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

(Stock Code: 0416)

(Stock Code of Preference Shares: 4615)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Board of Directors of Bank of Jinzhou Co., Ltd.* (錦州銀行股份有限公司) is pleased to announce the audited annual results of the Bank for the year ended 31 December 2020 prepared in accordance with the International Financial Reporting Standards (the “IFRSs”) promulgated by the International Accounting Standards Board. The Board and its audit committee have reviewed and confirmed the annual results.

1. CORPORATE INFORMATION

1.1 Corporate Basic Information

Legal Name and Abbreviation in Chinese:	錦州銀行股份有限公司 (Abbreviation: 錦州銀行)
Legal Name in English:	BANK OF JINZHOU CO., LTD. (Abbreviation: BANK OF JINZHOU)
Legal Representative:	Mr. Wei Xuekun
Authorised Representatives:	Mr. Wei Xuekun, Mr. Guo Wenfeng
Listing Exchange of H Shares:	Hong Kong Stock Exchange
Stock Name of H Shares:	BANKOFJINZHOU
Stock Code of H Shares:	0416
Listing Exchange of Offshore Preference Shares:	Hong Kong Stock Exchange
Stock Name of Offshore Preference Shares:	BOJZ 17USDPREF
Stock Code of Offshore Preference Shares:	4615

1.2 Contact Persons and Contact Details

Secretary to the Board:	Mr. Yu Jun, whose qualification is subject to the approval of regulatory authorities
Joint Company Secretaries:	Mr. Yu Jun, Ms. Leung Wing Han Sharon
Company Website:	www.jinzhoubank.com
E-mail:	webmaster@jinzhoubank.com
Telephone:	+ 86-416-3220002
Fax:	+ 86-416-3220003
Registered Address:	No. 68 Keji Road, Jinzhou City, Liaoning Province, the People's Republic of China
Principal Place of Business in Hong Kong:	40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong

2. FINANCIAL HIGHLIGHTS

Between the financial statements of the Bank prepared in accordance with China Accounting Standards for Business Enterprises and those in accordance with IFRSs, there is no difference in respect of the net profit attributable to Ordinary Shareholders of the Bank for the Reporting Period and the net asset attributable to Ordinary Shareholders of the Bank as at the end of the Reporting Period.

2.1 Financial Data

	For the year ended 31 December					
<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	2020	2019	2020 vs 2019 Change (%)	2018	2017	2016
Operating Results						
Interest income	37,344,545	47,820,476	(21.9)	46,002,674	39,943,533	27,897,191
Interest expense	(28,045,398)	(28,475,443)	(1.5)	(26,901,602)	(21,410,609)	(12,448,982)
Net interest income	9,299,147	19,345,033	(51.9)	19,101,072	18,532,924	15,448,209
Net fee and commission income	174,690	231,714	(24.6)	757,528	736,674	809,265
Net trading (losses)/gains	(118,122)	3,372,617	(103.5)	1,491,100	(278,264)	49,948
Dividend income	1,440	1,200	20.0	880	640	895
Net gains arising from investment securities	1,721	240,556	(99.3)	100,234	30,796	10,348
Net foreign exchange (losses)/gains	(78,105)	(42,008)	85.9	(183,660)	(239,637)	53,724
Other net operating income	28,522	20,587	38.5	16,045	22,859	41,460
Operating income	9,309,293	23,169,699	(59.8)	21,283,199	18,805,992	16,413,849
Operating expenses	(3,318,583)	(3,761,683)	(11.8)	(3,586,646)	(3,308,138)	(2,758,039)

For the year ended 31 December

(Expressed in thousands of

Renminbi, unless otherwise stated)

	2020	2019	2020 vs 2019 Change (%)	2018	2017	2016
Operating Results						
Operating profit before impairment	5,990,710	19,408,016	(69.1)	17,696,553	15,497,854	13,655,810
Impairment losses on assets	(5,662,563)	(20,846,120)	(72.8)	(23,683,718)	(3,444,523)	(2,784,895)
Profit/(loss) before taxation	328,147	(1,438,104)	(122.8)	(5,987,165)	12,053,331	10,870,915
Income tax (expense)/credit	(174,620)	327,858	(153.3)	1,449,054	(2,963,273)	(2,671,469)
Net profit/(loss)	153,527	(1,110,246)	(113.8)	(4,538,111)	9,090,058	8,199,446
Net profit/(loss) attributable to equity shareholders of the parent company	404,569	(958,545)	(142.2)	(4,593,447)	8,976,990	8,129,590
Calculated on a Per Share Basis (RMB)			Change			
Basic and diluted (losses)/ earnings per share	(0.02)	(0.12)	0.10	(0.77)	1.32	1.40

(Expressed in thousands of

Renminbi, unless otherwise stated)

	As at 31 December					
	2020	2019	2020 vs 2019 Change (%)	2018	2017	2016
Major Indicators of Assets/Liabilities						
Total assets	777,992,324	836,694,191	(7.0)	845,922,748	723,417,650	539,059,522
Of which: net loans and advances to customers	495,464,197	452,695,511	9.4	349,110,123	209,084,947	121,930,761
Total liabilities	706,750,144	777,188,742	(9.1)	785,159,604	663,252,922	496,165,210
Of which: deposits from customers	439,223,670	407,112,779	7.9	445,576,089	342,264,228	262,969,211
Share capital	13,981,616	7,781,616	79.7	7,781,616	6,781,616	6,781,616
Total equity attributable to equity shareholders of the parent company	67,659,191	55,671,418	21.5	56,777,412	56,230,555	39,035,430
Total equity	71,242,180	59,505,449	19.7	60,763,144	60,164,728	42,894,312

2.2 Financial Indicators

	For the year ended 31 December					
	2020	2019	2020 vs 2019	2018	2017	2016
Profitability Indicators (%)			Change			
Return on average total assets ⁽¹⁾	0.02	(0.13)	0.15	(0.58)	1.44	1.82
Return on average equity ⁽²⁾	0.78	(2.07)	2.85	(9.86)	21.03	25.16
Net interest spread ⁽³⁾	1.68	2.29	(0.61)	1.93	2.58	3.41
Net interest margin ⁽⁴⁾	1.42	2.48	(1.06)	2.46	2.88	3.67
Net fee and commission income						
to operating income ratio	1.88	1.00	0.88	3.56	3.92	4.93
Cost-to-income ratio ⁽⁵⁾	32.35	15.02	17.33	15.91	15.71	14.83
			As at 31 December			
	2020	2019	2020 vs 2019	2018	2017	2016
Assets Quality Indicators (%)			Change			
Non-performing loan ratio ⁽⁶⁾	2.07	7.70	(5.63)	4.99	1.04	1.14
Provision coverage ratio ⁽⁷⁾	198.67	115.01	83.66	123.75	268.64	336.30
Provision to loans ratio ⁽⁸⁾	4.11	8.86	(4.75)	6.18	2.81	3.84
Capital Adequacy Indicators (%)			Change			
Core tier-one capital						
adequacy ratio ⁽⁹⁾	8.23	5.15	3.08	6.07	8.44	9.79
Tier-one capital adequacy ratio ⁽¹⁰⁾	9.65	6.47	3.18	7.43	10.24	9.80
Capital adequacy ratio	11.76	8.09	3.67	9.12	11.67	11.62
Total equity to total assets	9.16	7.11	2.05	7.18	8.32	7.96

Notes:

- (1) Represents the net profit for the year as a percentage of the average balance of total assets at the beginning and the end of that year.
- (2) Represents the Bank's net profit attributable to the parent company for the year as a percentage of the average balance of net assets attributable to shareholders of ordinary shares of the parent company at the beginning and at the end of that year.
- (3) Calculated as the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities.
- (4) Calculated by dividing net interest income by average interest-earning assets, which was calculated based on the daily average of the interest-earning assets.
- (5) Cost-to-income ratio = operating expenses (excluding tax and surcharges)/operating income.
- (6) Non-performing loan ratio = total non-performing loans/total loans and advances to customers.
- (7) Provision coverage ratio = provision for impairment losses on loans/total non-performing loans.
- (8) Provision-to-loans ratio = provision for impairment losses on loans/total loans and advances to customers.
- (9) Core tier-one capital adequacy ratio = (core tier-one capital – corresponding capital deductions)/risk-weighted assets.
- (10) Tier-one capital adequacy ratio = (tier-one capital – corresponding capital deductions)/risk-weighted assets.

3. MANAGEMENT DISCUSSIONS AND ANALYSIS

3.1 Environment and Business Overview

The COVID-19 epidemic (“**Epidemic**”) has brought the world into a period of accelerated devolvement unprecedented in the past century. The international environment has become increasingly complex and led economic globalization to a standstill. However, peace and development remain a current topic, and win-win cooperation remains the trend. Affected by the Epidemic, China has imposed social distancing measures, which slowed down economic activities, exerted pressure on economy from both the consumption and the production perspectives, and affected the financial development sector. Our country has successively introduced and implemented a series of policy measures to scientifically fight against the Epidemic, resumed work and production, boosted the economy, and the economy has shown a stable recovery quarter by quarter, but the foundation of domestic economic recovery remains unsolid, and the problem of unbalanced and insufficient development remains insistent. The Fifth Plenary Session of the 19th Central Committee of the Party systematically planned and deployed the economic and social development work in the 14th Five-Year Plan period and scientifically drew the development blueprint for 2035, which provided the fundamental bases for the financial works in a new era. China has migrated to a stage of high-quality development. The foundation for a stable and long-term economic upturn remain unchanged with the economy persisting with the fundamental characteristics of sufficient potential, strong resilience, larger room for maneuver and abundant policy tools. Our country’s economy is returning to normal, its internal vitality is gradually enhanced, and actively creating a new dual-cycle development pattern. Prudent monetary policies will be more flexible, precise, reasonable and moderate, and the supply-side reforms in the financial sector will be further advanced to support the real economy effectively, enhance the efficiency of financial resource allocations, continue to prevent and defuse financial risks, improve standards of financial services, and provide strong financial support for accelerating the construction of a new development pattern.

During the Reporting Period, the Epidemic has caused the Bank to face challenges such as disruption of offline business and exerted pressure on our credit risk, while the new industries emerging from the Epidemic have guided the Bank to adjust its business composition. The Bank actively responded to the Epidemic and turned it into an opportunity by coordinating the prevention and control of the Epidemic, promoted financial services and business development, strengthened the comprehensive leadership of the party, enhanced level of corporate governance, and formulated a three-year strategic development plan to pursue strategic transformation. The Bank implemented reform and reorganization to enhance its capital strength, optimize its capital structure and strengthen its ability to resist risks. The Bank also focused on its main responsibilities and main businesses, implemented the original mission of “Three Services” by launching the “Chunjin Plan” (春錦計劃), supported enterprises in resuming work and production, provided precise support to major projects and key enterprises affected by the Epidemic, focused on inclusive finance, and continuously increased financial services protection, supported regional economic development. The Bank implemented institutional reform, reshaped its credit management system, carried out data governance in an orderly manner, continuously strengthen risk control, improved internal control compliance gradually and consolidated the foundation of internal management effectively. By accelerating online and offline integration, commencing digitalisation transformation at the backdrop of smart city scene construction. The Bank strived to mitigate the impact of the Epidemic by taking a series of measures and has laid a solid foundation for its sustainable future development.

During the Reporting Period, the Bank’s operating income was RMB9.309 billion, representing a year-on-year decrease of 59.8%, and net profit was RMB154 million. As at the end of the Reporting Period, the Bank’s total assets amounted to RMB777.992 billion, representing a year-on-year decrease of 7.0%; net amount of loans and advances granted amounted to RMB495.464 billion, representing a year-on-year increase of 9.4%, and the non-performing loan ratio was 2.07%; the balance of deposits amounted to RMB439.224 billion, representing a year-on-year increase of 7.9%. As at the end of the Reporting Period, the Bank’s capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio were 11.76%, 9.65% and 8.23%, respectively.

3.2 Benefits of the Significant Asset Reorganization

In order to improve the assets quality and internal the Subscription of Debt Instruments level of the assets of the Bank, improve capital adequacy ratio and liquidity, and enhance the momentum of sustainable development, the Bank implemented a significant asset reorganization during the Reporting Period, including the Proposed Private Placement, the Disposal and Debt Instrument Subscription. Since the Disposal and the Debt Instrument Subscription have been completed on 27 July 2020, the relevant credit assets and other assets have been fully disposed of and are no longer accounted for in the consolidated financial statements of the Bank. On 30 September 2020, the Proposed Private Placement was completed and the relevant registration of changes in Shareholders had also completed. Therefore, the significant asset reorganization of the Bank had completed during the Reporting Period.

Through the above significant asset reorganization, the Bank has introduced strong strategic investors which optimized its shareholding structure, supplemented its capital strength, improved its capital adequacy ratio, further optimized its asset structure, improved its ability to resist risks, enhanced development momentum, profitability and comprehensive competitiveness, thus provided guarantee for the overall sound operation and achieved stable, healthy and sustainable development.

3.3 Analysis of the Financial Statements

3.3.1 Analysis of the income statement

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended 31 December			Rate of change (%)
	2020	2019	Change in amount	
Interest income	37,344,545	47,820,476	(10,475,931)	(21.9)
Interest expense	(28,045,398)	(28,475,443)	430,045	(1.5)
Net interest income	9,299,147	19,345,033	(10,045,886)	(51.9)
Net fee and commission income	174,690	231,714	(57,024)	(24.6)
Net trading (losses)/gains	(118,122)	3,372,617	(3,490,739)	(103.5)
Dividend income	1,440	1,200	240	20.0
Net gains arising from investment securities	1,721	240,556	(238,835)	(99.3)
Net foreign exchange losses	(78,105)	(42,008)	(36,097)	85.9
Other net operating income	28,522	20,587	7,935	38.5
Operating income	9,309,293	23,169,699	(13,860,406)	(59.8)
Operating expenses	(3,318,583)	(3,761,683)	443,100	(11.8)
Operating profit before impairment	5,990,710	19,408,016	(13,417,306)	(69.1)
Impairment losses on assets	(5,662,563)	(20,846,120)	15,183,557	(72.8)
Profit/(loss) before tax	328,147	(1,438,104)	1,766,251	(122.8)
Income tax (expense)/credit	(174,620)	327,858	(502,478)	(153.3)
Net profit/(loss) for the year	153,527	(1,110,246)	1,263,773	(113.8)

During the Reporting Period, the Bank's profit before tax was RMB328 million and net profit was RMB154 million. Net interest income was RMB9,299 million, representing a decrease of RMB10,046 million or 51.9% as compared with that for the year ended 31 December 2019, primarily because the completion of the Disposal by the Bank led to the decrease in average balance and the average yield of interest-earning assets.

3.3.1.1 Net interest income

Net interest income accounted for the largest portion of the Bank's operating income, representing 99.9% and 83.5% of operating income for the Reporting Period and the year ended 31 December 2019, respectively. The following table sets forth, for the years indicated, the interest income, interest expense and net interest income of the Bank:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended 31 December			Rate of change (%)
	2020	2019	Change in amount	
Interest income	37,344,545	47,820,476	(10,475,931)	(21.9)
Interest expense	<u>(28,045,398)</u>	<u>(28,475,443)</u>	<u>430,045</u>	(1.5)
Net interest income	<u>9,299,147</u>	<u>19,345,033</u>	<u>(10,045,886)</u>	(51.9)

The following table sets forth, for the years indicated, the average balance of interest-earning assets and interest-bearing liabilities, the relevant interest income or expense and relevant average yield on interest-earning assets or relevant average cost on interest-bearing liabilities of the Bank:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended 31 December					
	Average balance	2020 Interest income/ expense	Average yield/ cost (%)	Average balance	2019 Interest income/ expense	Average yield/ cost (%)
Interest-Earning Assets						
Loans and advances to customers	420,041,875	27,013,583	6.43	418,970,194	28,744,866	6.86
Investment securities and other financial assets	161,189,488	8,769,075	5.44	280,344,064	16,918,411	6.03
Deposits with the central bank	45,808,596	704,814	1.54	50,658,032	783,992	1.55
Deposits with banks and other financial institutions	7,616,576	127,585	1.68	12,112,058	274,390	2.27
Placements with banks and other financial institutions	6,837,451	277,582	4.06	6,241,180	378,505	6.06
Financial assets held under resale agreements	7,164,898	134,629	1.88	3,070,714	75,467	2.46
Finance lease receivables	<u>5,227,437</u>	<u>317,277</u>	6.07	<u>8,257,890</u>	<u>644,845</u>	7.81
Total interest-earning assets	<u>653,886,321</u>	<u>37,344,545</u>	5.71	<u>779,654,132</u>	<u>47,820,476</u>	6.13

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended 31 December					
		2020			2019	
	Average balance	Interest income/ expense	Average yield/ cost (%)	Average balance	Interest income/ expense	Average yield/ cost (%)
Interest-Bearing Liabilities						
Deposits from customers	396,057,927	14,904,522	3.76	434,326,716	15,355,016	3.54
Deposits from banks and other financial institutions	156,635,816	7,771,528	4.96	150,091,537	7,239,261	4.82
Placements from banks and other financial institutions	14,373,567	469,524	3.27	27,939,865	1,175,230	4.21
Financial assets sold under repurchase agreements	15,068,002	403,614	2.68	26,950,768	757,419	2.81
Debt securities issued	113,884,172	4,472,319	3.93	86,494,834	3,282,233	3.79
Borrowing from the central bank	<u>568,576</u>	<u>23,891</u>	4.20	<u>16,175,348</u>	<u>666,284</u>	4.12
Total interest-bearing liabilities	<u>696,588,060</u>	<u>28,045,398</u>	4.03	<u>741,979,068</u>	<u>28,475,443</u>	3.84
Net interest income		9,299,147			19,345,033	
Net interest spread ⁽¹⁾			1.68			2.29
Net interest margin ⁽²⁾			1.42			2.48

Notes:

- (1) Calculated as the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities.
- (2) Calculated by dividing net interest income by the average interest-earning assets (based on the daily average of the interest-earning assets).

The following table sets forth, for the years indicated, the changes in the Bank's interest income and interest expense attributable to changes in volume and interest rate. Changes in volume are measured by changes in the average balances of interest-earning assets and interest-bearing liabilities and changes in interest rate are measured by the average interest rates of the interest-earning assets and interest-bearing liabilities. Effect of changes caused by both volume and interest rate has been allocated to changes in net interest income.

	For the year ended 31 December 2020 vs 2019		
<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	Increase / (decrease) due to volume⁽¹⁾	interest rate⁽²⁾	Net increase/ (decrease)⁽³⁾
Interest-Earning Assets			
Loans and advances to customers	73,526	(1,804,809)	(1,731,283)
Investment securities and other financial assets	(7,190,829)	(958,507)	(8,149,336)
Deposits with the central bank	(75,051)	(4,127)	(79,178)
Deposits with banks and other financial institutions	(101,842)	(44,963)	(146,805)
Placements with banks and other financial institutions	36,162	(137,085)	(100,923)
Financial assets held under resale agreements	100,620	(41,458)	59,162
Finance lease receivables	(236,643)	(90,925)	(327,568)
Changes in interest income	<u>(7,394,057)</u>	<u>(3,081,874)</u>	<u>(10,475,931)</u>
Interest-Bearing Liabilities			
Deposits from customers	(1,352,940)	902,446	(450,494)
Deposits from banks and other financial institutions	315,646	216,621	532,267
Placements from banks and other financial institutions	(570,637)	(135,069)	(705,706)
Financial assets sold under repurchase agreements	(333,951)	(19,854)	(353,805)
Debt securities issued	1,039,347	150,739	1,190,086
Borrowing from the central bank	(642,864)	471	(642,393)
Changes in interest expense	<u>(1,545,399)</u>	<u>1,115,354</u>	<u>(430,045)</u>
Changes in net interest income	<u><u>(5,848,658)</u></u>	<u><u>(4,197,228)</u></u>	<u><u>(10,045,886)</u></u>

Notes:

- (1) Represents the average balance for the Reporting Period minus the average balance for the previous year, multiplied by the average yield/average cost for such previous year.
- (2) Represents the average yield/average cost for the Reporting Period minus the average yield/average cost for the previous year, multiplied by the average balance for the year.
- (3) Represents interest income or expense for the Reporting Period minus interest income or expense for the previous year.

3.3.1.2 Interest income

The following table sets forth, for the years indicated, the breakdown of the Bank's interest income:

	For the year ended 31 December			
	2020		2019	
<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	Amount	% of total	Amount	% of total
Loans and advances to customers				
Corporate loans and advances	26,344,475	70.6	27,649,787	57.8
Personal loans	417,313	1.1	635,024	1.3
Discounted bills	251,795	0.7	460,055	1.0
Subtotal	<u>27,013,583</u>	<u>72.4</u>	<u>28,744,866</u>	<u>60.1</u>
Investment securities and other financial assets	8,769,075	23.5	16,918,411	35.4
Deposits with the central bank	704,814	1.9	783,992	1.6
Deposits with banks and other financial institutions	127,585	0.3	274,390	0.6
Financial assets held under resale agreements	134,629	0.4	75,467	0.2
Placements with banks and other financial institutions	277,582	0.7	378,505	0.8
Finance lease receivables	<u>317,277</u>	<u>0.8</u>	<u>644,845</u>	<u>1.3</u>
Total	<u><u>37,344,545</u></u>	<u><u>100.0</u></u>	<u><u>47,820,476</u></u>	<u><u>100.0</u></u>

The Bank's interest income decreased by 21.9% to RMB37,344,545,000 in the Reporting Period from RMB47,820,476,000 for the year ended 31 December 2019, mainly due to the downsize of the average daily size of interest-earning assets caused by the Disposal of the Bank and the decrease in the average yield of interest-earning assets, resulting in the decrease of corresponding interest income.

(1) Interest income from loans and advances to customers

Interest income from loans and advances to customers constituted a large component of the Bank's interest income, representing 72.4% and 60.1% of the Bank's interest income in the Reporting Period and for the year ended 31 December 2019, respectively. The following table sets forth, for the years indicated, the average balance of loans and advances to customers, relevant interest income and average yield for loans and advances to customers:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended 31 December					
	Average balance	2020 Interest income	Average yield (%)	Average balance	2019 Interest income	Average yield (%)
Corporate loans and advances	400,524,629	26,344,475	6.58	401,362,964	27,649,787	6.89
Personal loans	9,749,546	417,313	4.28	10,826,579	635,024	5.87
Discounted bills	9,767,700	251,795	2.58	6,780,651	460,055	6.78
Total	420,041,875	27,013,583	6.43	418,970,194	28,744,866	6.86

Interest income from loans and advances to customers decreased by 6.0% from RMB28,744,866,000 for the year ended 31 December 2019 to RMB27,013,583,000 in the Reporting Period, primarily due to a decrease in the average yield on loans and advances, partially offset by an increase in interest income from an increase in average balance. The average balance of loans and advances to customers increased by 0.3% from RMB418,970,194,000 for the year ended 31 December 2019 to RMB420,041,875,000 in the Reporting Period, primarily because (i) the Bank reclassified the business type of certain beneficial interest transfer plan measured at amortised cost to loans; and (ii) the Bank appropriately increased the amount of loans based on the development needs for the real economy and its own business development plans. The average yield decreased from 6.86% for the year ended 31 December 2019 to 6.43% in the Reporting Period, primarily because (i) the size of loans with higher yield downsized as a result of the Disposal; and (ii) the Bank implemented national policies, actively benefited the real economy and supported enterprises affected by the Epidemic to resume work and production, resulting in lower yields on newly granted loans.

(2) Interest income from investment securities and other financial assets

Interest income from investment securities and other financial assets decreased by 48.2% from RMB16,918,411,000 for the year ended 31 December 2019 to RMB8,769,075,000 in the Reporting Period, primarily due to the decreases in the average balance and average yield of investment securities and other financial assets. The average balance of investment securities and other financial assets decreased by 42.5% from RMB280,344,064,000 for the year ended 31 December 2019 to RMB161,189,488,000 in the Reporting Period, primarily due to (i) the Bank reclassified the business type of certain beneficial interest transfer plan measured at amortised cost to loans; and (ii) the decrease in the scale the beneficial interest transfer plans measured at the amortized cost due to the impact of the Disposal. The average yield decreased to 5.44% in the Reporting Period from 6.03% for the year ended 31 December 2019, mainly due to (i) the decrease in amount of the beneficial rights transfer plan with higher yield measured at amortised cost as a result of the Disposal; and (ii) the RMB75.0 billion directional debt instrument with 2.25% of yield subscribed by the Bank as part of its significant asset reorganization.

(3) Interest income from deposits with the central bank

Interest income from deposits with the central bank decreased by 10.1% from RMB783,992,000 for the year ended 31 December 2019 to RMB704,814,000 in the Reporting Period, primarily due to the decrease in the average balance of deposits with the central bank. The average balance of funds deposited with the central bank decreased by 9.6% from RMB50,658,032,000 for the year ended 31 December 2019 to RMB45,808,596,000 for the Reporting Period, mainly due to the decrease in the average daily balance of general deposits and the decrease in the average balance of funds deposited with the central bank as a result of the 0.5 percentage point reduction in the statutory deposit reserve ratio during the Reporting Period.

(4) Interest income from deposits with banks and other financial institutions

Interest income from deposits with banks and other financial institutions decreased by 53.5% from RMB274,390,000 for the year ended 31 December 2019 to RMB127,585,000 in the Reporting Period, mainly due to the decrease in average balance and average yield of the Bank's deposits with banks and other financial institutions. The average balance of the Bank's deposits with banks and other financial institutions decreased by 37.1% to RMB7,616,756,000 from RMB12,112,058,000 for the year ended 31 December 2019, which was mainly due to the adjustment of interbank asset structure of the Bank. The average yield decreased from 2.27% for the year ended 31 December 2019 to 1.68% in the Reporting Period, primarily because the Bank shortened the maturity of deposits with interbank and in market interest rates decrease during the Reporting Period.

(5) Interest income from placements with banks and other financial institutions

Interest income from placements with banks and other financial institutions decreased by 26.7% from RMB378,505,000 for the year ended 31 December 2019 to RMB277,582,000 in the Reporting Period, primarily due to the decrease in the average yield of placements with banks and other financial institutions, partially offset by the increase in interest income due to the increase in the average balance. The average balance of placements with banks and other financial institutions increased by 9.6% from RMB6,241,180,000 for the year ended 31 December 2019 to RMB6,837,451,000 in the Reporting Period, which was mainly due to the increase in transaction volume of RMB of placements with banks and other financial institutions business. The average yield of placements with banks and other financial institutions decreased from 6.06% for the year ended 31 December 2019 to 4.06% in the Reporting Period.

(6) Interest income from financial assets held under resale agreements

Interest income from financial assets held under resale agreements increased by 78.4% to RMB134,629,000 in the Reporting Period from RMB75,467,000 for the year ended 31 December 2019, primarily due to the increase in interest income brought by the increase in average balance of financial assets held under resale agreements, partially offset by the decrease in interest income due to the decline in the average yield. The average balance of financial assets held under resale agreements increased by 133.3% to RMB7,164,898,000 in the Reporting Period from RMB3,070,714,000 for the year ended 31 December 2019, primarily because the Bank increased its amount of financial assets held under resale agreements due to the need to balance gains and liquidity management. The average yield decreased from 2.46% for the year ended 31 December 2019 to 1.88% for the Reporting Period, mainly due to the decrease in interest rates in interbank capital market.

(7) Interest income from finance lease receivables

Interest income from finance lease receivables decreased by 50.8% to RMB317,277,000 in the Reporting Period from RMB644,845,000 for the year ended 31 December 2019, primarily due to the decrease in average balance and average yield of finance lease receivables. The average balance of finance lease receivables decreased by 36.7% from RMB8,257,890,000 for the year ended 31 December 2019 to RMB5,227,437,000 for the Reporting Period, mainly due to the increase in credit risks of certain industries and enterprises under the impact of the uncertainty of macroeconomy and the Epidemic, which put pressure on the investment in new projects, and the business recovery progress was accelerated while investment in the finance leasing business slowed down. The average yield decreased from 7.81% for the year ended 31 December 2019 to 6.07% for the Reporting Period.

3.3.1.3 Interest expense

The following table sets forth, for the years indicated, the principal components of the Bank's interest expense:

	For the year ended 31 December			
	2020		2019	
<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	Amount	% of total	Amount	% of total
Deposits from customers	14,904,522	53.2	15,355,016	54.0
Deposits from banks and other financial institutions	7,771,528	27.7	7,239,261	25.4
Placements from banks and other financial institutions	469,524	1.7	1,175,230	4.1
Financial assets sold under repurchase agreements	403,614	1.4	757,419	2.7
Debt securities issued	4,472,319	15.9	3,282,233	11.5
Borrowing from the central bank	23,891	0.1	666,284	2.3
Total	28,045,398	100.0	28,475,443	100.0

Interest expense of the Bank decreased by 1.5% from RMB28,475,443,000 for the year ended 31 December 2019 to RMB28,045,398,000 during the Reporting Period, mainly due to the decrease in the average balance of interest-bearing liabilities.

(1) Interest expense on deposits from customers

The following table sets forth the average balance, interest expense and average cost for each component of the Bank's deposits from customers:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended 31 December					
	Average balance	2020 Interest expense	Average cost (%)	Average balance	2019 Interest expense	Average cost (%)
Corporate deposits						
Demand	40,208,710	553,518	1.38	41,345,975	549,778	1.33
Time	55,477,552	1,265,467	2.28	120,235,235	3,608,647	3.00
Subtotal	<u>95,686,262</u>	<u>1,818,985</u>	1.90	<u>161,581,210</u>	<u>4,158,425</u>	2.57
Personal deposits						
Demand	25,146,793	594,554	2.36	23,391,558	539,133	2.30
Time	275,224,872	12,490,983	4.54	249,353,948	10,657,458	4.27
Subtotal	<u>300,371,665</u>	<u>13,085,537</u>	4.36	<u>272,745,506</u>	<u>11,196,591</u>	4.11
Total deposits from customers	<u>396,057,927</u>	<u>14,904,522</u>	3.76	<u>434,326,716</u>	<u>15,355,016</u>	3.54

Interest expense on deposits from customers decreased by 2.9% to RMB14,904,522,000 in the Reporting Period from RMB15,355,016,000 for the year ended 31 December 2019, primarily due to the decrease in the average balance of the Bank's deposits from customers, partially offset by the increase in interest expense caused by the increase in average yield. The average balance of deposits from customers decreased by 8.8% from RMB434,326,716,000 for the year ended 31 December 2019 to RMB396,057,927,000 for the Reporting Period, which was mainly due to the decrease in average balance of corporate deposits of the Bank during the Reporting Period.

(2) Interest expense on deposits from banks and other financial institutions

Interest expense on deposits from banks and other financial institutions increased by 7.4% to RMB7,771,528,000 in the Reporting Period from RMB7,239,261,000 for the year ended 31 December 2019, primarily due to the increase in the average balance of deposits from banks and other financial institutions. The average balance of deposits with interbank and other financial institutions increased by RMB6,544,279,000 from RMB150,091,537,000 for the year ended 31 December 2019 to RMB156,635,816,000 for the Reporting Period.

(3) Interest expense on placements from banks and other financial institutions

Interest expense on placements from banks and other financial institutions decreased by 60.0% to RMB469,524,000 in the Reporting Period from RMB1,175,230,000 for the year ended 31 December 2019, primarily due to the decrease in average balance and average cost of placements from banks and other financial institutions. The average balance of placements from banks and other financial institutions decreased by 48.6% to RMB14,373,567,000 in the Reporting Period from RMB27,939,865,000 for the year ended 31 December 2019, primarily due to the decrease of trade volume of foreign currency placements from banks and other financial institutions by the Bank. The average cost of placements from banks and other financial institutions decreased from 4.21% for the year ended 31 December 2019 to 3.27% in the Reporting Period, primarily due to the decrease in the average interest rate in the capital market during the Reporting Period.

(4) Interest expense on financial assets sold under repurchase agreements

Interest expense on financial assets sold under repurchase agreements decreased by 46.7% to RMB403,614,000 in the Reporting Period from RMB757,419,000 for the year ended 31 December 2019, primarily due to the decrease in average balance and the decline in average cost. The average balance of financial assets sold under repurchase agreements decreased by 44.1% to RMB15,068,002,000 in the Reporting Period from RMB26,950,768,000 for the year ended 31 December 2019, mainly because the Bank reduced the transaction volume sold under repurchase agreements. The average cost of financial assets sold under repurchase agreements decreased to 2.68% in the Reporting Period from 2.81% for the year ended 31 December 2019, primarily due to the decline in the average interest rate in the capital market during the Reporting Period.

(5) Interest expense on debt securities issued

Interest expense payable on debts securities increased by 36.3% to RMB4,472,319,000 in the Reporting Period from RMB3,282,233,000 for the year ended 31 December 2019, which was mainly due to the increase in the average balance of debt securities issued by the Bank and the average cost. The average balance of debt securities payable by the Bank increased by 31.7% to RMB113,884,172,000 in the Reporting Period from RMB86,494,834,000 for the year ended 31 December 2019, which was mainly due to the increase in issuance of interbank certificates of deposit by the Bank. The average cost increased to 3.93% in the Reporting Period from 3.79% for the year ended 31 December 2019, which was mainly due to the increase in the average cost of interbank certificates of deposit.

(6) Interest expense on borrowing from the central bank

During the Reporting Period, the Bank's interest expense on borrowing from the central bank decreased by 96.4% to RMB23,891,000 in the Reporting Period from RMB666,284,000 for the year ended 31 December 2019, primarily due to the decrease in the average balance of borrowing from the central bank. The average balance of borrowings from the central bank decreased by 96.5% from RMB16,175,348,000 for the year ended 31 December 2019 to RMB568,576,000 for the Reporting Period mainly due to the decrease in the average balance for payment of central bank borrowings as a result of the improvement in liquidity after the completion of the Bank's significant asset reorganisation during the Reporting Period.

3.3.1.4 Net interest spread and net interest margin

Net interest spread is the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities. Net interest margin is the ratio of net interest income to the average balance of interest-earning assets.

The net interest spread decreased to 1.68% in the Reporting Period as compared to 2.29% for the year ended 31 December 2019 and the net interest margin decreased to 1.42% in the Reporting Period as compared to 2.48% for the year ended 31 December 2019, primarily due to the decrease in the average yield of the Bank's interest-earning assets and the increase in the average cost of the interest-bearing liabilities.

3.3.1.5 Non-interest income

(1) Net fee and commission income

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended 31 December			Rate of change (%)
	2020	2019	Change	
Fee and commission income				
Agency services fees	18,309	56,579	(38,270)	(67.6)
Settlement and clearing fees	56,341	84,912	(28,571)	(33.6)
Wealth management service fees	129,090	172,926	(43,836)	(25.3)
Underwriting and advisory fees	19,209	49,422	(30,213)	(61.1)
Bank card service fees	13,922	11,683	2,239	19.2
Others	6,882	46,770	(39,888)	(85.3)
Subtotal	243,753	422,292	(178,539)	(42.3)
Fee and commission expense				
Settlement and clearing fees	34,546	41,826	(7,280)	(17.4)
Others	34,517	148,752	(114,235)	(76.8)
Subtotal	69,063	190,578	(121,515)	(63.8)
Net fee and commission income	174,690	231,714	(57,024)	(24.6)

The fee and commission income decreased by 42.3% to RMB243,753,000 in the Reporting Period as compared to RMB422,292,000 for the year ended 31 December 2019, primarily due to the decrease in the wealth management service fees of the Bank. The wealth management service fees decreased by 25.3% from RMB172,926,000 for the year ended 31 December 2019 to RMB129,090,000 for the Reporting Period.

Fee and commission expense primarily consists of expenses paid to third parties in connection with the Bank's settlement and clearance, trade financing, bank card, agency and consultancy businesses. The Bank's fee and commission expense decreased by 63.8% to RMB69,063,000 in the Reporting Period as compared to RMB190,578,000 for the year ended 31 December 2019.

(2) Net trading (losses)/gains

Net trading (losses)/gains primarily comprise net gains or losses from trading financial instruments and financial assets and liabilities designated at fair value through profit or loss. During the Reporting Period, the Bank incurred a net trading loss of RMB118 million but recorded a net trading gain of RMB3,373 million for the year ended 31 December 2019, primarily due to (i) the decrease in the scale of investment business designated at fair value and which changes are included in the profit or loss of that period as a result of the Disposal; (ii) a decrease in the size of investments corresponding to the decrease in structured deposit products; and (iii) the price volatility in the bond market.

(3) Dividend income

Dividend income increased by 20.0% to RMB1,440,000 in the Reporting Period from RMB1,200,000 for the year ended 31 December 2019.

(4) Net gains arising from investment securities

Net gains from investment securities decreased by 99.3% to RMB1,721,000 in the Reporting Period from RMB240,556,000 for the year ended 31 December 2019, which was mainly due to the decrease in the disposal of investment securities by the Bank during the Reporting Period.

(5) Net foreign exchange losses

Net foreign exchange losses increased by 85.9% to RMB78,105,000 in the Reporting Period from RMB42,008,000 for the year ended 31 December 2019, primarily due to the effect of the changes in the foreign exchange rates.

(6) Other net operating income

Other net operating income increased by 38.5% to RMB28,522,000 in the Reporting Period from RMB20,587,000 for the year ended 31 December 2019, which was mainly due to the addition of government subsidy income from the deferred support instrument for inclusive loans of the micro and small enterprises of the Bank during the Reporting Period.

3.3.1.6 Operating expenses

During the Reporting Period, the Bank's operating expenses was RMB3,318,583,000, representing a decrease of RMB443,100,000 or 11.8% from the year ended 31 December 2019.

For the year ended 31 December				
<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	2020	2019	Change	Rate of change (%)
Staff costs	1,514,592	1,857,441	(342,849)	(18.5)
General and administrative expenses	920,317	994,043	(73,726)	(7.4)
Tax and surcharges	307,338	281,934	25,404	9.0
Depreciation and amortisation	560,545	556,207	4,338	0.8
Others	<u>15,791</u>	<u>72,058</u>	<u>(56,267)</u>	(78.1)
Total operating expenses	<u>3,318,583</u>	<u>3,761,683</u>	<u>(443,100)</u>	(11.8)

(1) Staff costs

The following table sets forth, for the years indicated, the principal components of the Bank's staff costs:

For the year ended 31 December				
<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	2020	2019	Change	Rate of change (%)
Salaries and bonuses	1,140,689	1,350,363	(209,674)	(15.5)
Social insurance	106,324	262,470	(156,146)	(59.5)
Housing allowances	119,959	110,868	9,091	8.2
Staff welfare	61,328	54,435	6,893	12.7
Supplementary retirement benefit	24,391	2,425	21,966	905.8
Other long-term staff welfare	16,199	24,032	(7,833)	(32.6)
Others	<u>45,702</u>	<u>52,848</u>	<u>(7,146)</u>	(13.5)
Total staff costs	<u>1,514,592</u>	<u>1,857,441</u>	<u>(342,849)</u>	(18.5)

During the Reporting Period, the staff costs of the Bank were RMB1,514,592,000, representing a decrease of RMB342,849,000 or 18.5% as compared with that for the year ended 31 December 2019, which was mainly due to the decrease in human resource costs resulting from the decreased remuneration of employees of the Bank and the reduction of social insurance premiums by the Government during the Epidemic.

(2) General and administrative expenses

General and administrative expenses decreased by 7.4% to RMB920,317,000 in the Reporting Period as compared to RMB994,043,000 for the year ended 31 December 2019, which was mainly due to the enhanced cost control of the Bank.

(3) Tax and surcharges

The Bank's tax and surcharges increased by 9.0% to RMB307,338,000 in the Reporting Period from RMB281,934,000 for the year ended 31 December 2019.

(4) Depreciation and amortisation

Depreciation and amortisation increased by 0.8% to RMB560,545,000 in the Reporting Period from RMB556,207,000 for the year ended 31 December 2019, primarily because the Bank promoted its financial technology-led innovation strategy, and increased investment in the technology during the Reporting Period, which resulted in an increase in the corresponding amortization amount of its assets.

(5) Others

Other operating expense of the Bank decreased by 78.1% to RMB15,791,000 in the Reporting Period from RMB72,058,000 for the year ended 31 December 2019.

3.3.1.7 Impairment losses on assets

The following table sets forth, for the years indicated, the principal components of the Bank's impairment losses on assets:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended	
	2020	2019
Loans and advances to customers	5,690,829	21,182,057
Deposits and placements with banks and other financial institutions	(110,757)	366,436
Financial assets at fair value through other comprehensive income	104,985	(4,717)
Financial assets measured at amortised cost	(510,109)	3,879
Finance lease receivables	428,219	401,341
Credit commitments	(203,029)	(1,117,372)
Other assets	262,425	14,496
Total	<u>5,662,563</u>	<u>20,846,120</u>

Impairment losses on assets decreased by 72.8% to RMB5,662,563,000 in the Reporting Period from RMB20,846,120,000 for the year ended 31 December 2019, mainly due to a decrease in impairment loss on assets for the Reporting Period as a result of the decrease in non-performing loans of the Bank benefitted by the Disposal.

3.3.1.8 Income tax (expenses)/credit

In the Reporting Period, the Bank's income tax expenses was RMB174,620,000, and the income tax credit was RMB327,858,000 for the year ended 31 December 2019.

3.3.2 Analysis of the statement of financial position

3.3.2.1 Assets

As at the end of the Reporting Period, the Bank had total assets of RMB777,992,324,000, decreased by 7.0% from RMB836,694,191,000 as at 31 December 2019. The principal components of the assets as at the end of the Reporting Period were (i) loans and advances to customers; (ii) investment securities and other financial assets; and (iii) cash and deposits with the central bank, accounting for 63.7%, 23.2% and 7.2% of the Bank's total assets as at the end of the Reporting Period, respectively. The table below sets forth balances of the principal components of the Bank's total assets as at the dates indicated:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	As at 31 December 2020		As at 31 December 2019	
	Amount	% of total	Amount	% of total
Assets				
Total loans and advances to customers	496,749,748	63.8	489,116,947	58.5
Interests receivable on loans and advances to customers	19,147,848	2.5	6,916,601	0.8
Provision for impairment losses on loans and advances to customers	(20,433,399)	(2.6)	(43,338,037)	(5.2)
Net loans and advances to customers	495,464,197	63.7	452,695,511	54.1
Net investments securities and other financial assets ⁽¹⁾	180,701,450	23.2	232,866,405	27.8
Cash and deposits with the central bank	55,826,576	7.2	105,176,537	12.6
Deposits with banks and other financial institutions	4,748,291	0.6	8,301,592	1.0
Financial assets held under resale agreements	4,273,751	0.5	–	–
Placements with banks and other financial institutions	6,062,898	0.8	5,643,864	0.6
Finance lease receivables	3,248,825	0.4	6,408,314	0.8
Other assets ⁽²⁾	27,666,336	3.6	25,601,968	3.1
Total assets	<u>777,992,324</u>	<u>100.0</u>	<u>836,694,191</u>	<u>100.0</u>

Notes:

- (1) Includes financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets measured at amortised cost.
- (2) Includes property and equipment, deferred income tax assets, derivative financial assets, right-of-use assets and others.

(1) Loans and advances to customers

As at the end of the Reporting Period, the Bank's total loans and advances to customers were RMB496,749,748,000, representing an increase of 1.6% as compared to that for the year ended 31 December 2019. Total loans and advances to customers at the end of the Reporting Period accounted for 63.8% of the Bank's total assets, representing an increase of 5.3 percentage points as compared to that for the year ended 31 December 2019.

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	As at 31 December 2020		As at 31 December 2019	
	Amount	% of total	Amount	% of total
Corporate loans and advances	467,387,803	94.1	478,058,240	97.7
Personal loans	10,129,459	2.0	10,832,280	2.2
Discounted bills	<u>19,232,486</u>	<u>3.9</u>	<u>226,427</u>	<u>0.1</u>
Total loans and advances to customers	<u>496,749,748</u>	<u>100.0</u>	<u>489,116,947</u>	<u>100.0</u>

The Bank's total loans and advances to customers primarily comprise corporate loans and advances, personal loans and discounted bills. Corporate loans and advances are the largest component of the Bank's loan portfolio. As at the end of the Reporting Period and as at 31 December 2019, the Bank's corporate loans and advances amounted to RMB467,387,803,000 and RMB478,058,240,000, accounting for 94.1% and 97.7% of the Bank's total loans and advances to customers, respectively.

The Bank's corporate loans and advances decreased by 2.2% from RMB478,058,240,000 as at 31 December 2019 to RMB467,387,803,000 as at the end of the Reporting Period. The Bank's personal loans mainly comprise personal business loans, personal consumption loans, residential and commercial mortgage loans, credit card overdrafts and other personal loans. At the end of the Reporting Period, the balance of personal loans amounted to RMB10,129,459,000 (accounting for 2.0% of the total loans and advances to customers), representing a decrease of RMB702,821,000 or 6.5% as compared to that as at 31 December 2019, which was mainly due to the Bank's adjustment of its loan business in accordance with its risk management strategy, resulting in a decrease in large personal business loans.

A. Loans by collateral

As at the end of the Reporting Period and as at 31 December 2019, collateralised loans, pledged loans or guaranteed loans of the Bank represented, in aggregate, 89.9% and 96.5%, respectively, of the Bank's total loans and advances to customers. If a loan is secured by more than one form of security interest, the entire amount of such loan will be allocated to the category representing the primary form of security interest. The table below sets forth the distribution of the Bank's loans and advances to customers by the type of collateral as at the dates indicated:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	As at 31 December 2020		As at 31 December 2019	
	Amount	% of total	Amount	% of total
Unsecured loans	49,932,378	10.1	17,138,867	3.5
Guaranteed loans	247,673,798	49.8	260,445,235	53.2
Collateralised loans	122,970,446	24.8	147,589,293	30.2
Pledged loans	<u>76,173,126</u>	<u>15.3</u>	<u>63,943,552</u>	<u>13.1</u>
Total loans and advances to customers	<u>496,749,748</u>	<u>100.0</u>	<u>489,116,947</u>	<u>100.0</u>

As at the end of the Reporting Period, the balance of the Bank's loans secured by collaterals and pledges amounted to RMB199,143,572,000 (accounting for 40.1% of the total loans and advances to customers), representing a decrease of RMB12,389,273,000 or 5.9% as compared to that as at 31 December 2019. The balance of unsecured and guaranteed loans was RMB297,606,176,000 (accounting for 59.9% of the total loans and advances to customers), representing an increase of RMB20,022,074,000 or 7.2% as compared to that as at 31 December 2019.

B. Movements of provision for impairment losses on loans and advances to customers

- (i) Changes of provision for impairment losses on loans and advances to customers measured at amortised cost for the Reporting Period are as follows:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended 31 December 2020			Total
	ECL over the next 12 months	Lifetime ECL -not credit- impaired loans	Lifetime ECL -credit- impaired loans	
As at 1 January 2020	(12,151,110)	(4,314,052)	(26,872,875)	(43,338,037)
Transferred :				
-to the expected credit loss (“ECL”) over the next 12 months	(244,198)	150,564	93,634	–
-to lifetime ECL- not credit-impaired loans	676,165	(865,055)	188,890	–
-to lifetime ECL- credit impaired loans	224,062	263,763	(487,825)	–
Net charge for the year	(855,369)	(1,890,762)	(2,944,698)	(5,690,829)
Write-offs	477,089	3,497,640	24,620,738	28,595,467
As at 31 December 2020	<u>(11,873,361)</u>	<u>(3,157,902)</u>	<u>(5,402,136)</u>	<u>(20,433,399)</u>

(ii) Changes of provision for impairment losses on loans and advances to customers at fair value through other comprehensive income for the Reporting Period are as follows:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended 31 December 2020			Total
	ECL over the next 12 months	Lifetime ECL -not credit- impaired loans	Lifetime ECL -credit- impaired loans	
As at 1 January 2020	(5,134)	–	–	(5,134)
Net charge for the year	(937)	–	–	(937)
As at 31 December 2020	(6,071)	–	–	(6,071)

(iii) Changes of provision for impairment losses on loans and advances to customers at amortised cost for the year ended 31 December 2019 are as follows:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended 31 December 2019			Total
	ECL over the next 12 months	Lifetime ECL -not credit- impaired loans	Lifetime ECL -credit- impaired loans	
As at 1 January 2019	(5,671,427)	(6,284,804)	(10,935,844)	(22,892,075)
Transferred :				
-to ECL over the next 12 months	(4,182,527)	3,342,190	840,337	–
-to lifetime ECL- not credit- impaired loans	113,521	(3,826,601)	3,713,080	–
-to lifetime ECL- credit- impaired loans	345,649	1,186,374	(1,532,023)	–
Net (charge)/release for the year	(2,756,326)	1,268,789	(19,694,520)	(21,182,057)
Write-offs	–	–	736,095	736,095
As at 31 December 2019	(12,151,110)	(4,314,052)	(26,872,875)	(43,338,037)

(iv) Changes of provision for impairment losses on loans and advances to customers at fair value through other comprehensive income for the year ended 31 December 2019 are as follows:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended 31 December 2019			Total
	ECL over the next 12 months	Lifetime ECL -not credit- impaired loans	Lifetime ECL -credit- impaired loans	
As at 1 January 2019	(11,586)	-	-	(11,586)
Net release for the year	<u>6,452</u>	<u>-</u>	<u>-</u>	<u>6,452</u>
As at 31 December 2019	<u>(5,134)</u>	<u>-</u>	<u>-</u>	<u>(5,134)</u>

Provision for impairment losses on loans decreased by 52.8% from RMB43,343,171,000 as at 31 December 2019 to RMB20,439,470,000 as at the end of the Reporting Period, primarily due to the decrease in impairment provision for loans disposed of as a result of the Disposal.

(2) Investment securities and other financial assets

Investment securities and other financial assets consist of debt investments, equity investments, investments using funds of wealth management products and financial assets measured at amortised cost. As at the end of the Reporting Period and as at 31 December 2019, the Bank had net investment securities and other financial assets of RMB180,701,450,000 and RMB232,866,405,000, accounting for 23.2% and 27.8% of the Bank's total assets at the time, respectively.

The following table sets out the composition of investment securities and other financial assets (interests receivable not included) as at the dates indicated:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	As at 31 December 2020		As at 31 December 2019	
	Amount	% of total	Amount	% of total
Debt investments	122,968,905	70.7	65,047,599	28.4
Financial assets at fair value through profit or loss	23,012,083	13.2	48,869,919	21.3
Financial assets at fair value through other comprehensive income	20,354,654	11.7	11,196,501	4.9
Financial assets measured at amortised cost	79,613,015	45.8	4,993,287	2.2
Provision for impairment losses on debt investments	(10,847)	0.0	(12,108)	0.0
Equity investments	1,322,180	0.8	1,231,496	0.5
Financial assets at fair value through other comprehensive income	1,322,180	0.8	1,231,496	0.5
Wealth management products investments	8,024	0.0	6,287,252	2.7
Financial assets at amortised cost (other than debt investments)	49,600,186	28.5	156,778,573	68.4
Beneficial interest transfer plans	54,575,270	31.4	165,999,362	72.4
Provision for impairment losses on financial assets measured at amortised cost (other than debt investments)	(4,975,084)	(2.9)	(9,220,789)	(4.0)
Net investments	<u>173,899,295</u>	<u>100.0</u>	<u>229,344,920</u>	<u>100.0</u>

As at the end of the Reporting Period, the Bank's net investment securities and other financial assets (interests receivable not included) amounted to RMB173,899,295,000, representing a decrease of 24.2% from RMB229,344,920,000 as at 31 December 2019, which was mainly attributable to (i) a decrease in the amount of beneficial interest transfer plans measured at amortised cost and debt investments at fair value and which changes are included in the profit or loss of that period as a result of the Disposal; (ii) the Bank's reclassification of the business type of certain beneficial interest transfer plans measured at amortised cost to loans; and (iii) the decrease in the size of investments in capital-protected wealth management products.

3.3.2.2 Liabilities

As at the end of the Reporting Period and as at 31 December 2019, the Bank's total liabilities amounted to RMB706,750,144,000 and RMB777,188,742,000, respectively. The Bank's liabilities mainly comprise (i) deposits from customers; (ii) deposits from banks and other financial institutions; and (iii) debt securities issued, accounting for 62.1%, 19.1% and 10.1%, respectively, of the Bank's total liabilities as at the end of the Reporting Period.

The following table sets forth the compositions of the Bank's total liabilities as at the dates indicated:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	As at 31 December 2020		As at 31 December 2019	
	Amount	% of total	Amount	% of total
Deposits from customers	439,223,670	62.1	407,112,779	52.4
Deposits from banks and other financial institutions	135,044,341	19.1	178,117,754	22.9
Financial assets sold under repurchase agreements	35,102,853	5.0	10,106,602	1.3
Debt securities issued	71,270,006	10.1	110,108,837	14.2
Placements from banks and other financial institutions	22,645,854	3.2	27,731,363	3.6
Financial liabilities at fair value through profit or loss	7,822	0.0	6,282,210	0.8
Other liabilities ⁽¹⁾	3,455,598	0.5	37,729,197	4.8
Total	<u>706,750,144</u>	<u>100.0</u>	<u>777,188,742</u>	<u>100.0</u>

Note:

- (1) Includes borrowings from the central bank, negative fair value of derivatives, accrued staff costs, taxes payable, lease liabilities, provisions and other liabilities.

(1) Deposits from customers

The Bank provides demand and time deposit products for corporate and personal customers. The table below sets forth deposits from customers and product types as at the dates indicated:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	As at 31 December 2020		As at 31 December 2019	
	Amount	% of total	Amount	% of total
Corporate deposits				
Demand	44,996,160	10.5	44,619,637	11.3
Time	56,239,340	13.1	74,517,612	18.8
Subtotal	<u>101,235,500</u>	<u>23.6</u>	<u>119,137,249</u>	<u>30.1</u>
Personal deposits				
Demand	25,422,058	5.9	24,407,499	6.2
Time	302,415,488	70.5	252,765,638	63.7
Subtotal	<u>327,837,546</u>	<u>76.4</u>	<u>277,173,137</u>	<u>69.9</u>
Total	<u><u>429,073,046</u></u>	<u><u>100.0</u></u>	<u><u>396,310,386</u></u>	<u><u>100.0</u></u>

As at the end of the Reporting Period, the Bank's total deposits from customers (interests payable not included) amounted to RMB429,073,046,000, representing an increase of RMB32,762,660,000 or 8.3% as compared to that as at 31 December 2019.

(2) Deposits from banks and other financial institutions

The counterparties of the Bank's deposits from the banks and other financial institutions mainly included domestic banks and other financial institutions. The following table sets out the composition of the counterparties of the Bank's deposits from the banks and other financial institutions as at the dates indicated:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	As at 31 December 2020		As at 31 December 2019	
	Amount	% of total	Amount	% of total
Deposits in Mainland China				
– Banks	14,206,220	10.6	50,154,053	28.4
– Other financial institutions	<u>119,438,149</u>	<u>89.4</u>	<u>126,524,695</u>	<u>71.6</u>
Total	<u>133,644,369</u>	<u>100.0</u>	<u>176,678,748</u>	<u>100.0</u>

As at the end of the Reporting Period, the Bank's total deposits from the banks and other financial institutions (interests payable not included) amounted to RMB133,644,369,000, representing a decrease of RMB43,034,379,000 or 24.4% as compared to that as at 31 December 2019.

(3) Debt securities issued

Upon the approval of Former CBRC and the PBOC, the Bank issued the tier-two capital bonds with write-down terms in an aggregate principal amount of RMB2,500 million on 26 December 2016. The bonds have a term of ten years and fixed coupon rate of 4.30% per annum. The Bank has an option to redeem such bonds wholly or partially at the nominal amount on 27 December 2021 upon the approval of relevant regulatory authorities.

Upon the approval of Former CBRC and PBOC, the Bank issued the tier-two capital bonds with write-down terms in an aggregate principal amount of RMB4,000 million on 26 March 2018. The bonds have a term of ten years and fixed coupon rate of 4.90% per annum. The Bank has an option to redeem such bonds wholly or partially at the nominal amount on 28 March 2023 upon the approval of relevant regulatory authorities.

As at the end of the Reporting Period and as at 31 December 2019, the Bank issued 56 and 120 tranches of RMB negotiable certificates of deposit which were not matured, the balances of which were RMB64,623 million and RMB103,454 million, respectively.

3.3.2.3 Shareholders' equity

The following table sets forth the composition of the equity of the Shareholders of the Bank as at the dates indicated:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	As at 31 December 2020		As at 31 December 2019	
	Amount	% of total	Amount	% of total
Share capital	13,981,616	19.6	7,781,616	13.1
Other equity instruments				
including: offshore preference shares	9,897,363	13.9	9,897,363	16.6
Capital reserve	26,493,374	37.2	20,583,321	34.6
Surplus reserve	3,056,744	4.3	2,994,679	5.0
General reserve	11,800,217	16.6	11,800,217	19.8
Retained earnings	2,429,877	3.4	2,614,222	4.4
Total equity attributable to equity shareholders of the parent company	67,659,191	95.0	55,671,418	93.5
Non-controlling interests	3,582,989	5.0	3,834,031	6.5
Total equity	<u>71,242,180</u>	<u>100.0</u>	<u>59,505,449</u>	<u>100.0</u>

3.3.3 Loans quality analysis

3.3.3.1 Breakdown of loans by the five-category classification

The Bank's non-performing loans are classified into loans and advances to customers of substandard, doubtful and loss. As at the end of the Reporting Period, the non-performing loans recorded by the Bank amounted to RMB10,287,901,000. The Bank's total provision for impairment losses on loans to customers measured at amortised cost and at fair value through other comprehensive income was RMB20,439,470,000. The following table sets forth the distribution of the Bank's loans and advances to customers by the five-category loan classification as at the dates indicated:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	As at 31 December 2020		As at 31 December 2019	
	Amount	% of total	Amount	% of total
Normal	435,176,427	87.6	376,304,315	76.9
Special mention	51,285,420	10.3	75,127,596	15.4
Substandard	7,896,270	1.7	28,725,027	5.8
Doubtful	2,165,296	0.4	8,171,797	1.7
Loss	<u>226,335</u>	<u>0.0</u>	<u>788,212</u>	<u>0.2</u>
Total loans and advances to customers	<u>496,749,748</u>	<u>100.0</u>	<u>489,116,947</u>	<u>100.0</u>
Non-performing loan	<u>10,287,901</u>	<u>2.07</u>	<u>37,685,036</u>	<u>7.70</u>

As at the end of Reporting Period and as at 31 December 2019, the non-performing loan ratios of the Bank were 2.07% and 7.70%, respectively. The Bank's non-performing loan ratio as at the end of Reporting Period is 5.63 percentage points lower than to that as at 31 December 2019, primarily due to the decrease in the balance of non-performing loans after the completion of the Disposal during the Reporting Period.

3.3.3.2 Concentration of loans

(1) Concentration of loans by industry and non-performing loans

Loans consist of loans to customers in various industries. The table below sets forth the breakdown of loans of the Bank by industry and the non-performing loans as at the dates indicated:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	As at 31 December 2020				As at 31 December 2019			
	Loan amount	% of total	Non-performing loan amount	Non-performing loan ratio (%)	Loan amount	% of total	Non-performing loan amount	Non-performing loan ratio (%)
Corporate loans and advances								
Wholesale and retail trade	226,013,818	45.5	1,578,667	0.70	227,296,037	46.6	9,308,652	4.10
Manufacturing	102,602,634	20.7	1,457,915	1.42	97,315,189	19.9	8,821,596	9.06
Leasing and commercial services	35,403,695	7.1	82,920	0.23	43,653,896	8.9	4,704,812	10.78
Real estate	28,161,856	5.7	1,535,190	5.45	35,035,141	7.2	5,733,428	16.36
Transportation, storage and postal services	10,487,171	2.1	34,737	0.33	10,793,156	2.2	2,642,941	24.49
Construction	8,466,842	1.7	702,144	8.29	4,541,158	0.9	457,542	10.08
Education	6,492,654	1.3	-	-	7,197,553	1.5	4,160	0.06
Electricity, gas and water production and supply	5,153,481	1.0	244,445	4.74	6,600,856	1.3	668,710	10.13
Water, environment and public utility management	4,300,240	0.9	165,400	3.85	3,602,950	0.7	428,000	11.88
Public management and social organization	4,019,490	0.8	-	-	4,146,060	0.8	-	-
Scientific research and technical services	3,541,040	0.7	-	-	7,298,272	1.5	-	-
Mining	1,946,980	0.4	43,500	2.23	5,139,382	1.1	1,387,501	27.00
Agriculture, forestry, animal husbandry and fishery	1,040,773	0.2	590,807	56.77	1,166,923	0.2	366,780	31.43
Others	29,757,129	6.0	993,570	3.34	24,271,667	5.0	736,825	3.04
Subtotal	467,387,803	94.1	7,429,295	1.59	478,058,240	97.8	35,260,947	7.38
Bills discounting	19,232,486	3.9	-	-	226,427	0.0	-	-
Personal loan	10,129,459	2.0	2,858,606	28.22	10,832,280	2.2	2,424,089	22.38
Total	496,749,748	100.0	10,287,901	2.07	489,116,947	100.0	37,685,036	7.70

As at the end of the Reporting Period, loans and advances offered to customers in the industries of (i) wholesale and retail trade; (ii) manufacturing; and (iii) leasing and commercial services represented the largest components of the Bank's corporate loans and advances. As at the end of the Reporting Period and as at 31 December 2019, the balance of loans and advances provided to the corporate customers in the aforesaid three industries was RMB364,020,147,000 and RMB368,265,122,000, respectively, accounting for 73.3% and 75.4% of the total corporate loans and advances granted by the Bank, respectively. From the perspective of the structure of increased volume, the manufacturing industry experienced the largest increment, representing an increase of RMB5,287,445,000 or 5.4%. During the Reporting Period, the Bank gave full play to the active role of financial institutions in strategic transformation, adjusted its strategic positioning, comprehensively enhanced its ability to serve the real economy, focused on increasing support on strategic emerging industries, high-tech enterprises, industrial foundation projects and small and micro enterprises, especially focusing on key industries, key enterprises and key projects such as advanced equipment manufacturing in the province, continued to optimize the allocation of risk asset portfolio, and made dynamic adjustments to key industries such as the real estate industry, mining industry and key sunset industries.

In terms of changes in non-performing loans, the aforesaid three sectors recorded the highest decrease in non-performing loans, mainly due to the decrease in scale of non-performing loans as a result of the completion of the Disposal by the Bank during the Reporting Period. Meanwhile, the non-performing loan rate of agriculture, forestry, animal husbandry and fishery industry increased due to the double-edged impact of economic slowdown and the Epidemic.

(2) Borrower concentration

Loans to the ten largest single borrowers

The table below sets forth the borrowing amounts of the ten largest single borrowers of the Bank as at the end of the Reporting Period.

(Expressed in thousands of

Renminbi, unless otherwise stated)

Customer	Industry involved	As at 31 December 2020	
		Amount	% of total
Customer A	Manufacturing	9,000,000	1.8
Customer B	Manufacturing	8,014,520	1.6
Customer C	Manufacturing	5,446,000	1.1
Customer D	Manufacturing	5,171,250	1.0
Customer E	Manufacturing	4,998,000	1.0
Customer F	Manufacturing	3,947,470	0.8
Customer G	Leasing and commercial services	3,761,600	0.8
Customer H	Manufacturing	3,665,030	0.7
Customer I	Real estate	3,468,000	0.7
Customer J	Wholesale and retail trade	3,294,000	0.7

(3) Distribution of non-performing loans by product type

The table below sets forth the loans and non-performing loans of the Bank by product type as at the dates indicated:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	As at 31 December 2020			As at 31 December 2019		
	Loan amount	Non-performing loan amount	Non-performing loan ratio (%)	Loan amount	Non-performing loan amount	Non-performing loan ratio (%)
Corporate loans and advances						
Small enterprises and micro enterprises	262,489,819	4,387,352	1.67	233,027,838	18,850,264	8.09
Medium enterprises	127,941,430	1,657,203	1.30	138,812,040	8,513,635	6.13
Others	76,956,554	1,384,740	1.80	106,218,362	7,897,048	7.43
Subtotal	467,387,803	7,429,295	1.59	478,058,240	35,260,947	7.38
Discounted bills	19,232,486	-	-	226,427	-	-
Personal loans						
Personal business loans	7,461,706	2,792,119	37.42	8,844,841	2,362,879	26.71
Personal consumption loans	345,922	22,915	6.62	468,807	26,330	5.62
Residential and commercial properties mortgage loans	2,085,147	38,474	1.85	1,349,141	31,013	2.30
Credit card overdrafts	236,472	4,886	2.07	169,203	3,579	2.12
Others	212	212	100.00	288	288	100.00
Subtotal	10,129,459	2,858,606	28.22	10,832,280	2,424,089	22.38
Total	496,749,748	10,287,901	2.07	489,116,947	37,685,036	7.70

The non-performing loan ratio, which is the total non-performing loans divided by the Bank's total loans and advances to customers, was 2.07% as at the end of the Reporting Period, representing a decrease of 5.63 percentage points as compared to 7.70% as at 31 December 2019.

As at the end of the Reporting Period, the non-performing loan ratio of the Bank's corporate loans and advances was 1.59%, representing a decrease of 5.79 percentage points as compared with 7.38% as at 31 December 2019, which was mainly due to the amount of the non-performing loan decreased after the completion of the Disposal by the Bank.

As at the end of the Reporting Period, the non-performing loan ratio of the Bank's personal loans was 28.22%, representing an increase of 5.84 percentage points as compared with 22.38% as at 31 December 2019, which was mainly due to (i) the decrease in total personal loans as the Bank adjusted its business structure in accordance with its risk management strategy to reduce personal business loans; and (ii) difficulties in the operation faced by some personal customers due to the impact of the uncertainty of the macroeconomy.

(4) Overdue loans and advances to customers

The table below sets forth the ageing analysis of the Bank's overdue loans and advances to customers as at the dates indicated:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	As at 31 December 2020		As at 31 December 2019	
	Amount	% of total	Amount	% of total
Overdue within 3 months (inclusive)	5,784,530	37.0	16,667,171	24.6
Overdue more than 3 months to 6 months (inclusive)	1,026,346	6.6	31,803,148	47.0
Overdue more than 6 months to 1 year (inclusive)	2,583,149	16.5	12,698,969	18.7
Overdue more than 1 year	<u>6,237,456</u>	<u>39.9</u>	<u>6,561,687</u>	<u>9.7</u>
Total overdue loans and advances to customers	<u>15,631,481</u>	<u>100.0</u>	<u>67,730,975</u>	<u>100.0</u>

The Bank adopts a prudent classification standard for overdue loans and advances, and the ratio of non-performing loans and advances to loans and advances overdue for more than 90 days is 1.04.

3.3.4 Analysis on capital adequacy ratios

The Bank calculated and disclosed capital adequacy ratios in accordance with the relevant provisions of the Measures for Administration on Capital of Commercial Banks (Provisional) (《商業銀行資本管理辦法(試行)》) (effective since 1 January 2013) promulgated by the Former CBRC. As at the end of the Reporting Period, the Bank's core tier-one capital adequacy ratio was 8.23%, representing an increase of 3.08 percentage points as compared to that as at 31 December 2019; the tier-one capital adequacy ratio was 9.65%, representing an increase of 3.18 percentage points as compared to that as at 31 December 2019; the capital adequacy ratio was 11.76%, representing an increase of 3.67 percentage points as compared to that as at 31 December 2019. During the Reporting Period, the increase of capital adequacy ratio was mainly due to (i) the completion of Proposed Private Placement increasing the Bank's core tier-one capital; (ii) the decrease in asset impairment loss provision led to the decrease in other net deferred tax assets that depended on the bank's future profits, increasing the net core tier-one capital; (iii) the decrease in non-performing loans, which led to the increase in the surplus provision for loan impairment included in tier-two capital, increasing the tier-two capital; and (iv) the Disposal and the Debt Instrument Subscription leading to the decrease in the Bank's total risk-weighted assets.

The table below sets forth the relevant information of the Bank's capital adequacy ratio as at the dates indicated:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	As at 31 December 2020	As at 31 December 2019
Core tier-one capital		
– Share capital	13,981,616	7,781,616
– Qualifying portion of capital reserve	26,487,305	20,578,189
– Surplus reserve	3,056,744	2,994,679
– General reserve	11,800,217	11,800,217
– Retained earnings	2,429,877	2,614,222
– Qualifying portions of non-controlling interests	310,897	583,418
Core tier-one capital deductions		
– Other intangible assets other than land use right	(258,890)	(255,880)
– Other net deferred tax assets that depend on the Bank's future bank earnings	–	(7,231,939)
Net core tier-one capital	57,807,766	38,864,522
Other tier-one capital	9,938,816	9,975,152
Net tier-one capital	67,746,582	48,839,674
Tier-two capital		
– Instruments issued and share premium	6,500,000	6,500,000
– Surplus provision for loan impairment	8,238,503	5,553,557
– Qualifying portions of non-controlling interests	82,906	146,726
Net capital base	82,567,991	61,039,957
Total risk weighted assets	702,372,570	754,499,591
Core tier-one capital adequacy ratio⁽¹⁾	8.23%	5.15%
Tier-one capital adequacy ratio⁽²⁾	9.65%	6.47%
Capital adequacy ratio	11.76%	8.09%

Notes:

(1) Core tier-one capital adequacy ratio = (core tier-one capital – corresponding capital deductions)/risk-weighted assets.

(2) Tier-one capital adequacy ratio = (tier-one capital – corresponding capital deductions)/risk-weighted assets.

3.3.5 Analysis of cash flow

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	Year ended 31 December		Change in amount
	2020	2019	
Sub-total of cash inflow from operating activities	89,495,822	109,955,940	(20,460,118)
Subtotal of cash outflow from operating activities	(159,980,915)	(180,856,861)	20,875,946
Net cash flows used in operating activities	(70,485,093)	(70,900,921)	415,828
Subtotal of cash inflow from investing activities	156,045,348	223,411,446	(67,366,098)
Subtotal of cash outflow from investing activities	(102,224,146)	(121,769,989)	19,545,843
Net cash flows from investing activities	53,821,202	101,641,457	(47,820,255)
Subtotal of cash inflow from financing activities	264,467,369	182,834,970	81,632,399
Subtotal of cash outflow from financing activities	(296,417,244)	(165,865,887)	(130,551,357)
Net cash flows (used in)/from financing activities	(31,949,875)	16,969,083	(48,918,958)
Effect of changes in foreign exchange rate			
on cash and cash equivalents	(79,351)	(61,364)	(17,987)
Net (decrease)/increase in cash and cash equivalents	(48,693,117)	47,648,255	(96,341,372)

During the Reporting Period, the net cash outflow used in operating activities was RMB70,485 million. Of which, cash inflow was RMB89,496 million, representing a decrease of RMB20,460 million as compared with the previous year, mainly due to the decrease in net increase in borrowings from the central bank; cash outflow was RMB159,981 million, representing a decrease of RMB20,876 million as compared with the previous year, mainly due to the decrease in net decrease in deposits from customers.

During the Reporting Period, the net cash inflow from investing activities was RMB53,821 million, of which the cash inflow was RMB156,045 million, representing a decrease of RMB67,366 million as compared with the previous year, mainly due to the decrease in cash flow received from the recovery of investments resulted from the decreased investment scale; the cash outflow was RMB102,224 million, representing a decrease of RMB19,546 million as compared with the previous year, mainly due to the decrease in cash outflow from investment payments resulted from the decreased investment scale.

During the Reporting Period, the net cash outflow used in financing activities was RMB31,950 million, of which cash inflow was RMB264,467 million, representing an increase of RMB81,632 million as compared with the previous year, mainly due to the increase in cash inflow received from bond issuance; cash outflow was RMB296,417 million, representing an increase of RMB130,551 million as compared with the previous year, mainly due to the increase in cash out-flow in settlement of the principal of due bonds.

3.3.6 Segment information

3.3.6.1 Summary of geographical segments

In presenting information on the basis of geographical segments, operating income is allocated based on the location of the branches that generates the income. Substantially most of the Bank's businesses are conducted in the PRC and the Bank classifies its businesses in the PRC into the following three major geographical regions:

- (A) Jinzhou region: the Bank's headquarters, Jinzhou branch, Jinzhou Taihe Jinyin Village and Township Bank Co., Ltd.* (錦州太和錦銀村鎮銀行股份有限公司), Liaoning Yixian Jinyin Village and Township Bank Co., Ltd.* (遼寧義縣錦銀村鎮銀行股份有限公司), Liaoning Beizhen Jinyin Village and Township Bank Co., Ltd.* (遼寧北鎮錦銀村鎮銀行股份有限公司), Liaoning Heishan Jinyin Village and Township Bank Co., Ltd.* (遼寧黑山錦銀村鎮銀行股份有限公司) and Liaoning Linghai Jinyin Village and Township Bank Co., Ltd.* (遼寧凌海錦銀村鎮銀行股份有限公司).
- (B) Other Northeastern China region (excluding Jinzhou region): Shenyang branch, Dalian branch, Harbin branch, Dandong branch, Fushun branch, Anshan branch, Chaoyang branch, Fuxin branch, Liaoyang branch, Huludao branch, Benxi branch, Yingkou branch, Liaoning Kazuo Jinyin Village and Township Bank Co., Ltd.* (遼寧喀左錦銀村鎮銀行股份有限公司), Liaoning Huanren Jinyin Village and Township Bank Co., Ltd.* (遼寧桓仁錦銀村鎮銀行股份有限公司) and Bank of Jinzhou Financial Leasing Co., Ltd.* (錦銀金融租賃有限責任公司).
- (C) Northern China region: Beijing branch and Tianjin branch.

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended 31 December			
	2020		2019	
	Amount	% of total	Amount	% of total
Operating income				
Jinzhou region	4,723,860	50.8	17,368,117	75.0
Other Northeastern China region	3,240,386	34.8	3,416,561	14.7
Northern China region	1,345,047	14.4	2,385,021	10.3
Total	9,309,293	100.0	23,169,699	100.0

3.3.6.2 Summary of business segments

The Bank manages its businesses through different business segments divided by business lines and geographical areas. Consistent with the way in which information is reported internally to the Bank's management for the purposes of resource allocation and performance assessment, the Bank determined the following reporting segments based on the business segments:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended 31 December			
	2020		2019	
	Amount	% of total	Amount	% of total
Operating income				
Corporate banking business	11,089,334	119.1	12,895,468	55.7
Retail banking business	734,653	7.9	1,673,037	7.2
Treasury business	(2,541,196)	(27.3)	8,580,607	37.0
Others	26,502	0.3	20,587	0.1
Total	9,309,293	100.0	23,169,699	100.0

3.3.7 Off-balance sheet items

The Bank's off-balance sheet items include credit commitment and other off-balance sheet items. Credit commitment mainly includes acceptances, letters of credit, letters of guarantees, loan commitments and credit card commitments. Other off-balance sheet items include capital expenditure commitments. The following table sets forth the Bank's credit commitments and other off-balance sheet items as at the dates indicated:

	As at 31 December 2020	As at 31 December 2019
<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>		
Acceptances	81,509,790	119,543,175
Letters of credit	1,399,829	4,496,980
Letters of guarantees	188,228	99,443
Loan commitments	352,286	2,359,907
Credit card commitments	1,599,581	837,508
Subtotal	85,049,714	127,337,013
Capital expenditure commitments	39,813	47,169
Subtotal	39,813	47,169
Total	85,089,527	127,384,182

3.4 Risk Management

Comprehensive risk management is a process to effectively identify, assess, measure, monitor, control or mitigate and report risks in order to ensure the realization of the operating and strategic objectives by setting up effective and balanced risk governance structure, fostering robust and prudent risk culture, formulating unified risk management strategies and risk appetite, and implementing the risk limit and risk management policies.

The Bank's Board of Directors is responsible for coordinating and leading Bank-wide risk management and assumes ultimate responsibility for comprehensive risk management. The Board of Directors further standardizes the mechanism for comprehensive risk management by reviewing relevant proposals on risk management, strengthening policy guidance, and guiding the establishment of rules and regulations. At the same time, the Board pays attention to the risk profile in key areas, follows up on and monitors the implementation of decisions and strictly abides by the bottom line of risks. Directors put forward professional opinions and suggestions on proposals and reports to provide strong support for the Board's scientific and efficient decision-making.

The Bank formulates and implements a prudent risk appetite, complies with regulatory requirements, operates in compliance with the laws and regulations and insists on a balance between capital, risk and gains. The Bank will continue to improve its risk governance structure and risk management system, conduct effective identification, measurement, control, supervision, reporting and control on various types of actual risks, and continuously enhance its overall risk management capabilities to provide effective guarantee for the achievement of the Bank's strategic objectives for and achieve sustainable development of the Bank.

The Bank's risk management policies were established to identify and analyze the risks to which the Bank is exposed, to set internal control procedures for monitoring the risk level of the Bank. The risk management policies and the internal control systems are reviewed regularly to reflect changes in market conditions and the Bank's business activities.

3.4.1 Credit risk

Credit risk refers to the risk arising from the failure of the borrowers of the Bank or counterparties to meet their obligations under the agreement. The core to the Bank's credit risk management system mainly includes: the formulation of credit policies, due diligence, customer credit rating, assessment of collaterals, loan review and approval, loan disbursement management, post-loan management, non-performing loan management, and accountability.

The Board and senior management of the Bank are fully aware of the credit risks in various businesses, supervise and organize the identification, measurement, control and mitigation of credit risks. The Board and its special committees approve credit risk management policies and procedures, and evaluate and supervise credit risk management. Senior management and its special committees continuously improve the credit risk management system, formulate clear implementation and accountability mechanisms, study major credit risk matters and response measures, and report to the Board.

The credit and risk management department of the Bank is a functional department responsible for the management of the credit policies of the Bank, risk management and business monitoring; the credit approval department is responsible for the credit management, rating management and lending control of the Bank, improving the credit approval system and workflow, and organising credit review and management committee meetings; the risk asset management and disposal center is responsible for the collection, disposal and management of risk assets as well as potential risk assets to be disposed of and conducts such procedures by applying list-based or project-based management according to the characteristics of the collection process.

With respect to credit risk control and management, the Bank specifies the respective duties and operating procedure of each department according to the principles of separation of credit investigation and credit approval, separation of management and review, and separation of credit limit and review, and improves the credit approval process of each department. The Bank has established the operating mechanism of the credit approval committee under the collective review system.

During the Reporting Period, the Board of Directors and senior management of the Bank kept abreast of the Bank's asset quality, structural investment, risk mitigation and capital management by reviewing risk management systems, work plans and risk management reports, and supervised the Bank to re-establish its credit risk management system, effectively prevent and control major risks, and proactively control the quality of assets.

3.4.2 Operational risk

Operational risk refers to, in the process of operation and management of a commercial bank, the risk resulting from imperfect governance structure of the legal persons, unsound internal control system, deviation of operational procedures and standards, violation by business personnel of procedural requirements and the failure by the internal control system to effectively identify, warn and prevent non-compliance and improper operation.

The Bank has incorporated operational risk into its comprehensive risk management system, and has built an operational risk governance structure consisting of the Board, senior management, the operational risk management committee and the “three lines of defense” department. The Board is ultimately responsible for monitoring the effectiveness of operational risk management, and senior management is responsible for implementing the operational risk management strategy, overall policies and systems approved by the Board of Directors.

The Bank’s internal control and compliance department is responsible for the continuous monitoring, inspection and evaluation of the adequacy and effectiveness of the Bank’s operational risk management system and conducts review of the Bank’s internal control system and its implementation. The Bank has established a bank of key risk indicators for operational risk and a loss event collection mechanism and collects indicator data regularly, analyzes the data and reports to the management on the operational risk status.

3.4.3 Market Risk

Market risk refers to the risk of losses that the Bank may suffer in the Bank's on/ off-balance-sheet business as a result of unfavorable changes in market prices, including interest rates, exchange rates, stock prices and commodity prices.

The Bank's exposure to the market risk mainly includes interest rate risk and exchange rate risk. The Bank aims to implement effective market risk management in order to control the market risk within the scope which is acceptable for the Bank, ensuring that the market risk assumed matches with the operational goals and the development plan of the Bank.

The market risk management system of the Bank consists of the Board of Directors, the Board of Supervisors, senior management and the market risk business operation department. The Board of Directors and senior management implement effective monitoring of the market risk management system and assume the ultimate responsibility for the implementation of monitoring of market risk management. The Bank adjusted the management framework of market risk during the Reporting Period, establishing an independent market risk management committee under the risk management committee at the senior management level and forming a financial market department. Through consolidating the structural framework, the Bank rationalized the management methods and communication channels, laying a solid foundation for improving the management level and capabilities of market risk.

The Bank's credit and risk management department is responsible for continuously monitoring and assessing the adequacy and effectiveness of the Bank's market risk management system. The assets and liabilities management department, the financial market department, the assets management department and interbank department are responsible for the interest rate risks and exchange rate risks respectively.

3.4.3.1 Interest rate risk

The interest rate risk is reflected by the Bank's exposure to overall revenue and economic value losses as a result of unfavourable changes in key elements such as interest rate and term structure of various interest-earning assets and interest-bearing liabilities of the Bank. The Bank classified the transactions as banking account transactions and trading account transactions. The identification, measurement, monitoring and controls over the relevant market risks are based on the nature and characteristics of these accounts. The trading account transactions include the Bank's investments with an intention to sell in the short term and profit from actual or expected short-term price fluctuations or with risk exposures locked in. The banking account transactions represent non-trading businesses. The primary objective of interest rate risk management is to minimise potential adverse effects on the net interest income and the economic value caused by interest rate volatility. The Bank mainly analyses the interest rate risk of banking account transactions.

Interest rate risk is integrated into the overall risk management system. The Bank's asset and liability management department is specifically responsible for interest rate risk management in the banking book.

During the Reporting Period, the Bank closely monitored the changes in policies and external interest rate, measured interest rate risks on the banking book on a regular basis, with measurement methods including but not limited to re-pricing of gap risk, duration analysis, simulation of changes in net interest income and economic value, setting of limit management indicators for interest rate risk on the banking book, and it continuously monitored indicator levels to ensure that interest rate risk on the banking book is controllable.

The following tables indicate the financial assets and financial liabilities as at the end of the relevant period by the expected next repricing dates or by maturity dates, whichever is earlier:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	As at 31 December 2020					
	Total	Non-interest bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
Assets						
Cash and deposits with the central bank	55,826,576	759,215	55,067,361	–	–	–
Deposits with banks and other financial institutions	4,748,291	89,581	4,633,510	25,200	–	–
Placements with banks and other financial institutions	6,062,898	363,661	–	5,699,237	–	–
Financial assets held under resale agreements	4,273,751	167	4,273,584	–	–	–
Loans and advances to customers ⁽¹⁾	495,464,197	19,147,848	109,286,846	177,630,369	175,756,076	13,643,058
Investment ⁽²⁾	180,701,450	8,124,335	20,619,641	21,561,907	46,325,472	84,070,095
Finance lease receivables ⁽³⁾	3,248,825	–	681,884	477,198	2,089,743	–
Others	27,666,336	27,548,703	4,951	112,682	–	–
Total assets	<u>777,992,324</u>	<u>56,033,510</u>	<u>194,567,777</u>	<u>205,506,593</u>	<u>224,171,291</u>	<u>97,713,153</u>
Liabilities						
Borrowings from the central bank	105,816	266	20,690	84,860	–	–
Deposits from banks and other financial institution	135,044,341	1,399,972	45,042,539	19,995,000	68,606,830	–
Placements from banks and other financial institutions	22,645,854	142,592	14,800,000	7,703,262	–	–
Financial assets sold under repurchase agreements	35,102,853	88,167	35,014,686	–	–	–
Deposits from customers	439,223,670	10,150,624	120,795,048	135,690,287	172,257,907	329,804
Debt securities issued	71,270,006	151,536	43,712,072	20,911,153	–	6,495,245
Others	3,357,604	2,469,386	296,344	359,790	159,879	72,205
Total liabilities	<u>706,750,144</u>	<u>14,402,543</u>	<u>259,681,379</u>	<u>184,744,352</u>	<u>241,024,616</u>	<u>6,897,254</u>
Asset-liability gap	<u>71,242,180</u>	<u>41,630,967</u>	<u>(65,113,602)</u>	<u>20,762,241</u>	<u>(16,853,325)</u>	<u>90,815,899</u>

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>		As at 31 December 2019				
		Total	Non-interest bearing	Less than three months	Between three months and one year	Between one year and five years
Assets						
Cash and deposits with the central bank	105,176,537	966,997	104,209,540	–	–	–
Deposits with banks and other financial institutions	8,301,592	177,381	7,979,211	145,000	–	–
Placements with banks and other financial institutions	5,643,864	135,638	5,508,226	–	–	–
Loans and advances to customers ⁽¹⁾	452,695,511	6,916,601	52,051,669	123,315,312	260,520,603	9,891,326
Investment ⁽²⁾	232,866,405	4,752,980	52,387,494	84,041,890	79,266,709	12,417,332
Finance lease receivables ⁽³⁾	6,408,314	–	1,093,551	1,814,824	3,499,939	–
Others	25,601,968	25,516,999	82,746	2,223	–	–
Total assets	836,694,191	38,466,596	223,312,437	209,319,249	343,287,251	22,308,658
Liabilities						
Borrowings from the central bank	33,079,647	39,347	33,000,000	40,300	–	–
Deposits from banks and other financial institution	178,117,754	1,439,006	126,495,918	45,572,830	4,610,000	–
Placements from banks and other financial institutions	27,731,363	225,017	22,541,005	4,965,341	–	–
Financial assets sold under repurchase agreements	10,106,602	26,575	10,080,027	–	–	–
Deposits from customers	407,112,779	10,802,393	133,243,139	103,793,678	159,264,472	9,097
Debt securities issued	110,108,837	160,243	49,961,503	53,492,981	–	6,494,110
Others	10,931,760	3,590,986	2,122,475	4,833,744	295,920	88,635
Total liabilities	777,188,742	16,283,567	377,444,067	212,698,874	164,170,392	6,591,842
Asset-liability gap	59,505,449	22,183,029	(154,131,630)	(3,379,625)	179,116,859	15,716,816

Notes:

- (1) For loans and advances to customers, the category “less than three months” includes overdue amounts as at the end of the Reporting Period (net of provision for impairment losses) of RMB6,734 million (31 December 2019: RMB23,169 million).
- (2) Investments include financial assets at fair value through profit or loss, at fair value through other comprehensive income and at amortised cost. For investments, the category “less than three months” includes overdue amounts as at the end of the Reporting Period (net of provision for impairment losses) of RMB8,583 million (31 December 2019: RMB18,489 million).
- (3) For finance lease receivables, the category “less than three months” includes overdue amounts as at the end of the Reporting Period (net of provision for impairment losses) of RMB682 million (31 December 2019: RMB316 million).

The Bank uses sensitivity analysis to measure the potential impact of changes in interest rate on its net profit and shareholders' equity. The following table sets forth, as of the dates indicated, the results of the Bank's interest rate sensitivity analysis based on the Bank's assets and liabilities as at the same date:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	2020		2019	
	Change of net profit	Shareholders equity change	Change of net profit	Shareholders equity change
Increased by 100 basis points	1,156,203	1,711,447	2,169,683	2,561,979
Decreased by 100 basis points	(1,159,287)	(1,748,899)	(2,180,608)	(2,602,271)

3.4.3.2 Foreign exchange risk

Exchange rate risk refers to the risk of loss in foreign exchange exposure arising from unbalanced currency structure of the foreign exchange assets and liabilities due to adverse movements in exchange rates. The objective of exchange rate risk management is to ensure the impact of exchange rate changes on the Bank's financial position and shareholders' equity is kept within an acceptable range.

Exchange rate risk is incorporated into the comprehensive risk management system. The Bank's asset and liability management department is specifically responsible for foreign exchange rate risk management.

During the Reporting Period, the Bank closely monitored changes in the external environment and market conditions, and actively applied a number of portfolio management measures such as limit management and risk hedging to adjust and optimize the total amount and structure of foreign exchange assets and liabilities, so that the exchange rate risk of the Bank was under control.

The Bank's currency exposures as at the end of the relevant periods are as follows:

	As at 31 December 2020			Total
	RMB	USD (RMB Equivalent)	Others (RMB Equivalent)	
<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>				
Assets				
Cash and deposits with the central bank	55,690,242	136,157	177	55,826,576
Deposits with banks and other financial institutions	4,266,286	430,291	51,714	4,748,291
Placements with banks and other financial institutions	6,062,898	–	–	6,062,898
Loans and advances to customers	494,876,693	578,211	9,293	495,464,197
Others	211,873,825	4,016,537	–	215,890,362
Total assets	772,769,944	5,161,196	61,184	777,992,324
Liabilities				
Borrowing from the central bank	105,816	–	–	105,816
Deposits from banks and other financial institutions	135,044,341	–	–	135,044,341
Placements from banks and other financial institutions	22,642,588	3,266	–	22,645,854
Deposits from customers	436,567,701	2,632,037	23,932	439,223,670
Debt securities issued	71,270,006	–	–	71,270,006
Others	38,259,005	201,452	–	38,460,457
Total liabilities	703,889,457	2,836,755	23,932	706,750,144
Net position	68,880,487	2,324,441	37,252	71,242,180
Off-balance sheet credit commitments	84,712,639	337,075	–	85,049,714

	As at 31 December 2019			
	RMB	USD	Others	Total
<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>		<i>(RMB Equivalent)</i>	<i>(RMB Equivalent)</i>	<i>(RMB Equivalent)</i>
Assets				
Cash and deposits with the central bank	105,025,790	145,905	4,842	105,176,537
Deposits with banks and other financial institutions	7,451,347	729,388	120,857	8,301,592
Placements with banks and other financial institutions	5,643,864	–	–	5,643,864
Loans and advances to customers	452,217,365	463,449	14,697	452,695,511
Others	260,678,389	4,198,298	–	264,876,687
Total assets	831,016,755	5,537,040	140,396	836,694,191
Liabilities				
Borrowing from the central bank	33,079,647	–	–	33,079,647
Deposits from banks and other financial institutions	178,117,754	–	–	178,117,754
Placements from banks and other financial institutions	20,509,117	6,429,754	792,492	27,731,363
Deposits from customers	404,229,437	2,810,880	72,462	407,112,779
Debt securities issued	110,108,837	–	–	110,108,837
Others	21,035,933	2,399	30	21,038,362
Total liabilities	767,080,725	9,243,033	864,984	777,188,742
Net position	63,936,030	(3,705,993)	(724,588)	59,505,449
Off-balance sheet credit commitments	126,830,890	499,868	6,255	127,337,013

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	As at 31 December 2020		As at 31 December 2019	
	RMB	USD equivalent	RMB	USD equivalent
On-balance-sheet net foreign exchange exposures	2,361,693	361,951	(4,430,581)	(635,099)
Off-balance-sheet net foreign exchange exposures	(1,367,546)	(209,589)	6,155,886	882,412
Total net foreign exchange exposures	994,147	152,362	1,725,305	247,313

The Bank uses sensitivity analysis to measure the potential impact of changes in interest rate on its net profit and shareholders' equity. The following table sets forth, at the dates indicated, the results of the Bank's interest rate sensitivity analysis based on the Bank's assets and liabilities as at the same date:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	Fluctuation of foreign exchange rates	2020		2019	
		Change of net profit	Shareholders equity change	Change of net profit	Shareholders equity change
USD	1%	7,456	7,456	12,940	12,940
USD	-1%	(7,456)	(7,456)	(12,940)	(12,940)

The sensitivity analysis mentioned above is based on a static foreign exchange exposure profile of assets and liabilities and is based on the following assumptions:

- The foreign exchange sensitivity represents the gain and loss on foreign exchange recognised as a result of the fluctuation of the foreign currency exchange rates against RMB by 1%;
- The fluctuation of exchange rates by 1% is based on the assumption of the fluctuation of exchange rates over the next 12 months;
- The exchange rates against RMB for the US dollars change in the same direction simultaneously. Due to the immaterial proportion of the Bank's total assets and liabilities denominated in currencies other than US dollars, the calculation of the amount of USD equivalent of other foreign currencies in the above sensitivity analysis shall have potential impacts on the Bank's net profit and shareholders' equity;
- The foreign exchange exposures calculated include spot and forward foreign exchange exposures;
- Other variables (including interest rates) remain unchanged; and
- The analysis does not take into account the effect of risk management measures taken by the Bank.

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

3.4.4 Liquidity Risk

Liquidity risk represents the risk that a commercial bank is unable to raise sufficient funds at reasonable costs in a timely manner to satisfy its liabilities due to perform other payment obligations and to satisfy other funds requirements of normal businesses. In extreme cases, liquidity insufficiency can lead to settlement risks of commercial banks. Significant growth in the demand for credit facilities, substantial performance of loan commitments, unexpected increase in non-performing loans, sharp decrease in deposit level and financing difficulties in the currency market may affect the Bank's liquidity. Meanwhile, adjustment in financial policies, dramatic changes in interest rates in the market, the asset and liability structure and liquidity management capability of the Bank are also important factors which affect the Bank's liquidity.

The Group has established asset and liability management strategies and liquidity management policy incorporated into its comprehensive risk management system. The Bank's Board of Directors is responsible for reviewing and approving its liquidity risk appetite, liquidity risk management strategies, significant policies and procedures, continuously paying attention to its liquidity risk profile, regularly reviewing liquidity risk reports, and keeping abreast of its liquidity risk level, management status and its major changes. The asset and liability management committee of the Bank is responsible for Bank-wide liquidity management and establishes liquidity management objectives according to the requirements and regulatory indicators for asset and liability management at the beginning of each year.

The asset and liability management department of the Bank is responsible for the identification, measurement, monitoring and control of the Bank's liquidity risk, while members of the asset and liability management committee is responsible for implementation of the liquidity management policies.

During the Reporting Period, the Bank paid close attention to the pressure on liquidity management arising from changes in the economic and financial situation, improved the level of refinement in liquidity management and further consolidated the important achievements through reform and reorganisation. The Bank coordinated the sources of funds and the scale and pace of fund operations, and reasonably arranged the funds available to the Bank according to the capital situation to support the balanced and steady development of various asset and liability businesses. The Bank continued to strengthen the forecast of large-sum funds and the management of fund monitoring, enhanced the ability to predict market changes, and improved the identification, measurement and monitoring of liquidity risk. The Bank strengthened liquidity emergency management, paid close attention to the capital situation at important time points in a timely manner, regularly carried out stress tests and formulated emergency measures to ensure the smooth operation of liquidity. The Bank strengthened the management of liquidity indicators and improved the ability of liquidity risk management. After the completion of the Proposed Private Placement, market confidence was further restored and risk resilience of the Bank was effectively enhanced.

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

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	As at 31 December 2020							Total
	Repayable on Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
Assets								
Cash and deposits with the central bank	44,715,148	11,111,428	—	—	—	—	—	55,826,576
Deposits with banks and other financial institutions	—	4,723,063	—	—	25,228	—	—	4,748,291
Placements with banks and other financial institutions	173,265	—	—	—	5,889,633	—	—	6,062,898
Financial assets held under resale agreements	—	—	4,273,751	—	—	—	—	4,273,751
Loans and advances to customers	6,912,884	1,456,843	36,497,920	71,860,569	182,209,335	178,370,561	18,156,085	495,464,197
Investments	10,978,791	16,502	4,397,144	9,062,544	23,028,721	47,784,052	85,433,696	180,701,450
Finance lease receivables	694,914	316,266	—	—	477,198	1,760,447	—	3,248,825
Others	27,548,703	—	175	4,775	112,683	—	—	27,666,336
Total assets	91,023,705	17,624,102	45,168,990	80,927,888	211,742,798	227,915,060	103,589,781	777,992,324
Liabilities								
Borrowing from the central bank	—	—	—	20,741	85,075	—	—	105,816
Deposits from banks and other financial institutions	—	10,705,623	10,828,879	23,025,063	21,150,910	69,333,866	—	135,044,341
Placements from banks and other financial institutions	—	—	9,851,954	5,032,752	7,761,148	—	—	22,645,854
Financial assets sold under repurchase agreements	—	—	24,395,285	10,707,568	—	—	—	35,102,853
Deposits from customers	—	72,215,368	14,034,669	37,400,562	138,903,886	176,331,666	337,519	439,223,670
Debt securities issued	—	—	10,090,547	33,724,026	20,960,188	—	6,495,245	71,270,006
Others	—	2,469,386	61,940	234,404	359,790	159,879	72,205	3,357,604
Total liabilities	—	85,390,377	69,263,274	110,145,116	189,220,997	245,825,411	6,904,969	706,750,144
Asset-liability gap	91,023,705	(67,766,275)	(24,094,284)	(29,217,228)	22,521,801	(17,910,351)	96,684,812	71,242,180

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	As at 31 December 2019							Total
	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
Assets								
Cash and deposits with the central bank	43,964,829	61,211,708	-	-	-	-	-	105,176,537
Deposits with banks and other								
financial institutions	128,804	6,021,912	638	2,082,821	67,417	-	-	8,301,592
Placements with banks and other								
financial institutions	3,161,237	-	-	2,482,627	-	-	-	5,643,864
Loans and advances to customers	35,193,152	1,098,899	8,663,217	15,844,425	120,662,161	260,318,811	10,914,846	452,695,511
Investments	12,774,133	5,734,673	14,800,756	20,919,316	85,315,108	81,337,170	11,985,249	232,866,405
Finance lease receivables	601,709	-	-	902,114	1,986,796	2,917,695	-	6,408,314
Others	25,187,097	100,804	4,196	78,550	222,223	9,098	-	25,601,968
Total assets	121,010,961	74,167,996	23,468,807	42,309,853	208,253,705	344,582,774	22,900,095	836,694,191
Liabilities								
Borrowing from the central bank	-	-	33,039,326	-	40,321	-	-	33,079,647
Deposits from banks and other								
financial institutions	-	45,739,966	14,298,595	67,458,683	45,971,701	4,648,809	-	178,117,754
Placements from banks and other								
financial institutions	-	-	17,187,677	5,856,149	4,687,537	-	-	27,731,363
Financial assets sold under								
repurchase agreements	-	-	3,563,991	6,542,611	-	-	-	10,106,602
Deposits from customers	-	69,156,300	24,708,466	41,549,549	107,202,902	164,486,041	9,521	407,112,779
Debt securities issued	-	-	22,251,421	27,782,897	53,570,944	9,465	6,494,110	110,108,837
Others	-	3,474,918	679,590	1,442,884	4,833,744	298,889	201,735	10,931,760
Total liabilities	-	118,371,184	115,729,066	150,632,773	216,307,149	169,443,204	6,705,366	777,188,742
Asset-liability gap	121,010,961	(44,203,188)	(92,260,259)	(108,322,920)	(8,053,444)	175,139,570	16,194,729	59,505,449

At the end of the Reporting Period, as at 30 September 2020 and as at 30 June 2020, the net stable funding ratio of the Bank was 113.79%, 108.22% and 99.17%, respectively.

At the end of the Reporting Period, the stable funds available to the Bank were RMB534.624 billion, and the required stable funds were RMB469.837 billion.

3.4.5 Information Technology Risk

Information technology risk includes operational risk, legal risk, reputational risk and other types of risks caused by natural factors, human errors, technical loopholes and management failure arising from our use of information technology.

The Bank has established an information technology risk management system and incorporated information technology risks into the overall risk management system by setting up a corresponding organisational structure, including the Board, information technology management committee, the information technology management department, the risk management responsibility department, and the audit responsibility department.

The Bank has formulated the Measures for Information Technology Risk Management of Bank of Jinzhou(《錦州銀行信息科技風險管理辦法》), Operation Rules for Information Technology Risk Management of Bank of Jinzhou (《錦州銀行信息科技風險管理操作規程》), Administrative Measures for Information Technology Risk Assessment of Bank of Jinzhou(《錦州銀行信息科技風險評估管理辦法》), Administrative Measures for Information Technology Risk Communication and Release of Bank of Jinzhou (《錦州銀行信息科技風險溝通和發佈管理辦法》). The Bank has established the criteria for monitoring key risk exposures of information technology and collects indicators on a monthly basis to analyze them. We will alert the risk of abnormal indicators immediately once they are detected, and then confirm the alert information. After confirming the abnormal condition of the indicators, we will report to the senior management. The completeness and validity of the indicators are also reviewed and re-examined regularly.

3.4.6 Reputation Risk

Reputation risk refers to the risk resulting from negative comments to the Bank by stakeholders with respect to the operations, management and other activities, or due to external events. Reputation risk management refers to the process and method of establishing a sound reputation risk management system in accordance with reputation risk management objectives and planning, and providing assurance for achieving the overall objectives of reputation risk management through daily reputation risk management and proper handling of reputation risk events.

The Board of Directors of the Bank is responsible for formulating reputation risk management policies in line with the Bank's strategic objectives and applicable to the entire Bank, establishing the reputation risk management system, monitoring the overall status and effectiveness of the reputation risk management, and assuming the ultimate responsibility for reputation risk management. The Bank's office is the reputation risk management department, and its duties and responsibilities include guiding functional departments, branches and subsidiaries to implement the requirements of the reputation risk management system, organizing the identification, monitoring, evaluation and reporting of reputation risks, and taking the lead in coordinating the disposal of reputation risk events.

During the Reporting Period, the Bank strengthened reputation risk identification, monitoring, control and solution and improved the level and effectiveness of reputation risk control through diversified initiatives such as refining the structure of system management, strengthening real time monitoring of online public opinion, examining and rectifying potential reputation risks, improving emergency response plan, actively promoting its contribution in reform and restructuring, operation and development, service to regional economy and social responsibility, as well as continuously improving the mechanism on reputation risk.

3.4.7 Country Risk

Country risk refers to the risk that the borrowers or debtors of a country or region are unable or refuse to repay the debts of a bank, or causes the bank's business in the country or region to suffer losses, or causes the bank to suffer other losses due to economic, political and social changes and events. It may be triggered by economic deterioration, political and social turmoil, nationalization or expropriation of property, government repudiation of foreign debts, foreign exchange control or currency depreciation in the country or region. The Bank incorporates the country risk management into its overall risk management system and regularly monitors changes in country risk in accordance with regulatory requirements. The Bank's country risk rating system is mainly based on the rating results of the sovereign rating models of rating agencies.

As at the end of the Reporting Period, the Bank's assets involved in country risk exposure were relatively small in scale and the level of country risk was relatively low, and full provision for country risk had been made in accordance with regulatory requirements. The country risk will not have a material impact on the Bank's business operations.

3.4.8 Anti-money Laundering Management

The Bank attaches great importance to anti-money laundering by earnestly fulfilling its anti-money laundering obligations, constantly improving the effectiveness of anti-money laundering, continuously deepening the risk control of money laundering and steadily enhancing the standard of anti-money laundering. Since the reform and reorganisation, the Bank has steadily promoted various anti-money laundering efforts and gradually built an anti-money laundering management system based on internal anti-money laundering control system construction and improved the relevant working mechanism. The Bank put the regulatory policies in place in a strict manner to complete the works regarding the large-scale transactions and suspicious transactions; screening of suspicious transactions was conducted and effective customer identification measures and risk control initiatives were adopted to strengthen the identification of actual controllers and beneficiary owners of bank account and to classify reasonable division and adjustment toward customer risk levels; the Bank continued to perfect its anti money laundering system by improving the establishment of an indicator model for monitoring suspicious transactions; the Bank also established the performance assessment mechanism of the anti-money laundering; the Bank strengthened its internal supervision over anti-money laundering so as to give full play to the role of internal inspection, supervision and management.

3.4.9 Protection of Consumer Rights and Interests

The Bank has been thoroughly implementing various laws and regulations and regulatory requirements on consumer rights and interests protection, and has continued to promote the construction of the institutional mechanism for consumer rights and interests protection. The consumer rights and interests protection committee has been established under the Board and the senior management to be responsible for the integrated planning and deployment of consumer rights and interests protection of the Bank. The Bank has comprehensively reviewed the system of consumer rights and interests protection, The Consumer Rights and Interests Protection Policy of the Bank of Jinzhou (《錦州銀行消費者權益保護政策》) was considered and approved at the fifth meeting of the sixth session of the Board of Directors to provide policy guidance for the Bank's consumer rights and interests protection, and issued a number of regulations, including Regulations on Managements of Consumers Rights and Interests Protection for Bank of Jinzhou (《錦州銀行消費者權益保護管理規定》), Administrative Measures for Handling of Consumption Complaints of Bank of Jinzhou (《錦州銀行消費投訴處理管理辦法》) and Measures for Examining and Protecting Financial Consumers' Rights and Interests of Bank of Jinzhou (《錦州銀行金融消費者權益保護審查辦法》), to guide the standardization of consumer rights and interests protection of the Bank. The Bank has established an all-round, three-dimensional and online-offline integrated financial education system, and carried out targeted financial knowledge promotion and popularization activities to enhance consumers' awareness of risk prevention and financial literacy.

The Bank fulfilled the main responsibility of the handling of consumption complaints by further improving the consumption complaint handling mechanism, perfecting the consumption complaint system, clarifying the consumption complaint handling process to enhance the quality and efficiency of the handling of consumption complaints.

3.5 Future Prospects

2021 is the 100th anniversary of the founding of the Chinese Communist Party and the beginning of the “14th Five-Year Plan” period. The international economic and financial situation remains complicated and severe with the situation of the Epidemic changing constantly both at home and abroad, and there are many uncertainties in the external environment. China will adhere to the guidance of Xi Jinping Thoughts on Socialism with Chinese Characteristics for a New Era, fully implement the spirit of the Fifth Plenary Session of the 19th Central Committee of the Party and the Central Economic Work Conference, and adhere to the general tone of the work of seeking progress while maintaining stability. To implement a new development concept, build a new development pattern, consolidate and expand the achievements in epidemic prevention and control and economic and social development, maintain policy continuity, stability, and sustainability, and continue to do a good job in the “six stability” and “six securities”, and build a system and mechanism of the real economy with financial effectively support. We also firmly hold the bottom line of avoiding systemic financial risks, drive development with innovation, and accelerate the formation of a new development pattern in which domestic and international cycles are the mainstay and the domestic and international dual cycles promote each other.

In 2020, with the strong support from the party and every level of the central government, the Bank seized the hard-won opportunity of reform and reorganisation and formulated the strategic development plan for the new period. In 2021, the Bank will continue to be guided by Xi Jinping’s Thought on Socialism with Chinese Characteristics for a New Era, and the Bank’s development strategy adheres to and strengthens the Party’s leadership over financial work. With the strong support from the party and every level of the central government, and under the trends of “dual circulation” national development strategy and financial technologies development in China, the Bank implemented the new development concept of “compliance, innovation, coordination and quality” in line with our actual situation and long-term development, and insisted on the path of high-quality organic development. We adhere to the corporate mission of creating value for Shareholders, wealth for customers, welfare for employees and contribution to society, and will continue to take the “three services” positioning of serving the local economy, private small and micro enterprises and urban and rural residents to support the development of real economy. We will further clarify our development orientation of “rooted in Jinzhou, based on Liaoning, facing northeast China, expanding into Beijing, Tianjin and Hebei, and support the development of key national regions”. The Bank takes differentiated and distinctive products and services as the two directions of its development strategy. Driven by financial technology and supported by talent development, the Bank will take the path of inherent high quality development and continue to insist on “led by party development and governed by science” as the center, steadily promote the six initiatives of “business transformation and structure optimization”, “building a solid foundation by legal compliance and risk control”, “revitalizing the Bank through technology empowerment”, “incentive protection and sustainable development”, “cost reduction and efficiency enhancement to improve management”, “leveraging on the momentum and shareholder empowerment” to seize the opportunity and leverage the momentum to enhance fully the Bank’s core competitiveness, create a comprehensive financial service model for the achievement of a stable, healthy and sustainable trend of business operation.

4. ISSUANCE OF SECURITIES AND BONDS

4.1 Bonds Issued

Upon the approval of Former CBRC and PBOC, the Bank issued the tier-two capital bonds with write-down terms in an aggregate principal amount of RMB2,500 million on 26 December 2016. The bonds have a term of ten years and fixed coupon rate of 4.30% per annum. The Bank has an option to redeem such bonds wholly or partially at the nominal amount on 27 December 2021 upon the approval of relevant regulatory authorities.

Upon the approval of Former CBRC and PBOC, the Bank issued the tier-two capital bonds with write-down terms in an aggregate principal amount of RMB4,000 million on 26 March 2018. The bonds have a term of ten years and fixed coupon rate of 4.90% per annum. The Bank has an option to redeem such bonds wholly or partially at the nominal amount on 28 March 2023 upon the approval of relevant regulatory authorities.

4.2 Issuance of Interbank Certificates of Deposit

As at the end of the Reporting Period, the Bank issued 56 interbank certificates of deposits (issued in the market which are not matured yet) in total with an aggregate balance of RMB64.623 billion.

5. SIGNIFICANT ASSET REORGANIZATION OF THE BANK IN 2020

In order to improve the quality of the assets of the Bank, enhance its capital adequacy and optimize its equity structure and asset structure, the Bank implemented a significant asset reorganization during the Reporting Period, which included the Proposed Private Placement, the Disposal and the Debt Instrument Subscription.

(i) Proposed Private Placement

On the basis the capital increase and expansion plan of the Bank to issue up to 6.2 billion Domestic Shares approved at the 2018 annual general meeting held by the Bank on 18 October 2019, on 23 January 2020, the Bank entered into a subscription agreement with Chengfang Huida and Liaoning Financial Holding to issue a total of 6.2 billion new Domestic Shares of RMB1.00 each at a subscription price of RMB1.95 per Share. The Proposed Private Placement was approved by the Bank at the 2020 first extraordinary general meeting of the Bank held on 10 July 2020 and the Bank obtained the Approval of CBIRC Liaoning Bureau on the Capital Increase and Expansion Plan of Jinzhou Bank and the Qualification of Relevant Shareholders (Liao Yin Bao Jian Xia [2020] No. 330) issued by the regulatory authorities on 7 August 2020. On 30 September 2020, the Bank issued 5,270,000,000 Domestic Shares and 930,000,000 Domestic Shares to Chengfang Huida and Liaoning Financial Holding respectively, representing 37.69% and 6.65% of total number of ordinary shares of the Bank after the completion of the Proposed Private Placement, respectively. On the same day, the Bank completed the registration of the change of Shareholders in relation to the Proposed Private Placement and the Proposed Private Placement was completed. The total nominal value of the newly issued 6.2 billion Domestic Shares pursuant to the Proposed Private Placement is RMB6.2 billion, representing 44.34% of the Bank's total issued share capital immediately after the completion of the Proposed Private Placement. Immediately after the completion of the Proposed Private Placement, the registered capital of the Bank has been increased from RMB7,781,615,684 to RMB13,981,615,684 and the total number of ordinary shares issued of the Bank has been increased from 7,781,615,684 Shares to 13,981,615,684 Shares, which is divided into 10,464,295,684 Domestic Shares and 3,517,320,000 H Shares.

The Bank issued a total of 6.2 billion new Domestic Shares to Chengfang Huida and Liaoning Financial Holding at a subscription price of RMB1.95 per Share (the market price of the Bank's H Shares on the date of the relevant subscription agreement was HK\$2.43 per H Share), pursuant to which the net proceeds raised from the Proposed Private Placement (after deducting the relevant fees) amounted to approximately RMB12.09 billion, which has been fully utilized to replenish the core tier-one capital of the Bank.

In addition, as a whitewash waiver has been granted by the Hong Kong Securities and Futures Commission in respect of the Proposed Private Placement, Chengfang Huida was not required to make a mandatory general offer as required under the Hong Kong Takeovers Code despite having become a controlling Shareholder of the Bank within the meaning of the Listing Rules upon completion of the Proposed Private Placement.

(ii) The Disposal and the Debt Instrument Subscription

On 31 March 2020, the Bank (as vendor) and Chengfang Huida (as purchaser) entered into a framework disposal agreement in relation to the disposal of certain credit assets and other assets with a balance of debts investment of the Bank of RMB150 billion. The Disposal constituted a very substantial disposal of the Bank and was approved by the Shareholders of the Bank at the first extraordinary general meeting of 2020 held on 10 July 2020. On 27 July 2020, the Bank and Chengfang Huida further entered into specific asset disposal agreements under the framework disposal agreement, pursuant to which the relevant conditions precedent were fulfilled, the Disposal was completed and the relevant assets were disposed of in full and no longer included in the consolidated financial statements of the Bank.

In addition, as part of a series of transactions under the asset reorganization plan of the Bank, on 31 March 2020, the Bank entered into an agreement to subscribe for a directional debt instrument in the principal amount of RMB75 billion issued by Jinzhou Jinyin Management Partnership (Limited Partnership) (錦州錦銀管理合夥企業(有限合夥)), an entity established by an enterprise wholly owned by Liaoning Financial Holdings(as a limited partner)and the Deposit Insurance Fund Management Co., Ltd. (存款保險基金管理有限責任公司), a PBOC's wholly-owned subsidiary (as a general partner). The subscription was completed on the completion date of the Disposal.

Following the completion of the Disposal on 27 July 2020 and the completion of the Proposed Private Placement on 30 September 2020, the Bank's significant asset reorganization as disclosed in the Bank's announcement dated 26 December 2019 has completed.

The completion of the significant asset reorganization can effectively enhance the Bank's capital adequacy, improve the Bank's asset quality and risk resilience, and further optimize the Bank's asset structure. The Bank will continue to strengthen its corporate governance and control the direction of development through the significant asset reorganization, so as to ensure the establishment of a sound internal governance structure and the steady operation of the Bank as a whole, as well as to further enhance the Bank's comprehensive competitive strength and promote its sustainable development.

For details of the significant asset reorganization of the Bank in 2020, please refer to the announcements of the Bank dated 27 September 2019, 18 October 2019, 26 December 2019, 10 March 2020, 31 March 2020, 1 April 2020, 3 April 2020, 29 April 2020, 29 May 2020, 30 June 2020, 10 July 2020, 27 July 2020, 10 August 2020, 14 August 2020 and 9 October 2020, respectively, and the circulars of the Bank dated 8 October 2019 and 30 June 2020.

6. OTHER INFORMATION

6.1 Subsequent Events

On 5 January 2021, Mr. Zhang Tao resigned as an employee representative Supervisor of the Bank and the chairman of the Board of Supervisors, and his resignation has taken effect on the date when the new Supervisor succeeding to him officially performed the duties (i.e. 5 March 2021). On 5 March 2021, Mr. Wang Zunzhou was elected as an employee representative Supervisor of the Bank at the employee representative meeting and was appointed as the chairman of the sixth session of the Board of Supervisors of the Bank on 10 March 2021. For details, please refer to the announcements of the Bank dated 5 January 2021, 8 March 2021 and 10 March 2021.

6.2 Corporate Governance Code

The Bank has continuously improved its corporate governance system, gradually upgraded its corporate governance standards, and has adopted the Corporate Governance Code and the relevant requirements on corporate governance as set out in the Management Measures for Commercial Banks of the PRC and established its corresponding corporate governance system. The Bank has also established a full-time and independent Board, Board of Supervisors and senior management in accordance with relevant regulations. The members of the Board and the Board of Supervisors of the Bank, except for employee representative Supervisors, were all elected at the general meetings by Shareholders of the Bank. The Bank will further improve the level of information disclosure, standardize investor relations management activities, and continuously improve transparency and governance.

During the Reporting Period, save as disclosed below, the Bank has fully complied with the provisions as set out in the CG Code. The Board is not aware of any information indicating that the Bank has not complied with the other provisions as set out in the CG Code:

The Bank conducted the election and reappointment of the sixth session of the Board in 2019. The Directors of the sixth session of the Board successively received approvals of qualification from regulatory authorities from 30 October 2019 to 21 January 2020, and each of their terms of office took effect from the respective dates of the receipt of approvals from regulatory authorities. Therefore, from 15 November 2019 (the date when the majority of the Directors' qualifications have been approved) to 21 January 2020 (the date when the approvals for all the Directors have been received by the Bank), the Bank failed to comply with the requirement under Rule 3.10A of the Listing Rules for having independent non-executive Directors representing at least one-third of the Board. Since 21 January 2020, the Bank has received approvals regarding the qualification of all Directors and the number of the independent non-executive Directors on the Board has complied with the Rule 3.10A of the Listing Rules.

6.3 Securities Transactions by Directors and Supervisors

The Bank has adopted, in respect of securities transactions by the Directors and Supervisors, a code of conduct on terms no less than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules. After the Bank's specific enquiries to all Directors and Supervisors each Director and Supervisor of the Bank has confirmed that he/she has complied with such code of conduct during the Reporting Period.

6.4 Profits and Dividend

The Bank's revenue during the Reporting Period and the Bank's financial position as at the end of the Reporting Period are set out in the financial statements of this announcement. At the end of the Reporting Period, the reserves available for distribution to Shareholders of the Bank amounted to RMB2,429,877,000. The Board did not recommend to distribute any dividend for the year ended 31 December 2020 (for the year ended 31 December 2019: nil).

6.5 Purchase, Sale and Redemption of Listed Securities or Redeemable Securities of the Bank

During the Reporting Period, neither the Bank nor any of its subsidiaries has purchased, sold or redeemed any listed securities or redeemable securities of the Bank.

6.6 Review by Audit Committee

At the end of the Reporting Period, the audit committee was comprised of five Directors, including Mr. Wang Xiongyuan (independent non-executive Director) serving as the chairman of the committee, and Ms. Ning Jie (non-executive Director), Ms. Gu Jihong (non-executive Director), Mr. Xiao Geng (independent non-executive Director) and Mr. Su Mingzheng (independent non-executive Director) serving as members of the committee. The Audit Committee of the Bank has reviewed the audited consolidated annual financial statements of the Bank for the year ended 31 December 2020.

7. FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	Notes	For the year ended 31 December	
		2020	2019
Interest income		37,344,545	47,820,476
Interest expense		(28,045,398)	(28,475,443)
Net interest income	4	<u>9,299,147</u>	<u>19,345,033</u>
Fee and commission income		243,753	422,292
Fee and commission expense		(69,063)	(190,578)
Net fee and commission income	5	<u>174,690</u>	<u>231,714</u>
Net trading (losses)/gains	6	(118,122)	3,372,617
Dividend income		1,440	1,200
Net gains arising from investment securities	7	1,721	240,556
Net foreign exchange losses		(78,105)	(42,008)
Other net operating income		28,522	20,587
Operating income		<u>9,309,293</u>	<u>23,169,699</u>
Operating expenses	8	<u>(3,318,583)</u>	<u>(3,761,683)</u>
Operating profit before impairment		<u>5,990,710</u>	<u>19,408,016</u>
Impairment losses on assets	9	(5,662,563)	(20,846,120)
Profit/(loss) before tax		<u>328,147</u>	<u>(1,438,104)</u>
Income tax (expenses)/credit	10	(174,620)	327,858
Profit/(loss) for the year		<u><u>153,527</u></u>	<u><u>(1,110,246)</u></u>
Attributable to:			
Equity shareholders of the Bank		404,569	(958,545)
Non-controlling interests		(251,042)	(151,701)
Profit/(loss) for the year		<u><u>153,527</u></u>	<u><u>(1,110,246)</u></u>
Basic and diluted losses per share (in RMB)	11	<u><u>(0.02)</u></u>	<u><u>(0.12)</u></u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended 31 December	
	2020	2019
Profit/(loss) for the year	153,527	(1,110,246)
Other comprehensive income for the year:		
Items that will be reclassified subsequently to profit or loss:		
– Debt instruments measured at fair value through other comprehensive income		
– Change in fair value	(114,542)	48,535
– Change in impairment provision	104,985	(4,717)
– Reclassified to profit or loss upon disposal	(3,384)	(214,664)
Items that will not subsequently be reclassified to profit or loss:		
– Remeasurement of defined benefit obligation	708	(976)
– Equity instruments at fair value through other comprehensive income		
– Change in fair value	123,619	(24,452)
Effect of related income tax	(6,448)	48,825
Other comprehensive income/(loss) for the year	104,938	(147,449)
Total comprehensive income/(loss) for the year	258,465	(1,257,695)
Attributable to:		
Equity shareholders of the Bank	509,507	(1,105,994)
Non-controlling interests	(251,042)	(151,701)
Total comprehensive income/(loss) for the year	258,465	(1,257,695)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

(Expressed in thousands of Renminbi,
unless otherwise stated)

	Notes	At 31 December	
		2020	2019
Assets			
Cash and deposits with the central bank		55,826,576	105,176,537
Deposits with banks and other financial institutions		4,748,291	8,301,592
Placements with banks and other financial institutions		6,062,898	5,643,864
Positive fair value of derivatives		117,633	84,969
Financial assets held under resale agreements		4,273,751	—
Loans and advances to customers		495,464,197	452,695,511
Financial assets at fair value through profit or loss	12	23,020,107	55,157,171
Financial assets at fair value through other comprehensive income	13	21,921,180	12,559,843
Financial assets measured at amortised cost	14	135,760,163	165,149,391
Finance lease receivables		3,248,825	6,408,314
Property and equipment		6,684,729	7,015,575
Deferred tax assets		11,743,169	11,841,585
Other assets		9,120,805	6,659,839
Total assets		777,992,324	836,694,191
Liabilities and equity			
Liabilities			
Borrowing from the central bank		105,816	33,079,647
Deposits from banks and other financial institutions		135,044,341	178,117,754
Placements from banks and other financial institutions		22,645,854	27,731,363
Financial liabilities at fair value through profit or loss		7,822	6,282,210
Negative fair value of derivatives		164,764	100,011
Financial assets sold under repurchase agreements		35,102,853	10,106,602
Deposits from customers		439,223,670	407,112,779
Accrued staff costs		369,510	334,976
Income taxes payable		31,719	1,622,478
Other tax payable		677,273	412,966
Debt securities payable		71,270,006	110,108,837
Provisions		410,284	613,313
Other liabilities		1,696,232	1,565,806
Total liabilities		706,750,144	777,188,742

	At 31 December	
<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	2020	2019
Equity		
Share capital	13,981,616	7,781,616
Other equity instruments including:		
Offshore preference shares	9,897,363	9,897,363
Capital reserve	26,493,374	20,583,321
Surplus reserve	3,056,744	2,994,679
General reserve	11,800,217	11,800,217
Retained earnings	2,429,877	2,614,222
	<hr/>	<hr/>
Total equity attributable to equity shareholders of the Bank	67,659,191	55,671,418
Non-controlling interests	3,582,989	3,834,031
	<hr/>	<hr/>
Total equity	71,242,180	59,505,449
	<hr/>	<hr/>
Total liabilities and equity	777,992,324	836,694,191
	<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	Attributable to shareholders of the Bank							Non- controlling interests	Total equity
	Share Capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Retained earnings	Subtotal		
Balance at 1 January 2020	7,781,616	9,897,363	20,583,321	2,994,679	11,800,217	2,614,222	55,671,418	3,834,031	59,505,449
Changes in equity for the year:									
Profit for the year	-	-	-	-	-	404,569	404,569	(251,042)	153,527
Other comprehensive income	-	-	104,938	-	-	-	104,938	-	104,938
Total comprehensive income	-	-	104,938	-	-	404,569	509,507	(251,042)	258,465
Shareholders' investment and capital reduction									
– Shareholders' investment	6,200,000	-	5,890,000	-	-	-	12,090,000	-	12,090,000
Appropriation of profits									
– Withdrawal of surplus reserve	-	-	-	62,065	-	(62,065)	-	-	-
– Appropriation to shareholders	-	-	-	-	-	(611,734)	(611,734)	-	(611,734)
Other comprehensive income carried forward to retained earnings	-	-	(84,885)	-	-	84,885	-	-	-
Balance at 31 December 2020	<u>13,981,616</u>	<u>9,897,363</u>	<u>26,493,374</u>	<u>3,056,744</u>	<u>11,800,217</u>	<u>2,429,877</u>	<u>67,659,191</u>	<u>3,582,989</u>	<u>71,242,180</u>
Balance at 1 January 2019	7,781,616	9,897,363	20,730,770	2,994,679	11,802,132	3,570,852	56,777,412	3,985,732	60,763,144
Changes in equity for the year:									
Loss for the year	-	-	-	-	-	(958,545)	(958,545)	(151,701)	(1,110,246)
Other comprehensive loss	-	-	(147,449)	-	-	-	(147,449)	-	(147,449)
Total comprehensive loss	-	-	(147,449)	-	-	(958,545)	(1,105,994)	(151,701)	(1,257,695)
Appropriation of profits									
– Reversal of general reserve	-	-	-	-	(1,915)	1,915	-	-	-
Balance at 31 December 2019	<u>7,781,616</u>	<u>9,897,363</u>	<u>20,583,321</u>	<u>2,994,679</u>	<u>11,800,217</u>	<u>2,614,222</u>	<u>55,671,418</u>	<u>3,834,031</u>	<u>59,505,449</u>

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2020

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended	
	31 December 2020	2019
Cash flows from operating activities		
Profit/(loss) for the years	153,527	(1,110,246)
Adjustments for:		
Impairment losses on assets	5,662,563	20,846,120
Depreciation and amortisation	560,545	556,207
Interest expense on lease liabilities	13,741	18,499
Dividend income	(1,440)	(1,200)
Unrealised foreign exchange (gains)/losses	(74,639)	61,363
Net losses/(gains) on derivative financial instruments	28,820	(226)
Net gains arising from investment securities	(1,721)	(240,556)
Net losses/(gains) on disposal of trading securities	247,722	(159,461)
Revaluation gains on financial instruments at fair value through profit or loss	(158,419)	(3,212,930)
Interest expense on debts securities issued	4,472,319	3,282,233
Net losses on disposal of property and equipment and other long term assets	3,210	2,326
Income tax expenses/(credit)	174,620	(327,858)
Subtotal	<u>11,080,848</u>	<u>19,714,271</u>
Changes in operating assets		
Net (increase)/decrease in deposits with the central bank, banks and other financial institutions	(230,968)	14,950,979
Net increase in placements with banks and other financial institutions	–	(5,651,582)
Net increase in loans and advances to customers	(88,886,976)	(68,879,251)
Net decrease in finance lease receivables	2,803,885	675,187
Net increase in other operating assets	<u>(15,319,074)</u>	<u>(10,666,872)</u>
Subtotal	<u>(101,633,133)</u>	<u>(69,571,539)</u>

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended	
	31 December	
	2020	2019
Changes in operating liabilities		
Net (decrease)/increase in borrowing from central bank	(32,934,750)	32,931,953
Net increase in deposits from banks and other financial institutions	1,965,622	14,662,756
Net (decrease)/increase in placements from banks and other financial institutions	(5,003,084)	6,918,901
Net increase/(decrease) in financial assets sold under repurchase agreements	24,934,659	(33,306,708)
Net increase/(decrease) in deposits from customers	33,047,399	(37,457,909)
Income tax paid	(1,673,411)	(2,950,815)
Net decrease in other operating liabilities	(269,243)	(1,841,831)
Subtotal	<u>20,067,192</u>	<u>(21,043,653)</u>
Net cash flows used in operating activities	<u>(70,485,093)</u>	<u>(70,900,921)</u>
Cash flows from investing activities		
Proceeds from disposal and redemption of investments	156,030,173	223,408,842
Dividend received	1,440	1,200
Proceeds from disposal of property and equipment and other assets	13,735	1,404
Payments on acquisition of investments	(102,069,762)	(120,834,638)
Payments on acquisition of property and equipment, intangible assets and other assets	(154,384)	(935,351)
Net cash flows generated from investing activities	<u>53,821,202</u>	<u>101,641,457</u>

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended	
	31 December	
	2020	2019
Cash flows from financing activities		
Proceeds from capital contribution by equity shareholders	12,090,000	–
Proceeds from issue of debt securities	252,377,369	182,834,970
Repayment of debts securities issued	(295,340,000)	(165,090,000)
Interest paid on debts securities issued	(348,519)	(587,148)
Dividend paid	(623,341)	(86,554)
Payment of lease liabilities	(105,384)	(102,185)
	<u> </u>	<u> </u>
Net cash flows (used in)/generated from financing activities	(31,949,875)	16,969,083
	<u> </u>	<u> </u>
Effect of foreign exchange rate changes on cash and cash equivalents	(79,351)	(61,364)
	<u> </u>	<u> </u>
Net (decrease)/increase in cash and cash equivalents	(48,693,117)	47,648,255
Cash and cash equivalents as at 1 January	67,534,887	19,886,632
	<u> </u>	<u> </u>
Cash and cash equivalents as at 31 December	18,841,770	67,534,887
	<u> </u>	<u> </u>
Interest received	26,392,527	39,180,312
	<u> </u>	<u> </u>
Interest paid (excluding interest expense on debts securities issued)	(24,323,795)	(27,313,186)
	<u> </u>	<u> </u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. BACKGROUND INFORMATION

Bank of Jinzhou Co., Ltd. (the “**Bank**”) was established on 22 January 1997 with approval of the PBOC (Yin Fu 1997 No.29).

The Bank obtained its finance permit No. B0127H221070001 from the China Banking Regulatory Commission (the “**CBRC**”), which was renamed as China Banking and Insurance Regulatory Commission (“**CBIRC**”) on 8 April 2018). The Bank obtained its business license with unified social credit code No. 912107002426682145 from the State Administration for Industry and Commerce of the PRC. The legal representative is Wei Xuekun and the address of the registered office is No. 68 Keji Road, Jinzhou City, Liaoning Province, the PRC.

In December 2015, the Bank’s H Shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock code: 0416). As at 31 December 2020, the share capital of the Bank is RMB13,982 million.

The principal activities of the Bank and its subsidiaries (collectively referred to as the “**Group**”) are the provision of corporate and retail deposits, loans and advances, payment and settlement services, finance leasing as well as other banking services as approved by the CBRC. The Group operates in Mainland China, which, for the purpose of this report, excludes the Hong Kong Special Administrative Region of the PRC (“**Hong Kong**”), the Macau Special Administrative Region of the PRC (“**Macau**”) and Taiwan. As of 31 December 2020, the Bank has 15 branches in Jinzhou, Beijing, Tianjin, Shenyang, Dalian, Harbin, Dandong, Fushun, Anshan, Chaoyang, Fuxin, Liaoyang, Huludao, Benxi and Yingkou.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance and basis of preparation

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (the “**IFRSs**”) and related interpretations, issued by the International Accounting Standards Board (the “**IASB**”), as well as with the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The IASB has issued certain new and revised IFRSs which are first effective or available for early adoption for the current accounting period of the Group. Note 2(b) provides information on any changes in accounting policies resulting from the initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the consolidated financial statements.

The consolidated financial statements for the year ended 31 December 2020 comprise the Bank and its subsidiaries.

Unless stated otherwise, the financial statements are presented in Renminbi (“RMB”), rounded to the nearest thousand, which is the functional currency of the Bank.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements on the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Judgments that have a significant effect on the financial statements and estimates with a significant risk of material adjustments in the subsequent period are discussed in Note 3.

The measurement basis used in the preparation of the financial statements is historical cost basis, with the exception of certain financial assets and financial liabilities, which are measured at fair value.

(b) Application of new and amendments to International Financial Reporting Standards

In the current year, the Group has applied the following new and revised IFRSs issued by the ISAB:

Amendments to IFRS 3	Definition of a Business
Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the amendments to IFRSs, which had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. Significant accounting estimates and judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

(a) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI and with exposure arising from loan commitments and financial guarantee contracts issued, is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (the likelihood of customers defaulting and the resulting losses).

(b) Fair value of financial instruments

There are no quoted prices from an active market for a number of financial instruments. The fair values for these financial instruments are established by using valuation techniques. These techniques include using recent arm's length market transactions by referring to the current fair value of similar instruments, discounted cash flow analysis, and option pricing models. Valuation models established by the Group make maximum use of market input and rely as little as possible on the Group's specific data. However, it should be noted that some input, such as credit and counterparty risk, and risk correlations require management's estimates. The Group reviews the above estimations and assumptions periodically and makes adjustment if necessary.

(c) Income taxes

Determining income tax provisions involves judgment on the future tax treatment of certain transactions. The Group carefully evaluates the tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account tax legislation. Deferred tax assets are recognised for temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilised, management's judgment is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

(d) Impairment of non-financial assets

Non-financial assets are reviewed regularly to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is provided.

Since the market price of an asset (the asset group) cannot be obtained reliably, the fair value of the asset cannot be estimated reliably. In assessing the present value of future cash flows, significant judgments are exercised over the asset's selling price, related operating income and expenses and discount rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of related operating income and expenses based on reasonable and supportable assumption.

(e) Depreciation and amortisation

Property and equipment and intangible assets and right-of-use assets are depreciated and amortised using the straight-line method over their estimated useful lives after taking into account residual values. The estimated useful lives are regularly reviewed to determine the depreciation and amortisation costs charged in the Reporting Period. The estimated useful lives are determined based on historical experiences of similar assets and estimated technical changes. If there is an indication that there has been a change in the factors used to determine the depreciation or amortisation, the amount of depreciation or amortisation will be revised.

(f) Determination of control over investees

Management applies its judgment to determine whether the control indicators indicate that the Group controls a non-principal guaranteed wealth management product and an asset management plan.

The Group acts as manager to a number of non-principal guaranteed wealth management products and asset management plans. Determining whether the Group controls such a structured entity usually focuses on the assessment of the aggregate economic interests of the Group in the entity (comprising any carried interests and expected management fees) and the decision-making authority of the entity. For all these structured entities managed by the Group, the Group's aggregate economic interest is in each case not significant and the decision makers establish, market and manage them according to restricted parameters as set out in the investment agreements as required by laws and regulations. As a result, the Group has concluded that it acts as agent as opposed to principal for the investors in all cases, and therefore has not consolidated these structured entities.

(g) Defined benefit plan

The Group has established liabilities in connection with supplementary retirement benefits and other long-term benefits. The amounts of employee benefit expense and these liabilities are dependent on assumptions used in calculating such amounts. These assumptions include discount rates, mortality rates, demission rates and other factors. Management has made significant estimates when made these assumptions. The changes in assumptions may affect the Group's expenses related to its employee defined benefit obligations.

4. NET INTEREST INCOME

*(Expressed in thousands of Renminbi,
unless otherwise)*

	For the year ended	
	31 December	
	2020	2019
Interest income arising from		
Deposits with the central bank	704,814	783,992
Deposits with banks and other financial institutions	127,585	274,390
Placements with banks and other financial institutions	277,582	378,505
Loans and advances to customers		
– Corporate loans and advances	26,344,475	27,649,787
– Personal loans	417,313	635,024
– Discounted bills	251,795	460,055
Financial assets held under resale agreements	134,629	75,467
Financial assets at fair value through other comprehensive income	506,964	1,102,253
Financial assets measured at amortised cost	8,262,111	15,816,158
Finance lease receivables	317,277	644,845
	<hr/>	<hr/>
Subtotal	37,344,545	47,820,476
	<hr/>	<hr/>
Interest expense arising from		
Borrowing from the central bank	23,891	666,284
Deposits from banks and other financial institutions	7,771,528	7,239,261
Placements from banks and other financial institutions	469,524	1,175,230
Deposits from customers		
– Corporate customers	1,818,985	4,158,425
– Individual customers	13,085,537	11,196,591
Financial assets sold under repurchase agreements	403,614	757,419
Debt securities issued	4,472,319	3,282,233
	<hr/>	<hr/>
Subtotal	28,045,398	28,475,443
	<hr/>	<hr/>
Net interest income	9,299,147	19,345,033
	<hr/> <hr/>	<hr/> <hr/>

5. NET FEE AND COMMISSION INCOME

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended	
	31 December	
	2020	2019
Fee and commission incomes		
Agency services fees	18,309	56,579
Settlement and clearing fees	56,341	84,912
Wealth management service fees	129,090	172,926
Underwriting and advisory fees	19,209	49,422
Bank card service fees	13,922	11,683
Others	6,882	46,770
	<hr/>	<hr/>
Subtotal	243,753	422,292
	<hr/>	<hr/>
Fee and commission expenses		
Settlement and clearing fees	34,546	41,826
Others	34,517	148,752
	<hr/>	<hr/>
Subtotal	69,063	190,578
	<hr/>	<hr/>
Net fee and commission income	174,690	231,714
	<hr/> <hr/>	<hr/> <hr/>

6. NET TRADING (LOSSES)/GAINS

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended	
	31 December	
	2020	2019
Trading financial instruments		
– Debt securities issued	(247,722)	3,324,615
– Derivative financial instruments	(28,820)	(382)
– Precious metals	1	1
	<u> </u>	<u> </u>
Subtotal	(276,541)	3,324,234
	<u> </u>	<u> </u>
Financial instruments designated at fair value through profit or loss	158,419	48,383
	<u> </u>	<u> </u>
Total	(118,122)	3,372,617
	<u> </u>	<u> </u>

The above amounts mainly include gains and losses arising from the purchase and sale of, interest income and changes in the fair value of financial assets and liabilities at fair value through profit or loss and derivative financial instruments.

7. NET GAINS ARISING FROM INVESTMENT SECURITIES

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended	
	31 December	
	2020	2019
Net revaluation gains arising from reclassification from other comprehensive income to profit or loss on disposal	3,384	214,664
Net revaluation gains from financial assets at fair value through other comprehensive income on disposal	(1,582)	25,907
Net gains on disposal of financial assets measured at amortised cost	(81)	(15)
	<u> </u>	<u> </u>
Total	1,721	240,556
	<u> </u>	<u> </u>

8. OPERATING EXPENSES

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended	
	31 December	
	2020	2019
Staff costs		
– Salaries and bonuses	1,140,689	1,350,363
– Social insurance	106,324	262,470
– Housing allowances	119,959	110,868
– Staff welfares	61,328	54,435
– Supplementary retirement benefits	24,391	2,425
– Other long-term staff welfares	16,199	24,032
– Others	45,702	52,848
	<hr/>	<hr/>
Subtotal	1,514,592	1,857,441
	<hr/>	<hr/>
Premises and equipment expenses		
– Depreciation of property and equipment	362,346	361,496
– Depreciation of right-of-use assets	143,651	150,493
– Rental and property management expenses	6,415	4,225
– Amortisation of other long-term assets	2,789	1,847
– Amortisation of intangible assets	51,759	42,371
	<hr/>	<hr/>
Subtotal	566,960	560,432
	<hr/>	<hr/>
Tax and surcharges	307,338	281,934
Interest expense on lease liabilities	13,741	18,499
Other general and administrative expenses (Note)	915,952	1,043,377
	<hr/>	<hr/>
Total	3,318,583	3,761,683
	<hr/> <hr/>	<hr/> <hr/>

Note: Auditors' remuneration for the year ended 31 December 2020 was RMB4 million (2019: RMB4 million).

9. IMPAIRMENT LOSSES ON ASSETS

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended	
	31 December	
	2020	2019
Loans and advances to customers		
– ECL over the next 12 months	855,369	2,756,326
– Lifetime ECL-not credit-impaired loans	1,890,762	(1,268,789)
– Lifetime ECL-credit-impaired loans	2,944,698	19,694,520
	<hr/>	<hr/>
Subtotal	5,690,829	21,182,057
	<hr/>	<hr/>
Deposits and placements with banks and other financial institutions	(110,757)	366,436
Financial assets at fair value through other comprehensive income	104,985	(4,717)
Financial assets measured at amortised cost	(510,109)	3,879
Finance lease receivables	428,219	401,341
Credit commitments	(203,029)	(1,117,372)
Others	262,425	14,496
	<hr/>	<hr/>
Total	5,662,563	20,846,120
	<hr/> <hr/>	<hr/> <hr/>

10. INCOME TAX EXPENSES/(CREDIT)

(a) Income tax expenses/(credit):

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended	
	31 December	
	2020	2019
Current income tax	82,652	3,991,484
Deferred income tax	91,968	(4,319,342)
	<hr/>	<hr/>
Total	174,620	(327,858)
	<hr/> <hr/>	<hr/> <hr/>

(b) Reconciliations between income tax expenses/(credit) and accounting profit/(loss) are as follows:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended	
	31 December	
	2020	2019
Profit/(loss) before tax	<u>328,147</u>	<u>(1,438,104)</u>
Statutory tax rate	25%	25%
Income tax calculated at statutory tax rate	82,037	(359,526)
Non-deductible expenses		
– Staff costs	8	153
– Others	<u>82,049</u>	<u>44,578</u>
Subtotal	<u>82,057</u>	<u>44,731</u>
Non-taxable income		
– Interest income from the PRC government bonds	(16,227)	(28,036)
– Others	(15,374)	(29,097)
Effect of deductible temporary differences or deductible losses on unrecognized deferred income tax assets	27,586	–
Effect of income taxes in respect of previous periods	14,541	44,750
Making up losses for previous years' losses	–	(680)
Total	<u>174,620</u>	<u>(327,858)</u>

11. BASIC AND DILUTED LOSSES PER SHARE

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended	
	31 December	
	2020	2019
Net profit/(loss) attributable to equity shareholders of the Bank	404,569	(958,545)
Less: Net profit attributable to other equity holders of the Bank	<u>(611,734)</u>	<u>–</u>
Net loss attributable to equity shareholders of the Bank	<u>(207,165)</u>	<u>(958,545)</u>
Weighted average number of ordinary shares (in thousands)	<u>9,718,054</u>	<u>7,781,616</u>
Basic and diluted losses per share attributable to equity shareholders of the Bank (in RMB)	<u>(0.02)</u>	<u>(0.12)</u>

The Bank issued non-cumulative preference shares on 27 October 2017. In calculating basic earnings per ordinary share, the non-cumulative preferred dividends declared for the period should be deducted from net profit attributable to ordinary equity holders of the Bank. The conversion feature of preference shares is considered to fall within contingently issuable ordinary shares. The triggering events of conversion did not occur for the year ended 31 December 2020 and 2019 and therefore the conversion feature of preference shares has no effect on the calculation of basic and diluted losses per share.

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

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		At 31 December	
<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>		2020	2019
	<i>Notes</i>		
Debt instruments held for trading	(a)	5,072,766	5,560,214
Certificates of deposit	(a)	–	397,037
Beneficial interest transfer plans	(b)	17,173,518	42,307,325
Asset-backed securities		154,025	–
Balance with a bank		411,548	405,214
Wealth management products		200,226	200,129
		<hr/>	<hr/>
Subtotal		23,012,083	48,869,919
Financial assets designated at fair value through profit or loss	(c)	8,024	6,287,252
		<hr/>	<hr/>
Total		23,020,107	55,157,171
		<hr/> <hr/>	<hr/> <hr/>

Notes:

(a) Debt instruments held for trading

*(Expressed in thousands of Renminbi,
unless otherwise stated)*

	At 31 December	
	2020	2019
Debt securities issued by institutions in Mainland China		
– Banks and other financial institutions	2,896,004	3,232,894
Debt securities issued by institutions outside Mainland China		
– Banks and other financial institutions	2,176,762	2,327,320
Total	5,072,766	5,560,214
Listed	2,896,004	3,232,894
Unlisted	2,176,762	2,327,320
Total	5,072,766	5,560,214

As at 31 December 2020 and 2019, some of the debt instruments held for trading and certificates of deposit are used for the pledge of the repurchase agreements.

(b) Beneficial interest transfer plans

Beneficial interest transfer plans are mainly beneficial interests issued by trust companies, securities companies, insurance companies and asset management companies.

(c) Financial assets designated at fair value through profit or loss

Financial assets designated at fair value through profit or loss represented debt investments offered by the Group from principal-guaranteed wealth management programs managed and measured at fair value. The Group accounts for the corresponding investment funds of the above assets under financial liabilities designated at fair value through profit or loss. The gains from movements on fair value of these investments was RMB0.37 million in 2020 (2019: RMB143 million).

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	At 31 December 2020	At 31 December 2019
Debt instruments issuers in Mainland China		
– Government	3,456,145	2,747,714
– Banks and other financial institutions	15,637,452	7,975,166
– Corporations	773,419	473,621
	<u>19,867,016</u>	<u>11,196,501</u>
Subtotal		
	19,867,016	11,196,501
Certificate of deposit	487,638	–
Equity investments		
– Listed	171,762	66,469
– Unlisted	1,150,418	1,165,027
Add: Interests receivable	244,346	131,846
	<u>21,921,180</u>	<u>12,559,843</u>
Total		
	21,921,180	12,559,843

The Group designates the investments listed in the table below as equity instruments at fair value through other comprehensive income. Details are as follows:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	31 December 2020	Dividend income recognized for the year ended 31 December 2020	31 December 2019	Dividend income recognized for the year ended 31 December 2019
China UnionPay Co., Ltd.*	8,000	1,440	8,000	1,200
Clearing Centre For City Commercial Banks	250	–	250	–
Bank Of Liaoyang Co.,Ltd.*	64,182	–	78,791	–
Yingkou Port Group Co., Ltd.*	494,415	–	494,415	–
Northern Heavy Industries Group Co., Ltd.*	266,659	–	266,659	–
Bohai Steel Group Co., Ltd.*	316,912	–	316,912	–
Total	<u>1,150,418</u>	<u>1,440</u>	<u>1,165,027</u>	<u>1,200</u>
Unlisted	<u>1,150,418</u>	<u>1,440</u>	<u>1,165,027</u>	<u>1,200</u>
Total	<u><u>1,150,418</u></u>	<u><u>1,440</u></u>	<u><u>1,165,027</u></u>	<u><u>1,200</u></u>

As at 31 December 2020 and 2019, some of the debt securities and certificates of deposit issued by the Government, banks and other financial institutions with the PRC are used for the pledge of repurchase agreements.

The movements of impairment provision for financial assets at fair value through other comprehensive income during the year are as follows:

For the year ended 31 December 2020				
<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	ECL over the next 12 months	Lifetime ECL-not credit- impaired	Lifetime ECL-credit- impaired	Total
As at 1 January	(2,192)	–	–	(2,192)
Transferred :				
–to lifetime ECL- not credit-impaired loans	426	(426)	–	–
Net charge for the year	<u>(2,903)</u>	<u>(101,145)</u>	<u>–</u>	<u>(104,048)</u>
As at 31 December	<u><u>(4,669)</u></u>	<u><u>(101,571)</u></u>	<u><u>–</u></u>	<u><u>(106,240)</u></u>

For the year ended 31 December 2019

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	ECL over the next 12 months	Lifetime ECL-not credit- impaired	Lifetime ECL-credit- impaired	Total
As at 1 January	(457)	–	–	(457)
Net charge for the year	<u>(1,735)</u>	<u>–</u>	<u>–</u>	<u>(1,735)</u>
As at 31 December	<u><u>(2,192)</u></u>	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>(2,192)</u></u>

Notes:

- (a) Provision for impairment of financial investments of at fair value through other comprehensive income is recognised in other comprehensive income, while losses or gains from impairment are included in profit or loss. Besides, the book value of the financial assets presented in the consolidated statement of financial position is not reduced.
- (b) As at 31 December 2020, the debt instruments with a principal amount of RMB200 million in the Stage 1 have been transferred to the Stage 2. The remaining debt instruments are in the Stage 1.
- (c) The Group designates non-trading equity investments as financial assets at fair value through other comprehensive income. As at 31 December 2020, the amount for these non-trading equity investments was RMB1,322.18 million (2019: RMB1,231.50 million). For the year ended 31 December 2020, the dividend income from these non-trading equity investments amounted to RMB1.44 million (2019: RMB1.20 million) and was included in profit or loss. During the year ended 31 December 2020, the Group disposed of its non-trading equity investments and the cumulative gain transferred from other comprehensive income to retained earnings amounted to RMB84.89 million (2019: RMB0 million). The fair value gain on these investments were RMB38.73 million during the year ended 31 December 2020 (2019: fair value losses of RMB24.45 million).

14. FINANCIAL ASSETS MEASURED AT AMORTISED COST

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	At 31 December 2020	At 31 December 2019
Debt securities issued by the following institutions in Mainland China		
– Government	1,980,683	1,989,281
– Banks and other financial institutions	501,107	1,240,000
– Corporations	75,280,626	19,956
Subtotal	<u>77,762,416</u>	<u>3,249,237</u>
Debt securities issued by the following institutions outside Mainland China		
– Corporations	1,850,599	1,744,050
Beneficial interest transfer plans	54,575,270	165,999,362
Add: Interests receivable	6,557,809	3,389,639
Less: Provision for impairment losses	(4,985,931)	(9,232,897)
Total	<u>135,760,163</u>	<u>165,149,391</u>

As at 31 December 2020 and 2019, some of investments in certain debt securities issued by the Government, banks and other financial institutions in Mainland China are used for the pledge of transactions under the repurchase agreements.

The movements of provision for financial assets at amortised cost are as follows:

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended 31 December 2020			
	ECL over the next 12 months	Lifetime ECL-not credit-impaired	Lifetime ECL-credit-impaired	Total
As at 1 January	(3,149,459)	(4,734,250)	(1,349,188)	(9,232,897)
Transferred				
– to ECL over the next 12 months	(701,184)	701,184	–	–
– to lifetime ECL-not credit-impaired	41,543	(41,543)	–	–
– to lifetime ECL-credit-impaired	41,390	374,252	(415,642)	–
Net release/(charge) for the year	2,524,669	1,641,001	(3,655,561)	510,109
Net written-off for the year	403,562	1,839,504	1,493,791	3,736,857
As at 31 December	<u>(839,479)</u>	<u>(219,852)</u>	<u>(3,926,600)</u>	<u>(4,985,931)</u>
	For the year ended 31 December 2019			
	ECL over the next 12 months	Lifetime ECL-not credit-impaired	Lifetime ECL-credit-impaired	Total
As at 1 January	(3,614,372)	(1,764,202)	(3,850,444)	(9,229,018)
Transferred				
– to ECL over the next 12 months	(136,579)	136,579	–	–
– to lifetime ECL				
– not credit-impaired	196,247	(1,735,926)	1,539,679	–
– to lifetime ECL				
– credit-impaired	–	21,858	(21,858)	–
Net (charge)/release for the year	405,245	(1,392,559)	983,435	(3,879)
As at 31 December	<u>(3,149,459)</u>	<u>(4,734,250)</u>	<u>(1,349,188)</u>	<u>(9,232,897)</u>

Notes:

- In the year of 2020, the Group adjusted the five-tier classification and customer rating of financial assets measured at amortised cost, and the financial assets measured at amortised cost from lifetime ECL-not credit-impaired was transferred to ECL over the next 12 months of RMB5,898 million. The financial assets measured at amortised cost from ECL over the next 12 months to lifetime ECL-not credit-impaired was RMB1,743 million. The financial assets measured at amortised cost from ECL over the next 12 months and lifetime ECL-not credit-impaired to lifetime ECL-credit-impaired was RMB9,127 million.
- In the year of 2019, the Group adjusted the five-tier classification and customer rating of financial assets measured at amortised cost, and the principal of financial assets measured at amortised cost transferred from lifetime ECL-not credit-impaired to ECL over the next 12 months was RMB7,263 million. The principal of financial assets measured at amortised cost transferred from ECL over the next 12 months and lifetime ECL-credit-impaired to lifetime ECL-not credit-impaired was RMB12,896 million. The principal of financial assets measured at amortised cost transferred from lifetime ECL-not credit-impaired to lifetime ECL-credit-impaired was RMB1,180 million.
- The ECL movement was caused by origination or purchase as well as changes in PD, LGD and EAD and stages as a result of regular update of parameters.

15. APPROPRIATION OF PROFITS

(a) In accordance with the resolution of the Bank's Board of Directors meeting on 29 March 2021, the proposed profit appropriations for the year ended 31 December 2020 is listed as follows:

- Withdrawal of legal surplus reserve amounted to RMB62.07 million.
- The general provision balance has exceeded 1.5% of the ending balance of the risk assets and no general provision is made.
- The Board resolved not to declare any dividend for 2020.

The profit appropriation resolution mentioned above has yet to be approved by the Bank's shareholders.

(b) In accordance with the resolution of the Bank's Board of Directors meeting on 20 August 2020, the Bank's offshore preference shares distribution plan, which was distributed on 27 October 2020, is listed as follows:

- Declaration of preference share dividend to holders of offshore preference shares of USD91 million, approximately RMB611 million.

(c) As approved by the annual general meeting of the Bank held on 11 September 2020, the Bank's profit distribution plan for the year ended 31 December 2019 was as follows:

- In view of the loss for the year 2019, no general provision will be made.
- The Board resolved no dividend was paid.

16. SEGMENT REPORTING

The Group manages its business by business lines and geographical areas. Interest income and expenses earned from third parties are referred to as “External net interest income/expense”. Net interest income and expenses arising from internal charges and transfer pricing adjustments are referred to as “Internal net interest income/expense”.

Consistent with the way in which information is reported internally to the Group’s most senior executive management for the purposes of resource allocation and performance assessment, the Group defines reportable segments based on the following operating segments:

Corporate banking business

Corporate banking business covers the provision of financial products and services to corporate customers. The products and services include deposits, loans, settlement and clearing and other products and services relating to the trading business.

Retail banking business

Retail banking business covers the provision of financial products and services to retail customers. The products and services include deposits, bank cards and credit cards services, personal loans and collateral loans, and personal wealth management services.

Treasury business

Treasury business covers money market placements, investments and repurchasing, foreign exchange transactions for the Group’s own accounts or on behalf of customers.

Other business

This represents business other than corporate banking business, retail banking business and treasury business, whose assets, liabilities, income and expenses are not directly attributable or cannot be allocated to a segment on a reasonable basis.

The transfer prices among segments are determined by the capital sources and due time which should match with the level of lending and deposit rates and interbank market rates announced by the PBOC. Expenses are distributed.

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

(a) *Segment results/(Loss), assets and liabilities*

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended 31 December 2020				Total
	Corporate banking business	Retail banking business	Treasury business	Other business and undistributed project	
Operating income					
External net interest income/ (expense)	21,822,591	(12,607,575)	84,131	–	9,299,147
Internal net interest (expense)/income	<u>(10,770,233)</u>	<u>13,199,922</u>	<u>(2,429,689)</u>	<u>–</u>	<u>–</u>
Net interest income/(expense)	11,052,358	592,347	(2,345,558)	–	9,299,147
Net fee and commission income/ (expense)	35,650	142,306	(3,266)	–	174,690
Net trading losses	–	–	(118,122)	–	(118,122)
Dividend income	–	–	1,440	–	1,440
Net gains arising from investment securities	–	–	1,721	–	1,721
Foreign exchange losses	–	–	(78,105)	–	(78,105)
Other net operating income	<u>1,326</u>	<u>–</u>	<u>694</u>	<u>26,502</u>	<u>28,522</u>
Total operating income	11,089,334	734,653	(2,541,196)	26,502	9,309,293
Operating expenses	<u>(1,139,353)</u>	<u>(1,099,624)</u>	<u>(833,942)</u>	<u>(245,664)</u>	<u>(3,318,583)</u>
Operating profit/(loss) before impairment	9,949,981	(364,971)	(3,375,138)	(219,162)	5,990,710
Impairment losses on assets	<u>(2,827,238)</u>	<u>(163,537)</u>	<u>(2,651,335)</u>	<u>(20,453)</u>	<u>(5,662,563)</u>
Segment profit/(loss) before tax	<u>7,122,743</u>	<u>(528,508)</u>	<u>(6,026,473)</u>	<u>(239,615)</u>	<u>328,147</u>
Segment assets	490,177,622	8,535,400	250,993,313	16,542,820	766,249,155
Deferred tax asset					<u>11,743,169</u>
Total assets					777,992,324
Segment liabilities	102,233,121	336,900,917	264,318,333	2,963,381	706,415,752
Dividend payable	<u>–</u>	<u>–</u>	<u>–</u>	<u>334,392</u>	<u>334,392</u>
Total liabilities	<u>102,233,121</u>	<u>336,900,917</u>	<u>264,318,333</u>	<u>3,297,773</u>	<u>706,750,144</u>
Other segment information					
– Depreciation and amortisation	(225,685)	(128,917)	(196,635)	(9,308)	(560,545)
– Capital expenditure	63,722	36,578	51,477	2,607	154,384

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	For the year ended 31 December 2019				Total
	Corporate banking business	Retail banking business	Treasury business	Other business and undistributed project	
Operating income					
External net interest income/(expense)	23,948,114	(10,381,692)	5,778,611	–	19,345,033
Internal net interest (expense)/income	(11,096,764)	11,875,749	(778,985)	–	–
Net interest income	12,851,350	1,494,057	4,999,626	–	19,345,033
Net fee and commission income	44,131	178,984	8,599	–	231,714
Net trading gains	–	–	3,372,617	–	3,372,617
Dividend income	–	–	1,200	–	1,200
Net gains arising from investment securities	–	–	240,556	–	240,556
Foreign exchange losses	(13)	(4)	(41,991)	–	(42,008)
Other net operating income	–	–	–	20,587	20,587
Total operating income	12,895,468	1,673,037	8,580,607	20,587	23,169,699
Operating expenses	(1,082,988)	(1,219,707)	(1,107,908)	(351,080)	(3,761,683)
Operating profit/(loss) before impairment	11,812,480	453,330	7,472,699	(330,493)	19,408,016
Impairment losses on assets	(20,041,678)	(418,506)	(377,017)	(8,919)	(20,846,120)
Segment (loss)/profit before tax	(8,229,198)	34,824	7,095,682	(339,412)	(1,438,104)
Segment assets	450,446,832	10,995,608	350,691,133	12,719,033	824,852,606
Deferred tax asset					11,841,585
Total assets					836,694,191
Segment liabilities	164,813,489	246,595,913	364,358,588	1,074,753	776,842,743
Dividend payable	–	–	–	345,999	345,999
Total liabilities	164,813,489	246,595,913	364,358,588	1,420,752	777,188,742
Other segment information					
– Depreciation and amortisation	(171,212)	(78,938)	(225,127)	(80,930)	(556,207)
– Capital expenditure	492,115	20,235	388,207	34,794	935,351

(b) Geographical information

The Group operates principally in Jinzhou Region, Other Northeastern China Region and Northern China Region.

Non-current assets include property and equipment, intangible assets and right-of-use assets. In presenting of geographical information, non-current assets are allocated based on geographical location of the underlying assets. Operating income is allocated based on the locations of the subsidiaries and the branches which generate income.

The distribution of the geographical areas is as follows:

- “Jinzhou Region” Including headquarters of the Bank of Jinzhou, Jinzhou branch and the five subsidiaries of the Group.
- “Other Northeastern China Region” Including the following areas serviced by branches of the Bank: Shenyang, Dalian, Harbin, Dandong, Fushun, Anshan, Chaoyang, Fuxin, Liaoyang, Huludao, Benxi, Yingkou and the three subsidiaries of the Group.
- “Northern China Region” Including the following areas serviced by branches of the Bank: Beijing and Tianjin.

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	Operating Income For the year ended 31 December	
	2020	2019
Jinzhou Region	4,723,860	17,368,117
Other Northeastern China Region	3,240,386	3,416,561
Northern China Region	1,345,047	2,385,021
Total	<u>9,309,293</u>	<u>23,169,699</u>

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	Non-current Assets At 31 December	
	2020	2019
Jinzhou Region	3,472,817	3,206,652
Other Northeastern China Region	3,282,721	3,700,122
Northern China Region	627,542	889,230
Total	<u>7,383,080</u>	<u>7,796,004</u>

17. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Credit commitments

The Group's credit commitments mainly includes loans commitments, credit card commitments, acceptances, letters of credit and letters of guarantees.

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

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	At 31 December	
	2020	2019
Loan commitments		
– Original contractual maturity within one year	352,261	2,359,907
– Original contractual maturity more than one year (inclusive)	25	–
Credit card commitments	1,599,581	837,508
Subtotal	1,951,867	3,197,415
Acceptances	81,509,790	119,543,175
Letters of guarantees	188,228	99,443
Letters of credit	1,399,829	4,496,980
Total	85,049,714	127,337,013

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

(b) Capital commitments

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

<i>(Expressed in thousands of Renminbi, unless otherwise stated)</i>	At 31 December	
	2020	2019
Contracted but not provided for		
– Purchase of property and equipment	39,813	47,169
Total	39,813	47,169

(c) Outstanding litigations and disputes

As at the end of the Reporting Period, the Group had a total of one major outstanding litigation case as defendant involving a subject amount of RMB22,236,007.29. The above litigation cases will not have a material adverse impact on the Group's operating activities.

The Group has been involved in a business trust dispute since 7 August 2020. The plaintiff filed a lawsuit in relation to the dispute arising from the three trust contracts with Jinzhou Bank. The Group appeared in court in December 2020 to answer the lawsuit and filed a defense. As at the end of the Reporting Period, the case was still in the first trial process and the possibility of the Group losing the case cannot be judged for the time being.

8. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2020

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and a new standard to IFRS 17, Insurance contracts, which are not yet effective for the year ended 31 December 2020 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

Effective for accounting periods beginning on or after

IFRS 17	Insurance Contracts	1 January 2021
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The Group is in the process of assessing the impact of these amendments in the period in which they are first applied. As of the date of the Report, the adoption of these amendments is unlikely to have a material impact on the consolidated financial statements.

9. RELEASE OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement was published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Bank (www.jinzhoubank.com). The 2020 annual report prepared in accordance with the Listing Rules and the IFRSs will be released on the HKExnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Bank (www.jinzhoubank.com), and will be dispatched to the holders of H Shares of the Bank in due course.

This results announcement was prepared in both Chinese and English versions, and the Chinese version shall prevail where there is a discrepancy between the Chinese and English versions.

DEFINITIONS

“Bank”, “Bank of Jinzhou” or “Group”	Bank of Jinzhou Co., Ltd.* (錦州銀行股份有限公司), a joint stock company incorporated in the PRC on 22 January 1997 with limited liability in accordance with PRC laws and, unless the context requires otherwise, includes its subsidiaries, branches, sub-branches and special institutions
“Board” or “Board of Directors”	the board of Directors of the Bank
“Board of Supervisors”	the board of Supervisors of the Bank
“Chengfang Huida”	Beijing Chengfang Huida Enterprise Management Co., Ltd.* (北京成方匯達企業管理有限公司)
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 of the Listing Rules
“Debt Instrument Subscription”	the subscription by the Bank of a directional debt instrument issued by Jinzhou Jinyin Enterprise Management Partnership (LLP)* (錦州錦銀企業管理合夥企業(有限合夥))
“Disposal”	the disposal of certain credit assets and other assets by the Bank in 2020 which constituted a very substantial disposal of the Bank
“Director(s)”	the director(s) of the Bank

“Domestic Share(s)”	the ordinary share(s) in the share capital of the Bank with a nominal value of RMB1.00 each, which is/are subscribed for or credited as paid up in Renminbi by PRC nationals and/or PRC corporate entities
“H Share(s)”	the ordinary share(s) in the share capital of the Bank with a nominal value of RMB1.00 each, which is/are subscribed for and traded in HK dollars and listed on the Main Board of the Hong Kong Stock Exchange
“HK\$” or “HK dollars”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Liaoning Financial Holding”	Liaoning Financial Holding Group Co., Ltd.* (遼寧金融控股集團有限公司)
“Former CBRC”	the China Banking Regulatory Commission
“PBOC”	the People’s Bank of China
“PRC” or “China”	the People’s Republic of China, for the purposes of this announcement only, refers to the territory of the People’s Republic of China, excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan region of the PRC

“Proposed Private Placement”	the private placement of not more than 6.2 billion new Domestic Shares by the Bank in 2020 under a specific mandate
“Reporting Period”	the year ended 31 December 2020
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Shareholder(s)” or “Ordinary Shareholder(s)”	the holder(s) of the share(s) of the Bank
“Share(s)” or “Ordinary Share(s)”	the Domestic Share(s) and the H Share(s) of the Bank, excluding the offshore preference share(s)
“Supervisor(s)”	the supervisor(s) of the Bank
“USD” or “US dollars”	the lawful currency of the United States of America

By order of the Board
Bank of Jinzhou Co., Ltd.*
Wei Xuekun
Chairman

Jinzhou, Liaoning Province, the PRC
29 March 2021

As at the date of this announcement, the Board comprises Mr. Wei Xuekun, Mr. Guo Wenfeng, Mr. Kang Jun, Mr. Yang Weihua and Mr. Yu Jun, as executive Directors; Mr. Zhao Chuanxin, Ms. Ning Jie, Ms. Gu Jihong, Mr. Lyu Fei and Mr. Luo Nan, as non-executive Directors; and Mr. Wu Jun, Mr. Xie Taifeng, Mr. Xiao Geng, Mr. Wang Xiongyuan and Mr. Su Mingzheng as independent non-executive Directors.

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