active part in social charity and various charitable activities and fulfilled our social responsibilities as a corporate to deliver love and warmth to more places and promote all sectors of the community to pay attention to public welfare. In 2019, we cumulatively donated RMB1.1 million by the Red Cross Society and aiding the education of poor students.



Case: Tree Planting Activity Themed on “Develop the Responsibility Sense and Take on the Commitment”

On May 4, 2019, the Bank arranged more than 30 young employees to Taitai Mountain for tree planting activity themed on “Develop the Sense of Responsibility and Take on the Commitment”. This activity not only improved young employees’ sense of responsibility in protecting the trees, water and soil, but also helped them firmly establish the concept of “protecting the ecological environment like protecting the eyes, and treating the ecological environment as life”. Moreover, it also further deepened the communication among young employees, making them more united in a better relationship.



Case: Learn-from-Lei Feng Volunteer Activities

From the end of February to the beginning of March 2019, the Bank organized learn-from-Lei Feng volunteer activities. All branches and sub-branches arranged staff to conduct activities such as clean the parking lots for buses and bicycles, remove the ads on the wall, and assist in directing traffic, contributing to the construction of a civilized city.



Since the outbreak of new coronavirus, we have resolutely implemented the epidemic prevention and control arrangements of the Party Central Committee, the State Council, the provincial Party committee, the provincial government and regulatory agencies. In response to the work requirements of the Party committee of the head office, we took support of epidemic prevention and control as a top priority of the current work and actively performed our social responsibilities. While making full efforts to safeguard financial services in relation to epidemic prevention and control and satisfying people's needs for financial services in the special period, we remained actively connected with the Red Cross Society of China Shanxi Branch and lent full support to public fundraising activities.

Case: Set up a Relief Fund together with the Red Cross Society of China Shanxi Branch

To support the prevention & control of COVID-19 in Shanxi Province, the Bank and the Red Cross Society of China Shanxi Branch jointly established the Charity Relief Fund for COVID-19 Prevention and Control, and donated RMB1 million cash to the Fund at the signing ceremony. This fund is mainly used as the pension for front-line medical staff and staff members who died on duty during the period of epidemic prevention and control, comfort fund for infection treatment, and living subsidies for medical staff.



Case: Got Praised and Received Silk Banner from Customers for Supporting the First-line Anti-epidemic Enterprises

Since the outbreak of the epidemic, the Bank has required all branches and sub-branches to provide high-quality financial services to customers, to actively contribute to the battle of epidemic prevention and control and supporting enterprises to resume work and production.

When we learned that a pharmacy chainstore company with limited liability was short of capital turnover, the Bank urgently raised RMB5 million for it in only 10 days from the collection of data to the completion of the loan, which met the company's capital needs for business turnover in time. The Company is a pharmaceutical distribution enterprise in Shanxi Province. During COVID-19 outbreak, it made great contributions to ensuring timely supply of drugs and materials for the epidemic prevention and control, helping Shanxi to fight against the COVID-19 and ensure the normal distribution of drugs.

On the morning of March 11, chairman of the company and other members came to Longcheng Branch directly under Jinshang Bank, and gave a silk banner with the words "fight against the epidemic with boundless love for financial support to Enterprises" to president of Longcheng Branch directly under Jinshang Bank, to thank its high-quality and efficient financial support for the company during the COVID-19 outbreak.



Prospects

2020 will be the end of the “13th Five-Year” plan, and China will build a moderately prosperous society in all respects by 2020. At the critical moment of the Reform, and in the context of the COVID-19 outbreak around the world and increasingly complex economic environment at home and abroad, Jinshang Bank will continue to work with all walks of life to actively respond to environmental changes, take the initiative to assume social responsibilities, and repay all stakeholders with what they expect from us with concrete actions.

In terms of economic responsibility, we will pool the strength of the whole bank based on synergy between various lines and departments to conduct in-depth research on cutting-edge and important topics such as the transformation and energy revolution of Shanxi Province, so as to provide top-level design for the Bank to better serve local economic development, make clear development and service direction, closely follow Shanxi's strategic deployment, and continuously improve the accuracy of our service capability.

In terms of environmental responsibility, we will continue to develop green finance, and develop specific implementation measures through the upgrade and optimization of traditional products, product research and application, through marketing objectives, management measures, mechanism guarantee and development of channels, to realize the green & sustainable development of the Bank. Meanwhile, we will practice the green development concept, integrate the green concept into our corporate culture and internal operation management, and encourage all staff to take green actions to create an energy-saving, environment-friendly and efficient office environment.

In terms of social responsibility, we will continue to focus on the needs of our customers, employees, communities and other stakeholders and provide customers with high-quality services; attach importance to talent management, effectively enhance employees' sense of identity, belonging and happiness, and provide them with broad career development opportunities; increase efforts in poverty alleviation, develop inclusive finance, and encourage all walks of life to participate in charitable undertakings.

Looking forward to the future, based on the development goals of “Comprehensive Development, Four Modernizations and Four-Efficiency”, the Bank will realize “efficiently meet market demand, efficiently provide financial products, efficiently achieve optimal investment returns, and efficiently and reasonably distribute operating profits” through “technical guidance, market-based talent selection and employment, professional business services, and systematic risk prevention and control”. Meanwhile, the Bank will improve the social responsibility management system, earnestly shoulder economic responsibility, environmental responsibility, social responsibility, to make unremitting efforts to create Jinshang Bank as a “Centennial Bank” in the new era for “serving local area with the most obvious industrial characteristics”!



Independent Limited Assurance Report

To the Board of Jinshang Bank Co., Ltd.,

We were engaged by the Board of Jinshang Bank Co., Ltd. (the “Bank”) to provide limited assurance on the 2019 Environmental, Social and Governance Report of the Bank for the year ended December 31, 2019 (the “ESG Report”).

I. Responsibilities of the Board

The Board of the Bank is solely responsible for the preparation and presentation of the 2019 ESG Report of the Bank, including the information and assertions contained within it, prepared in accordance with the disclosure recommendations of the Stock Exchange of Hong Kong Limited’s Guidelines for Environmental, Social and Governance Reporting (the “SEHK’s Guidelines”).

The Board of the Bank is also responsible for designing, implementing and maintaining necessary internal control that enables the preparation and presentation of the ESG report that is free from material misstatements, whether due to fraud or error.

II. Our responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a limited assurance conclusion based on the work performed. We conducted our work in accordance with International Standard on Assurance Engagements 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information.

We have complied with our independence and other relevant ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and complied with the applicable requirements of International Standard on Quality Control 1 to maintain a comprehensive system of quality control.

Our independent limited assurance report is made solely to the Bank in accordance with the terms of our engagement. Our work has been undertaken so that we might state to the Board of the Bank those matters we have been engaged to state in this independent limited assurance report and for no other purpose. We do not accept or assume any responsibility to any third party other than the Bank for our work, for this independent limited assurance report, or for the conclusions we have reached.

III. Summary of work performed

A limited assurance engagement on the ESG Report consists of making inquiries, of persons primarily responsible for the preparation of information presented in the ESG Report, and applying analytical and other procedures, as appropriate. Our procedures included:

- Inquiries of management to gain an understanding of the Bank's processes for determining the material issues for the Bank's key stakeholders;
- Interviews with management and relevant staff at the Bank concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- Interviews with relevant staff at the Bank responsible for providing the information in the ESG Report;
- A media analysis and an internet search for references to the Bank during the Reporting Period;
- Inquiries about the process of gathering and compilation of information as presented in the ESG Report, including the design and implementation of the relevant systems and methods;
- Comparing the information presented in the ESG Report to corresponding information in the relevant underlying sources by limited testing to determine whether key information contained in such underlying sources has been included in the ESG Report;
- Reconcile key financial data and figures in the ESG Report with the data and figures in the externally audited financial statements; and
- Reading the information presented in the ESG Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of the Bank.

The extent of evidence gathering procedures performed in the limited assurance engagement is less than that of a reasonable assurance engagement, and therefore, a lower level of assurance is provided. In addition, our work was not undertaken for the purpose of opining on the effectiveness of the Bank's systems and procedures.

IV. Conclusion

Based on the above procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the ESG Report of the Bank is not prepared, in all material respects, in accordance with the SEHK's Guidelines

KPMG Huazhen LLP

Beijing
June 29, 2020

ESG Indicator Index

Subject Areas and Aspects	General Disclosures	KPIs	Report Contents
A1 Emissions	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	A1.1 The types of emissions and the respective emissions data.	3.3 Advocate Green Office
		A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.3 Advocate Green Office
		A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable
		A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.3 Advocate Green Office
		A1.5 Description of measures to mitigate emissions and results achieved.	3.3 Advocate Green Office
		A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	3.3 Advocate Green Office
A2 Resource Utilization	Policies on the efficient use of resources, including energy, water and other raw materials	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	3.3 Advocate Green Office
		A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	3.3 Advocate Green Office
		A2.3 Description of energy use efficiency initiatives and results achieved.	3.3 Advocate Green Office
		A2.4 Description of whether there is any issue in sourcing suitable water, water efficiency initiatives and results achieved.	3.3 Advocate Green Office
		A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable
A3 Environment and Natural Resources	Policies on minimising the issuer's significant impact on the environment and natural resources.	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	III. Protect the Environment to Build a Green Home

Subject Areas and Aspects	General Disclosures	KPIs	Report Contents
B1 Employment	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.	B1.1 Total workforce by gender, employment type, age group and geographical region	6.1 Enrich Employees' Life 6.2 Protect Employees' Rights and Interests
		B1.2 Employee turnover rate by gender, age group and geographical region	6.1 Enrich Employees' Life
B2 Health and safety	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	B2.1 Number and rate of work-related fatalities.	Not applicable
		B2.2 Lost working days due to work injury.	Not applicable
		B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	6.2 Protect Employees' Rights and Interests
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	6.3 Promote Employees' Development
		B3.2 The average training hours completed per employee by gender and employee category.	6.3 Promote Employees' Development
B4 Labor Standards	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	B4.1 Description of measures to review employment practices to avoid child and forced labor.	6.2 Protect Employees' Rights and Interests
		B4.2 Description of steps taken to eliminate such practices when discovered.	Not applicable

Subject Areas and Aspects	General Disclosures	KPIs	Disclosure Location
B5 Supply Chain Management	Policies on managing environmental and social risks of the supply chain	B5.1 Number of suppliers by geographical region.	3.3 Advocate Green Office
		B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Note
B6 Product Responsibility	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable
		B6.2 Number of products and service related complaints received and how they are dealt with.	7.1 Enhance Service Quality
		B6.3 Description of practices relating to observing and protecting intellectual property rights.	2.3 Ensure Operation in Accordance with Laws
		B6.4 Description of quality assurance process and recall procedures.	Not applicable
		B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	7.1 Enhance Service Quality
B7 Anti-corruption	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Not applicable
		B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	2.3 Ensure Operation in Accordance with Laws
B8 Community Investment	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	7.3 Build a Warm Bank
		B8.2 Resources contributed (e.g. money or time) to the focus area.	7.3 Build a Warm Bank

Note: The Bank will disclose the relevant information in a planned manner in the future.



晋商银行
Jinshang Bank