

晋商银行
Jinshang Bank

晋商银行股份有限公司
JINSHANG BANK CO., LTD.

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

Stock Code: 2558



2020

*Environmental, Social and
Governance Report*

Contents

Report
Compilation
Descriptions 03

1 *Carrying forward the spirit of Jinshang and embarking on the path of sustainable development*

About us	06	Highlight	
Business layout	07	performance	08
Corporate strategy	07	ESG management	09
		Honors	13

2 *Devoting efforts to prudential operation and enhancing compliance risk management*

Making concerted efforts for development under the guide of Party building	15	Sound and compliant operation	19
Improving corporate governance	16	Strengthening risk management	23



3 *Gathering the strength of Jinshang to serve the local economic development*

Serving the high-quality transformation and development of Shanxi's economy	25
Developing inclusive finance	30

4 *Paying attention to customers' demands and providing excellent quality services*

Building a digital bank	32	Upgrading customer experience	36
Driving financial innovation	33	Protecting consumer rights	37

5 *Uniting as one to overcome challenges and protect the homeland*

Persevering in targeted poverty alleviation	40
Shouldering the heavy responsibilities to fight against the epidemic	43
Care in charity	45

6 *Building a green bank and promoting ecological civilization construction*

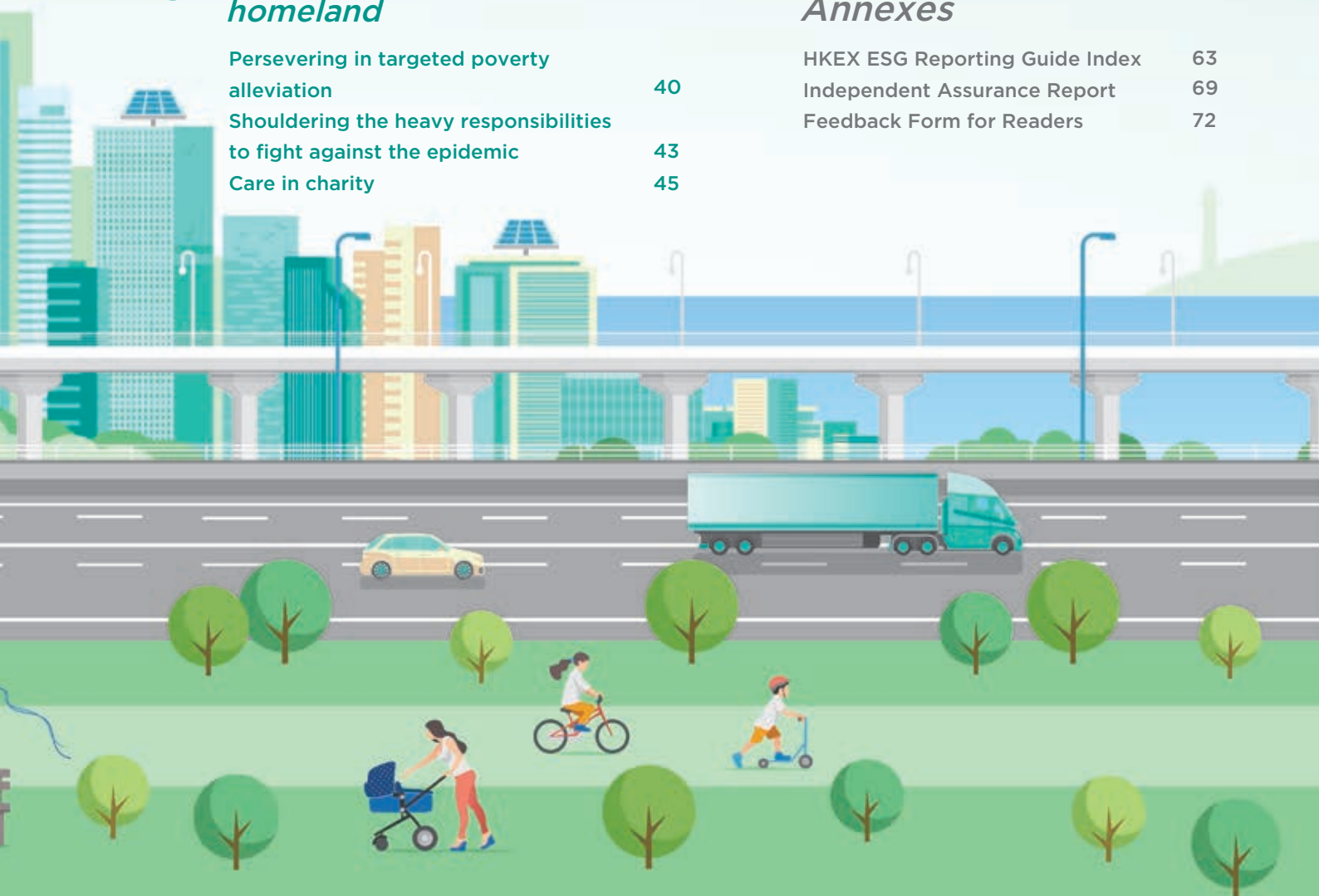
Developing green finance	47
Promoting green office	49

7 *Putting people first and growing together with employees*

Protecting the rights and interests of employees	54
Employee development	58
Employee care	60

Annexes

HKEX ESG Reporting Guide Index	63
Independent Assurance Report	69
Feedback Form for Readers	72



Report Compilation Descriptions

This report is the second annual Environmental, Social and Governance Report (“this report”) issued by JINSHANG BANK CO., LTD. (hereinafter referred to as “Jinshang Bank” or “the Bank”) after listing. This report truly and objectively describes the corporate social responsibility fulfillment activities of Jinshang Bank, branches, directly-controlled branches and the village and township bank in 2020, and focuses on disclosing the Bank’s environmental, social and governance information. The financial data in this report comes from the audited financial report for 2020. Unless otherwise stated, amounts referred to in this report are in RMB.

Reporting Scope

- Reporting Period: This report is an annual report covering the period from January 1, 2020 to December 31, 2020 (the “Reporting Period”), with some information exceeding the Reporting Period.
- Reporting scope: This report is primarily about Jinshang Bank and covers the head office, branches, directly-controlled branches and the village and township bank, unless otherwise specified.

Basis

- Appendix 27-Environmental, Social and Governance Reporting Guide of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)
- Sustainable Development Reporting Guidelines (G4.0) issued by Global Reporting Initiative
- Guidelines for Corporate Social Responsibility of Chinese Banking and Financial Institutions (2009) issued by China Banking Association
- Opinions Concerning Enhancing the Social Responsibility of Banking and Financial Institutions (2007) issued by the former China Banking Regulatory Commission

Reporting Language

This report is available in both traditional Chinese and English versions. For any inconsistency in this report, the traditional Chinese version shall prevail.



Reporting Principles

- **Materiality:** This report identifies and responds to important Environmental, Social and Governance (“ESG”) issues that affect the Bank’s sustainable development based on online surveys and data analysis of stakeholders, as detailed in page 12 of this report.
- **Quantitative:** This report has disclosed the Bank’s key ESG quantization performance.
- **Balance:** This report reflects the objective facts and discloses the positive and negative indicators at the same time.
- **Consistency:** The indicators used in different reporting periods are as consistent as possible in this report. In case of any change in indicators, the changed indicators will be explained.

The Board’s Statement

This report was considered and approved by the Board on March 26, 2021.

The Board and all the Directors of the Bank undertake that this report contains no false record, misleading statement or material omission.

Independent Assurance

To ensure the authenticity and reliability of this report, Ernst & Young Hua Ming LLP is engaged to provide limited assurance on the selected key data as disclosed in this report and produce a third-party assurance report according to *International Standard on Assurance Engagements 3000 (revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information*.

Availability

The soft version of this report can be downloaded from the official website of Jinshang Bank (<http://www.jshbank.com/>) and the website of the Stock Exchange (<https://www.hkex.com>).

Contact Information

We value the opinions of stakeholders and welcome readers to contact us through the following ways. Your opinions will help us further improve this report and enhance the overall social responsibility performance of Jinshang Bank.

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Jinshang Bank 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.



1

Carrying forward the spirit of Jinshang and embarking on the path of sustainable development

About us 06

Business layout 07

Corporate strategy 07

Highlight performance 08

ESG management 09

Honors 13

Following the overall thinking and requirements of “prioritizing transformation, projects, reform and innovation and promoting high-quality development, high-level ascent, high-standard protection and high-quality life to build a well-off society in an all-round way by 2020 and basically realizing socialist modernization by 2035 in pace with the nation” put forward by the CPC Committee of Shanxi Province, the Jinshang Bank will accelerate the pace to build the “Four Beams and Eight Pillars” supporting the Bank’s sustainable and sound development in line with the strategic goal of “Comprehensive Development, Four Modernizations and Four-Efficiency” of the Bank’s Party Committee, take concrete actions to contribute to the three critical battles against poverty, pollution and potential risk, and help address the financing difficulties of private enterprises and small and micro enterprises, as well as effectively perform the political, economic and social responsibilities of a local corporate bank.



Contributing to the United Nations' sustainable development goals



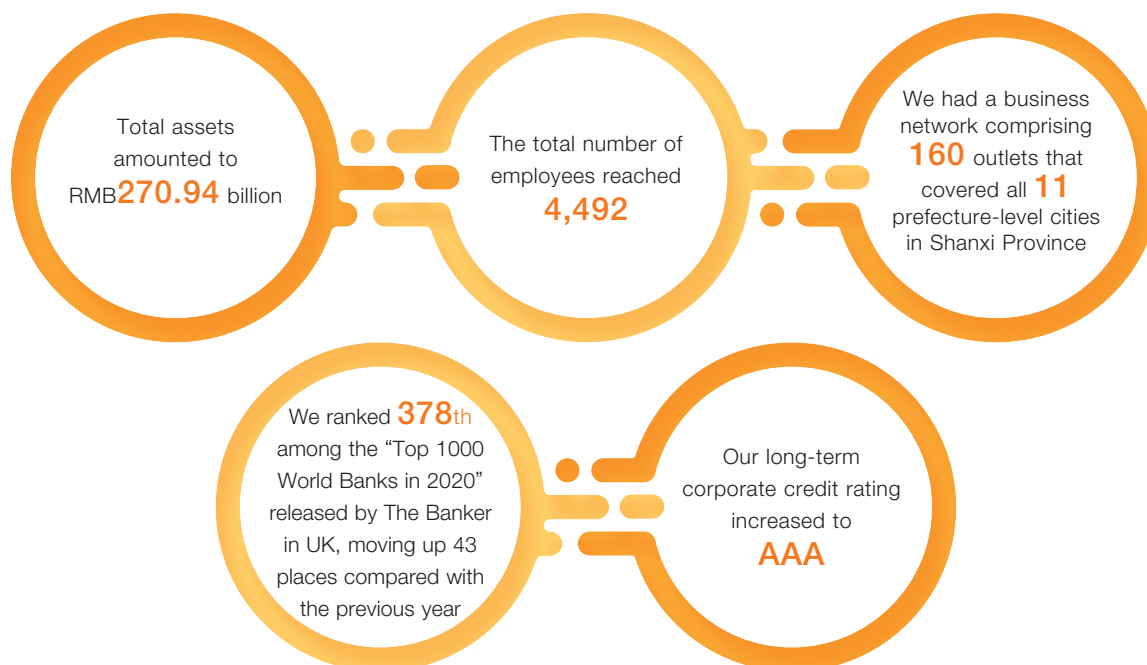
1.1 About us

Established in October 1998, the Bank was listed on the Main Board of the Stock Exchange (stock code: 2558.HK) in July 2019, becoming the first listed bank in Shanxi Province. Under the leadership of Shanxi Provincial Party Committee and provincial government, and with the guidance and assistance of regulatory authorities, the Bank gradually embarked on a development path of a modern commercial bank featuring steady development, good performance and controllable risks.

In 2020, the Bank continued to support the energy revolution and strategic emerging industries, promoted the upgrading of Shanxi's comprehensive reform demonstration zone, refined "green" credit products, and vigorously developed inclusive finance to promote the high-quality development of Shanxi's economy; focusing on the requirements of strategic goal of "Comprehensive Development, Four Modernizations and Four-Efficiency", we earnestly fulfilled the responsibility of managing and governing by the Party, protected the legitimate rights and interests of consumers, selected, cultivated, utilized and kept talents in a proper manner; through a series of measures such as targeted poverty alleviation, public charity and voluntary services, we benefited more people with the results of development and made greater contributions to the promotion of social equity. With practical actions, we wrote a development chapter of bravely innovating, promoting transformation, seeking development and pioneering new paths.

2021 is the first year of the "14th Five-Year" Plan. We will pull together in times of trouble and move forward with all walks of life. We will deeply integrate into the economic development pattern of Shanxi Province, stimulate business vitality, improve various mechanisms, consolidate characteristic advantages, achieve key breakthroughs, and make new greater contributions to the high-quality transformation and development of Shanxi Province during the "14th Five-Year" Plan.

As of the end of December 2020, the Bank:



1.2 Business layout

Personal financial services	Corporate financial services	Financial services for micro and small enterprises	Direct banking business
<ul style="list-style-type: none"> • Personal deposits • Personal loans • Insurance • Treasury • Funds • Financial products • Precious metal 	<ul style="list-style-type: none"> • Corporate deposit products • Corporate assets products • Green financial products 	<ul style="list-style-type: none"> • Credit products • Cluster services • Business cards • Comprehensive services 	<ul style="list-style-type: none"> • Yue Tian Li • Jin Xiang Cun • Jin Cai Bao • An Xin Fu • Jin Cun Jin

1.3 Corporate strategy

Strategic Vision

- To pursue safe development, and build an excellent listed bank in the region.




Strategic Positioning

- Regional Positioning: rooted in Sanjin, serving Shanxi, based on the whole country, facing the world.
- Market Positioning: serving the local economy, serving micro and small and medium enterprises, serving urban and rural residents.
- Business Positioning: strengthening corporate business, refining retails, specializing in the financial market, optimizing businesses for micro and small enterprises.

Working Ideas

- “Comprehensive Development” – to uphold the overall leadership of the Party, which is a fundamental principle and requirement.
- “Four Modernizations” – technical guidance, market-based talent selection and employment, professional business services, and systematic risk prevention and control.
- “Four-Efficiency” – to efficiently meet market demand, efficiently provide financial products, efficiently achieve optimal investment returns, and efficiently and reasonably distribute operating profits.

1.4 Highlight performance

Indicator type	Indicator	Unit	2020
 Economic performance	Operating income	RMB1 billion	4.87
	Net profits	RMB1 billion	1.57
	Total assets	RMB1 billion	270.94
	Total deposits	RMB1 billion	176.78
	Total loans	RMB1 billion	136.11
	Basic earnings per share	RMB1 yuan	0.27
	Average return on total assets	%	0.61
	Return on average equity	%	7.63
	Non-performing loan ratio	%	1.84
	Provision coverage ratio	%	194.06
	Capital Adequacy Ratio (CAR)	%	11.72
 Social performance	Total tax paid in 2020	RMB1 billion	0.72
	Financing balance for serving the real economy	RMB1 billion	80.65
	Balance of agriculture-related loans	RMB1 billion	44.92
	Balance of loans to micro and small enterprises	RMB1 billion	44.44
	Balance of inclusive loans to small and micro enterprises	RMB1 million	6,743.20
	Balance of loans to support energy revolution	RMB1 billion	45.71
	Loans to support epidemic prevention and control, resumption of work and production	Transaction	389
	Resolution rate of customer complaints	%	99.73
	Total number of employees	Person	4,492
	Proportion of female employees	%	55.32
	Duration of volunteer activities	Hour	280
 Environmental protection performance	Charity and other donations	RMB1 million	1.80
	Balance of green loans	RMB1 billion	5.22
	Training on ESG and green finance	Attendance	153
	Replacement rate of e-banking	%	83.23
	Number of Internet banking transactions throughout the year	10,000 transactions	412.59

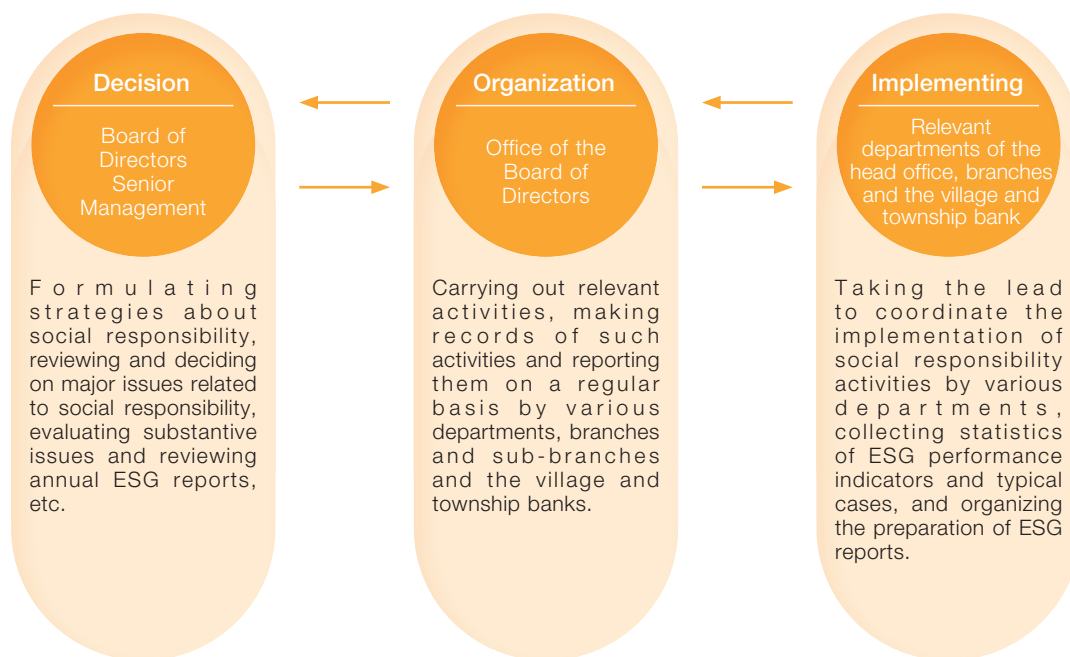
1.5 ESG management

ESG concept

Our mission	To provide excellent services for customers, to create maximum return for shareholders, and to promote economic development and social progress
Service philosophy	Be customer-centric
Notion of responsibility	Responsibility, persistence, implementation and effectiveness
Our corporate culture	Honesty, innovation and entrepreneurship




ESG management

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



Stakeholder communication

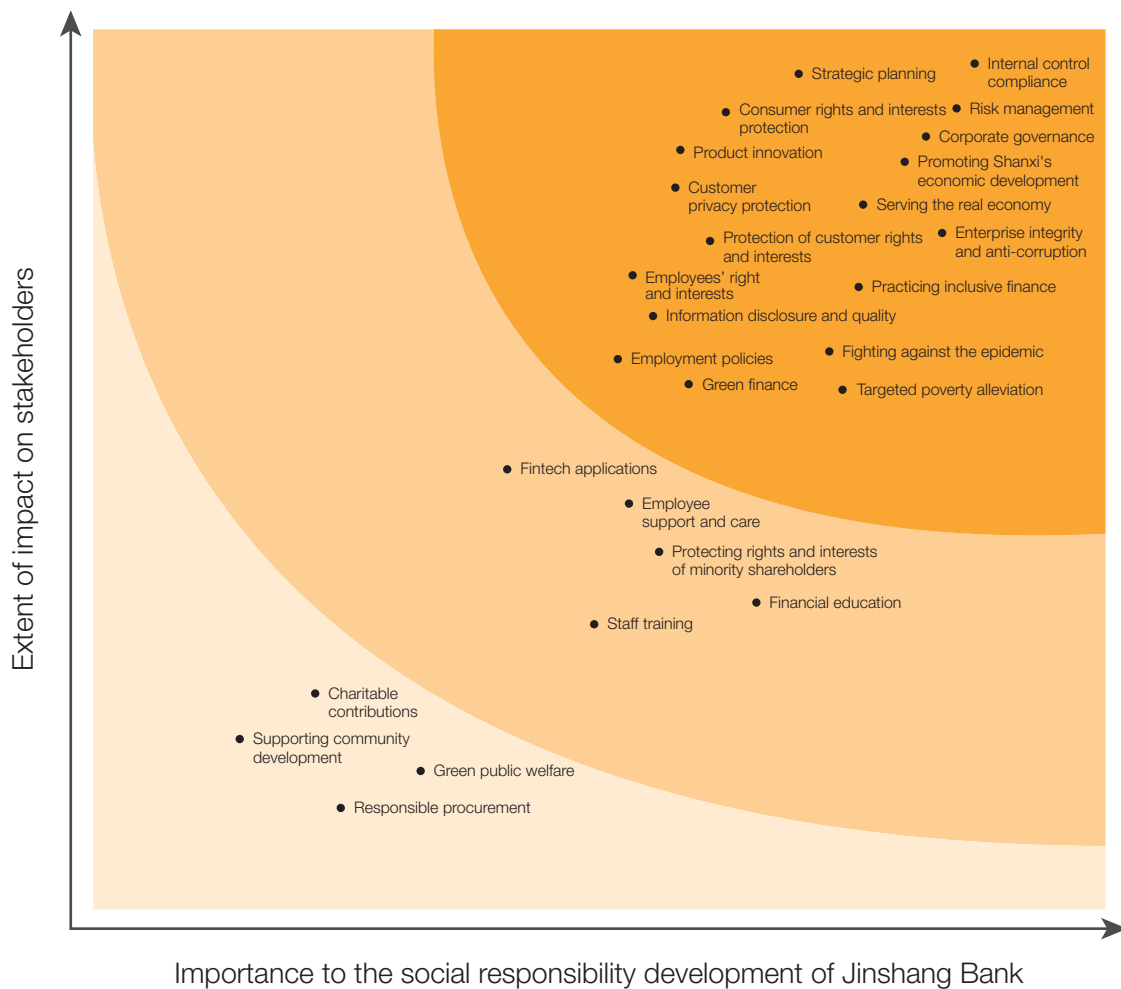
Stakeholders	Issues of concern	Methods of communication	Response measures
 Government	<ul style="list-style-type: none"> Serving the development of Shanxi Supporting the real economy Practicing inclusive finance Driving energy transformation Developing low-carbon economy 	<ul style="list-style-type: none"> Government papers and guidelines Reports on specific subjects Information distribution Working meetings 	<ul style="list-style-type: none"> Strengthening bank-government cooperation Serving the transformational development of Shanxi Vigorously supporting key projects Supporting private and small and micro enterprises Assisting enterprises in transformation and upgrade Promoting green loan business
 Regulatory Bodies	<ul style="list-style-type: none"> Corporate governance Operating according to laws and regulations Comprehensive risk management Information disclosure Practicing corporate responsibility 	<ul style="list-style-type: none"> Regulatory policies Survey and inspection visits Announcement Data Report 	<ul style="list-style-type: none"> Establishing a sound internal control system Improving the risk management system Disclosing information in a timely and high-quality manner Promoting targeted poverty alleviation
 Shareholders	<ul style="list-style-type: none"> Corporate strategic plans Protection of shareholders' rights and interests Industry competitiveness 	<ul style="list-style-type: none"> Shareholders' general meetings Investors' survey and exchange Information disclosure 	<ul style="list-style-type: none"> Improving corporate governance structure Enhancing investor relations management Implementing development strategies and accurately disclosing information
 Customers	<ul style="list-style-type: none"> Protection of customer rights Customer privacy protection Fintech applications Product innovation 	<ul style="list-style-type: none"> Questionnaire Online survey Digital platform Awareness campaign 	<ul style="list-style-type: none"> Improving consumer protection mechanism Optimizing business process Launching core system Innovating financial products

Stakeholders	Issues of concern	Methods of communication	Response measures
 Employees	<ul style="list-style-type: none"> Salaries and benefits Protecting rights and interests Training and development Employee support and care 	<ul style="list-style-type: none"> Meeting of the labor union committee Labor union Suggestion box Feedback 	<ul style="list-style-type: none"> Improving the salary incentive Developing welfare system Establishing a sound training system and focusing on employees' development Organizing various activities
 Suppliers	<ul style="list-style-type: none"> Supply chain management Responsible procurement 	<ul style="list-style-type: none"> Tendering and bidding Cooperation agreement 	<ul style="list-style-type: none"> Improving procurement management system Strengthening communication
 Community	<ul style="list-style-type: none"> Charity Climate change Fighting against the epidemic 	<ul style="list-style-type: none"> Charitable visits Energy conservation and emission reduction Donation of money and goods 	<ul style="list-style-type: none"> Donations to schools Green office Establishment of fund



Materiality analysis

The Bank viewed communication with internal and external stakeholders as highly, constantly expanded communication channels, improved communication frequency and efficiency, and enriched communication, to provide stakeholders with a timely and comprehensive understanding of the Bank's practice and performance in fulfilling its social responsibilities. In 2020, the Bank conducted the annual survey on major issues through the WeChat channel, and recovered 1,376 valid questionnaires. Through systematic analysis and assessment, major social issues of the year were identified and taken as an important basis for the preparation of the annual ESG report. The Bank took the initiative to respond to the concerns and demands of the government, regulatory authorities, customers, employees, shareholders and other internal and external stakeholders.



1.6 Honors

In 2020, Jinshang Bank successively won the “Top Ten City Commercial Banks of Inclusive Finance”, “2020 Pioneer Award for Innovative Bank in China’s Green Finance”, “2020 China Jinding Award – Annual Financial Technology Progress Award”, “2020 Gold Financial Product Award”, “Best Innovative Small and Medium-sized Bank”, “Shanxi Civilized Unit Pacesetter” and other honors.

Pictures of awards



2

Devoting efforts to prudential operation and enhancing compliance risk management

Making concerted efforts for development under the guide of Party building 15
Improving corporate governance 16

Sound and compliant operation 19
Strengthening risk management 23

General Secretary XI Jinping pointed out that we need to guard against and defuse major risks, with a focus on preventing and controlling financial risks. In 2020, Jinshang Bank strengthened its responsibility for managing and governing by the Party, putting its governance capability to a new level, and defended the bottom line of no systematic financial risk, contributing to securing a decisive victory in building a moderately prosperous society in all respects.



Contributing to the United Nations' sustainable development goals



2.1 Making concerted efforts for development under the guide of Party building

Remaining true to its original aspiration and keeping in mind its mission, the Bank gave full play to the leading role of Party building, and actively promoted high-quality development of all businesses. The Party committee of Jinshang Bank put forward the working ideas and requirements of “Comprehensive Development, Four Modernizations and Four-Efficiency” and took the adherence to the Party’s overall leadership as the fundamental principle and requirement of the Bank’s work. Taking into account the Bank’s operation and management characteristics, the Bank took its pacesetting role as the foundation of building the brand of Party building, distinguished different work areas, clarified key points and specified the work with a focus on the primary-level and front-line work. Adopting the idea of “making all-round development at the primary level, and recommending the best candidates”, the Bank carried out the bank-wide “Party building brand” campaign in an orderly manner, achieving the mutual promotion and progress of the Party building work and the transformation and development.

Ideological construction

During the Reporting Period, the Bank implemented the decisions and arrangements of the Party Central Committee and the Provincial Party Committee on ideological work, and incorporated the ideological work into the responsibility system and objective management of Party building work. The Bank innovated the mechanism of “Three Full Coverages” to promote the high-quality development of discipline inspection and supervision; promoted the full coverage of main responsibilities, and precisely focused the supervision on the leadership and members of the Bank’s Party committee, established the “rigid” and “visible” responsibility list system and the joint survey work mechanism, and promoted the political and ecological development; innovated the organizational form, and pushed forward the Party committee to implement the reform of dispatching discipline inspection institutions to non-local branches, achieving full coverage of discipline inspection institutions; revised the Measures for Implementation of Inspection Work of Jinshang Bank to promote full coverage

of inspection work. The Party committees or Party general branch of branches made special reports to the Party committee of the head office on a quarterly basis, conducted annual self-inspection and self-correction on implementation results, and studied, solved, and rectified issues found in a timely manner.



Party building activities

2.2 Improving corporate governance

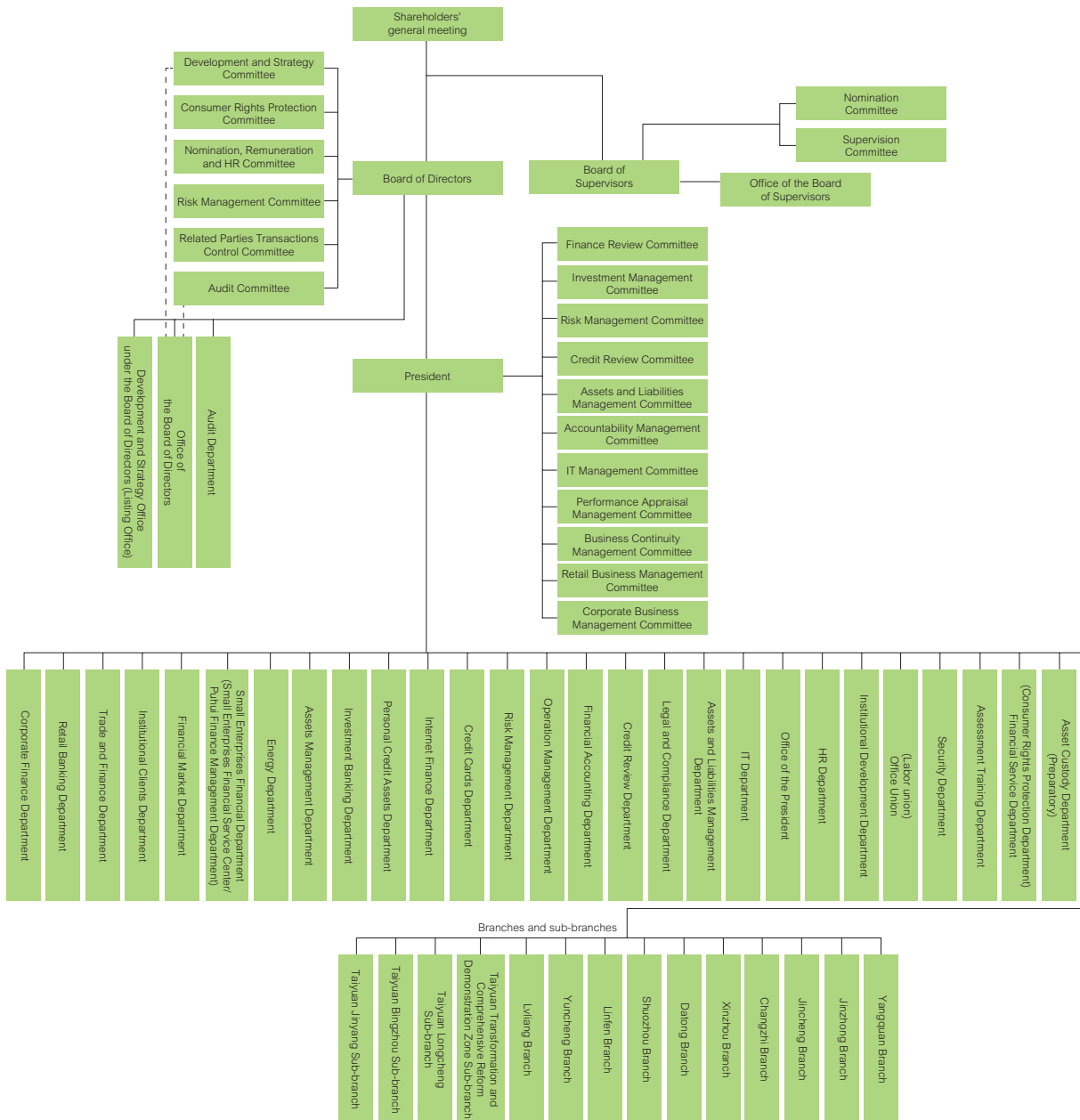
Shareholders' general meetings, the Board of Directors, the Board of Supervisors and senior management

In accordance with the Companies Law of the People's Republic of China and relevant laws and regulations as well as rules and regulations of regulatory authorities, the Bank built a modern corporate governance structure featuring independent operation, effective checks and balances, mutual cooperation and coordinated operation of Shareholders' general meetings, the Board of Directors, the Board of Supervisors and senior management, as well as an operating mechanism featuring scientific decision-making, effective implementation and effective supervision among the authorities, decision-making bodies, supervisory bodies and the management.

With the Articles of Association as the basic document, a number of policy documents were formulated to effectively support the efficient and stable operation of the corporate governance mechanism. The Bank valued issues related to diversity and inclusiveness. According to the requirements of the Stock Exchange, the Board of Directors formulated the policy on diversity of the Board. The selection of candidates for directors will be based on factors including but not limited to gender, age, cultural and educational background, race, industry experience, technical and professional skills and/or qualification, knowledge, and length of service. During the Reporting Period, there were female members in the Board of Supervisors and the senior management.



Organizational structure for corporate governance



Information disclosure

According to regulatory requirements, the Bank completed the information disclosure in an efficient and compliant manner. In 2020, the Bank issued 49 announcements on the Hong Kong Stock Exchange, including regular report, temporary announcement, monthly return on movements in securities, corporate governance document and other contents, fulfilled the obligation of information disclosure in a true, accurate, timely and complete manner, which ensured that investors were timely able to aware of the major matters of the Bank, and protected the investors' right to know to the maximum extent, especially small and medium investors.

Taxation according to law

Paying taxes in accordance with the law is a basic requirement for an enterprise to fulfill its social responsibility and give back to the society. The Bank has always truthfully declared taxes and paid taxes in a timely manner. As of the end of December 2020, RMB718.48 million of taxes was paid.

Investor communication

The Bank maintained open and smooth communication channels, set up a column named "Investor Relations" on the Bank's official website, and provided information such as telephone number, fax, email and address of the head office to facilitate inquiry of investors. Important business information was conveyed to investors through formal announcements, communication between the management and domestic and foreign investors was strengthened, and two-way communication with the capital market was promoted. By means of interviews or reception of visitors, the Bank let investors learn more about the Bank and its investment value. For communication, attention was paid to responding to investors' questions about the Bank's ESG performance.

Shareholders' equity

The Bank valued the return to shareholders, strictly abode by relevant laws, regulations and administrative rules, specified the profit distribution policy in the Articles of Association, and formulated relevant systems. It was committed to establishing a scientific, continuous and stable shareholder return mechanism to effectively protect the legitimate rights and interests of shareholders, including the legitimate rights and interests of minority shareholders. For details, please refer to the 2020 annual report of Jinshang Bank.

2.3 Sound and compliant operation

Improving internal control

The Bank firmly set up a development concept of “prudent compliance and steady operation”, stuck to the bottom line of compliance operation, actively improved the internal control system, strengthened the internal and external inspection and supervision, as well as the rectification of problems, and strengthened the case prevention construction and employee behavior management and constantly improved the effectiveness of internal control in accordance with the changes in regulatory policies and regulatory requirements.

Improving problem database	Establishing a problem database for the head office and branches, continuously updating and improving the problem data of the operational risk management system, and optimizing and improving the use of system functions.
Focusing on key sectors	Centered around regulatory key points and punishment incidents, special risk investigation was carried out in key areas and key positions, various systems and management processes were checked, control was strengthened in key business areas.
Creating a list of key positions	Taking both on-site and off-site monitoring measures into account, special investigation was carried out on the account transactions of employees in key positions, establishment of enterprises, cases involving litigation, and social relations, so as to effectively prevent risks posed by employees.
Organizing special compliance inspection	Special compliance inspection was carried out on contract and authorization management, system management, legal case prevention, performance of obligation, accountability, anti-money laundering, and a standing book on problems was created to track the rectification of problems.
Pushing forward the progress of problem rectification	In implementing the “working mechanism for rectification of compliance review problems”, the rectification of problems was reported on in a quarterly manner.
Perfecting incompatibility management of position	In combination with operational risk and requirements of internal control management, a list of position incompatibilities was created based on analysis of bank-wide business processes and position duties.
Optimizing procedural management	Approval procedures concerning legal review, credit cards approval, management of technology projects, etc. were streamlined to greatly improve procedure efficiency, sorting out and auditing the main process were organized and implemented, and operational risk self-assessment was carried out.

Creating compliance culture

By means of various compliance education activities and measures such as special training, skill competition, warning education and improvement of the “Law Compliance Park”, the compliance culture got promoted and implemented, and the compliance concept was incorporated into business operation and management, to build a solid foundation for development with compliance culture. In 2020, the Bank held 60 legal trainings for 2,870 employees and 192 compliance trainings for 8,709 employees.

Jincheng Branch held a special training session of warning nature themed on “Know to Fear and Behave Better”, which was attended by 120-odd persons.



Lvliang Branch launched an educational activity on anti-corruption and compliance warnings in Lvliang Party Building Theme Park.



Jincheng Branch launched a compliance story sharing activity among employees.



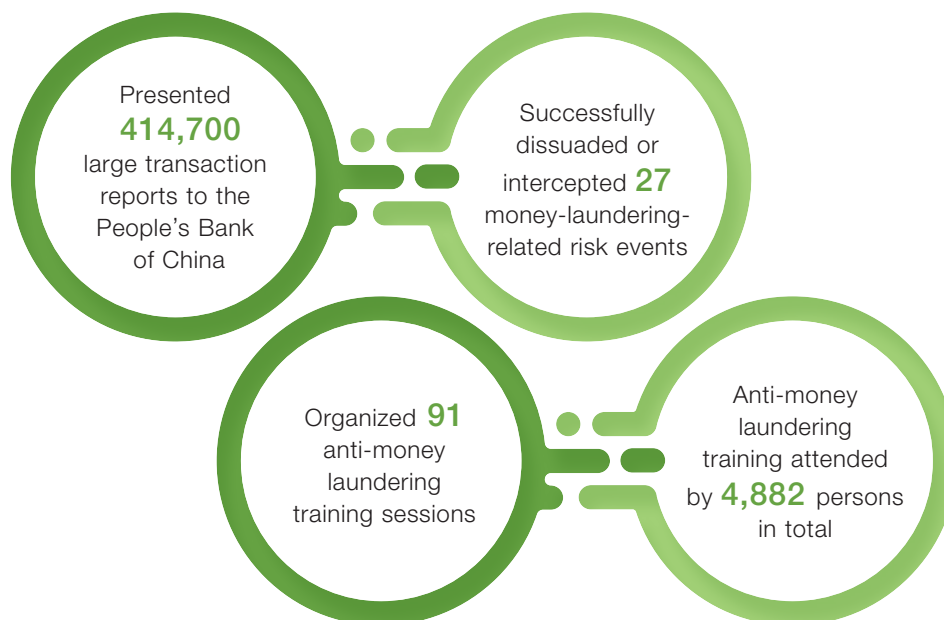
Directly-controlled Bingzhou Branch launched “Compliance and Financial Reading Club”.



Anti-money laundering and anti-corruption

In strict compliance with the Anti-Money Laundering Law of the People's Republic of China, the Provisions on Anti-Money Laundering for Financial Institutions, the Measures on the Administration of Reporting by Financial Institutions of Large-Value and Suspicious Transactions as well as other laws and regulations, the Bank improved the internal control system for anti-money laundering and revised the Implementation Rules of Jinshang Bank for Self-assessment of Money Laundering and Terrorist Financing Risks and Operating Procedures for Customer Money Laundering Risk Classification and List Management of Jinshang Bank. The Bank enhanced customer identification, strengthened the monitoring, analysis and reporting of large-amount transactions and suspicious transactions, improved the function of anti-money laundering system, and took control measures against high-risk customers as required. The Bank strengthened anti-money laundering training for employees, created a strong anti-money laundering compliance atmosphere, carried out anti-money laundering publicity, and improved the public awareness of the hazards of money laundering and enhance their ability to identify and prevent money laundering risks.

In strict compliance with the Regulations on Internal Oversight of the Communist Party of China, Regulations on Disciplinary Actions by the Communist Party of China, Rules on the Supervision and Enforcement of Discipline by the Discipline Inspection Organs of Communist Party of China as well as other laws and regulations, the Bank formulated the Provisions Regarding Implementation of the Responsibility System for Construction of an Honest Party and a Clean Government of Jinshang Bank and Measures on Further Fully Implementing the Eight-point Decision of the CPC Central Committee of Jinshang Bank, adhered to govern the Party under strict discipline, complied strictly with the rules and discipline of the Party and the clean government system of the Bank, took firm action to address "formalism, bureaucratism, hedonism and extravagance", deeply carried out warning education and training on clean government, investigated and punished violations of discipline and law with a zero-tolerance attitude, and maintained a "clean and upright" and good political ecological environment.



Intellectual property protection

The Bank formulated the Administrative Measures for the Intellectual Properties of Jinshang Bank, complied with the Patent Law of the People's Republic of China, the Copyright Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Commercial Banking Law of the People's Republic of China and the Measures for the Registration of Computer Software Copyright, followed the principle of "Under the unified management of the Head Office, each department performs its own functions with the coordinated cooperation of branches and sub-branches to achieve effective protection by all employees". The Bank popularized the knowledge of intellectual property laws across the Bank, trained relevant management personnel in each department and branch and sub-branch to improve the awareness and ability of intellectual property protection of the Bank.

Effective advertising

In accordance with the Advertising Law of the People's Republic of China and the Guiding Opinions of CBIRC on Banking and Insurance Institutions Strengthening the Building of Working Systems and Mechanisms for Protection of Consumer Rights and Interests, the Bank did a good job of various internal and external publicity work.

Supply chain management

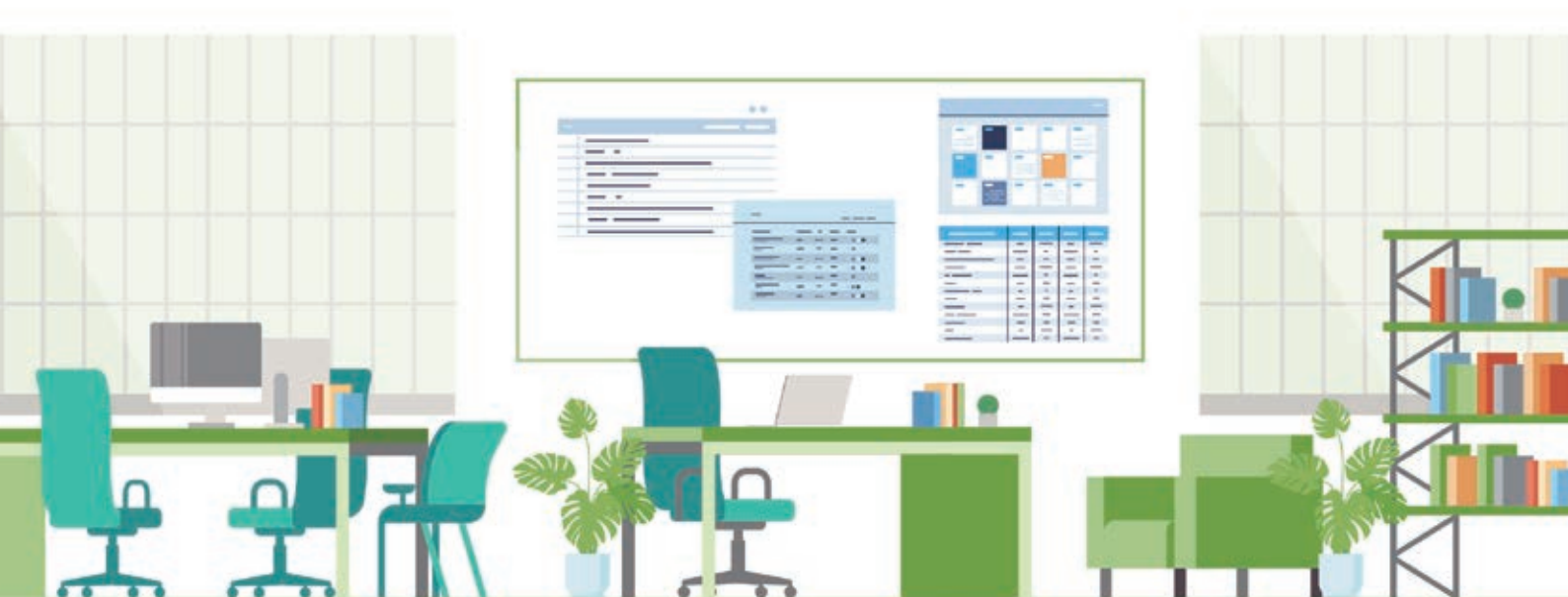
During the Reporting Period, the Administrative Measures for Procurement on E-commerce Platform of Jinshang Bank was added. According to the procurement limit and procurement catalog, the Bank determined the centralized management departments for various matters and different procurement entities and procurement processes for matters within and outside the catalog and above the limit. It advocated green procurement, and Article 6 of the Administrative Measures for Procurement clearly stated that "priority shall be given to energy-saving and environmental protection products in centralized procurement". The Bank regulated the procurement behavior, clearly stated in the bidding documents that the products or services provided by the suppliers shall meet the relevant national standards, and shall not damage the legitimate rights and interests of any third party.

2.4 Strengthening risk management

In accordance with the requirements of “vertical, independent and comprehensive coverage”, the Bank established a comprehensive risk management organizational system covering all branches, businesses, and processes under ultimate management of the Board, effective supervision of the Board of Supervisors and direct leadership of the senior management. Under the system, the relevant business departments and functional departments cooperated closely based on the risk management department.

The two-way reporting system was clarified, and the chief risk officer of the head office regularly reported comprehensive risk management to the Board and the Risk Management Committee of the senior management. The Bank established the material event risk reporting system in which the branches shall directly report material events to the president at the same level and report to the Risk Management Department of the head office.

A number of systems including comprehensive risk management system, liquidity risk management system and operational risk management system were launched to identify, monitor and measure credit risk, market risk, liquidity risk and operational risk, improving the quantitative management of risks. The Bank further improved supporting policies and rules for risk management in line with regulatory requirements. The Bank built a risk culture featuring identification of external risks, monitoring of existing risks, active risk mitigation, compliant mitigation of risks, lawful disposal of risks and active exposure of risks.



3

Gathering the strength of Jinshang to serve the local economic development

Serving the high-quality transformation and development of Shanxi's economy 25

Developing inclusive finance 30

Finance is the lifeline of economy, and Shanxi's transformation and development cannot be separated from the strong support of finance. For a tree to grow tall, its roots must be strengthened; for a river to flow far, its source must be dredged. Jinshang Bank will contribute to the financial "driving force" of Shanxi's transformation and development with the combination of "practical measures" and persist in striving to blaze a new trail and write a new chapter!



Contributing to the United Nations' sustainable development goals



3.1 Serving the high-quality transformation and development of Shanxi's economy

Facilitating transformation and development

The Bank spared no effort to serve the transformation and development of regional economy and shouldered its responsibilities in the transformation and development of Shanxi. It thought deeply and took initiative to effectively perform its functions as a local financial institution. Centering on the focal areas of “transformation, projects, reform and innovation” proposed by Shanxi Provincial Party Committee, the Bank focused on the fundamental, comprehensive and extensive key projects in Shanxi which would drive up other businesses, and supported the transformation and launch of key enterprises and projects in Shanxi Transformation Comprehensive Reform Demonstration Zone, and increased credit support for ten industrial clusters of strategic emerging industries and intensive processing of agricultural products.

Cooperating with Shanxi Comprehensive Reform Demonstration Zone

In April 2020, the Bank held a strategic cooperation agreement signing ceremony with Shanxi Comprehensive Reform Demonstration Zone to further deepen bank-government cooperation, optimize financial services, support the resumption of work and production, and contribute to the transformation and development.

As the first local corporate bank listed on the Stock Exchange in Shanxi Province, the Bank has always adhered to the principle of “serving the transformation and comprehensive reform of Shanxi and the transformation and development of resource-based economy”, quickly responded to the call of the Provincial Party Committee, and followed up the pace of transformation and comprehensive reform of Shanxi. It is the first bank to set up a directly-controlled sub-branch in Shanxi Comprehensive Reform Demonstration Zone.

The cooperation further gave play to the advantages of local financial institutions in “flat organization, short decision-making chain and high approval efficiency”.

A green channel for credit approval was opened to give full play to the advantages of “establishing special institutions, approaching the market and responding quickly”. The Bank took the lead in providing financial service solutions and financing support for Shanxi Comprehensive Reform Demonstration Zone.



The signing ceremony of the cooperation agreement with Shanxi Transformation Comprehensive Reform Demonstration Zone

Supporting the construction of Xiaohe Industrial Park

In order to help Xiaohe Industrial Park, the largest industrial park in Shanxi Comprehensive Reform Demonstration Zone, solve the difficult problem of river ecological governance, the Bank actively cooperated with the government and the project undertaking units to provide strong financial support for the comprehensive management project of Xiaohe River Basin.



Before construction



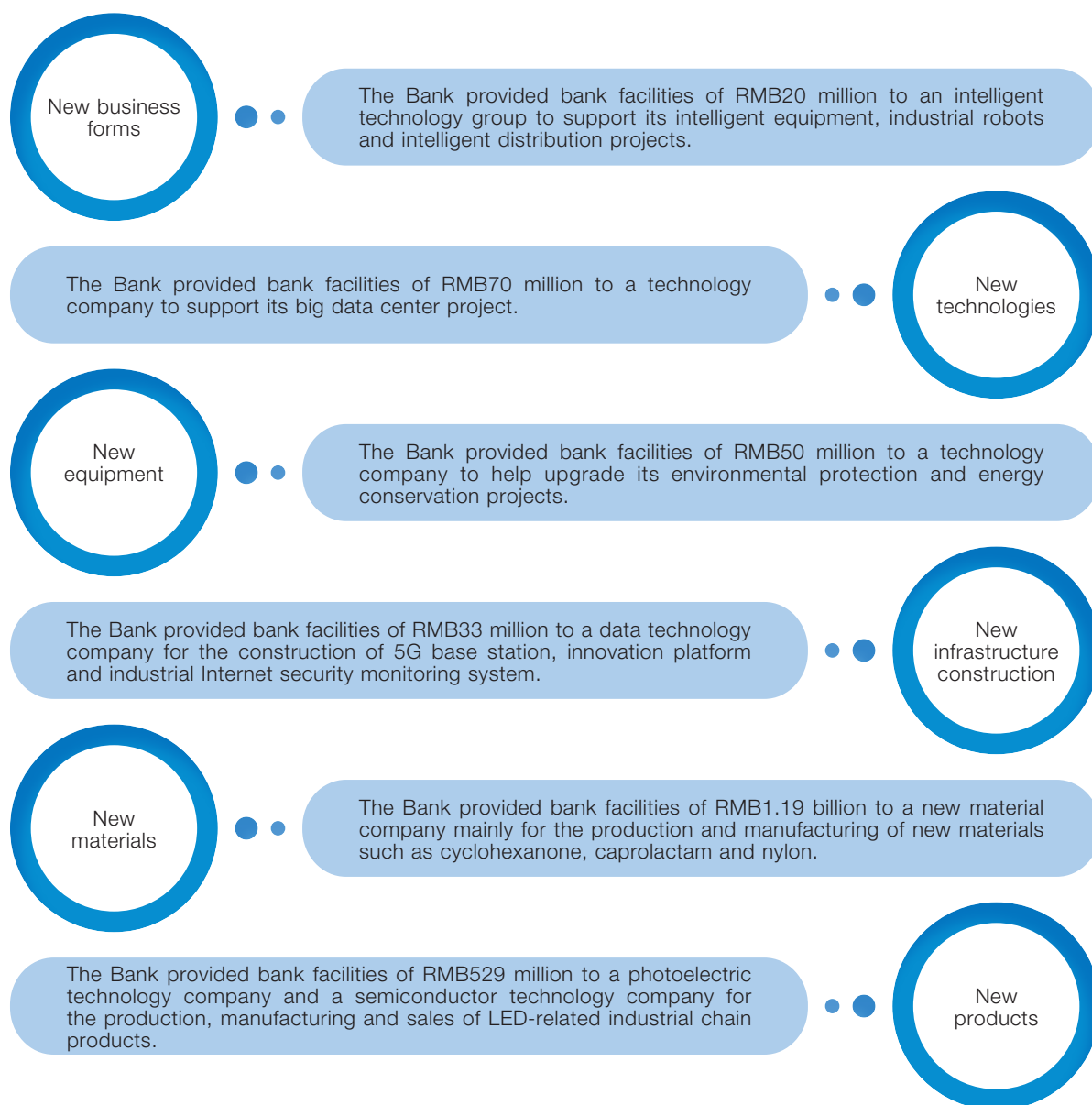
After construction

Comparison of concept drawings before and after the construction of Xiaohe Industrial Park

Facilitating breakthroughs in “Six New” areas

During his visit to Shanxi in May 2020, General Secretary Xi Jinping put forward major requirements for Shanxi to “continuously make breakthroughs in new infrastructure construction, new technologies, new materials, new equipment, new products and new forms of business”, indicating the direction of scientific and technological innovation and industrial development for Shanxi Province and even the whole country. The “Six New” areas represent the transformation trend of advanced productivity, and represent emerging industries and the direction of future industrial development. The 10th plenary session of the 11th of Shanxi Provincial Committee of the CPC mapped out the “Six New” breakthrough roadmap: closely following the frontiers of international scientific and technological development, gaining insight into the trend of global industrial transformation, striving to take the initiative in emerging industries and seizing the opportunities in the future industries with the courage to be the first and the competitive attitude to lead the way.

The Bank deeply understood the connotation of “Six New” areas and formulated the Guiding Opinions of Jinshang Bank on Supporting the Marketing of “Six New” Fields and “14” Strategic New Industries to vigorously support key projects of “Six New” industries.



Driving the energy revolution

In order to implement the important instructions and specific arrangements of the CPC Central Committee and the State Council and Shanxi Provincial Party Committee and government on promoting the energy revolution, the Bank formulated the Implementation Plan of Jinshang Bank for Supporting the Energy Revolution, Transformation and Development of Shanxi to promote the adjustment and optimization of the industrial structure, implement a number of innovative, extensive and symbolic measures, and support Shanxi Province to abandon the extensive development mode fundamentally. As of the end of December 2020, the balance of loans to support the energy revolution totaled RMB45.71 billion, representing an increase of RMB12.87 billion by 30.78% over the beginning of the year.

Goal of Implementation Plan of Jinshang Bank for Supporting the Energy Revolution, Transformation and Development of Shanxi

<p>Phasing out existing customers who failed to meet the current policy requirements and loan</p>	<ol style="list-style-type: none"> 1. The Bank gradually reduced the loan to the industries with “high energy consumption, high pollution or overcapacity”, and withdrew from the existing customers who violated the environmental protection rules for several times or failed to meet the requirements stably. The Bank strictly prohibited access to loan to industries with “high energy consumption, high pollution or overcapacity”. 2. The Bank gradually reduced and withdrew from existing customers with backward production capacity that have been phased out by the central government and Shanxi Province, and withdrew at a certain proportion of backward production capacity that have been phased out by existing customers on the premise of keeping risks under control. The Bank strictly prohibited access to loan to enterprises with “backward production capacity”. 3. The Bank actively followed up the implementation plans of local governments and central enterprises to resolve excess coal production capacity, resolutely withdrew from the capacity that failed to meet the standard requirements, and resolutely retreated from the capacity with high security risk. The Bank accelerated withdrawal of the loan to projects with backward production capacity featuring exhausted resources, high production costs, poor coal quality, difficult mining and no hope of recovering losses, while strictly controlling the loan to projects with new production capacity in violation of regulations. 4. The Bank resolutely reduced and withdrew from customers that suffered long-term losses, lost solvency and market competitiveness, and customers that did not meet the national standards for energy consumption, environmental protection, quality, safe production and technology and failed to meet the rectification requirements. Besides, the Bank resolutely reduced and withdrew the loan to the backward production capacity and that did not conform to the industrial policies of the state.
<p>Vigorously supporting key projects that meet the requirements of national policies</p>	<ol style="list-style-type: none"> 1. Supporting the transformation, upgrading and technological reform of energy enterprises. Mainly for clean energy production and energy and environmental protection industries, such as clean and efficient use of traditional energy, construction and operation of clean energy facilities, and energy conservation transformation. 2. Supporting energy conservation and emission reduction related projects. Mainly for developing high-efficiency energy-saving technologies, equipment, products and industries. Key support was given to projects listed in the catalog of promotion of national key energy-saving technologies and key energy conservation and environmental protection projects determined by the state. Mainly for developing environmental protection technologies, equipment, products and services. Including: flue gas desulfurization and denitrification, sewage treatment, etc. 3. Supporting project related to clean energy. Mainly for developing the use of renewable energy, mainly including hydropower, nuclear power and wind power. 4. Providing credit support on a priority basis for large central enterprises, provincial state-owned coal enterprises and listed companies with good shareholder background, prominent main operations, excellent financial indicators, obvious resource advantages, obvious regional competitive strengths, advanced technology and equipment, competitive products and markets in accordance with the principles of controllable risks and commercial sustainability. 5. Supporting key transformation projects of the state and Shanxi Province. The Bank actively supported the list of transformation and comprehensive reform projects in Shanxi and key projects in the province, cities and Shanxi Comprehensive Reform Demonstration Zone, including upgrading projects for traditional industries and emerging industries, and the list of industrial upgrading, technological transformation and other fields released by the provincial government, relevant departments and bureaus, and Shanxi Comprehensive Reform Demonstration Zone; focused on high-quality projects with the characteristics of reform guidance and industrial transformation.

Boosting strategic emerging industries

The Bank focused on the fundamental and comprehensive key projects in Shanxi Province which would drive up other businesses, and increased credit support for strategic emerging industries and ten industrial clusters of intensive and deep processing, including strategic emerging industries such as IT application and innovation industry, photoelectric industry, photovoltaic industry and carbon-based new material industry. As of the end of December 2020, the financing balance of the manufacturing industry rose by 34% year-on-year.

Supporting the “Jinke·Shanxi Smart Science and Technology City” project, building the first “new industrial city” integrating “intelligence, technology, health, industry and city” in China



Supporting enterprises to “go global”

Realizing contact-free service for international settlement process

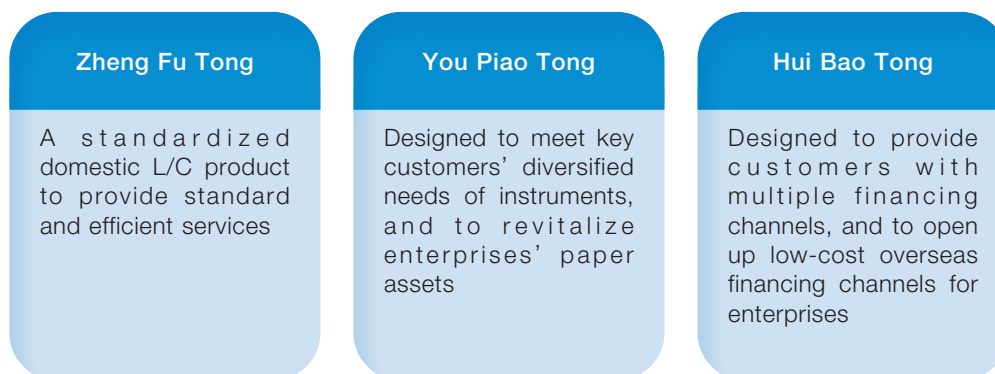
During the epidemic period, the Bank specially optimized the business processes of multiple payments, sale and payment of foreign exchange, document receipt, acceptance and exchange settlement of import and export enterprises, and realized contact-free services. The Bank communicated with customers in advance about procedures such as application for foreign exchange purchasing, power of attorney for foreign exchange business, notice of acceptance of foreign exchange payment and customs declaration, and handled the business in a timely manner by means of electronic documents and mailing application materials.

Optimizing the trade and finance product system

The Bank optimized the product R&D mechanism, strengthened the product R&D force, further improved the trade and finance product line, and actively innovated trade and finance products targeting medium and small and micro enterprises. Through innovating on financing of accounts receivable and building a supply chain financial service system, the Bank centered on core enterprises and served all kinds of enterprises in the entire industrial chain, as well as provided targeted comprehensive solutions for various financial product portfolios in the process of procurement, financing and circulation of accounts receivable.

In April 2020, the Bank joined the “Cross-border Financial Blockchain Financial Platform” of the State Administration of Foreign Exchange of the PRC to explore the development of foreign trade enterprises with financial technology. The head office and branches worked together to provide fast and efficient financing services for foreign trade enterprises, facilitating the recovery of foreign trade enterprises.

The Bank strengthened financial support for foreign trade enterprises by building the “Tong Xi Lie” trade financing product line. In 2020, the Bank launched three “Tong Xi Lie” of new trade financing products:



3.2 Developing inclusive finance

Creating inclusive finance value

The Bank vigorously strengthened the supply construction of inclusive finance, and carried out the inclusive finance business at 160 business outlets of the Bank. As of the end of December 2020, inclusive loans to small and micro enterprises achieved “two increases”. The growth rate of inclusive loans to small and micro enterprises was significantly higher than that of all loans. As of the end of December 2020, the balance of inclusive loans for small and micro enterprises increased by RMB2.16 billion or 47.27% over the beginning of the year, 29.42 percentage points higher than all loans in terms of growth rate; meanwhile, the number of inclusive loans for small and micro enterprises increased significantly. As of the end of December 2020, the number of outstanding accounts of inclusive loans to small and micro enterprises increased by 1,197 over the beginning of the year, and the increment was nearly twice the total number of net increase in the previous two years.

Inclusive loans to small and micro enterprises maintained “two controls”. The Bank achieved remarkable NPL control results, and the non-performing loan amount and non-performing loan ratio of inclusive loans for small and micro enterprises decreased. As of the end of December 2020, the balance of inclusive non-performing loans for small and micro enterprises decreased by RMB124 million from the beginning of the year. Non-performing loan ratio recorded a decrease of 5.42 percentage points over the beginning of the year. The cumulative annualized interest rate of inclusive loans to small and micro enterprises was 4.05%, a decrease of 0.61 percentage point over the beginning of the year.

Improving the service capability of small and micro enterprises

At the inception, the Bank set up the Small and Micro Enterprise Financial Services Department of the head office, incorporated small and micro enterprises into its strategic business, and carried out a large number of inclusive finance work for small and micro customers. The Bank stepped up efforts in traditional loan to ensure that the proportion of new loans to private enterprises in new corporate loans met regulatory requirements, maintained a reasonable growth of loans to small and micro enterprises and met the requirements of “Two Increases and Two Controls”. By strengthening government-bank cooperation, the Bank innovated on R&D of “Zheng Cai Dai” products based on the scenarios of government procurement business, and actively applied for and obtained the qualification for cooperation in “government procurement financing”. Through the Internet platform set up by the government, the Bank smoothly realized bank-enterprise interconnection, and opened up a new way to serve small and micro enterprises. The Bank innovated in the financing mode, launched standardized financial products based on the supply chain finance business, and strengthened the risk control capacity through batch approval and IT-based management to meet the financing needs of private enterprises and small and micro enterprises.

4

Paying attention to customers' demands and providing excellent quality services

Building a digital bank 32

Driving financial innovation 33

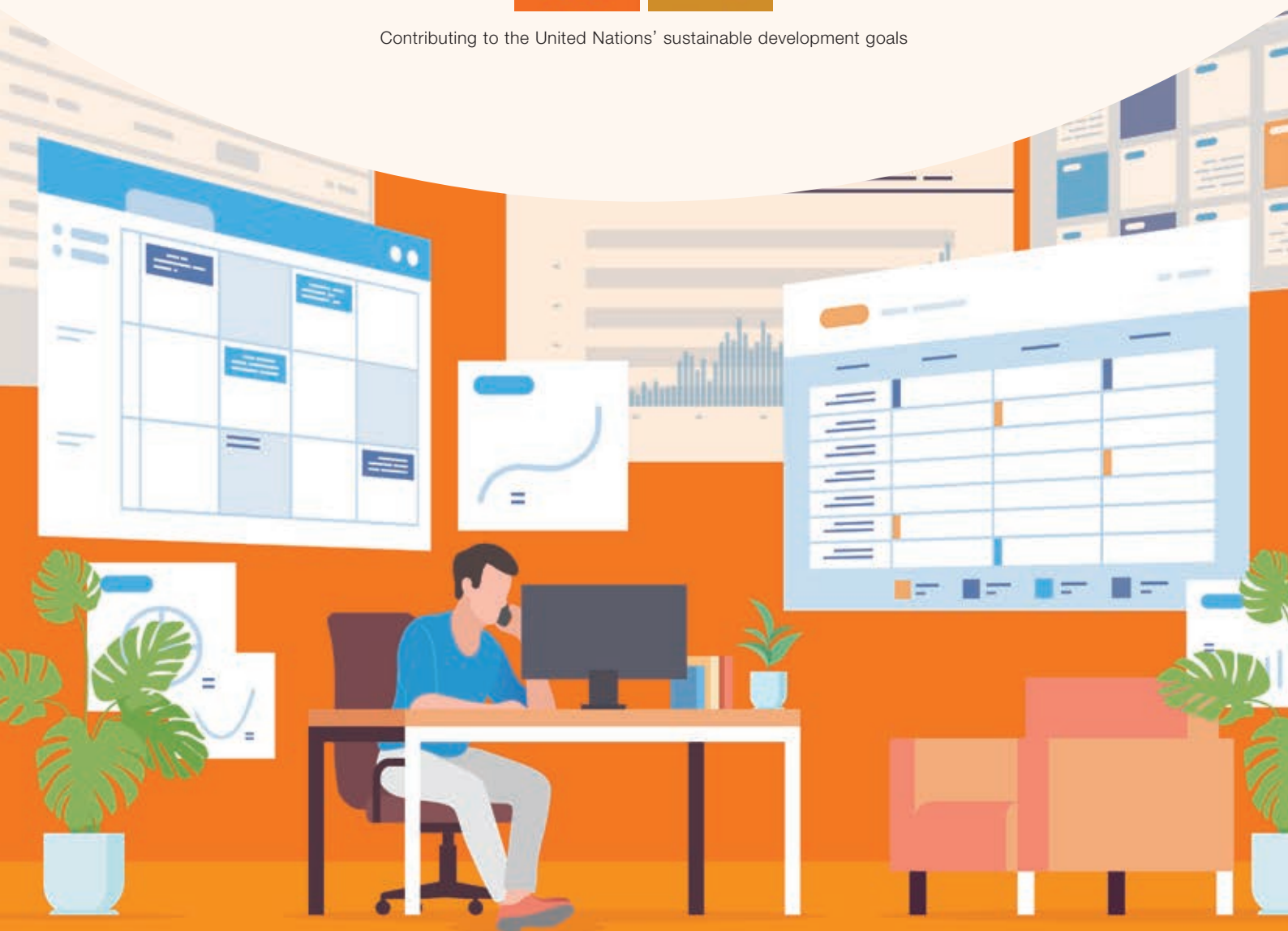
Upgrading customer experience 36

Protecting consumer rights 37

Customer focus is the service concept of Jinshang Bank. Jinshang Bank rides the waves in the constantly innovated and upgraded capital market, vigorously promotes the innovative integration of finance and technology, and does a good job in top-level design. In 2020, the Bank completed the upgrade of core system, taking a big step towards the transformation into a digital bank. Meanwhile, the Bank optimized and innovated its own business, and strove to fully protect customers' rights and interests from such aspects as customer privacy, information security, fund security, operation security and fraud prevention. The Bank provided more efficient and high-quality services for individual customers, institutional customers and corporate customers.



Contributing to the United Nations' sustainable development goals



4.1 Building a digital bank

Upgrading core systems and accelerating digital transformation

The Bank completed the upgrade of the new core system in 2020, and put into operation the system in early 2021. With this system, the Bank will significantly improve its service quality and efficiency, and further refine its operation and management.

New core system featuring “customer-centric and data-driven”



Promoting the transformation of intelligent outlets

The Bank pushed forward the online application of business scenarios, integrated cash and non-cash equipment in the hall, and developed the function of pre-filling forms on self-service equipment to realize the integration of hall services.

The Bank developed the function of card-free identity authentication in the mobile banking, and solved the problem of card-free service at the outlets. In 2020, the coverage of new smart devices reached 100.00% at the outlets.



View of intelligent outlet customers

4.2 Driving financial innovation

Innovation of retail business

The Bank continuously innovated the service models and process of wealth management business in retail business, forged the online interactive service model of “Online Live Promotion of Wealth” through the linkage between online and offline advantages, and actively created more interactive service scenarios, thereby building a new bridge for communication with customers.

In the Report on the PY Standard · Ranking of Wealth Management Ability of Commercial Banks released in 2020, the Bank ranked 27th among national commercial banks and 9th among regional banks with its comprehensive wealth management service ability in respect of wealth management ability. The Bank made solid progress in building the wealth management team, and continuously improved the professional quality and service level of its wealth management staff. In 2020, four employees were awarded the title of “China’s Top 100 Financial Planners (2020)” and 11 employees were recognized as “China’s Excellent Financial Planners (2020)” by Financial Planning Standards Board (China).



Innovation of financial products for small enterprises

The Bank's core credit philosophy is to pay attention to the growth of small enterprises and stimulate their development with credit. Featured financial services included commercial cards, Lian Lian Rong, Xu Dai Tong, Jian Ya Kuai Dai, Yi Bao Dui, Kuai Ya Dai and financing products of government procurement projects (Zheng Cai Dai, Zheng Cai Kuai Dai). The Bank optimized and innovated financial products for small enterprises to help enterprises realize their self-worth.

Featured financial products

Jian Ya Kuai Dai

- Designed for inclusive small and micro business customers
- Personal business loans secured by qualified real estates
- By the end of December 2020, its loan balance was RMB1.63 billion

Yi Bao Dui

- Designed for medical insurance designated private hospitals and chain drugstores
- Business loans with the settlement payment in the medical insurance center as the main source of repayment
- By the end of December 2020, its loan balance was RMB0.05 billion

Zheng Cai Dai, Zheng Cai Kuai Dai

- Working capital loans to small businesses that have won government procurement projects
- The amount of loan is up to the contract value of the winning government procurement project
- By the end of December 2020, loan balance of such products was RMB0.05 billion



Successful launch of "Zheng Cai Kuai Dai"

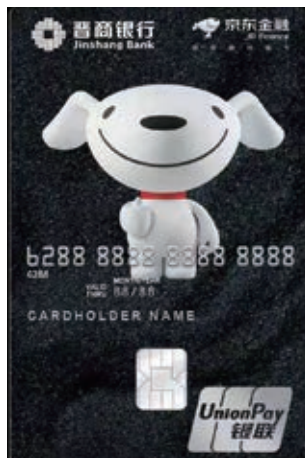


Publicity of "Yi Bao Dui" product

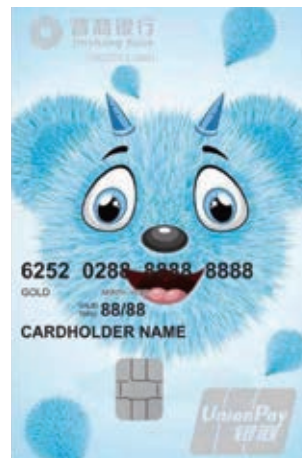
Innovation of credit card product

The Bank has successively carried out cross-sector cooperation with domestic mainstream Internet companies, local tourist attractions and local retailers, and launched Jinshang & JD Co-Branded Cards, Wutai Mountain Sandalwood Cards and I Go Alliance Credit Cards. As of the end of December 2020, the number of JD Co-Branded Cards reached 637,000, and all data indicators were far ahead among regional banks.

In addition, a series of innovations were conducted for installment products. The Bank opened 3 and 6 interest-free installment business for consumptions in designated stores with Suning.com; cooperated and opened UnionPay APP scenario bill installment business, bill installment business for repayment scenario of WeChat wallet and JD Mall scenario cash register consumption installment business with UnionPay, WeChat Pay and JD Digital, respectively.



JD Co-Branded Card



China UnionPay Co-Branded Card



Suning Co-Branded Card



Wutai Mountain Sandalwood Card

4.3 Upgrading customer experience

Optimizing customer service

The Bank actively carried out the special campaign of “service and efficiency”, timely identified problems in the course of the campaign, formulated optimization plans, and continuously improved user experience. Personal Internet banking launched the function of “family account”, which allowed family transfer by linking accounts of family members with the Bank, realizing uniform management and planning of family wealth.

Heartwarming Jinshang – handling the business for the elderly at home

In September 2020, Qianfeng North Road Sub-branch of the Bank received a call for help from a 92-year-old man living in Shenzhen, who was unable to receive his retirement salary for several consecutive months due to abnormal bank card used by the Bank to pay salary as an agent. The old man had difficulty in moving and with his children living abroad, he was unable to apply for bank card business by himself.

After receiving the request, through communication, in line with the service principle of “Serving with Heart, Customer First” and in order not to affect the normal payment and collection of the salary of the old man, two employees immediately flew to Shenzhen to provide card opening service to the old man who lived in Shenzhen. In the end, the old man successfully opened the card and mailed a appreciation letter to the Bank, thanking the Bank for its considerate service.

Financial knowledge popularization

The Bank made use of business outlets as the main publicity base to earnestly popularize financial knowledge. In 2020, the head office organized 14 customer salons, serving more than 220 quasi-private banking and higher-level customers. In addition, the head office collaborated with branches to carry out 101 innovative “Online Live Promotion of Wealth” activities and provided multi-level quality services, including “Children’s Financial Experience Camp”, “How the Civil Code Affects Our Life” and other financial service scenarios.

Financial Knowledge Popularization Month

According to the requirements of regulatory authorities, the Bank and its branches carried out special publicity activities such as “3•15”, “Financial Knowledge Popularization for Miles”, and “Financial Knowledge Popularization to Every Family” to enhance the public awareness of financial risk prevention.



Shuozhou Branch launched “Financial Risk Prevention Publicity Month”



Qingxu Village and Township Bank launched a campaign to Financial Knowledge Popularization for Miles

Being granted the title of “Shanxi Financial Education Demonstration Base”

In 2020, the Bank became one of the first batch of financial institutions with the title of “Shanxi Financial Education Demonstration Base”. Guided by scientific and technological information and with intelligence as the starting point, the education base effectively enhanced the public awareness of prevention of various risks.

As of the end of December 2020, 18 publicity and education activities had been carried out.



Over 400 square meters of financial education demonstration base

4.4 Protecting consumer rights

Improving consumer rights protection mechanism

In strict compliance with the Law of the People's Republic of China on the Protection of the Rights and Interests of Consumers, the Guiding Opinions of CBIRC on Banking and Insurance Institutions Strengthening the Building of Working Systems and Mechanisms for Protection of Consumer Rights and Interests as well as other laws and regulations, in 2018, the Bank set up the Consumer Rights Protection Committee under the Board which was responsible for formulating strategies for consumer rights, implementing and supervising the completion of relevant work, and reporting to the Board on a regular basis. In 2020, we further implemented the regulatory requirements on consumer rights protection, drafted and formulated relevant policies and measures for consumer rights protection across the Bank, improved the “head office-branch-sub-branch” multi-level complaint handling mechanism, strengthened collaboration between departments, established a rapid response mechanism, strengthened management of responsible persons, and strengthened the assessment and supervision of business outlets. During the Reporting Period, the Bank conducted two full-coverage on-site supervision over 53 outlets in Taiyuan.

Responding to customer feedback

Customer complaint management is an important part of the Bank's social responsibility fulfillment, and we always listen to the feedback of customers. In 2020, the Bank continuously optimized customer complaint management by attaching more importance to consumer protection, revising the procedures and rules of relevant business departments, and improving the business performance of employees. At the same time, the Bank implemented the requirements of People's Bank of China (“PBOC”) for classification of complaints, developed the consumer complaint management system. It became the first bank of Shanxi's local corporate banks to independently develop the complaint management system and actively tested the system with PBOC.

Clarifying division of responsibilities, and raising awareness of consumer protection

- Dealing with complaints with care and accountability.
- Compiling the manual “Prepared for Crisis in Safe Time, Served to Win” based on hot issues and status of the industry to share typical complaints, and holding discussions on consumer rights and interests protection.

Improving services and products; rectifying problems timely

- Controlling products and services from the source to ensure the compliance of product and service development, marketing, after-sales service and other aspects with relevant regulations.
- Conducting special investigation on complaints concentrated in a certain period of time, rapidly growing complaints and repeated complaints, analyzing the cause and delivering rectifications.

Improving business through training

- Organizing training for employees to enhance their communication skills and complaint handling ability.
- Encouraging employees to have a deep understanding of the Bank's various businesses, products and processes through self-study.

In 2020, a total of 368 consumer complaints were accepted. 99.73% of the complaints were resolved with the efforts of the Bank. Regions receiving the most complaints included Taiyuan (285), Xinzhou (7), Linfen (6) and Yuncheng (5); the three businesses receiving the most complaints included bank card business (211), loan business (50) and savings business (45).

Protecting information security

The Bank formulated and issued relevant information management measures based on relevant regulations and measures issued by regulatory authorities. A series of measures were taken to reduce the risk of personal information leakage in the counter business system, Internet banking system, mobile banking system and Internet application system. In 2020, the Bank carried out personal information protection test, and the test result at the “personal information protection” control point was “meet”.

Ensuring the safety of funds

The Bank expanded bank-enterprise reconciliation channels for customers, launched bank-enterprise reconciliation functions for corporate Internet banking and WeChat banking, and understood the fund situation in a timely manner. It also upgraded the seal verification system. In 2020, the seal verification system was upgraded to substantially improve the precision of seal identification and improve the ability to prevent and control payment and settlement risks.

Ensuring operational security

In 2020, the in-depth traffic security analysis platform was put into operation to timely master the network security threat risks related to important information systems. At the same time, four rounds of public testing were carried out quarterly. The Bank tracked and handled every security issue in the whole process, fully mobilized the subjective initiative and attention of personnel in all links, and reflected security issues of the production system in a more objective and effective manner.

Preventing telecommunication fraud

In order to effectively protect the safety of people's property and continue to crack down on new illegal and criminal activities in the telecommunication network, the Bank carried out concentrated publicity work to prevent new illegal and criminal activities in the telecommunications network.

Carrying out publicity work to prevent new illegal and criminal activities in the telecommunications network

In 2020, 101 sub-branches under 14 branches organized publicity activities. With outlets as the center, the Bank actively publicized various means of telecommunication fraud to customers to improve their ability to identify and prevent risks. The Bank took the initiative to go out of outlets, and distributed anti-fraud brochures to farmers, the elderly, college students and migrant workers, giving priority to them for publicity. Meanwhile, new media platforms such as the official website, WeChat public account and Tik Tok were used to exert the online publicity effect.



Anti-fraud publicity at outlets

5 *Uniting as one to overcome challenges and protect the homeland*

Persevering in targeted poverty alleviation 40

Shouldering the heavy responsibilities to fight against the epidemic 43

Care in charity 45

2020 is the year of achieving the goal of building a moderately prosperous society in all respects and the year of ending poverty alleviation. Jinshang Bank has always regarded poverty alleviation as the primary political task, earnestly carried out village-based assistance and targeted financial poverty alleviation, and took concrete actions to help Shanxi win the battle against poverty. At the same time, since the outbreak of the epidemic, Jinshang Bank has taken various measures to provide financial support services, help win the battle against the epidemic, work with small and medium-sized enterprises to overcome difficulties, and effectively protect the health and safety of customers and employees. In 2020, the supportive donation for the prevention and control of the epidemic and other charity donations of the Bank achieved RMB1.8 million in total.



Contributing to the United Nations' sustainable development goals



5.1 Persevering in targeted poverty alleviation

Implementing responsibility, improving the mechanism, and strengthening the team

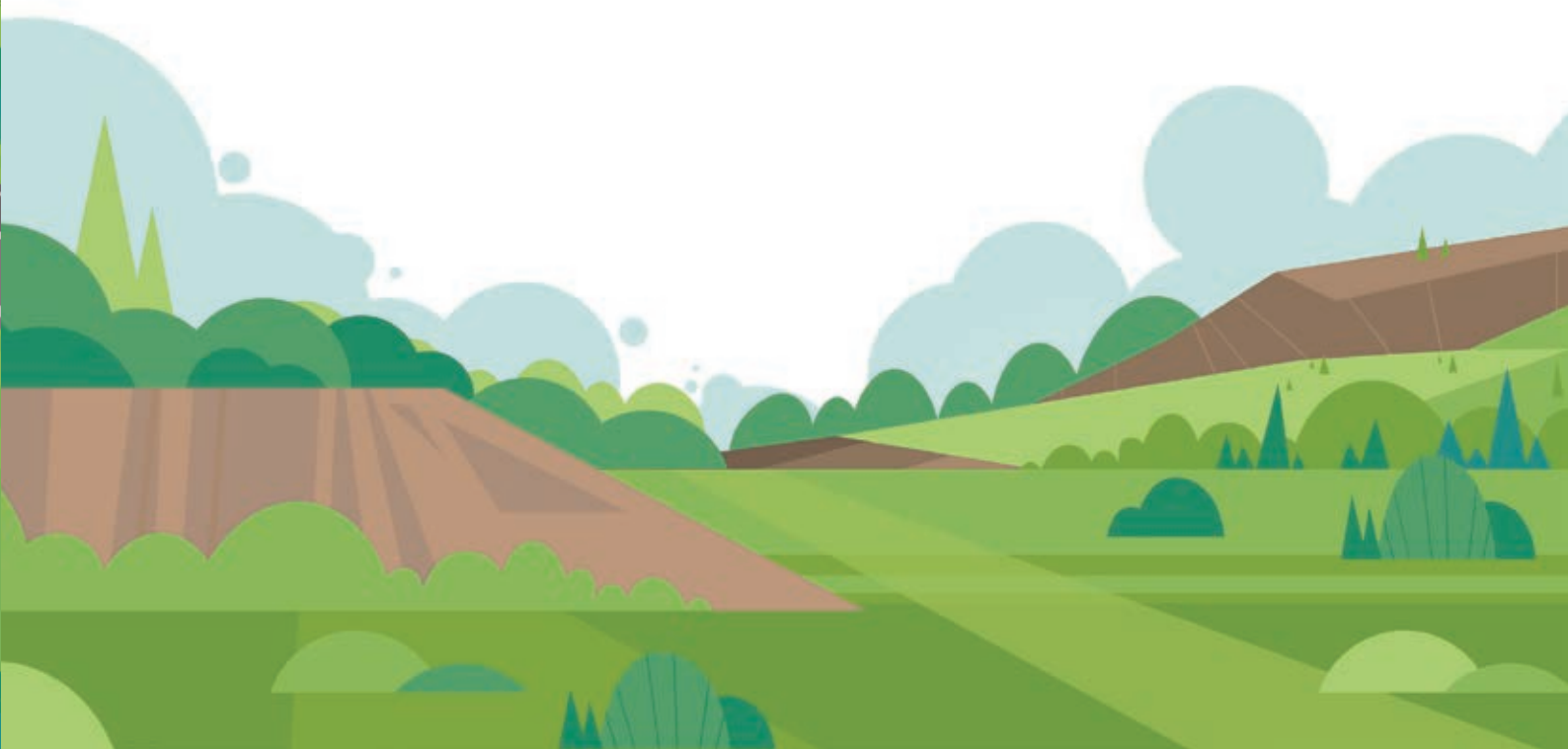
The Party committee of the Bank set up a leading group for poverty alleviation at the head office level to coordinate the work of village-based assistance in an all-round manner and realize “targeted” assistance. In daily work, the Bank adhered to the combination of care and strict management for poverty alleviation personnel, ensured the physical and mental safety of personnel, and promoted the rapid implementation of poverty alleviation projects.

“Targeted” assistance

- 458 Party members and officials were assigned to pair up with poverty alleviation workers and offer help, thus ensuring assistance to be universal.
- Major leaders visited the village for 30 times to survey and guide the work.
- Four sessions of special studies on the village-based assistance work were carried out.
- Provincial and above media publicized the typical deeds of helping villagers 6 times.

Taking multiple measures to promote income, increasing poverty-stricken people’s confidence and guarantee employment

Taking into account the actual conditions of the poverty alleviation areas, the Bank took multiple measures and combined efforts to promote the development of various poverty alleviation industries, actively carried out poverty alleviation through consumption, and accurately eliminated poverty from the source. As of the end of December 2020, a total of RMB5.25 million was provided for Yunzhou District of Datong City and Huguan County of Changzhi City, and supported 53 projects of more than RMB10,000 in Yunzhou and Huguan.



Carrying out infrastructure renovation and construction

In line with the deployment requirements of “Eight Changes and Eight Requirements” in Huguan County, a total of RMB0.94 million of supporting funds were provided for 10 infrastructure reconstruction and construction projects such as roads, lighting and slope protection to effectively improve the living environment of villagers.



Poverty alleviation staff of Changzhi Branch went to Dongchuandi Village of Huguan County to carry out assistance activities

“E-commerce + rural households” widening the market of agricultural products

The Bank organized Party members, cadres and canteens of all units to buy agricultural products from the villages, and accumulatively helped sell agricultural products of RMB1.80 million. The Bank assisted Xiangzhuang Village of Huguan County in Changzhi City to establish the vegetable brand “Xiangzhuang Red” and helped it successfully enter the national “Poverty Alleviation 832” sales platform.



Business personnels carried out poverty alleviation activities in Huguan County of Changzhi City

Conducting skill training

The Bank accurately identified the causes of poverty and addressed poverty at the source. The Bank organized skill training for the unskilled labor force, sent the labor force to work outside, broadened the way of employment and increased the income. In 2020, the Bank helped 520 poverty-stricken workers find jobs. From 2016 to 2020, the Bank helped 1,513 people in total.



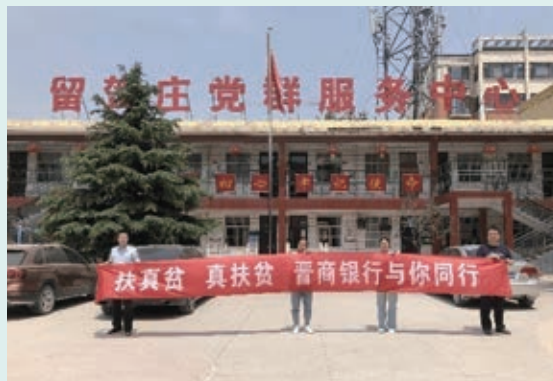
Business personnel distributed fold of key points of policies for targeted poverty alleviation loans to farmers

Great achievements were made in overcoming challenges and remarkable results were achieved in financial poverty alleviation

The Bank set up a leading group for financial poverty alleviation, actively communicated and coordinated with the poverty alleviation and financial regulatory authorities, such as the Shanxi Poverty Alleviation Office, Department of Agriculture and Rural Affairs of Shanxi Province, and Shanxi CBIRC to promote the Bank's poverty alleviation micro-finance work. As of December 2020, the balance of the Bank's loans for targeted poverty alleviation was RMB2.61 billion, representing a net increase of RMB1.14 billion over the beginning of the year. Among them, the Bank granted 2,335 micro loans for poverty alleviation with an amount of RMB117 million, over fulfilling by 31.36% of the regulatory requirement. As of the end of December 2020, the Bank accumulatively granted 25,719 micro loans for poverty alleviation with a total amount of RMB1.29 billion, covering 33 counties, 260 townships and over 1,700 poverty-stricken villages.



The Bank's employees are explaining financial knowledge



Vigorously promoting poverty alleviation

Pursuing development and solving poverty according to local conditions

Xiguan Village, Yunzhou District, Datong City escaped poverty

Xiguan Village, Yunzhou District, Datong City, due to poor land and arid climate, has low per capita income and poor living conditions and is a state-designated poverty-stricken village. On the basis of on-site visits, the Bank's poverty alleviation staff determined the overall assistance plan, practiced the "revolutionary" assistance concept, and carried out various work in a down-to-earth manner. Thanks to the efforts of the Bank and all the villagers in Xiguan Village, Xiguan Village successfully escaped poverty in 2018. In the 2019 rural primary-level Party organizations "struggle for the banner and file" work, the village won the honor of all five banners awarded by the Organization Department of the CPC Datong Municipal Committee, including the "Striking for Poverty Alleviation, the Benchmark for Industrial Development, the Pioneer of Construction, the Model of Harmonious Stability and the Demonstration of Rural Revitalization".

5.2 Shouldering the heavy responsibilities to fight against the epidemic

Assisting enterprises to resume work and production

After the outbreak of the epidemic, the Bank promptly held a special meeting and proposed the “eight-point” support measures in response to the COVID-19. In 2020, a total of 389 loans were granted to support epidemic prevention and control and resumption of work and production.



Assisted enterprises expressed their gratitude to Jinshang Bank for its anti-epidemic measures

Measures to support the resumption of work and production

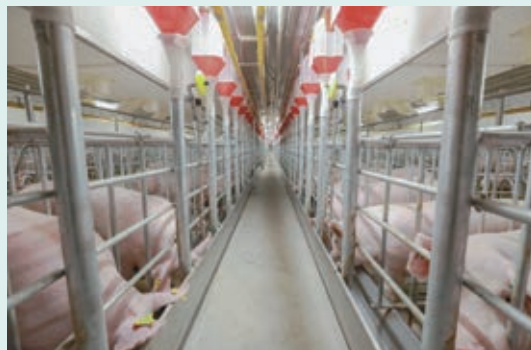
Policies to support small and medium-sized enterprises in coping with the pandemic

- Increasing lending
- Refunding part of the interest on outstanding loans
- Lowering interest rates for micro, small and medium-sized enterprises
- Motivating business agencies in their work
- Opening up a green passage for approval
- Ensuring stable credit support
- Seeking cooperation with government and enterprises

Supporting livestock enterprises to resume work and production, and ensure stable food supply

During the epidemic period, the Bank actively supported private enterprises to resume work and production, and provided RMB563 million of financing for a regional subsidiary of a livestock enterprise to ensure a stable food supply for the people.

With the Bank's credit extension support, the project could produce 500,000 piglets annually. The financing effectively accelerated the recovery of hog production and provided strong support for ensuring stable production and supply of hogs.



Providing credit extension support for pig farms

Optimizing online financial services

In January 2020, the Bank deployed outlets across the Bank to properly carry out relevant protection work, and required front-line employees of outlets of branches and sub-branches to wear masks. Outlets provided disposable masks for customers who were not wearing them and took preventive measures such as disinfection. During the epidemic prevention and control period, special personnels were on duty for external service calls, and the consumer complaint system operated smoothly, so as to ensure that the Bank could coordinate and solve their complaints as soon as possible after receiving them.

At the same time, the Bank guided customers to handle business via electronic channels and self-service channels, and provided 24-hour online services such as mobile banking, Internet banking and WeChat banking, meeting multiple demands such as inquiry, transfer, wealth management, installment payment, living payment and bonus point exchange. In cooperation with the Red Cross Society of China Shanxi Branch, the Bank completed the R&D of the online charity donation function, realized online donation support for epidemic prevention and control through all channels, and provided a strong guarantee to raise funds for the fight against the epidemic.



Online services for epidemic prevention and control

Raising anti-epidemic materials from multiple sources

After the outbreak of the epidemic, the Bank immediately took actions, resolutely implemented the general requirements of the Party Central Committee, State Council and the Shanxi Provincial Party Committee and Government on epidemic prevention and control work, denoted RMB1 million to jointly establish an epidemic prevention and control fraternity relief fund with Red Cross Society of China Shanxi Branch to fully support the epidemic prevention and control work with practical actions. The funds are directly used for three aspects of works: firstly, the pensions for front-line medical staffs and workers who died on duty during the COVID-19 epidemic prevention and control work; secondly, the condolence relief funds for infection treatment of the front-line medical staffs and workers of the COVID-19 epidemic prevention and control work; thirdly, the living allowances for medical staffs and workers in designated hospitals for the prevention and control of the COVID-19 epidemic.

In addition, the Bank actively organized fund-raising activities. Through the "Uniting as One to Fight the Epidemic" donation activity, Party members and cadres throughout the Bank totally donated RMB580,000.



Red Cross Society of China Shanxi Branch sent a certificate of appreciation to Jinshang Bank

5.3 Care in charity

In 2020, the Bank actively further fulfilled its social responsibility by carrying out charity donation activities and volunteer activities. The Bank donated RMB20,000 to the "Love in Sanjin, Warm Guard" children's charity donation, the "Angel Guard Entering Campus" charity donation, and the "Poverty Alleviation and Education for the Disabled" charity donation, respectively. According to the Notice of the Red Cross Society of China Shanxi Branch and the Shanxi Civilization Office on Continuing the One-day Donation in 2020, the Bank donated RMB20,000. Through the "Send Warmth and Love" social donation initiative activity, all employees of the Bank donated RMB180,000 to the Shanxi Provincial Social Donation and Charity Affairs Management Center through fundraising.

Volunteers of Xinzhou Branch and blood donation



Party members of Xinzhou Branch went to the community to carry out volunteer activity and carry out the activity of "welcoming July 1 and donating blood"

6

Building a green bank and promoting ecological civilization construction

Developing green finance 47

Promoting green office 49

Following the spirit of the central government, Jinshang Bank adhered to the vision of innovative, coordinated, green, and open development, took serving the low-carbon, circular and ecological development of local economy as its mission, and fully supported the establishment of a green financial system. The Bank also promoted ecological civilization construction, optimized green loans, expanded green bonds and refined green products to cope with the climate-induced transformation risks. By constantly optimizing electronic services and advocating green operation across the Bank to reduce carbon emissions, the Bank responded to the physical risks arising from climate change and built a “green bank” in an all-round way.



Contributing to the United Nations' sustainable development goals

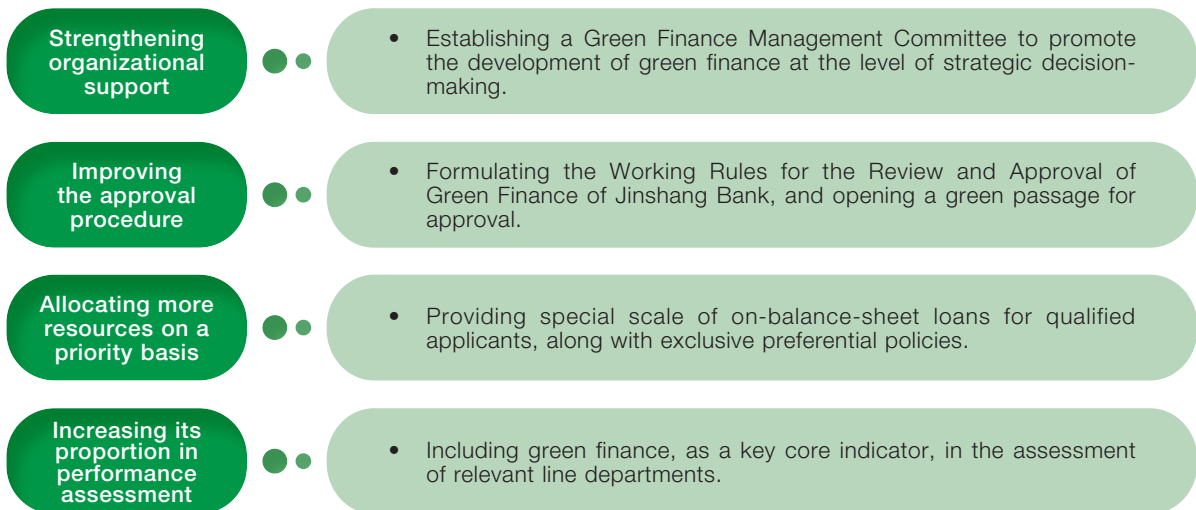


6.1 Developing green finance

Green loan

As an important tool in the green finance management system, green loan plays an important role in building the green finance management platform. In 2020, the Bank introduced action plans and put forward specific measures from various aspects. The Bank built a green loan support system through five aspects of work. As of the end of December 2020, the Bank's balance of green loans was RMB5.22 billion, up 39% year-on-year. The Bank made remarkable achievements in supporting the province's green agriculture, green tourism and green upgrade of traditional industries.

Green loan support system



Green innovation

On the basis of the successful launch of such innovative financial products as Green Loan Connect, Green Direct Financing, Green Creative Financing and Green Financing Connect, the Bank continued to expand the green industry business line. In August 2019, the Bank, Clean Development Mechanism Fund Management Center of the Ministry of Finance and Shanxi Provincial Department of Finance entered into the "Green Innovation Investment Business" Cooperation Agreement. Pursuant to the Cooperation Agreement, the Bank will provide nearly RMB20 billion of funds throughout the province in the future, to give special support to the construction of projects such as green low-carbon, energy conservation and emission reduction, development and utilization of renewable energy and new energy. We will implement the green development philosophy with practical actions to facilitate the high-quality transformational development of Shanxi Province.

Supporting the first "green innovative investment business" in Shanxi Province

In 2020, the first "green innovative investment business" in Shanxi Province was granted with loans, and the Bank provided financial support of RMB25 million. After completion, the project is expected to process 40,600 tons of crop straw and 20,300 tons of manure annually, which will reduce the emission of 12,000 tons of carbon dioxide and 9,000 tons of dust pollution.



Green innovative investment business

Supporting the construction of "Beautiful Shanxi"



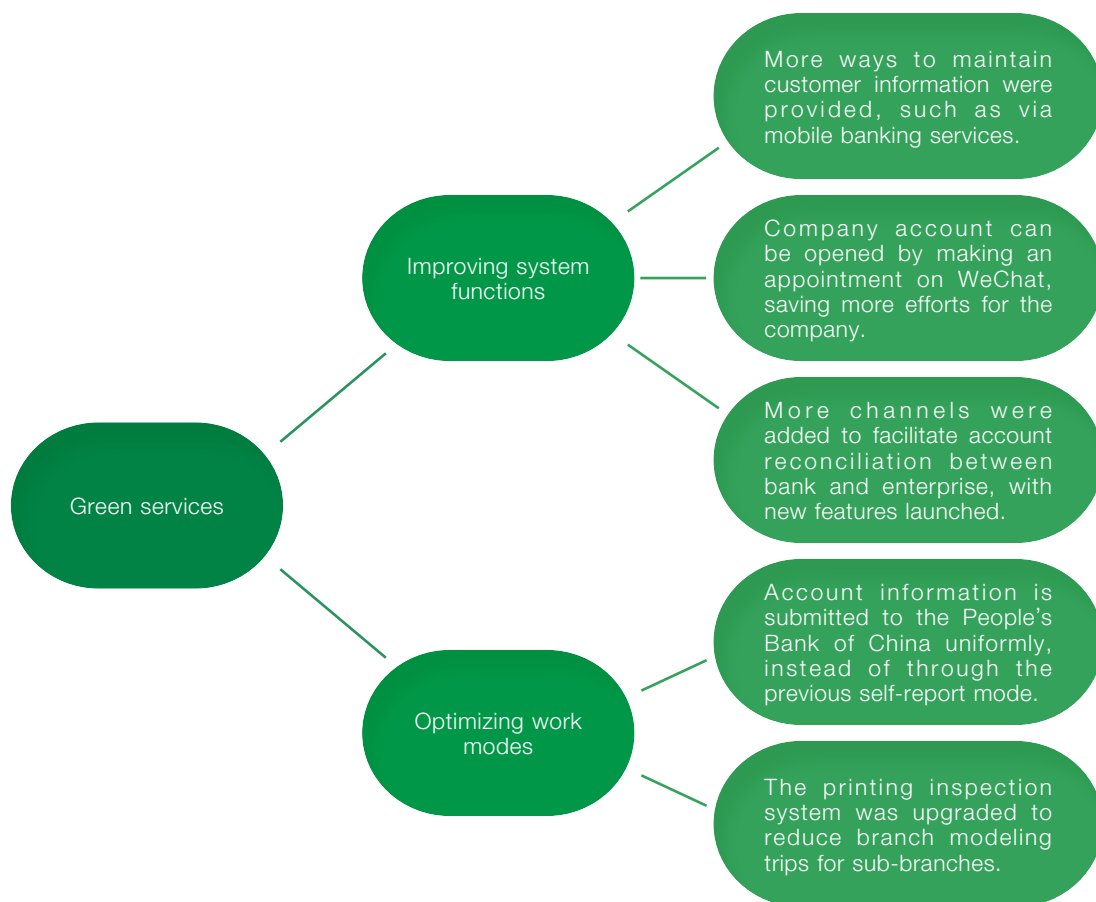
Rendering of Mencius' Mother Health Regimen City based on the "six-in-one" mode in the beautiful province of Shanxi

Green services

The Bank continued to upgrade and optimize electronic channels, and upgraded the versions of mobile banking, personal Internet banking, corporate Internet banking, WeChat banking and direct banking by adopting industry-leading technologies.

In 2020, the Bank improved the system functions and reduced the frequency of on-site consulting and business handling by customers. At the same time, the Bank optimized the working mode, reduced the number of trips of outlet employees, promoted the further development of green services, and contributed to curbing climate change. In 2020, the number of Internet banking transactions totaled 4.13 million and the number of e-banking transactions exceeded 25 million, representing a replacement rate of e-banking of 83.23%.

Specific measures to promote green services



6.2 Promoting green office

In order to firmly implement the green transformation and development strategy of Shanxi Provincial Party Committee and the Shanxi Provincial Government, the Bank integrated "green office and low-carbon life" into the whole process of business operation, strove to improve the utilization efficiency of resources and enhanced its own green operation in strict compliance with the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Water Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes and the Regulation on the Administration of the Recovery and Disposal of Waste Electrical and Electronic Products, so as to cope with the impact of climate change, actively responding to the national call for energy conservation and emission reduction.

Practicing thrift and fighting against food waste

In order to implement the important instructions of General Secretary XI Jinping on “resolutely curbing food and beverage waste”, the Bank made a cultural wall themed on “practicing thrift and opposing waste” in the staff dining hall of the head office. The Bank organized the signature activity themed on “prohibiting food and beverage waste”, effectively cultivated the habit of saving food among employees, and created an atmosphere of shame in waste and pride in saving food.



Low-carbon culture in response to climate change

To create a green, harmonious and upward atmosphere, the Bank carried out a variety of green and emission reduction activities. In the form of edutainment, the Bank promoted the concept of green development through multiple channels, strengthened efforts to develop green and low-carbon corporate culture, carried out the “green office and low-carbon life” campaign across the Bank, and advocated and practiced the concept of green development, building a “green bank” in an all-round way. The Bank took practical actions to set an example for building energy-saving organs, and strove to become a leader in green office and low-carbon life.

Proposal on “Green Office and Low-Carbon Life”



Carrying out low-carbon environmental protection walking activity

In 2020, the Bank organized “low-carbon environmental protection walking, happy and healthy Jinshang people” activity. Affected by the epidemic, the activity took the interactive mode of “counting steps online and walking briskly offline”, with 26 teams and more than 700 participants, which received good reputation from the participants.



Holding mountaineering competition

In November 2020, the awarding ceremony of the walking activity and the mountaineering competition were held in Yuquan Mountain National Forest Park in Taiyuan. The activities successfully promoted the concept of green development, effectively enhanced the cohesion and effectiveness of the Bank, and added new impetus to the Bank's high-quality development.



Launching special publicity activity

In April 2020 and August 2020, by means of the Bank's newspaper publicity platform, feature articles “Green Office and Low-Carbon Life to Build the Brand Image of ‘Green Bank’” and “Let Thrift Become a Conscious Action for Everyone-Jinshang Bank Implements the Spirit of the Important Instruction of General Secretary XI Jinping to Stop Food and Beverage Waste” were published on the Bank's journal, effectively integrating the green concept into the corporate culture and internal operation management.

Efficient use of energy to reduce carbon emission

Environmental performance table

Use of resources	Total in 2019	Total in 2020	Density in 2020
Total office electricity consumption	1,060,000 kWh	3,656,253 kWh	1,768.87 kWh/person
Total office water consumption	17,600 t	54,996 t	26.61 t/person
Natural gas consumption	31,003.30 L	68,025.45 m ³	32.91 m ³ /person
Oil consumption for office operation	20,750 L	45,517.97 L	22.02 L/person
– Gasoline consumption	–	42,395.97 L	20.51 L/person
– Diesel consumption	–	3,122.00 L	1.51 L/person
Wastes			
Waste toner cartridges	–	1,848.00 Pcs.	0.89 piece/person
Waste ink boxes	–	336.00 Pcs.	0.16 piece/person
Waste ribbons	–	1,010.00 Pcs.	0.49 piece/person
Waste computers	–	298.50 Kilogram	0.14 kg/person
Total consumption of direct energy	–	1,134,259.15 kWh	548.75 kWh/person
Total consumption of indirect energy	–	3,709,326.68 kWh	1,794.55 kWh/person
Total greenhouse gas emissions	716.77 t	4,112.68 t	1.99 t/person
– Direct greenhouse gas emissions	48.97 t	249.04 t	0.12 t/person
– Indirect greenhouse gas emissions	667.80 t	3,863.26 t	1.87 t/person

Notes:

1. The 2019 environmental performance data only included the head office, but the data for 2020 included the head office and its 15 branches, directly-controlled branches, and the village and township bank. Therefore, the total amount of some energy consumption obviously increased compared to 2019.
2. The data of waste toner cartridges, waste ink boxes, waste ribbons and waste computers in the table were collected since 2020, so there were no data for 2019.
3. Based on the nature of the Bank's business, the Bank's exhaust emissions mainly come from exhaust gas produced by official cars, which mainly include sulfur dioxide and nitrogen oxides. Sulfur dioxide and nitrogen oxide emissions data are calculated in accordance with the Technical Guide for Air Pollutant Emission Inventory for Road Vehicles (Trial) published by the Ministry of Environmental Protection of the PRC.
4. The greenhouse gas inventory includes carbon dioxide, methane and nitrous oxide, which are mainly from purchased electricity and fossil fuel combustion based on the nature of the Bank's business. Greenhouse gas emission data is presented based on carbon dioxide equivalence and is calculated in accordance with the 2015 Baseline Emission Factors for Regional Power Grids in China published by the National Development and Reform Commission of China and the 2006 IPCC Guidelines for National GHG Inventory published by the Intergovernmental Panel on Climate Change (IPCC).
5. Hazardous wastes include waste toner cartridges, waste ink boxes, waste ribbons, waste computers, and non-hazardous waste is mainly office paper. The Bank plans to make detailed disclosure on the consumption and recycling of office paper in the future. All hazardous waste is disposed by qualified institutions.
6. The main sources of energy consumption of the Bank are gasoline and outsourced electricity. Energy consumption data is calculated based on the electricity and fuel consumption and relevant conversion factors provided in the General Principles for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2008) published by the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China and the Standardization Administration of the P.R.C.

7 *Putting people first and growing together with employees*

Protecting the rights and interests of employees 54

Employee development 58

Employee care 60

Jinshang Bank deeply implemented the people-oriented concept. Through equal and diverse employment policies, competitive welfare benefits, flexible and efficient staff training methods, diversified development directions, a sound promotion system, recreational sports activities and the all-round physical and mental health guarantee system, the Bank effectively protected the legitimate rights and interests of each employee, and realized the common growth of employees and the Bank.



Contributing to the United Nations' sustainable development goals



7.1 Protecting the rights and interests of employees

Employment policies

The Bank strictly complied with Labour Law of the PRC, Labour Contract Law of the PRC, Law of the PRC on the Protection of Rights and Interests of Women, Provisions on the Prohibition of Using Child Labour and other laws and regulations, and adhered to the concept of fair, impartial and open employment and prohibited employment discrimination. Relying on a sound recruitment system, assessment and evaluation system, reasonable welfare benefits policies and sound employee training methods, the Bank has attracted a large number of excellent talents from different cultures and backgrounds. As of the end of December 2020, the Bank had a total of 4,492 employees. In 2020, through the talent development strategy and talent introduction measures, the Bank recruited 277 people through campus recruitment, 36 through social recruitment and 159 through talent introduction. Both the signing rate of labor contracts and the coverage rate of social security were 100%. In addition, the Bank strictly complied with the above laws and regulations relating to labour, prohibited the recruitment of minors under the age of 16, and ensured that there was no forced labour. During the Reporting Period, the Bank had no child employment and forced labour.

Employee promotion

The Bank continues to optimize its employee career development system, committing to providing employees with an equal and broad growth space and a working platform that can give full play to their talents. In 2020, we actively promoted professional sequence evaluation to strengthen the construction of professional teams, broaden the career development path of employees, and better attract, motivate and cultivate professional talents in all field and at all levels. The development of professional sequence channel, as a supplement to the development of employee management sequence channel, helps to solve the problems of the career development of business backbones and excellent professional and technical talents, cultivate and retain all kinds of excellent talents, and build a professional team. While building the dual-channel development of professional and management, the establishment of a cross-professional sequential development path provides a wider range of career development opportunities, and provides support for the cultivation and reserve of compound talents.

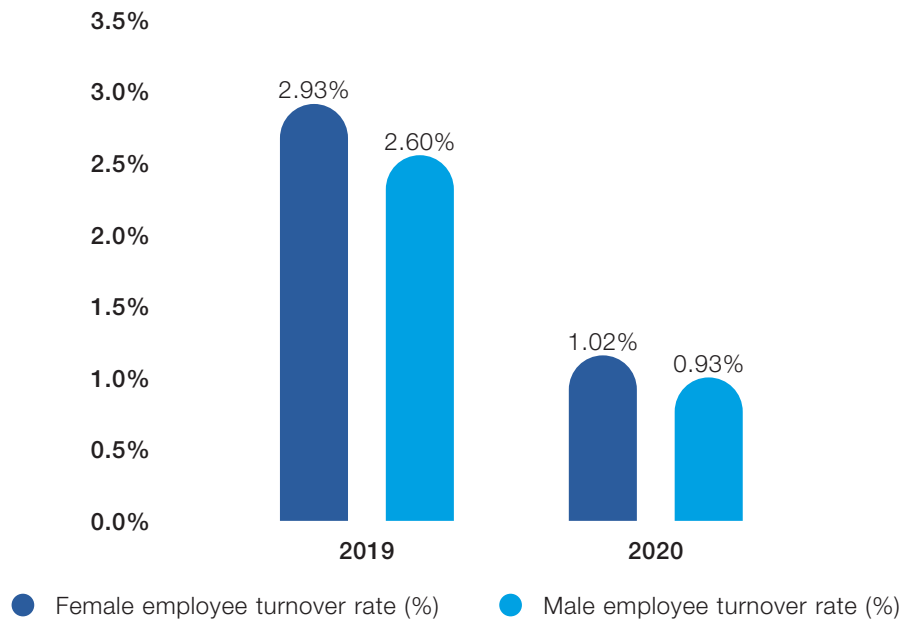


Information of employees

Indicator		Person	Percentage
By gender	Female	2,485	55.32%
	Male	2,007	44.68%
By age	Above 50	220	4.90%
	40-50	721	16.05%
	30-40	1,799	40.05%
	20-30	1,752	39.00%
By education background	Master' s degree and above	896	19.95%
	Bachelor' s degree	3,007	66.94%
	Other degrees	589	13.11%

Employee turnover rate

Indicator		Person	Percentage
By gender	Female	46	1.02%
	Male	42	0.93%
By age	Above 50	0	0
	40-50	0	0
	30-40	26	0.58%
	20-30	62	1.38%

Employee turnover rate from 2019 through 2020

Salaries and benefits

In compliance with the PRC Social Insurance Law, the Bank has a highly competitive salary management system, gives full play to the incentive role of the position rank system and the salary distribution mechanism, guarantees the punctual payment of staff's salary in full amount in accordance with various management measures, establishes the enterprise annuity, and provides supplementary medical insurance, effectively protecting legitimate rights and interests of employees. In the aspect of concern for the welfare of employees, the Bank ensures that various welfare benefits are paid on time and in full.

Employee communications

Through building of the labor union and meeting of the labor union committee, the Bank fully opened the communication channel with the employees and protected the legitimate rights and interests of employees to the maximum extent. In-service employees and retired employees were connected by the Human Resources Department and the Retired Personnel Service Department respectively.

In May 2020, the first Members and Employees' Representative Meeting of the second session of the Labor Union was held, and a series of drafts were adopted at the meeting, which laid a solid foundation for further protection of rights and interests of employees.



Safety and health

The Bank cared about the physical and mental health and safety of employees and strictly complied with the PRC Production Safety Law, the PRC Labour Law and the Law of the People's Republic of China on Fire Prevention and other relevant laws and regulations. By various methods such as providing health welfare insurance and supplementary medical insurance, a reasonable vacation system, physical examination for employees, and health lectures for female employees, the Bank protected their physical and mental health.

During the epidemic, the Bank strove to ensure the safety of employees, and allocated RMB510,000 of special funds for epidemic prevention and control to purchase masks, disinfectant, gloves and other supplies for front-line employees. The Bank purchased special insurance against COVID-19 for employees in a timely manner and established epidemic prevention and control guarantee. The Bank carried out online consolation activities and sent consolation letters and money.

Jinxin Garden Mental Health Counseling Base for Employees

The Mental Health Counseling Base covers an area of 1,800 m², including 800 m² of functional area for mental health counseling, forming a comprehensive space for all-round recovery and improvement of the mental and physical abilities of employees, and fully promoting the psychological care of employees. Through a series of one-to-one themed psychological counseling activities such as online classes and live lectures, the Bank provided continuous mental health support for employees and effectively alleviated their psychological pressure.



Mental Health Counseling
Base for Employees

In September 2020, the head office held a special training on "Care for Employees' Mental Health to Improve Employees' Happiness". CHENG Yongli, deputy director of the Workers' Service Center of Shanxi Federation of Trade Unions, was specially invited to give a lecture, and a total of 112 people attended the training.



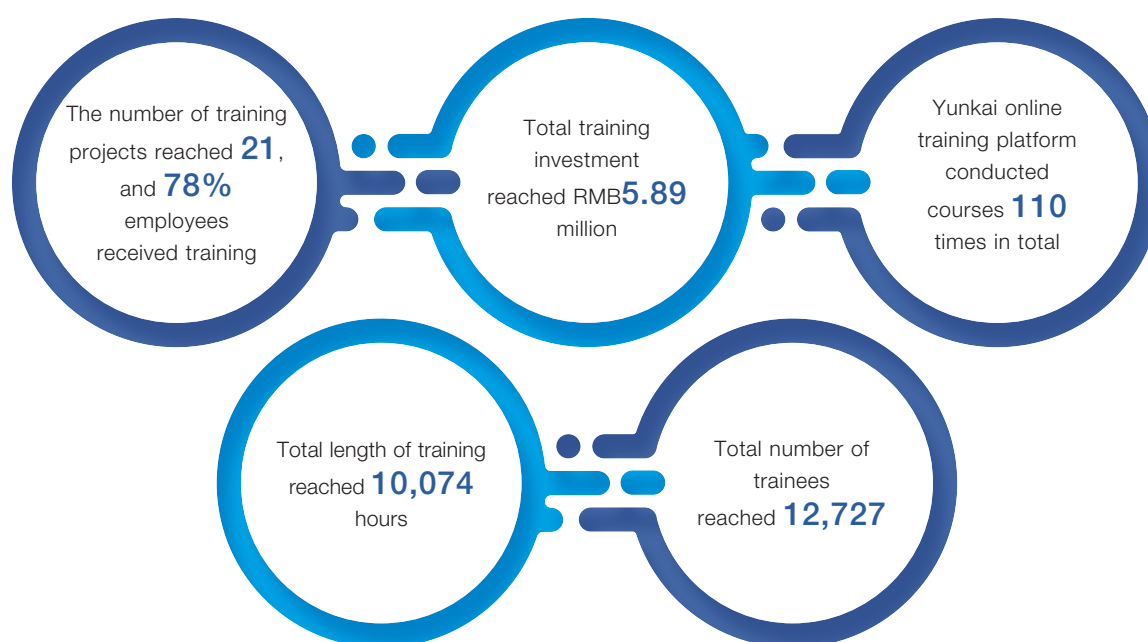
Held a Special Training

7.2 Employee development

Staff training

The Bank took the establishment of a high-quality and professional cadre talent team as its mission and organized diversified training courses by focusing on building staffs with knowledge, skills and innovation. The Bank accurately grasped the characteristics and needs of the front, middle, and back-office positions, focused on the promotion of line training within the Bank, and encouraged active participation in socialized continuing education and vocational qualification examinations outside the Bank. Responding to the impact of the epidemic, the Bank launched online learning platform and released online learning resources in time, expanded the training coverage under the premise of ensuring the orderly implementation of the annual training plan.

By the end of December 2020, the Bank:



Gender	Number of trained staffs (person-time)	Percentage of trained employees	Length of training of staffs (hours)
Females	7,191	56.50%	5,692
Males	5,536	43.50%	4,382

“Strive for Excellence of Jinshang” Employee Skills Competition

In September 2020, we organized the 6th Employee Skills Competition themed on “Strive for Excellence of Jinshang”. 405 employees from the head office and 14 branches participated in the competition. All the players and staff worked diligently and competed for higher rankings, showing great professional skills, high morale, an earnest and down-to-earth attitude, and ability of flexible organization and coordination. The competition became a showcase of the style, professionalism and spirit of Jinshang Bank employees in the new era.



Prize-awarding ceremony at Employee Skills Competition themed “Strive for Excellence of Jinshang”

New Employee Training for 2020

New employee training for 2020 was divided into two stages, namely entry guidance training and on-post practice training. Stage I training were conducted in Shanxi Technology And Business College on a totally enclosed basis from August 28 to September 10. The courses were divided into five sectors, namely basic situation, code of conduct, internal management, internal risk control, business and product system. Senior management of the head office, directors of departments and offices, backbones of each business lines were invited to carry out the courses. Stage II training was conducted from September 28 to November 20 in various forms comprehensively, such as online training, offline tutoring and in-class learning. Targeting employees’ entry lines and positions, we carried out systematic and comprehensive trainings with respect of the management system, supposed knowledge and skills in relation to business and working procedures. We adhered to the combination

of business knowledge and practice and skills training, with the trainers who are mainly backbones of business lines of the Bank. After the two stages of entry training, new employees were preliminarily equipped with the professional knowledge and basic skills required for their positions.



New employee entry training for 2020

7.3 Employee care

Help employees in trouble

We conducted the campaign to deliver warmth to employees in all aspects. To help employees in trouble, we visited those who were hospitalized and expressed our solicitude to them on material events, and tapped into employee mutual aid funds to continuously help employees in extreme financial difficulties overcome actual challenges in life.

Statistics on helping employees

Indicator	Unit	2020	2019	2018
Labor Union Establishment Ratio	%	100	100	100
Disaster Relief Amount	RMB10,000	51	0	0
Medical Assistance Amount	RMB10,000	9	8.30	1
Life Support and Assistance Amount	RMB10,000	16	11.30	7.80
Employees in Difficulties Helped	Person	36	28	27

Helping sick children of employees in need

In 2020, an employee's child suddenly developed aplastic anemia and was hospitalized in Beijing. Since our supplementary medical insurance covered employee's children, a one-time insurance compensation of RMB50,000 was given to the employee which addressed the employee's urgent financial needs.



Helped employees in need



Visited employees in trouble



Visited needy employees by the directly-controlled Jinyang Branch



Sent condolence goods by the directly-controlled Comprehensive Reform Demonstration Zone Branch



Visited needy employees by the directly-controlled Bingzhou Branch

Learn-from-Lei Feng activities of Shuo Zhou Branch

Taking learn-from-Lei Feng activities as a starting point, we have worked to cultivate and practice socialist core values. Since the founding of the work organization, we have visited employees in need once, visited the poor families once, raised RMB23,980 for donations, and donated RMB26,450 for employees with illness.



Cultural and sports activities

We enriched employees' life in their spare time from various aspects, promoted the fostering of corporate culture, and created a harmonious and positive work atmosphere. While ensuring epidemic control, regular opening hours, environmental hygiene and safe operation, we set up interest groups such as badminton, table tennis, basketball and chorus, and organized employees for outdoor activities.

Cultural and sports activities for employees



Friendly football game versus Shanxi Mobile Football Team



Fun sports meeting



Tug-of-war competition

Care for female employees

Pressure reducing activity for female employees themed "In Blossom"

To enrich the life of female employees in the core upgrading project team by enjoying floriculture together and to showcase the outstanding females in the new era, the women workers' committee under the labor union of the head office held a pressure reducing activity for female employees themed "In Blossom" in a conference room in Mingli Office Area in November 2020. This activity was attended by a hundred-odd female employees in the core upgrading project team.



Care for retired employees

We made an annuity plan to improve the multilevel pension system for all employees of the Bank, which offered more security for employees after retirement. As the number of retired employees grows, 909 retirees had received annuities by the end of December 2020. In respect of caring about employee's difficulties, we always visited employees who were hospitalized and sent our sympathy on their material events, and cared for our retired cadres during the Chinese New Year. At the same time, to enrich the life of retired employees, we held a range of activities in the employee activity center, such as the "Autumn Painting and Calligraphy Exhibition of Jinshang" and the "Reading Time Book Club of Jinshang".

Annexes

HKEX ESG Reporting Guide Index

Aspects, General Disclosures and KPIs	KPIs	Disclosure Location
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Promoting green office
A1.1	The types of emissions and respective emissions data	Efficient use of energy to reduce carbon emission
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity	Efficient use of energy to reduce carbon emission
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity	Efficient use of energy to reduce carbon emission
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity	Efficient use of energy to reduce carbon emission
A1.5	Description of emissions target(s) set and steps taken to achieve them	The Bank plans to disclose this indicator in detail in the future
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	The Bank plans to disclose this indicator in detail in the future
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Efficient use of energy to reduce carbon emission
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity	Efficient use of energy to reduce carbon emission
A2.2	Water consumption in total and intensity	Efficient use of energy to reduce carbon emission

Aspects, General Disclosures and KPIs	KPIs	Disclosure Location
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Practicing thrift and fighting against food waste Low-carbon culture in response to climate change
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	This indicator has not been disclosed as the Bank's business operations does not involve a significant use of water resources and the stakeholders in this issue did not express excessive concern
A2.5	Total packaging material used for finished products and, with reference to per unit produced	Not applicable due to the nature of the business
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources	Not applicable due to the nature of the business
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Not applicable due to the nature of the business
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	Building a green bank and promoting ecological civilization construction
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Building a green bank and promoting ecological civilization construction

Aspects, General Disclosures and KPIs	KPIs	Disclosure Location
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Employment policies Employee promotion
B1.1	Total workforce by gender, employment type, age group and geographical region	Information of employees
B1.2	Employee turnover rate by gender, age group and geographical region	Information of employees
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Safety and health
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	During the Reporting Period, there was no work-related fatalities
B2.2	Lost days due to work injury	The Bank plans to disclose this indicator in detail in the future
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	Safety and health

Aspects, General Disclosures and KPIs	KPIs	Disclosure Location
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Staff training
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Staff training
B3.2	The average training hours completed per employee by gender and employee category	Staff training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Employment policies
B4.1	Description of measures to review employment practices to avoid child and forced labour	Employment policies
B4.2	Description of steps taken to eliminate such practices when discovered	Employment policies
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	Supply chain management
B5.1	Number of suppliers by geographical region	The Bank plans to disclose this indicator in the future
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	Supply chain management

Aspects, General Disclosures and KPIs	KPIs	Disclosure Location
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	The Bank plans to disclose this indicator in the future
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Supply chain management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Paying attention to customers' demands and providing excellent quality services
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not applicable due to the nature of the business
B6.2	Number of products and service related complaints received and how they are dealt with	Protecting consumer rights Upgrading customer experience
B6.3	Description of practices relating to observing and protecting intellectual property rights	Intellectual property protection
B6.4	Description of quality assurance process and recall procedures	Not applicable due to the nature of the business
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	Protecting consumer rights

Aspects, General Disclosures and KPIs	KPIs	Disclosure Location
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Anti-money laundering and anti-corruption
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	The Bank plans to disclose this indicator in the future
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Anti-money laundering and anti-corruption
B7.3	Description of anti-corruption training provided to directors and staff	Anti-money laundering and anti-corruption Creating compliance culture
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Uniting as one to overcome challenges and protect the homeland
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Persevering in targeted poverty alleviation Shouldering the heavy responsibilities to fight against the epidemic Developing green finance Employment care Care in charity
B8.2	Resources contributed (e.g. money or time) to the focus area	Care in charity Developing green finance Employment care

Independent Assurance Report



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Independent Assurance Report

On the Environmental, Social and Governance Report

安永华明(2021)专字第61523727_A02号
Jinshang Bank Co., Ltd.

The Board of Directors of Jinshang Bank Co., Ltd.:

We have been engaged to express a limited assurance opinion on the selected data in the 2020 Annual Environmental, Social and Governance Report of Jinshang Bank Co., Ltd. (the "ESG Report") prepared by Jinshang Bank Co., Ltd. ("Jinshang Bank").

I. The Board of Directors' responsibilities

The Board of Directors of Jinshang Bank are responsible for the preparation and presentation of the selected data in accordance with the "preparation basis" within the ESG Report (the "basis of reporting"). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the selected data, and making estimates that are reasonable in the circumstances.

II. Our responsibilities

Our responsibility is to express a conclusion on the selected data in the ESG Report based on our work performed. We report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our work on the selected data in accordance with the *International Standard on Assurance Engagements ISAE 3000 (Revised)*, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance as to whether any matters have come to our attention that causes us to believe that the selected data as at 31 December 2020 and for the year then ended in the ESG Report is not prepared in all material respects in accordance with the basis of reporting.



Independent Assurance Report On the Environmental, Social and Governance Report

安永华明(2021)专字第61523727_A02号
Jinshang Bank Co., Ltd.

III. Scope of work, approach, and limitation

The selected data in the ESG Report that is covered by this report is as follows:

- Total office electricity consumption (kWh)
- Total office water consumption (ton)
- Total number of employees
- Proportion of female employees (%)
- Total training investment (RMB million)
- Total number of branches
- Number of internet banking transactions throughout the year (10,000)
- Resolution rate of customer complaints (%)
- Balance of green loans (RMB 100 million)
- Balance of loans to support energy revolution (RMB 100 million)

Our work was performed at the Head Office of Jinshang Bank, which includes:

- 1) Interviews with management and personnel in the departments involved in providing information for inclusion in the ESG Report in relation to the selected data;
- 2) Analytical procedures;
- 3) Examination, on a test basis, of documentary evidence;
- 4) Recalculation;
- 5) Other procedures deemed necessary.





Independent Assurance Report

On the Environmental, Social and Governance Report

安永华明(2021)专字第61523727_A02号
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In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and the therefore less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the practitioner's judgment, including the assessment of the risks of material non-compliance of the selected data prepared in accordance with the basis of reporting.

Our work was limited to the selected data as of 31 December 2020 and for the year then ended in the ESG Report. In addition, our work performed was not for the purpose of expressing an opinion on the effectiveness of Jinshang Bank's Internal controls.

IV. Conclusion

Based on the limited assurance work which we have performed, nothing has come to our attention that causes us to believe that the selected data as at 31 December 2020 and for the year the ended has not been prepared, in all material respects, in accordance with the basis of the ESG reporting.

V. Our Independence, quality Control and assurance team

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants. We have complied with the quality control requirements of the *International Standard on Quality Control 1*. Our team has required competencies and experience for this assurance engagement.


Ernst & Young Hua Ming LLP
Beijing, China
29 April 2021



Feedback Form for Readers

Thank you for reading the 2020 Environmental, Social and Governance Report of Jinshang Bank Co., Ltd. For the purpose of improving our ESG management, we hope that you can share with us your valuable comments and suggestions by completing the feedback form and sending it to us via any of the following ways.

E-mail : dongban@jshbank.com
 Address : No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province
 Post code : 030006
 Tel : 0351-6819503

1. Which kind of stakeholder are you:
<input type="checkbox"/> Government <input type="checkbox"/> Regulator <input type="checkbox"/> Shareholder <input type="checkbox"/> Customer <input type="checkbox"/> Employee <input type="checkbox"/> Vendor <input type="checkbox"/> Partner <input type="checkbox"/> Community <input type="checkbox"/> Environment <input type="checkbox"/> Others
2. Your general evaluation on this report:
<input type="checkbox"/> Poor <input type="checkbox"/> Average <input type="checkbox"/> Good <input type="checkbox"/> Excellent
3. Your evaluation on Jinshang Bank in performing responsibilities for economic development:
<input type="checkbox"/> Poor <input type="checkbox"/> Average <input type="checkbox"/> Good <input type="checkbox"/> Excellent
4. Your evaluation on Jinshang Bank in performing responsibilities for environment:
<input type="checkbox"/> Poor <input type="checkbox"/> Average <input type="checkbox"/> Good <input type="checkbox"/> Excellent
5. Your evaluation on Jinshang Bank in performing responsibilities for social progress:
<input type="checkbox"/> Poor <input type="checkbox"/> Average <input type="checkbox"/> Good <input type="checkbox"/> Excellent
6. Do you think the information disclosed in this report is complete:
<input type="checkbox"/> No <input type="checkbox"/> Average <input type="checkbox"/> Yes
7. Do you think this report is clearly stated and easy to understand:
<input type="checkbox"/> No <input type="checkbox"/> Average <input type="checkbox"/> Yes
8. Do you have any other comments or suggestions on the improvement and development of Jinshang Bank for performing social responsibilities and on this report:



晋商银行
Jinshang Bank