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JIANGXI BANK CO., LTD.*
江西銀行股份有限公司*

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1916)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

The board of directors (the “**Board**”) of Jiangxi Bank Co., Ltd. (the “**Bank**”) is pleased to announce the audited consolidated annual results of the Bank and its subsidiaries for the year ended December 31, 2021 (the “**Annual Results**”). This results announcement, containing the full text of the 2021 annual report of the Bank, complies with the relevant content requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to preliminary announcements of annual results. The Board and the audit committee of the Board have reviewed and confirmed the Annual Results.

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Bank (www.jx-bank.com). The annual report for the year ended December 31, 2021 will be dispatched to the shareholders of the Bank and will be available on the above websites in due course.

By Order of the Board
Jiangxi Bank Co., Ltd.
XU Jihong

Executive Director and Joint Company Secretary

Nanchang, the PRC, March 25, 2022

As of the date of this announcement, the board of directors of the Bank comprises Mr. XU Jihong and Mr. LUO Yan as executive directors; Mr. LI Zhanrong, Mr. LIU Sanglin, Mr. DENG Jianxin, Ms. ZHUO Liping and Mr. YU Minxin as non-executive directors; and Ms. ZHANG Rui, Ms. ZHANG Wangxia, Mr. WONG Hin Wing and Ms. WANG Yun as independent non-executive directors.

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



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* This annual report is prepared in both Chinese and English. In case of any inconsistency, the Chinese version shall prevail.

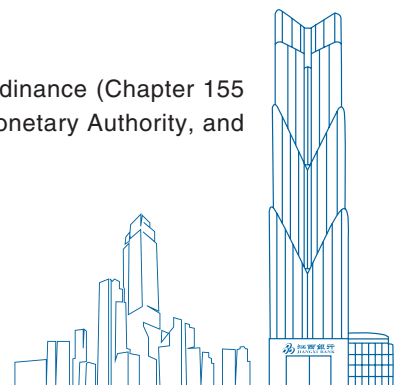
CHAPTER I COMPANY PROFILE

1.1 BASIC INFORMATION

Statutory Chinese name of the Company:	江西銀行股份有限公司*
Statutory English name of the Company:	JIANGXI BANK CO., LTD.*
Legal representative:	XU Jihong ¹
Authorized representatives:	XU Jihong ¹ , NGAI Wai Fung
Secretary of the Board of Directors:	XU Jihong
Joint company secretaries:	XU Jihong, NGAI Wai Fung
Stock short name:	JIANGXI BANK
Stock Code:	1916
Unified Social Credit Code:	913601007055009885
Number of financial license:	B0792H236010001
Registered capital:	RMB6,024,276,901
Registered and office address:	Jiangxi Bank Tower, No. 699 Financial Street, Honggutan New District, Nanchang, Jiangxi Province, the PRC
Principal place of business in Hong Kong:	40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong
Contact number:	+86-791-86791008/+86-791-86791009
Fax:	+86-791-86771100
Website of the Bank:	www.jx-bank.com (the contents of the website do not form a part of this report)
Service hotline:	+86-956055
Domestic auditor:	KPMG Huazhen LLP
International auditor:	KPMG, Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
Legal advisor in mainland China:	Zhong Lun Law Firm
Legal advisor in Hong Kong:	Clifford Chance
Stock exchange on which H Shares are listed:	The Stock Exchange of Hong Kong Limited
H Share Registrar:	Computershare Hong Kong Investor Services Limited
Domestic shares custodian:	China Securities Depository and Clearing Corporation Limited

Note: 1. On February 21, 2022, Mr. CHEN Xiaoming, the chairman of the Board, has tendered his written resignation to the Board to resign from all his positions of the Bank with effect from the same date. For details, please refer to the announcement of the Bank dated March 22, 2022.

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



CHAPTER I COMPANY PROFILE

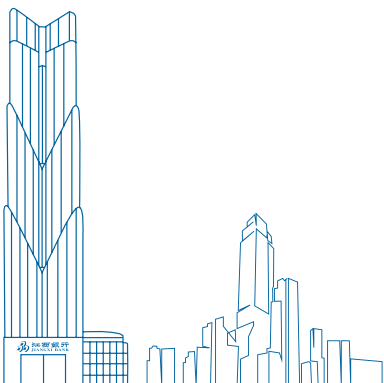
1.2 COMPANY PROFILE

Jiangxi Bank is the only legal person bank at provincial level in Jiangxi Province. The Bank was officially established in December 2015 and listed in Hong Kong (stock code: 1916.HK) in June 2018. Jiangxi Bank is the first listed financial enterprise in Jiangxi Province and the first overseas listed enterprise since the implementation of the “Yingshanhong Action” in Jiangxi Province.

As of the end of the Reporting Period, the Group’s total assets amounted to RMB508.560 billion; the total amount of deposits from customers was RMB343.726 billion; the Group’s total loans and advances to customers was RMB277.714 billion. During the Reporting Period, the operating income and net profit were RMB11.144 billion and RMB2.112 billion respectively. As of the end of the Reporting Period, the bank had a total of 5,365 full-time employees. The Bank’s outlets covering all cities divided into districts of Jiangxi Province, and the Bank has established two branches outside the province in Guangzhou and Suzhou. At the same time, the Bank initiated the establishment of the first financial leasing company in Jiangxi Province and 5 rural banks.

Since its inception, Jiangxi Bank has made rapid progress in various fields and gained wide recognition from many sectors of the society in many respects under the leadership of Jiangxi Provincial Committee and Jiangxi Provincial Government as well as the strong support from all walks of life. The bank ranked 273th in “Top 1,000 World Banks ranking in 2021” released by The Banker, a British magazine, and ranked 46th among commercial banks in the “2021 China Banking Top 100 List” of the China Banking Association. Jiangxi Bank has successively received multiple awards such as “Enterprise Contributing to the Poverty Alleviation”, “Advanced Green Finance Organization in Jiangxi Province from 2018 to 2020”.

In the future, Jiangxi Bank will adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly implement the spirit of the 19th Session of National Congress of the Communist Party of China and all previous plenary sessions of the 19th CPC Central Committee and Central Economic Work Conference, earnestly implement the deployment of the 15th Jiangxi Provincial Congress of the Communist Party of China and the Economic Work Conference of the Jiangxi Provincial Party Committee. We will also adhere to the business philosophy of “serving the local economy, serving small and medium-sized enterprises, and serving community residents”, adhere to the development idea of “controlling risks, adjusting structure, and stabilizing growth”. We will strive to provide more high-quality, efficient, convenient and comprehensive financial services for customers of different levels, types and different needs, provide financial assistance for local economic and social development and residents’ entrepreneurship and wealth creation, and make due contributions to Jiangxi Bank in striving to write the chapter of building a modern socialist country, Jiangxi, and portray the new plan of Jiangxi’s reform in the new era.



CHAPTER I COMPANY PROFILE

1.3 MAJOR AWARDS IN 2021

In January 2021, the Bank was awarded the honorary title of “Top 100 in China Bond Clearing for 2020” and “Excellent Proprietary Institution” by China Central Depository & Clearing Co., Ltd..

In January 2021, the Bank was awarded the honorary title of “Top 300 in Inter-bank Domestic Currency Market Transaction of 2020”, “Core Trader in Inter-bank Domestic Currency Market of 2020”, “Outstanding Trader in Currency Market of 2020” and “Award of Trading Mechanism Innovation in 2020 (iDeal)” by China Foreign Exchange Trade System & National Interbank Funding Center.

In January 2021, the Bank was granted the title of “New Prominent Domestic Financial Institution of Chinese Offshore Bonds of Jinjiuqi Bond” jointly awarded by Jiuqi Finance and Guotai Junan Securities.

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

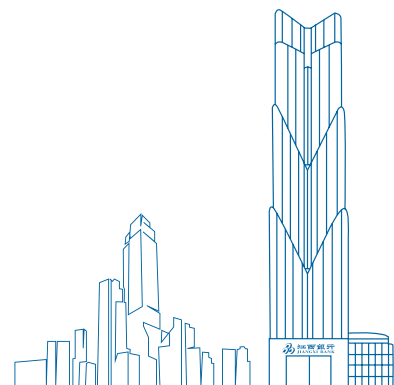
In January 2021, the Bank ranked 23rd for City Commercial Bank in the Top 100 of Trading and Cleaning of China Bond Company Bonds by China Central Depository & Clearing Co., Ltd..

In January 2021, the Bank was granted the title of “the Most Favorite Credit Card in 2020 in Jiangxi” and “the Most Popular Credit Card in 2020 in Jiangxi”.

In April 2021, the Bank won the highest level of “Excellent Evaluation” in Green Credit among All Provincial Banking Institutions in 2020 by China Insurance Regulatory Commission Jiangxi Bureau.

In April 2021, the Bank was granted the title of “Advanced Green Finance Organization in Jiangxi Province from 2018 to 2020” by the Office of Jiangxi province’s Steering Group for Green Finance Reform and Innovation.

In August 2021, the Bank was awarded the “Customer Experience Marketing Gold Award” by the Financial Digital Development Alliance.



CHAPTER I COMPANY PROFILE

In September 2021, the Bank was awarded the “Excellent Case” Award for 2021 Financial Services for Small and Medium Enterprises by China Association of Small and Medium Enterprises and China Banking Association.

In November 2021, the Bank was awarded the “Best Credit Card Scenarios Construction Award of the Year” by the Financial Digital Development Alliance.

In November 2021, the Bank was awarded the “2021 China Digital Finance Golden Award List – Best Security Innovation Award for Mobile Banking” by the China Financial Certification Authority.

In December 2021, the Bank won the second prize of the group in the 2021 Jiangxi Commercial Bank System Cross-border RMB Business Competition held by Nanchang Central Sub-branch of the People’s Bank of China.

In December 2021, the Bank was awarded the “Outstanding Contribution Award for the Promotion of UnionPay Card Products” by China UnionPay Co., Ltd..

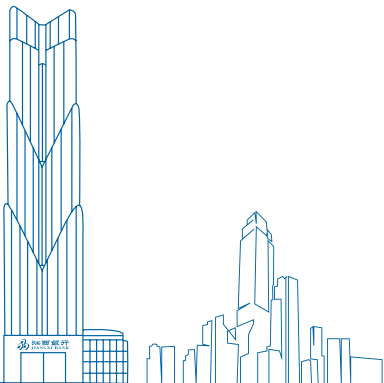
In December 2021, the Bank was awarded the “UnionPay Card Product Innovation Award in 2021” and the “UnionPay Card Marketing Contribution Award in 2021” by Jiangxi Branch of China UnionPay.

In December 2021, the Bank was awarded the “2021 Pioneer Development Partner” by Jingdong Technology Holding Co., Ltd(京東科技控股股份有限公司).

In December 2021, the Bank’s “Audit Operating System” project was awarded the “2021 Outstanding Contribution Award of Financial Industry Risk Management and Control” in the “2021 12th Innovation in Financial Technology Applications” selection held by the Financial Computerizing magazine organised by the People’s Bank of China.

In December 2021, the Bank’s “Running Loan” product was awarded the “Innovation Project Excellence Award” by the Nanchang Central Sub-branch of the People’s Bank of China and the Financial Work Office of the People’s Government of Jiangxi Province to support the high-quality development of Jiangxi’s economy.

In December 2021, the Bank’s “Cloud Enterprise Chain Online Factoring Business” was awarded the “Excellent Innovation Project” by the Nanchang Central Sub-branch of the People’s Bank of China and the Financial Work Office of the People’s Government of Jiangxi Province to support the high-quality development of Jiangxi’s economy.

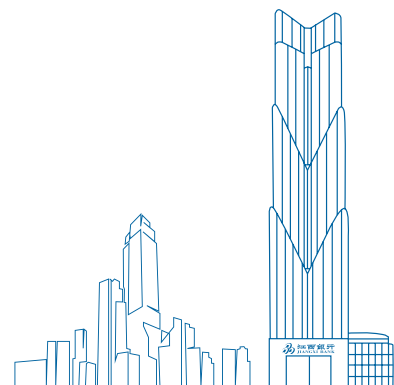


CHAPTER II SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

2.1 FINANCIAL DATA

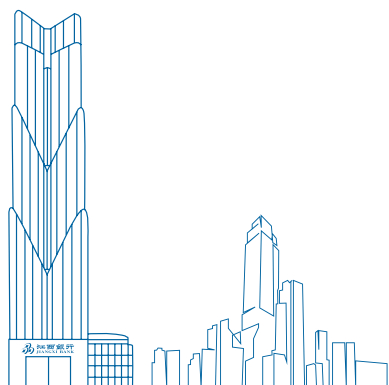
The financial information set out in this annual report has been prepared on a combined basis in accordance with the International Financial Reporting Standards. Unless otherwise stated, data of the Group is denominated in RMB.

	2021	2020	The end of 2021 compared to the end of 2020	2019	2018	2017
Operating results (in millions of RMB)			Change rate (%)			
Net Interest Income	8,761.81	9,053.68	(3.22)	10,744.81	8,915.52	7,481.10
Net fee and commission income	699.49	578.80	20.85	541.05	653.29	1,490.62
Operating income	11,144.43	10,285.45	8.35	12,952.81	11,350.61	9,452.27
Operating expenses	(3,647.66)	(3,523.77)	3.52	(3,508.05)	(3,529.63)	(3,147.38)
Impairment losses on assets	(5,006.61)	(4,284.43)	16.86	(6,489.59)	(4,438.37)	(2,575.80)
Profit before taxation	2,496.19	2,484.71	0.46	2,957.16	3,367.07	3,741.11
Profit for the year	2,111.56	1,904.94	10.85	2,109.16	2,771.27	2,914.82
Profit attributable to equity shareholders of the Bank	2,070.31	1,859.17	11.36	2,050.59	2,733.56	2,865.22
Per share (in RMB)			Change rate (%)			
Basic earnings per share	0.34	0.31	9.68	0.34	0.51	0.61
Basic diluted earnings per share	0.34	0.31	9.68	0.34	0.51	0.61
Indicators for profitability (%)			Change			
Average return on total assets ⁽¹⁾	0.44%	0.42%	0.02%	0.48%	0.70%	0.85%
Average return on equity ⁽²⁾	5.74%	5.33%	0.41%	6.15%	9.95%	13.12%
Net interest spread ⁽³⁾	1.88%	2.07%	(0.19%)	2.56%	2.09%	2.19%
Net interest margin ⁽⁴⁾	1.94%	2.10%	(0.16%)	2.62%	2.31%	2.26%
Net fee and commission income to operating income	6.28%	5.63%	0.65%	4.18%	5.76%	13.13%
Cost-to-income ratio ⁽⁵⁾	31.46%	32.96%	(1.50%)	26.08%	30.48%	32.18%



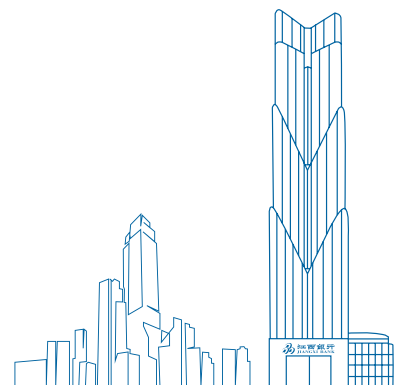
CHAPTER II SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

	2021	2020	The end of 2021 compared to the end of 2020	2019	2018	2017
Indicators for volume						
(in millions of RMB)						
			Change rate (%)			
Total assets	508,559.81	458,692.82	10.87	456,118.53	419,064.27	370,005.30
Including: Net loans and advances to customers	270,658.23	217,448.76	24.47	202,989.37	165,523.32	124,769.38
Total liabilities	466,926.37	422,750.37	10.45	421,030.83	386,252.94	346,733.24
Including: Deposits from customers	343,726.22	315,770.82	8.85	284,548.91	260,448.65	243,837.35
Share capital	6,024.28	6,024.28	–	6,024.28	6,024.28	4,678.78
Equity attributable to shareholders of the Bank	40,917.32	35,267.58	16.02	34,456.26	32,226.22	22,713.74
Non-controlling interests	716.12	674.87	6.11	631.44	585.11	558.32
Total equity	41,633.44	35,942.45	15.83	35,087.70	32,811.33	23,272.06
Net assets per share attributable to shareholders of the Bank	6.13	5.85	4.79	5.72	5.35	4.85
Asset quality indicators						
			Change			
Non-performing loans ratio	1.47%	1.73%	(0.26%)	2.26%	1.91%	1.64%
Provision coverage ratio ⁽⁶⁾	188.26%	171.56%	16.70%	165.65%	171.42%	215.17%
Provision ratio of loans ⁽⁷⁾	2.76%	2.97%	(0.21%)	3.74%	3.27%	3.54%
Indicators for capital adequacy ratio						
			Change			
Core tier-one capital adequacy ratio	9.66%	10.29%	(0.63%)	9.96%	10.78%	9.38%
Tier one capital adequacy ratio	11.80%	10.30%	1.50%	9.97%	10.79%	9.40%
Capital adequacy ratio	14.41%	12.89%	1.52%	12.63%	13.60%	12.90%
Total equity to total assets	8.19%	7.84%	0.35%	7.69%	7.83%	6.29%
Other indicators						
			Change			
Liquidity coverage ratio	387.45%	429.88%	(42.43%)	205.12%	206.46%	247.22%
liquidity ratio	79.03%	78.17%	0.86%	58.74%	57.93%	47.94%
Loan-to-deposit ratio	80.80%	70.75%	10.05%	73.81%	65.46%	53.04%



CHAPTER II SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

- Notes:*
- (1) Represents the net profit for the year as a percentage of the average balance of total assets at the beginning and the end of the period.
 - (2) Represents the net profit attributable to Shareholders of the Bank for the year as a percentage of the average balance of total equity attributable to Shareholders of the Bank at the beginning and the end of the period.
 - (3) The difference between the average yield on interest-earning assets and the average cost on interest-bearing liabilities.
 - (4) Divided net interest income by average interest-earning assets.
 - (5) Calculated by dividing operating expenses (excluding tax and surcharges) by operating income.
 - (6) Calculated by dividing the amount of the allowance for impairment losses on loans by the total amount of non-performing loans.
 - (7) Calculated by dividing the amount of the allowance for impairment losses on loans by the total amount of loans and advances to customers.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

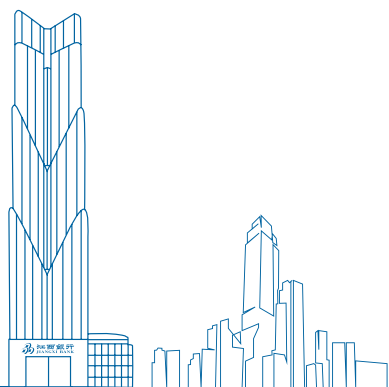
3.1 REVIEW OF THE ECONOMIC, FINANCIAL AND POLICY ENVIRONMENT

During the Reporting Period, China's economy continued to grow steadily, maintained its global leadership in economic development and pandemic prevention and control, with key indicators achieving their expected targets. According to the National Bureau of Statistics, the GDP for the whole year in 2021 was RMB114,367 billion, the second consecutive year in which China's GDP exceeded RMB100 trillion, surpassing RMB110 trillion. In 2021, GDP grew 8.1% from a year earlier, with an average two-year growth of 5.1%. By quarter, the year-on-year GDP growth was 18.3%, 7.9%, 4.9% and 4.0% for the first quarter, the second quarter, the third quarter and the fourth quarter, respectively. Overall, China's economy showed tremendous potential and resilience throughout the year. As of the end of the Reporting Period, the balance of broad money (M2) was RMB238.29 trillion, representing a year-on-year increase of 9%; the balance of loans in domestic currency was RMB192.69 trillion with year-on-year increase of 11.6%; the balance of deposits in domestic currency was RMB232.25 trillion, representing a year-on-year increase of 9.3%; and the size of social financing was RMB314.13 trillion with year-on-year increase of 10.3%.

During the Reporting Period, the economic operation of Jiangxi Province of China where the Bank operates its principal business sustained a steady recovery, a steady improvement in quality and efficiency, and an accelerated pace of innovation and development, and achieved new results in high-quality leapfrog development, all of which facilitated a good start of "14th Five-year Plan". In 2021, Jiangxi Province achieved a gross domestic product (GDP) of RMB2,961.97 billion, an increase of 8.8% over the previous year, 0.7 percentage points higher than that of the whole country, and the fourth-highest growth rate in China. The value added of industrial enterprises above designated size and investments in fixed assets increased by 11.4% and 10.8%, respectively, with an average two-year growth of 7.9% and 9.5% respectively.

3.2 GENERAL OPERATION SUMMARY

Over the past year, the Bank actively responded to the ever-changing market, made great efforts in various business and made good achievements with the theme of "Consolidation and Deepening" under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the strong leadership of Jiangxi Provincial Party Committee and Jiangxi Provincial Government, the scientific and effective supervision by supervision authorities, and under the leadership of the Party Committee of the Bank.



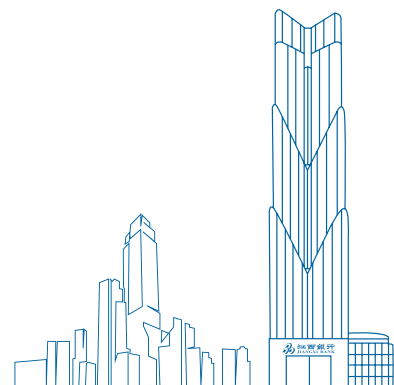
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.2.1 Steady Improvement in Operating Indicators

First, the operation scale grew steadily. As of the end of the Reporting Period, the Group's total assets amounted to RMB508.560 billion, an increase of 10.87% over the end of the previous year; the gross loans and advances to customers amounted to RMB277.714 billion, an increase of 24.30% over the end of the previous year; the total amount of deposits from customers amounted to RMB343.726 billion, an increase of 8.85% over the end of the previous year. During the Reporting Period, the Group recorded revenue of RMB11.144 billion, representing an increase of 8.35% over the last year; the net profit of RMB2.112 billion, representing an increase of 10.85% over the last year; the average daily amount of deposits from customers was RMB330.860 billion, an increase of RMB28.610 billion or 9.47% over the last year. Second, the main regulatory indicators fully met the standards. As of the end of the Reporting Period, the Group's capital adequacy ratio was 14.41%, tier-one capital adequacy ratio was 11.80%, provision coverage ratio was 188.26%, liquidity ratio was 79.03%, non-performing loans ratio was 1.47%.

3.2.2 Gradual Consolidation of Risk Control Foundation

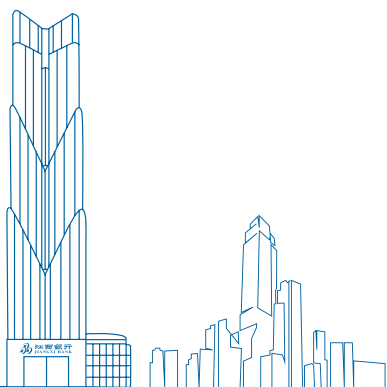
First, the tier-one capital was effectively replenished. The Bank successfully issued RMB4 billion of perpetual bonds and absorbed RMB3.9 billion of transfer agreement deposits, replenishing a total of RMB7.9 billion of other tier-one capital and increasing the Group's capital adequacy ratio by 1.52 percentage points from the end of the previous year. Second, the Bank achieved success in the control of non-performing loans. The Group's non-performing loans ratio declined for two consecutive years. Third, the Bank gradually enhanced risk control compliance by strengthening the effectiveness of overall risk management, establishing and improving the management process of investment business, formulating special limit control programs for local government financing platform business and real estate business, and refining the credit risk threshold control. The Bank strengthened the development and application of risk models, constructed 76 sets of risk control models, formulated 4 application programs, enhanced the early warning capability of the "Cloud Mirror" system and realized semi-automatic approval of products such as "Jiang Xiao Tao", credit cards and "Jiangxi Bank Express Loan".



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.2.3 Growing Development Momentum

First, scientific preparation of strategic plans. The Bank completed the preparation of the Report on “2021-2025” Development Strategy Planning of Jiangxi Bank and 15 special sub-plans in high quality, guiding the Bank to gradually build a profit center, strengthen the line management structure, improve the talent mechanism and system, and create a strong development model for the head office. Second, technology innovation drove transformation. The Bank formulated the implementation plan of technology innovation, enriched the training of science and technology reserve force, and promoted the effective implementation of the reform of technology innovation system and mechanism. Focusing on the construction of a platform, the Bank continued to promote the development and application of new products to help business development. We accelerated the improvement of innovative applications of information technology by launching 8 software system projects and 2 key projects. Third, the Bank implemented the reform of personnel incentive system. We optimized the organizational structure of the whole Bank, established the Product Innovation Department, Asset and Liability Department and the Asset Management Department. We established a “dual-channel” career development system to further expand the career development potential of employees; improved the salary system, established a pay grade system fit for the rank promotion mechanism.

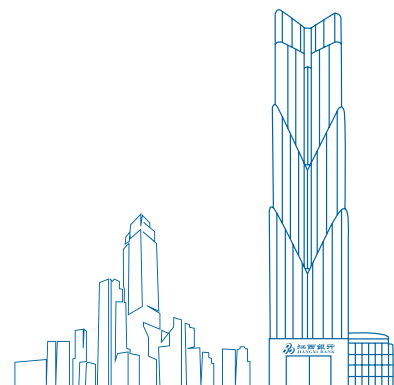


CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.3 PROFIT STATEMENT ANALYSIS

During the Reporting Period, the Group realized RMB2.496 billion in profit before taxation, representing an increase of RMB11 million or 0.46% over the previous year, and RMB2.112 billion in net profit, representing an increase of RMB207 million or 10.85% over the previous year.

	2021	2020	Amount of change	Change rate(%)
	(in millions of RMB, unless otherwise stated)			
Interest income	19,965.72	19,804.95	160.77	0.81
Interest expense	(11,203.91)	(10,751.27)	(452.64)	4.21
Net interest income	8,761.81	9,053.68	(291.87)	(3.22)
Fee and commission income	804.10	774.86	29.24	3.77
Fee and commission expense	(104.61)	(196.06)	91.45	(46.64)
Net fee and commission income	699.49	578.80	120.69	20.85
Net trading gains	200.62	96.04	104.58	108.89
Net gains arising from financial investments	1,441.07	536.74	904.33	168.49
Other operating income	41.44	20.19	21.25	105.25
Operating income	11,144.43	10,285.45	858.98	8.35
Operating expenses	(3,647.66)	(3,523.77)	(123.89)	3.52
Impairment losses on assets	(5,006.61)	(4,284.43)	(722.18)	16.86
Share of profits of associates	6.03	7.46	(1.43)	(19.17)
Profit before taxation	2,496.19	2,484.71	11.48	0.46
Income tax expense	(384.63)	(579.77)	195.14	(33.66)
Profit for the year	2,111.56	1,904.94	206.62	10.85
Net profit attributable to equity Shareholders of the Bank	2,070.31	1,859.17	211.44	11.36
Non-controlling interests	41.25	45.77	(4.52)	(9.88)



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

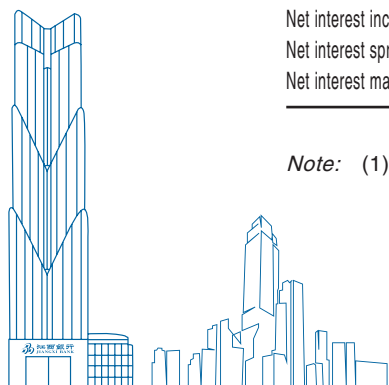
3.3.1 Net Interest Income, Net Interest Spread and Net Interest Margin

During the Reporting Period, the Group achieved net interest income of RMB8.762 billion, representing a decrease of RMB292 million or 3.22% over the last year, among which: an increase of RMB529 million in net interest income as a result of business scale adjustment and a decrease of RMB821 million in net interest income as a result of change in yield or cost rate.

The following table sets forth the average balance of the Group's interest-bearing assets and interest-bearing liabilities, the interest income and expense of such assets and liabilities, the average rate of return on interest-bearing assets, and the average cost rate of interest-bearing liabilities for the periods indicated.

	2021			2020		
	Average balance	Interest income/expense	Average annualized yield/cost ratio	Average balance	Interest income/expense	Average annualized yield/cost ratio
(in millions of RMB, unless otherwise stated)						
Interest-bearing assets						
Loans and advances to customers	250,843.18	12,867.65	5.13%	216,027.63	11,646.01	5.39%
Financial investments	139,196.13	6,062.33	4.36%	155,141.65	7,256.33	4.68%
Deposits with the Central Bank	36,564.30	540.09	1.48%	35,407.66	510.70	1.44%
Deposits with banks and other financial institutions	2,110.09	7.01	0.33%	2,486.69	7.33	0.29%
Financial assets held under resale agreements	20,637.16	404.73	1.96%	19,239.97	317.51	1.65%
Placements with banks and other financial institutions	3,148.25	83.91	2.67%	3,626.66	67.07	1.85%
Total interest-bearing assets	452,499.10	19,965.72	4.41%	431,930.26	19,804.95	4.59%
Interest-bearing liabilities						
Deposits from customers	330,859.81	7,956.03	2.40%	302,249.65	7,158.97	2.37%
Deposits from banks and other financial institutions	24,397.46	712.08	2.92%	23,992.03	710.21	2.96%
Borrowing from the Central Bank ⁽¹⁾	10,259.18	306.22	2.98%	12,252.11	307.75	2.51%
Placements from banks and other financial institutions	4,754.30	119.96	2.52%	3,755.08	119.69	3.19%
Financial assets sold under repurchase agreements	23,614.04	457.00	1.94%	18,089.63	291.00	1.61%
Debt securities issued	41,014.77	1,328.91	3.24%	54,663.06	1,727.77	3.16%
Borrowing from other financial institutions	7,701.08	323.71	4.20%	11,176.64	435.88	3.90%
Total interest-bearing liabilities	442,600.65	11,203.91	2.53%	426,178.20	10,751.27	2.52%
Net interest income		8,761.81			9,053.68	
Net interest spread		1.88%			2.07%	
Net interest margin		1.94%			2.10%	

Note: (1) Includes bill rediscounted business.



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The following table sets forth the changes in interest income and interest expense resulting from the changes in the Group's volume and interest rates during the reporting periods indicated. Changes in volume are measured by the change in average balance of interest-bearing assets and interest-bearing liabilities, while changes in interest rates are measured by changes in the average interest rates of interest-bearing assets and interest-bearing liabilities. The combined effect of changes in volume and interest rate is embedded in the change in interest rate.

	Compared 2021 with 2020		Net increase/ (decrease) ⁽³⁾
	Reasons for increase/(decrease) Volume ⁽¹⁾	Interest rate ⁽²⁾	
(in millions of RMB, unless otherwise stated)			
Interest-bearing assets			
Loans and advances to customers	1,876.90	(655.26)	1,221.64
Financial investments	(745.81)	(448.19)	(1,194.00)
Deposits with the Central Bank	16.68	12.71	29.39
Deposits with banks and other financial institutions	(1.11)	0.79	(0.32)
Financial assets held under resale agreements	23.06	64.16	87.22
Placements with banks and other financial institutions	(8.85)	25.69	16.84
Changes in interest income	943.13	(782.36)	160.77
Interest-bearing liabilities			
Deposits from customers	677.65	119.41	797.06
Deposits from banks and other financial institutions	12.00	(10.13)	1.87
Borrowing from the Central Bank ⁽⁴⁾	(50.06)	48.53	(1.53)
Placements from banks and other financial institutions	31.85	(31.58)	0.27
Financial assets sold under repurchase agreements	88.87	77.13	166.00
Debt securities issued	(431.39)	32.53	(398.86)
Borrowing from other financial institutions	(135.54)	23.37	(112.17)
Changes in interest expense	414.29	38.35	452.64

Note: (1) Refer to the average balance for the Reporting Period minus the average balance for the same period of the previous year, multiplied by the average yield/cost ratio for the same period of the previous year.

(2) Refer to the average yield/cost ratio for the Reporting Period minus the average yield/cost ratio for the same period of the previous year, multiplied by the average balance for the Reporting Period.

(3) Refer to interest income/expense during the Reporting Period minus interest income/expense for the same period of the previous year.

(4) Includes bill rediscounted business.



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Net interest spread and Net interest margin

During the Reporting Period, the Group's net interest spread was 1.88%, representing a decrease of 0.19 percentage points over the last year; the net interest margin was 1.94%, representing a decrease of 0.16 percentage points over the last year. The decrease of the net interest spread and the net interest margin was mainly due to the decrease in average yield of interest-bearing assets as compared with the same period of last year as affected by the downward trend of asset market yields and the Group actively responded to national policies and took various measures to benefit the real economy.

3.3.2 Interest Income

During the Reporting Period, the Group's interest income amounted to RMB19.966 billion, representing an increase of RMB161 million, or 0.81% over the last year. The increase in interest income was mainly due to the increase in the Group's interest-bearing assets during the Reporting Period.

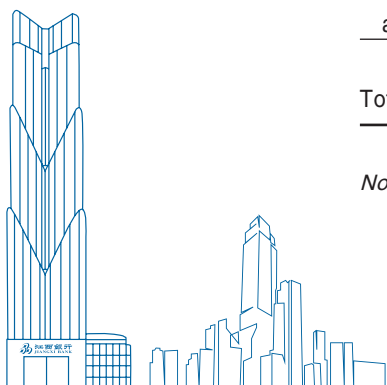
(1) Interest income from loans and advances to customers

During the Reporting Period, the Group achieved interest income of loans and advances to customers of RMB12.868 billion, representing an increase of RMB1.222 billion, or 10.49% over the last year. The main reason was that the average balance of the Group's loans and advances to customers increased. The increase of the average yield of the Group's loans and advances to customers was mainly due to the Group effectively served the development of the real economy and steadily increased in loans to credit.

The following table sets forth the average balance, interest income and average yield for each component of the Group's loans and advances to customers during the periods indicated.

	Average	2021	Average	Average	2020	Average
	balance	Interest	yield	balance	Interest	yield
		income			income	
		(in millions of RMB, unless otherwise stated)				
Corporate loans and advances ⁽¹⁾	172,948.67	8,637.93	4.99%	139,773.16	7,420.60	5.31%
Personal loans and advances	77,894.51	4,229.72	5.43%	76,254.47	4,225.41	5.54%
Total	250,843.18	12,867.65	5.13%	216,027.63	11,646.01	5.39%

Note: (1) Includes discounted bills business.



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(2) Interest income from financial investments

During the Reporting Period, the Group's interest income from financial investments amounted to RMB6.062 billion, representing a decrease of RMB1.194 billion, or 16.45% over the last year, which was mainly due to the combined effect of the scale-down of the Group's financial investments and the decrease in the average yield during the Reporting Period.

(3) Interest income from deposits with the central bank

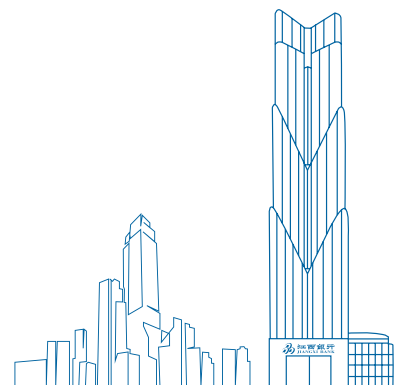
During the Reporting Period, the Group's interest income from deposits with the Central Bank was RMB540 million, representing an increase of RMB29 million, or 5.75% over the last year, which was mainly due to the increase in the scale of the Group's deposits and reserves with the central bank as a result of the increase in the scale of deposit business.

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

During the Reporting Period, the Group's interest income from financial assets held under resale agreements amounted to RMB405 million, representing an increase of RMB87 million, or 27.47% over the last year. It was primarily due to the increase of financial assets held under resale agreements and average yield during the Reporting Period.

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

During the Reporting Period, the Group's interest income from placements with banks and other financial institutions was RMB84 million, representing an increase of RMB17 million, or 25.11% over the last year. It was primarily due to an increase in the average yield of the placements with banks and other financial institutions during the Reporting Period.



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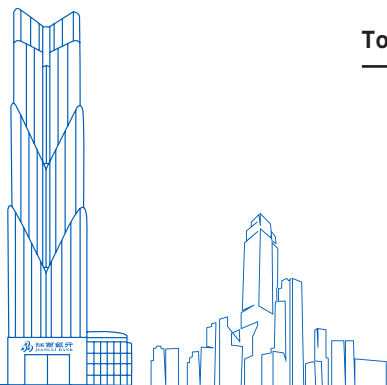
3.3.3 Interest Expense

During the Reporting Period, the Group's interest expense of RMB11.204 billion, representing an increase of RMB453 million or 4.21% over the last year. The increase in the interest expense was primarily attributable to an increase in the average balance of the Group's deposits from customers during the Reporting Period.

(1) Interest expense on deposits from customers

During the Reporting Period, the Group's interest expense on deposits from customers was RMB7.956 billion, representing an increase of RMB797 million or 11.13% over the last year, which was primarily attributable to the increase of RMB28.610 billion over the last year in the average balance of deposits from customers during the Reporting Period. The increase in the average balance of deposits from customers was mainly due to the Group's enhanced product linkage and improved customer service and marketing activities.

	Average balance	2021 Interest expense	Average cost ratio	Average balance	2020 Interest expense	Average cost ratio
(in millions of RMB, unless otherwise stated)						
Corporate deposits						
Demand	127,494.72	1,726.29	1.35%	118,113.26	1,558.33	1.32%
Time	77,179.96	2,111.98	2.74%	84,784.76	2,476.93	2.92%
Sub-total	204,674.68	3,838.27	1.88%	202,898.02	4,035.26	1.99%
Personal deposits						
Demand	20,688.13	83.59	0.40%	20,963.61	104.83	0.50%
Time	105,497.00	4,034.17	3.82%	78,388.02	3,018.88	3.85%
Sub-total	126,185.14	4,117.76	3.26%	99,351.63	3,123.71	3.14%
Total	330,859.81	7,956.03	2.40%	302,249.65	7,158.97	2.37%



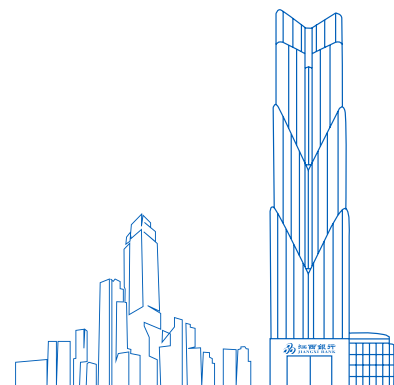
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

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

During the Reporting Period, the Group's interest expense on the financial assets sold under repurchase agreements was RMB457 million, representing an increase of RMB166 million or 57.04% over the last year. This was mainly due to the increase in financial assets sold under repurchase agreements and the average cost ratio during the Reporting Period.

(3) Interest expense on debt securities issued

During the Reporting Period, the Group's interest expense on debt securities issued was RMB1.329 billion, representing a decrease of RMB399 million or 23.09% over the last year. It was mainly because the Group had strengthened daily management on inter-bank liabilities and appropriately adjusted the term structure of inter-bank certificates of deposit during the Reporting Period.



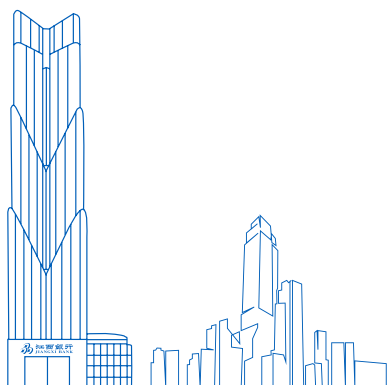
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.3.4 Non-interest Income

(1) Net fee and commission income

During the Reporting Period, the Group realized a net fee and commission income of RMB699 million, representing an increase of RMB121 million or 20.85% over the last year. The increase in net fee and commission income was mainly due to the Group's optimized structure of intermediary business, enhanced management of fee and commission expenses.

	2021	2020	Amount of change	Change rate (%)
	(in millions of RMB, unless otherwise stated)			
Fee and commission income	804.10	774.86	29.24	3.77
Agency and custody service fees	370.80	379.08	(8.28)	(2.18)
Acceptance and guarantee service fees	162.75	167.70	(4.95)	(2.95)
Bank card service fees	77.78	81.25	(3.47)	(4.27)
Settlement and electronic channel business fees	104.22	79.93	24.29	30.39
Financial leasing service fees	86.63	56.96	29.67	52.09
Advisory and consulting fees	1.16	7.20	(6.04)	(83.89)
Others	0.76	2.74	(1.98)	(72.26)
Fee and commission expense	(104.61)	(196.06)	91.45	(46.64)
Platform cooperation fees	(3.63)	(57.69)	54.06	(93.71)
Financial leasing service fees	(18.72)	(44.16)	25.44	(57.61)
Settlement and clearing fees	(22.01)	(40.75)	18.74	(45.99)
Transaction fees	(59.47)	(51.97)	(7.50)	14.43
Others	(0.78)	(1.49)	0.71	(47.65)
Net fee and commission income	699.49	578.80	120.69	20.85



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(2) Net trading gains

During the Reporting Period, the Group's net trading gains was RMB201 million, representing an increase of RMB105 million or 108.89% over the last year, which was mainly due to fluctuations in the price in the debt security market.

(3) Net gains arising from financial investments

During the Reporting Period, the Group's net gains arising from financial investments were RMB1.441 billion, representing an increase of RMB904 million or 168.49% over the last year, which was mainly due to the increased investments income as a result of adjusting investment strategy and actively seizing market opportunities by the Group during the Reporting Period.

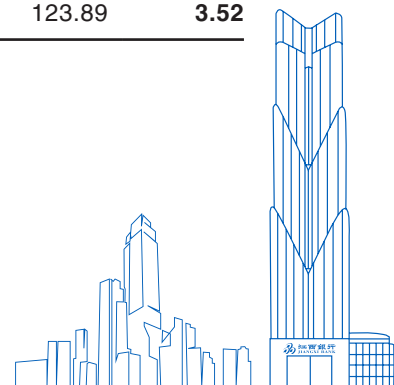
(4) Other operating income

During the Reporting Period, the Group's other operating income was RMB41 million, representing an increase of RMB21 million or 105.25% over the last year, which was mainly due to the increase in government grants of the Group during the Reporting Period.

3.3.5 Operating Expenses

During the Reporting Period, the Group's operating expenses were RMB3.648 billion, representing an increase of RMB124 million or 3.52% over the last year.

	2021	2020	Amount of change	Change rate(%)
	(in millions of RMB, unless otherwise stated)			
Staff costs	2,200.42	2,133.05	67.37	3.16
Depreciation and amortization	523.96	514.19	9.77	1.90
Tax and surcharges	141.97	133.59	8.38	6.27
Interest expense on lease liabilities	58.88	56.42	2.46	4.36
Other general and administrative expenses	722.43	686.52	35.91	5.23
Total operating expenses	3,647.66	3,523.77	123.89	3.52



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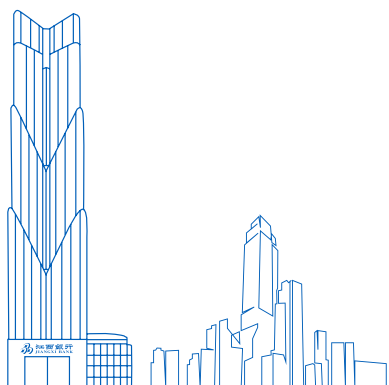
The following table sets forth the components of the Group's staff costs for the periods indicated.

	2021	2020	Amount of change	Change rate(%)
	(in millions of RMB, unless otherwise stated)			
Staff costs				
Salaries, bonuses and allowances	1,685.70	1,652.98	32.72	1.98
Social insurance and supplementary retirement benefits	182.42	186.65	(4.23)	(2.27)
Housing fund	114.60	105.62	8.98	8.50
Staff welfare	106.60	98.89	7.71	7.80
Employee education expenses and labor union expenses	50.04	50.55	(0.51)	(1.01)
Others	61.06	38.36	22.70	59.18
Total	2,200.42	2,133.05	67.37	3.16

During the Reporting Period, the Group's staff costs were RMB2.200 billion, representing an increase of RMB67 million or 3.16% over the last year. It was mainly due to the increase in staff salaries, bonuses and allowances as a result of the overall increase in the number of employees of the Group in line with the continuous business expansion.

During the Reporting Period, the Group's tax and surcharges were RMB142 million, representing an increase of RMB8 million, or 6.27% over the last year. It was primarily due to the increase in the Group's value-added tax during the Reporting Period.

During the Reporting Period, the Group's other general and administrative expenses were RMB722 million, representing an increase of RMB36 million, or 5.23% over the last year. It was mainly due to the normal business growth of the Group.



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3.3.6 Impairment Losses on Assets

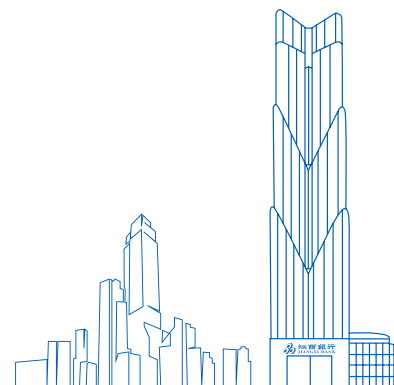
During the Reporting Period, the Group's impairment losses on assets were RMB5.007 billion, representing an increase of RMB722 million, or 16.86% over the last year. It was mainly because the Group continued abide by the principle of prudent operation, and appropriately increased the provision for asset impairment according to the changes in market operating environment and asset structure, and further improved the risk resistance capacity.

	2021	2020	Amount of change	Change rate (%)
	(in millions of RMB, unless otherwise stated)			
Loans and advances to customers	2,704.12	875.85	1,828.27	208.74
Financial investments	2,072.86	3,362.97	(1,290.11)	(38.36)
Others	229.63	45.61	184.02	403.46
Total	5,006.61	4,284.43	722.18	16.86

3.3.7 Income Tax Expense

During the Reporting Period, the Group's income tax expense was RMB385 million, representing a decrease of RMB195 million, or 33.66% over the last year. It was mainly due to the increase in the loss which can be deducted before tax and interest income arising from the PRC government bonds and the local government bonds by the Group during the Reporting Period.

	2021	2020	Amount of change	Change rate (%)
	(in millions of RMB, unless otherwise stated)			
Current tax	1,318.76	925.94	392.82	42.42
Tax filing differences	(16.32)	79.73	(96.05)	(120.47)
Changes in deferred tax	(917.81)	(425.90)	(491.91)	115.50
Total	384.63	579.77	(195.14)	(33.66)



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

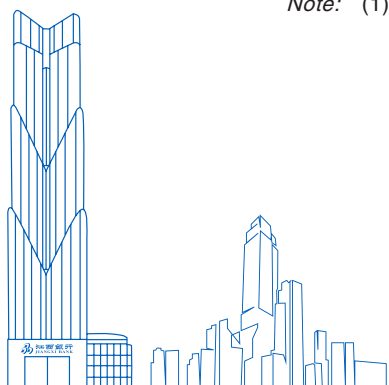
3.4 ANALYSIS ON MAIN ITEMS OF ASSETS AND LIABILITIES

3.4.1 Assets

As of the end of the Reporting Period, the total assets of the Group amounted to RMB508.560 billion, representing an increase of RMB49.867 billion, or 10.87% as compared with the end of the previous year. The increase of total assets was mainly due to the increase in Group's gross loans and advances to customers, cash and deposits with the central bank.

	As of December 31, 2021		As of December 31, 2020	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Gross loans and advances to customers	277,714.31	—	223,422.06	—
Loans and advances to customers accrued interest	563.79	—	599.49	—
Allowances for impairment losses on loans and advances to customers	(7,619.87)	—	(6,572.79)	—
Net loans and advances to customers	270,658.23	53.21	217,448.76	47.41
Financial investments	171,777.28	33.78	176,093.09	38.39
Cash and deposits with the central bank	46,464.97	9.14	40,761.64	8.89
Deposits with banks and other financial institutions	2,090.06	0.41	2,151.44	0.47
Financial assets held under resale agreements	2,695.94	0.53	3,587.22	0.78
Placements with banks and other financial institutions	3,589.20	0.71	8,231.93	1.79
Other assets ⁽¹⁾	11,284.13	2.22	10,418.74	2.27
Total assets	508,559.81	100.00	458,692.82	100.00

Note: (1) Include interest in associates, property and equipment, deferred tax assets, goodwill, right-of-use assets and other assets.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

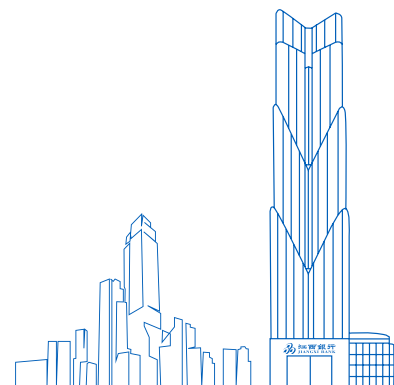
(1) Loans and advances to customers

As of the end of the Reporting Period, the Group's loans and advances to customers amounted to RMB277.714 billion, representing an increase of RMB54.292 billion, or 24.30%, as compared with the end of the previous year. The following table sets forth the Group's distribution of loans by business types for the periods indicated.

	As of December 31, 2021		As of December 31, 2020	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Loans and advances to customers measured at amortized cost				
Corporate loans and advances	161,422.74	58.12	119,619.24	53.54
Personal loans and advances	80,198.97	28.88	76,958.29	34.45
Sub-total	241,621.71	87.00	196,577.53	87.99
Loans and advances to customers measured at FVOCI				
Corporate loans and advances	3,385.47	1.22	2,413.62	1.08
Discounted bills	32,707.13	11.78	24,430.91	10.93
Sub-total	36,092.60	13.00	26,844.53	12.01
Gross loans and advances to customers	277,714.31	100.00	223,422.06	100.00

Corporate loans and advances

As of the end of the Reporting Period, the Group's total corporate loans and advances (discounted bills inclusive) amounted to RMB197.515 billion, representing an increase of RMB51.052 billion, or 34.86% as compared with the end of the previous year, which was mainly due to the Group's business philosophy of adhering to serve real economy, and the continuous increase in loans to major key projects, rural revitalization, inclusive finance and green finance and others.



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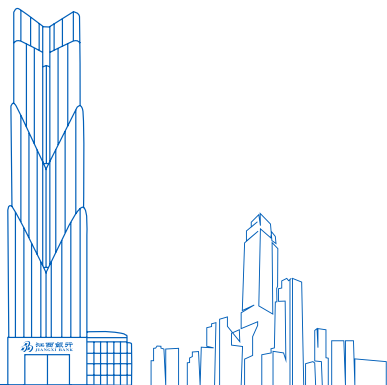
Personal loans and advances

As of the end of the Reporting Period, the Group's total personal loans and advances amounted to RMB80.199 billion, representing an increase of RMB3.241 billion, or 4.21% as compared with the end of the previous year, which was mainly due to the steady growth of the Group's retail loans in 2021.

(2) *Financial investments*

As of the end of the Reporting Period, the Group's balance of financial investments amounted to RMB171.777 billion, representing a decrease of RMB4.316 billion, or 2.45% as compared with the end of the previous year. In 2021, the decrease in the Group's such assets was mainly due to the further optimization of asset and liability structure by the Group.

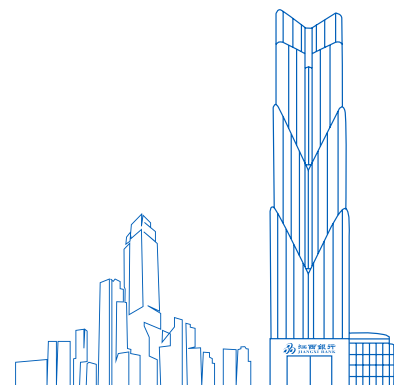
	As of December 31, 2021		As of December 31, 2020	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Financial investments				
– Financial investments at amortized cost	107,390.60	62.52	106,355.49	60.40
– Financial investments at FVTPL	39,446.06	22.96	41,071.98	23.32
– Financial investments at FVOCI	24,940.62	14.52	28,665.62	16.28
Total	171,777.28	100.00	176,093.09	100.00



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	As of December 31, 2021		As of December 31, 2020	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Distribution of financial investments				
Debt securities				
Chinese government bonds	37,288.67	21.71	28,013.93	15.91
Policy bank bonds	37,465.04	21.81	36,603.37	20.79
Commercial banks and other financial institutions bonds	564.29	0.33	664.84	0.38
Corporate bonds	15,845.42	9.22	17,399.01	9.88
Sub-total	91,163.42	53.07	82,681.15	46.96
Other financial investments				
Wealth management products issued by financial institutions	—	—	—	—
Fund investments ⁽¹⁾	20,766.12	12.09	20,589.14	11.69
Equity instruments	121.18	0.07	131.79	0.07
Investment management products managed by securities companies and trust plans	57,956.47	33.74	71,046.13	40.35
Sub-total	78,843.77	45.90	91,767.06	52.11
Accrued interest	1,770.09	1.03	1,644.88	0.93
Total	171,777.28	100.00	176,093.09	100.00

Note: (1) Primarily include monetary market funds and bond funds.



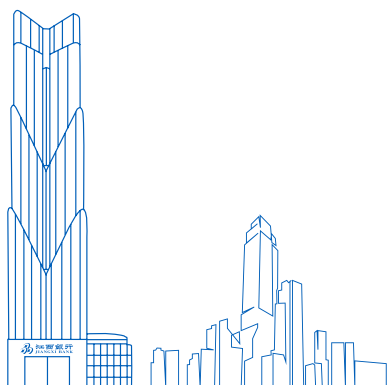
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3.4.2 Liabilities

As of the end of the Reporting Period, the Group's total liabilities amounted to RMB466.926 billion, representing an increase of RMB44.176 billion, or 10.45% as compared with the end of the previous year.

	As of December 31, 2021		As of December 31, 2020	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Deposits from customers	343,726.22	73.62	315,770.82	74.68
Deposits from banks and other financial institutions	25,221.01	5.40	21,416.59	5.07
Borrowing from the central bank	19,242.20	4.12	15,832.50	3.75
Borrowing from other financial institutions	8,981.23	1.92	7,295.74	1.73
Placements from banks and other financial institutions	6,128.33	1.31	3,204.10	0.76
Financial assets sold under repurchase agreements	16,283.67	3.49	11,172.75	2.64
Debt securities issued	41,099.18	8.80	42,439.82	10.04
Income tax payable	745.47	0.16	412.45	0.10
Other liabilities ⁽¹⁾	5,499.06	1.18	5,205.60	1.23
Total liabilities	466,926.37	100.00	422,750.37	100.00

Note: (1) Primarily include lease liabilities, guarantee deposits from leases, accrued staff costs, other tax payables, provisions, and other payables.

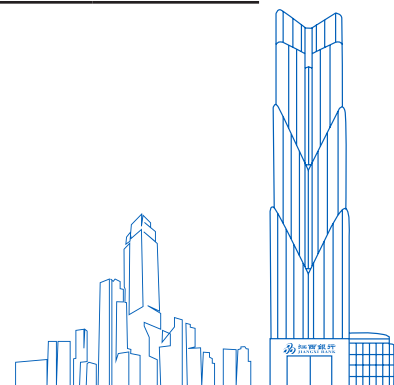


CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

(1) Deposits from customers

As of the end of the Reporting Period, the Group's total deposits from customers amounted to RMB343.726 billion, representing an increase of RMB27.955 billion, or 8.85% as compared with the end of the previous year, which was mainly due to the overall growth in the scale of deposit business as a result of the Group's efforts in customer base building.

	As of December 31, 2021		As of December 31, 2020	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Demand deposits				
Corporate customers	122,223.64	35.54	113,141.57	35.83
Individual customers	22,570.87	6.57	21,746.22	6.89
Sub-total	144,794.51	42.11	134,887.79	42.72
Time deposits				
Corporate customers	68,797.32	20.02	71,775.91	22.73
Individual customers	112,931.93	32.86	94,615.74	29.96
Sub-total	181,729.25	52.88	166,391.65	52.69
Pledged deposits				
Acceptances	8,553.06	2.49	6,312.19	2.00
Letters of guarantees	2,712.97	0.79	2,893.90	0.92
Letters of credit	1,915.44	0.56	1,608.00	0.51
Others	38.88	0.01	27.70	0.01
Sub-total	13,220.35	3.85	10,841.79	3.44
Inward and outward remittances	60.22	0.02	38.11	0.01
Accrued interest	3,921.89	1.14	3,611.48	1.14
Total	343,726.22	100.00	315,770.82	100.00



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

(2) *Deposits from banks and other financial institutions*

As of the end of the Reporting Period, the Group's balance of deposits from banks and other financial institutions was RMB25.221 billion, representing an increase of RMB3.804 billion, or 17.76% as compared with the end of the previous year. It was mainly due to the increase in deposits from banks and other financial institutions based on the Group's liquidity management needs and market liquidity in 2021.

(3) *Debt securities issued*

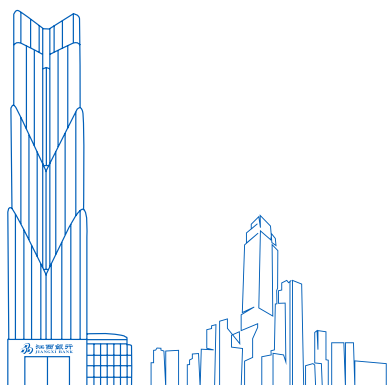
As of the end of the Reporting Period, the Group's debt securities issued was RMB41.099 billion, representing a decrease of RMB1.341 billion, or 3.16% as compared with the end of the previous year. It was mainly due to the maturity of certain green financial bonds of the Group in 2021.

(4) *Financial assets sold under repurchase agreements*

As of the end of the Reporting Period, the Group's amount of financial assets sold under repurchase agreements was RMB16.284 billion, representing an increase of RMB5.111 billion, or 45.74% as compared with the end of the previous year. It was mainly due to the Group's enhanced liquidity management in order to increase liquidity reserves.

3.4.3 Shareholders' Equity

As of the end of the Reporting Period, the Groups' total equity was RMB41.633 billion, representing an increase of RMB5.691 billion, or 15.83% as compared with the end of the previous year. The total equity attributable to equity shareholders of the Bank was RMB40.917 billion, representing an increase of RMB5.650 billion, or 16.02% as compared with the end of the previous year. The increase in shareholders' equity was mainly due to the issuance of perpetual bonds of RMB4.00 billion by the Group in 2021 to replenish other tier-one capital and further improve the Group's ability to serve the real economy and resist risks.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

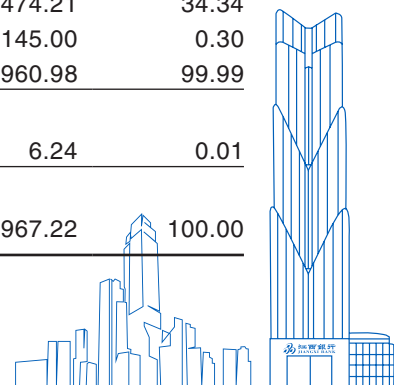
	As of December 31, 2021		As of December 31, 2020	
	Amount	% of total	Amount	% of total
	(in millions of RMB, unless otherwise stated)			
Share capital	6,024.28	14.47	6,024.28	16.76
Capital reserve	13,291.25	31.92	13,291.25	36.99
Surplus reserve	3,081.89	7.40	2,887.97	8.03
General reserve	6,689.10	16.07	6,100.64	16.97
Other comprehensive income	224.12	0.54	342.51	0.95
Retained earnings	7,607.64	18.27	6,620.93	18.42
Other equity instruments	3,999.04	9.61	—	—
Total equity attributable to equity shareholders of the Bank	40,917.32	98.28	35,267.58	98.12
Non-controlling interests	716.12	1.72	674.87	1.88
Total equity	41,633.44	100.00	35,942.45	100.00

3.5 OFF-BALANCE SHEET CREDIT COMMITMENTS

The Group incorporated the off-balance sheet business into the unified credit of customers, and under the management of on-balance sheet business, in accordance with the management procedures and management requirements of the pre-investigation, review, approval, contract signing, issuance, postloan management and mortgage and pledge guarantee.

During the end of the Reporting Period, the balance of major off-balance sheet items was as follows:

	As of December 31, 2021		As of December 31, 2020	
	Amount	% of total	Amount	% of total
	(in millions of RMB, unless otherwise stated)			
Bank acceptances	24,475.81	43.15	19,748.12	41.18
Letters of credit	6,019.45	10.61	5,639.16	11.76
Unused credit card commitments	6,856.20	12.09	5,954.49	12.41
Letters of guarantees	19,294.39	34.02	16,474.21	34.34
Loan commitments	66.00	0.12	145.00	0.30
Sub-total	56,711.85	99.99	47,960.98	99.99
Capital commitments	1.88	0.01	6.24	0.01
Total	56,713.73	100.00	47,967.22	100.00



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

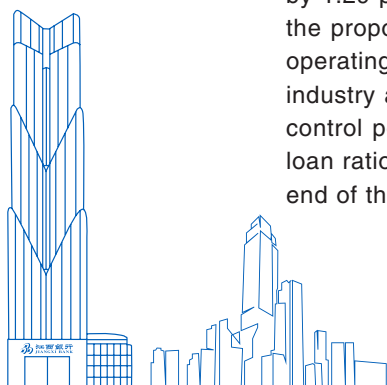
3.6 LOAN QUALITY ANALYSIS

As of the end of the Reporting Period, the Group's gross loans and advances to customers were RMB277.714 billion, representing an increase of RMB54.292 billion, or 24.30% over the end of the previous year.

3.6.1 Distribution of Loans by Five-category Classification

Five-category classification	As of December 31, 2021		As of December 31, 2020	
	Amount (in millions of RMB, unless otherwise stated)	% of total (%)	Amount	% of total (%)
Normal	264,288.75	95.16	214,902.18	96.19
Special mention	9,351.83	3.37	4,650.29	2.08
Substandard	1,863.70	0.67	2,658.31	1.19
Doubtful	1,525.75	0.55	436.80	0.19
Loss	684.28	0.25	774.48	0.35
Gross loans and advances to customers	277,714.31	100.00	223,422.06	100.00
Non-performing loans and non-performing loans ratio	4,073.73	1.47	3,869.59	1.73
Allowances for impairment losses	7,669.30		6,638.65	
Including: Allowances for impairment losses on loans and advances to customers at amortized costs	7,619.87		6,572.79	
Allowances for impairment losses on loans and advances to customers measured at FVOCI	49.43		65.86	

As of the end of the Reporting Period, the Group's normal loans amounted to RMB264.289 billion, accounting for 95.16%. The proportion of normal loans decreased by 1.03 percentage points compared with that at the end of the previous year. Special mention loans amounted to RMB9.352 billion, accounting for 3.37%. The proportion of special mention loans increased by 1.29 percentage points compared with that at the end of the previous year. The change in the proportion of the Group's normal loans and special mention loans was mainly due to the operating difficulties of some of the Group's customers in the leasing and commercial services industry and the real estate industry affected by the COVID-19 pandemic and the real estate control policies. Non-performing loans amounted to RMB4.074 billion with a non-performing loan ratio of 1.47%. The ratio decreased by 0.26 percentage points compared with that at the end of the previous year.

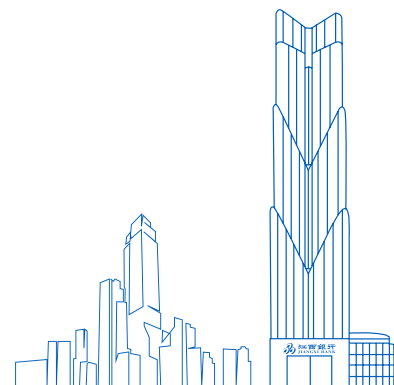


CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.6.2 Distribution of Loans and Non-performing Loans by Product Type

Item	As of December 31, 2021				As of December 31, 2020			
	Loan amount	% of total (%)	NPL amount	NPL ratio (%)	Loan amount	% of total (%)	NPL amount	NPL ratio (%)
(in millions of RMB, unless otherwise stated)								
Corporate loans and advances	164,808.21	59.34	3,327.09	2.02	122,032.86	54.62	2,785.81	2.28
Personal loans and advances	80,198.97	28.88	746.64	0.93	76,958.29	34.45	1,083.78	1.41
Discounted bills	32,707.13	11.78	-	-	24,430.91	10.93	-	-
Total	277,714.31	100.00	4,073.73	1.47	223,422.06	100.00	3,869.59	1.73

As of the end of the Reporting Period, the Group's gross loans and advances to customers had reached RMB277.714 billion, representing an increase of RMB54.292 billion as compared with the end of last year, among which the corporate loans and advances increased by RMB42.775 billion, or 4.72 percent point as compared with the end of last year, the personal loans and advances increased by RMB3.241 billion, decreased by 5.57 percent point as compared with the end of last year, and the amount of discounted bills increased by RMB8.276 billion, or 0.85 percent point as compared with the end of last year. The total amount of non-performing loans of the Group had reached RMB4.074 billion, representing an increase of RMB204 million as compared with the end of last year, among which the corporate non-performing loans increased by RMB541 million, the non-performing loan rate decreased by 0.26 percent point as compared with the end of last year, and the personal non-performing loans decreased by RMB337 million, or 0.48 percent point as compared with the end of last year.

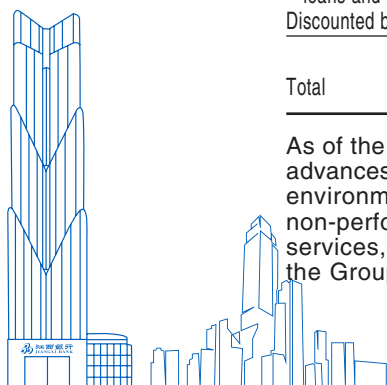


CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.6.3 Distribution of Loans and Non-performing Loans by Industry

Industry	As of December 31, 2021				As of December 31, 2020			
	Loan amount	% of total (%)	NPL amount	NPL ratio (%)	Loan amount	% of total (%)	NPL amount	NPL ratio (%)
(in millions of RMB, unless otherwise stated)								
Agriculture, forestry, animal husbandry and fishery	2,005.82	0.72	32.61	1.63	1,211.65	0.54	122.99	10.15
Mining	1,619.36	0.58	–	–	1,305.52	0.58	–	–
Manufacturing	17,140.90	6.17	354.86	2.07	14,496.39	6.49	389.56	2.69
Production and distribution of electricity, heating power, gas and water	2,959.92	1.07	–	–	1,496.51	0.67	–	–
Construction	13,901.68	5.01	390.47	2.81	11,406.98	5.11	85.71	0.75
Wholesale and retail trade	29,519.27	10.63	1,287.73	4.36	18,000.12	8.06	1,038.60	5.77
Transportation, storage and postal services	4,392.88	1.58	90.87	2.07	4,217.75	1.89	4.98	0.12
Accommodation and catering	534.46	0.19	44.21	8.27	1,185.89	0.53	19.60	1.65
Information transmission, computer services and software	2,405.56	0.87	257.68	10.71	1,173.81	0.53	259.76	22.13
Finance	4,696.02	1.69	–	–	2,148.45	0.96	–	–
Real estate	7,725.05	2.78	347.49	4.50	8,145.06	3.65	154.89	1.90
Leasing and commercial services	52,369.36	18.86	507.05	0.97	37,868.99	16.95	514.04	1.36
Scientific research and technical services	228.79	0.08	–	–	207.84	0.09	–	–
Water conservancy, environment and public facility management	21,595.95	7.78	5.84	0.03	15,932.05	7.13	151.70	0.95
Residents services, repairs and other services	122.03	0.04	5.03	4.12	185.03	0.08	8.86	4.79
Education	893.05	0.32	–	–	791.21	0.35	0.50	0.06
Health, social security and social welfare	1,614.44	0.58	–	–	1,676.97	0.75	20.42	1.22
Culture, sports, and entertainment	1,083.67	0.39	3.25	0.30	582.64	0.26	14.20	2.44
Public administration, social security and social organizations	–	–	–	–	–	–	–	–
Total amount of corporate loans and advances	164,808.21	59.34	3,327.09	2.02	122,032.86	54.62	2,785.81	2.28
Total amount of personal loans and advances	80,198.97	28.88	746.64	0.93	76,958.29	34.45	1,083.78	1.41
Discounted bills	32,707.13	11.78	–	–	24,430.91	10.93	–	–
Total	277,714.31	100.00	4,073.73	1.47	223,422.06	100.00	3,869.59	1.73

As of the end of the Reporting Period, the five largest industries in terms of corporate loans and advances were leasing and commercial services, wholesale and retail trade, water conservancy, environment and public facility management, manufacturing and construction. The Group's non-performing loans were mainly from wholesale and retail trade, and leasing and commercial services, and the non-performing loans from the above two industries accounted for 44.06% of the Group's total non-performing loans.

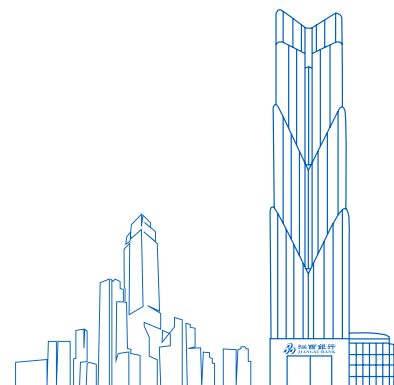


CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.6.4 Distribution of Loans and Non-performing Loans by Collateral

Type of collateral	As of December 31, 2021				As of December 31, 2020			
	Loan amount	% of total (%)	NPL amount	NPL ratio (%)	Loan amount	% of total (%)	NPL amount	NPL ratio (%)
	(in millions of RMB, unless otherwise stated)							
Unsecured loans	31,278.47	11.26	409.67	1.31	16,835.75	7.54	571.26	3.39
Guaranteed loans	142,517.90	51.33	2,410.36	1.69	107,185.58	47.97	1,704.65	1.59
Collateralized loans	95,658.20	34.44	1,253.33	1.31	92,178.78	41.26	1,592.24	1.73
Pledged loans	8,259.74	2.97	0.37	-	7,221.95	3.23	1.44	0.02
Total	277,714.31	100.00	4,073.73	1.47	223,422.06	100.00	3,869.59	1.73

As of the end of the Reporting Period, the main types of collateral of the Group's loans were guaranteed loans and collateralized loans, which accounted for 85.77% of the gross loans and advances to customers. The proportion of unsecured and guaranteed loans of the Group increased by 3.72 and 3.36 percentage points respectively as compared with the end of last year, while the proportion of collateralized and pledge loans decreased by 6.82 and 0.26 percentage points respectively as compared with the end of last year. The non-performing loan ratios of unsecured loans, collateralized loans and pledged loans decreased by 2.08, 0.42 and 0.02 percentage points, respectively, as compared to the end of the previous year. The non-performing loan ratios of guaranteed loans increased by 0.10 percentage point as compared to the end of the previous year.

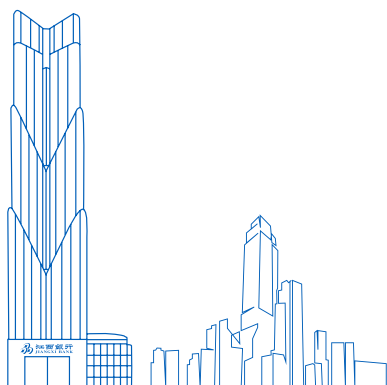


CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.6.5 Distribution of Loans and Non-performing Loans by Geographical Region

Geographical region	As of December 31, 2021				As of December 31, 2020			
	Loan amount	% of total (%)	NPL amount	NPL ratio (%)	Loan amount	% of total (%)	NPL amount	NPL ratio (%)
(in millions of RMB, unless otherwise stated)								
Nanchang area	142,230.04	51.22	3,077.38	2.16	115,501.62	51.70	2,168.78	1.88
Within Jiangxi Province (apart from Nanchang area)	113,980.86	41.04	820.92	0.72	84,658.14	37.89	851.62	1.01
Outside Jiangxi Province	21,503.41	7.74	175.43	0.82	23,262.30	10.41	849.19	3.65
Total	277,714.31	100.00	4,073.73	1.47	223,422.06	100.00	3,869.59	1.73

As of the end of the Reporting Period, the proportion of the Group's loans in Nanchang area, Jiangxi Province (apart from Nanchang area) and outside Jiangxi Province were 51.22%, 41.04% and 7.74%, respectively. Among which, the proportion of loans in Jiangxi Province (apart from Nanchang area) increased by 3.15 percentage points compared with the end of the previous year, and the proportion of loans in Nanchang area and outside Jiangxi Province decreased by 0.48 and 2.67 percentage points respectively compared with the end of the previous year. The non-performing loans of the Group were mainly concentrated in Nanchang, with a non-performing loan ratio of 2.16%, representing an increase of 0.28 percentage point as compared to the end of the previous year.

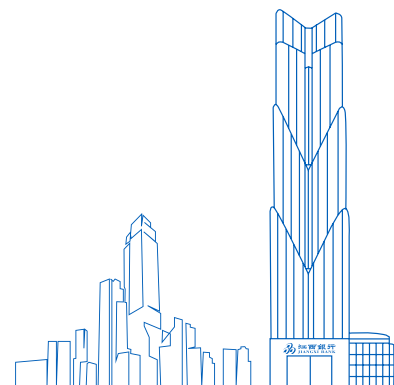


CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.6.6 Distribution of Loans by Overdue Period

Type of overdues	As of December 31, 2021		As of December 31, 2020	
	Loan amount	% of total (%)	Loan amount	% of total (%)
(in millions of RMB, unless otherwise stated)				
Current loans	271,871.41	97.90	219,122.80	98.08
Loans past due for				
Up to 3 months	2,848.13	1.02	1,546.18	0.69
Over 3 months up to 1 year	1,325.53	0.48	1,520.94	0.68
Over 1 year up to 3 years	1,415.56	0.51	977.64	0.44
Over 3 years	253.68	0.09	254.50	0.11
Sub-total	5,842.90	2.10	4,299.26	1.92
Total	277,714.31	100.00	223,422.06	100.00

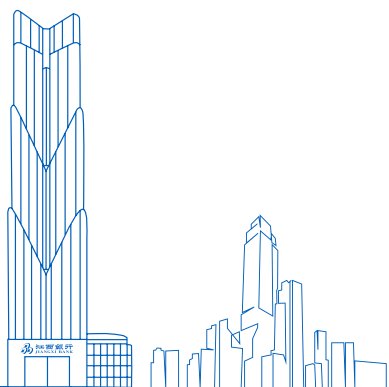
As at the end of the Reporting Period, the Group's total loans past due amounted to RMB5.843 billion representing an increase of RMB1.544 billion as compared to the end of the previous year. Loans past due accounted for 2.10%, representing an increase of 0.18 percentage points over the end of the previous year.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.6.7 Measures for Non-performing Assets

During the Reporting Period, the Group adopted the following measures to promote the disposal of non-performing assets: First, the Group scientifically made a plan and deployment, formulated risk mitigation plans and supporting measures, and planned to achieve the goal of “roadmap”. Second, the Group implemented targeted policies for disposal, carried out “one bank with one policy, and multiple policies for one customer” for non-performing assets, and comprehensively used methods such as cash collection, debt transfer, debt repayment with assets, inventory revitalization, and write-off of bad debts to improve the quality and efficiency of disposal. Third, the Group expanded the disposal channels and accelerated the trial and execution of cases with the help of external forces such as courts, public security and lawyers’ due diligence. Fourth, the Group focused on process management, continued to promote leadership-linked supervision, and carried out frequent scheduling to ensure efficient collection. Fifth, the Group conducted strict assessment and accountability, and strictly investigated the responsibility of non-performing loan distribution and collection. Sixth, the Group strengthened pre-management, properly conducted new risk prediction and normalized monitoring of overdue loans, and strictly prevented non-performing assets from overflowing after clearance.



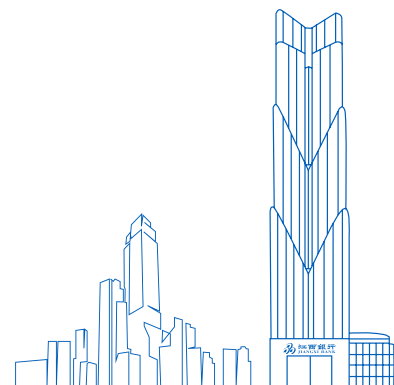
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.6.8 Large Risk Exposures

1 Large risk exposures to ten largest non-interbank single customers

In accordance with applicable PRC banking laws and regulations, the Group's risk exposures to non-interbank single customers shall not exceed 15% of net tier-one capital. The following table sets forth the Group's risk exposures to non-interbank single customers as of the dates indicated.

Item	Industry	As of December 31, 2021		
		Balance of risk exposure	% of total loans	% of net tier-one capital
(in millions of RMB)				
Borrower A	Leasing and commercial services	5,451.96	1.96	12.46
Borrower B	Water conservancy, environment and public facility management	4,160.00	1.50	9.51
Borrower C	Construction	3,000.00	1.08	6.86
Borrower D	Leasing and commercial services	2,751.60	0.99	6.29
Borrower E	Wholesale and retail trade	2,565.42	0.92	5.86
Borrower F	Real estate	2,560.00	0.92	5.85
Borrower G	An anonymous customer	2,450.37	0.88	5.60
Borrower H	Leasing and commercial services	2,427.97	0.87	5.55
Borrower I	Leasing and commercial services	2,364.30	0.85	5.40
Borrower J	Leasing and commercial services	2,348.47	0.85	5.37
Total		30,080.08	10.82	68.75



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

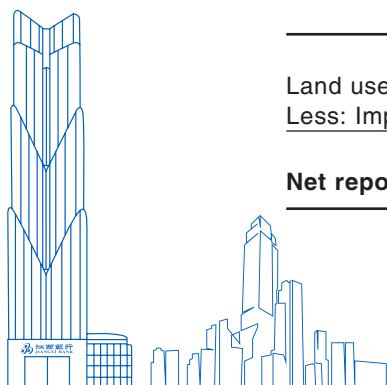
2 Large risk exposures to ten largest non-interbank related customers

In accordance with applicable PRC banking guidelines, the Group's risk exposures to non-interbank related customers shall not exceed 20% of net tier-one capital. The following table sets forth the Group's risk exposures to non-interbank related customers as of the dates indicated.

Item	Industry	As of December 31, 2021		
		Balance of risk exposure	% of total loans	% of net tier-one capital
		(in millions of RMB)		
Borrower A	Water conservancy, environment and public facility management	5,813.97	2.09	13.29
Borrower B	Leasing and commercial services	5,246.13	1.89	11.99
Borrower C	Leasing and commercial services	4,725.18	1.70	10.80
Borrower D	Leasing and commercial services	4,369.59	1.57	9.99
Borrower E	Leasing and commercial services	4,172.78	1.50	9.54
Borrower F	Leasing and commercial services	3,907.73	1.41	8.93
Borrower G	Leasing and commercial services	3,759.67	1.35	8.59
Borrower H	Water conservancy, environment and public facility management	3,605.46	1.30	8.24
Borrower I	Construction	3,563.73	1.28	8.15
Borrower J	Finance	3,504.33	1.26	8.01
Total		42,668.57	15.35	97.53

3.6.9 Repossessed Assets and Impairment Allowances

Item	As at December 31, 2021 Amount	As at December 31, 2020 Amount
	(in millions of RMB, unless otherwise stated)	
Land use rights and buildings	149.95	164.92
Less: Impairment allowances	(37.60)	(14.79)
Net repossessed assets	112.35	150.13



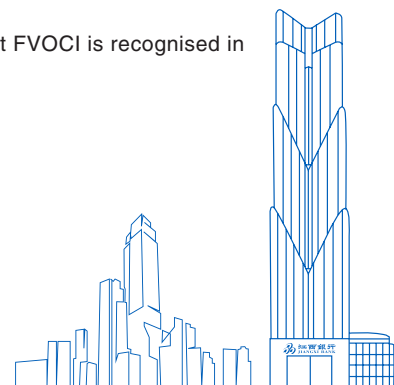
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.6.10 Movements of Allowances for Impairment Losses on Loans

	Stage 1 ⁽¹⁾ Amount	Stage 2 ⁽²⁾ Amount	Stage 3 ⁽³⁾ Amount	Total Amount
(in millions of RMB, unless otherwise stated)				
Loans and advances to customers measured at amortized cost				
As at January 1, 2021	1,455.46	1,986.34	3,130.99	6,572.79
Transferred to next 12-month ECL	56.19	(40.64)	(15.55)	–
Transferred to lifetime ECL – not credit-impaired	(91.95)	93.04	(1.09)	–
Transferred to lifetime ECL – credit-impaired	(50.67)	(116.84)	167.51	–
Charged/(released) for the year	827.86	(326.25)	2,218.95	2,720.56
Transferred out	–	–	(342.04)	(342.04)
Recoveries	–	–	332.72	332.72
Write-offs	–	–	(1,569.96)	(1,569.96)
Others	–	–	(94.20)	(94.20)
As at December 31, 2021	2,196.89	1,595.65	3,827.33	7,619.87
Loans and advances to customers measured at FVOCI⁽⁴⁾				
As at January 1, 2021	65.86	–	–	65.86
Charged for the year	(16.43)	–	–	(16.43)
As at December 31, 2021	49.43	–	–	49.43

Notes:

- (1) Stage 1 refers to the expected credit loss for the next 12 months.
- (2) Stage 2 refers to the expected credit loss within the lifetime in which no credit impairment has occurred.
- (3) Stage 3 refers to the expected credit loss within the lifetime in which a credit impairment has occurred.
- (4) The allowances for impairment losses on loans and advances measured at FVOCI is recognised in other comprehensive income.



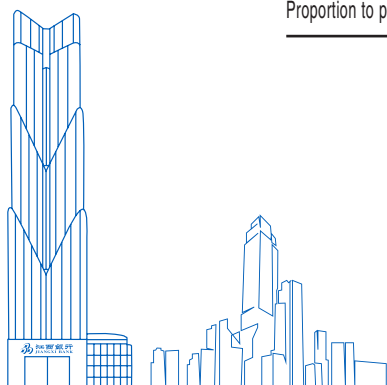
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.7 SEGMENT REPORTS

3.7.1 Summary of Business Segment Information

The Group has three principal business activities: corporate banking, retail banking and credit card business, financial markets business. The following table sets forth the main financial indicators for each business segment for the periods indicated.

	2021				Total	2020				Total
	Corporate banking	Retail Banking and credit card	Financial markets business	Other business		Corporate banking	Retail Banking and credit card	Financial markets business	Other business	
External net interest income	3,642.98	53.50	5,065.33	-	8,761.81	2,560.24	1,097.52	5,395.92	-	9,053.68
Internal net interest income/(expense)	1,282.68	2,087.49	(3,322.68)	(47.49)	0.00	2,197.55	1,017.01	(3,009.61)	(204.95)	0.00
Net interest income	4,925.66	2,140.99	1,742.65	(47.49)	8,761.81	4,757.79	2,114.53	2,386.31	(204.95)	9,053.68
Net fee and commission income/(expense)	342.37	52.30	355.09	(50.27)	699.49	301.80	2.90	280.48	(6.38)	578.80
Net trading gains	-	-	200.62	-	200.62	-	-	96.04	-	96.04
Net gains arising from financial investments	13.03	-	1,428.04	-	1,441.07	25.70	-	511.04	-	536.74
Other operating income/(expenses)	14.31	0.63	1.37	25.13	41.44	10.91	1.75	(45.10)	52.63	20.19
Operating income	5,295.37	2,193.92	3,727.77	(72.63)	11,144.43	5,096.20	2,119.18	3,228.77	(158.70)	10,285.45
Operating expenses	(1,075.60)	(1,090.50)	(1,480.47)	(1.09)	(3,647.66)	(2,456.39)	(993.84)	(77.00)	3.46	(3,523.77)
Operating profit before impairment	4,219.77	1,103.42	2,247.30	(73.72)	7,496.77	2,639.81	1,125.34	3,151.77	(155.24)	6,761.68
Impairment losses on assets	(2,760.19)	(118.86)	(2,085.50)	(42.06)	(5,006.61)	(264.89)	(561.27)	(3,411.50)	(46.77)	(4,284.43)
Share of profits of associates	-	-	-	6.03	6.03	-	-	-	7.46	7.46
Profit before taxation	1,459.58	984.56	161.08	(109.75)	2,496.19	2,374.92	564.07	(259.73)	(194.55)	2,484.71
Proportion to profit before taxation	58.47	39.45	6.48	(4.40)	100.00	95.58	22.70	(10.45)	(7.83)	100.00



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.7.2 Main Segment Operating Income

	2021		2020	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Corporate banking	5,295.37	47.52	5,096.20	49.55
Retail banking and credit card	2,193.92	19.68	2,119.18	20.60
Financial markets business	3,727.77	33.45	3,228.77	31.39
Others	(72.63)	(0.65)	(158.70)	(1.54)
Total	11,144.43	100.00	10,285.45	100.00

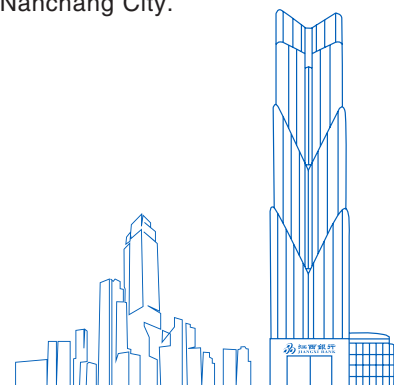
3.8 BUSINESS OVERVIEW

3.8.1 Corporate Banking

1 Corporate deposits

During the Reporting Period, the market competition became more intense and the pressure on deposit growth increased. In accordance with the requirements of “Stabilizing Stock and Expanding Increment”, the Bank made great efforts to promote the transformation and development of the Company’s business. The Bank seized opportunities, exploited potential in finance, social security, medical insurance and other stock advantage fields, provided consultancy services for the issuance of special bonds for several district and county governments in Jiangxi Province, and effectively broadened deposit channels of institutional business. The Bank continuously launched new systems and new functions such as the technology enabling, cash management, bank-enterprise direct connection and funds supervision, which continuously expanded scenes of banking transactions, and facilitated the constant increase in settlement funds. As of the end of the Reporting Period, the Bank’s corporate deposit balance was RMB204.254 billion, representing an increase of RMB8.494 billion or 4.34% from the end of the previous year.

As of the end of the Reporting Period, according to the People’s Bank of China, the Bank came out in front with a market share in RMB corporate deposits (excluding deposits of non-deposit financial institutions) both in Jiangxi Province and in Nanchang City.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

2 Corporate loans and advances

As of the end of the Reporting Period, the total amount of corporate loans and advances issued by the Group had reached RMB164.808 billion, representing an increase of 35.05% as compared with the end of last year. Corporate loans and advances were the largest components the Group's loan portfolio.

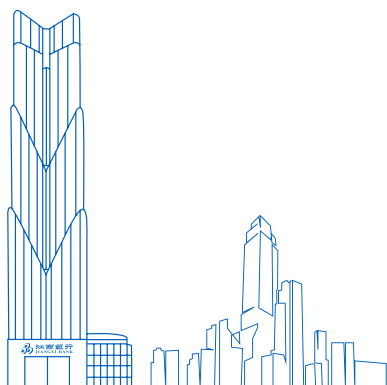
Distribution of corporate loans and advances by product type

The Group provided various loan products to corporate customers, including working capital loans, fixed asset loans and financial leasing services. As of the end of the Reporting Period, the Group's corporate loans and advances increased by RMB42.775 billion as compared with the end of last year. This increase was mainly attributable to the fact that the Group had always taken serving the real economy as the starting and ending point of its development, closely followed the policy guidance and continued to increase credit support in areas such as private enterprises, small and micro enterprises, green development, rural revitalization and advanced manufacturing with an aim to promote high-quality economic development.

Item	As of December 31, 2021		As of December 31, 2020	
	Amount	% of total	Amount	% of total
Working capital loans	93,802.97	56.91	64,865.28	53.15
Fixed asset loans	47,462.94	28.80	39,119.91	32.06
Financial lease	13,793.26	8.37	11,826.20	9.69
Others ¹	9,749.04	5.92	6,221.47	5.10
Total amount of corporate loans and advances	164,808.21	100.00	122,032.86	100.00

Notes:

1. Mainly includes trade financing, advance payment of acceptance bill and syndicated loan.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

Distribution of corporate loans and advances by contract maturity

According to their respective contract maturity, the Group's corporate loans and advances include short-term loans and advances as well as medium to long-term loans. The following table sets forth the Group's corporate loans and advances by contract maturity as of the dates indicated.

Item	As of December 31, 2021		As of December 31, 2020	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Short-term loans and advances ¹	70,890.61	43.01	46,583.26	38.17
Medium to long-term loans ²	93,917.60	56.99	75,449.60	61.83
Total amount of corporate loans and advances	164,808.21	100.00	122,032.86	100.00

Notes:

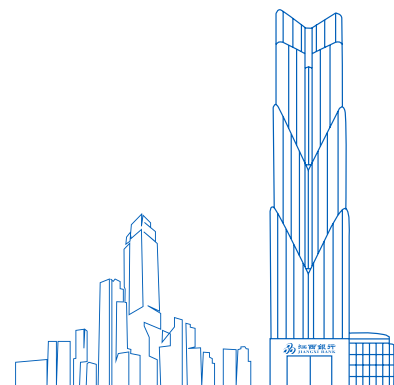
1. Consists of loans and advances with contract maturity of one year or less.
2. Consists of loans with contract maturity of more than one year.

Short-term loans and advances

As of the end of the Reporting Period, the Group's short-term loans and advances amounted to RMB70.891 billion, representing an increase of RMB24.307 billion, or 52.18% as compared with the end of last year.

Medium to long-term loans

As of the end of the Reporting Period, the Group's medium to long-term loans amounted to RMB93.918 billion, representing an increase of RMB18.468 billion or, 24.48% as compared with the end of last year.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

Distribution of corporate loans and advances by customer category

The Group provided different loan products and services for customers of various categories and sizes. The Group's corporate loans and advances customers mainly included state-owned enterprises and private enterprises primarily from leasing and commercial services, wholesale and retail trade, and manufacturing industries, etc.

The following table sets forth the Group's corporate loans and advances by the size of corporate customers as of the dates indicated.

Item	As of December 31, 2021		As of December 31, 2020	
	Amount	% of total	Amount	% of total
	(in millions of RMB, unless otherwise stated)			
Micro enterprises ¹	14,252.89	8.65	10,761.47	8.82
Small enterprises ¹	79,738.80	48.38	58,639.61	48.05
Medium enterprises ¹	40,508.53	24.58	34,485.84	28.26
Large enterprises ¹	26,813.24	16.27	15,421.88	12.64
Others ²	3,494.75	2.12	2,724.06	2.23
Total amount of corporate loans and advances	164,808.21	100.00	122,032.86	100.00

Notes:

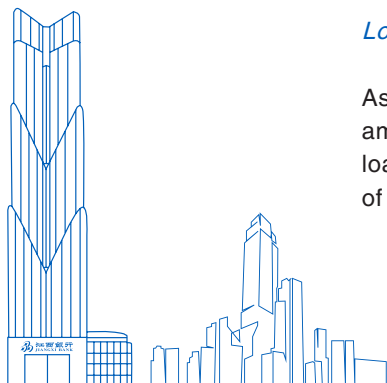
1. Statistical Classification Standards of Large, Medium, Small and Micro Enterprises stipulates that the classification of large enterprises, medium enterprises, small enterprises and micro enterprises shall be based on the number of employees, operating income and total assets.
2. Primarily includes loans to public institutions such as hospitals and schools.

Loans and advances to large and medium enterprises

As of the end of the Reporting Period, the Group's loans to large and medium enterprises amounted to RMB67.322 billion, accounting for 40.85% of the Group's total corporate loans and advances, with a decrease of 0.05 percentage points from that as at the end of last year.

Loans and advances to small and micro enterprises

As of the end of the Reporting Period, the Group's loans to small and micro enterprises amounted to RMB93.992 billion, accounting for 57.03% of the Group's total corporate loans and advances, with an increase of 0.16 percentage points from that as at the end of last year.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3 *Corporate customers*

The Bank implemented fine management of corporate customers from the dimensions of credit customers, institutional customers, transaction banking customers and strategic customers, and formulated a hierarchical marketing and maintenance strategy. Among them: the Bank is consolidating and expanding institutional customers in key areas such as finance, social security and medical insurance; increases the expansion of transaction banking customers in business scenarios such as medical and health care, education, real estate transaction and public resources trading centers, signs contracts with strategic customers such as quality enterprises, industry leaders and high-quality listed companies to provide high-quality financial service solutions and enhance customer stickiness. As of the end of the Reporting Period, the Bank had approximately 72,000 corporate deposit customers and approximately 4,500 corporate loans customers.

4 *Corporate products*

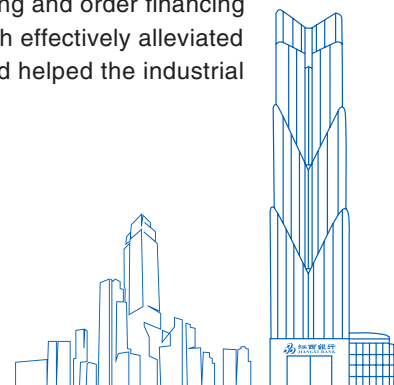
Settlement business

As of the end of the Reporting Period, the Bank had a total of 12,926 accounts of corporate mobile banking, of which 1,442 were opened this year and 106,547 new transactions with a total value of RMB3.649 billion were made.

As of the end of the Reporting Period, the Bank had a total of 7,451 accounts of unit settlement card, of which 123 were opened this year and 64,174 new transactions with a total value of RMB707 million were made.

Asset-based business

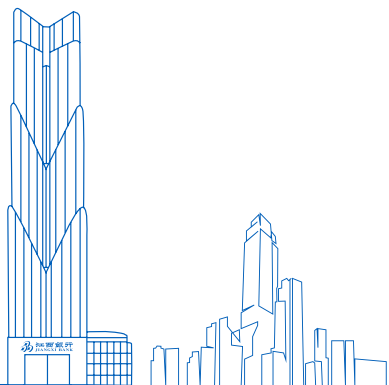
During the Reporting Period, the Bank actively increased its credit investment in key areas, including green finance, manufacturing, rural revitalization, “specialization and specialty innovation”, key industrial chains, major key projects, “Yingshanhong” enterprises in Jiangxi Province and high-quality private enterprises, and successively launched credit products such as Loans under Yingshanhong Action, bid-winning loan and intellectual property pledge financing, to further expand and strengthen the scale of credit business. Meanwhile, the Bank attached great importance to the development of supply chain finance and constantly innovated supply chain finance products. Taking core enterprises as the entry point and combining with the business characteristics of upstream and downstream enterprises, the Bank provided differentiated products such as pledge of accounts receivable, cloud enterprise chain online factoring and order financing for small and medium-sized enterprises in the industrial chain, which effectively alleviated the financing difficulties of small and medium-sized enterprises and helped the industrial chain to strengthen the industrial chain.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

5 *Micro-finance*

The Bank was always purpose-driven to serve small and micro enterprises, focused on inclusive finance, responded initiatively to supply-side structural reform in the financial sector, ensured stability on six fronts and implemented the task of security in six areas, continuously extended to small and micro and inclusive agriculture-related services, consolidated the foundation of inclusive customer base, and financially contributed to the development of small and micro enterprises. As of the end of the Reporting Period, the Bank's inclusive small and micro enterprise loan balance (with the credit granted to a single customer less than RMB10 million (inclusive)) was RMB23.511 billion (excluding the inclusive micro and small enterprises discount), up by RMB5.914 billion or 33.61% from the end of last year. There were 25,051 customers who received inclusive small and micro enterprise loan (with the credit granted to a single customer less than RMB10 million (inclusive)), up by 4,979 from the end of last year. The average interest rate for inclusive small and micro enterprise loan was 5.90%, down 0.87 percentage points from the previous year, effectively reducing the financing cost for small and micro enterprises. The non-performing loans ratio for inclusive small and micro enterprise dropped 28.61% from the previous year, effectively improving asset quality and fully achieving the regulatory target of "two increases and two controls".



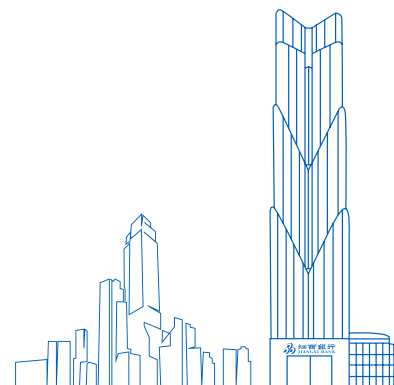
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

First, Credit support was increased. The Bank independently formulated the plan for small and micro enterprise loans, clarified the tasks for inclusive small and micro enterprise credit loans of the branches, and raised the weight of the indicator “two increases and two controls” in the overall and line KPI assessment to more than 10%. The Bank reduced the internal fund transfer price of inclusive small and micro enterprise loans by 50BP with reference to the FTP pricing of general corporate loans within the same period, and actively guided the Bank to increase the credit support for key supporting industries such as the “2+6+N” industrial chain, strategic emerging industries, cultural tourism, medicine and medical treatment, agriculture and sideline industries in Jiangxi Province.

Second, the supply chain finance was applied. With the technology of “blockchain + supply chain”, the Bank actively connected key industrial chains such as non-ferrous metals, electronic information, and green food of the whole province through such supply chain products as “Cloud Enterprise Chain” and “Loan for Twins Group”, and further extended to upstream and downstream links of the industrial chain to precisely facilitate the development of small and micro customers.

Third, the development of the pilot zone for general reform was promoted. The Bank formulated the Implementation Plan for Comprehensive Financial Services in Inclusive Financial Reform Pilot Zones, actively responded to the local government’s requirements for the construction of the pilot zone of inclusive finance, continuously increased its credit support to small and micro enterprises in key development fields such as non-ferrous metals, electronic information, modern home furnishing, biological medicine and modern agriculture, and made pioneering efforts on innovative development of the inclusive financial business in the pilot zone, so as to effectively improve the credit acquisition rate for inclusive customer base in the pilot zone.

Fourth, the “Product Fair” was set up. Relying on financial science and technology, the Bank built the digital platform of “Jiangxi Bank Inclusive Finance” and set up an inclusive financial product crucial development team, which has launched micro-credit products innovatively such as the “Bank Statement Loan”, “Micro Enterprise Loan”, “Super Mortgage Loan” and “Rongyi Loan” (融易貸), etc. to meet the daily settlement funds and short-term financing needs of small and micro enterprises and individual businesses. In addition, the Bank customized characteristic products such as “Furniture Loan”, “Tea Oil Loan” and “Bank-Medicine Loan” in combination with the development needs of characteristic industrial clusters in various regions, and promoted “one product for one county” in depth.



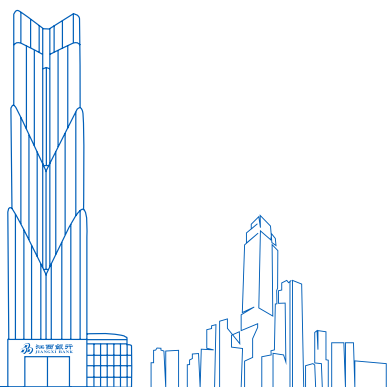
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

Fifth, the development mechanism was improved. The Bank established the Inclusive Finance Department in branches, set up the three-level management structure of the head office and branches, established and improved a series of institutional mechanisms such as personnel management, assessment and incentive, pre-loan investigation and due diligence and liability exemption, etc., optimized the credit process, eliminated and simplified dozens of loan application documents for small and micro enterprises, and opened a complaint channel to object to the improper accountability, implementing both “burden reduction” and “deregulation”, with a view to reassure salespersons in serving inclusive finance customer groups.

3.8.2 Retail Banking

1 Retail deposits

During the Reporting Period, the Bank rapidly adjusted its response strategies according to the changes in the deposit policies of regulatory authorities, and enhanced customer development by taking advantage of its superior savings deposit products, so that the scale of savings deposits increased rapidly and the market share kept increasing. During the Reporting Period, the Bank’s retail deposit balance exceeded RMB130 billion for the first time, reaching RMB135.503 billion as of the end of the Reporting Period, representing an increase of RMB19.141 billion or 16.45% from the end of the previous year. The Bank further increased its market share of savings deposits. According to the People’s Bank of China, the market share of savings deposits exceeded 5% for the first time in Jiangxi Province, reaching 5.13% as of the end of the Reporting Period, up by 0.14 percentage points over the end of last year, with an incremental market share of savings deposits reaching 6.26% in this year, all of which remained in the leading position among the commercial banks in Jiangxi Province. Within Nanchang City, the Bank took up a market share of 13.14% in savings deposits, up by 0.41 percentage points from the end of last year, ranking 2nd in market share. During the Reporting Period, the Bank continued to deeply tap the growth potential of retail deposit market in counties. As of the end of the Reporting Period, the average daily savings deposits of sub-branches set up in county-level areas (including the three counties in Nanchang region) were RMB40.904 billion, an increase of RMB8.949 billion or 28.00% compared with the end of last year.



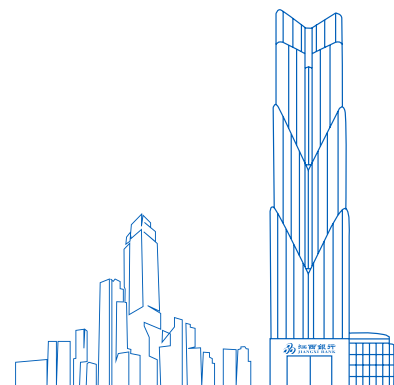
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

2 *Retail loans*

As of the end of the Reporting Period, the Group's personal loans and advances amounted to RMB80.199 billion, representing an increase of RMB3.241 billion or 4.21% compared to the end of the previous year. During the Reporting Period, the Bank optimized the process and products of consumption loans, launched such consumer credit products as Jiangyin Express Loan (江銀快貸), Pledged Fast Loan (質押快貸) and Jiangxi Bank Premium Guarantee Loan (江銀優保貸), and created the brand of "Jiangxi Bank" series of consumption loans, achieving good results. As of the end of the Reporting Period, the Bank had expanded nearly 20,000 offline customers for personal consumption loans, and the balance of personal comprehensive consumption loans (excluding mortgage loans and online loans) increased by RMB999 million, compared with that at the end of last year.

3 *Retail customers*

During the Reporting Period, the Bank carried out more than 50 featured brand marketing publicity, organized branches to carry out themed marketing activities of "Fairview Jiangxi in Spring" and "Midsummer Cool Festival" on the theme of "Fairview Jiangxi", and shot micro films for product promotion to attract more customers. The Bank cooperated with Meituan Payment and WeChat Payment for preferential payments, and 860,000 customers participated in Internet payment transactions in the year, accounting for 34.72% of the contracted customers. As of the end of the Reporting Period, the Bank's number of weighted effective personal customers increased by 944,700, or 19.82% compared with that at the end of last year. Individual VIP customers increased by 46,400, or 15.05% compared with the end of last year. Cross-selling customers with more than 2 products increased 20.22% from the end of last year. The number of contracted customers for Internet payment was 2.4746 million, an increase of 424,800, or 20.72% compared with the end of last year.

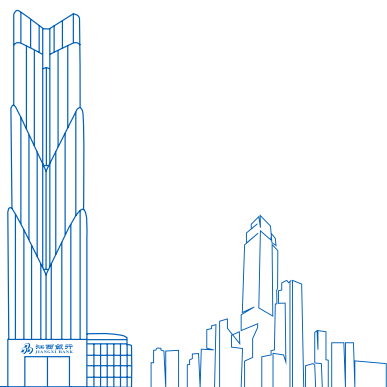


CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

4 Bank cards

During the Reporting Period, the Bank expanded its mobile payment channels by cooperation with TikTok Payment and Pinduoduo Payment, two top internet platforms, realized the fast payment of our debit cards on the TikTok App and Pinduoduo App, and became the first urban commercial bank in Jiangxi Province that realized the function of “signing of contracts without a card number” on WeChat. During the Reporting Period, the Bank completed the docking and operation of the third generation of “Social Security Card” system, qualified for issuing cards, and obtained the qualification for issuing the third generation social security card granted by Jiangxi Province Human Resources and Social Security Department. It completed the construction of Jiangxi “Ganfutong” (赣服通) Financial Service Zone and became the first city commercial bank in Jiangxi Province to access the “Ganfutong” (赣服通) Financial Service Zone. As of the end of the Reporting Period, the online payment with the Bank’s debit cards was made for a transaction amount of RMB62.241 billion and 2,474.6 thousand contracted customers, representing an increase of 22.66% and 20.72% over the same period of the previous year, respectively.

During the Reporting Period, the Bank continuously explored business development paths, steadily improved the scale of credit card business, and continuously promoted the stable and healthy development of credit card business throughout the Bank. First, the Bank launched digital credit card products through technology integration. We integrated new technologies such as big data analysis with credit card business, innovated the development of online products, and introduced the borderless UnionPay credit card. Second, the Bank implemented accurate policies to launch the decision-making platform for whole-process risk control. By optimizing the credit card risk prevention and control system, the Bank realized centralized deployment and rapid iteration of the pre-credit, in-credit and post-credit models and strategies regarding credit cards. As of the end of the Reporting Period, the Bank issued 713,400 credit cards in total, and the overdraft balance of credit cards was RMB3.768 billion.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

5 *Wealth management*

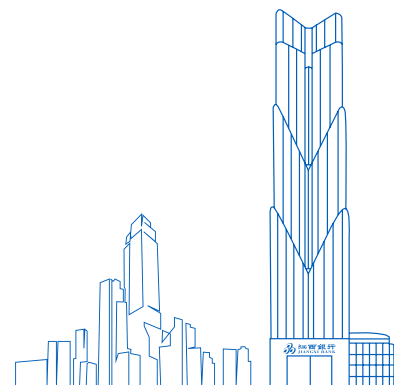
During the Reporting Period, the Bank guided branches to carry out diversified asset allocation for customers and investor education activities, enriched financial products sold on a commission basis, introduced 82 products sold on a commission basis, added 9 fund and insurance partners, optimized the sales system, and enriched information disclosure of funds through electronic channels, which improved customer experience. The Bank realized the continuous growth of intermediate business income. As of the end of the Reporting Period, the Bank sold on a commissioned basis personal financial products with sales amount of RMB604 million, doubling the sales revenue on a year-on-year basis. The balance of personal net-worth wealth management products reached RMB34.045 billion, which accounts for 95.84% of the balance of all wealth management products, helping the Bank to successfully complete the transformation to net worth wealth management.

3.8.3 Financial Markets Business

1 *Money market business*

During the Reporting Period, China maintained a global leading position in economic development and pandemic prevention and control. Monetary policy instruments played a dual role in aggregate and structure, strengthened support for the real economy, showing the characteristics of stable aggregate operation, more effective expected guidance, appropriate transfer of policy power and continuous enrichment of structural tools. While paying close attention to the changes in financial regulation and monetary policies, the Bank flexibly used money market instruments, so as to keep the liquidity reasonable and sufficient, satisfy the regulatory requirements for liquidity management, and promote the steady development of money market business.

As of the end of the Reporting Period, the balance of the Group's deposits with banks and other financial institutions, placements with banks and other financial institutions and financial assets held under resale agreements amounted to RMB8.375 billion, and the balance of the Group's deposits from banks and other financial institutions, placements from banks and other financial institutions and financial assets sold under repurchase agreements amounted to RMB47.633 billion.



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2 *Investment in securities and other financial assets*

During the Reporting Period, the Bank kept up with regulatory requirements and financial market trends, grasped market opportunities, accurately evaluated interest rate trends, flexibly adjusted its asset structure, adhered to the sound and prudent business philosophy, continuously reduced the proportion of investments in specific purpose vehicles and increased the proportion of standardized asset investments.

As of the end of the Reporting Period, the balance of the Bank's bond investment was RMB90.704 billion, and the balance of investment products under the trust plan, investment products under the securities company's management, and other financial products totaled RMB62.940 billion.

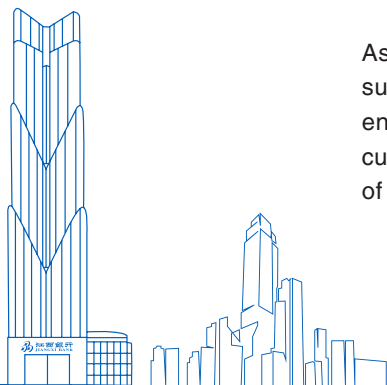
3 *Investment banking*

During the Reporting Period, the Bank took the initiative to give full play to the advantages of the lead underwriter of debt financing instruments of non-financial enterprises, actively responded to the Bank's strategic planning, and continued to promote the steady development of underwriting business. During the Reporting Period, the Bank underwrote and issued 32 non-financial corporate debt financing instruments for 17 enterprises in Jiangxi Province, with an issuance RMB15.31 billion of which the Bank underwrote RMB5.338 billion, maintaining a stable market ranking. During the Reporting Period, the Bank gave full play to the advantages of non-financial corporate debt financing instrument products, and successively participated in the underwriting and issuance of a number of innovative products such as "carbon neutral bonds", "rural revitalization bonds" and "revolutionary old area revitalization and development bonds", striving to serve the Jiangxi economy and achieved good results.

4 *Assets management business*

The Bank carried out its wealth management business with honesty, trustworthiness and diligence, and performed its duties of being entrusted with wealth management on behalf of others. During the Reporting Period, the Bank took the initiative to respond to market and policy changes, continuously improved integrated management in investment research, products and risk control, constantly enriched the product system, smoothly and orderly completed the rectification of the existing wealth management business, and fully realized the transformation to net worth wealth management business.

As of the end of the Reporting Period, the Bank's wealth management products had a subsisting balance of RMB35.523 billion, an increase of 3.80% compared with that at the end of last year, of which 95.84% and 4.16% were funds of individual and institutional customers, respectively. During the Reporting Period, the Bank issued RMB88.742 billion of wealth management products.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

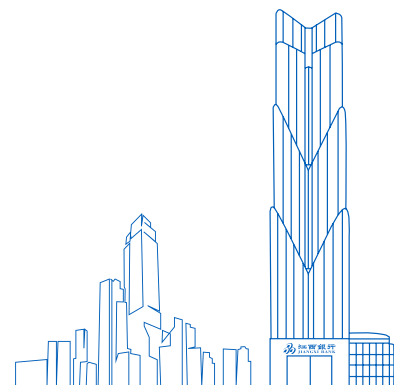
3.8.4 Network Finance Business

During the Reporting Period, the Bank insisted on the service concept characterizing with “Customer-Orientation”, promoted online and offline integration, and strengthened channel integration functions, to provide customers with real-time, convenient and professional online financial services. In November 2021, the Bank won the “2021 China Digital Finance Gold List Award – Best Security Innovation Award for Mobile Banking” by the China Financial Certification Authority (CFCA).

Individual e-banking: During the Reporting Period, the Bank launched a simple version of handheld bank services to thoroughly implement the requirements of relevant policies and improve the quality of financial services by providing high-quality and considerate financial services for the elderly customers through selected functions, simplified pages and relevant processes. The migration and revision of personal online banking completed. The new version of personal online banking and handheld bank were incorporated into a unified management platform, supporting multiple operating systems and multiple verification methods, and effectively improving customer experience through brand-new interface design and operation process optimization. As of the end of the Reporting Period, the number of individual e-banking registered customers totaled 2,727,000, an increase of 23.56% compared to the end of last year.

Corporate e-banking: For better serving corporate customers and improve customer experience, the Bank initiated the revision of corporate online banking and corporate mobile banking during the Reporting Period. The new corporate online banking system fully adopted software and hardware equipment conforming to the standards of innovative applications of information technology. The application software adopted a brand-new distributed micro service architecture. At present, the project is in the online verification stage and will be widely promoted outward. As of the end of the Reporting Period, the number of corporate e-banking customers totaled 61,600, an increase of 11.34% compared to the end of last year.

Telephone banking: During the Reporting Period, the customer service center received a total of 863,600 calls from customers, with an average daily of 2,366 calls, 90.49% telephone connection rate, and 99.78% customer satisfaction rate.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

WeChat official account: During the Reporting Period, the Bank launched the mini-program 2.0 of Bank of Jiangxi Wealth Management for the convenience of customers' financial service experience on WeChat. As of the end of the Reporting Period, the Bank's WeChat Official Account had a total of 871,600 followers, up by 9.22% compared to the end of last year.

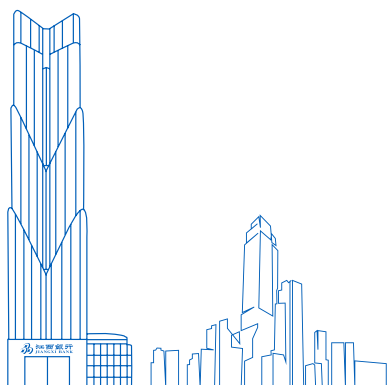
3.8.5 International Business

During the Reporting Period, the Bank responded to the changes in market and customer needs in accordance with relevant policies, provided diversified and personalized cross-border financial services for customers to help them broaden financing channels and bring down financing costs, continuously enhanced the comprehensive cross-border financial service capability, and steadily improved the comprehensive benefits of international business. As of the end of the Reporting Period, the Bank handled international settlement of RMB44.551 billion, up by 6.64% compared to the end of last year.

The Bank actively promoted online business processes, expanded technology application scenarios, greatly improved business facilitation, and provided more convenient settlement and financing services for customers. The Bank completed the construction of the unified domestic letter of credit and forfeiting information exchange subsystem, and realized the online processing of the whole process of domestic letter of credit issuance, forfeiting business application, forfeiting circulation and other functions. The Bank became the first model bank in Jiangxi Province accessing the cross-border RMB trade and finance transfer service platform, thus opening up a new channel for providing diversified trade and finance transfer service for customers. The Bank continued to enrich the international business functions of corporate online banking and personal handheld banking, promptly followed up user experience for further optimization, and constantly improved business handling efficiency and services.

3.8.6 Information Construction

During the Reporting Period, the Group devoted itself to technological innovation, stimulated innovation vitality and promoted innovation system construction. The Group was committed to building a "model city commercial bank serving the real economy" of Jiangxi Province, strengthened technology support, and promoted product system construction. Focusing on realizing the independence and controllability of science and technology, the Group actively implemented innovative applications of information technology, constantly improved the ability of attracting customers by technology, and strove to improve safety protection.



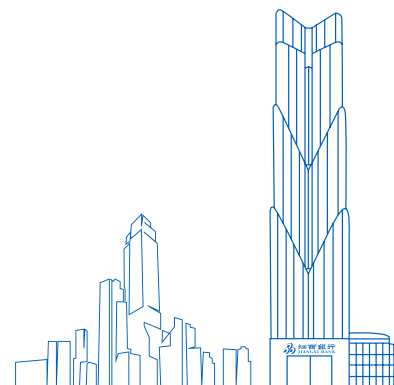
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

1 *Implementing institutional reform of technology innovation mechanism*

The Bank focused on strengthening the capability of the technology system, built a framework, established systems, optimized the allocation of technological resources, and stimulated the vitality of innovation subjects. First, the Bank adjusted the organizational structure of technology system, establish a new product innovation department specializing in the innovation, design and digital operation of technological products, and reorganized 18 departments (including 13 (information technology line) + 5 (product innovation line) departments) covering 40 posts. Second, the Bank constructed the serial channel of technology specialty, set up 10 high-value scarce posts, improved the talent incentive mode, and unblocked the growth path for technological talents. Third, the Bank strengthened the introduction and training of technological talents, absorbed more interdisciplinary business technology talents familiar with financial technology, Internet and digital thinking, as well as research talents in users' experience, and tried to cooperate with Jiangxi colleges and universities in training technological talents, co-constructing practice bases and researching horizontal subjects.

2 *Promoting the ability to serve the real economy*

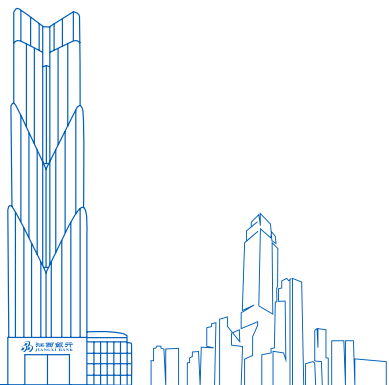
The Bank promoted the digital transformation of inclusive finance through technology to create an online inclusive product system characterized by “platformization and diversification”. For example, the Bank took the lead in issuing the first “Bank Statement Loan” business in Jiangxi Province by building the product fair of the Bank’s inclusive financing service platform. In view of the inventory inclusive products such as “Micro Enterprise Loan” and “Jiang Yin excellent loan” (江銀優貸), the Bank carried out intelligent risk control scenarios and intelligent online approval upgrading and transformation to improve inclusive service quality. The Bank’s “Blockchain + Supply Chain Helping Small and Micro Enterprises to Improve Financing Quality and Expansion” was appraised and selected as a typical case of digital economy in Jiangxi Province in 2021 by the Leading Group of Jiangxi Digital Economic Innovation and Development.



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3 *Strengthening information technology support capacity building*

In terms of security management and control, the Bank implemented the construction of innovative applications of information technology to improve the autonomous controllability of the information system. The Bank strengthened its network security capability to secure the network security for the 100th anniversary of the founding of the Party. The Bank was successively awarded the second prize in the “Jiangxi Silver Cup” Network Security Attack and Defense Competition of Jiangxi Financial System, and the third prize in the “Jiangxi Network Cup” Network Security Competition jointly organized by the Department of Public Security of Jiangxi Province, the Department of Industry and Information Technology of Jiangxi Province and the External Liaison Office of the People’s Government of Jiangxi Province. In the aspect of “customer acquisition” through technology, the “Agile” mode independently developed the counter debt system to assist bond issuance of Jiangxi local governments, realizing two “firsts”: the first batch of banks connected to the new counter business system of China Central Depository & Clearing Co., Ltd. through a real-time interface in China; and the first bank to complete the counter issuance of local bonds through a real-time interface in China. The Bank put into use the “New Personal Online Banking” and “Dual Micro Platform” version 2.0 and other online traffic entry platforms to improve customer experience in terms of interface, function and performance. In respect of business continuity, the newly-built Shangrao remote application-level disaster recovery center was officially put into operation in May, and the disaster recovery drill in the same city realized full coverage of three-year practical exercises of important information systems.



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3.8.7 Subsidiary Business

1 Subsidiary business

(1) Jiangxi Financial Leasing Corp., Ltd.

Jiangxi Financial Leasing Corp., Ltd. (“Jiangxi Financial Leasing”) was established in November 2015 with a registered capital of RMB1 billion, which is held as to 51% by Jiangxi Bank. In March 2018, the registered capital of Jiangxi Financial Leasing was changed to RMB2.02 billion, and the shareholding ratio of Jiangxi Bank increased from 51% to 75.74%. Since its establishment, Jiangxi Financial Leasing has always adhered to the development direction of “based in Jiangxi, facing the whole country, looking forward to the international market, and providing professional financial leasing services”, effectively served the national strategies including the “Belt and Road Initiative”, Yangtze River Economic Zone and the Revitalization of the Former Central Soviet Area, mainly supported public water conservancy facilities, advanced manufacturing, transportation, tourism development, energy and chemical engineering, medical and health care, agriculture, forestry, animal husbandry and fishing, and cultural education, and made achievements in the asset scale and business innovation. On May 19, 2020, the credit rating of Jiangxi Financial Leasing was rated as AAA by China Cheng Xin International Credit Rating Co., Ltd. with a stable outlook.

As of the end of the Reporting Period, Jiangxi Financial Leasing recorded total assets of RMB15.638 billion, up by RMB2.257 billion from RMB13.381 billion at the end of the previous year; net assets of RMB2.912 billion, up by RMB174 million from RMB2.738 billion at the end of the previous year. In 2021, the net profit was RMB203 million, an increase of RMB14 million on a year-on-year basis. In 2021, Jiangxi Financial Leasing Corp., Ltd. made concerted efforts to strengthen its management system, actively expanded financial leasing business, facilitated all regulatory indicators to reach the standard thanks to the care and support of governments and supervision departments at all levels, and under the correct guidance of the Party Committee of Jiangxi Bank, despite complex and changeable international and domestic economic situation. As of the end of the Reporting Period, Jiangxi Financial Leasing obtained an interbank credit line of RMB60.833 billion from 115 financial institutions. The available credit line was sufficient, and the liquidity indicators were within an appropriate range, which guaranteed the Company’s needs for continuous launch of projects and the payment of due liabilities.

In the future, Jiangxi Financial Leasing will make the best of the characteristics of “financing capitals + financing goods”, and stick to the sustainable development path featuring localization, specialization and professionalization, and actively serve the development of local economy.



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(2) *Jinxian Ruifeng County Bank*

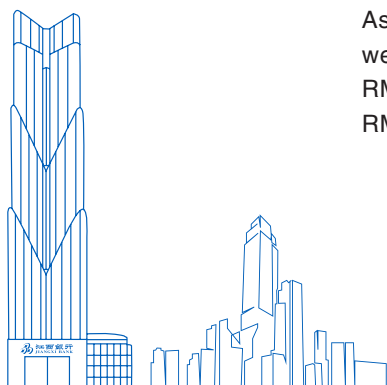
Jinxian Ruifeng County Bank Co., Ltd. (“Jinxian Ruifeng”) was incorporated on 15 June 2012 at Jinxian County, Jiangxi Province, with registered capital of RMB50million, 30% of which was held by Jiangxi Bank. In December 2020, the registered capital of Jinxian Ruifeng was changed to RMB100 million, and the shareholding of Jiangxi Bank increased from 30% to 69.50%. The principal activities of Jinxian Ruifeng are the provision of corporate and retail banking services. Since its establishment, Jinxian Ruifeng has been actively implementing the Group’s overall development strategy, abode by the business policy of serving agriculture, rural areas and farmers and serving small and micro businesses, set solid groundwork in county areas, supporting small and micro businesses and serving agriculture, rural areas and farmers, as well as insisted on compliance and legality.

As of the end of the Reporting Period, total assets were RMB307 million, up by RMB41 million from the end of last year; total loans were RMB137 million, up by RMB37 million from the end of last year; total liabilities were RMB236 million, up by RMB41 million from the end of last year.

2 *Immaterial businesses of affiliated enterprises*

As of the end of the Reporting Period, the Bank’s immaterial businesses of affiliated enterprises were 4 village and township banks, namely, Nanchang Dafeng County Bank Co., Ltd. (南昌大豐村鎮銀行有限責任公司), Si Ping Tie Dong De Feng County Bank Co., Ltd. (四平鐵東德豐村鎮銀行股份有限公司), Nanfeng Judu County Bank Co., Ltd. (南豐桔都村鎮銀行有限責任公司) and Guangchang Nanyin County Bank Co., Ltd. (廣昌南銀村鎮銀行股份有限公司). The village and township banks actively implemented the Group’s overall development strategy, adhered to the general tone of making progress while maintaining stability, abode by the business policy of serving agriculture, rural areas and farmers and serving small and micro businesses, set solid groundwork in county areas, supporting small and micro businesses and serving agriculture, rural areas and farmers, as well as adhered to the business guiding philosophy of compliance and legality, which further improved the structure and level of corporate governance, and clarified the focus of “serving agriculture, rural areas and farmers” and the market positioning of serving small and micro businesses and farmers in rural areas.

As of the end of the Reporting Period, total assets of these villages and township banks were RMB3.733 billion, up by RMB881 million from the end of last year; total loans were RMB2.268 billion, up by RMB464 million from the end of last year; total liabilities were RMB3.288 billion, up by RMB856 million from the end of last year.



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3.9 PLEDGED ASSETS OF THE GROUP

Details of the Group's pledged assets are set out in note 40(e) to the financial statements.

3.10 RISK MANAGEMENT

The Bank's risk management adopts a comprehensive risk management approach. With the requirements of "risk control, structural adjustment and stable growth", the Bank maintains a "stable and moderate" risk appetite, implements the risk concept of "risk-oriented and compliance-first", coordinates the service for the entity and risk prevention and control, coordinates the structural optimization and stable growth, and provides a solid guarantee for the Bank's high-quality development and strategic goal realization.

Risks under comprehensive management of the Bank include credit risk, liquidity risk, market risk, operational risk, information technology risk, legal compliance risk, reputational risk, strategic risk, and other risks.

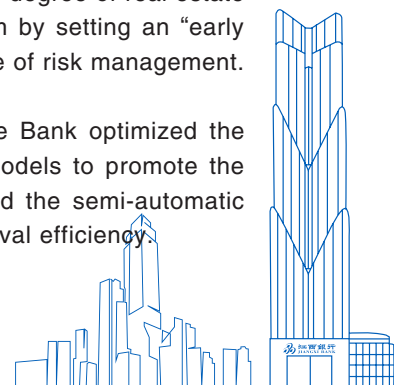
The Bank has established an organizational structure for risk management featuring "centralized management and matrix distribution" to clarify risk management responsibilities, and form three defense lines of risk management: "business unit to control by itself in the first line, risk department to manage in the second line, and audit department to supervise in the third line". The Board assumes the ultimate responsibility for comprehensive risk management.

3.10.1 Management of Credit Risk

Credit risks refer to the risks of economic losses caused by the counterparty's failure to fulfill the obligations in the contract, which mainly come from various loan portfolios, investment portfolios, guarantees and other on-balance-sheet and off-balance-sheet credit risk exposures.

During the Reporting Period, the Bank improved the credit risk management by the following measures:

1. Improving the management and control mechanism for credit limits and thresholds. The Bank strengthened limit management by promoting the concept of "small and decentralized loans" to enhance the control of single customer limit. The Bank actively implemented regulatory requirements by formulating a special limit control strategy for real estate loans to realize orderly pressure drop in concentration degree of real estate loans. The Bank established a risk threshold control mechanism by setting an "early warning line" and "fuse line" to improve the foresight and initiative of risk management.
2. Strengthening the intelligent risk control of credit business. The Bank optimized the non-retail internal rating system by developing various rating models to promote the construction of the non-retail rating system. The Bank facilitated the semi-automatic approval of inclusive retail models to improve the business approval efficiency.



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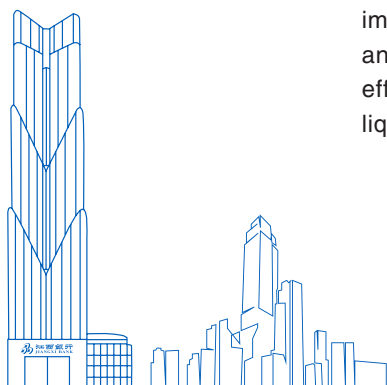
3. Strengthening post-credit management. The Bank established a post-credit management system of “one program and four lines” (一網四線), and formulated management and control strategies of “double line differentiation”, “matrix type” and “list type”, to guide management resources to incline to large-amount credit granting and key fields.

3.10.2 Liquidity Risk Management

Liquidity risk refers to the risk of loss or bankruptcy caused by the inability of commercial banks to provide financing for the reduction of liabilities and (or) the increase of assets.

During the Reporting Period, the Group mainly adopted the following measures to strengthen liquidity risk management:

1. Under the background of normalized management and control of the pandemic, the Group monitored the maturity assets and liabilities within each maturity window, analyzed the market liquidity level, analyzed the use and source of funds, actively carried out general deposit marketing, strengthened the collaborative relationship with peers, and combined with the sound asset and liability allocation strategy to promote the reasonable matching of assets and liabilities.
2. The liquidity level of the Group remained reasonable and sufficient, and all liquidity regulatory indicators were higher than the regulatory requirements, representing an upward stable trend. As of December 31, 2021, the Group's liquidity ratio was 79.03%; NSFR was 150.17%; and liquidity coverage ratio was 387.45%. The balance of qualified high-quality liquid assets was RMB61.135 billion, and the amount of net cash outflow in the next 30 days was RMB15.779 billion.
3. The Group dynamically monitored the movements of funds of the daily daytime, made position forecast and capital planning based on the market trend and customers' capital needs, and ensured sufficient position reserves to secure daytime payments of the Group.
4. Via the multi-layer liquidity reserve mechanism, the Group strength the application of the management tools, maintained the relatively stable proportion of high-liquidity assets, promoted the sufficient level of daily reserves, and continuously consolidated the liquidity security reserve.
5. The Group carried out liquidity emergency drills in an orderly manner, simulated the impact of small-probability events in emergencies through multi-scenario stress tests, and carried out various emergency response work in a solid and effective manner to effectively improve the ability to respond to emergencies and ensure that the Group's liquidity risk is stable and controllable.



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3.10.3 Market Risk Management

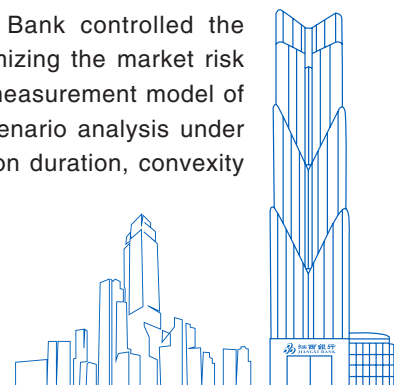
Market risks refer to the risks of losses in banks' on – and off-balance sheet businesses arising from adverse movements in market rates including interest rates, exchange rates, commodity prices, stock prices and other prices, which exist in the trading and non-trading businesses of banks.

The major market risks faced by the Bank include transaction book interest rate risk and bank book exchange rate risk.

1 *Transaction book interest rate risk analysis*

During the Reporting Period, the Bank improved the management on interest rate risks of transaction book through following measures:

- (1) Improving the market risk monitoring and evaluation system. The Bank improved the setting of stress testing scenarios for market risks, proactively conducted market risk assessment and identified management weaknesses.
- (2) Dynamically monitoring market risks. The Bank strengthened the monitoring of market risks through limit control and threshold management. By monitoring the transaction deviation of bond business in the day and the threshold and limit implementation at the end of the day, the Bank analyzed the internal causes for over-limit or over-threshold value.
- (3) Strengthening limit management and control. The Bank optimized the risk limit control scheme for financial market business, and rationally set limits and threshold levels by learning from leading practices of the peers and combining historical monitoring data, to effectively guide business development and risk monitoring. In view of the over-limit, the Bank issued a risk prompt letter in a timely manner to urge traders to implement the over-limit rectification scheme.
- (4) Reasonably analyzing the reasons for mark-to-market profit and loss. By subdividing its investment portfolio, carrying out day-to-day mark surveillance and combining with market dynamics, the Bank conducted a profit and loss analysis to ensure the accuracy of profit and loss measurement.
- (5) Improving the level of market risk measurement. The Bank controlled the market risk level within a reasonable range through optimizing the market risk measurement scheme, adjusting the fair value valuation measurement model of financial instruments, conducting quarterly market risk scenario analysis under the full scope, and following closely the PVBP, modification duration, convexity and value at risk.



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2 *Bank book exchange rate risk analysis*

During the Reporting Period, the Bank had a small foreign exchange risk exposure and did not conduct any derivatives trading business. The Bank's main measures to control the exchange rate risk were to reasonably match the assets and liabilities of various foreign currencies, strengthen daily monitoring and early warning of exchange rate risk, and adopt the position-closing of foreign exchange settlement and sales for retaining no or less overnight positions in time, to avoid exchange losses due to exchange rate fluctuations.

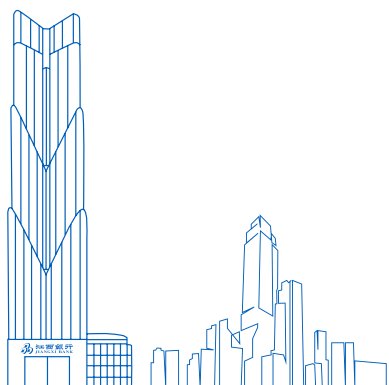
During the Reporting Period, the Bank's market risks were controllable on the whole.

3.10.4 Operational Risk Management

Operational risks refer to the risks of losses caused by imperfect or defective internal processes, employees and information technology systems as well as external events.

During the Reporting Period, the Bank mainly adopted the following measures to strengthen operational risk management and case risk prevention:

1. Focusing on rectification of potential business risks. In 2021, the Bank actively coordinated the on-site inspection on risk management and internal control effectiveness by CBIRC Jiangxi Office, made solid efforts to rectify problems found by regulatory authorities, organized the activities of "Year of Internal Control and Compliance Management", and focused on rectifying the problems of repeated investigations and repeated violations.
2. Accelerating the technical transformation of operational risks. The Bank optimized the internal control compliance and operational risk management system, improved the early warning function of key operational risk indicators, developed an omni-channel transaction risk control system, risk measurement model and intelligent financial analysis system, etc., with an aim to improve the technical capacity to prevent operational risks.
3. Monitoring and resolving various risk early warnings. The Bank continuously monitored key risk indicators, collected operational risk loss data, carried out operational risk and control self-assessment, and dynamically monitored the operational risk management of each business line.



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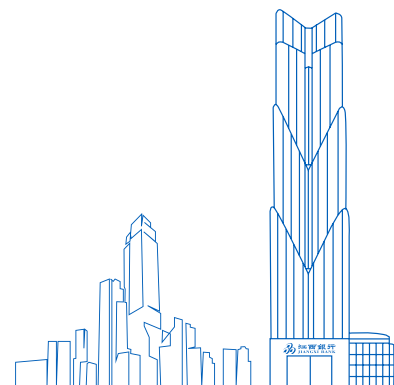
4. Strengthening employee behavior management in an all-round way. The Bank organized the employees to sign the Letter of Commitment on Normative Behaviors of Employees and the Letter of Commitment on Normative Behaviors of Early Retirees, revised and improved the accountability clauses related to gambling and drug abuse, gangdom-related crimes and drunk driving, and strengthened the propaganda and guidance on the red line and bottom line. The Bank strengthened the management of four high-risk groups involved, established a mechanism of “semi-monthly report” for abnormal behaviors of employees, conducted in-depth investigation of abnormal behaviors of employees, and realized early detection, early prevention and early disposal.
5. Innovating the grid management of case prevention. The Bank established a five-level grid system covering all organizations and personnel, and urged the implementation of responsibility system for case prevention management with a strict grid system to achieve the management and control objective of “whole bank networked, grid fixed in the network, persons in the grid, and everyone fulfilling their responsibilities”.

During the Reporting Period, the Bank’s operational risk management system ran smoothly and the operational risks were controllable on the whole.

3.10.5 Information Technology Risk Management

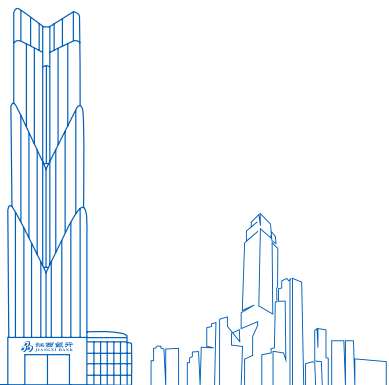
Information technology risks refer to the operational risk, legal risk, reputational risk, and other types of risks caused by natural or human factors, technical leaks and management defects during the application of information technology in the operation of commercial banking.

During the Reporting Period, the Bank comprehensively complied with the policies and regulations of competent and regulatory authorities of the state government, actually made a difference in the three defense lines of information technology risk management represented by the information technology department, risk management department and audit department, and carried out a series of IT risk management improvement work. During the Reporting Period, all production systems of the whole Bank operated well, and no major information technology risk events occurred.



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1. Strengthening system management. The Bank improved its information technology risk management system by revising Management Measures for Information Technology Risks of Jiangxi Bank, Assessment Management Measures for Information Technology Risks of Jiangxi Bank, and Monitoring Index System for Information Technology Risks of Jiangxi Bank, to consolidate the foundation of IT risk management.
2. Strengthening risk inspection and evaluation. In accordance with regulatory requirements, the Bank carried out a comprehensive assessment of information technology risk management, an information technology outsourcing risk assessment, and an annual assessment of business continuity management. The Bank strengthened outsourcing risk management and control, organized and carried out investigation on information technology outsourcing risks and on electronic channel business logics, on-site inspection of system outsourcer of bonus point mall, and risk assessment of remote disaster recovery centers, found out weak links of risks, and promptly overcame the management shortcomings.
3. Strengthening dynamic risk monitoring. The Bank regularly carried out dynamic monitoring of information technology risk indicators throughout the Bank, analyzed the operation status of the Bank's important information systems, network security situation and trend of electronic channel transactions, and fully disclosed the Bank's information system and network security protection level.
4. Strengthening project risk management. By selecting some system development projects for key monitoring, the requirements, design, development, testing, on-line and other nodes of the information system life cycle were monitored and evaluated, and a risk reminder letter for deficiencies in the project was issued requiring rectification, to safeguard the standardization of information system construction and improve the quality of project construction.
5. Increasing the business continuity drills. The Bank conducted 8 drills throughout the year, including 3 system switching drills, 1 emergency system replacement drill, 1 network security desktop drill, and 3 joint drills with CUP Data (銀數公司). At the same time, in this year, we enabled Shangrao New Remote Disaster Recovery Center in the business continuity drill for the first time, carried out the switching drill for remote disaster recovery of core system, and measured the basic environment, machine performance and system availability of the remote disaster recovery center for the first time.



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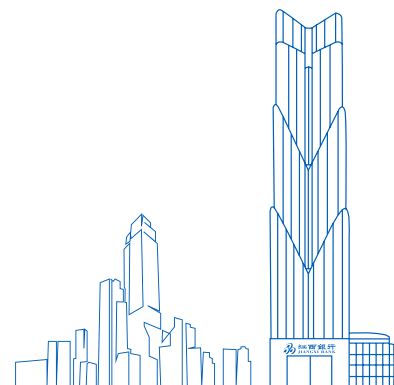
3.10.6 Legal and Compliance Risks

1 *Legal risk*

Legal risks refer to the risks of legal liability arising from violations of laws and regulations, breach of contract, infringement of the legal rights of others or other activities involving any contractual or commercial activity of the Bank.

During the Reporting Period, the Bank mainly adopted the following measures to prevent and control legal risks:

- (1) Strengthening the beforehand prevention of legal risks. In accordance with the external regulatory and internal requirements of the Bank, the Bank continued to carry out legal pre-examination on new products, new businesses, rules and regulations, etc. The Bank strengthened the pre-examination on investment business, and specially formulated the Management Measures for Compliance Review of Investment Business of Jiangxi Bank to prevent and resolve legal risks of investment business. Meanwhile, the Bank engaged a team of external lawyers to act as legal advisers to prevent legal risks in the Bank's major and innovative business.
- (2) Improving the quality and effectiveness of legal management. The Bank made clear the scope and requirements of its standard text management, organized the sorting out and revising the standard text in accordance with the latest laws and regulations such as the Civil Code, and carried out training on the use of standard text and risk prevention, to further standardize the business development. Leveraging the internal control compliance system, the Bank constantly promoted the systematic and intelligent management of legal review, effectively improving the quality and effectiveness of the Bank's legal management.
- (3) Carrying out publicity and education on the rule of law in various forms. The Bank actively conducted various trainings on legal knowledge and skills, formulated the Law Popularization Plan of Jiangxi Bank during the "Eighth Five-Year Plan", organized "Constitution Publicity Week" activities, and carried out publicity on the rule of law by using WeChat public accounts and electronic display screens, so as to continuously improve the legal literacy of employees.



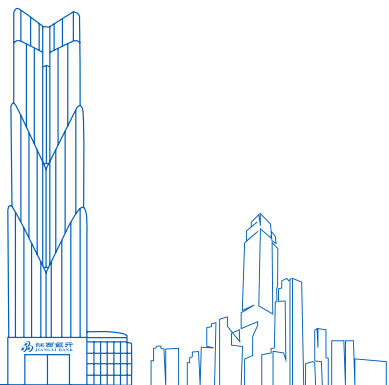
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2 Compliance risk

Compliance risks refer to the risks of legal sanctions, regulatory penalties, significant financial losses and reputation damage due to inconformity with laws, regulations and rules.

During the Reporting Period, the Bank mainly adopted the following measures to strengthen compliance risk management:

- (1) Carrying out the benchmarking of rules and regulations. The Bank required benchmarking with laws and regulations, regulatory provisions, listed banks and advanced industry peers to continuously abolish, amend and establish rules and regulations, giving full play to the leading role of compliance of rules and regulations, and effectively enhancing the ability to operate and manage in compliance with the law.
- (2) Strengthening the closed-loop management of accountability for rectification. The Bank established a closed-loop management mechanism for accountability for rectification, and urged root cause rectification and rapid rectification by issuing Compliance Supervision Form, regularly issuing the rectification progress notice and organizing the rectification promotion meeting. The Bank straightened out the accountability management system of the Bank, strictly implement the application of accountability results in management links such as merit evaluation, promotion, etc., so as to enhance the deterrent effect of accountability for violations.
- (3) Actively fostering a compliance culture environment. The Bank issued a Compliance Briefing every month to publicize the regulatory situation and the concept of compliance in a timely manner. The Bank regularly organized learning and testing of key systems to promote the understanding and mastery of key systems by all employees. The Bank dynamically monitored potential compliance risks throughout the Bank, issued the targeted Compliance Risk Prompt, and put forward preventive measures and work requirements.



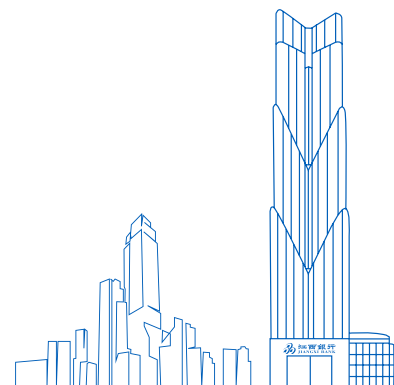
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3 *Money laundering risks*

Money laundering risks refer to the risks faced by banking institutions being used in illegal and criminal activities such as money laundering, terrorist financing and proliferation financing in the course of conducting business and operating management.

During the Reporting Period, the Bank forestalled and controlled money laundering risk mainly by taking the following measures:

- (1) Putting mechanisms first and strengthening system support. The Bank revised eight internal systems and improved the self-assessment system of money laundering risks. The Bank also improved the blacklist monitoring workflow, clarified the management and control measures for high-risk products, and refined the identification requirements for specific scenarios, for the purpose of establishing a long-term prevention and control system.
- (2) Science and technology enabling us to build a solid foundation for work. The Bank established a customer management and control mechanism for doubtful information, opened up an omni-channel customer information sharing mechanism, and comprehensively consolidated the underlying data base. The Bank also created the online banking limit for customers of higher risk, improved the blacklist backtracking matching strategy, dynamically optimized the monitoring and early warning model, and strengthened management and control measures for differentiated identification of customers.
- (3) Risk-based, focusing on value creation. The Bank carried out special actions for risk investigation and elimination in key areas, issued multiple Money Laundering Risk Prompts, promptly transferred suspicious clues for disposal, and assisted in arresting suspicious persons, achieving effective prevention and control of money laundering risks.
- (4) Staying true to the mission and deepening publicity effectiveness. The Bank carried out centralized publicity activities themed “protecting account safety from money laundering crimes”, with close attention paid to hot topics. The Bank directly addressed public concerns, enhanced its awareness of prevention of money laundering risk and cooperation in identification, and strove to be the financial guard of the public.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.10.7 Reputational Risks

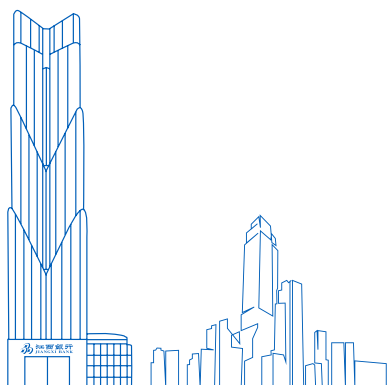
Reputational risks refer to the risks of stakeholders' negative comments on commercial bank due to operation, management and other activities or external events of the commercial bank.

During the Reporting Period, the Bank realized the identification, monitoring, control and resolution of reputational risks by establishing a proactive, reasonable and effective reputational risk management mechanism, so as to build and maintain a good corporate image of the Bank and promote its sustainable development of the Bank. First, the Bank optimized the prevention and warning system, strengthened public opinion monitoring and investigation, regularly carried out risk investigation, defined internal reporting channels and standardized information release management. Second, the Bank detailed and implemented the emergency plan, strengthened assessment management, established the joint defense and control mechanism, and properly dealt with reputation events. Third, the Bank actively conducted professional training, carried out actual combat drills in combination with hot public opinions, continuously improved the reputational risk culture, and enhanced the reputation risk response ability. Fourth, the Bank strengthened positive publicity, innovated communication methods, broadened communication channels, strengthened reputation capital accumulation, and enhanced its brand reputation.

3.10.8 Strategic Risks

Strategic risks refer to the risks caused by improper business strategy or changes in the external business environment.

During the Reporting Period, the Bank comprehensively carried out strategic risk management work based on external situation and operation, regularly monitored strategic risks, assessed and tracked potential strategic risks to be tolerated in the short term, and ensured that the Company's strategy was instructive, feasible and scientific for the development through the Bank.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

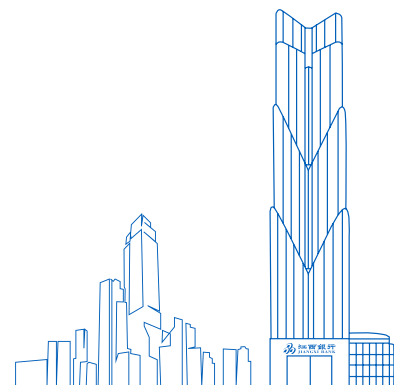
3.10.9 Capital Management

As of December 31, 2019, December 31, 2020 and December 31, 2021, the adequacy ratios of the Group's core tier-one capital were 9.96%, 10.29% and 9.66%, respectively; the adequacy ratios of the Group's tier-one capital were 9.97% 10.30% and 11.80% respectively; the adequacy ratios of the Group's capital were 12.63%, 12.89% and 14.41%, respectively. In 2021, the Group issued perpetual bonds of RMB4 billion, absorbed convertible negotiated deposits of RMB3.9 billion and replenished other tier-one capital of RMB7.9 billion in total. The capital structure was optimized, which further improved the Bank's ability to serve the real economy and resist risks. As of December 31, 2021, the gearing ratio (liabilities over assets) of the Group was 91.81%.

As of December 31, 2019, December 31, 2020 and December 31, 2021, the Group's leverage ratios were 7.20%, 7.16% and 7.98%, respectively, which are in compliance with relevant regulatory requirements in China.

Capital Adequacy Ratios

Item	As of December 31, 2021	As of December 31, 2020
	(in millions of RMB, unless otherwise stated)	
Net core tier-one capital	35,812.06	35,184.80
Net tier-one capital	43,746.22	35,220.00
Net tier-two capital	9,665.82	8,839.48
Net capital base	53,412.04	44,059.48
Risk weighted assets	370,658.53	341,834.32
Credit risk-weighted assets	346,875.48	318,466.23
Market risk-weighted assets	2,371.14	2,152.49
Operational risk-weighted assets	21,411.91	21,215.60
Core tier-one capital adequacy ratio	9.66%	10.29%
Tier-one capital adequacy ratio	11.80%	10.30%
Capital adequacy ratio	14.41%	12.89%



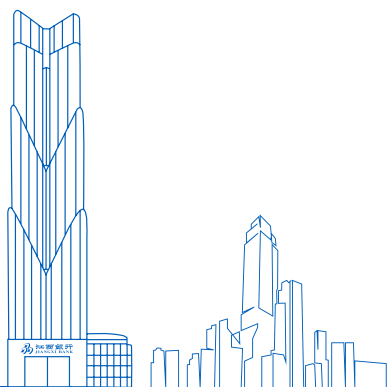
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.11 SOCIAL RESPONSIBILITIES

3.11.1 Serving the rural revitalization strategy

Continuously increase the financial services for agriculture, rural areas and farmers, deeply cultivated the small and micro financial service market in counties and townships. As of the end of the Reporting Period, The balance of the Bank's agriculture-related loans was RMB34.067 billion, had a increase of RMB9.602 billion or 39.25% as compared with the end of the previous year. The Bank served 8,337 agriculture-related customers, and the weighted average interest rate of agriculture-related loans was 5.8%, of which the balance of the Bank's inclusive agriculture-related loans was RMB3.772 billion, had an increase of RMB761 million or 25.27% as compared with the end of last year. The Bank served 2,505 inclusive agriculture-related customers, and the weighted average loan interest rate decreased by 44BP from the end of the previous year. The balance of loans for poverty-stricken areas was RMB17.371 billion, had an increase of RMB2.875 billion as compared with the end of last year. The Bank fully completed regulatory indicators for continuous positive growth in the balance of loans for inclusive agriculture-related and poverty-stricken areas.

At the same time, the Bank invested money to improve the human settlements and new rural construction in rural areas, continuously consolidate and expand achievements in poverty alleviation and promote rural revitalization. The Bank took the lead in the underwriting and issuance of "Rural Revitalization Bonds" and underwrote the first batch of national debts for the revitalization and development of old revolutionary base areas in Jiangxi Province.



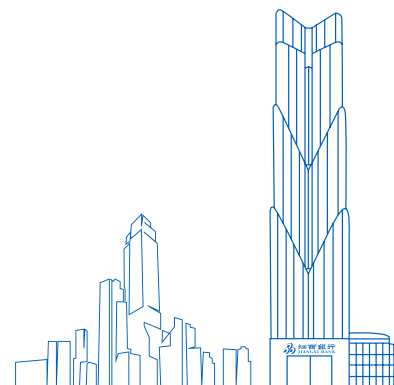
CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.11.2 Serving local development

First, facilitating the economic development of Jiangxi province. The Bank actively carried out the responsibilities as a provincial corporate bank, and increased the credit granting to major key projects, “2+6+N” industrial chain and enterprises under the actions of “Yingshanhong”, “Unicorn” and “Gazelle” in Jiangxi province. The balance of credit granting in Jiangxi province was RMB259.6 billion. The Bank actively participated in the issuance and underwriting of local bonds in Jiangxi Province, totaling RMB14.633 billion, and was the only city commercial bank in Jiangxi Province that participates in the issuance of local bonds at the bank counter.

Second, vigorously expanding green finance. The Bank participated in the underwriting of Jiangxi Province’s first “carbon neutrality debt”; and launched products such as “Green Ecological Pass” (綠色生態通), “Mortgage Loan of Forest Right” and “Green Bill” to give preferential interest rate and resource preference to green credit in key fields such as clean energy, energy conservation and environmental protection and carbon emission reduction technology. As of the end of the Reporting Period, the balance of the Bank’s green credit was RMB17.006 billion, an increase of RMB5.362 billion from the end of last year.

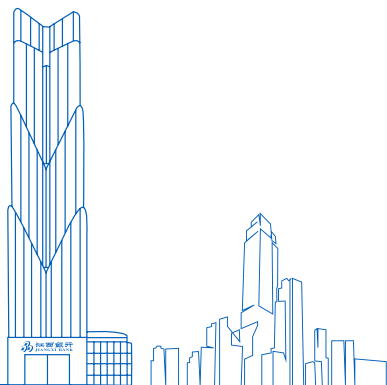
Third, deepening the development of inclusive finance. The Bank promoted the innovative development of inclusive finance in pilot areas of Ganzhou City and Ji’an City. The balance of inclusive loans in pilot areas was RMB3.89 billion, representing an increase of 47.74%; the Bank built a digital platform of “Jiangyin Inclusive Finance” and gradually built a “product market”. The Bank’s balance of inclusive loans to micro and small enterprises amounted to RMB 23.511 billion (excluding the inclusive micro and small enterprises discount), representing an increase of RMB 5.914 billion or 33.61% as compared to the end of the previous year, which was higher than the growth rate of the Bank’s various loans of 10.02 percentage points. The number of customers with loans was 25,051, representing an increase of 4,979 as compared to the end of the last year. The Bank has completed the “two increases” of inclusive small and micro enterprises and other regulatory indicators.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.11.3 Protecting rights and interests of consumers

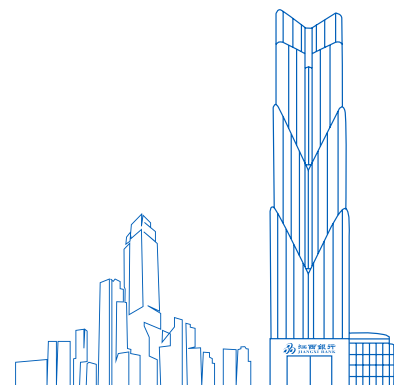
First, optimizing the scenarios-based service and improving the service quality. By setting up the “Caring Counter”, launching the simplified mobile APP for the elderly, creating the first “Blue Vest” Propaganda Stations for Preventing Illegal Fund Raising in Jiangxi Province, the Bank wholeheartedly provided experience-based services to create more convenient, more considerate and warmer service places and scenarios for consumers. Second, enriching the forms of publicity on consumer protection and popularizing financial knowledge. The Bank actively carried out financial knowledge publicity activities, organized and carried out 15 large-scale publicity activities such as “March 15 Financial Consumer Rights Day”, “Publicity Month of Preventing Illegal Fund Raising”, and helped consumers to improve their financial literacy. Third, Resolving disputes in a diversified way and safeguarding legitimate rights and interests. The Bank further smoothed consumer complaint and consultation channels and facilitated financial consumers to communicate their aspirations. The Bank also held the special training to improve the staff’s complaint handling ability. The Bank newly established a diversified dispute resolution mechanism and insisted on being a caring bank with responsibility.



CHAPTER III MANAGEMENT DISCUSSION AND ANALYSIS

3.12 FUTURE DEVELOPMENT PROSPECTS

In 2021, under the strong leadership of the CPC Central Committee with Comrade Xi Jinping as the core, the country worked together to coordinate pandemic prevention and control as well as economic and social development, and achieve major goals for the year, realized the optimized combination of higher growth, lower inflation and more employment, achieved new achievements in high-quality development, and witnessed a good start in the 14th Five-Year Plan. However, it should also be noted that China's economic development is under the triple pressure of demand contraction, supply shock and expected weakening. The external environment is becoming more severe and uncertain. In 2022, the Bank will adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly implement the spirit of the 19th Session of National Congress of the Communist Party of China and all previous plenary sessions of the 19th CPC Central Committee and Central Economic Work Conference, earnestly implement the deployment of the 15th Jiangxi Provincial Congress of the Communist Party of China and the Economic Work Conference of the Jiangxi Provincial Party Committee, meeting the requirements of "risk control, structure adjustment and stable growth", try to stabilize the overall development, push forward the reform and innovation, unswervingly promote high-quality development of the Bank, and welcome the great success of the 20th Session of National Congress of the Communist Party of China with high-quality achievements.



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

4.1 CHANGES IN SHARE CAPITAL

There were no changes in the share capital of the Bank during the Reporting Period. As of December 31, 2021, the total issued share capital of the Bank amounted to RMB6,024,276,901, including 1,345,500,000 H Shares with a par value of RMB1.00 each and 4,678,776,901 Domestic Shares with a par value of RMB1.00 each.

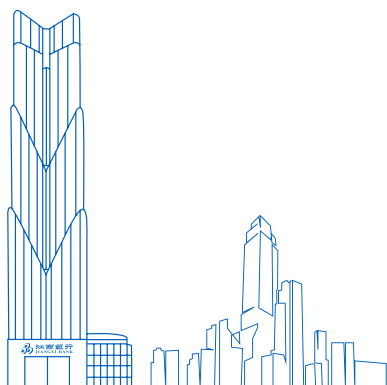
(Unit: share)

Item		As of December 31, 2020	Changes in the Reporting Period	As of December 31, 2021
Domestic shares	State capital	484,390,278	–	484,390,278
	Corporate capital	4,115,106,063	4,141,691	4,119,247,754
	Personal capital	79,280,560	(4,141,691)	75,138,869
H shares		1,345,500,000	–	1,345,500,000
Total		6,024,276,901	–	6,024,276,901

4.2 INFORMATION ON SHAREHOLDERS

4.2.1 Total Number of Domestic Shareholders

As of December 31, 2021, the Bank had 8,946 domestic shareholders, including 30 state shareholders, 289 corporate shareholders and 8,627 natural person shareholders.

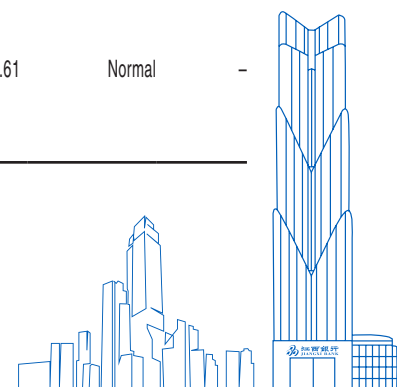


CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

4.2.2 Particulars of Shareholdings of the Top 10 Domestic Shareholders of the Bank

(Unit: share)

No.	Name of Shareholder	Nature of shareholder	Total number of shares held as of December 31, 2021	Change as compared to 31 December 2020	Percentage of (%) total share capital as of December 31, 2021	Pledged or frozen shares Status of shares	Number
1	Jiangxi Provincial Communications Investment Group Co., Ltd. (江西省交通投資集團有限責任公司)	State-owned corporate shareholder	937,651,339	0	15.56	Normal	-
2	Jiangxi Financial Holding Group Co., Ltd. (江西省金融控股集團有限公司)	State-owned Corporate shareholder	347,546,956	0	5.77	Normal	-
3	China National Tobacco Corporation Jiangxi Branch (中國煙草總公司江西省公司) (including Jiangxi Jinfeng Investment Management Co., Ltd. (江西省錦峰投資管理有限責任公司))	State-owned Corporate shareholder	263,000,000	0	4.37	Normal	-
4	Pingxiang Huixiang Construction Development Co., Ltd. (萍鄉市匯翔建設發展有限公司)	State-owned Corporate shareholder	241,088,500	0	4.00	Normal	-
5	Nanchang Municipal Bureau of Finance (南昌市財政局)	State shareholder	228,070,170	0	3.79	Normal	-
6	Jiangxi Province Investment Group Co., Ltd. (江西省投資集團有限公司)	State-owned Corporate shareholder	180,000,000	0	2.99	Normal	-
7	Ganshang Union (Jiangxi) Co., Ltd. (贛商聯合(江西)有限公司)	General corporate shareholder	148,308,400	0	2.46	Pledged	74,000,000
8	Jiangxi Copper Company Limited (江西銅業股份有限公司)	State-owned Corporate shareholder	140,000,000	0	2.32	Normal	-
9	Jiangxi Provincial Water Conservancy Investment Group Co., Ltd. (江西省水利投資集團有限公司)	State-owned Corporate shareholder	99,830,800	0	1.66	Normal	-
10	Jiangxi Blue Sky Automobile Driving School Co., Ltd. (江西藍天駕駛培訓中心有限公司)	General corporate shareholder	97,289,259	0	1.61	Normal	-



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

4.2.3 Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares under Hong Kong Regulations

To the best knowledge of the Bank and the Directors, as at December 31, 2021, the following substantial shareholders of the Bank and other persons (other than the Directors, Supervisors and chief executive of the Bank) had or were deemed to have interests and short positions in the shares and underlying shares of the Bank which would be required to be disclosed to the Bank or the Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO:

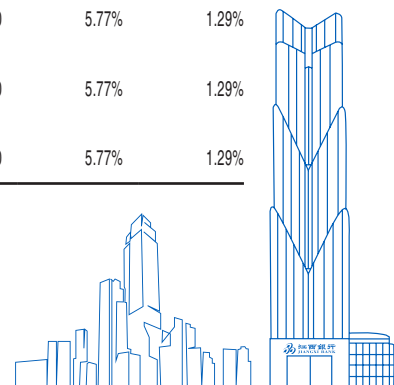
(Unit: share)

Name of Shareholder	Class of shares	Nature of interest	Number and nature of shares ¹	Change as compared to 31 December 2020	Approximate percentage of the total issued share capital of the class of the Bank ²	Approximate % of the total issued share capital of the Bank ²
Jiangxi Provincial Expressway Investment Group Co., Ltd. ³	Domestic Shares	Beneficial owner	937,651,339 (L)	0	20.04%	15.56%
Jiangxi Financial Holding Group Co., Ltd. ⁴	Domestic Shares	Beneficial owner	347,546,956 (L)	0	7.43%	5.77%
Hua An Fund Management Co., Ltd represent Hua An Fund-Track Group QDII, Hua An Fund-Municipal Group QDII, Hua An Fund-Track City Investment Company, Hua An Fund-Industrial Holdings QDII, Hua An Fund-High and New Municipal QDII, Hua An Fund-Honggu Tan City Investment QDII, Hua An Fund-Jinkai Capital QDII, Hua An Fund-County investment QDII and other asset management plans ⁵	H Shares	Others	270,584,000 (L)	149,084,000	20.11%	4.49%
China National Tobacco Corporation Jiangxi Branch ⁶	Domestic Shares	Beneficial owner	180,000,000 (L)	0	3.85%	2.99%
		Interest of controlled corporation	83,000,000 (L)	0	1.77%	1.38%
Pingxiang Huixiang Construction Development Co., Ltd ⁷	Domestic Shares	Beneficial owner	241,088,500 (L)	0	5.15%	4.00%
Yango Investment Limited	H Shares	Beneficial owner	219,092,000 (L)	0	16.28%	3.64%
AMTD Asia Limited ⁸	H Shares	Beneficial owner	122,841,500 (L)	0	9.13%	2.04%



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

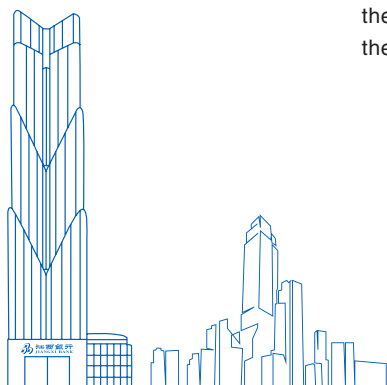
Name of Shareholder	Class of shares	Nature of interest	Number and nature of shares ¹	Change as compared to 31 December 2020	Approximate percentage of the total issued share capital of the class of the Bank ²	Approximate % of the total issued share capital of the Bank ²
AMTD Group Company Limited ⁶	H Shares	Interest of controlled corporation	122,841,500 (L)	0	9.13%	2.04%
CITIC Guoan Group ⁹	H Shares	Interest of controlled corporation	115,213,000 (L)	0	8.56%	1.91%
Road Shine Developments Limited ⁸	H Shares	Beneficial owner	115,213,000 (L)	0	8.56%	1.91%
Yichun Development Investment Group Co., Ltd. (宜春發展投資集團有限公司) ¹⁰	H Shares	Beneficial owner	94,840,500 (L)	0	7.05%	1.57%
Representative of Guotai Asset Management Co., Ltd. (國泰基金管理有限公司): Guotai-Global Investments Asset Management Plan/No.10 Guotai Asset Management Co Ltd-CHINA GUANG FA BANK CO. LTD GTFUNDDII1 – 10 Principal: Yichun Development Investment Group Co., Ltd. (宜春發展投資集團有限公司) ¹⁰	H Shares	Trustee	94,840,500 (L)	0	7.05%	1.57%
Mingyuan Group Investment Limited ¹¹	H Shares	Beneficial owner/ Interest of controlled corporation	81,308,000 (L)	0	6.04%	1.35%
SHUM Tin Ching ¹¹	H Shares	Interest of controlled corporation	81,308,000 (L)	0	6.04%	1.35%
WANG Xinmei ¹¹	H Shares	Interest held jointly with another person	81,308,000 (L)	0	6.04%	1.35%
Zhenro Hong Kong Limited ¹²	H Shares	Beneficial owner	77,604,500 (L)	0	5.77%	1.29%
Zhenro International Limited ¹²	H Shares	Interest of controlled corporation	77,604,500 (L)	0	5.77%	1.29%
Zhenro Properties Group Limited ¹²	H Shares	Interest of controlled corporation	77,604,500 (L)	0	5.77%	1.29%
RoYue Limited ¹²	H Shares	Interest of controlled corporation	77,604,500 (L)	0	5.77%	1.29%
OU Zongrong ¹²	H Shares	Interest of controlled corporation	77,604,500 (L)	0	5.77%	1.29%
LIN Shuying ¹²	H Shares	Interest of spouse	77,604,500 (L)	0	5.77%	1.29%



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

Notes:

1. (L) represents long position, and (S) represents short position.
2. As at December 31, 2021, the total issued share capital of the Bank was 6,024,276,901 shares, including 4,678,776,901 Domestic Shares and 1,345,500,000 H Shares.
3. Jiangxi Provincial Communications Investment Group Co., Ltd. is a state-owned corporate shareholder, whose legal representative is WANG Jiangjun. Regarding Jiangxi Provincial Communications Investment Group Co., Ltd., its controlling shareholder and de facto controller are both Department of Transportation of Jiangxi Province (江西省交通運輸廳).
4. Jiangxi Financial Holding Group Co., Ltd. is a state-owned corporate shareholder, whose legal representative is QI Wei. Regarding Jiangxi Financial Holding Group Co., Ltd., its controlling shareholder and de facto controller both are Financial Assets Center in Jiangxi Provincial(江西省財政資產中心).
5. Hua An Fund Management Co., Ltd. is the manager of eight QDII Single Asset Management Plans, and holds shares of the Bank through the above-mentioned eight asset management plans to achieve its investment plans on behalf of its asset trustees.
6. China National Tobacco Corporation Jiangxi Branch holds 263,000,000 shares of the Bank jointly with its wholly-owned subsidiary Jiangxi Jinfeng Investment Management Co., Ltd. It is a state-owned corporate shareholder and its legal representative is JIANG Kai. Regarding China National Tobacco Corporation Jiangxi Branch, its controlling shareholder and de facto controller both are China National Tobacco Corporation (中國煙草總公司).
7. Pingxiang Huixiang Construction Development Co., Ltd. is a state-owned corporate shareholder, whose legal representative is LUO Haiping. Regarding Pingxiang Huixiang Construction Development Co., Ltd., its controlling shareholder is Pingxiang Huifeng Investment Co., Ltd. (萍鄉市滙豐投資有限公司), its de facto controller is Administration Commission of Pingxiang Economic & Technological Development Zone (萍鄉經濟技術開發區管理委員會).
8. AMTD Asia Limited directly holds 122,841,500 shares of the Bank, and 100% of its interests is indirectly held by AMTD Group Company Limited through AMTD Asia (Holdings) Limited. Therefore, AMTD Group Company Limited is deemed to be interested in the H Shares of the Bank held by AMTD Asia Limited.
9. CITIC Guoan Group indirectly holds 115,213,000 H Shares held by Road Shine Developments Limited through Guoan (HK) Holdings Limited, its controlled corporation. Therefore, according to the SFO, CITIC Guoan Group and Guoan (HK) Holdings Limited are deemed to be interested in the Bank's H Shares held by Road Shine Developments Limited.



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

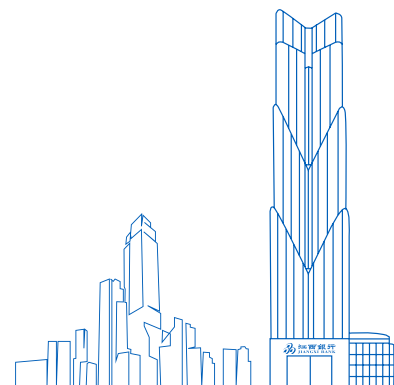
10. Yichun Development Investment Group Co., Ltd. is wholly-owned by Yi Chun Stated-owned Assets Supervision and Administration Commission (宜春市國有資產監督管理委員會). Yichun Development Investment Group Co., Ltd. holds 94,840,500 shares of the Bank through the trustee Guotai Asset Management Co., Ltd.
11. SHUM Tin Ching and WANG Xinmei directly held 81,308,000 shares of the Bank through its controlled corporation, Mingyuan Group Investment Limited. Therefore, according to the SFO, SHUM Tin Ching and WANG Xinmei are deemed to be interested in the Bank's H Shares held by Mingyuan Group Investment Limited.
12. OU Zongrong and LIN Shuying indirectly hold 77,604,500 H Shares of the Bank held by Zhenro Hong Kong Limited through their controlled corporations RoYue Limited, Zhenro Properties Group Limited and Zhenro International Limited. Therefore, according to the SFO, OU Zongrong, LIN Shuying, RoYue Limited, Zhenro Properties Group Limited and Zhenro International Limited are deemed to be interested in the Bank's H Shares held by Zhenro Hong Kong Limited.

4.2.4 Shareholders Holding 5% or More of the Bank's Shares

See 4.2.3 Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares under Hong Kong Regulations in this chapter.

4.2.5 Other Substantial Domestic Shareholders

According to the Interim Measures for the Equity Management of Commercial Banks (《商業銀行股權管理暫行辦法》), as adopted at the 1st chairman's meeting of the former China Banking Regulatory Commission in 2018 (former CBRC Order 2018 No. 1), substantial shareholders of a commercial bank means shareholders who hold or control 5% or above shares or voting right of the commercial bank, or who hold less than 5% of total capital or total shares of the commercial bank but have significant impacts on the operation and management of the commercial bank. The significant impacts mentioned above include but are not limited to dispatching directors, supervisors or senior executives to a commercial bank.



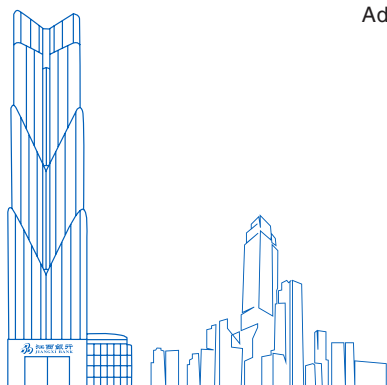
CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

Other than those disclosed in the section 4.2.3 “Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares under Hong Kong Regulations” in this chapter, i.e., Jiangxi Provincial Communications Investment Group Co., Ltd., Jiangxi Financial Holding Group Co., Ltd., China National Tobacco Corporation Jiangxi Branch and Pingxiang Huixiang Construction Development Co., Ltd., substantial Domestic Shareholders of the Bank who hold less than 5% of total capital or total shares of the Bank but dispatch Directors, Supervisors or senior executives to the Bank are as follows:

Name of Shareholder	Class of shares	Nature of interest	Number and nature of shares ¹	Change as compared to 31 December 2020	Approximate	Approximate
					% of the total issued share capital of the Bank ²	% of the total issued share capital of the Bank ²
Nanchang Municipal Bureau of Finance ³	Domestic Shares	Beneficial owner	228,070,170 (L)	0	4.87%	3.79%
Ganshang Union (Jiangxi) Co., Ltd. ⁴	Domestic Shares	Beneficial owner	148,308,400 (L)	0	3.17%	2.46%
Jiangxi Copper Company Limited ⁵	Domestic Shares	Beneficial owner	140,000,000 (L)	0	2.99%	2.32%

Notes:

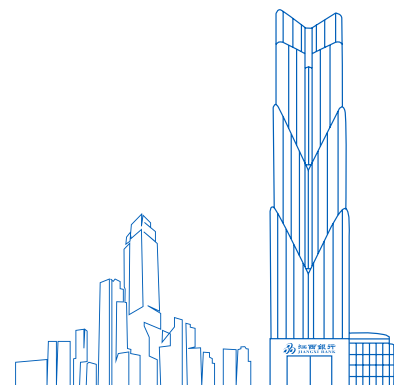
- (L) represents long position, and (S) represents short position.
- As at December 31, 2021, the total issued share capital of the Bank was 6,024,276,901 shares, including 4,678,776,901 Domestic Shares and 1,345,500,000 H Shares.
- Nanchang Municipal Bureau of Finance is a state-owned shareholder, whose responsible person is WAN Yuyuan.
- Ganshang Union (Jiangxi) Co., Ltd. is a general corporate shareholder, whose legal representative is WU Xuan (伍暄).
- Jiangxi Copper Company Limited is a general corporate shareholder, whose legal representative is LONG Ziping. Regarding Jiangxi Copper Company Limited, its controlling shareholder is Jiangxi Copper Corporation Limited, its de facto controller is State-owned Assets Supervision and Administration Commission of Jiangxi Province.



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

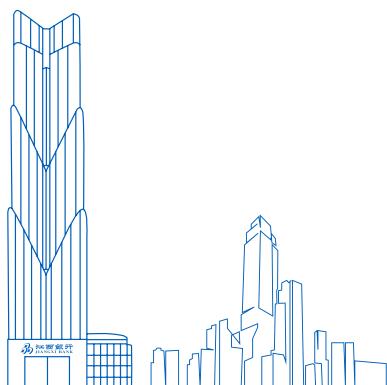
4.2.6 Related Parties of Substantial Domestic Shareholders at the End of the Reporting Period

No.	Name of substantial shareholders	Related parties of substantial shareholders
1	Jiangxi Provincial Communications Investment Group Co., Ltd. (江西省交通投資集團有限責任公司)	Department of Transportation of Jiangxi Province, Jiangxi Highway Development LLC, Jiangxi Transportation Engineering Group Co., Ltd., Jiangxi Expressway Asset Management Co., Ltd. (江西省高速資產經營有限責任公司), Jiangxi Transportation Consulting Co., Ltd., Jiangxi Ganyue Expressway Co., Ltd., Jiangxi Ganchong Expressway Co., Ltd. (江西省贛崇高速公路有限責任公司), Jiangxi Expressway Petrochemical Co., Ltd. (江西高速石化有限責任公司), Jiangxi Changtai Expressway Co., Ltd. (江西昌泰高速公路有限責任公司), Jiangxi Ruixun Expressway Co., Ltd. (江西省瑞尋高速公路有限責任公司), Jiangxi Jiujiang Yangtze River Highway Bridge Co., Ltd., Jiangxi Provincial Expressway Investment Group Co., Ltd., Jiangxi Expressway Materials Co., Ltd., etc.
2	Jiangxi Financial Holding Group Co., Ltd.	Jiangxi Financial Assets Center, Jiangxi Financial Holding Group Co. Ltd, Jiangxi Financial Asset Management Co., Ltd., Jiangxi Jinkong Financial Leasing Co., Ltd., Jiangxi Pratt & Whitney Financing Guarantee Co., Ltd. (江西省普惠融資擔保有限公司), Jiangxi Province Credit Financing Guarantee Group Co., Ltd. (江西省信用融資擔保集團股份有限公司), Jiangxi Jinzi Supply Chain Financial Services Co., Ltd. (江西金資供應鏈金融服務有限公司) Jiangxi Zhongbang Land Development Co., Ltd. (江西省中邦土地開發有限公司), Jiangxi Financial Holding Urban Development Investment Co., Ltd. (江西省金控城鎮開發投資有限公司), Quannan Hengbang Real Estate Co., Ltd. (全南縣恒邦置業有限公司), Jiangxi Financial Holding Foreign Trade Co., Ltd. (江西省金控外貿股份有限公司), Jiangxi Xingsen International Trade Co., Ltd. (江西星森國際貿易有限公司), Cedar International Trust Co., Ltd., etc.



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

No.	Name of substantial shareholders	Related parties of substantial shareholders
3	China National Tobacco Corporation Jiangxi Branch	China National Tobacco Corporation (中國煙草總公司), Jiangxi Tobacco Corporation Nanchang Branch (江西省煙草公司南昌市公司), Jiangxi Tobacco Corporation Jiujiang Branch (江西省煙草公司九江市公司), Jiangxi Tobacco Corporation Fuzhou Branch (江西省煙草公司撫州市公司), Jiangxi Tobacco Corporation Ji'an Branch (江西省煙草公司吉安市公司), Jiangxi Jinfeng Investment Management Co., Ltd., etc.
4	Nanchang Municipal Bureau of Finance	None
5	Ganshang Union (Jiangxi) Co., Ltd.	Jiangxi Electronic Group Corporation Ltd. (江西省電子集團有限公司), Zhongjiu Optoelectronics Industry Co., Ltd. (中久光電產業有限公司), Jiangxi Lianchuang Optoelectronic Science and Technology Co., Ltd. (江西聯創光電科技股份有限公司), Jiangxi Lianchuang Zhiguang Science & Technology Co., Ltd. (江西聯創致光科技有限公司), Nanchang Yatuo Architectural Design Co., Ltd., (南昌雅拓建築設計有限公司), Jiangxi Kuncheng Investment Co., Ltd. (江西坤城投資有限公司), etc.
6	Jiangxi Copper Company Limited	State-owned Assets Supervision and Administration Commission of Jiangxi Province; Jiangxi Copper Corporation Limited; Jiangxi Copper Hotel Management Co., Ltd. (江西銅業酒店管理有限公司); Jiangxi Tianyuan Mining Co., Ltd. (江西天圓礦業有限公司); Jiangxi Copper Corporation Copper Strip Co., Ltd. (江西銅業集團銅板帶有限公司); Jiangxi Copper (Hong Kong) Investment Limited (江西銅業(香港)投資有限公司); Jiangxi Copper Corporation (Dongxiang) Foundry Co., Ltd. (江西銅業集團(東鄉)鑄造有限公司); Jiangxi Copper Corporation Qibaoshan Mine Co., Ltd. (江西銅業集團七寶山礦業有限公司), etc.



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

4.2.7 Related Party Transactions between the Bank and the Substantial Domestic Shareholders and Controlling Shareholders, De Facto Controllers, Related Parties, Persons Acting in Concert, and Ultimate Beneficiaries thereof in the Reporting Period

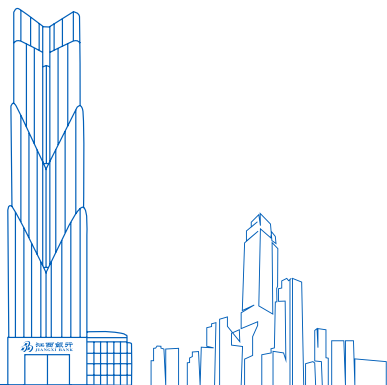
(Unit: in millions)

No.	Name of Shareholder	Controlling shareholder		De facto controller		Persons acting in concert		Ultimate beneficiary	Credit		Total		
		Credit balance	of the enterprise	Credit balance		Credit balance			balance	Related party		balance	
1	Jiangxi Communications Investment Group Co., Ltd.	2,219.82	Department of Transportation of Jiangxi Province	-	Department of Transportation of Jiangxi Province	-	None	-	Jiangxi Communications Investment Group Co., Ltd.	2,219.82	Jiangxi Provincial Expressway Investment Group Materials Co., Ltd. Jiangxi Transportation Engineering Group Co., Ltd. Jiangxi Expressway Materials Co., Ltd.	257.89 0.00 499.10	2,976.81
2	Jiangxi Financial Holding Group Co., Ltd.	1,350.00	Jiangxi Provincial Financial Assets Center(江西省財政資產中心)	-	Jiangxi Provincial Financial Assets Center(江西省財政資產中心)	-	None	-	Jiangxi Financial Holding Group Co., Ltd.	1,350.00	Jiangxi Financial Asset Management Co., Ltd. Jiangxi Pratt & Whitney Financing Guarantee Co., Ltd. JiangXi Province Credit Financing Guarantee Group Co., Ltd. Jiangxi Jinzi Supply Chain Financial Services Co., Ltd. Quannan Hengbang Real Estate Co., Ltd. Jiangxi Financial Holding Foreign Trade Co., Ltd. Jiangxi Xingsen International Trade Co., Ltd. Jiangxi Jinkong Financial Leasing Co., Ltd. Jiangxi Financial Holding Urban Development Investment Co., Ltd. Jiangxi Financial Supply Chain Services Co., Ltd.(江西金控供應服務有限公司)	850.00 106.20 810.76 300.00 140.00 100.00 50.00 0.00 65.00 80.00	3,851.96



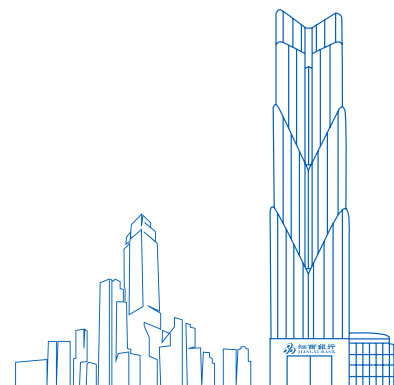
CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

No.	Name of Shareholder	Controlling			Persons			Credit balance	Credit balance	Total			
		Credit balance	shareholder of the enterprise	Credit balance	De facto controller	Credit balance	acting in concert				Credit balance	Ultimate beneficiary	Related party
3	China National Tobacco Corporation Jiangxi Branch(including Jiangxi Jinfeng Investment Management Co., Ltd.)	-	China National Tobacco Corporation	-	China National Tobacco Corporation	-	None	-	China National Tobacco Corporation Jiangxi Branch	-	-	0.00	0.00
4	Nanchang Municipal Bureau of Finance	-	-	-	-	-	None	-	Nanchang Municipal Bureau of Finance	-	-	0.00	0.00



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

No.	Name of Shareholder	Controlling		Persons			Credit balance	Ultimate beneficiary	Credit balance	Related party	Credit balance	Total	
		Credit balance	shareholder of the enterprise	Credit balance	De facto controller	Credit balance							acting in concert
5	Ganshang Union (Jiangxi) Co., Ltd.	-	WU Xuan (伍琨)	-	WU Xuan (伍琨)	-	None	-	WU Xuan (伍琨)	-	Nanchang Yatuo Architectural Design Co., Ltd. Jiangxi Kuncheng Industrial Co., Ltd. (江西坤城實業股份有限公司) Jiangxi Electronic Group Corporation Ltd. Jiangxi Lianchuang Optoelectronic Science and Technology Co., Ltd.	9.40 15.80 960.23 306.00	1,291.43
6	Jiangxi Copper Company Limited	-	Jiangxi Copper Corporation Limited	-	State-owned Assets Supervision and Administration Commission of Jiangxi Province	-	None	-	Jiangxi Copper Company Limited	-	Jiangxi Copper Lead-zinc Metal Co., Ltd. (江西銅業鉛鋅金屬有限公司)	17.36	17.36
	Total	3,569.82	-	-	-	-	-	-	3,569.82	-	4,567.74	8,137.56	



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

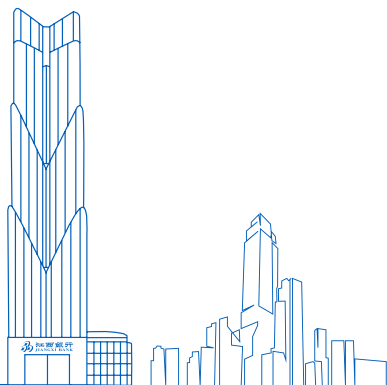
4.2.8 Pledge of Equity in the Bank by Substantial Domestic Shareholders

As of the end of the Reporting Period, the pledge of equity in the Bank by substantial shareholders of the Bank is as follows:

Ganshang Union (Jiangxi) Co., Ltd. held 148,308,400 shares of the Bank and pledged 74,000,000 shares, with a pledge rate of 49.90%. The pledgee was Bank of Jiujiang Co., Ltd. High-Tech District Branch (九江銀行股份有限公司高新支行) and the term of pledge is from 19 July 2021 to 19 July 2024.

4.2.9 Nomination of Directors and Supervisors by the Shareholders

1. Mr. YU Minxin and Mr. LI Zhanrong were nominated as Directors by Jiangxi Provincial Communications Investment Group Co., Ltd.;
2. Mr. LIU Sanglin was nominated as a Director by Jiangxi Financial Holding Group Co., Ltd.;
3. Ms. ZHUO Liping was nominated as a Director by China National Tobacco Corporation Jiangxi Branch;
4. Mr. DENG Jianxin was nominated as a Director by Nanchang Municipal Bureau of Finance;
5. Mr. YU Han was recommended to be nominated as a Supervisor by Ganshang Union (Jiangxi) Co., Ltd.;
6. Mr. ZHOU Minhui was recommended to be nominated as a Supervisor by Jiangxi Copper Company Limited;
7. Mr. WANG Ruiqiang was recommended to be nominated as a Supervisor by AMTD Asia Limited.



CHAPTER IV CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

4.2.10 The Number of Pledged Shares of the Bank Reaching or Exceeding 20% of All Its Shares

Nil

4.2.11 The Number of Shares Pledged by Substantial Domestic Shareholders Reaching or Exceeding 50% of the Total Shares Held by Them in the Bank

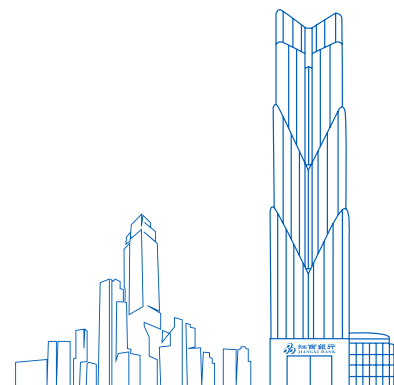
Nil

4.2.12 The Bank's Pledged Shares being Frozen, Judicially Auctioned, Restricted from Voting Right or Other Rights

1. As of the end of the Reporting Period, the Bank had a total of 6,024,276,901 shares, and a total of 916,011,800 Domestic Shares held by 31 Domestic Shareholders were pledged, accounting for 15.21% of the Bank's total shares; 129,295,649 pledged shares were judicially frozen, accounting for 2.15% of the Bank's total shares; and 19,500 shares were judicially auctioned, accounting for 0.0003% of the Bank's total shares.
2. According to the Articles, when the number of shares pledged by a shareholder reaches or exceeds 50% of the total shares held by him/her in the Bank, the said shareholder is required to issue a commitment letter of giving up his/her voting right at the general meeting. As of the end of Reporting Period, the number of Domestic Shares pledged 28 Shareholders reached or exceeded 50% (inclusive) of the total shares held by them in the Bank, and voting rights represented by 613,027,775 shares were restricted, accounting for 10.18% of the total shares.

4.2.13 Purchase, Sale or Redemption of Listed Securities

Neither the Bank nor its subsidiaries purchased, sold or redeemed any of its listed securities during the Reporting Period.

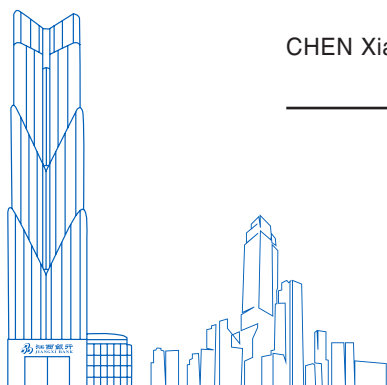


5.1 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS

5.1.1 Directors

As at the Latest Practicable Date, the Board consists of eleven Directors, including two executive Directors, five non-executive Directors and four independent non-executive Directors. The Directors are elected for a term of three years and are subject to re-election, provided that the cumulative term of an independent non-executive Director shall not exceed six years pursuant to the relevant PRC laws and regulations. The following table sets forth certain information regarding the Directors.

Name	Gender	Date of birth	Date of appointment of the second session of the Board ¹	Title
Current Directors				
XU Jihong	Male	1965.5	May 31, 2019	Executive Director, vice chairman, secretary to the Board
LUO Yan ²	Male	1969.2	May 31, 2019	Executive Director,
Yu Minxin ³	Male	1976.7	May 21, 2021	Non-executive directors
LI Zhanrong	Male	1970.11	May 31, 2019	Non-executive directors
LIU Sanglin	Male	1965.10	May 31, 2019	Non-executive directors
DENG Jianxin	Male	1963.8	May 31, 2019	Non-executive directors
ZHUO Liping	Female	1972.12	May 11, 2020	Non-executive directors
ZHANG Rui	Female	1962.6	May 31, 2019	Independent Non-executive Director
ZHANG Wangxia	Female	1977.8	May 31, 2019	Independent Non-executive Director
WONG Hin Wing	Male	1962.12	May 31, 2019	Independent Non-executive Director
WANG Yun	Female	1966.5	May 31, 2019	Independent Non-executive Director
Resigned Directors				
QUE Yong ³	Male	1976.7	May 31, 2019	Non-executive Director
CHEN Xiaoming ⁴	Male	1966.11	May 31, 2019	Executive Director, Chairman



CHAPTER V DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT MEMBERS, EMPLOYEES AND INSTITUTIONS

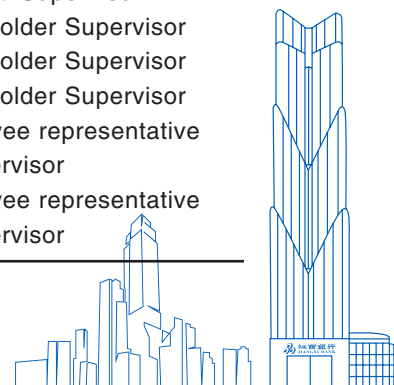
Note:

1. The table set out the Directors of the second session of the Board elected at 2018 annual general meeting on May 31, 2019, and the relevant Director obtained the approval of directorship qualification from CBIRC Jiangxi Office.
2. On October 15, 2021, the Board proposed to remove Mr. LUO Yan as an executive Director of the Bank, with effect from the date of consideration and approval of the resolution at the general meeting of the Bank.
3. Upon the approval at the 2020 annual general meeting held on 21 May 2021, Mr. YU Minxin was appointed as a non-executive director of the Bank, and his term of office was approved by the China banking regulatory authority on 8 September 2021. Mr. QUE Yong ceased to serve as a non-executive Director of the Bank as of the same date.
4. On February 21, 2022, Mr. CHEN Xiaoming submitted a written resignation to the Board of Directors to resign as an executive Director, the chairman of the Board, a member and the chairman of the Strategy Committee of the Board with effect from the date of resignation.

5.1.2 Supervisors

The Board of Supervisors currently consists of nine Supervisors, including three employee representative Supervisors, three shareholder representative Supervisors and three external Supervisors. The Supervisors are elected for a term of three years and may be subject to re-election, provided that the cumulative term of an external Supervisor shall not exceed six years, pursuant to the relevant PRC laws and regulations. The following table sets forth certain information about the Supervisors.

Name	Gender	Date of birth	Date of appointment of the second session of the Board	Title
LIU Fulin	Male	1963.11	May 31, 2019	Chairman of the Board of Supervisors, employee representative Supervisor
SHI Zhongliang	Male	1944.1	May 31, 2019	External Supervisor
LI Danlin	Female	1964.8	May 31, 2019	External Supervisor
SHI Jing	Male	1968.2	May 31, 2019	External Supervisor
YU Han	Male	1981.11	May 31, 2019	Shareholder Supervisor
ZHOU Minhui	Male	1964.6	May 31, 2019	Shareholder Supervisor
WANG Ruiqiang	Male	1954.1	December 18, 2020	Shareholder Supervisor
LOU Mingnong	Male	1972.2	May 28, 2020	Employee representative Supervisor
CHEN Xinxiang ¹	Male	1968.2	May 31, 2019	Employee representative Supervisor



CHAPTER V DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT MEMBERS, EMPLOYEES AND INSTITUTIONS

Note:

1. Mr. CHEN Xinxiang resigned as an employee representative Supervisor of the Bank on May 21, 2021 due to other work arrangements, with effect from the date on which the new employee representative Supervisor elected at the employee representative meeting of the Bank takes office.

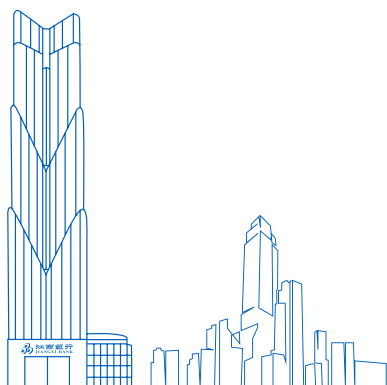
5.1.3 Senior management members

The following table sets forth certain information regarding the senior management of the Bank.

Name	Gender	Date of birth	Title
CHEN Yong	Male	1962.2	Vice president
YU Jian	Male	1974.6	Vice president
XU Jihong	Male	1965.5	Secretary to the Board of Directors and vice president
CHENG Zongli	Male	1966.9	Vice president
CAI Xiaojun	Male	1966.11	Vice president

Note:

1. Mr. LUO Yan, the former president of the Bank, was removed from the position of president by the Board of Directors of the Bank on 15 October 2021. From 15 October 2021 to 28 January 2022, Mr. CHEN Xiaoming of the Bank acted as the president of the Bank.
2. Mr. LUO Xiaolin was appointed as the president of the Bank by the Board of Directors on 10 January 2022. The qualification of Mr. LUO Xiaolin as the president was approved by CBIRC Jiangxi Office on 28 January 2022. The term of office shall commence from the date of approval.



5.2 CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS DURING THE REPORTING PERIOD

5.2.1 Changes of Directors During the Reporting Period

1. At the 2020 Shareholders' annual general meeting held on 21 May 2021, Mr. YU Minxin were elected as non-executive directors of the Bank. The directorship of Mr. YU Minxin was approved by PRC banking regulatory authorities on 8 September, 2021. Mr. QUE Yong ceased to serve as a non-executive Director of the Bank as of the same date.
2. On 15 October 2021, the Board proposed to remove Mr. LUO Yan from the position of executive director of the Bank, which will take effect from the date on which the resolution is considered and approved by the shareholders' general meeting of the Bank.
3. On 15 October 2021, the Board removed Mr. LUO Yan from the positions of vice chairman, member of each of the Strategic Committee and the Remuneration and Nomination Committee of the Board of the Bank.

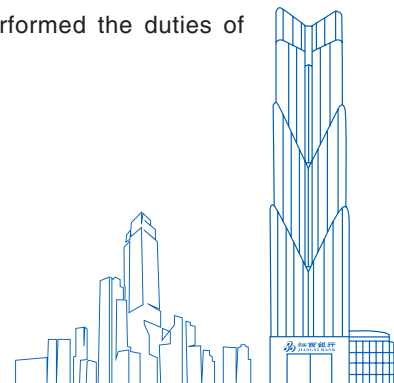
5.2.2 Changes of Supervisors during the Reporting Period

On May 21, 2021, Mr. CHEN Xinxiang resigned from the position as the employee representative supervisor of the Bank for other working arrangements. The proportion of the employee representative supervisors of the Bank will fall below one third after the resignation of Mr. CHEN Xinxiang. Pursuant to related laws and regulations as well as the Articles of Association, his resignation will take effect upon the date a new employee representative supervisor is elected at the session of employee representatives. During this period, Mr. CHEN Xinxiang will continue to perform his responsibilities as the employee representative supervisor of the Bank.

5.2.3 Changes of Senior Management Members during the Reporting Period

On 29 September 2021, Jiangxi Provincial Department of Finance removed Mr. Luo Yan as the deputy secretary of the party committee and proposed to remove him as the president. On October 15, 2021, the Bank held the 20th extraordinary meeting for 2021 of the second session of the Board of Directors of Jiangxi Bank, reviewed and approved the Proposal on the Removal of Mr. LUO Yan from the position of President of the Bank, and Mr. LUO Yan was removed from the position of President of the Bank with effect from the date of approval by the Board.

From October 15, 2021 to January 28, 2022, Mr. CHEN Xiaoming performed the duties of president of the Bank on his behalf.



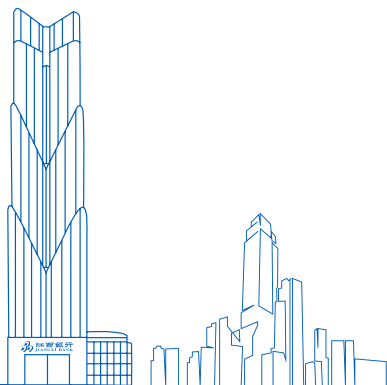
5.3 BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS DURING THE REPORTING PERIOD

5.3.1 Directors

Executive Directors

Mr. CHEN Xiaoming (陳曉明) is an executive Director and the chairman of the Board and he joined the Bank as the president of the Bank in 2006 and has been the secretary to the party committee and the chairman of the Bank from December 2015 to February 2022. Prior to joining the Bank, Mr. Chen successively served as a cadre at credit division of business department of Nanchang Branch, a cadre of Nanchang Changbei Sub-branch, a deputy director of international business department of Nanchang Branch, the director of business department of Nanchang Branch, a vice president and a member of the party group of Nanchang Branch, a member of the party committee and a vice president of Nanchang Branch, a deputy general manager and a member of the party committee of business department of Jiangxi Branch, a deputy secretary to the party committee and a deputy general manager of business department of Jiangxi Branch, the secretary to the party committee and president of Jiujiang Branch, and the general manager of the planning and financial department of Jiangxi Branch of China Construction Bank (中國建設銀行) (formerly known as the People's Construction Bank of China (中國人民建設銀行)) from July 1988 to March 2006. From March 2006 to December 2015, he successively served as the deputy secretary to the party committee, the president and vice chairman of Nanchang City Commercial Bank, the deputy secretary to the party committee, the president and vice chairman of Bank of Nanchang, the secretary to the party committee, the president and the chairman of Bank of Nanchang as well as the secretary to the party committee and the chairman of Bank of Nanchang. From November 2015 to February 2022, Mr. Chen served as the chairman of Jiangxi Financial Leasing Corp., Ltd.(江西金融租賃股份有限公司).

Mr. Chen received a bachelor's degree in infrastructure construction financial credit from Jiangxi Institute of Finance and Economics (江西財經學院) (currently known as Jiangxi University of Finance and Economics (江西財經大學)) in Jiangxi Province, China, in July 1988, and a doctorate degree in industrial economics from Jiangxi University of Finance and Economics in June 2008. Mr. Chen was accredited as a senior economist by China Construction Bank in December 1999.



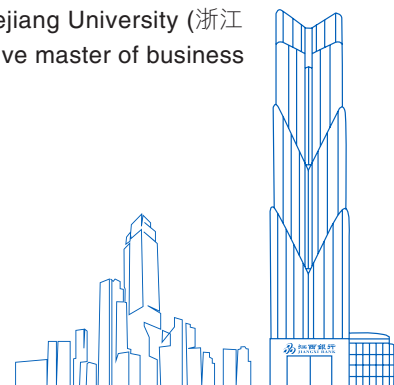
CHAPTER V DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT MEMBERS, EMPLOYEES AND INSTITUTIONS

Mr. XU Jihong (徐繼紅) is an executive Director, a vice president of the Bank and the secretary to the Board. Mr. Xu joined the Bank when it was established in 1998 as the president of a subbranch of the Bank and was promoted as the secretary to the Board in September 2006. Since April 2008, Mr. Xu has also been the vice president of the Bank. Prior to joining the Bank, Mr. Xu was the director and legal representative of Nanchang Science and Technology City Credit Union (南昌科技城市信用社) from May 1995 to January 1998. From July 1986 to May 1995, Mr. Xu was with Nanchang Branch of China Construction Bank and successively worked at the business department and the financial and accounting department.

Mr. Xu completed his correspondence course and obtained a diploma in finance from Jiangxi Institute of Finance and Economics in July 1992. He also completed his long distance learning courses in political education offered by Jiangxi Normal University and obtained a college diploma in December 1999. Mr. Xu was accredited as an accountant by the Ministry of Finance of the PRC in May 1996.

Mr. LUO Yan (羅焱) is an executive Director of the Bank. He joined the Bank in February 2018, and served as the president of the Bank until 15 October 2021, as the executive Director in May 2018, as the vice chairman from August 2018 to 15 October 2021, and as the deputy secretary to the party committee from September 2020 to 15 October 2021. From August 2016 to January 2018, Mr. Luo successively served as the president, a director and a deputy secretary to the party committee of Guangdong Nanyue Bank Co., Ltd. (廣東南粵銀行股份有限公司). From October 2004 to February 2016, Mr. Luo was with China CITIC Bank Corporation Limited (中信銀行股份有限公司) (formerly known as CITIC Industrial Bank (中信實業銀行)), where he successively served as an assistant to the head of the general office, a deputy head of the general office, the secretary to the board, head of the general office and head of the office of board of directors and supervisors, the president and secretary to the party committee of Guangzhou Branch, and the president and secretary to the party committee of Shenyang Branch. From June 1996 to October 2004, Mr. Luo was with China Merchants Bank Co., Ltd. (招商銀行股份有限公司), where he successively served as a deputy manager and a manager of the business division, and a senior manager of the secretarial office of general office and assistant to the head of general office. From August 1990 to June 1996, he successively served as a loan officer and deputy section chief of credit department in Bank of Communications Co., Ltd. Yangzhou Branch (交通銀行揚州分行).

Mr. Luo obtained a bachelor's degree in industrial financial accounting from Inner Mongolia University of Finance and Economics (內蒙古財經大學) (formerly known as Inner Mongolia Institute of Finance and Economics (內蒙古財經學院)) in Inner Mongolia Province in July 1990 and a master's degree in management science and engineering from Zhejiang University (浙江大學) in Zhejiang Province in June 2008. Mr. Luo also obtained an executive master of business administration from Peking University (北京大學) in Beijing in July 2011.



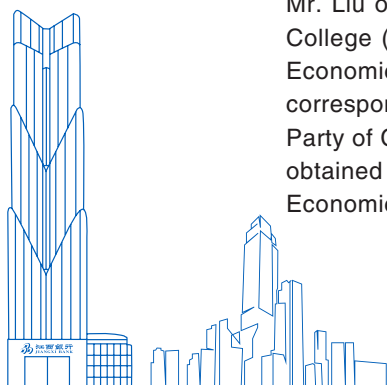
Non-executive Directors

Mr. YU Minxin (喻旻昕) is a non-executive Director. He holds a master's degree and is a registered accountant and a senior accountant. He currently serves as the chief financial officer of Jiangxi Expressway Investment Group Co., Ltd. (江西省交通投資集團有限責任公司) Mr. YU served as the deputy manager of the finance department (presiding over the work) and the manager of the finance department of Jiangxi Foreign Trade Asset Operation Co., Ltd. (江西省外貿資產經營有限公司), the manager of the financial audit department and the manager of the finance department of Jiangxi Provincial State-owned Enterprise Assets Operation (Holdings) Co., Ltd. (江西省省屬國有企業資產經營(控股)有限公司) (during which time, he also served as the chairman and legal representative of Nanchang Xinren Fuji Commercial Management Co., Ltd.(南昌市信仁富基商業管理有限公司)).

Mr. LI Zhanrong (李占榮) is a non-executive Director. He has a university degree and a master's degree, and is an economist. Mr. Li used to work in Jiangxi Cement Plant (江西水泥廠) (now known as Jiangxi Wannianqing Co., Ltd. (萬年青股份有限公司)) and State-owned Assets Management Bureau of Jiangxi Province (江西省國有資產管理局). Mr. Li later worked in Jiangxi Provincial Department of Finance (江西省財政廳) and successively served as senior staff member, principal staff member and deputy head. He is now the assistant to the general manager of Jiangxi Provincial Expressway Investment Group Co., Ltd. and also the secretary to the party committee and chairman of Jiangxi Provincial Expressway Investment Group Co., Ltd. Road Network Operation Management Company (江西高速集團路網運營管理公司) (Jiangxi Highway Development Co., Ltd.(江西公路開發有限責任公司)).

Mr. LIU Sanglin (劉桑林) is a non-executive Director. Since September 2014, Mr. Liu has been with Jiangxi Financial Holding, where he successively served as the head of asset management department, an assistant to the general manager and the head of human resources department and has been responsible for assets inspection and management, and human resources management of this company. Since December 2009, he has also been a deputy general manager, vice president and president of Jiangxi Provincial Credit Guarantee Co., Ltd. (江西省信用擔保股份有限公司). Mr. Liu's previous working experiences include serving as (i) the director of asset management division of Asset Management Center of Jiangxi Provincial Administrative Institution from June 2009 to August 2016, (ii) senior staff member and principal staff member of Treasury Department of the Jiangxi Provincial Department of Finance (省財政廳國庫處) from January 2001 to June 2009, and (iii) cadre, clerk, staff member and senior staff member of Budget Department of Jiangxi Provincial Department of Finance (省財政廳預算處) from August 1986 to January 2001.

Mr. Liu obtained a diploma in public finance from Jiangxi Finance and Economics Vocational College (江西省財務會計學校) (currently known as Jiangxi Vocational College of Finance and Economics (江西財經職業學院)) in Jiangxi Province, China, in July 1986 and completed his correspondence undergraduate course in Party School of the Central Committee of Communist Party of China, majoring in economics management and graduated in December 1997. He then obtained his postgraduate diploma in international trade from Jiangxi University of Finance and Economics in July 2004.



CHAPTER V DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT MEMBERS, EMPLOYEES AND INSTITUTIONS

Mr. DENG Jianxin (鄧建新) is a non-executive Director. Since June 2015, Mr. Deng has been a director of Jiangxi Hongcheng Waterworks Co., Ltd.(江西洪城水業股份有限公司) (SSE stock code: 600461). Since April 2014, Mr. Deng has served as the chairman and secretary to the party committee of Nanchang Municipal Public Investment Holding Co., Ltd. (南昌市政公用投資控股有限責任公司). Mr. Deng also serves as a director of Jiangxi Hongcheng Yikatong Investment Co., Ltd. (江西省洪城一卡通投資有限公司) and a director of Nanchang Gas Group Co., Ltd. (南昌市燃氣集團有限公司). From September 2011 to April 2014, Mr. Deng served as the secretary to the leading party group and head of Nanchang Municipal Commission of Development and Reform (南昌市發展和改革委員會). From February 2007 to September 2011, he served as the secretary to the leading party group and head of Safety Production Supervision and Administration Bureau of Nanchang (南昌市安全生產監督管理局). From December 2004 to February 2007, Mr. Deng served as a deputy head and a member of leading party group of Nanchang Municipal Commission of Development Planning. From September 2002 to February 2007, he served as the head of Nanchang Information Office (南昌市資訊化辦公室). From September 2002 to December 2004, Mr. Deng was a deputy head and a member of leading party group of Nanchang Municipal Commission of Development Planning (南昌市發展計劃委員會). From June 1990 to September 2002, Mr. Deng successively held various positions in Nanchang Municipal Commission of Planning (南昌市計委) including a deputy head and a member of leading party group. Mr. Deng was accredited as a “2014 Excellent Entrepreneur of Jiangxi Province” (2014 年度江西省優秀企業家) in 2015 by Jiangxi Provincial Association of Enterprises (江西省企業聯合會) and Jiangxi Provincial Association of Entrepreneurs (江西省企業家協會). Mr. Deng was granted the Award for Science and Technology Progress of Jiangxi Province (First Prize) in 2019 and was selected as a “New Age Pioneer of Ganbo” in Nanchang in 2019. Mr. Deng was awarded “the Title of National Model Worker” (全國勞動模範稱號) in 2020 and was elected as a “2020 Outstanding Entrepreneur of Jiangxi Province” (2020 年度江西省傑出企業家) in 2021.

Mr. Deng obtained a college diploma in plant protection from Jiangxi Agricultural University (江西農業大學) in Jiangxi Province, China, in July 1986. Mr. Deng was qualified as a senior economist by Jiangxi Provincial Title Commission Office (江西省職稱工作辦公室) in December 2015.

Ms. ZHUO Liping (卓莉萍) is a non-executive Director, a master of business administration and a statistician. From August 1996 to January 2006, Ms. Zhuo served as a staff member of the planning division of China National Tobacco Corporation Jiangxi Branch (中國煙草總公司江西省公司). From February 2006 to March 2018, she successively served as a senior staff member, principal staff member and deputy head of the planning division of China National Tobacco Corporation Jiangxi Branch. From March 2018 to present, she has been served as a deputy head (person in charge) and head of the financial division of China National Tobacco Corporation Jiangxi Branch.

She obtained a bachelor’s degree in business economics from China Renmin University in July 1996, and a master’s degree in business administration from MBA Faculty, Shanghai University of Finance and Economics in April 2004, as well as intermediate statistician qualification granted by the National Bureau of Statistics in October 2005.



Independent Non-executive Directors

Ms. ZHANG Rui (張蕊) is an independent non-executive Director and Ms. Zhang has been an expert entitled to special allowance granted by the State Council since August 2005. She also obtained a certificate of Star Teacher in Higher Education Institutions (高等學校教學名師獎) issued by the Ministry of Education of the People's Republic of China in September 2009.

Ms. ZHANG Rui obtained a bachelor's degree in economics (accounting) from Jiangxi Institute of Finance and Economics (江西財經學院) in July 1984, a master's degree in economics (accounting) from Jiangxi Institute of Finance and Economics in July 1990 and a doctoral degree in management (accounting) from Zhongnan University of Economics and Law in December 2001. Ms. ZHANG Rui was accredited as a professor of accounting by Jiangxi Provincial Title Reform Leading Group in September 1998.

From September 1984 to May 2021, Ms. ZHANG has been with Jiangxi University of Finance and Economics (formerly known as Jiangxi Institute of Finance and Economics (江西財經學院)), where she successively served as a teacher in department of finance and accounting, the head of the teaching and research section for auditing of department of finance and accounting, a deputy head of department of finance and accounting, the dean of faculty of accounting and a director of research and development center for accounting development. She is currently working in the School of Accounting of Jiangxi University of Finance and Economics.

She has been an independent director of Heng Bang Property insurance Co. Ltd (恒邦財產保險股份有限公司) from February 2015 to present, an independent director of Jiangxi Fushine Pharmaceutical Co., Ltd (SZSE stock code: 300497) from March 2019 to present, an independent director of Shenzhen Aisidi Co. Ltd (SZSE stock code: 0024162011) from October 2019 to present, an independent director of Nayuki Holdings Limited (SEHK2150) from June 2021 to present.

Ms. ZHANG Wangxia (張旺霞) is an independent non-executive Director and Ms. Zhang was with the institution department II (機構二處) of Beijing Bureau of CSRC and was appointed as a deputy head (person in charge) in June 2013. Before that, she was a deputy head of inspection department (稽查處) of Beijing Bureau of CSRC. From August 2018 to present, Ms. Zhang has been the vice chairman of China International Futures Co., Ltd.

Ms. Zhang obtained her bachelor's degree in philosophy from Beijing Normal University (北京師範大學) in Beijing, China, in July 1999 and a master's degree in law from Peking University in June 2004. Ms. Zhang also obtained an executive master of business administration from the Hong Kong University of Science and Technology in November 2013. Ms. Zhang received the certificate of the legal profession qualifications granted by Ministry of Justice of the PRC in February 2005.



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Mr. WONG Hin Wing (黃顯榮) is an independent non-executive Director and obtained an Executive Master of Business Administration from The Chinese University of Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England & Wales, the Association of Chartered Certified Accountants, the Hong Kong Institute of Directors and the Chartered Governance Institute in the UK. He is also a member of the American Institute of Certified Public Accountants and a chartered member of the Chartered Institute for Securities & Investment in the UK. Mr. WONG was awarded the Medal of Honour by the Government of HKSAR in 2021.

He is currently an independent non-executive director of CRCC High-Tech Equipment Corporation Limited(中國鐵建高新裝備股份有限公司)(a public company with H shares listed on the Stock Exchange), Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited(a public company with A shares listed on the Shanghai Stock Exchange and H shares listed on the Stock Exchange), Inner Mongolia Yitai Coal Co., Ltd.(內蒙古伊泰煤炭股份有限公司)(a public company with B shares listed on the Shanghai Stock Exchange and H shares listed on the Stock Exchange), Wine's Link International Holdings Limited (威揚酒業國際控股有限公司) (a public company listed on the Stock Exchange), Jiangxi Bank Co., Ltd.(a public company with H shares listed on the Stock Exchange) and Zhaoke Ophthalmology Limited(a public company listed on the Stock Exchange).

He is also a member of Anhui Provincial Committee of the Chinese People's Political Consultative Conference, a panel member of Securities and Futures Appeals Tribunal, a panel member of Public Interest Entities Auditor Review Tribunal, a member of Construction Industry Council, a member of Betting, Gaming and Lotteries Commission and a member of the Medical Council of Hong Kong.

He served as the managing partner and licensed principal of Hermitage Capital HK Limited, a licensed corporation registered under the Securities and Futures Ordinance. Prior to this, he had worked with an international audit firm for four years and then a listed company as chief financial officer for seven years. He then co-founded Silk Road International Capital Limited(絲路國際資本有限公司, a licensed corporation and formerly known as s Legend Capital Partners, Inc. (安裡俊投資有限公司)), and served as its executive director and licensed principal for twenty-three years. He has thirty-eight years of extensive experience in corporate management and governance, investment management and advisory, accounting and finance.

Ms. WANG Yun (王蕓) is an independent non-executive Director and since September 1989, Ms. Wang has been with East China Jiaotong University and successively served as a teaching assistant, lecturer, head of accounting department, associate professor and deputy dean of faculty of economic management. She is currently a professor of accounting department of faculty of economic management as well as a supervisor of postgraduates. She has been an independent director of Jiangxi Special Electric Motor Co., Ltd.(江西特種電機股份有限公司)(SZSE stock code: 002176) since November 2020. Since May 2017, she has been an independent director of Jiangxi 3L Medical Products Group Co., Ltd. (江西 3L 醫用製品集團有限公司).



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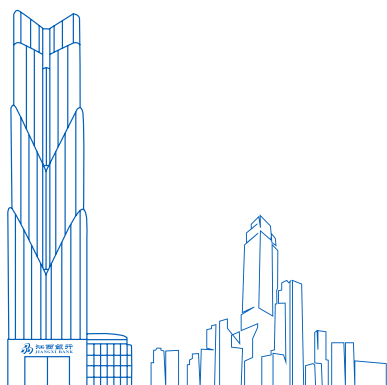
Ms. Wang obtained a bachelor's degree in financial accounting and a master's degree in accounting from East China Jiaotong University in June 1993 and June 2005, respectively. She also obtained her doctorate degree in industrial economics from Jiangxi University of Finance and Economics in January 2009. Ms. Wang was accredited as a professor by Jiangxi Provincial Title Commission Office in November 2005. From September 2007 to January 2008, Ms. Wang was a visiting scholar at the School of Management of Fudan University in Shanghai, the PRC.

5.3.2 Supervisors

Employee Representative Supervisors

Mr. LIU Fulin (劉福林) joined the Bank as the chairman of the Board of Supervisors in December 2015. From July 1985 to September 1988, Mr. Liu was a teacher and a teaching assistant at Jiangxi Institute of Economic Administrators (江西經濟管理幹部學院). From July 1990 to March 2010, Mr. Liu was with Jiangxi Government and successively served as (i) a cadre, senior staff member and principal staff at the financial division of the General Office, (ii) the director of the financial division of the General Office in Bureau of Government Offices Administration (機關事務管理局), (iii) a deputy director and researcher of commercial and finance division (商金處) of the General Office, (iv) a deputy director and researcher of the financial division of the General Office and (v) the director of financial division General Office. From March 2010 to January 2016, Mr. Liu was with Financial Office of People's Government of Jiangxi Province (江西省政府金融辦) and successively served as the director of the division of capital market, a deputy head and the head. From December 2015 to present, Mr. Liu has been an employee representative Supervisor and chairman of the Board of Supervisors of the Bank.

Mr. Liu obtained his bachelor's degree in mathematics from Jiangxi Normal University in July 1985 and master's degree in accounting from Shanghai University of Finance and Economics (上海財經大學) in Shanghai, China, in January 1994.



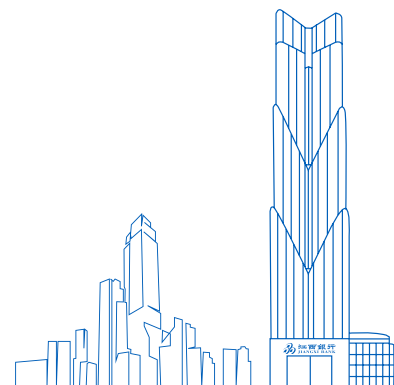
CHAPTER V DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT MEMBERS, EMPLOYEES AND INSTITUTIONS

Mr. LOU Mingnong (婁明農) was elected as an employee representative Supervisor of the Bank on May 28, 2020. From August 1992 to August 1998, Mr. Lou served as the chief accountant and deputy section chief of Jiangxi Diesel Engine Plant (江西柴油機廠). From August 1998 to December 2015, he successively served as an auditor and deputy general manager of auditing department of Bank of Nanchang, vice president (person in charge) of Bank of Nanchang Railway Sub-branch, deputy general manager (person in charge) of credit management department of Bank of Nanchang, and general manager of risk management department of Bank of Nanchang. From December 2015 to February 2016, he served as the general manager of risk management department of Jiangxi Bank. From February 2016 to April 2020, he served as the general manager of credit approval department of Jiangxi Bank. From April 2020 to present, he has been the head of the general office of the Board of Supervisors of Jiangxi Bank. In September 2020, he also served as the general manager of auditing department of Jiangxi Bank.

Mr. Lou obtained a bachelor's degree in accounting from Jiangxi University of Finance and Economics in December 2006. He was accredited as a certified accountant by Ministry of Finance of the PRC in December 2001.

Mr. CHEN Xinxiang (陳新祥) joined the Bank in December 2015 and has served as an employee representative Supervisor of the Bank since then. From August 1989 to November 1999, Mr. Chen was a teacher at Jingdezhen Grain School (景德鎮市糧食學校). From July 2002 to December 2015, Mr. Chen was with Jingdezhen City Commercial Bank, and successively served as a deputy manager of the planning and finance department, manager of business department and the manager of the planning and finance department. From March 2016 to August 2016, Mr. Chen was a deputy general manager of the planning and finance department of the Bank. From August 2016 to May 2021, Mr. Chen has been a vice president of Jingdezhen Branch.

Mr. Chen obtained a diploma in physics from Jingdezhen College of Education (景德鎮教育學院) (currently known as Jingdezhen College (景德鎮學院)) in July 1989. He also obtained a diploma in accounting from Zhongnan University of Finance and Economics (中南財經大學) (currently known as Zhongnan University of Economics and Law (中南財經政法大學)) in June 1999. Mr. Chen was accredited as an accountant by Ministry of Finance of the PRC in May 1998.



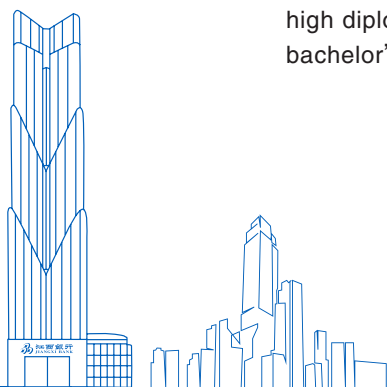
Shareholder Representative Supervisors

Mr. YU Han (于晗) is a shareholder representative Supervisor, and has been with Ganshang Union (Jiangxi) Co., Ltd. since March 2015. Mr. Yu was a cadre of the Planning and Development Division of the Department of Commerce of Gansu Province from December 2005 to May 2006, a staff member of Office of the Department of Commerce of Gansu Province from May 2006 to December 2009, and a senior staff member of Office of the Department of Commerce of Gansu Province from December 2009 to July 2010. From July 2010 to July 2012, Mr. Yu was selected to work in Sangke Township, Xiahe County, Gannan Tibetan Autonomous Prefecture, Gansu Province, and served as Deputy Secretary of the Township Party Committee. From August 2012 to March 2015, he served as the Deputy Chief Staff Officer and Chief Staff Officer of the Foreign Economic Relations Department of the Gansu Provincial Department of Commerce. From March 2015 to present, Mr. Yu has been the general manager of Ganshang United (Jiangxi) Co., Ltd. Mr. Yu obtained a bachelor's degree in economics from Lanzhou University in July 2005.

Mr. ZHOU Minhui (周敏輝) is a shareholder representative Supervisor, and has been with Jiangxi Copper Company Limited since 1982. From July 2016 to April 2018, Mr. Zhou served as the general manager of the financial management department of that company. From April 2018 to present, Mr. Zhou has been a full-time director and supervisor of an investment enterprise of Jiangxi Copper Company Limited.

Mr. Zhou completed his long distance learning courses in industrial accounting offered by Jiangxi Radio & TV University (江西廣播電視大學) in July 1986. He also completed his correspondence undergraduate course in Party School of the Central Committee of Communist Party of China, majoring in law in December 2004. Mr. Zhou was qualified as an accountant by the Ministry of Finance of the PRC in December 1992.

Mr. WANG Ruiqiang (王銳強) was elected as a shareholder representative Supervisor of the Bank on December 18, 2020. From 1977 to 1990, Mr. Wang was successively served as an assistant assessor and an assessor for the Hong Kong Inland Revenue Department; he successively served as a senior manager, partner of PricewaterhouseCoopers from 1990 to 2012; he has been serving as an independent director of Xinte Energy (HKEX stock code: 1799) from 2015 to June 2021; he has been serving as a director and the vice chairman of the board of directors of AMTD Group Company Limited (尚乘集團有限公司) since 2015, since February 2019 to present, he served as director of AMTD International Inc (New York Stock Exchange and Singapore Stock Exchange stock code: NYSE: AMTD/SGX:HKB). Mr. WANG obtained a high diploma in accountancy from the Hong Kong Polytechnic in October 1977; he obtained a bachelor's degree of laws from The University of London in 1989.



CHAPTER V DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT MEMBERS, EMPLOYEES AND INSTITUTIONS

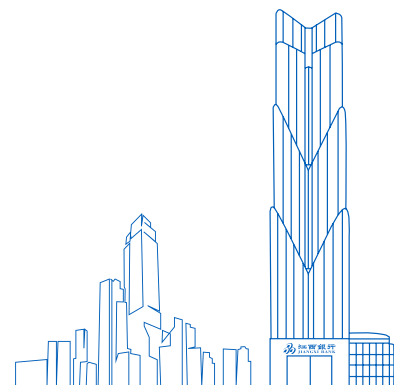
External Supervisors

Mr. SHI Zhongliang (史忠良) is an external Supervisor, and served as the principal and a professor of Jiangxi University of Finance and Economics from February 1995 to October 2004. Mr. Shi received his diploma in political economy from Fudan University in July 1967. Mr. Shi was accredited as a researcher by Jiangxi Title Reform Committee in June 1992.

Ms. LI Danlin (李丹林) is an external Supervisor, and has been a teacher of Communication University of China (中國傳媒大學) or its predecessors since July 1986. She is currently a professor of institute of cultural and business management. Ms. Li obtained a bachelor's degree in law and a master's degree in economic law from Peking University in July 1986 and January 2002, respectively. She also obtained her doctorate degree in communication from Communication University of China (中國傳媒大學) in June 2011. In June 1993, Ms. Li was qualified as a lawyer by Beijing Municipal Bureau of Justice (北京市司法局).

Mr. SHI Jing is an external Supervisor, and has been a professor within the Faculty of Business & Economics of Macquarie University since February 2018. From February 1997 to March 2014, Mr. Shi was with the Australian National University and successively served as an associate lecturer, a lecturer of finance, a senior lecturer of finance and an associate professor of finance. From March 2014 to February 2018, Mr. Shi was a professor of Royal Melbourne Institute of Technology University.

Mr. Shi obtained a bachelor's degree in finance from University of Otago in New Zealand in July 1998 and a doctorate degree in finance from the Australian National University in September 2001, respectively.

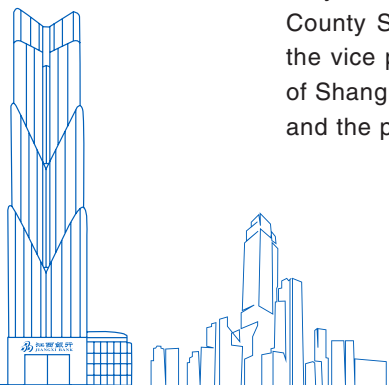


5.3.3 Senior Management Members

Mr. CHEN Yong (陳勇) has served as the vice president of the Bank since March 2006. He joined the Bank in April 1998 and took various positions in the Bank, including (i) a deputy director of the general office of the Bank, (ii) the director of the general office of the Bank, (iii) the head of general office of party committee (黨委辦公室) of the Bank, (iv) a deputy secretary to the party committee, (v) chairman of the labor union, (vi) a party committee member, director and vice president of the Bank. Prior to joining the Bank, Mr. Chen was a cadre at the preparatory office of Nanchang Coordination Bank (南昌市合作銀行) from November 1996 to April 1998. From October 1991 to November 1996, he was with Nanchang Branch of Jiangxi Corporation for International Economic and Technical Cooperation (江西國際經濟技術合作公司南昌分公司) (currently known as Nanchang International Technology Cooperation Co., Ltd. (南昌國際經濟技術合作公司), a company primarily engaged in overseas labor service dispatch and foreign engineering contracting), where he successively served as an engineer, deputy director of manager office, manager of international cooperation division I, manager of labor division I and assistance to general manager. From August 1982 to October 1991, Mr. Chen successively served as a technologist at Jiangxi National Pharmaceutical Factory (江西國藥廠) and a deputy factory director of a starch branch factory.

Mr. Chen obtained a bachelor's degree in inorganic chemical engineering and a bachelor's degree in law from Jiangxi Polytechnic College (江西工學院) (currently known as Nanchang University) and Jiangxi Normal University in July 1982 and April 2001, respectively. Mr. Chen also obtained a master's degree of business administration in cooperation with New York Institute of Technology of Jiangxi University of Finance and Economics (江西財經大學) in May 2008. Mr. Chen was accredited as a senior engineer by Jiangxi Title Reform Committee in November 1995.

Mr. YU Jian (俞健) has served as the vice president of the Bank since May 2020. Mr. Yu joined the Bank in July 2008, and took various positions in the Bank, including: (i) a deputy general manager of the asset risk management department; (ii) a deputy general manager of the corporate banking department; (iii) a secretary to the party branch and president of Fengcheng Sub-branch; (iv) a secretary to the party branch and president of Gongren Subbranch; (v) a secretary to the party branch and president of Bayi Sub-branch; (vi) the vice president of the Bank and a secretary to the party branch and president of Bayi Sub-branch. Prior to joining the Bank, Mr. Yu was with the Agricultural Bank of China from July 1995 to July 2008, and successively served as the deputy head and head of the Zhenzhushan business office of Wuyuan County Sub-branch, the manager of asset management department of Wuyuan County Sub-branch, the head of the auditing office of Dexing City under Shangrao Branch, the vice president of Shangrao County Sub-branch, the deputy head of business department of Shangrao Branch, the manager of asset risk management department of Shangrao Branch, and the president of Xinjiang Sub-branch, Shangrao Branch.

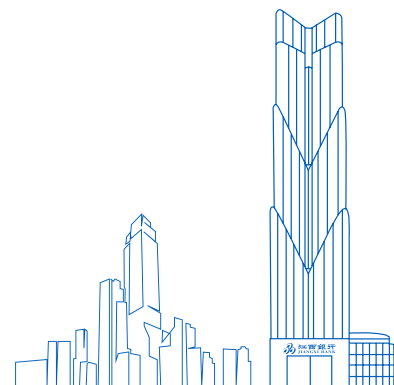


CHAPTER V DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT MEMBERS, EMPLOYEES AND INSTITUTIONS

Mr. Yu obtained a bachelor's degree in law from Nanchang University, a master's degree in industrial engineering from Nanchang University, and a master's degree in corporate management from East China University of Technology in July 2005, January 2008 and June 2012, respectively.

Mr. CHENG Zongli (程宗禮) is the vice president of the Bank, and served as the vice president of the Bank since December 2010. Mr. Cheng joined the Bank when it was established and took various positions in the Bank, including: (i) a deputy director of asset risk management division; (ii) a deputy manager of special assets management department; (iii) a vice president of Yongxing Sub-branch and Minde Sub-branch; (iv) a deputy general manager of corporate business department (take charge); (v) the general manager of credit management department; (vi) the president of Railway Sub-branch; and (vii) a vice president and member of party committee of the Bank. Mr. Cheng's previous working experiences also include serving as (i) a clerk in Nanchang City Credit Union (南昌城市信用社) from October 1994 to August 1997 and (ii) a physician at Nanchang No. 9 Hospital (南昌市第九醫院) from August 1989 to October 1994.

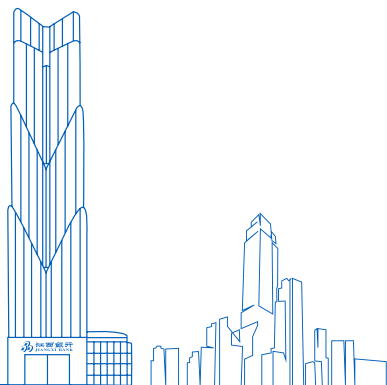
Mr. Cheng obtained a bachelor's degree in clinical medicine from Jiangxi Medical College (江西醫學院) (currently known as the Medical School of Nanchang University) in July 1989. He also obtained a bachelor's degree in money and banking by completing the correspondence course offered by Peking University in July 1999 and a master's degree of business administration from Nanchang University in January 2010. Mr. Cheng was qualified as a senior economist by the General Office of Professional Title in Jiangxi Province in November 2016.



CHAPTER V DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT MEMBERS, EMPLOYEES AND INSTITUTIONS

Mr. CAI Xiaojun (蔡小俊) has served as the vice president of the Bank since August 2011. Prior to joining the Bank, Mr. Cai was with the CBRC Jiangxi Office (中國銀行業監督管理委員會江西監管局) from October 2003 to August 2011 and held various positions successively, including: (i) a principal staff member of supervision division of Industrial and Commercial Bank of China (工行監管處), (ii) a deputy director of supervision division of Industrial and Commercial Bank of China, (iii) a deputy director and party committee member of CBRC Jingdezhen Bureau (景德鎮銀監分局), (iv) a deputy director of statistical and information division (統計信息處), and (v) a deputy director of supervision division of city commercial banks (城市商業銀行監管處). From September 1994 to October 2003, Mr. Cai was with PBOC and successively served as: (i) a staff member of the planning division of Financial Research Institution of PBOC Jiangxi Branch (中國人民銀行江西省分行金融研究所), (ii) a vice president of PBOC Jiangxi Xiushui County Subbranch (中國人民銀行江西省修水縣支行), (iii) a deputy section chief of the general department of planning and fund division in PBOC Nanchang Supervision Office (中國人民銀行南昌監管辦計劃資金處綜合科), (iv) a deputy section chief of the general division in PBOC Nanchang Supervision Office (中國人民銀行南昌監管辦綜合處) and (v) a principal staff member of the general division in PBOC Nanchang Supervision Office, supervision division of banks in PBOC Nanchang Supervision Office (中國人民銀行南昌監管辦銀行檢查處) and supervision division of Industrial and Commercial Bank of China.

Mr. Cai obtained a bachelor's degree in applied mathematics, a master's degree in operational research and cybernetics and a master's degree of business administration from Huazhong College of Engineering (華中工學院) (currently known as Huazhong University of Science and Technology), Fudan University, Southwestern University of Finance and Economics (西南財經大學) in July 1986, July 1994 and December 2002, respectively. Mr. Cai was qualified as a senior economist by Senior Professional and Technical Qualification of Economist Review Committee of PBOC (中國人民銀行經濟系列高級專業技術資格評審委員會) in October 2004.



5.3.4 Company Secretaries

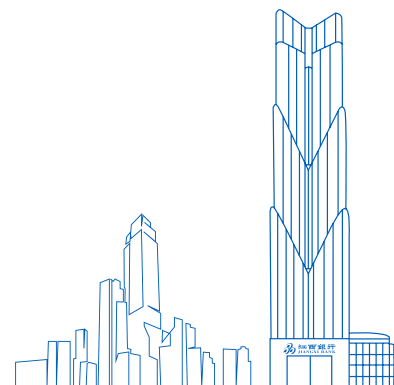
Mr. XU Jihong (徐繼紅) is a joint company secretary of the Bank. For biographical details of Mr. Xu, please see “5.3.1 Directors” of this annual report.

Dr. NGAI Wai Fung (魏偉峰) is a joint company secretary of the Bank. He currently is a director and the chief executive officer of SWCS Corporate Services Group (Hong Kong) Limited and Dr. Ngai has over 30 years of professional practice and senior management experience including acting as the executive director, chief financial officer and company secretary, most of which are in the areas of finance, accounting, internal control and regulatory compliance, corporate governance and company secretarial work for listed issuers including major red chips companies.

Dr. Ngai was the president of the Hong Kong Institute of Chartered Secretaries (now known as the Hong Kong Chartered Governance Institute) (2014-2015), a non-official member of the Working Group on Professional Services under the Economic Development Commission of the Hong Kong Special Administrative Region (2013-2018) and a member of the Qualification and Examination Board of the Hong Kong Institute of Certified Public Accountants (2013-2018). Dr. Ngai was appointed as a member of the General Committee and the Chairman of Membership Services of Sub-Committees of the Chamber of Hong Kong Listed Companies in June 2014 and September 2020, respectively, and was appointed as a Finance Expert Consultant by the Ministry of Finance in June 2016.

Dr. Ngai is a fellow member of the Hong Kong Chartered Governance Institute, a fellow member of the Chartered Governance Institute, a member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants in the United Kingdom, and a member of the Chartered Institute of Arbitrators.

Dr. Ngai held a master’s degree in business administration from Andrews University in the United States, a bachelor’s degree (Honours) in law from the University of Wolverhampton in the United Kingdom, a master’s degree in corporate finance from the Hong Kong Polytechnic University, and a doctoral degree in economic majoring in finance from the Shanghai University of Finance and Economics.



5.4 CONFIRMATION OF INDEPENDENCE FROM INDEPENDENT NONEXECUTIVE DIRECTORS

The Bank has received annual confirmation of independence from each independent non-executive Directors, confirming all independent non-executive directors are independent pursuant to Rule 3.13 of Hong Kong Listing Rules.

5.5 INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

As at December 31, 2021, the interests and short positions of the Directors, Supervisors and chief executives of the Bank in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Bank and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) which were required to be notified to the Bank and the Stock Exchange pursuant to the Model Code, were as follows:

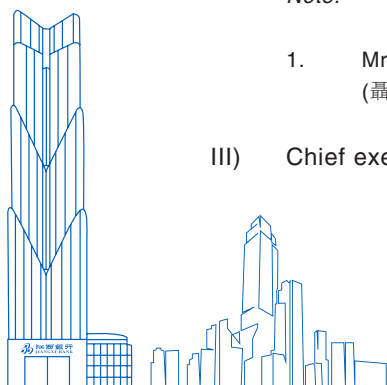
- I) Directors: Nil
- II) Supervisors:

Name	Position	Class of shares	Nature of interest	Number of shares directly or indirectly held (Unit: share)	Approximate percentage of the issued share capital of the relevant share class	Approximate percentage of the total share capital of the Bank
CHEN Xinxiang	Employee Representative Supervisor	Domestic Shares	Beneficial interest	46,901	0.0010%	0.00078%
LIU Fulin ¹	Employee Representative Supervisor	Domestic Shares	Interest of spouse	2,000	0.000043%	0.000033%

Note:

1. Mr. Liu Fulin is deemed to be interested in 2,000 Domestic Shares held by his spouse, Ms. Nie Lei (聶磊), by virtue of the SFO.

- III) Chief executives: Nil



5.6 INFORMATION OF EMPLOYEES

5.6.1 Composition of Employees

As of the end of the Reporting Period, the Bank has a total of 5,365 official employees.

1 *By age*

The Bank has 2,360 employees aged 30 or under, accounting for 43.99% of the total number of employees; 1,962 employees aged 31 to 40, accounting for 36.57% of the total number of employees; 888 employees aged 41 to 50, accounting for 16.55% of the total number of employees; and 155 employees aged over 50, accounting for 2.89% of the total number of employees.

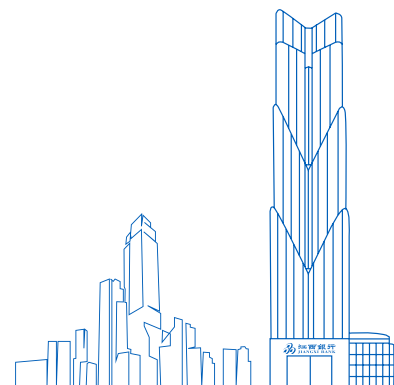
2 *By education*

The Bank has 4,986 employees with a bachelor degree or above, accounting for 92.94% of the total number of employees, and 379 employees with a college degree or below, accounting for 7.06% of the total number of employees.

5.6.2 Employee Training Plan

During the Reporting Period, with the Bank's strategic guiding principle and business philosophy as the guidance, the quality and ability development as the core and the common growth of the Company and its employees as the goal, the Bank gradually formed a training mechanism that is compatible for the development of the Bank and in line with the pattern of employee growth, and built a learning, pragmatic and innovative employee team.

During the Reporting Period, in accordance with the requirements of regular epidemic prevention and control, and in connection with the Work Plan for Employees' Educational Training for 2021 of the Bank, the Bank gave full play to the advantages of the online learning platform of unlimited locations and learning at any time, timely carried out live streaming training on new businesses and new products, actively participated in online training held by external agencies. Through the combination of internal and external training, theory and practice as well as camp training and self-study, the Bank enhanced the employees' sense of recognition with the company, improving the employees' working ability and standard.



5.6.3 Employee Remuneration Policy

1 *Remuneration policy*

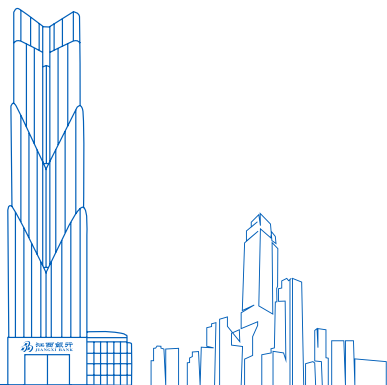
In strict compliance with the Supervisory Guidelines on Sound Compensation in Commercial Banks and other relevant regulations, the Bank established a value-oriented compensation system of “unified position and salary, salary changes for ranking changes and bonus based on performance” to undertake the construction of dual-channel promotion mechanism for position and rank, and deferred the payment for the pro rata performance-based compensation to the Bank’s senior management members and positions that have a significant impact on risks in accordance with regulatory requirements. Employees enjoy the enterprise annuity, supplementary medical insurance and other welfares, in addition to the basic pension insurance, basic medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, housing provident fund and other various legal welfares specified by the state.

2 *Linkage between remuneration policy and risk*

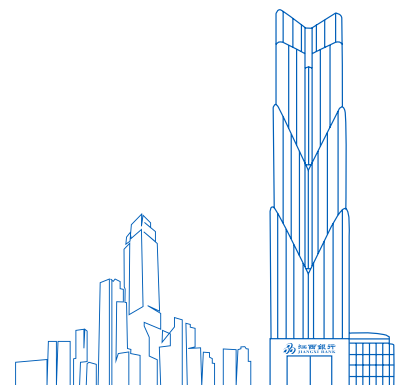
In 2021, in principle, 50% of the entire performance-based remuneration of some of medium cadres is linked to the resolution task in order to reinforce the hierarchical resolution and responsibility system for risk resolution and define the collection responsibilities of different levels.

3 *Total amount of unpaid and paid deferred compensation*

In 2021, the Bank’s total amount of accrued unpaid and paid deferred compensation was RMB105,251,700 and RMB23,168,300 respectively.



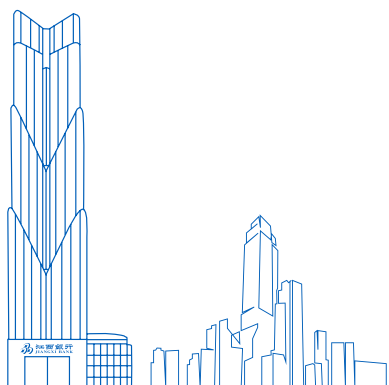
5.7 ORGANIZATIONAL STRUCTURE



CHAPTER V DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT MEMBERS, EMPLOYEES AND INSTITUTIONS

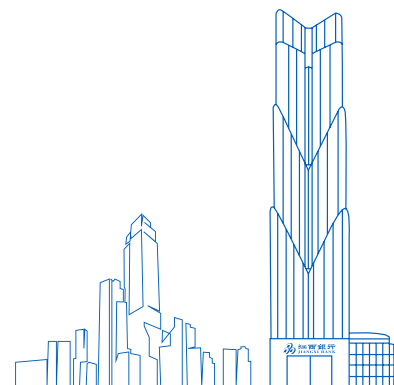
5.8 BASIC INFORMATION OF BRANCHES AND SUB-BRANCHES

Area	Name of institutions	Business address (in China)	Notes
Nanchang, Jiangxi	Head office	No. 699 Financial Street, Honggutan New District, Nanchang, Jiangxi Province	Governing 77 licensed branches and sub-branches in Nanchang
Pingxiang, Jiangxi	Pingxiang branch	No. 198 Jianshe Middle Road, Anyuan District, Pingxiang, Jiangxi Province	Governing 8 licensed institutions in Pingxiang
Jiujiang, Jiangxi	Jiujiang branch	No. 248 Changhong Avenue, Lianxi District, Jiujiang, Jiangxi Province	Governing 14 licensed institutions in Jiujiang
Ganzhou, Jiangxi	Ganzhou branch	Building 8, Shenghui City Center, Ganxian Road, Zhanggong District, Ganzhou, Jiangxi Province	Governing 22 licensed institutions in Ganzhou
Yichun, Jiangxi	Yichun branch	No.636 Yichun North Road, Yuanzhou District, Yichun, Jiangxi Province	Governing 15 licensed institutions in Yichun
Xinyu, Jiangxi	Xinyu branch	No.69 Zhongshan Road, Yushui District, Xinyu, Jiangxi	Governing 4 licensed institutions in Xinyu
Shangrao, Jiangxi	Shangrao branch	Building 20, No. 32 Xingyuan Road, Economic and Technological Development Zone, Shangrao, Jiangxi Province	Governing 13 licensed institutions in Shangrao
Ji'an, Jiangxi	Ji'an branch	1/F, Tianhong Shopping Plaza, West of Jinggangshan Avenue and North of Guangchang South Road, Jizhou District, Ji'an, Jiangxi Province	Governing 15 licensed institutions in Ji'an



CHAPTER V DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT MEMBERS, EMPLOYEES AND INSTITUTIONS

Area	Name of institutions	Business address (in China)	Notes
Fuzhou, Jiangxi	Fuzhou branch	No. 618 Gandong Avenue, Linchuan District, Fuzhou, Jiangxi Province	Governing 10 licensed institutions in Fuzhou
Yingtian, Jiangxi	Yingtian branch	No. 1 Yuqing Road, Xinjiang New District, Yingtian, Jiangxi	Governing 4 licensed institutions in Yingtian
Jingdezhen, Jiangxi	Jingdezhen branch	Building 1, West Area 1, Crown Shopping Plaza, Guangchang South Road, Zhushan District, Jingdezhen, Jiangxi Province	Governing 16 licensed institutions in Jingdezhen
Guangzhou	Guangzhou branch	Room 102, 1/F, Block 3 and Rooms 201-202, 2/F, Block 3, No. 986 Jiefang North Road, Yuexiu District, Guangzhou City, Guangdong Province	Governing 5 licensed institutions in Guangzhou
Suzhou	Suzhou branch	Rongsheng Business Center, No. 135 Wangdun Road, Suzhou Industrial Park, Jiangsu Province	Governing 5 licensed institutions in Suzhou
Nanchang, Jiangxi	Small Enterprise Credit Center	No.96 Zhanqian Road, Xihu District, Nanchang, Jiangxi Province	Governing 8 licensed institutions in Jiangxi



CHAPTER VI CORPORATE GOVERNANCE REPORT

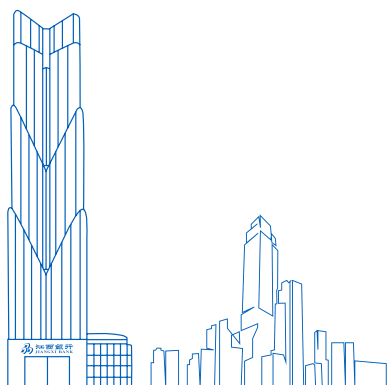
6.1 OVERVIEW OF CORPORATE GOVERNANCE

During the Reporting Period, the Bank continued to improve the transparency of corporate governance to protect the interests of shareholders and enhance corporate value.

The Bank has established a relatively comprehensive corporate governance structure pursuant to the provisions of the Hong Kong Listing Rules. The composition of the Board and the special committees under the Board complies with the requirements of the Hong Kong Listing Rules. The Bank clearly defines the responsibilities of the shareholders' general meeting, the Board, the board of supervisors, and senior management. The shareholders' general meeting is the highest authority of the Bank, and the Board is responsible to the shareholders' general meeting. The Board has set up eight special committees that operate under the leadership of the Board and offer opinions on the Board's decision-making. The board of supervisors supervises the performance of duties by the Board and senior management as well as the Bank's financial activities, risk management, and internal control. Under the leadership of the Board, senior management is responsible for implementing the resolutions of the Board and for daily business and management of the Bank, and reports to the Board and the board of supervisors on a regular basis. The President of the Bank, appointed by the Board, is responsible for the overall business operation and management of the Bank .

The Bank has adopted Appendix 14 to the Hong Kong Listing Rules headed Corporate Governance Code (the "Code"). The Bank has met the requirements of the measures for the administration of domestic commercial banks and the corporate governance requirements and has established a sound corporate governance system. During the Reporting Period, the Bank has complied with all applicable Code provisions as set forth in Appendix 14 to the Hong Kong Listing Rules except for the original code provision A.2.1 (current code provision C.2.1). Please refer to section 6.8 of this chapter for details of the original code provision A.2.1. As at the Latest Practicable Date, the Bank has complied with the requirements of the original code provision A.2.1 (current code provision C.2.1).

The Bank commits itself to maintaining high-standard corporate governance. The Bank will continue to strengthen its corporate governance, to ensure compliance with the Code and live up to the expectations of shareholders and potential investors.



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6.2 SHAREHOLDERS' GENERAL MEETING

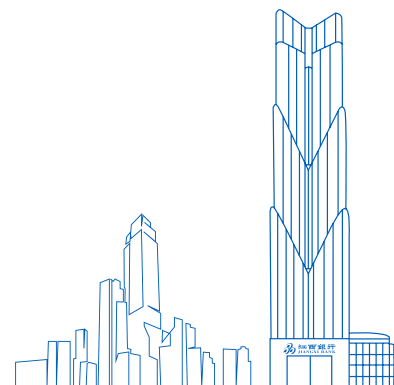
6.2.1 Convening of General Meetings

In 2021, the Bank convened three shareholders' general meetings in Nanchang, Jiangxi Province, details of which are set out below:

1. On May 21, 2021, the Bank held the 2020 annual general meeting, at which ten proposals were considered and approved, including the 2020 financial account report and the 2021 annual financial budget plan, the 2020 profit distribution proposal, and the engagement of convertible negotiated deposit business to replenish additional tier-one capital.
2. On May 21, 2021, the Bank held the 2021 first domestic shareholders' class meeting, at which the proposal on the engagement of convertible negotiated deposit business to replenish additional tier-one capital was considered and approved.
3. On May 21, 2021, the Bank held the 2021 first H shareholders' class meeting, at which the proposal on the engagement of convertible negotiated deposit business to replenish additional tier-one capital was considered and approved.

The above general meetings were convened in line with the procedures specified by relevant laws and regulations.

For the attendance rate of each director at the general meetings, please refer to the section 6.3.6.

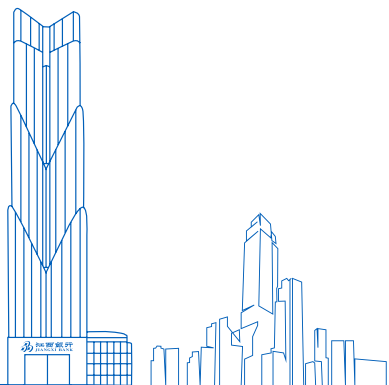


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6.3 BOARD

6.3.1 Operation of the Board

Regular meetings of the Board shall be convened at least once each quarter and other meetings shall be scheduled if necessary. Board meetings may be convened on site or through a teleconference. The Board shall notify all directors prior to Board meetings and provide sufficient information (including background information and other information and data of the proposals presented to assist the directors in making informed decisions) to all directors in a timely manner. For regular meetings of the Board, all directors and supervisors shall be notified in writing 14 days before the convening of the meetings, and the meeting agenda and relevant meeting documents shall be sent to all directors three days before the convening of the meetings; and for other Board meetings, a notice shall be sent to all directors five days before the convening of the meetings. A good communication and reporting mechanism has been established between the Board and senior management. The President is responsible to the Board and reports to the Board on a regular basis, and is subject to the supervision by the board of supervisors. At the Board meetings, all directors are free to express their opinions, and discuss important decisions in detail before making such decisions. The Board has a Board office that serves as the daily office of the Board. The Board office is responsible for preparing the general meetings and Board meetings and meetings of special committees under the Board and processing the tasks assigned by the general meetings, Board meetings, and meetings of the special committees under the Board. The Board and senior management exercise their respective powers corresponding to their responsibilities contained in the Articles of Association. Directors who have a material interest in the proposals shall give up the right of participating in the discussion and voting on relevant proposals and shall not be included in the quorum of the relevant proposals.



CHAPTER VI CORPORATE GOVERNANCE REPORT

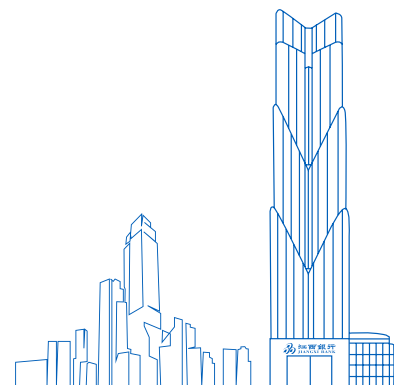
6.3.2 Composition of the Board

As of the Latest Practicable Date, the Board of the Bank consists of eleven directors, including two executive directors, namely, Mr. XU Jihong, and Mr. LUO Yan; five non-executive directors, namely, Mr. YU Minxin, Mr. LI Zhanrong, Mr. LIU Sanglin, Mr. DENG Jianxin, and Ms. ZHUO Liping; and four independent non-executive directors, namely, Ms. ZHANG Rui, Mr. WONG Hin Wing, Ms. WANG Yun, and Ms. ZHANG Wangxia.

For the biographies and term of office of directors, please refer to Chapter V “Directors, Supervisors, Senior Management, Employees and Institutions” in this report. None of the Board members are associated with other members.

6.3.3 Changes in Board Members During the Reporting Period

1. On May 21, 2021, the Bank held the annual general meeting for 2020 to approve the appointment of YU Minxin as a non-executive director of the Bank, and the banking regulatory authority approved his qualification as a director on September 8, 2021. Mr. QUE Yong ceased to serve as a non-executive Director of the Bank as of the same date.
2. On October 15, 2021, the Board proposed to remove Mr. LUO Yan from the position of executive director of the Bank with effect from the date of consideration and approval of the proposal at the shareholders’ general meeting of the Bank.
3. On October 15, 2021, the Board removed Mr. LUO from the positions of vice chairman, member of each of the Strategic Committee and the Remuneration and Nomination Committee of the Board of the Bank.



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6.3.4 Authority of the Board

The Board is responsible to the shareholders' general meeting and exercises the following functions and powers:

to convene a shareholders' general meeting and report to the meeting on the work of the Board;

to implement the resolutions of the shareholders' general meeting;

to formulate the development strategy for the Bank and supervise its implementation, and regularly evaluate the implementation of the strategic plan;

to decide on the Bank's business plan and risk capital allocation plan;

to formulate the Bank's annual financial budget plan, final settlement plan, and investment plan;

to formulate the Bank's profit distribution plan and the plan for making up losses;

to formulate plans for the Bank to increase or decrease its registered capital and to repurchase shares of the Bank;

to formulate the plan for issuing bonds or other securities and the listing plan;

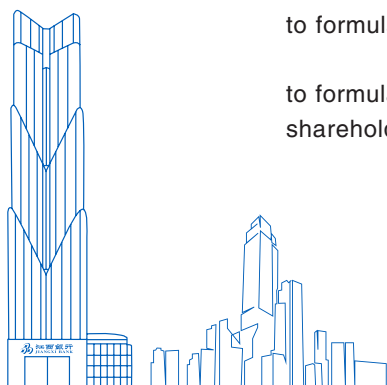
to formulate plans for major acquisitions, acquisitions of stocks of the Bank, or mergers, divisions, dissolutions, and changes in corporate form;

to decide on the establishment of the internal management organizations, primary branches and franchisees of the Bank;

to appoint or dismiss the President of the Bank and secretary to the Board; according to the nomination of the President, appoint or dismiss the Vice President, Chief Financial Officer, and other senior executives of the Bank as well as other personnel (including but not limited to the Assistant President, chief auditor, chief accountant, chief information officer, risk director, compliance director, audit department head, etc.) that shall be appointed or dismissed by the Board according to relevant laws and regulations and the Articles of Association of the Bank; and decide on their remuneration and rewards and punishments;

to formulate the basic management system for the Bank;

to formulate the proposals for amending the Articles of Association, rules of procedure for the shareholders' general meeting, and rules of procedure for the Board;



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to consider the Bank's compliance policy, supervise the implementation of the compliance policy, and bear the ultimate responsibility for the compliance of the Bank's business activities;

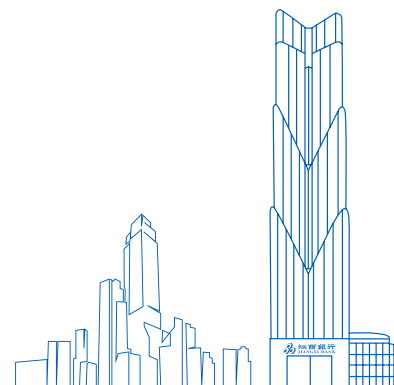
to establish risk culture, assume the ultimate responsibility for comprehensive risk management, determine the risk preference, risk tolerance, risk management policies, and internal control policies of the Bank's parent company and of the Group, and supervise the policy implementation;

to examine and approve the stress testing policy, review the stress testing report that has a significant impact as determined by senior management, understand the key assumptions of stress testing, pay attention to the results of stress testing and its impact, review the subsequent major improvement measures, understand the risk mitigation effects of the improvement measures, and consider the results of stress testing when determining the Bank's risk preference and risk management objectives;

to examine and approve liquidity risk preferences (at least once a year), liquidity risk management strategies, and important policies and procedures; continue to focus on liquidity risk status, obtain liquidity risk reports on a regular basis, and keep abreast of liquidity risk level, management status, and significant changes; and review and approve the disclosure of liquidity risk information to ensure the authenticity and accuracy of the disclosed information;

to be responsible for ensuring that the Bank establishes and implements a fully effective internal control system, to ensure that the Bank operates prudently within the legal and policy framework; be responsible for clearly setting the acceptable risk level for the Bank and ensuring that senior management takes necessary risk control measures; and be responsible for supervising the monitoring and evaluation by senior management of the adequacy and effectiveness of the internal control system;

to formulate the information disclosure system for the Bank, manage the Bank's information disclosure matters, and assume ultimate responsibility for the integrity, accuracy and timeliness of the Bank's accounting and financial reporting system; and examine and approve the Bank's annual report;



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to submit to the shareholders' general meeting for appointing, dismissing or no longer re-appointing the accounting firm that provides annual audits for the Bank;

to listen to the work report of senior management and check its work, supervise and ensure that senior management personnel fulfill their management duties effectively;

to examine and approve the information technology strategy, and evaluate the overall effectiveness and efficiency of information technology and risk management; regularly listen to the report of senior management personnel on the implementation of the information technology strategy, information technology budget and actual expenditure, and the overall situation of information technology; and examine the annual report of risk management on information technology and submit the report to the banking regulatory authority;

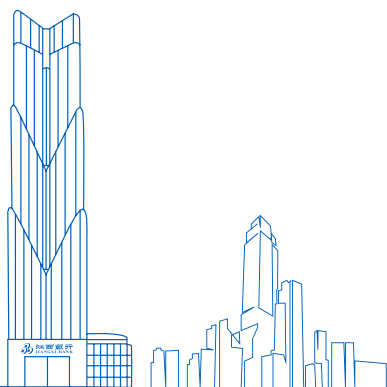
to examine and approve the strategic development plan, risk management system, outsourcing scope, and related arrangements of the Bank's information technology outsourcing, review the relevant reports on information technology outsourcing activities, and regularly arrange internal audits to ensure that the audit covers all outsourcing arrangements;

to formulate policies and objectives for the Bank's data quality management and regularly evaluate the effectiveness and implementation thereof;

to regularly evaluate and improve the corporate governance of the Bank;

to formulate capital planning, assume ultimate responsibility for capital management; examine and approve the capital management system and the management plan for capital adequacy ratio; consider and approve the report on the management of capital adequacy ratio and the report on the evaluation of internal capital adequacy; listen to the audit report on capital adequacy ratio management and on the implementation of evaluation procedures of internal capital adequacy; examine and approve the information disclosure policy, procedures, and content of capital adequacy ratio; and ensure the authenticity, accuracy, and completeness of the disclosed information;

to formulate professional norms and value criteria that the Board and senior management shall follow;



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to formulate strategies, policies, and objectives of the protection of consumer rights and interests related to the Bank, and urge senior management to implement and safeguard the legitimate rights and interests of depositors and other stakeholders; and be responsible for supervising and evaluating the all-sidedness, timeliness, and effectiveness of the protection of consumer rights and interests of the Bank and the performance of senior management;

to establish a mechanism for identifying, reviewing, and managing conflicts of interest between the Bank and shareholders, particularly major shareholders;

to develop good internal control culture, supervise senior management personnel to formulate relevant policies, procedures, and measures, continue to focus on the internal control of the Bank, and implement whole process management of risk;

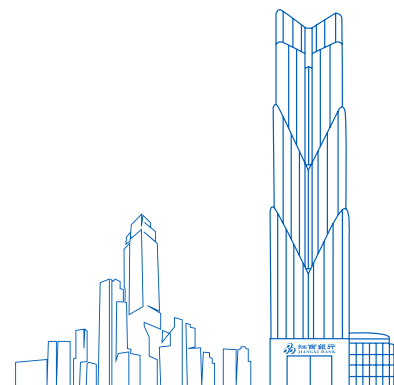
to establish a system for managing case prevention and control that is compatible with the Bank's risk management, asset size and business complexity, and effectively monitor, provide alert for and dispose of case risks;

to examine and approve the management strategies, policies, and procedures for the Bank's business continuity; examine and approve the senior management's management responsibilities for business continuity, regularly listen to senior management's report on business continuity management, and supervise and evaluate their performance; and examine and approve the annual audit report on business continuity management;

to review or approve the filing application for the Bank's shareholder qualification, equity transfer, and equity pledge;

to evaluate the performance of duties by directors and appraise the due diligence of senior management members;

to formulate capital adequacy targets that are compatible with the Bank's development strategy, examine and approve the Bank's internal capital adequacy procedures, and ensure that capital fully covers major risk; and examine and approve and supervise the implementation of capital plans, and satisfy the Bank's requirements for continuing operations and replenishing emergency capital;



CHAPTER VI CORPORATE GOVERNANCE REPORT

to listen to senior management's regulatory opinions on regulatory authorities, management recommendations from external auditors, and evaluation reports of the Board and the board of supervisors;

to formulate the consolidated management policy for the Bank, and supervise the policy implementation in the Bank and its subsidiaries; examine and approve and supervise major issues related to consolidated management, and supervise the implementation thereof; consider and approve the consolidated management of the Bank and corporate governance and management of major subsidiaries; and supervise and ensure that senior management effectively performs the responsibilities of consolidated management;

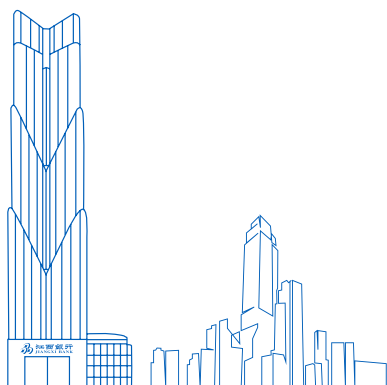
to formulate the strategy objectives of green credit for the Bank, examine and approve the senior management's report on the implementation of green credit, and supervise and evaluate the implementation of the Bank's development strategy of green credit;

to examine and approve major related party (connected) transactions; and

other functions and powers as set forth in laws and regulations, the listing rules of the stock exchange(s) where the stocks of the Bank are listed or the Articles of Association of the Bank, and granted by the shareholders' general meeting.

6.3.5 Directors' Responsibilities for Preparing Financial Statements

The directors confirm that they are responsible for preparing financial statements for the year ended December 31, 2021 which should truly and fairly reflect the business status and performance of the Bank. To prepare financial statements, the directors shall select and apply appropriate accounting policies, and use accounting estimates that are appropriate for relevant circumstances. With the assistance of accounting and finance personnel, the directors ensure that they have prepared the financial statements for the Bank in accordance with statutory requirements and applicable financial reporting standards.

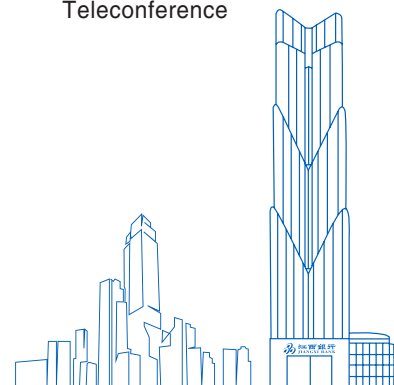


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6.3.6 Board Meetings and the Attendance of Directors

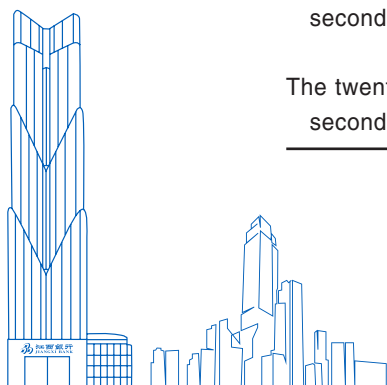
During the Reporting Period, the Board convened a total of 29 Board meetings, at which the Bank briefed on, considered and approved 146 proposals mainly involving topics such as adoption and/or revision of various corporate governance measures, profit distribution plans, development plans, and business performance. Details of the Board meetings convened during the Reporting Period are set out below:

Session	Date	Form
Periodic meetings		
The ninth session of the second Board meeting	March 26, 2021	On-site
The tenth session of the second Board meeting	June 22, 2021	On-site
The eleventh session of the second Board meeting	August 27, 2021	On-site
The twelfth session of the second Board meeting	December 16, 2021	On-site
Extraordinary meetings		
The first extraordinary meeting for 2021 of the second session of the Board	January 8, 2021	Teleconference
The second extraordinary meeting for 2021 of the second session of the Board	January 18, 2021	Teleconference
The third extraordinary meeting for 2021 of the second session of the Board	February 3, 2021	Teleconference
The fourth extraordinary meeting for 2021 of the second session of the Board	February 22, 2021	Teleconference
The fifth extraordinary meeting for 2021 of the second session of the Board	March 10, 2021	Teleconference
The sixth extraordinary meeting for 2021 of the second session of the Board	March 26, 2021	Teleconference
The seventh extraordinary meeting for 2021 of the second session of the Board	April 15, 2021	Teleconference
The eighth extraordinary meeting for 2021 of the second session of the Board	April 19, 2021	Teleconference
The ninth extraordinary meeting for 2021 of the second session of the Board	April 28, 2021	Teleconference
The tenth extraordinary meeting for 2021 of the second session of the Board	May 24, 2021	Teleconference



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Session	Date	Form
The eleventh extraordinary meeting for 2021 of the second session of the Board	June 15, 2021	Teleconference
The twelfth extraordinary meeting for 2021 of the second session of the Board	June 25, 2021	Teleconference
The thirteenth extraordinary meeting for 2021 of the second session of the Board	June 30, 2021	Teleconference
The fourteenth extraordinary meeting for 2021 of the second session of the Board	July 19, 2021	Teleconference
The fifteenth extraordinary meeting for 2021 of the second session of the Board	August 2, 2021	Teleconference
The sixteenth extraordinary meeting for 2021 of the second session of the Board	August 24, 2021	Teleconference
The seventeenth extraordinary meeting for 2021 of the second session of the Board	September 2, 2021	Circulating written resolutions
The eighteenth extraordinary meeting for 2021 of the second session of the Board	September 22, 2021	Circulating written resolutions
The nineteenth extraordinary meeting for 2021 of the second session of the Board	September 28, 2021	Circulating written resolutions
The twentieth extraordinary meeting for 2021 of the second session of the Board	October 15, 2021	On-site
The twenty-first extraordinary meeting for 2021 of the second session of the Board	November 18, 2021	Circulating written resolutions
The twenty-second extraordinary meeting for 2021 of the second session of the Board	December 6, 2021	Circulating written resolutions
The twenty-third extraordinary meeting for 2021 of the second session of the Board	December 21, 2021	Circulating written resolutions
The twenty-fourth extraordinary meeting for 2021 of the second session of the Board	December 27, 2021	Circulating written resolutions
The twenty-fifth extraordinary meeting for 2021 of the second session of the Board	December 29, 2021	Circulating written resolutions



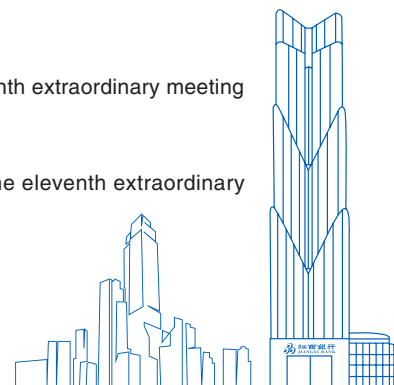
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The attendance of each director at the Board meetings during the Reporting Period is as follows:

Members of the Board	Number of Attendances Required at Board Meetings	Number of Attendances in Person at Board Meetings	Number of Attendances by Proxy at Board Meetings	Attendance Rate at Board Meetings ¹	Number of Attendances/Attendances Required at Shareholders' General Meetings
CHEN Xiaoming	29	29	0	100%	1/1
XU Jihong	29	29	0	100%	1/1
LUO Yan	29	23	0	79.3%	1/1
QUE Yong ²	20	5	3	25%	0/1
YU Minxin ³	9	9	0	100%	0/0
LI Zhanrong	29	29	0	100%	1/1
LIU Sanglin ⁴	29	27	2	93.1%	0/1
DENG Jianxin ⁵	29	29	0	100%	0/1
ZHUO Liping	29	29	0	100%	1/1
ZHANG Rui	29	29	0	100%	1/1
WONG Hin Wing	29	29	0	100%	0/1
WANG Yun	29	29	0	100%	1/1
ZHANG Wangxia	29	29	0	100%	1/1

Notes:

1. During the Reporting Period, attendance by way of proxy was not treated as attendance, and it is the same below.
2. On March 11, 2021, Mr. QUE Yong resigned from his position as a non-executive Director of the Bank due to work reallocation, with effect from the date on which the new non-executive Director elected at the general meeting of the Bank takes office.
3. Mr. YU Minxin was elected as a non-executive Director of the Bank at the 2020 annual general meeting of the Bank held on May 21, 2021. On September 8, 2021, the appointment of YU Minxin was approved by the banking regulatory authority of the PRC, that is, he started to perform his duties from September 8, 2021. Mr. QUE Yong ceased to serve as a non-executive Director of the Bank as of the same date.
4. Mr. LIU Sanglin abstained from voting on the proposals considered at the ninth extraordinary meeting for 2021 of the second session of the Board.
5. Mr. DENG Jianxin abstained from voting on the proposals considered at the eleventh extraordinary meeting for 2021 of the second session of the Board.



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6.3.7 Independent Non-executive Directors

The Board of the Bank has four independent non-executive directors and the number is in compliance with the requirements of the Hong Kong Listing Rules concerning the appointment of at least three independent non-executive directors (representing at least one-third of the Board members), with at least one possessing appropriate professional qualifications or accounting or related financial management expertise.

During the Reporting Period, the independent non-executive directors fulfilled their fiduciary duties, due diligence responsibilities, and those obligations required by the Articles of Association and safeguarded the overall interests of the Bank and its shareholders. The independent non-executive directors of the Bank duly attended the Board meetings and the meetings of special committees, at which they provided objective and independent opinions on multiple matters, and participated in the decision-making of the Board and supervised the Board.

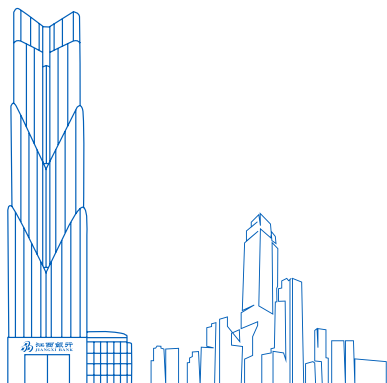
The Bank has received an annual confirmation of independence confirming the independence of each of the independent non-executive directors in writing, which was issued by such directors according to the requirements of the Hong Kong Listing Rules. Therefore, the Bank confirms that all independent non-executive directors have complied with the requirements of the Hong Kong Listing Rules in respect of the independence thereof.

6.3.8 Special Committees of the Board

As of the Latest Practicable Date, the Board of the Bank has eight special committees, including the Strategic Committee, Audit Committee, Risk Management Committee, Related Party Transactions Control Committee, Information and Technology Management Committee, Remuneration and Nomination Committee, Consumer Rights Protection Committee, and Compliance Management Committee.

1 Strategic Committee (composition, job responsibilities, main resolutions approved, and attendance)

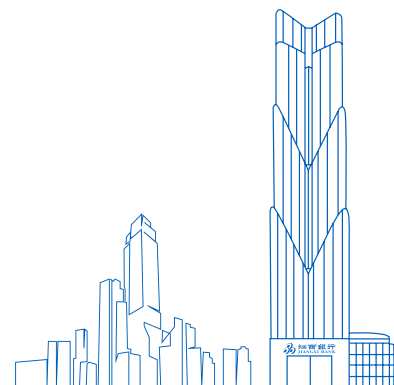
As of December 31, 2021, the Strategic Committee of the second session of the Board consists of three directors, namely, Mr. CHEN Xiaoming, Mr. XU Jihong, and Mr. DENG Jianxin. Mr. CHEN Xiaoming and Mr. XU Jihong are executive directors, and Mr. DENG Jianxin is a non-executive director. Mr. CHEN Xiaoming is the chairperson of the Strategic Committee.



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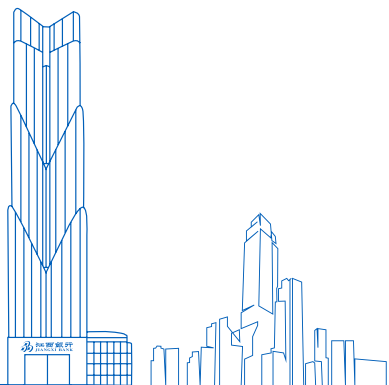
The duties of the Strategic Committee primarily include:

- (I) to be responsible for drawing up the Bank's development strategy and business objectives and supervising the implementation thereof, and regularly evaluating the implementation thereof;
- (II) to draw up capital adequacy targets that are compatible with the Bank's development strategy, draw up the Bank's internal capital adequacy procedures, and ensure that capital fully covers major risk; and supervise the implementation of capital plans, and satisfy the Bank's requirements for continuing operations and replenishing emergency capital;
- (III) to supervise and inspect the implementation of the annual business plan, investment plan, and risk capital allocation;
- (IV) to study major issues of the Bank, including changes in internal management organizations and organizations above primary branches (including franchisees), financial budget and settlement plans, profit distribution plan, risk capital allocation plan, major investment matters, plan for increasing or decreasing registered capital, plan for repurchasing shares of the Bank, plan for issuing bonds or other securities, and listing plan;
- (V) to organize and formulate the implementation plan for new capital management, urge senior management to implement the plan, and regularly evaluate the implementation of the plan;
- (VI) to formulate the Bank's environmental, social and governance (ESG) strategy, rules and regulations, and supervise the implementation of the Bank's ESG efforts.
- (VII) to draw up the strategy objectives of green credit for the Bank, review the senior management's report on the implementation of green credit, and supervise and evaluate the implementation of the Bank's development strategy of green credit;
- (VIII) to regularly evaluate and improve the corporate governance of the Bank;



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- (IX) to formulate the Bank's Articles of Association, rules of procedure for the shareholders' general meeting, and rules of procedure for the Board, measures for the administration of authorization by the Board to the President, rules for the work of the President, rules for the work of secretary to the Board, rules for the work of independent directors, measures for the management of information disclosure, measures for equity management, measures for the management of equity pledge, and plans for modifying the rules for the work of the committee and the working instructions for the working group of the committee;
- (X) to consider the qualifications of shareholders and equity transfer;
- (XI) to consider the purchase of the newly added fixed assets and intangible assets beyond the annual investment plan which is more than 20%, and submit the consideration results to the Board for approval;
- (XII) to consider the donations in which a single external donation amounts to more than RMB10 million and total donations amount to more than RMB30 million for the year, and submit the consideration results to the Board for approval;
- (XIII) to examine and approve plan of the newly added expenses beyond the annual financial budget expense plan which is more than 20% and report the results to the Board afterwards;
- (XIV) to examine and approve the loss of a single amount of more than RMB10 million due to other abnormal factors, and submit the results to the Board for approval;
- (XV) to consider the equity investment of the Bank and report the consideration results to the Board for approval; and
- (XVI) to perform other duties as authorized by the Board.



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During the Reporting Period, the Strategic Committee convened a total of nine meetings mainly involving topics such as the Institutional Plan of Jiangxi Bank for 2021, the Engagement by Jiangxi Bank of Convertible Negotiated Deposit Business to Replenish Additional Tier-one Capital, the Report on the Strategic Development Plan of Jiangxi Bank for 2021-2025 (including the green finance strategy), and the Amendments to the Articles of Association of Jiangxi Bank Co., Ltd. The attendance of each committee member at the Strategic Committee meetings during the Reporting Period is as follows:

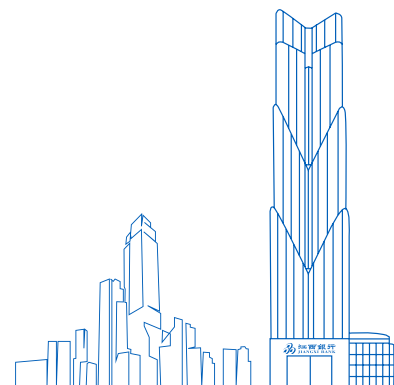
Members of the Committee	Number of Attendances Required at Meetings	Number of Attendances in Person at Meetings	Number of Attendances by Proxy at Meetings	Attendance Rate at Meetings
CHEN Xiaoming	9	9	0	100%
LUO Yan ¹	7	7	0	100%
XU Jihong	9	9	0	100%
DENG Jianxin	9	9	0	100%

Note:

1. On October 15, 2021, the Board removed Mr. LUO Yan as a member of the Strategy Committee and the Remuneration and Nomination Committee of the Board with effect from October 15, 2021.

2 Audit committee (composition, job responsibilities, main resolutions approved, and attendance)

As of December 31, 2021, the Audit Committee consists of four directors, namely, Ms. ZHANG Rui, Mr. LI Zhanrong, Ms. ZHUO Liping, and Mr. WONG Hin Wing. Ms. ZHANG Rui is the chairperson of the Audit Committee. Ms. ZHANG Rui and Mr. WONG Hin Wing are independent non-executive directors, and Mr. LI Zhanrong and Ms. ZHUO Liping are non-executive directors. More than half of the members of the Audit Committee of the Bank are independent non-executive directors and the chairperson is an independent non-executive director.



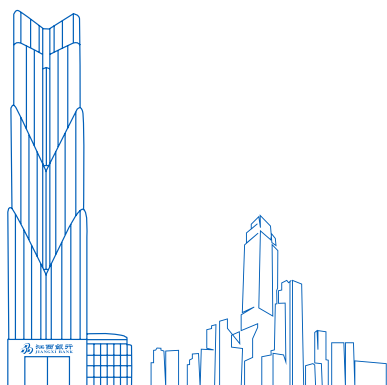
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The duties of the Audit Committee primarily include:

- (I) to guide and supervise the internal audit of the Bank;
- (II) to check the Bank's risk and compliance status and review the financial reports, including:

to review the Bank's financial reports, make judgments on the authenticity, accuracy, completeness, and timeliness of the financial reports, and be responsible for the Bank's annual audit and the integrity of annual reports, semi-annual reports and quarterly reports, and review major opinions on relevant financial reporting as set forth in the financial reports and submit them to the Board for deliberation;
- (III) to supervise and evaluate the internal control of the Bank;
- (IV) to supervise and evaluate the external auditor;
- (V) to examine the following arrangements of the Bank: Employees of the Bank may secretly raise concerns about financial reporting, internal control, or other possible misconducts;
- (VI) to report to the Board on matters relating to the provisions of the Corporate Governance Code in Appendix 14 of the Hong Kong Listing Rules; and
- (VII) to perform other duties as set forth in laws, regulations, rules, normative documents, supervisory regulations of the stock exchange(s) where the stocks of the Bank are listed, and Articles of Association of the Bank and as authorized by the Board.

During the Reporting Period, the Audit Committee convened a total of five meetings, at which it considered and approved 18 proposals mainly involving topics such as the 2020 Annual Report of Jiangxi Bank, the 2021 Interim Report of Jiangxi Bank, and the Report on Evaluating the Audit of the 2020 Annual Report of Jiangxi Bank.



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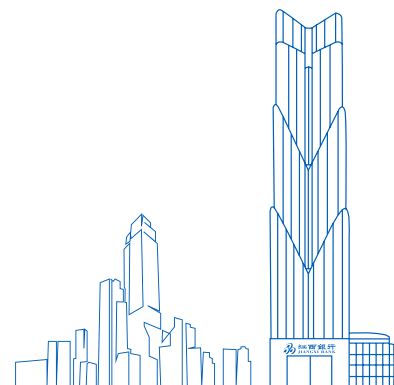
The Audit Committee arranged for the preparation and review of the 2020 Annual Report and the 2021 Interim Report in compliance with the relevant disclosure provisions of the annual financial report. During the Reporting Period, the Audit Committee convened meetings and communicated with external auditors in the absence of executive directors and senior management. As at March 26, 2021, the Audit Committee reviewed the audited consolidated financial statements for the year ended December 31, 2020, which were prepared in accordance with the Bank's accounting principles and policies. The Audit Committee also reviewed the effectiveness of the internal control system and the internal audit function of the Bank by regularly listening to the report of the audit department on internal audit.

The attendance of each committee member at the Audit Committee meetings during the Reporting Period is as follows:

Members of the Committee	Number of Attendances Required at Meetings	Number of Attendances in Person at Meetings	Number of Attendances by Proxy at Meetings	Attendance Rate at Meetings
ZHANG Rui	5	5	0	100%
LI Zhanrong	5	5	0	100%
WONG Hin Wing	5	5	0	100%
ZHUO Liping	5	5	0	100%

3 *Related Party Transactions Control Committee (composition, duties, main resolutions approved, and attendance)*

As of December 31, 2021, the Related Party Transactions Control Committee of the second session of the Board consists of Ms. WANG Yun, Ms. ZHUO Liping, Mr. DENG Jianxin, and Ms. ZHANG Rui. Ms. WANG Yun is the chairperson of the Related Party Transactions Control Committee. Ms. WANG Yun and Ms. ZHANG Rui are independent non-executive directors; Ms. ZHUO Liping and Mr. DENG Jianxin are non-executive directors. Half of the members of the Related Party Transactions Control Committee of the Bank are independent non-executive directors and the chairperson is an independent non-executive director.

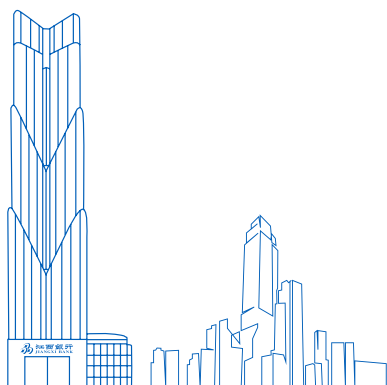


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The duties of the Related Party Transactions Control Committee primarily include:

- (I) to refine, according to the relevant provisions of the banking supervisory authority, relevant laws and regulations, and the Hong Kong Listing Rules, the Bank's standards of related party (connected) transactions and be responsible for confirming the Bank's related (connected) party (persons), and to report to the Board and the board of supervisors;
- (II) to formulate the examination and approval system and procedures for the related party (connected) transactions of the Bank;
- (III) to review the general related party (connected) transactions reported by the management for filing according to the provisions of laws, regulations, and the Hong Kong Listing Rules, and make recommendations to the management; and to review major related party transactions where the single transaction amount between the Bank and a related party accounts for more than 1% of the Bank's net capital or the balance of the transactions between the Bank and a related party accounts for more than 5% of the Bank's net capital and submit the review results to the Board for approval;
- (IV) to revise the management measures and its implementation rules for the Bank's related party (connected) transactions, and the working instructions for the working group of the committee; and
- (V) to perform other duties as set forth in laws, regulations, rules, normative documents, supervisory regulations of the stock exchange(s) where the stocks of the Bank are listed, and Articles of Association of the Bank and as authorized by the Board.

During the Reporting Period, the Related Party Transactions Control Committee convened a total of 20 meetings, at which it considered and approved the List of Related (Connected) Parties of Jiangxi Bank in 2021, the Special Report on Major Related Party Transactions of Jiangxi Bank Co., Ltd. in 2020, and rules for the work of the Related Party Transactions Control Committee of Jiangxi Bank Co., Ltd.



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The attendance of each committee member at the Related Party Transactions Control Committee meetings during the Reporting Period is as follows:

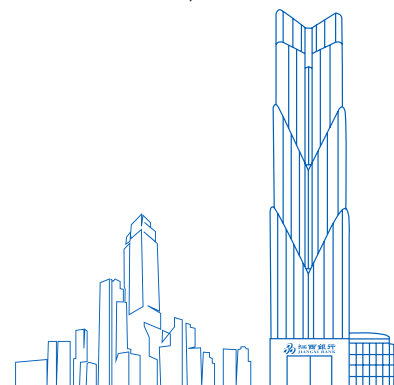
Members of the Committee	Number of Attendances Required at Meetings	Number of Attendances in Person at Meetings	Number of Attendances by Proxy at Meetings	Attendance Rate at Meetings
WANG Yun	20	20	0	100%
DENG Jianxin	20	20	0	100%
ZHANG Rui	20	20	0	100%
ZHUO Liping	20	20	0	100%

4 *Risk Management Committee (composition, duties, main resolutions approved, and attendance)*

As of December 31, 2021, the Risk Management Committee of the second session of the Board consists of four directors, namely, Mr. XU Jihong, Mr. LI Zhanrong, Mr. DENG Jianxin, and Ms. ZHANG Wangxia. Mr. XU Jihong is the chairperson of the Risk Management Committee. Mr. XU Jihong is an executive director, and Ms. ZHANG Wangxia is an independent non-executive director. Mr. LI Zhanrong and Mr. DENG Jianxin are non-executive directors.

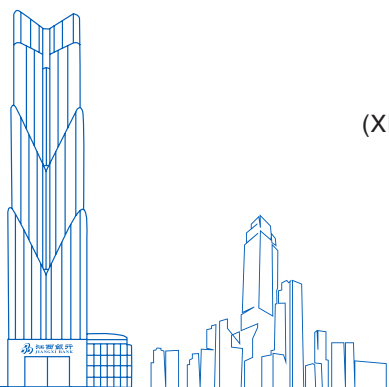
The duties of the Risk Management Committee primarily include:

- (I) to supervise and evaluate the implementation and effectiveness of the Bank's risk management strategy in accordance with the Bank's overall development strategy, and make recommendations of improvement to the Board;
- (II) to formulate, according to the Bank's risk management strategy, parent company and group-level risk preference, risk tolerance, and risk management and internal control policies in line with the Bank's development strategy and external environment; to supervise the control by senior management of credit risk, liquidity risk, operational risk, market risk, reputation risk, off-balance sheet risk, information technology risk, and consolidated risk; regularly evaluate the Bank's risk management policies, management status, and risk tolerance and level; and offer advice on improving the Bank's risk management;



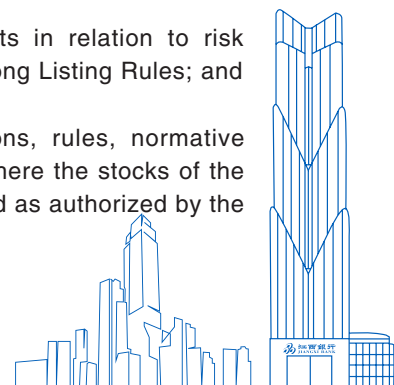
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- (III) to discuss the risk management system with the management to ensure that the management has fulfilled its duties to establish an effective system;
- (IV) to conduct research on the important investigation results of risk management and feedback from senior management personnel on their own initiative or as authorized by the Board;
- (V) to review the matters beyond the right of permission of the management;
- (VI) to review the treatment (including sales, purchases, write-offs, pledges, non-operating guarantees and others) of major assets, assets include, but are not limited to, repossessed assets, credit assets, fixed assets and other non-credit assets. with an amount exceeding 30% of audited total assets of the Bank within any twelve consecutive months; the review results are subject to the approval of the Board that shall submit them to the general meeting for review;
- (VII) to perform the management and evaluation of the Good Standards for data quality implemented by the Bank;
- (VIII) to conduct an annual inspection with the Audit Committee of cessation of interest accrual, interest rate cut, delayed interest rate, or interest-free matters particularly granted by the President, confirm whether the relevant procedures and regulations are met, and report the inspection to the Board;
- (IX) to review credit risk management reports and understand the credit risk, changes in large risk exposures and the management of the Bank;
- (X) to consider the Bank's market risk management reports, and examine and approve the strategies, policies, and procedures for market risk management;
- (XI) to review the Bank's liquidity risk level and related stress testing reports; and review the Bank's management system, tolerance, management strategies, important policies, procedures, limits, and contingency plans for liquidity risk, and revise the above content in a timely manner as required by risk management;
- (XII) to review the Bank's management reports on capital adequacy ratio and evaluation reports on internal capital adequacy, and examine and approve the management plan for capital adequacy ratio; and to ensure that capital fully covers the main risk;
- (XIII) to examine and approve risk management policies and procedures for risk of bank's book interest rate, and review the risk report of the Bank's book interest rate;



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- (XIV) to examine and approve the Bank's management strategies, policies, and procedures for business continuity, and consider the Bank's management reports on business continuity;
- (XV) to consider annual and special reports related to the management of information technology risks, and approve the responsibilities, authority and reporting system of the Bank in relation to the management of information technology risks;
- (XVI) to consider the Bank's management reports on reputational risks, and examine and approve the Bank's duties, authority, and reporting path regarding reputational risk management;
- (XVII) to consider the Bank's operational risk reports, and examine and approve the Bank's duties, authority, and reporting system regarding operational risks;
- (XVIII) to organize and guide the anti-money laundering of the entire bank, with the main responsibilities including:
- (XIX) to cooperate with the board of supervisors in its audit activities;
- (XX) to organize and guide the Bank's consolidated management, with the main responsibilities including:
- (XXI) to develop procedures for identifying, evaluating, and managing significant risks, procedures for reviewing the effectiveness of risk management and internal control systems, procedures for resolving serious internal control deficiencies, and procedures for handling and publishing inside information as well as internal control measures;
- (XXII) for major innovations in the business model, or matters that need to be submitted to the Special Committee of the Board for consideration, which is specified by the President's office meeting, the business department should submit the proposal to the Risk Management Committee of the Board for examination and approval;
- (XXIII) to review the report on innovation of corporate products and retail business products;
- (XXIV) to review the report on the recovery of write-off assets;
- (XXV) to ensure that the Bank complies with the requirements in relation to risk management and internal controls set forth in the Hong Kong Listing Rules; and
- (XXVI) to perform other duties as set forth in laws, regulations, rules, normative documents, listing regulations of the stock exchange(s) where the stocks of the Bank are listed, and Articles of Association of the Bank and as authorized by the Board.



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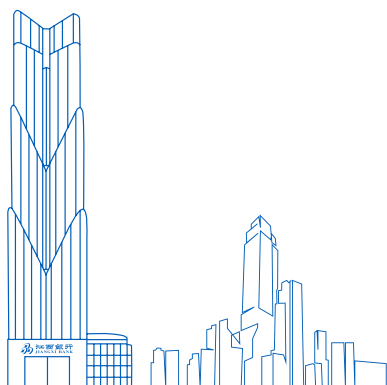
The Bank reviewed the Bank's risk management and internal control system at least once a year to ensure the effectiveness of the existing system. During the Reporting Period, the Risk Management Committee convened a total of 19 meetings, at which it considered and approved the 2021 Risk Appetite Statement of Jiangxi Bank, the 2020 Comprehensive Risk Management Report of Jiangxi Bank, and the Administrative Measures of Jiangxi Bank for Investment Business Risk. The Risk Management Committee believed that the Bank's existing risk management and internal control system is sufficient and effective.

The attendance of each committee member at the Risk Management Committee meetings during the Reporting Period is as follows:

Members of the Committee	Number of Attendances Required at Meetings	Number of Attendances in Person at Meetings	Number of Attendances by Proxy at Meetings	Attendance Rate at Meetings
XU Jihong	19	19	0	100%
LI Zhanrong	19	19	0	100%
DENG Jianxin	19	19	0	100%
ZHANG Wangxia	19	19	0	100%

5 *Remuneration and Nomination Committee (composition, duties, main resolutions approved, and attendance)*

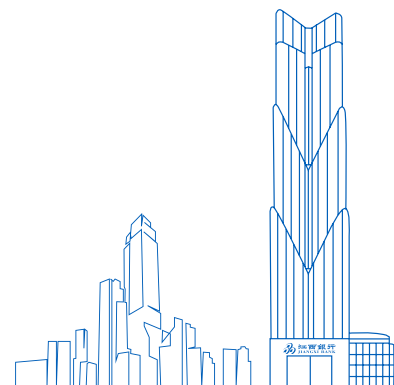
As of December 31, 2021, the Remuneration and Nomination Committee of the second session of the Board consists of two directors, namely, Ms. ZHANG Wangxia, and Ms. WANG Yun. Ms. ZHANG Wangxia is the chairperson of the Remuneration and Nomination Committee. Ms. ZHANG Wangxia and Ms. WANG Yun are independent non-executive directors. More than half of the members of the Remuneration and Nomination Committee of the Bank are independent non-executive directors and the chairperson is an independent non-executive director.



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The duties of the Remuneration and Nomination Committee primarily include:

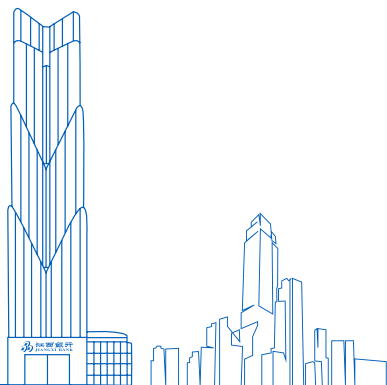
- (I) to advise the Board on the management system, policies, and structure of the remuneration of the entire Bank, and supervise the implementation of the remuneration system;
- (II) to advise the Board on the establishment of formal and transparent procedures for formulating remuneration policies;
- (III) to formulate remuneration schemes for directors and senior management in accordance with the corporate policies and objectives set by the Board, advise the Board on remuneration plans, and supervise the implementation of the plans;
- (IV) to advise the Board on the remuneration packages of individual executive directors and senior management personnel;
- (V) to advise the Board on the remuneration of non-executive directors;
- (VI) to consider the remuneration paid by similar companies, the time to be paid and responsibilities to be fulfilled, and the employment conditions of other positions within the Bank;
- (VII) to review and approve the compensation payable to executive directors and senior management personnel for their loss or termination of their duties or appointments, to ensure that such compensation is in conformity with the terms of the contract or the compensation is fair and reasonable;
- (VIII) to review and approve the compensation arrangements arising from the dismissal of certain directors or removal of certain directors from office due to the misconduct of the directors, to ensure that the arrangements are in conformity with the terms of the contract or the compensation is reasonable and appropriate;
- (IX) to ensure that any director or any of its associates (as defined in the Hong Kong Listing Rules) will not participate in determining his own remuneration;
- (X) to evaluate the performance of duties by directors, appraise the due diligence of senior management personnel, and make recommendations for evaluation and appraisal to the Board;



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- (XI) to advise the Board on the scale and composition of the Board based on the Bank's business activities, asset size, and equity structure and review the structure, number of people, diversity and composition of the Board (including skills, knowledge, and experience) at least annually, and make recommendations on proposed changes to the Board in line with the Bank's strategy;
- (XII) to formulate the procedures and criteria for the selection and appointment of directors and senior management personnel, and nominate candidates for directors;
- (XIII) to initially review the qualifications and credentials of directors and senior management personnel (reviewing the qualifications of independent director candidates, with the focus on independence, professional knowledge, experience, and ability) and make recommendations to the Board;
- (XIV) to advise the Board on the appointment or re-appointment of directors and the succession plan of the directors (particularly the President and the chief executive officer); and
- (XV) to perform other duties as set forth in laws, regulations, rules, normative documents, listing regulations of the stock exchange(s) where the stocks of the Bank are listed, and Articles of Association of the Bank and as authorized by the Board.

During the Reporting Period, the Remuneration and Nomination Committee convened a total of five meetings, at which it considered and approved the 2020 Report on Evaluation of the Performance of Directors and Appraisal of the Due Diligence of Senior Management by the Board, the Administrative Measures for Professional Managers of Jiangxi Bank, and the Measures for Appraising the Performance of Professional Managers of Jiangxi Bank. The Remuneration and Nomination Committee also reviewed the remuneration of the Bank's directors, supervisors, and senior management during the Reporting Period and considered that it is fair and reasonable.



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The Bank has adopted the Board diversity policy that aims to set out the approach to achieving diversity in the Board. All Board appointment will be based on merit while taking into account diversity including gender diversity. The Remuneration and Nomination Committee will regularly review the measurable objectives to ensure its effectiveness to achieve diversity in the Board. The following measurable objectives are set up for implementing the Board diversity policy:

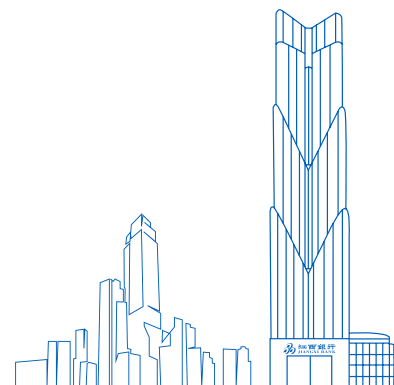
- inclusion of candidates for Board members with overseas working experience (outside of PRC);
- ensuring that there is no limitation on gender in the selection of directors;
- inclusion of candidates for Board members with working experience in other industries; and
- inclusion of candidates for Board members with knowledge and skills in different fields.

As at the Latest Practicable Date, the above objectives were fulfilled. Among the eleven directors, there is one director with overseas working experience and nine with accounting or other professional qualifications.

Nomination Policy

The Bank has formulated director nomination. In the assessment of candidates, the Remuneration and Nomination Committee considers the following factors including but not limited to:

- basic requirements of the Articles of Association of the Bank;
- achievements and experiences in banking or other industries;
- time available for engagement in the Bank;
- diversity of the Board in various aspects including but not limited to gender, age, cultural and educational background, ethnicity, professional experiences, skills, knowledge and term of service, etc.



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The Remuneration and Nomination Committee shall convene a meeting and ask the Board members to nominate candidates (if any) for consideration by the Remuneration and Nomination Committee before the meeting. The Remuneration and Nomination Committee can also nominate candidates who are not nominated by Board members.

The Remuneration and Nomination Committee will conduct a preliminary review of the qualifications and conditions of director candidates. Qualified candidates will be submitted to the Board for consideration and, upon approval by the Board, to the shareholders' general meeting by written proposals.

In order to provide the information of candidates who are nominated by the Board and proposed to the general meeting and to invite the shareholders to nominate candidates, the Bank will dispatch a circular to shareholders which sets out the time limit for them to deliver the nomination. The information of candidates will be set forth in the circular to shareholders pursuant to applicable laws, rules, and regulations. The nominated person shall not assume that he/she has been recommended by the Board and proposed to the general meeting before the dispatch of the circular to shareholders.

The attendance of each committee member at the Remuneration and Nomination Committee meetings during the Reporting Period is as follows:

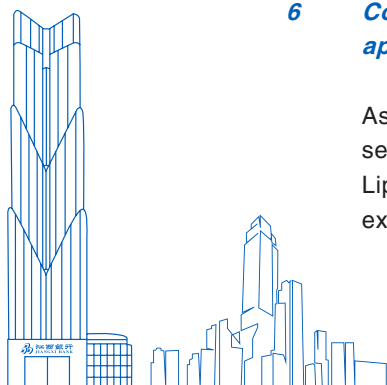
Members of the Committee	Number of Attendances Required at Meetings	Number of Attendances in Person at Meetings	Number of Attendances by Proxy at Meetings	Attendance Rate at Meetings
ZHANG Wangxia	5	5	0	100%
LUO Yan ¹	3	3	0	100%
WANG Yun	5	5	0	100%

Note:

1. On October 15, 2021, the Board removed Mr. LUO Yan as a member of the Strategy Committee and the Remuneration and Naomination Committee of the Board with effect from October 15, 2021.

6 *Consumer Rights Protection Committee (composition, duties, main resolutions approved, and attendance)*

As of December 31, 2021, the Consumer Rights Protection Committee of the second session of the Board consists of three directors, namely, Mr. LIU Sanglin, Ms. ZHUO Liping, and Mr. WONG Hin Wing. Mr. LIU Sanglin and Ms. ZHUO Liping are non-executive directors, and Mr. WONG Hin Wing is an independent non-executive director.



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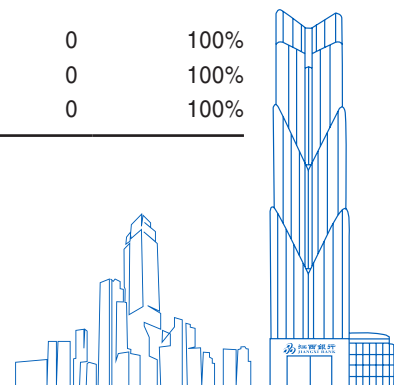
The duties of the Consumer Rights Protection Committee primarily include:

- (I) to be accountable to the Board, submit work reports and annual reports on consumer rights protection to the Board, carry out relevant work as authorized by the Board, discuss and decide on related matters, and study major issues and important policies for the protection of consumer rights.
- (II) to guide and supervise the establishment and improvement of the management system for consumer rights protection, ensure that relevant system and regulations are in line with the corporate governance, corporate culture construction, and operation and development strategies.
- (III) to supervise the comprehensiveness, promptness and effectiveness of the work of the senior management and the Consumer Rights Protection Department in accordance with regulatory requirements and the implementation of strategies, policies and objectives of consumer rights protection.
- (IV) to hold regular working conferences on consumer rights protection, review the work reports of the senior management and the Consumer Rights Protection Department; to study the audit reports, regulatory notices, and internal evaluation results related to the annual consumer rights protection, and urge the senior management and relevant departments to implement the issues found in the rectification in a timely manner.

During the Reporting Period, the Consumer Rights Protection Committee convened a total of three meetings mainly involving topics such as the 2020 Work Report on Financial Consumer Rights Protection of Jiangxi Bank, and the Amendment to Work Rules for the Consumer Rights Protection Committee of Jiangxi Bank.

The attendance of each committee member at the Consumer Rights Protection Committee meetings during the Reporting Period is as follows:

Members of the Committee	Number of Attendances Required at Meetings	Number of Attendances in Person at Meetings	Number of Attendances by Proxy at Meetings	Attendance Rate at Meetings
LIU Sanglin	3	3	0	100%
WONG Hin Wing	3	3	0	100%
ZHUO Liping	3	3	0	100%



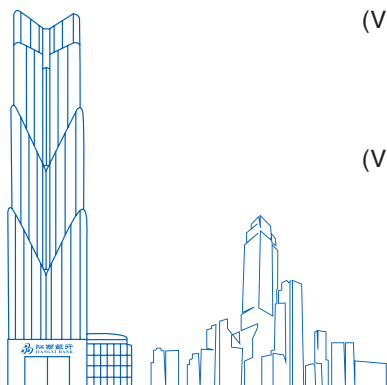
CHAPTER VI CORPORATE GOVERNANCE REPORT

7 Information and Technology Management Committee (composition, duties, main resolutions approved, and attendance)

As of December 31, 2021, the Information and Technology Management Committee of the second session of the Board consists of three directors, namely, Mr. XU Jihong, Mr. LIU Sanglin, and Ms. WANG Yun. Mr. OU Minggang will act as the chairperson of the Information and Technology Management Committee after his qualification for the director of the Bank is approved by the banking regulatory authority of the PRC. Mr. XU Jihong is an executive director, Mr. LIU Sanglin is a non-executive director, and Ms. WANG Yun is an independent non-executive director.

The duties of the Information and Technology Management Committee primarily include:

- (I) to follow and implement the state's laws, regulations, and technical standards concerning information and technology management, and implement relevant regulatory requirements of the CBIRC;
- (II) to be responsible for considering the information technology strategy and budget plan, and evaluating the overall effectiveness and efficiency of information technology;
- (III) to master the main information technology risk, determine acceptable risk level, and ensure that relevant risks can be identified, measured, monitored, and controlled;
- (IV) to urge senior management to implement major IT risk management measures; and review the construction and operation of major information technology;
- (V) to consider the strategic development plan, risk management system, outsourcing scope, and related arrangements of the Bank's information technology outsourcing, and regularly review the relevant reports on outsourcing activities of the Bank;
- (VI) to regularly report to the Board on the implementation of the strategic plan of information technology, the information technology budget and actual expenditure, overall status of information technology, and funds required for risk management of information technology;
- (VII) to report to the Board, the CBIRC and its agencies on major information technology accidents or emergencies that occurred in the Bank in a timely manner, and respond promptly according to relevant plans;
- (VIII) to consider annual reports on the risk management of information technology and submit the reports to the CBIRC and its agencies;



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- (IX) to perform other duties related to information technology management as authorized by the Board.

During the Reporting Period, the Information and Technology Management Committee convened a total of seven meetings mainly involving topics such as the 2020 Work Plan for the Information and Technology Management Committee of the Board of Jiangxi Bank, 2019 Report on the Completion and Cost Performance of Information and Technology Projects, 2019 Report on Self-evaluation or External Evaluation of Outsourcing Activities, and 2019 Annual Report on Information Technology Risk Management of Jiangxi Bank.

The attendance of each committee member at the Information and Technology Management Committee meetings during the Reporting Period is as follows:

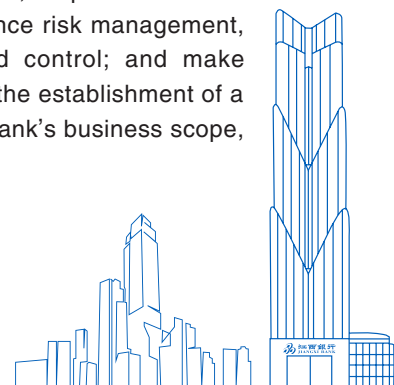
Members of the Committee	Number of Attendances Required at Meetings	Number of Attendances in Person at Meetings	Number of Attendances by Proxy at Meetings	Attendance Rate at Meetings
XU Jihong	7	7	0	100%
LIU Sanglin	7	7	0	100%
WANG Yun	7	7	0	100%

8 *Compliance Management Committee (composition, duties, main resolutions approved, and attendance)*

As of December 31, 2021, the Compliance Management Committee of the second session of the Board consists of three directors, namely, Mr. LIU Sanglin, Ms. ZHUO Liping, and Mr. WONG Hin Wing. Mr. LIU Sanglin is the chairperson of the Compliance Management Committee. Mr. LIU Sanglin and Ms. ZHUO Liping are non-executive directors, and Mr. WONG Hin Wing is an independent non-executive director.

The duties of the Compliance Management Committee primarily include:

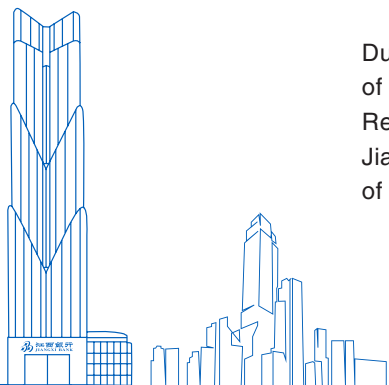
- (I) according to the Bank's overall development strategy, to consider the Bank's strategies, policies, and procedures for compliance risk management, internal control management, and case prevention and control; supervise senior management in the performance of their duties in compliance risk management, internal control management, and case prevention and control; and make positive proposals and suggestions to the Board to ensure the establishment of a compliance risk management system compatible with the Bank's business scope, organizational structure, and business scale;



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- (II) to consider the Bank's basic system for compliance risk management and the report on the Bank's compliance risk management, and make proposals and suggestions; ensure the effective identification and management of compliance risks; and ensure coherent adherence to compliance management policies and procedures within the Bank;
- (III) to consider the Bank's basic system for internal control management and the report on the Bank's internal control management, and make proposals and suggestions; ensure that the Bank establishes and implements a fully effective internal control system; and ensure that the Bank operates prudently within the legal and policy framework;
- (IV) to consider the Bank's basic system for case prevention and control and the report on the Bank's case prevention and control, and make proposals and suggestions; and ensure that the Bank realizes the goal of case prevention and control;
- (V) to review the investment business of unaffiliated single clients and unaffiliated single group clients, which accounts for 12% or more of the Bank's most recent audited net capital and involves a high compliance risk;
- (VI) to set the tone of compliance in the Bank; specify that compliance is the common responsibility of all employees of the Bank; establish the principle that all employees take the initiative in conducting compliance operations under the leadership of senior management to create value; put into practice the work ethics and values of honesty and integrity; and enhance the compliance awareness of all employees;
- (VII) to discuss the internal control, compliance, and case prevention and control systems with the management to ensure that the management has fulfilled its duties to establish an effective system;
- (VIII) to cooperate with the board of supervisors in its supervisory activities; and
- (IX) to perform other duties as set forth in laws, regulations, rules, normative documents, listing regulations of the stock exchange(s) where the stocks of the Bank are listed, and Articles of Association of the Bank and as authorized by the Board.

During the Reporting Period, the Compliance Management Committee convened a total of four meetings, mainly involving topics such as the 2020 Compliance Risk Assessment Report of Jiangxi Bank, the 2020 Work Report on the Case Prevention and Control of Jiangxi Bank, and the Self-assessment Report on the 2020 Case Prevention and Control of Jiangxi Bank.



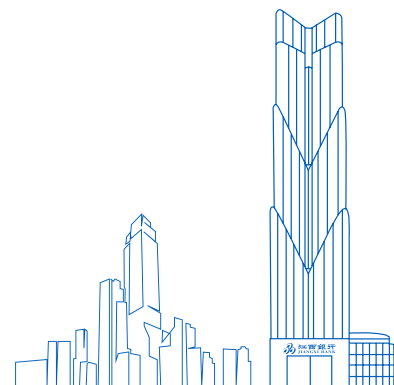
CHAPTER VI CORPORATE GOVERNANCE REPORT

The attendance of each committee member at the Compliance Management Committee meetings during the Reporting Period is as follows:

Members of the Committee	Number of Attendances Required at Meetings	Number of Attendances in Person at Meetings	Number of Attendances by Proxy at Meetings	Attendance Rate at Meetings
LIU Sanglin	4	4	0	100%
WONG Hin Wing	4	4	0	100%
ZHUO Liping	4	4	0	100%

6.4 CORPORATE GOVERNANCE FUNCTIONS

The Bank has not established a corporate governance committee. The Board is responsible for the corporate governance functions of the Bank, such as the development and review of the Bank's policies and corporate governance practices; review and monitoring of the training and continuous professional development of the directors, supervisors and senior management; review and monitoring of the Bank's compliance with policies and practices stipulated in laws and regulatory provisions; formulation and review of the code of conduct and compliance manual which are applicable to directors, supervisors and employees; and review of the Bank's compliance with the Code and disclosure in the corporate governance report.



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6.5 SUPERVISORY COMMITTEE

The board of supervisors is the supervisory body of the Bank, responsible to the Shareholders' general meeting, established to protect the legitimate rights and interests of the Bank, shareholders, employees, creditors, and other stakeholders. The board of supervisors is responsible for monitoring the Bank's financial activities, risk management, internal control, and the performance of duties by the Board, senior management and its members.

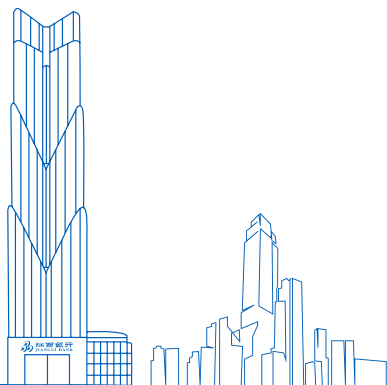
6.5.1 Composition of the Board of Supervisors

The board of supervisors has nine supervisors, including employee representative supervisors, shareholder representative supervisors, and external supervisors in equal proportions. The member structure of the board of supervisors is reasonable, sufficiently professional, and independent to ensure that the board of supervisors effectively performs its supervisory functions.

During the Reporting Period, the board of supervisors was able to perform its duties conscientiously, supervise the legal compliance of the Bank's Board, and senior management and its members in their performance of duties, and supervise the Bank's financial activities, risk management, and internal control according to relevant regulations.

6.5.2 Changes in the Members of the Board of Supervisors During the Reporting Period

On May 21, 2021, Mr. CHEN Xinxiang resigned from the position of employee representative supervisor of the Bank due to other work arrangements. After Mr. CHEN Xinxiang's resignation, the proportion of employee representative supervisors of the Bank is less than one-third. According to the relevant laws and regulations and the Articles of Association of the Bank, his resignation will take effect from the date on which the new employee representative supervisor elected by the employee representatives' meeting of the Bank takes office. During this period, Mr. CHEN Xinxiang will continue to perform his duties as an employee representative supervisor of the Bank.



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6.5.3 Meetings of the Board of Supervisors and the Attendance of Supervisors

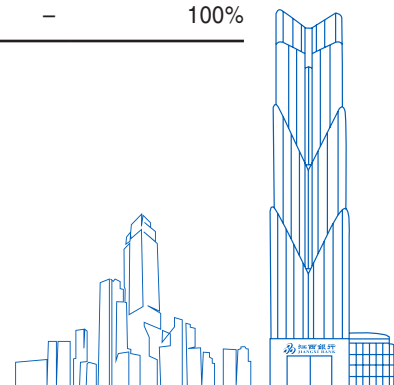
During the Reporting Period, the board of supervisors convened a total of five meetings, at which it considered and approved 20 proposals, including the 2020 Work Report on the Board of Supervisors of Jiangxi Bank Co., Ltd., the 2020 Report on the Evaluation of the Performance of Duties of the Board, the Board of Supervisors, Senior Management and Its Members by the Board of Supervisors of Jiangxi Bank Co., Ltd., and the Opinions on the Supervision and Evaluation of Internal Control and Compliance Management by the Board of Supervisors of Jiangxi Bank Co., Ltd.

Meetings of the board of supervisors

Session	Date	Form
Eighth session of the second board of supervisors	January 7, 2021	Teleconference
Ninth session of the second board of supervisors	March 26, 2021	On-site meeting
Tenth session of the second board of supervisors	June 22, 2021	On-site meeting
Eleventh session of the second board of supervisors	August 27, 2021	On-site meeting
Twelfth session of the second board of supervisors	December 16, 2021	On-site meeting

Attendance of Supervisors at Meetings of the Board of Supervisors during the Reporting Period

Supervisor	Number of Attendances Required	Number of Attendances in Person	Number of Attendances by Proxy	Attendance Rate
LIU Fulin	5	5	—	100%
LOU Mingnong	5	5	—	100%
CHEN Xinxiang	5	4	—	80%
YU Han	5	5	—	100%
ZHOU Minhui	5	5	—	100%
WANG Ruiqiang	5	5	—	100%
SHI Zhongliang	5	5	—	100%
LI Danlin	5	5	—	100%
SHI Jing	5	5	—	100%



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6.5.4 Committees under the board of supervisors

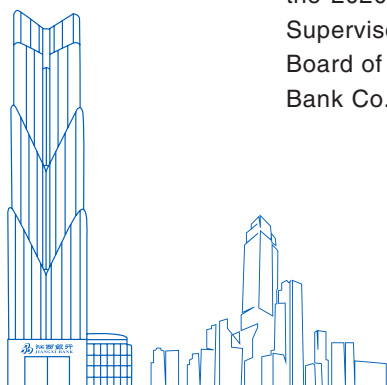
No.	Special Committees under the Board of Supervisors	Chairperson	Member
1	Nomination Committee	SHI Zhongliang	LIU Fulin, SHI Jing, YU Han, and LOU Mingnong
2	Supervision Committee	LI Danlin	ZHOU Minhui, WANG Ruiqiang, LOU Mingnong, and CHEN Xinxiang

Nomination Committee under the Board of Supervisors

The duties of the Nomination Committee primarily include:

- to draw up the selection procedures and standards for supervisors and advise the board of supervisors;
- to conduct a preliminary review of the qualifications and credentials of the supervisor candidates and submit the opinion to the board of supervisors;
- to supervise the selection and appointment procedures for directors;
- to conduct a comprehensive evaluation of the performance of the Board, the board of supervisors, and senior management and its members, and report the evaluation result to the board of supervisors;
- to supervise the scientificity and rationality of the management system and policies of remuneration across the Bank and the remuneration schemes of senior management; and
- to perform other duties as authorized by the board of supervisors.

During the Reporting Period, the Nomination Committee under the board of supervisors convened five meetings, at which seven proposals were considered and approved, including the 2020 Report on the Evaluation of the Performance of Duties of the Board, the Board of Supervisors, Senior Management and Its Members by the Nomination Committee under the Board of Supervisors and the Remuneration Payment Plan for External Supervisors of Jiangxi Bank Co., Ltd.



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Supervision Committee under the Board of Supervisors

The duties of the Supervision Committee primarily include:

- to be responsible for drawing up the supervision plans for the Bank's financial activities and implementing related inspections;
- to supervise the Board to establish a sound business philosophy and value criteria and develop a development strategy that is in line with the Bank's actual development;
- to supervise and inspect the operating policy decisions, risk management, and internal control of the Bank; and
- to perform other duties as authorized by the board of supervisors.

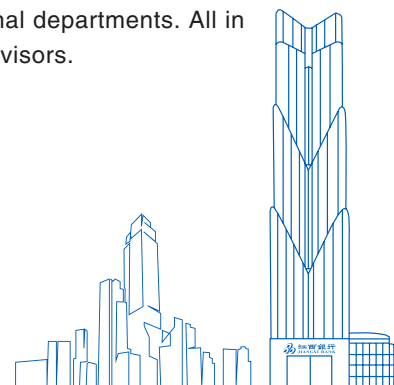
During the Reporting Period, the Supervision Committee under the board of supervisors convened a total of four meetings, at which eight proposals were considered and approved, including the Report of the Supervision Committee under the Board of Supervisors of Jiangxi Bank Co., Ltd. on Supervision and Inspection of Consumer Rights Protection and Anti-Money Laundering and the Report of the Supervision Committee under the Board of Supervisors of Jiangxi Bank Co., Ltd. on Supervision and Inspection of Case Prevention and Control Management.

6.5.5 Attendance at Shareholders' General Meetings During the Reporting Period

During the Reporting Period, the supervisors attended the annual general meeting of the Bank and supervised on site the legal compliance of the meeting procedures and the voting process.

6.5.6 Performance of External Supervisors

During the Reporting Period, in line with their duties, the external supervisors attended the shareholders' general meeting, Board meetings, and meetings of the board of supervisors and its special committees. The external supervisors participated in special training on comprehensive risk management, connected transactions and corporate governance by "online + offline" means, in addition to the supervision and inspection on performance evaluation, financial activities, internal control and risk management. They also conducted special research on the Audit Department, the Compliance Department and other functional departments. All in all, they conscientiously fulfilled the supervision duties of external supervisors.



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6.6 DIRECTORS' AND SUPERVISORS' TRAINING, DEVELOPMENT, AND RESEARCH DURING THE REPORTING PERIOD

The Bank's directors confirmed that they have complied with the original Code provision A.6.5 (now C.1.4). During the year, all directors, namely Mr. CHEN Xiaoming, Mr. XU Jihong, Mr. LUO Yan, Mr. QUE Yong, Mr. LI Zhanrong, Mr. LIU Sanglin, Mr. DENG Jianxin, Ms. ZHANG Rui, Ms. ZHANG Wangxia, Mr. WONG Hin Wing, Ms. WANG Yun and Ms. ZHUO Liping, have participated in continuous professional development by attending seminars, courses, conferences or reading related materials to develop and refresh their knowledge and skills.

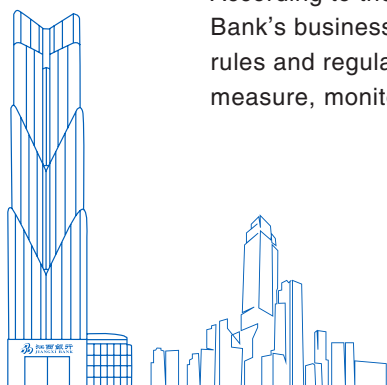
During the Reporting Period, certain directors and supervisors participated in the special training on comprehensive risk management organized by the Bank. The board of supervisors organized the supervisors to get involved in the training on the latest regulatory policies on corporate governance of small and medium-sized banks, focusing on the Code of Corporate Governance for Banking and Insurance Institutions and the Measures for Evaluating the Performance of Duties by Directors and Supervisors of Banking and Insurance Institutions, to enhance the supervisors' ability to perform supervisory duties.

During the Reporting Period, the Board also conducted research on case prevention and control plus internal control management, and some of the Bank's directors and supervisors participated in the research. The board of supervisors arranged for supervisors to conduct field research in some of departments of head offices and branches/sub-branches. Afterwards, the supervisors wrote Research Report of the Board of Supervisors on Steadily Promoting the Development of Inclusive Loan Business(《監事會關於穩步推進普惠貸款業務發展的調研報告》), Development Proposal of Jiangxi Bank from Digitalization to Intelligence(《江西銀行從數字化到智能化的發展建議》).

6.7 SENIOR MANAGEMENT

Senior management has the power granted by the Board to manage the daily operation of the Bank. The President of the Bank is primarily responsible for implementing the decisions of the Board and is required to report the implementation to the Board. The Bank has also appointed five vice presidents and other senior management members who shall fulfill their respective management responsibilities to cooperate with the President.

The Board and the management represented by the president perform their respective duties in accordance with their respective terms of reference established by the Articles of Association. According to the Articles of Association, the senior management of the Bank shall, as required by the Bank's business activities, establish and improve the internal control mechanism focusing on internal rules and regulations, operational risk management systems and credit approval systems, to identify, measure, monitor, and control the various risks faced by the Bank.



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6.8 CHAIRMAN OF THE BOARD AND PRESIDENT

On October 15, 2021, the Board of Directors of the Bank resolved to dismiss Mr. LUO Yan from the position of President of the Bank. During the period from October 15, 2021 to January 28, 2022, Mr. Chen Xiaoming performed the duties of president of the Bank (the “Transitional Arrangement”). On January 10, 2022, Mr. Luo Xiaolin was appointed as the president of the Bank by the Board of Directors of the Bank, and his qualification was approved by CBIRC Jiangxi Office on January 28, 2022.

Although the above transitional arrangement deviates from the requirement of the original A.2.1 (now C.2.1) of the Corporate Governance Code, in order to ensure that the operation of the Board and the daily operation of the Bank are not affected, the Board considers that the transitional arrangement is an appropriate arrangement prior to the completion of the nomination and election of candidates for the Chairman of the Board, and such arrangement will not have any material adverse impact on the operation of the Bank and its subsidiaries, nor will it undermine the balance of power and authority between the Board and the management of the Company. As at the Latest Practicable Date, the Bank has complied with the requirements of the original code provision A.2.1 (current code provision C.2.1) of the Corporate Governance Code.

In addition to the transitional arrangements described above, during the Reporting Period, the positions of the chairman of the Board and the president of the Bank were held by different individuals. The responsibilities of the chairman and the president were clearly defined and complied with the Hong Kong Listing Rules.

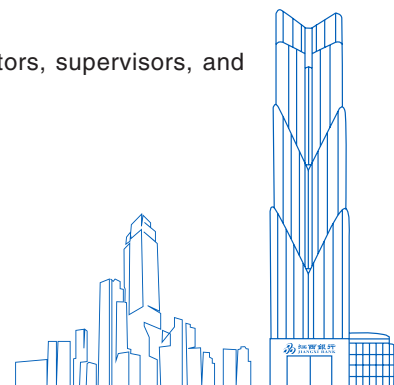
6.9 COMPANY SECRETARIES

Mr. XU Jihong has been appointed as secretary to the Board of the Bank since September 2006. Mr. XU Jihong and Dr. NGAI Wai Fung have served as joint company secretaries of the Bank since May 2018. Dr. NGAI Wai Fung is a director and the chief executive officer of SWCS Corporate Services Group (Hong Kong) Limited, and is responsible for assisting Mr. XU Jihong in secretarial matters. Mr. XU Jihong is the main contact person of Dr. NGAI Wai Fung in the Bank.

For the year ended December 31, 2021, each of Mr. XU Jihong and Dr. NGAI Wai Fung has taken no less than 15 hours of the relevant professional training on review of the Listing Rules and other compliance requirements.

6.10 RELATIONSHIP AMONG DIRECTORS, SUPERVISORS, AND SENIOR MANAGEMENT

There is no financial, business, or family relationship among the Bank’s directors, supervisors, and senior management.



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6.11 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Bank held the thirteenth session of the second Board meeting (on-site) on March 25, 2022, and considered and approved the proposal to amend the Articles of Association, which is subject to the consideration of the shareholders' general meeting.

6.12 COMMUNICATION WITH SHAREHOLDERS

The Bank values the opinions and suggestions of shareholders and organizes various communication activities with investors and analysts, to maintain good relations and respond promptly to the reasonable requirements of shareholders. Shareholders can make inquiries to the Board through the Board office. The contact information of the Board is as follows:

Address: No. 699 Financial Street, Honggutan New District, Nanchang, Jiangxi Province, the PRC

Postal code: 330038

Contact number: +86-0791-86791009

Fax: +86-0791-86791100

Email: xuc03@jx-bank.com

6.13 SHAREHOLDERS' RIGHTS

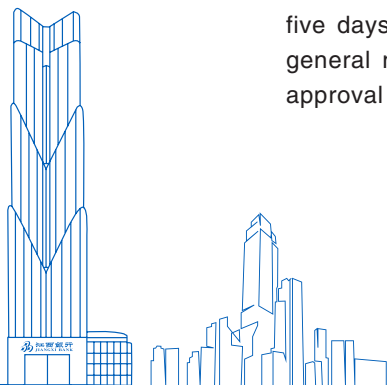
6.13.1 Procedures for Convening Extraordinary General Meetings

The Bank effectively protects shareholders' rights in strict accordance with applicable laws and regulations, Hong Kong listing rules, Articles of Association, and corporate governance systems.

According to the Articles of Association and rules of procedure for the shareholders' general meeting:

Shareholders individually or in aggregate holding 10% or more of the Bank's shares for more than 90 consecutive days (hereinafter referred to as "Requesting Shareholders") shall have the right to request the Board to convene an extraordinary general meeting in writing. The Board shall, according to the provisions of laws, regulations, and Articles of Association, provide written feedback on whether to agree or disagree with the convening of the extraordinary general meeting in ten days after the receipt of the request.

In case the Board agrees to convene an extraordinary general meeting, the Board shall, within five days after the Board resolution is made, issue a notice on convening an extraordinary general meeting. The change in the original proposal in the notice shall be subject to the approval of the Requesting Shareholders.



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In case the Board does not agree to convene an extraordinary general meeting, or does not provide written feedback within ten days after the receipt of the request, the Requesting Shareholders shall have the right to request the board of supervisors to convene an extraordinary general meeting in writing.

In case the board of supervisors agrees to convene an extraordinary general meeting, the board of supervisors shall, within five days after the receipt of the request, issue a notice on convening an extraordinary general meeting. The change in the original proposal in the notice shall be subject to the approval of the Requesting Shareholders.

The failure of the board of supervisors to issue a notice on convening an extraordinary general meeting within the prescribed time limit will be deemed that the board of supervisors does not convene an extraordinary general meeting, and the Requesting Shareholders may unilaterally convene.

Before a resolution is made at the extraordinary general meeting, the shareholding percentage of the Requesting Shareholders shall be not less than 10%.

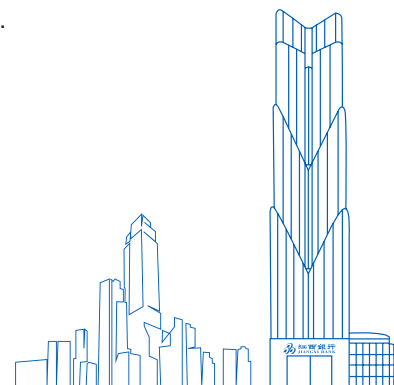
For further details, shareholders may refer to the Articles of Association available on the websites of the Hong Kong Stock Exchange and the Bank.

6.13.2 Procedure for Submitting Proposals at Shareholders' General Meetings

Shareholders, individually or in the aggregate, holding 3% or more of the Shares with voting rights of the Bank shall have the right to submit proposals to the Bank. The Requesting Shareholders may make extraordinary proposals and submit them to the convener in writing ten days before the shareholders' general meeting is convened. For the extraordinary proposals whose content and forms comply with the provisions of the Articles of Association, the convener shall, within two days after the receipt of the proposals, issue a supplementary notice to inform the shareholders' general meeting of the content of the extraordinary proposals. In case the listing rules of the stock exchange(s) where the stocks of the Bank are listed stipulate otherwise, the proposals shall also meet these stipulations.

6.14 EXTERNAL AUDITORS AND THEIR REMUNERATION

For the year of 2021, RMB2 million and RMB1.5 million of the remuneration for audit services and non-audit services were agreed to be paid by the Company to KPMG Huazhen LLP and KPMG, respectively. The non-audit services included the review of 2021 interim report.



CHAPTER VI CORPORATE GOVERNANCE REPORT

6.15 REMUNERATION OF SENIOR MANAGEMENT

During the Reporting Period, the Bank's directors (CHEN Xiaoming, XU Jihong, and LUO Yan), supervisors (LIU Fulin, LOU Mingnong and CHEN Xinxiang), and senior management (CHEN Yong, YU Jian, CHENG Zongli and CAI Xiaojun), 10 members in total, were paid by the Bank. The total remuneration was RMB16,370,400 in 2021.

Remunerations paid to the aforesaid senior management by bands for the year ended December 31, 2021 are set out below:

Band of remuneration	Number of employees	Percentage of total
RMB2,000,000 to RMB3,000,000	2	20%
RMB1,000,000 to RMB2,000,000	6	60%
RMB0 to RMB1,000,000	2	20%

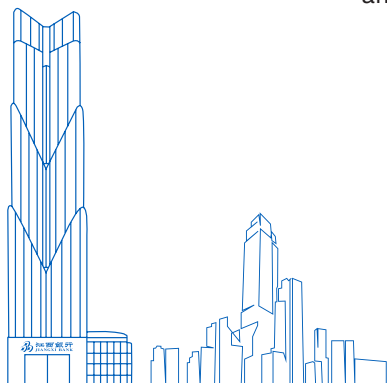
6.16 RISK MANAGEMENT AND INTERNAL CONTROL

6.16.1 Risk Management

1 *Procedures for identifying, evaluating, and managing significant risks*

The Bank identifies, measures, and controls a series of quantitative and non-quantitative risks that may be faced by the Bank due to business strategies, product mix, customer needs, and interactions of external macroeconomic environment according to the CBIRC's Administrative Measures for the Capital of Commercial Banks (for Trial Implementation) and its annexes, the Basel Committee's definition of risks and related professional terms, and practices of domestic and foreign banks, and in light of the Bank's actual situation.

Based on the capital occupancy of the Bank's risk categories, recognition of risks faced by the Bank and capital regulatory requirements, the Bank regularly implements the evaluation procedures for comprehensive risk and capital adequacy ratio to identify and assess key risks, including those in credit, market, operation, liquidity, bank account interest rate, concentration, legal compliance, reputation, and information technology, and analyze them with risk measurement methods and tools.



CHAPTER VI CORPORATE GOVERNANCE REPORT

2 *Characteristics of the risk management system*

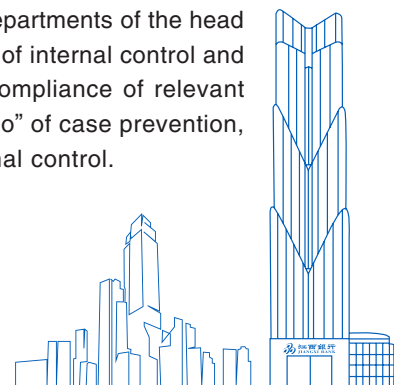
In the face of increasingly complicated and ever-changing internal and external environments, the Bank optimized the risk management system based on the strategic development plan and the actual operating conditions by drawing on relevant experience of domestic advanced banks, specifically:

- (1) to foster compliant and sound risk culture, foster the awareness of comprehensive risk management, continue the critical battle of forestalling and defusing risks, and strictly adhere to the risk bottom line;
- (2) to improve the risk management structure, optimize the mechanism for risk management and control, and improve risk prevention capabilities;
- (3) to continuously strengthen the construction of the risk system, optimize the features of the post-lending monitoring system, and enhance early warning and monitoring; and
- (4) to accelerate the development and improvement of the risk measurement model, and provide decision support for risk management for the online retail business of the Bank.

6.16.2 Internal Control

During the Reporting Period, the Bank continued to improve its internal control management system:

1. Strengthening the top-level performance to ensuring the effectiveness of internal control management. The Bank revised the Rules for the Work of the Compliance Management Committee of the Board of Jiangxi Bank and the Rules of Procedure of the Internal Control, Compliance and Case Prevention Committee of Jiangxi Bank, to further refine the mechanism for the management of top-level internal control. In 2021, the Compliance Management Committee of the Board of the Bank and the Internal Control, Compliance and Case Prevention Committee of the management level performed the functions of internal control management.
2. Strengthening the leadership in assessment and improving the assessment indexes for internal control. The Bank modified the method for assessing the departments of the head office plus branches in 2021, optimized the assessment indicators of internal control and compliance, intensified the assessment of internal control and compliance of relevant lines. In addition, the Bank refined the content of the “one-vote veto” of case prevention, and gave full play to the role of assessment as a “baton” in internal control.



CHAPTER VI CORPORATE GOVERNANCE REPORT

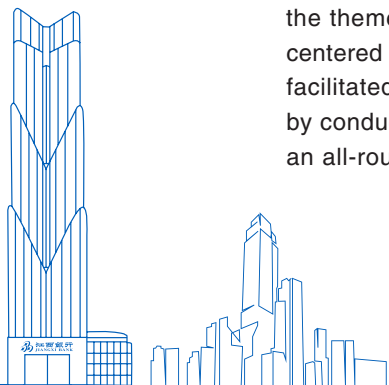
3. Strengthening organizational construction and perfecting internal control mechanism. Vigorously promoting the “strong line” management of internal control and compliance, the Bank adopted the full-time compliance post model, improved the meeting mechanism of the lines, and strengthened the control of incompatible posts. These efforts have enhanced the organization and control of internal control throughout the Bank.
4. Reinforcing the second line of defense and enhancing the quality and efficiency of internal control inspection. The Bank revised the Measures for Managing the Internal Control and Compliance Inspection of Jiangxi Bank and formulated the Measures for Managing the Talent Pool of Internal Control and Compliance Inspection of Jiangxi Bank, to make the Bank more professional in internal control and compliance inspection. Focusing on key business areas and weak links in internal control, the Bank facilitated the completion of the annual program of internal control and compliance inspection and identified weak spots and loopholes in internal control.

During the Reporting Period, no major deficiencies were found in the Bank's internal control.

6.16.3 Internal Audit

The Group has established an independent internal audit system and the Board assumes ultimate responsibility for the independence and effectiveness of internal audit. The Board has established an Audit Committee to guide and supervise the internal audit of the Bank. The board of supervisors is responsible for supervising the internal audit. The general manager of the audit department reports to the Board, the Audit Committee and the board of supervisors on a regular basis and informs the senior management. The audit department prepares an annual audit plan and submits it to the Audit Committee and the Board for approval. In daily audit, the Group reviews its operation, information system, financial reporting and risk management through systematic and standardized internal audit methods, and evaluates the effectiveness of the Bank's internal control and corporate governance. The Group also conducts special audits on various risks faced by the Bank, including those in credit, market, operation and information technology. The Group conducts internal audit work on site or offsite and then issues an audit report. To ensure that the audited department takes appropriate corrective actions according to audit suggestions, the audit department of the Bank continuously follows up on the results of corrective actions and supervises the implementation of the corrections.

During the Reporting Period, the Group's internal audit department carried out work around the theme of “consolidation and deepening in the year”. Guided by Party building, the work is centered on business development and directed at risk audits, with the guarantee of technology-facilitated audits. Specifically, the internal audit department earnestly performed audit duties by conducting audits in a rigorous and orderly manner and completing other aspects of work in an all-round way, to escort the steady development of the Bank's business.

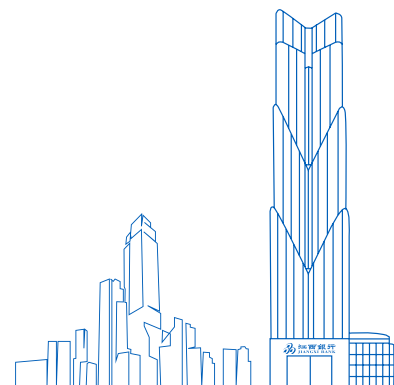


CHAPTER VI CORPORATE GOVERNANCE REPORT

6.17 SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS, AND RELATED EMPLOYEES

The Bank has adopted Appendix 10 to the Listing Rules headed “Model Code for Securities Transactions by Directors of Listed Issuers” as the code of conduct for securities transactions by directors, supervisors, and related employees. Having been made specific inquiries by the Bank, all directors and supervisors confirmed that they have complied with requirements under the above Model Code throughout the Reporting Period.

During the Reporting Period, the directors and supervisors did not have any dealings in the Bank’s shares.



CHAPTER VII REPORT OF THE BOARD OF DIRECTORS

7.1 PRINCIPAL BUSINESS AND BUSINESS REVIEW

The Bank is primarily engaged in banking businesses and related financial services, including corporate banking, retail banking, financial markets business and other business. A review of the Bank's business during the Reporting Period is set out in Chapter III "Management Discussion and Analysis" in this annual report.

The Bank's business review and analysis of key indicators of financial performance, major risks and uncertainties, and future development prospects of the business during the Reporting Period were set out in Chapter III "Management Discussion and Analysis" in this annual report.

7.2 ANNUAL GENERAL MEETING AND DIVIDENDS

7.2.1 Annual General Meeting

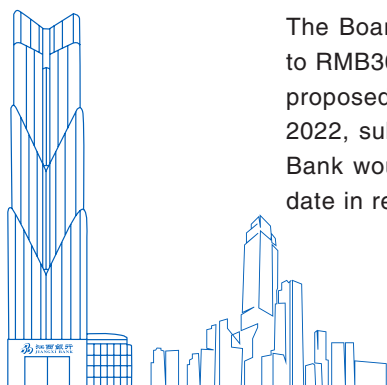
The Bank proposes to hold the 2021 Annual General Meeting on Tuesday, June 28, 2022. In order to determine the list of Shareholders who are entitled to attend and vote at the Annual General Meeting, the Bank's register of members will be closed from Saturday, May 28, 2022 to Tuesday, June 28, 2022, both days inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the Annual General Meeting, all transfer documents together with relevant share certificates and other appropriate documents shall be sent to the office of the Board of the Bank at No. 699 Financial Street, Honggutan New District, Nanchang, Jiangxi Province, the PRC (for holders of Domestic Shares) or to the H Share Registrar, namely, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) before 4:30 p.m. on Friday, May 27, 2022 for registration.

A circular and the notice of the 2021 Annual General Meeting of the Bank will be published and dispatched to the Shareholders in due course.

7.2.2 Dividends

The Shareholders of the Bank have approved the Bank's profit distribution plan for 2020 at the 2020 Annual General Meeting held on May 21, 2021. The Bank has approved to distribute cash dividends at RMB0.05 per share (including tax) for 2020, amounting to RMB 301.2 million, which has been distributed to the holders of the Bank's shares on July 21, 2021.

The Board of Directors proposed that the Bank distribute the 2021 cash dividend amounting to RMB301.2 million at a ratio of in cash for 2022, i.e. RMB0.05 per share (including tax). The proposed final dividend is expected to be distributed to Shareholders on or around August 26, 2022, subject to the approval of the Shareholders at the 2021 Annual General Meeting. The Bank would make further announcement(s) in respect of the book closure period and record date in relation to the proposed final dividend.



CHAPTER VII REPORT OF THE BOARD OF DIRECTORS

Dividend Policy

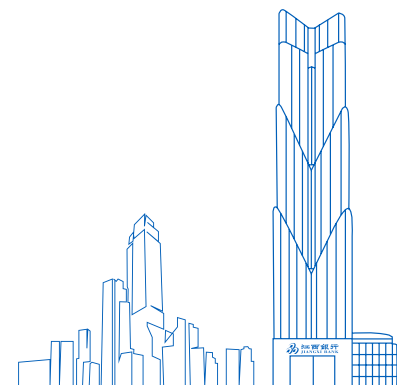
The Bank has adopted the dividend policy with the aim to protect Shareholders' equity and promote the Bank's business development, at the same time, to comply with relevant requirements of the laws, regulations and the Articles of Association. When determining whether to propose dividends distribution and the amount of dividends to be paid, the Board will consider the following factors of the Group (including but not limited to):

- Operating results;
- Cash flow;
- Financial condition;
- Capital adequacy ratio;
- Future business prospects;
- Statutory and regulatory restrictions on the payment of dividends; and
- Other factors that the Board considers relevant.

7.2.3 Tax Relief

Withholding foreign non-resident enterprises' enterprise income tax

Pursuant to the applicable provisions and the implementing regulations of the Enterprise Income Tax Law of the PRC, Notice of the State Taxation Administration on Issues Concerning the Disbursement of Dividends by Chinese Resident Enterprises to Shareholders of Overseas H-Share Non-Resident Enterprises and Deduction of Enterprise Income Tax (Guo Shui Han [2008] No. 897) and Approval of the State Taxation Administration on the Issue of Enterprise Income Tax on Non-Resident Enterprises Obtaining B Shares and Other Stock Dividends (Guo Shui Han [2009] No. 394), the Bank shall withhold the enterprise income tax at the rate of 10% for non-resident enterprise holders of H Shares (including the H Shares registered in the name of HKSCC Nominees Limited) when distributing final dividends for 2021 to the non-resident enterprises listed on the register of member of H shares. Holders of H shares of non-resident enterprises who enjoy the treatment under Tax Treaty pursuant to relevant regulations shall be treated correspondingly.



CHAPTER VII REPORT OF THE BOARD OF DIRECTORS

Withholding foreign non-resident individual shareholder's individual income tax

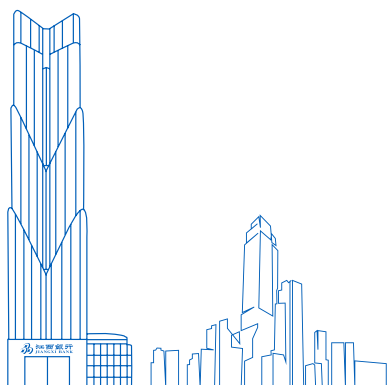
Pursuant to the applicable provisions and the implementing regulations of the Individual Income Tax Law of the PRC and Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 issued by State Administration of Taxation as well as the Announcement of the State Taxation Administration on the Promulgation of Measures for “the Administration of the Treatment of Non-Resident Taxpayer under Tax Treaty” (hereinafter referred to as “Tax Treaty”), the Bank shall withhold individual income tax from the holders of H Shares according to the following arrangement when distributing final dividends for 2021 to the non-resident individual Shareholders listed on the register of member of H shares:

For an individual holder of H Shares who is a resident of Hong Kong, Macau or a country/region that has signed a tax treaty with the PRC stipulating a dividend rate of 10%, the Bank shall withhold and pay individual income tax at the rate of 10% on behalf of such H Shareholders when distributing the final dividend;

For an individual holder of H Shares who is a resident of a country/region which has signed a tax treaty with the PRC stipulating a dividend rate of lower than 10%, the Bank shall temporarily withhold and pay individual income tax at the rate of 10% on behalf of such holders of H Shares while distributing the final dividend. In case the relevant holders of H Shares are to apply for refund of the tax over-withheld, the Bank will follow the Notice of Tax to handle the application of the relevant tax benefits on their behalf. The qualified holders of H Shares are required to submit in a timely manner the written authorization and all application materials to the H Share Registrar of the Bank, Computershare Hong Kong Investor Services Limited; the Bank will forward the received documents to the competent tax authorities for review, and if approved, the Bank will assist in handling the refund of the over-withheld tax;

For an individual holder of H Shares who is a resident of a country/region that has signed a tax treaty with the PRC stipulating a dividend rate higher than 10% but lower than 20%, the Bank shall withhold and pay individual income tax at the applicable rate stipulated in the relevant tax treaty while distributing the final dividend; and

For an individual holder of H Shares who is a resident of a country/region which has signed a tax treaty with the PRC stipulating a dividend rate of 20% or has no tax treaty with the PRC or otherwise, the Bank shall withhold and pay individual income tax at the rate of 20% while distributing the final dividend.



CHAPTER VII REPORT OF THE BOARD OF DIRECTORS

7.3 SHARE CAPITAL AND SHAREHOLDERS

For details of the share capital and substantial Shareholders of the Bank, please refer to the section headed “Changes in Share Capital and Information on Shareholders”.

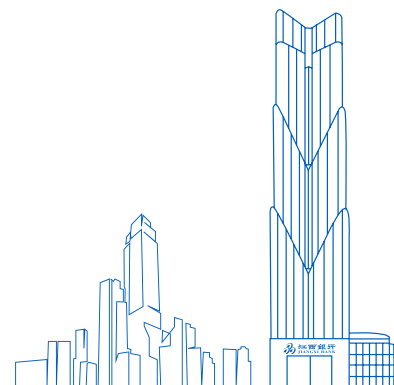
7.4 BOND ISSUE AND REPURCHASE

7.4.1 Bonds Issued

Approved by the PBOC and CBRC Jiangxi Office, in June 2017, the Bank issued the 10-year tier-2 capital bonds with a total principal amount of RMB3 billion (calculated at a fixed interest rate of 5.00% per annum, and the interest payment method is annual payment, which will expire on June 7, 2027). The bonds may be partially or fully repurchased by the Bank at its discretion on June 7, 2022, upon approval by the relevant regulatory authorities. The proceeds from this capital bond issue have been used as supplementary tier-2 capitals of the Bank according to applicable laws and approvals of regulatory authorities.

Approved by the PBOC and CBRC Jiangxi Office, in September 2017, the Bank issued the 10-year tier-2 capital bonds with a total principal amount of RMB3 billion (calculated at a fixed interest rate of 5.00% per annum, and the interest payment method is annual payment, which will expire on September 28, 2027). The bonds may be partially or fully repurchased by the Bank at its discretion on September 28, 2022, upon approval by the relevant regulatory authorities. The proceeds from this capital bond issue have been used as supplementary tier-2 capitals of the Bank according to applicable laws and approvals of regulatory authorities.

Approved by the PBOC and CBRC Jiangxi Office, in August 2021, the Bank issued the 5+N-year undated capital bonds with a total principal amount of RMB4 billion (the coupon rate of the bonds will be adjusted in stages, with a coupon rate adjustment period every 5 years from the issue payment deadline. The first 5 years will be calculated at a fixed interest rate of 4.80% per annum, and the interest payment method is annual payment. The Bonds will continue to be outstanding so long as the Issuer’s business continues to operate). The Bonds Issuance sets conditional redemption rights for the Issuer. From the fifth anniversary since the issuance of the bonds, the Bank may redeem the Bonds in whole or in part on each distribution payment date (including August 25, 2026). The proceeds from this capital bond issue have been used as supplementary tier-2 capitals of the Bank according to applicable laws and approvals of regulatory authorities.



CHAPTER VII REPORT OF THE BOARD OF DIRECTORS

Detailed information of bonds

Stock name	Variety of bonds	Issue size	Duration	Interest rate of bonds	Interest payment method
17 Jiangxi Bank Tier-2 01	Fixed interest rate	RMB3.0 billion	10 years (redemption rights with preconditions at the end of the fifth year)	5.00%	Annual payment
17 Jiangxi Bank Tier-2 02	Fixed interest rate	RMB3.0 billion	10 years (redemption rights with preconditions at the end of the fifth year)	5.00%	Annual payment
21 Jiangxi Bank Perpetual Bond 01	Floating rate	RMB4.0 billion	5+N years (redemption rights with preconditions at the end of the fifth year)	4.80%	Annual payment

7.4.2 Issue of Interbank Deposit Receipts

As of December 31, 2021, the Bank has issued 194 interbank deposit receipts throughout the year, totaling book balance of interbank deposit of RMB34.977 billion.

7.4.3 Repurchase

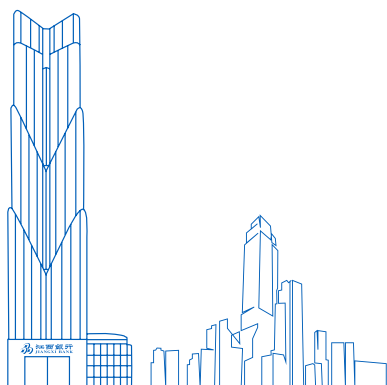
During the Reporting Period, the Bank or any of its subsidiaries did not repurchase any bonds.

7.5 RESERVE

Details of the changes in the reserves of the Group for the year ended at the end of the Reporting Period are set out in the consolidated statements of changes in Shareholders' equity.

7.6 PROPERTY AND EQUIPMENT

Details of changes in the property and equipment of the Group for the year ended at the end of the Reporting Period are set out in note 22 to the financial statements.



CHAPTER VII REPORT OF THE BOARD OF DIRECTORS

7.7 RELATED PARTY TRANSACTIONS

In the ordinary and usual course of business, the Bank provides commercial banking services and products to the public in China, including connected persons such as Shareholders, Directors, Supervisors, President and their respective associates. Pursuant to the Listing Rules, such transactions, being conducted on normal commercial terms in the ordinary and usual course of the business of the Bank, shall be exempted from reporting, annual review, disclosure and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Bank has reviewed all its related party transactions and acknowledged that those transactions had complied with the requirements under Chapter 14A of the Listing Rules.

The definition of connected persons under Chapter 14A of the Listing Rules is different from the definition of related parties under International Accounting Standard, and its interpretations by the IASB. Certain related party transactions set out in Note 37 to the financial statements also constitute connected transactions or continuing connected transactions as defined under the Listing Rules, but none of them constitutes any connected transaction required to be disclosed as defined under the Listing Rules.

7.8 DIRECTORS AND SUPERVISORS AND SENIOR MANAGEMENT MEMBERS

Details regarding the Directors, Supervisors and senior management of the Bank are set out in the section headed "Directors, Supervisors, Senior Management Members, Employees and Institutions" in this annual report.

7.9 INTERESTS OF DIRECTORS AND SUPERVISORS IN BUSINESS IN COMPETITION WITH THE BANK

None of Directors and Supervisors of the Bank holds any interest in any business which competes or is likely to compete, whether directly or indirectly, with the Bank.

7.10 REMUNERATION AND RETIREMENT BENEFITS OF DIRECTORS AND SUPERVISORS

None of executive directors and non-executive directors of the Bank receive directors' fees from the Bank. According to the Remuneration Payment Plan for Independent Directors of Jiangxi Bank Co., Ltd., the Bank's independent non-executive Directors will receive remuneration based on their performance review and with reference to the average level of remuneration of independent directors of other city commercial banks with similar scale as the Bank.

Details of the emoluments of the Directors and Supervisors of the Bank are set out in note 9 to the financial statements.

7.11 SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

During the Reporting Period, none of the Bank's Directors and Supervisors entered into a service contract with the Bank which was not determinable by the Bank within one year without payment of compensation (other than statutory compensation).



CHAPTER VII REPORT OF THE BOARD OF DIRECTORS

7.12 INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

As at December 31, 2021, none of the Bank's Directors and Chief Executive had any interests or short positions in any of the shares, underlying shares and debentures of the Bank or its associated corporations.

The interests and short positions of the Bank's supervisors are set out in the section headed "Directors, Supervisors, Senior Management Members, Employees and Institutions" of this annual report.

7.13 MATERIAL INTERESTS OF DIRECTORS AND SUPERVISORS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

During the Reporting Period, neither the Bank nor any of its subsidiaries entered into any significant transaction, arrangement or contract in which the Bank or entity connected with the Bank's Directors or Supervisors directly or indirectly had a material interest.

7.14 ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the Reporting Period, was the Bank or any of its subsidiaries entered into any arrangement to enable the Directors and Supervisors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

7.15 MANAGEMENT CONTRACTS

During the Reporting Period, no management or administrative contracts regarding the whole or any substantial part of any business were entered into by the Bank.

7.16 PERMITTED INDEMNITY PROVISIONS

During the Reporting Period, the Bank has purchased appropriate liability insurance to indemnify its Directors, Supervisors and senior management in respect of the liabilities arising from engaging in the activities of the Bank. Such arrangements remained effective during the Reporting Period.

7.17 PURCHASE, SALE OR REPURCHASE OF LISTED SECURITIES OF THE BANK

Save as disclosed in the section headed "7.4 Bond Issue and Repurchase" in this chapter, during the Reporting Period, the Bank and its subsidiaries did not purchase, sell or redeem any listed securities of the Bank.



CHAPTER VII REPORT OF THE BOARD OF DIRECTORS

7.18 PRE-EMPTIVE RIGHTS

During the Reporting Period, the Bank did not have provisions in respect of pre-emptive rights in the Articles of Association and under PRC law.

7.19 DONATION

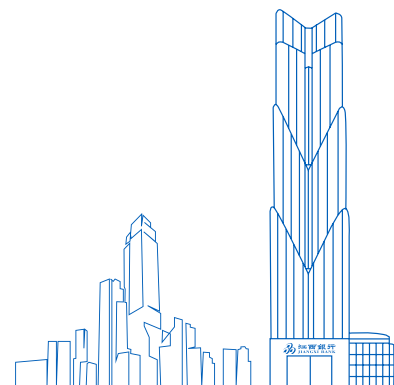
During the Reporting Period, the Group made charitable and other donations totaling approximately RMB4.7251 million.

7.20 EQUITY-LINKED AGREEMENTS

In order to actively implement the government's special debt policy of RMB200 billion, enhance the Bank's capital strength and improve the level of risk resistance, the Bank entered into the Agreement on the Replenishment of "Convertible Negotiated Deposit" for the Capital of Small and Medium-sized Banks with Special Bonds (the "Agreement") with Jiangxi Provincial Department of Finance on August 20, 2021. According to the Agreement, after the Jiangxi Provincial Department of Finance obtained the corresponding funds through the issuance of local government special bonds, the Jiangxi Provincial Department of Finance deposited a total of RMB3.9 billion in five installments in the form of convertible negotiated deposits.

When the following conversion conditions as set out in the Agreement are satisfied, Jiangxi Provincial Department of Finance will convert the negotiated deposits into ordinary shares of the Bank in accordance with laws and regulations and in accordance with the Agreement:

- ① the core tier-one capital adequacy ratio of the Bank is lower than 5.125%;
- ② the class and number of the converted ordinary Shares and the shareholding structure of the Bank after the conversion shall satisfy the particular requirement of the Hong Kong Stock Exchange for the minimum public float, otherwise all or part of the Shares shall be held by the independent third parties.



CHAPTER VII REPORT OF THE BOARD OF DIRECTORS

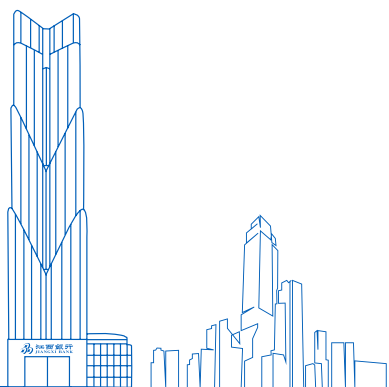
Upon the satisfaction of the above conversion conditions set out in the Agreement, the Bank shall issue H Shares of the Bank to Jiangxi Provincial Department of Finance or its designated institution at a nominal value of RMB1 per share in accordance with the conditions and conversion price agreed in the Agreement (which is determined based on the average trading price of H Shares of the Bank for the 20 trading days preceding the date of the Board resolution approving the convertible negotiated deposit (i.e. March 26, 2021) and converted into RMB at the central parity rate of RMB to HKD announced by the State Administration of Foreign Exchange on the date of the Board resolution) (the “Initial Conversion Price”), being the Initial Conversion Price of HKD3.29 (equivalent to approximately RMB2.78), or the higher of the net assets per share attributable to the owners of the parent company in the consolidated financial statements after capital verification at the time of conversion of the convertible negotiated deposit. If the conversion conditions are triggered within 9-10 years (inclusive) after the issuance date of the special bonds, the convertible deposit involved is RMB0.7 billion, which can be converted into a maximum of 1,402,877,697 H shares of the Bank (approximately 18.89% of the enlarged total share capital of the Bank) if the conversion conditions are met.

If the conversion conditions set out in the Agreement are not met, the Bank will repay the principal and interest in tranches after the maturity of the convertible negotiated deposit in accordance with the Agreement. The interest rate of convertible negotiated deposits is in line with the corresponding interest rate of local government special bonds. According to the interest rates of recent local government bonds issued in Jiangxi Province, the interest rate range of specific bonds is expected to be 2.5% to 4.5%. If the interest rate of the specific bonds exceeds the range, the Bank will submit it separately to the shareholders’ general meeting for consideration and approval.

The term of the Agreement shall commence from the issue date of the Special Bonds until the earlier of (i) the date on which Jiangxi Provincial Department of Finance holds the Conversion Shares and withdraws from the Special Bonds, (ii) the maturity date of the Special Bonds, or (iii) the expiry date of 10 years from the issue date of the Special Bonds.

As of the Latest Practicable Date, the conversion conditions set out in the Agreement have not been satisfied, and the Bank has not issued any Shares pursuant to the Agreement. Please refer to the circular of the Bank dated May 6, 2021 and the announcement of the Bank dated August 20, 2021 for details of the replenishment of additional tier 1 capital by convertible negotiated deposit business.

Save for the above, during the Reporting Period, the Bank did not enter into or renew any other equity-linked agreements.



CHAPTER VII REPORT OF THE BOARD OF DIRECTORS

7.21 SUPPLIERS, RELATIONS WITH EMPLOYEES AND CUSTOMERS

The Bank treats its employees as the most valuable asset of the Bank and pays great attention to safeguarding the legitimate rights and interests of its employees, striving to establish a harmonious and stable employment relationship. The Bank enters into labor contracts with its employees in accordance with the relevant laws and regulations, continuously improves labor employment system and employee security system. The Bank developed the Salary Management System of Jiangxi Bank, under which it pays employees full salaries on time, contributes various social insurance and housing provident fund and built a multi-level pension and medical security system. At the same time, the Bank provides employees with professional training to help them grow up quickly.

Details for the Bank's relations with customers are set out in Chapter III "Management Discussion and Analysis" of this annual report.

Due to the nature of business, the Bank has no major suppliers and the total percentage of purchases attributable to our five largest suppliers is less than 30%.

7.22 PUBLIC FLOAT

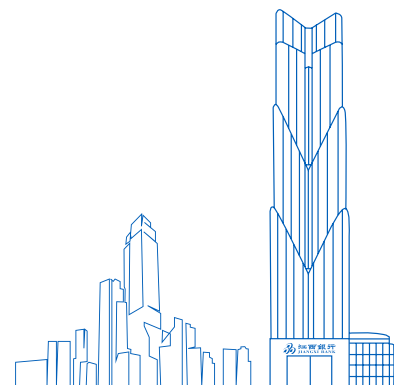
As at the Latest Practicable Date, according to the data publicly available to the Bank and to the knowledge of Directors, the Bank has complied with the public float requirements under the Listing Rules.

7.23 CORPORATE GOVERNANCE

The Bank is committed to maintaining a high standard of corporate governance. Details of corporate governance of the Bank are set out in the section headed "Corporate Governance Report" of this annual report.

7.24 MAJOR DEPOSITORS AND BORROWERS

The Bank is not dependent on a single major depositor/borrower. As at the end of the Reporting Period, the deposits balance of the five largest depositors and loan balance of the five largest borrowers of the Bank represented is less than 30% of the total deposits balance, gross loans and advances of the Bank.



CHAPTER VII REPORT OF THE BOARD OF DIRECTORS

7.25 ENVIRONMENTAL POLICIES

In recent years, the Bank has actively undertaken the social responsibilities under relevant environmental policies. The Bank actively advocates the concept of environmental protection in the course of operation. Specifically, the Bank optimizes online services, practices green office, advocates green public welfare and develops green credit to promote green financial undertakings. Meanwhile, in order to actively carry out green financial innovation, the Bank introduces environmental risk stress tests and incorporates environmental factors into its risk management process. For details of the Bank's environmental policies and performance, please refer to the Environment, Social and Governance Report to be issued by the Bank after the annual report.

7.26 COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Bank has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Bank.

7.27 SUBSEQUENT EVENTS

1. On 15 October, 2021, the Board of Directors of the Bank removed Mr. LUO Yan from the position of president of the Bank. From 15 October 2021 to 28 January 2022, Mr. CHEN Xiaoming of the Bank acted as the president of the Bank.
2. Mr. LUO Xiaolin was appointed as the president of the Bank by the Board of Directors of the Bank on 10 January 2022. The qualification of Mr. LUO Xiaolin as the president was approved by CBIRC Jiangxi Office on 28 January 2022. The term of office shall commence from the date of approval.
3. On February 21, 2022, Mr. CHEN Xiaoming, the Chairman, submitted a written resignation letter to the Board to resign as an executive Director, the Chairman, a member and the chairperson of the Strategy Committee of the Board, with effect from the same date.
4. Mr. CHEN Yong removed his position as the vice president of the Bank from the Board of Directors of the Bank on March 25, 2022 due to reaching the statutory retirement age. The Bank would like to express our sincere gratitude to Mr. Chen Yong for his diligent and fruitful work during his tenure of office.

By Order of the Board
XU Jihong
Executive Director and Joint Company Secretary

Nanchang, China
March 25, 2022



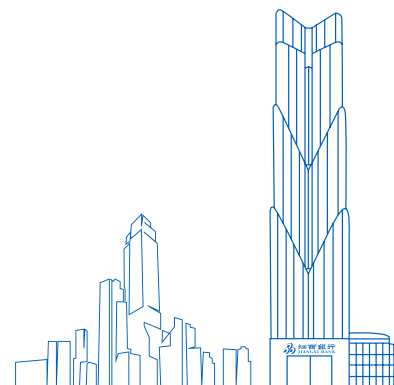
CHAPTER VIII REPORT OF THE BOARD OF SUPERVISORS

During the Reporting Period, in strict accordance with the requirements of laws and regulations, the Board of Supervisors of the Bank maintained the role of internal supervision with the focus on key and difficult points in operation and management, fulfilled supervision duties, actively safeguarded the interests of all Shareholders and the Bank, and successfully completed the various tasks of the year.

8.1 MAJOR WORKS

8.1.1 Further Strengthen Daily Supervision and Keep Improving Supervision Timeliness

1. The Board of Supervisors performed the supervision function in accordance with law. During the Reporting Period, the Board of Supervisors held 5 meetings of the Board of Supervisors, 4 meetings of the Supervision Committee and 5 meetings of the Nomination Committee, at which the Board of Supervisors discussed and considered 35 topics including duty performance evaluation reports, annual work reports, annual research plans, and evaluation opinions for supervision. All members of the Board of Supervisors complied with the requirements of their duties by actively attending the meetings, carefully considering proposals, and independently and objectively providing their professional opinions at the meetings. The Board of Supervisors also organized the supervisors to attend 1 general meeting and 5 meetings of the Board of Directors, at which the supervisors legally supervised the agenda, contents of proposals and voting procedure of the meetings.
2. The Board of Supervisors conducted daily supervision dynamically. During the reporting period, the Supervisory Committee kept a close eye on the domestic and international economic trends, took the initiative to learn about the regulatory policies and requirements, regularly read various operating reports, financial reports and risk management-related reports of the Bank, and issued 2 risk alert letters such as the “Risk Alert on Strengthening Credit Risk Control” in a timely manner. In response to the problems or management shortcomings found in daily supervision and off-site inspections, 3 management recommendations were issued, such as further strengthening the development of inclusive finance business.

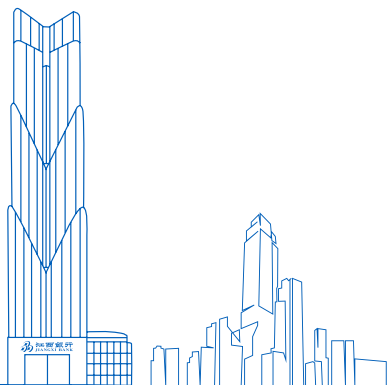


CHAPTER VIII REPORT OF THE BOARD OF SUPERVISORS

3. The Board of Supervisors debriefed extensively on work reports. During the Reporting Period, the Board of Supervisors debriefed on work reports of 6 functional departments to gain a detailed understanding of the Bank's internal audit, internal control, compliance and risk management. In addition, it also listened to the report of KPMG on the preparation of the Bank's strategic plan to critically assess the scientificity, reasonableness and soundness of the development strategy.
4. The Board of Supervisors carried out in-depth special research. During the Reporting Period, the Board of Supervisors conducted field research in 6 branches inside and outside the province, 16 county branches and 4 SMEs, collecting 120 pieces of opinions and recommendations and forming special research reports. Moreover, it conducted research on the development of financial technology, analyzing the status quo and future prospects of financial technology from different levels, dimensions and ways, and putting forward 5 constructive suggestions.

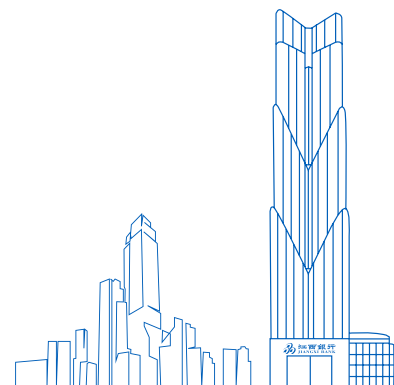
8.1.2 Further Strengthen Special Inspections and Keep Enhancing the Effectiveness of Supervision

1. The Board of Supervisors earnestly carried out supervision on risk management. During the Reporting Period, the Supervisory Committee gained an in-depth understanding of the status quo of risk management of the Bank by conducting on-site research, debriefing on reports and regularly reviewing reports related to risk management, focusing on the credit risk management and IT outsourcing services and system project management of the Bank since its establishment, pointing out the problems and forming two special supervisory evaluation opinions.



CHAPTER VIII REPORT OF THE BOARD OF SUPERVISORS

2. The Board of Supervisors earnestly carried out supervision of consumer rights protection and anti-money laundering. In accordance with the requirements of regulatory guidelines and the annual work arrangement of the Board of Supervisors, the Board of Supervisors set up a special inspection team, which revealed the problems in the Bank's consumer rights protection and anti-money laundering work through a special inspection in the past two months, and made a total of 13 recommendations in further consolidating consumer protection, improving the mechanism for handling consumer complaints and carrying out anti-money laundering data governance.
2. The Board of Supervisors earnestly conducted case prevention, internal control and compliance supervision. During the Reporting Period, the Board of Supervisors further strengthened the supervision of internal control and compliance case prevention, carried out special inspections on the management of case prevention, internal control and compliance respectively, and made recommendations to further solve the hidden risks of cases, strengthen the effectiveness of case prevention performance, define the responsibility of case prevention and strengthen the control of staff behavior.
4. The Board of Supervisors earnestly carried out supervision on financial and consolidated financial statement management. During the Reporting Period, the Board of Supervisors continued to increase its supervision on the Bank's financial and consolidated financial statement management, focusing on financial management, investment management and consolidated financial statement management, and made targeted suggestions and recommendations to strengthen risk control of investment business and improve financial management and decision-making capabilities.

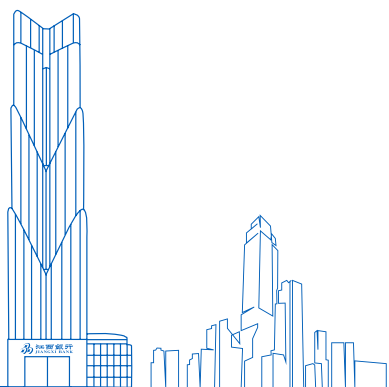


CHAPTER VIII REPORT OF THE BOARD OF SUPERVISORS

5. The Board of Supervisors earnestly carried out supervision on data governance. During the Reporting Period, the Board of Supervisors specially commissioned internal audit to examine the quality of the Bank's data statistics, system construction and management standards, and made rationalized recommendations to actively promote the Bank's ability to improve data governance.

8.1.3 Leverage Professional Strength and Keep Enhancing the Scientificity of Supervision

1. The Board of Supervisors engaged external professional teams. In accordance with the system regulations and regulatory requirements, a well-known domestic law firm familiar with the Bank's corporate governance and with strong professional capabilities was engaged to assist in the annual performance evaluation for 2021. With the assistance of a third party, a comprehensive evaluation of the annual performance of the Board of Directors, Board of Supervisors, senior management and their members was conducted through information analysis, behavioral observation, performance scoring, and talks and interviews.
2. The Board of Supervisors improved the duty performance evaluation process. On the basis of the previous links of self-evaluation, mutual evaluation, peer evaluation, evaluation by the Board of Directors and the Board of Supervisors, external evaluation was introduced uniquely, taking into account the evaluation of the performance of Directors and Supervisors by the supervisory department, Shareholders and other external organizations, effectively realizing the transformation of the duty performance evaluation method.
3. The Board of Supervisors improved the evaluation indicator system. Taking into account the realities of the Bank, the Board of Supervisors further refined and quantified the duty performance evaluation indicators in five dimensions: fulfillment of duty of fidelity, fulfillment of duty of diligence, professionalism in performance, independence and morality in duty performance, and compliance in duty performance, and formed a set of quantitative and qualitative performance evaluation indicator system to further enhance the professionalism of duty performance evaluation.

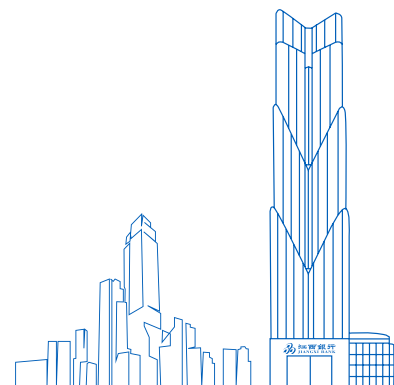


CHAPTER VIII REPORT OF THE BOARD OF SUPERVISORS

4. The Board of Supervisors notified the results in accordance with the law and regulations. Based on the strict fulfillment of all evaluation procedures, the Board of Supervisors made the final evaluation in conjunction with the results of the Board of Directors' evaluation of Directors and senior management, and the results of the duty performance evaluation were reported to the Board of Directors and the evaluatees themselves in accordance with the system, and to the regulatory authorities in writing.

8.1.4 Further Strengthen Self-Construction and Keep Improving the Supervision Standardability

1. The Board of Supervisors continued to improve the system. According to the provisions of the Measures for the Evaluation of Performance of Duties by Directors and Supervisors of Banking and Insurance Institutions (for Trial Implementation), Corporate Governance Guidelines for Banking and Insurance Institutions and other systems issued by the CBRC, the Board of Supervisors reviewed and revised its system for improvement with the professional strength of the law firm and lay the institutional foundation for the Board of Supervisors to perform its duties in a standardized manner.
2. The Board of Supervisors conducted peer inspection. During the Reporting Period, the Board of Supervisors visited three listed banks, including Huishang Bank, to inspect the construction and supervision of the Board of Supervisors and jointly explore how to further enhance the effectiveness of the Board of Supervisors in performing its duties under new and strong supervision.
3. The Board of Supervisors organized professional training. During the Reporting Period, the Board of Supervisors organized special training on comprehensive risk management, connected transactions and corporate governance for Supervisors and office staff of the Board of Supervisors through a combination of "online and offline" means, which played a positive role in promoting the Supervisors' understanding of regulatory requirements and improving their ability to perform duties.
4. The Board of Supervisors strengthened the linkage of supervision and audit. During the Reporting Period, the Board of Supervisors explored and established a supervisory and inspection coordination mechanism relying on the professional strength of internal audit and a communication mechanism for sharing information with external audit, broadened the supervisory field and improved the quality and efficiency of supervision with the help of professional inspection strength.



CHAPTER VIII REPORT OF THE BOARD OF SUPERVISORS

5. The Board of Supervisors improved the mechanism for supervision and rectification. During the Reporting Period, the Board of Supervisors urged the relevant departments to reshape the process of rectification and evaluation, implementing the “fourfold verification” of initial assessment by the business department, confirmation by the compliance department, verification by the audit department and supervisory assessment, and improving the closed-loop management of “investigation, supervision and rectification”. Meanwhile, the Board of Supervisors organized a special research meeting on the implementation of rectification and improvement of supervision issues, and timely guided and supervised the rectification and improvement of various issues.

8.2 INDEPENDENT OPINIONS ON RELEVANT MATTERS

8.2.1 Supervision Opinions on Legal Operation

During the Reporting Period, the Bank complied with laws and regulations; its decision-making procedures were in line with laws and regulations and the requirements of the Articles of Association of the Bank. Members of the Board of Directors and senior management have performed their duties conscientiously. No violations against laws and regulations or acts that harmed the Bank were found.

8.2.2 Supervision Opinions on Financial Reporting

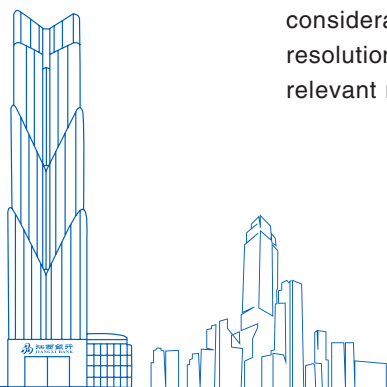
During the Reporting Period, KPMG and KPMG Huazhen LLP audited our financial report and issued a standard audit report with unqualified opinions. The financial report is a fair, objective and accurate reflection of the Bank’s financial position and operating results.

8.2.3 Supervision Opinions on Stress Test Management

During the Reporting Period, the Board of Directors and senior management conducted regular stress tests in accordance with the requirements of the Guidelines on Stress Testing for Commercial Banks, formulated and implemented risk improvement measures, and conscientiously performed their duties related to stress test management.

8.2.4 Supervision Opinions on Implementation of General Meeting’s Resolutions

During the Reporting Period, the Board of Supervisors had no objection to the contents of reports and proposals submitted by the Board of Directors to the general meeting for consideration. The Board of Supervisors supervised the implementation of general meeting’s resolutions and believed that the Board of Directors was able to conscientiously implement the relevant resolutions of the general meeting.



CHAPTER VIII REPORT OF THE BOARD OF SUPERVISORS

8.2.5 Supervision Opinions on Disclosure of Information

During the Reporting Period, the Bank conscientiously performed on an open, fair and impartial basis its disclosure obligation as a listed company, timely disclosed its information and ensured fair access of all Shareholders to the material information of the Bank.

8.2.6 Supervision Opinions on Liquidity Risk Management

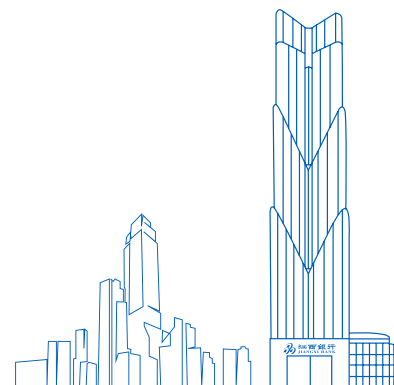
During the Reporting Period, the Board of Directors and senior management better fulfilled the relevant responsibilities of liquidity risk management by optimizing the liquidity risk management system, strengthening day position management, and regularly carrying out liquidity stress tests and emergency drills.

8.2.7 Supervision Opinions on Reputational Risk Management

During the Reporting Period, the Board of Directors and senior management enhanced the proactiveness, effectiveness and timeliness of risk treatment by combining early warning and alert with screening and monitoring, capacity enhancement and rights protection, and joint prevention and control with publicity and guidance, and conscientiously performed their duties related to reputational risk management.

8.2.8 Supervision Opinions on Capital Management

During the Reporting Period, the Board of Directors were able to implement relevant national regulations and regulatory requirements, improve the governance structure of capital management, promote capital adequacy management, and strive to broaden the channels for capital replenishment from external sources, thus better fulfilling the relevant duties of capital management.



CHAPTER IX IMPORTANT MATTERS

9.1 USE OF PROCEEDS

As of the end of the Reporting Period, the Bank issued 1,345.5 million H Shares in total, and the balance of the net proceeds from the global offering amounted to approximately HK\$8.598 billion. All funds raised by the Bank from the global offering were used in accordance with the purposes disclosed in the Prospectus, i.e. reinforcing the Bank's capital base so as to support the sustained growth of the Group's business.

9.2 MAJOR LAWSUITS, ARBITRATIONS AND MAJOR CASES DURING THE REPORTING PERIOD

As of the end of the Reporting Period, there were 56 pending litigation and arbitration cases with the principal amount of RMB30 million or above claimed by the Bank as a plaintiff and an arbitration applicant, involving a total principal amount of approximately RMB4.921 billion (including the amount written off); there were five pending litigation and arbitration cases with the principal amount of RMB10 million or above with the Bank as a defendant and a respondent, involving a total principal amount of approximately RMB186 million.

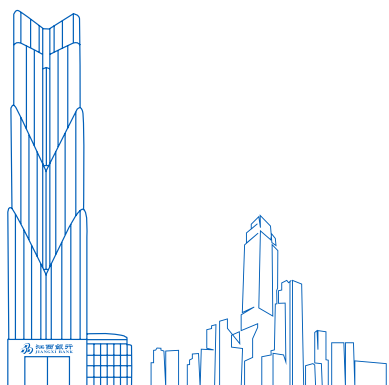
As of the end of the Reporting Period, the Bank expected that the above ongoing litigation or arbitration cases (whether individually or jointly) will not have a material adverse impact on the Bank's operating and financial position.

9.3 SIGNIFICANT RELATED PARTY TRANSACTIONS

During the Reporting Period, there were no significant related party transactions of the Bank which adversely affected its operating results and financial position.

9.4 PUNISHMENT AGAINST THE BANK AND THE BANK'S DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Reporting Period, our directors, supervisors and senior management have never been subject to any inspection, administrative penalty, circulation of notice of criticism from the China Securities Regulatory Commission, public punishment from the Stock Exchange and any punishment with significant impact on the Bank's operations from other regulatory agencies.



CHAPTER IX IMPORTANT MATTERS

9.5 MATERIAL CONTRACTS AND THEIR PERFORMANCE

During the Reporting Period, the Bank did not have any material contracts subject to disclosure.

9.6 MAJOR GUARANTEES AND COMMITMENTS

9.6.1 Major Guarantees

The provision of guarantee is one of the ordinary business of the Bank. During the Reporting Period, the Bank did not have any material guarantees which were required to be disclosed save for the financial guarantees within its business scope as approved by the PBOC and CBRC.

9.6.2 Major Commitments

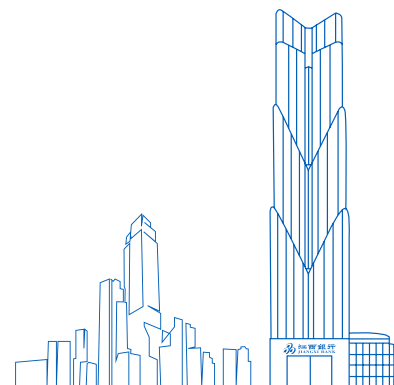
As of the end of the Reporting Period, there was no major commitment of the Bank.

9.7 AUDIT REVIEW

The annual financial statements which have been prepared in accordance with IFRS disclosed in this annual report have been audited by KPMG. KPMG has issued an audit report with unqualified opinions. This annual financial report has been reviewed and approved by the Audit Committee under the Board of Directors and the Board of the Directors of the Bank.

9.8 APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

At its 2020 annual general meeting held on May 21, 2021, the Bank considered and approved to reappoint KPMG and KPMG Huazhen LLP as international and domestic auditors of the Bank for 2021 respectively. The Bank did not change auditors in the past three years.



CHAPTER IX IMPORTANT MATTERS

9.9 MAJOR ASSETS ACQUISITIONS, SALES AND BUSINESS MERGERS

During the Reporting Period, the Bank did not have any major assets acquisitions, sales and business mergers.

9.10 SIGNIFICANT INVESTMENTS

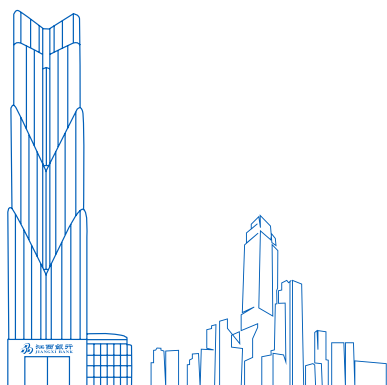
During the Reporting Period, the Bank did not have any significant investment plans.

9.11 LOAN AGREEMENT

During the Reporting Period, the Bank did not violate any loan agreements.

9.12 SHARE OPTION SCHEME

During the Reporting Period, the Bank did not implement any share option schemes.



CHAPTER X INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the shareholders of Jiangxi Bank Co., Ltd.

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

OPINION

We have audited the consolidated financial statements of Jiangxi Bank Co., Ltd. (the "Bank") and its subsidiaries ("the Group") set out on pages 188 to 353, which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

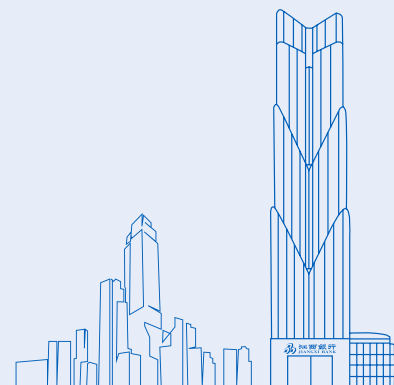
In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the People's Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

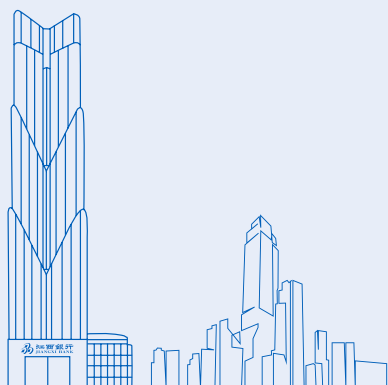


CHAPTER X INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Loss allowances of loans and advances to customers and financial investments measured at amortized cost
Refer to Note 18 and Note 19 to the consolidated financial statements and the accounting policies in Note 2(9).

The Key Audit Matter	How the matter was addressed in our audit
<p>The determination of loss allowances using the expected credit loss model is subject to a number of key parameters and assumptions, including the identification of loss stages, estimates of probability of default, loss given default, exposures at default and discount rate, adjustments for forward-looking information and other adjustment factors. Management judgement is involved in the selection of those parameters and the application of the assumptions.</p> <p>In particular, the determination of the loss allowances is heavily dependent on the external macro environment and the Group's internal credit risk management strategy. The expected credit losses for corporate loans and advances and financial investments are derived from estimates including the historical losses, internal and external credit grading and other adjustment factors. The expected credit losses for personal loans are derived from estimates whereby management takes into consideration historical overdue data, the historical loss experience for personal loans and other adjustment factors.</p>	<p>Our audit procedures to assess loss allowances of loans and advances to customers and financial investments measured at amortized cost included the following:</p> <ul style="list-style-type: none">• understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the approval, recording and monitoring of loans and advances to customers and financial investments measured at amortized cost, the credit grading process and the measurement of loss allowances;• assessing the reliability of the expected credit loss model used by management in determining loss allowances, including assessing the appropriateness of the key parameters and assumptions in the expected credit loss model, including the identification of loss stages, probability of default, loss given default and other management adjustments;



CHAPTER X INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Loss allowances of loans and advances to customers and financial investments measured at amortized cost
Refer to Note 18 and Note 19 to the consolidated financial statements and the accounting policies in Note 2(9).

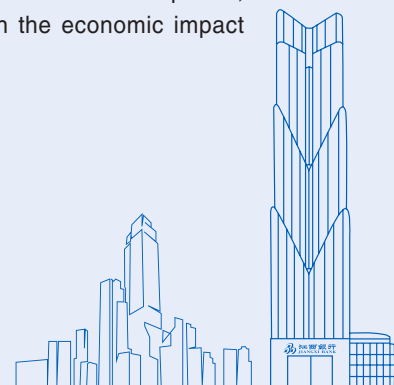
The Key Audit Matter

How the matter was addressed in our audit

Management also exercises judgement in determining the quantum of loss given default based on a range of factors. These include available remedies for recovery, the financial situation of the borrower, the recoverable amount of collateral, the seniority of the claim and the existence and cooperativeness of other creditors. The enforceability, timing and means of realization of collateral can also have an impact on the recoverable amount of collateral and, therefore, the amount of loss allowances as at the end of the reporting period. The economic impact of the COVID-19 pandemic has added additional challenges to management's judgement.

We identified the impairment of loans and advances to customers and financial investments measured at amortized cost as a key audit matter because of the inherent uncertainty and management judgement involved and because of its significance to the financial results and capital of the Group.

- assessing the completeness and accuracy of data used for the key parameters in the expected credit loss model. For key parameters derived from internal data relating to original loan agreements, we compared the total balance of the loans and advances to customers and financial investments measured at amortized cost list used by management to assess the loss allowances with the general ledger, selecting samples and comparing individual loans and advances to customers and financial investments measured at amortized cost information with the underlying agreements and other related documentation to assess the accuracy of compilation of loans and advances to customers and financial investments measured at amortized cost list. For key parameters derived from external data, we selected samples to inspect the accuracy of such data by comparing them with public resources;
- for key parameters involving judgement, critically assessing input parameters. As part of these procedures, we challenged the reasons for modifications to estimates and input parameters compared with prior period and considered the consistency of judgement. We compared the macro-economic factors used in the models with market information to assess whether they were aligned with market and economic development, with a particular focus on the economic impact of COVID-19 pandemic;

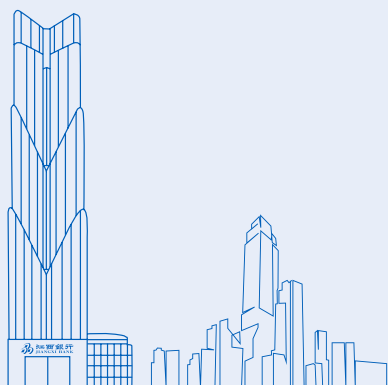


CHAPTER X INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Loss allowances of loans and advances to customers and financial investments measured at amortized cost
Refer to Note 18 and Note 19 to the consolidated financial statements and the accounting policies in Note 2(9).

The Key Audit Matter	How the matter was addressed in our audit
	<ul style="list-style-type: none">for key parameters used in the expected credit loss model which were derived from system-generated internal data, we involved our IT specialists to assess the logics and compilation of the overdue information and the operational process of the credit grading of corporate customers and financial investments measured at amortized cost for selected samples;evaluating the validity of management's assessment on whether the credit risk of the loan has, or has not, increased significantly since initial recognition. We checked loan overdue information, making enquiries of the credit managers about the borrowers' business operations, checking borrowers' financial information and researching market information about borrowers' businesses;

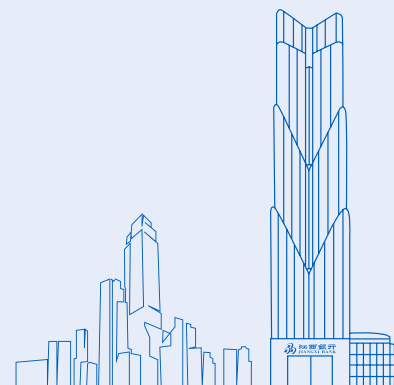


CHAPTER X INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Loss allowances of loans and advances to customers and financial investments measured at amortized cost
Refer to Note 18 and Note 19 to the consolidated financial statements and the accounting policies in Note 2(9).

The Key Audit Matter	How the matter was addressed in our audit
	<ul style="list-style-type: none">for selected samples of loans and advances to customers and financial investments measured at amortized cost that are credit-impaired, we also evaluated the timing and means of realization of collateral, evaluated the forecast cash flows, challenged the viability of the Group's recovery plans, evaluated management's assessment of the value of any property collateral held by comparison with market prices and management's evaluation and evaluated other credit enhancements that are integral to the contract terms. We assessed the accuracy of the amount of credit loss allowance using the expected credit loss model based on the above work for a sample of loans and advances to customers and financial investments measured at amortized cost; andevaluating whether the disclosures on impairment of loans and advances to customers and financial investments measured at amortized cost comply with the disclosure requirements of the prevailing accounting standards.



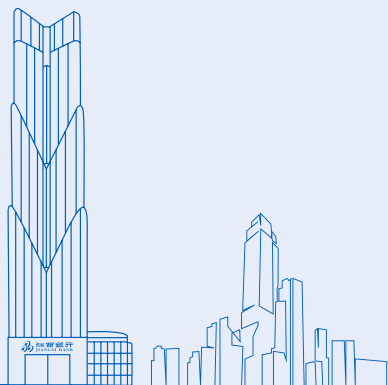
CHAPTER X INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Fair value of financial instruments

Refer to Note 38 to the consolidated financial statements and the accounting policies in Note 2(9).

The Key Audit Matter	How the matter was addressed in our audit
<p>Financial instruments carried at fair value account for a significant part of the Group's assets. The effect of fair value adjustments of financial instruments may impact either the profit or loss or other comprehensive income.</p> <p>The valuation of the Group's financial instruments measured at fair value is based on a combination of market data and valuation models which often require a considerable number of inputs. Many of these inputs are obtained from readily active market readily available data. For level 2 financial instruments in the fair value hierarchy, the valuation techniques use quoted market prices and observable inputs.</p> <p>The Group has developed its own models to value certain level 3 financial instruments, which also involve significant management judgement.</p> <p>Global economic uncertainty influenced movements in market rates including interest rates and foreign exchange rates. Increased market volatility resulted in greater ranges of values in management's assessment of the valuation of financial instruments held.</p> <p>We identified assessing the fair value of financial instruments as a key audit matter because of the degree of complexity involved in valuing certain financial instruments and because of the degree of judgement exercised by management in determining the inputs used in the valuation models.</p>	<p>Our audit procedures to assess the fair value of financial instruments included the following:</p> <ul style="list-style-type: none">• understanding and assessing the design, implementation and operating effectiveness of key internal controls over the valuation, front office and back office reconciliations and model approval for financial instruments;• involving our internal valuation specialists to assist us in performing independent valuations, on a sample basis, of financial instruments and comparing these valuations with the valuations of the Group. Our procedures included comparing the valuation models of the Group with our knowledge of practice, testing inputs to the fair value calculations and, establishing parallel valuation models to perform revaluations; and• assessing whether the disclosures in the consolidated financial statements appropriately reflected the Group's exposure to financial instrument valuation risk and met the requirements of the prevailing accounting standards.



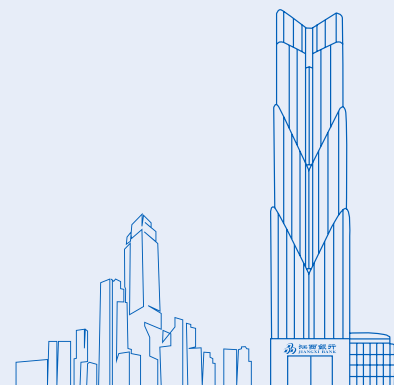
CHAPTER X INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Consolidation of structured entities

Refer to Note 41 to the consolidated financial statements and the accounting policies in Note 2(27).

The Key Audit Matter	How the matter was addressed in our audit
<p>Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities.</p> <p>The Group may acquire or retain an ownership interest in, or act as a sponsor to, a structured entity, through issuing a wealth management product, or act as an investor to a structured entity through investing in an asset management plan, a trust plan or an asset-backed security.</p> <p>In determining whether a structured entity is required to be consolidated by the Group, management is required to consider the power the Group is able to exercise over the activities of the entity and its ability to influence the Group's own returns from the entity. In certain circumstances the Group may be required to consolidate a structured entity even though it has no equity interest therein.</p> <p>We identified the consolidation of structured entities as a key audit matter because it involves significant management judgement to determine whether a structured entity is required to be consolidated by the Group or not and because the impact of consolidating a structured entity on the consolidated statement of financial position and relevant regulatory capital requirements could be significant.</p>	<p>Our audit procedures to assess the consolidation of structured entities included the following:</p> <ul style="list-style-type: none">• understanding the key internal controls of financial reporting over consolidation of structured entities;• assessing the Group's analysis and conclusions on whether it controls structured entities by reviewing the Group's analysis on its power over structured entities, the magnitude and variability of variable returns from its involvement with structured entities. On a sample basis, reviewing the terms of the relevant contracts to assess whether the Group should consolidate a structured entity;• evaluating whether the disclosures in the consolidated financial statements in relation to structured entities meet the requirements of the relevant accounting standards.



CHAPTER X INDEPENDENT AUDITOR'S REPORT

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

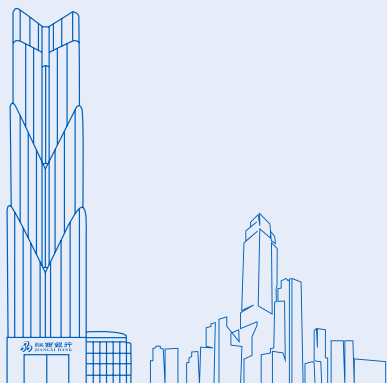
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.



CHAPTER X INDEPENDENT AUDITOR'S REPORT

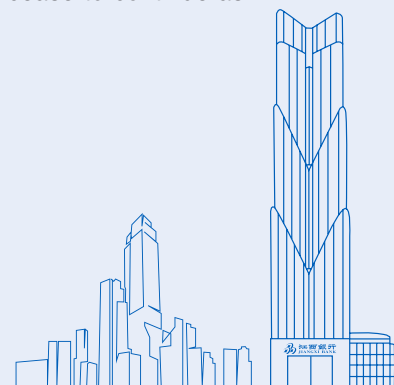
AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



CHAPTER X INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Choi Ching Hin.

KPMG

Certified Public Accountants

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

March 25, 2022



CHAPTER XI FINANCIAL STATEMENTS

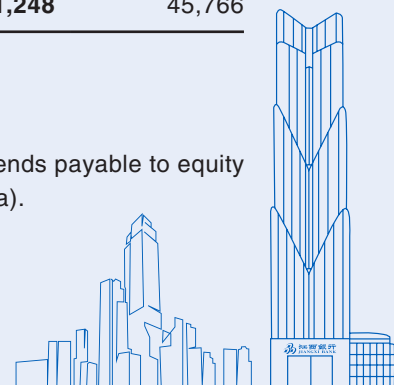
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Note	2021	2020
Interest income		19,965,718	19,804,949
Interest expense		(11,203,911)	(10,751,274)
Net interest income	3	8,761,807	9,053,675
Fee and commission income		804,098	774,855
Fee and commission expense		(104,611)	(196,059)
Net fee and commission income	4	699,487	578,796
Net trading gains	5	200,621	96,039
Net gains arising from financial investments	6	1,441,067	536,741
Other operating income	7	41,441	20,194
Operating income		11,144,423	10,285,445
Operating expenses	8	(3,647,662)	(3,523,774)
Impairment losses on assets	11	(5,006,614)	(4,284,427)
Operating profit		2,490,147	2,477,244
Share of profits of associates		6,034	7,455
Profit before taxation		2,496,181	2,484,699
Income tax expense	12	(384,626)	(579,768)
Profit for the year		2,111,555	1,904,931
Attributable to:			
Equity shareholders of the Bank		2,070,307	1,859,165
Non-controlling interests		41,248	45,766

The notes on pages 197 to 353 form part of these financial statements. Details of dividends payable to equity shareholders of the Bank attributable to the profit for the year are set out in Note 35(a).



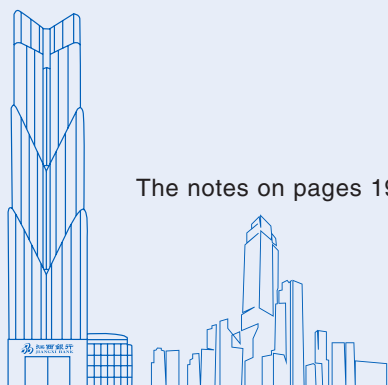
CHAPTER XI FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Note	2021	2020
Profit for the year		2,111,555	1,904,931
Basic and diluted earnings per share (in RMB)	13	0.34	0.31
Other comprehensive income for the year, net of tax			
Items that may be reclassified subsequently to profit or loss:			
– Financial assets at fair value through other comprehensive income:			
net movement in the fair value reserve, net of tax		(801,397)	(445,048)
– Financial assets at fair value through other comprehensive income:			
net movement in impairment losses, net of tax		683,007	(302,868)
Other comprehensive income for the year	34(a)	(118,390)	(747,916)
Total comprehensive income for the year		1,993,165	1,157,015
Attributable to:			
Equity shareholders of the Bank		1,951,917	1,111,249
Non-controlling interests		41,248	45,766
Total comprehensive income for the year		1,993,165	1,157,015

The notes on pages 197 to 353 form part of these financial statements.



CHAPTER XI FINANCIAL STATEMENTS

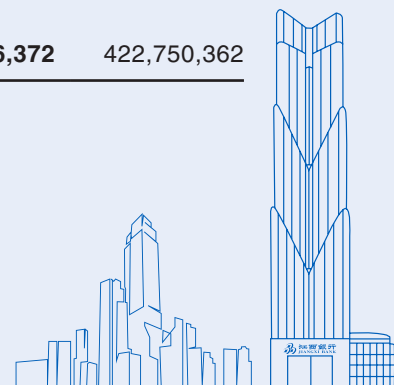
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Note	31 December 2021	31 December 2020
Assets			
Cash and deposits with the central bank	14	46,464,971	40,761,643
Deposits with banks and other financial institutions	15	2,090,061	2,151,435
Placements with banks and other financial institutions	16	3,589,203	8,231,929
Financial assets held under resale agreements	17	2,695,943	3,587,217
Loans and advances to customers	18	270,658,225	217,448,755
Financial investments:	19		
– Financial investments at fair value through profit or loss		39,446,073	41,071,980
– Financial investments at fair value through other comprehensive income		24,940,618	28,665,624
– Financial investments at amortized cost		107,390,589	106,355,490
Interest in associates	20	125,675	119,641
Property and equipment	22	2,352,138	2,456,175
Deferred tax assets	23	4,793,074	3,608,129
Other assets	24	4,013,238	4,234,792
Total assets		508,559,808	458,692,810
Liabilities and equity			
Liabilities			
Borrowing from the central bank		19,242,201	15,832,497
Deposits from banks and other financial institutions	25	25,221,005	21,416,586
Placements from banks and other financial institutions	26	6,128,333	3,204,098
Borrowing from other financial institutions	27	8,981,228	7,295,742
Financial assets sold under repurchase agreements	28	16,283,666	11,172,749
Deposits from customers	29	343,726,221	315,770,816
Income tax payable		745,465	412,453
Debt securities issued	30	41,099,181	42,439,819
Other liabilities	31	5,499,072	5,205,602
Total liabilities		466,926,372	422,750,362

The notes on pages 197 to 353 form part of these financial statements.



CHAPTER XI FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Note	31 December 2021	31 December 2020
Equity			
Share capital	32	6,024,277	6,024,277
Other equity instruments			
– Perpetual debt	33	3,999,037	–
Capital reserve	34	13,515,365	13,633,755
Surplus reserve	34	3,081,890	2,887,970
General reserve	34	6,689,104	6,100,641
Retained earnings	35	7,607,644	6,620,934
Total equity attributable to equity shareholders of the Bank		40,917,317	35,267,577
Non-controlling interests		716,119	674,871
Total equity		41,633,436	35,942,448
Total liabilities and equity		508,559,808	458,692,810

Approved and authorised for issue by the Board of Directors on March 25, 2022.

XU Jihong
Legal Representative

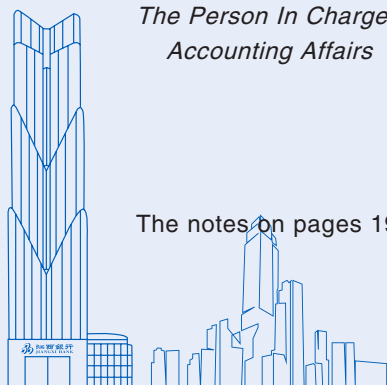
LUO Xiaolin
President

XU Jihong
*The Person In Charge of
Accounting Affairs*

PENG Long
*The Head of the Accounting
Department*

Jiangxi Bank Co., Ltd.
(Company stamp)

The notes on pages 197 to 353 form part of these financial statements.



CHAPTER XI FINANCIAL STATEMENTS

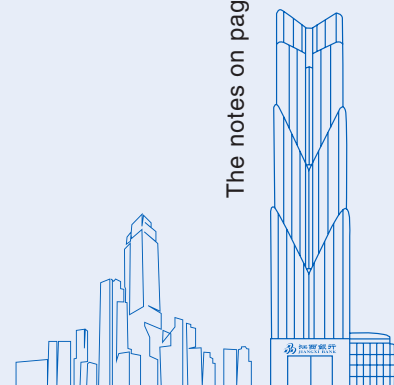
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Attributable to equity shareholders of the Bank							Total		
	Note	Share capital instruments	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Retained earnings		Sub-total	Non-controlling interests
Balance at 1 January 2021		6,024,277	-	13,633,755	2,887,970	6,100,641	6,620,934	35,267,577	674,871	35,942,448
Changes in equity for the year										
Profit for the year		-	-	-	-	-	2,070,307	2,070,307	41,248	2,111,555
Other comprehensive income	34(a)	-	-	(118,390)	-	-	-	(118,390)	-	(118,390)
Total comprehensive income		-	-	(118,390)	-	-	2,070,307	1,951,917	41,248	1,993,165
Issuance of perpetual debt	33	-	3,999,037	-	-	-	-	3,999,037	-	3,999,037
Appropriation of profits	35	-	-	-	193,920	-	(193,920)	-	-	-
- Appropriation to surplus reserve		-	-	-	193,920	-	(193,920)	-	-	-
- Appropriation to general reserve		-	-	-	-	588,463	(588,463)	-	-	-
- Appropriation to shareholders		-	-	-	-	-	(301,214)	(301,214)	-	(301,214)
Balance at 31 December 2021		6,024,277	3,999,037	13,515,365	3,081,890	6,689,104	7,607,644	40,917,317	716,119	41,633,436

The notes on pages 197 to 353 form part of these financial statements.



CHAPTER XI FINANCIAL STATEMENTS

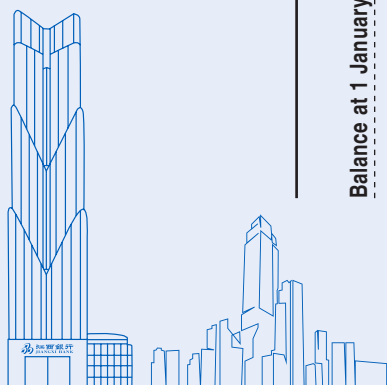
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Attributable to equity shareholders of the Bank						Non-controlling interests	Total	
	Note	Share capital	Capital reserve	Surplus reserve	General reserve	Retained earnings			Sub-total
Balance at 1 January 2020		6,024,277	14,381,671	2,709,402	5,873,807	5,467,098	34,456,255	631,439	35,087,694
Changes in equity for the year									
Profit for the year		-	-	-	-	1,859,165	1,859,165	45,766	1,904,931
Other comprehensive income	34(a)	-	(747,916)	-	-	-	(747,916)	-	(747,916)
Total comprehensive income		-	(747,916)	-	-	1,859,165	1,111,249	45,766	1,157,015
Changes in interest in an associate		-	-	-	-	-	-	22,166	22,166
Appropriation of profits	35								
- Appropriation to surplus reserve		-	-	178,568	-	(178,568)	-	-	-
- Appropriation to general reserve		-	-	-	226,834	(226,834)	-	-	-
- Appropriation to shareholders		-	-	-	-	(299,927)	(299,927)	(24,500)	(324,427)
Balance at 31 December 2020		6,024,277	13,633,755	2,887,970	6,100,641	6,620,934	35,267,577	674,871	35,942,448

The notes on pages 197 to 353 form part of these financial statements.



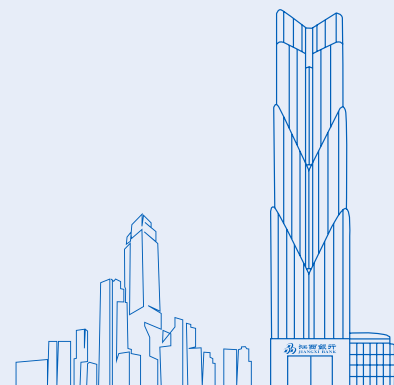
CHAPTER XI FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Note	2021	2020
Cash flows from operating activities			
Profit before taxation		2,496,181	2,484,699
<i>Adjustments for:</i>			
Impairment losses on assets		5,006,614	4,284,427
Depreciation and amortization		523,960	514,194
Interest income on financial investments		(6,062,328)	(7,256,329)
Unrealized foreign exchange losses/(gains)		21,823	(2,275)
Net (gains)/losses on changes in fair value		(34,557)	49,413
Net gains arising from financial investments		(1,441,067)	(536,741)
Share of profits of associates		(6,034)	(7,455)
Interest expense on lease liabilities		50,707	48,746
Interest expense on debt securities issued		1,328,910	1,727,765
Net losses/(gains) on disposal of non-current assets		3,264	(40,195)
Others		(94,197)	(28,241)
		1,793,276	1,238,008
<i>Changes in operating assets</i>			
Net decrease/(increase) in deposits with the central bank		3,671,981	(1,465,551)
Net decrease in deposits with banks and other financial institutions		16,000	109,599
Net increase in placements with banks and other financial institutions		(1,269,502)	(125,266)
Net increase in loans and advances to customers		(55,931,498)	(15,695,768)
Net increase in financial investments held for trading purpose		(2,818,384)	(1,130,481)
Net decrease in other operating assets		195,607	396,362
		(56,135,796)	(17,911,105)

The notes on pages 197 to 353 form part of these financial statements.



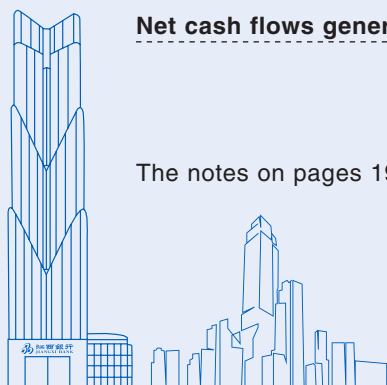
CHAPTER XI FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Note	2021	2020
Cash flows from operating activities (continued)			
<i>Changes in operating liabilities</i>			
Net increase in borrowing from the central bank		3,406,292	8,140,233
Net increase/(decrease) in deposits from banks and other financial institutions		3,731,660	(10,024,697)
Net increase in placements from banks and other financial institutions		2,920,000	649,456
Net increase/(decrease) in borrowing from other financial institutions		1,642,000	(7,384,258)
Net increase/(decrease) in financial assets sold under repurchase agreements		5,109,850	(8,531,360)
Net increase in deposits from customers		27,639,346	30,937,657
Net increase in other operating liabilities		645,884	981,990
		45,095,032	14,769,021
<hr/>			
Net cash flows used in operating activities before tax		(9,247,488)	(1,904,076)
Income tax paid		(969,427)	(1,470,446)
		(10,216,915)	(3,374,522)
<hr/>			
Cash flows from investing activities			
Proceeds from disposal and redemption of investments		47,858,292	87,923,135
Net cash received from investment gains and interest		7,861,436	7,635,039
Proceeds from disposal of property and equipment and other assets		1,121	46,017
Payments on acquisition of investments		(43,460,220)	(77,869,479)
Payments on acquisition of property and equipment, intangible assets and other assets		(389,102)	(271,020)
Payments on acquisition of interest in associates		-	(51,395)
		11,871,527	17,412,297
<hr/>			
Net cash flows generated from investing activities		11,871,527	17,412,297

The notes on pages 197 to 353 form part of these financial statements.



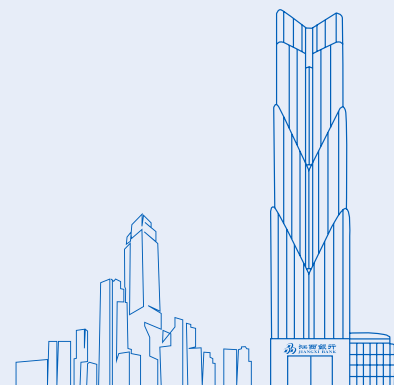
CHAPTER XI FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Note	2021	2020
Cash flows from financing activities			
Proceeds from debt securities issued	36(c)	58,460,405	55,377,906
Repayment of debt securities issued	36(c)	(60,710,000)	(69,430,000)
Interest paid on debt securities issued	36(c)	(419,953)	(414,495)
Capital element of lease rentals paid		(170,742)	(170,562)
Proceeds from Perpetual Debt issued		3,999,037	–
Dividends paid		(307,964)	(319,930)
Net cash flows generated from/(used in) financing activities		850,783	(14,957,081)
Effect of foreign exchange rate changes on cash and cash equivalents		(14,723)	62,452
Net increase/(decrease) in cash and cash equivalents	36(a)	2,490,672	(856,854)
Cash and cash equivalents as at 1 January		22,780,384	23,637,238
Cash and cash equivalents as at 31 December	36(b)	25,271,056	22,780,384
Net cash flows generated from/(used in) operating activities include:			
Interest received		13,902,797	13,020,089
Interest paid		(9,441,622)	(8,870,369)

The notes on pages 197 to 353 form part of these financial statements.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

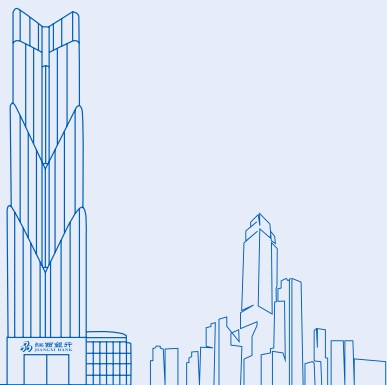
1 BACKGROUND INFORMATION

Jiangxi Bank Co., Ltd. (the “Bank”), formerly known as Nanchang Bank Co., Ltd., headquartered in Nanchang, Jiangxi Province. On 31 December 1997, the Bank was established by Nanchang Municipal Bureau of Finance, several business entities and natural persons, on the basis of formerly 40 urban credit cooperatives located in Nanchang City, with the approval of the People’s Bank of China (“PBOC”). On 18 February 1998, the Bank was registered as Nanchang City Commercial Bank Co., Ltd., with the approval of Jiangxi Province Administration of Industry and Commerce.

On 6 August 2008, the Bank changed its name from Nanchang City Commercial Bank Co., Ltd. to Nanchang Bank Co., Ltd.. On 3 December 2015, the former China Banking Regulatory Commission (the “former CBRC”) promulgated Yinjianfu 2015 No.658 <Approval of the Acquisition of Jingdezhen City Commercial Bank by Nanchang Bank>. On 7 December 2015, Jiangxi Province State Council promulgated GanFuzi 2015 No. 85 <Notice on the Issuance of Establishment Plan for Jiangxi Bank Co., Ltd.>, Nanchang Bank Co., Ltd. acquired Jingdezhen City Commercial Bank Co., Ltd. by acquiring its entire equity interest and changed its name to Jiangxi Bank Co., Ltd. on 11 December 2015.

The Bank obtained its finance permit No. B0792H236010001 from the China Banking and Insurance Regulatory Commission (the “CBIRC”) of the PRC. The principal activities of the Bank and its subsidiaries (collectively referred to as the “Group”) are deposit taking; granting of loans; domestic settlement; foreign exchange business, bill acceptances and discounting; issuing financial bonds; acting as agent to issue, settle and underwrite government bonds; trading of government bonds; inter-bank placement; providing guarantee; acting as agent on inward and outward payments, acting as insurance agent; safe-box service; entrusted loans based on local government fund and other business activities approved by the CBIRC. The Bank is regulated by China Banking Insurance Regulatory Commission (the “CBIRC”) authorized by the State Council.

In June 2018, the Bank’s H Shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (Stock code: 1916).



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (the “IFRSs”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board (the “IASB”) and the disclosure requirement of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Group are disclosed below.

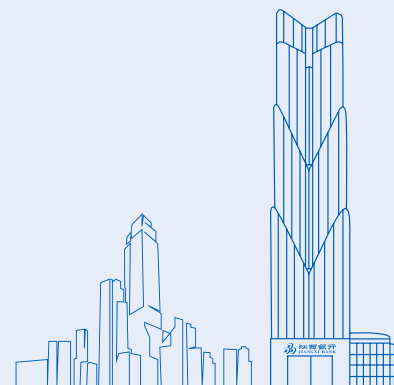
The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(3) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(2) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2021 comprise the Bank and its subsidiaries and the Group’s interest in associates.

The measurement basis used in the preparation of the financial statements is the historical basis, except that financial investments at fair value through other comprehensive income or financial investments at fair value through profit or loss (see Note 2(9)) are stated at their fair value as explained in the accounting policies.

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



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(2) Basis of preparation of the financial statements (continued)

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

Judgments made by management in the application of IFRSs that have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 2(27).

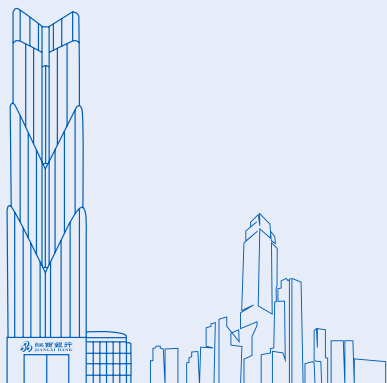
The financial statements are presented in Renminbi (“RMB”), rounded to the nearest thousand, which is the functional currency of the Group.

(3) Changes in accounting policies

The Group has applied the following amendments to IFRSs issued by the IASB to these financial statements for the current accounting period:

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

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



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(3) Changes in accounting policies (continued)

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

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

The above amendments do not have material effect on the financial position and financial performance of the Group.

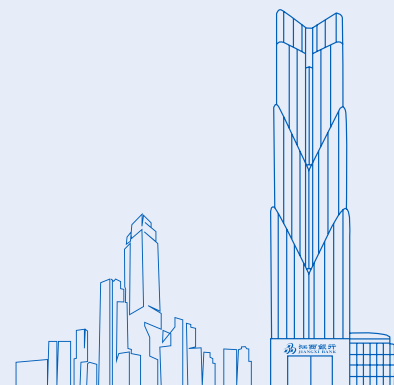
(4) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

(5) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-Group balances, transactions and cash flows and any unrealized profits arising from intra-Group transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-Group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(5) Subsidiaries and non-controlling interests (continued)

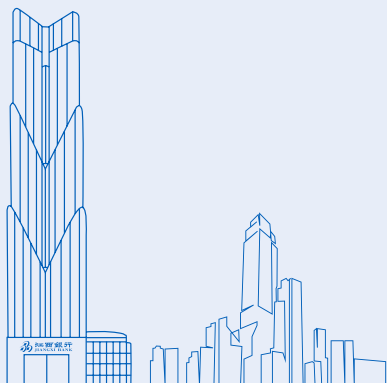
Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Bank, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Bank. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Bank.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(9)) or, when appropriate, the cost on initial recognition of an investment in an associate (see Note 2(6)).

In the Bank's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(17)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(6) Associates

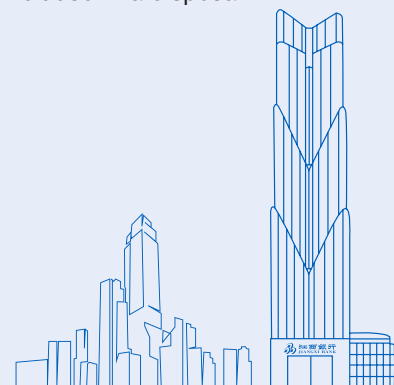
An associate is an entity in which the Group or the Bank has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 2(17)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognized in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognized in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with the Group's any other long-term interests that in substance form part of the Group's net investment in the associate.

Unrealized profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealized losses provide evidence of an impairment of the asset transferred, in which case they are recognized immediately in profit or loss.

In the Bank's statement of financial position, investments in associates are stated at cost less impairment losses (see Note 2(17)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(7) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognized in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognized in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Bank initially recognizes such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

(8) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, non-restricted balances with central bank, short-term deposits and placements with banks and other financial institutions, financial assets held under resale agreements and highly liquid short-term investments which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(9)(vi).

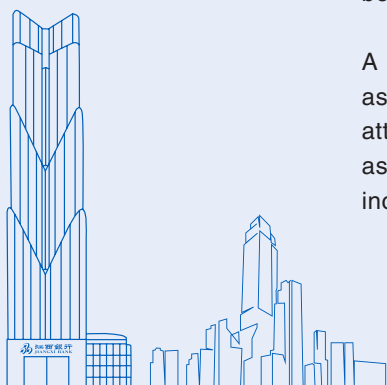
(9) Financial instruments

Financial instruments include cash and deposits with the central bank, financial investments, receivables, payables, loans and advances to customers, debt securities issued and share capital.

(i) Recognition and initial measurement of financial assets and financial liabilities

A financial asset or financial liability is recognized in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

A financial asset and financial liability is measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(9) Financial instruments (continued)

(ii) Classification and subsequent measurement of financial assets

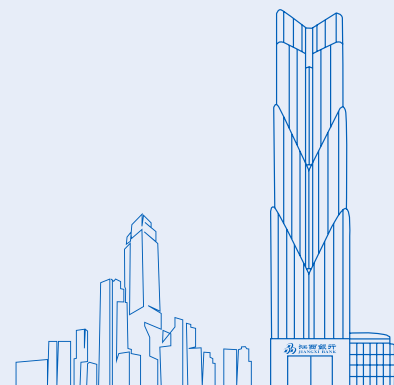
(a) Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortized cost, at fair value through other comprehensive income (“FVOCI”), or at fair value through profit or loss (“FVTPL”).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(9) Financial instruments (continued)

(ii) Classification and subsequent measurement of financial assets (continued)

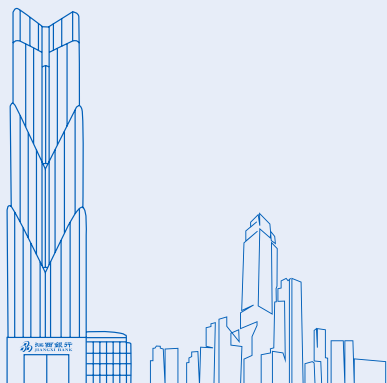
(a) Classification of financial assets (continued)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

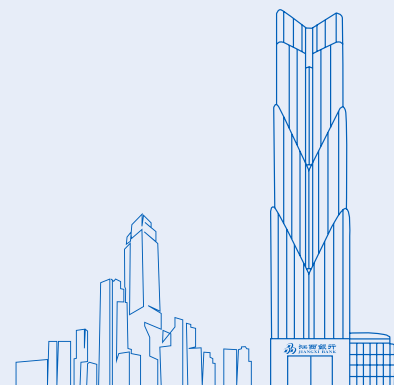
(9) Financial instruments (continued)

(ii) *Classification and subsequent measurement of financial assets* (continued)

(a) *Classification of financial assets* (continued)

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(9) Financial instruments (continued)

(ii) Classification and subsequent measurement of financial assets (continued)

(b) Subsequent measurement of financial assets

– Financial assets at FVTPL

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss unless the financial assets are part of a hedging relationship.

– Financial assets at amortized cost

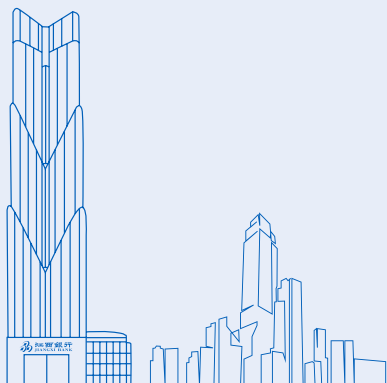
These assets are subsequently measured at amortized cost using the effective interest method. A gain or loss on a financial asset that is measured at amortized cost and is not part of a hedging relationship shall be recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize impairment gains or losses.

– Debt investments measured at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

– Equity investments measured at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(9) Financial instruments (continued)

(iii) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL or amortized cost.

- Financial liabilities at FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss, unless the financial liabilities are part of a hedging relationship.

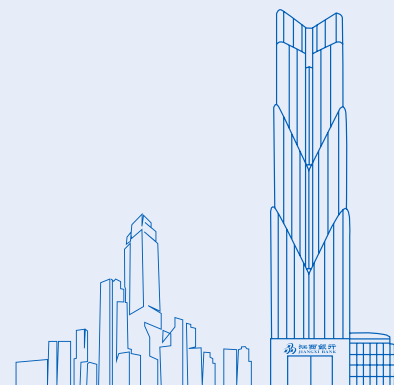
- Financial liabilities at amortized cost

Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

(iv) Offsetting

Financial assets and financial liabilities are generally presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- The Group currently has a legally enforceable right to set off the recognized amounts;
- the Group intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(9) Financial instruments (continued)

(v) *Derecognition of financial assets and financial liabilities*

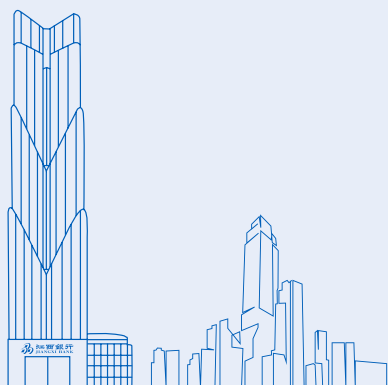
Financial asset is derecognized when one of the following conditions is met:

- the Group's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or
- the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognized in profit or loss:

- the carrying amount of the financial asset transferred measured at the date of derecognition;
- the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment measured at FVOCI, any cumulative gain or loss that has been recognized directly in other comprehensive income for the part derecognized.

The Group derecognizes a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(9) Financial instruments (continued)

(vi) Impairment

The Group recognizes loss allowances for expected credit loss (ECL) on:

- financial assets measured at amortized cost
- loans and advances to customers and debt investments measured at FVOCI
- lease receivables
- credit commitments

Other financial assets measured at fair value, including debt or equity securities at FVTPL and equity securities designated at FVOCI (non-recycling), are not subject to the ECL assessment.

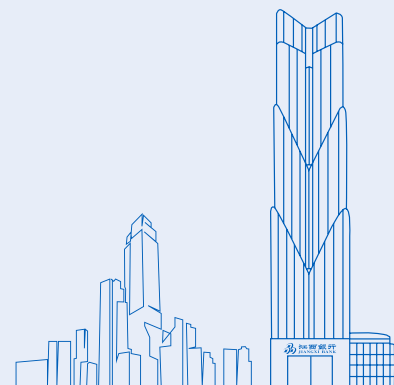
Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the Group is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(9) Financial instruments (continued)

(vi) Impairment (continued)

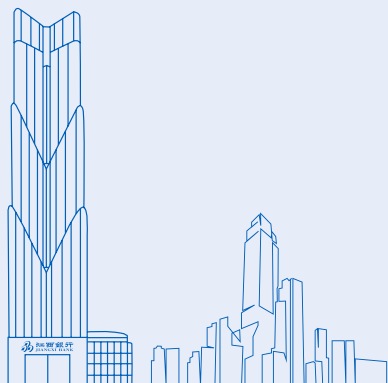
Measurement of ECLs (continued)

The Group measures loss allowances at an amount equal to 12-month ECL for the following financial instruments, and at an amount equal to lifetime ECL for all other financial instruments.

- If the financial instrument is determined to have low credit risk at the balance sheet date;
- If the credit risk on a financial instrument has not increased significantly since initial recognition.

Financial instruments that have low credit risk

The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(9) Financial instruments (continued)

(vi) Impairment (continued)

Significant increases in credit risk

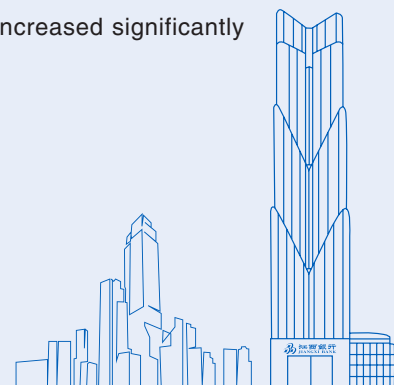
In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information. In particular, the following information is taken into account:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(9) Financial instruments (continued)

(vi) Impairment (continued)

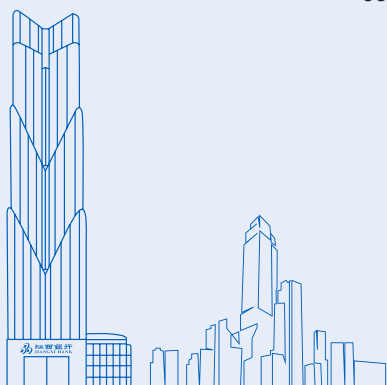
Credit-impaired financial assets

At each balance sheet date, the Group assesses whether financial assets carried at amortized cost and debt investments measured at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or past due event;
- for economic or contractual reasons relating to the borrower's financial difficulty, the Group having granted to the borrower a concession that would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Presentation of allowances for ECL

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(9) Financial instruments (continued)

(vi) Impairment (continued)

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

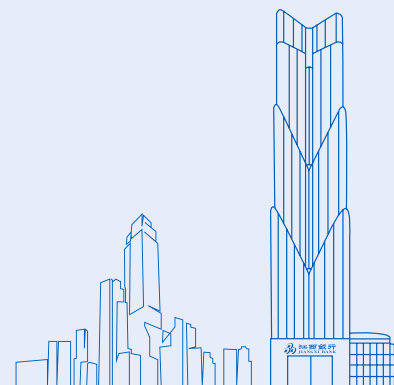
Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(10) Financial assets held under resale and repurchase agreements

Financial assets purchased under agreements to resell are reported not as purchases of the assets but as receivables and are carried in the statements of financial position at amortized cost. Financial assets held under resale agreements are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(9)(vi).

Financial assets sold subject to a simultaneous agreement to repurchase these assets are retained in the statements of financial position and measured in accordance with their original measurement principles. The proceeds from the sale are reported as liabilities and are carried at amortized cost.

Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements are recognized respectively as interest income and interest expense over the life of each agreement using the effective interest method.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(11) Investment in subsidiaries

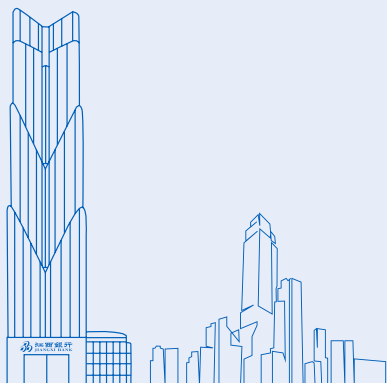
In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the principles described in Note 2(5).

In the Bank's financial statements, investments in subsidiaries are accounted for using the cost method. An investment in a subsidiary acquired other than through a business combination is initially recognized at actual payment cost if the Bank acquires the investment by cash. The investment is stated at cost less impairment loss (see Note 2(17)) in the statements of financial position. Except for declared but not yet distributed cash dividends or profits distribution that have been included in the price or consideration paid in obtaining the investments, the Group recognizes its share of the cash dividends or profit distribution declared by the investees as investment income.

(12) Investment property

Investment property is a property held either for earning rental income or for capital appreciation or for both. Investment property is accounted for using the cost model and stated in the statements of financial position at cost less accumulated depreciation and impairment loss (see Note 2(17)). Investment property is depreciated using the straight-line method over its estimated useful life after taking into account its estimated residual value.

	Estimated useful life	Estimated rate of residual value	Depreciation rate
Premises	20 years	3.00%	4.85%
Land use rights	30 – 50 years	2.00%	1.96% – 3.27%



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(13) Property and equipment and construction in progress

Property and equipment are assets held by the Group for operation and administration purposes with useful lives over one year.

Property and equipment are stated in the statements of financial position at cost less accumulated depreciation and impairment loss (see Note 2(17)). Construction in progress is stated in the statements of financial position at cost less impairment loss (see Note 2(17)).

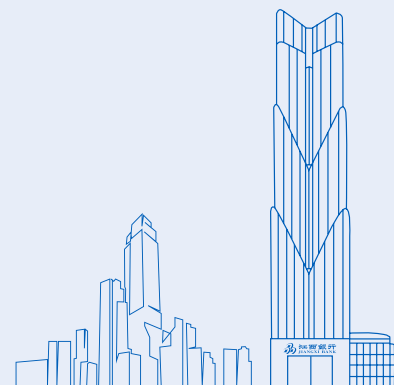
The cost of a purchased property and equipment comprises the purchase price, related taxes, and any expenditure directly attributable to bringing the asset into working condition for its intended use.

All direct and indirect costs that are related to the construction of property and equipment and incurred before the assets are ready for their intended use are capitalized as the cost of construction in progress. Construction in progress is transferred to property and equipment when the item being constructed is ready for its intended use. No depreciation is provided against construction in progress.

Where the individual component parts of an item of property and equipment have different useful lives or provide benefits to the Group in different patterns thus necessitating use of different depreciation rates or methods, they are recognized as a separate property and equipment.

The subsequent costs including the cost of replacing part of an item of property and equipment are recognized in the carrying amount of the item if the recognition criteria are satisfied, and the carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(13) Property and equipment and construction in progress (continued)

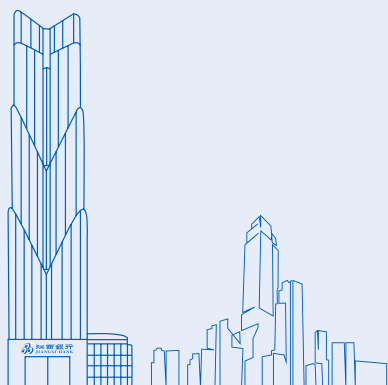
Property and equipment are depreciated using the straight-line method over their estimated useful lives, after taking into account their estimated residual values. The estimated useful lives, residual values and depreciation rates of each class of property and equipment are as follows:

Asset category	Estimated useful life	Estimated rate of residual value	Depreciation rate
Premises	5 – 20 years	3.00% – 5.00%	4.75% – 19.40%
Electronic equipments	3 – 5 years	3.00% – 5.00%	19.00% – 32.33%
Fixtures	5 – 20 years	0.00% – 5.00%	4.75% – 20.00%
Others	3 – 10 years	3.00% – 5.00%	9.50% – 32.33%

Useful lives, residual values and depreciation methods are reviewed at least at each year-end.

(14) Leases assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

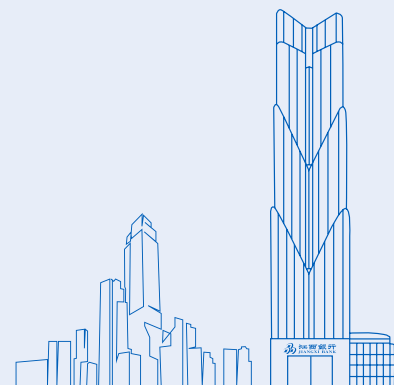
(14) Leases assets (continued)

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalize the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalized are recognized as an expense on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

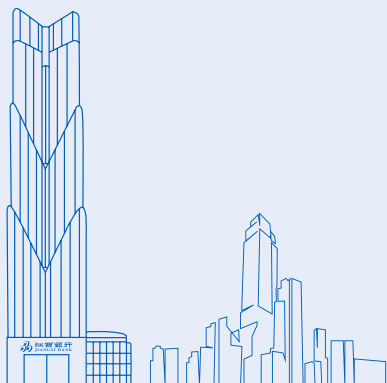
(14) Leases assets (continued)

(i) As a lessee (continued)

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(17)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'other assets' and presents lease liabilities in 'other liabilities' separately in the statement of financial position.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(14) Leases assets (continued)

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognized in accordance with Note 2(22).

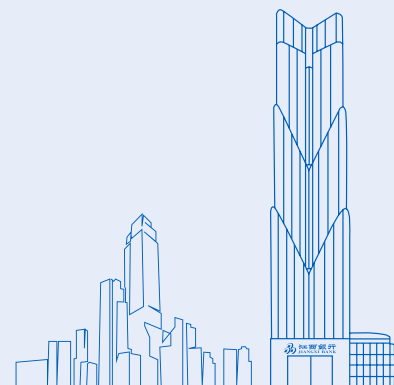
When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(14)(i), then the Group classifies the sub-lease as an operating lease.

(15) Intangible assets

The intangible assets of the Group have finite useful lives. The intangible assets are stated at cost less accumulated amortization and impairment loss (see Note 2(17)). The cost of intangible assets less residual value and impairment loss is amortized on the straight-line method over the estimated useful lives.

The respective amortization periods for intangible assets are as follows:

– Land use rights	30 – 50 years
– Real estate use rights	20 – 25 years
– Computer software	3 – 10 years
– Core deposits	10 years
– Others	20 years



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(16) Repossessed assets

Repossessed assets are physical assets or property rights obtained by the Group from debtors, warrantors or third parties following the enforcement of its creditor's rights. The repossessed assets are initially recognized at fair value, and are subsequently measured at the lower of the carrying value and net recoverable amount. If the recoverable amount is lower than the carrying value of the repossessed assets, the assets are written down to the recoverable amount.

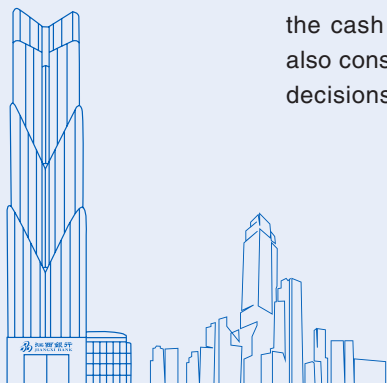
(17) Allowances for impairment losses on non-financial assets

The carrying amounts of the following assets are reviewed at the end of each of the reporting period based on the internal and external sources of information to determine whether there is any indication of impairment:

- property and equipment;
- construction in progress;
- intangible assets;
- right-of-use assets;
- investment property measured using a cost model;
- long-term deferred expenses; and
- investment in subsidiaries and associates.

If any indication exists that an asset may be impaired, the recoverable amount of the asset is estimated.

A cash-generating unit ("CGU") is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. A CGU is composed of assets directly relating to cash-generation. Identification of a CGU is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups. In identifying an asset group, the Group also considers how management monitors the Group's operations and how management makes decisions about continuing or disposing of the Group's assets.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

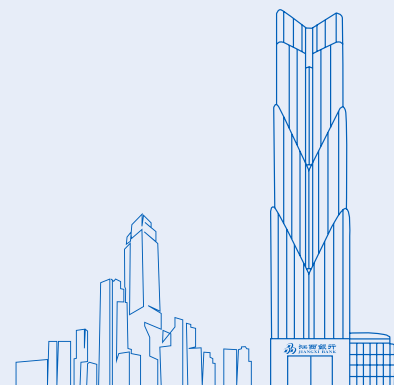
(17) Allowances for impairment losses on non-financial assets (continued)

The recoverable amount of an asset or CGU, or a group of CGUs (hereinafter called “asset”) is the higher of its fair value less costs to sell and its present value of expected future cash flows. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset; if it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the assets belongs.

An asset’s fair value less costs to sell is the amount determined by the price of a sale agreement in an arm’s length transaction, less the costs that are directly attributable to the disposal of the asset. The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using a pre-tax discount rate that reflects expected future cash flows, the useful life and the discount rate specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. A provision for an impairment loss of the asset is recognized accordingly.

If, in a subsequent period, the amount of impairment loss of the non-financial asset decreases and the decrease can be linked objectively to an event occurring after impairment was recognized, the previously recognized impairment loss is reversed through the profit or loss. A reversal of impairment loss is limited to the asset’s carrying amount that would have been determined had no impairment loss been recognized in prior periods.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(18) Employee benefits

(i) *Short-term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

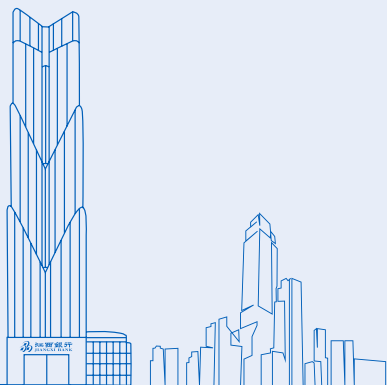
The defined contribution retirement plans of the Group include the social pension schemes.

Social pension schemes

Pursuant to the relevant laws and regulations in the PRC, the Group has participated in the social pension schemes for the employees arranged by local government labour and security authorities. The Group makes contributions to the retirement schemes at the applicable rates based on the amounts stipulated by the government. The contributions are charged to the profit or loss on an accrual basis. When employees retire, the local government labour and security authorities are responsible for the payment of the basic retirement benefits to the retired employees.

Housing fund and other social insurances

In addition to the retirement benefits above, the Group has joined social security contributions schemes for employees pursuant to the relevant laws and regulations of the PRC. These schemes include a housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances schemes at the applicable rates based on the amounts stipulated by the relevant government authorities. The contributions are charged to profit or loss on an accrual basis.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(18) Employee benefits (continued)

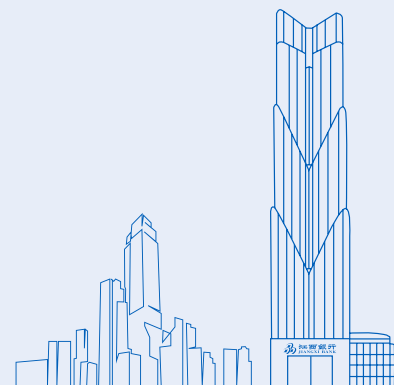
(ii) *Supplementary retirement benefits*

Early retirement benefits

According to the Group's policy on early retirement benefits, certain employees are entitled to take leave of absence and in return receive a certain level of staff salaries and related benefits from the Group. The salaries and benefit payments are made from the date of early retirement to the normal retirement date. The amounts of retirement benefits expense and present value of these liabilities are dependent on assumptions used in calculating such amounts. These assumptions include discount rates, retirement benefit growth rates and other factors. Gains and losses arising from the changes in assumptions and amendments to pension plans are recognized in the income statement as they occur.

Retirement benefit annuity plan

In addition to the basic pension insurance scheme, employees and early retirees of the Group also participate in a defined contribution plan established by the Group (the "Annuity Plan"). The Group and its employees are required to contribute a certain percentage of the employees' previous year basic salaries to the Annuity Plan. The contribution is charged to the income statement when it incurs. The Group has no obligation to pay further contributions if the Annuity Plan does not hold sufficient assets to pay all employee benefits. Contributions to the defined contribution retirement plan are recognized as expenses when incurred, and there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(19) Income tax

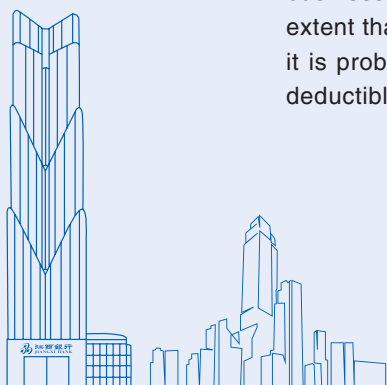
Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(19) Income tax (continued)

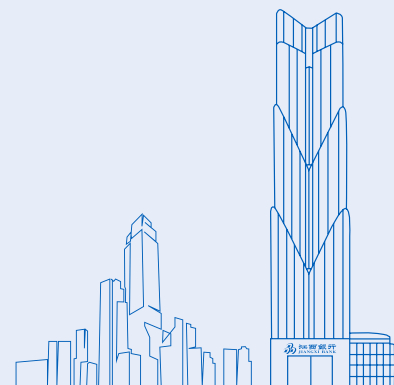
The amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognized when the liability to pay the related dividends is recognized.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Bank or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Bank or the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(20) Financial guarantees, provisions and contingent liabilities

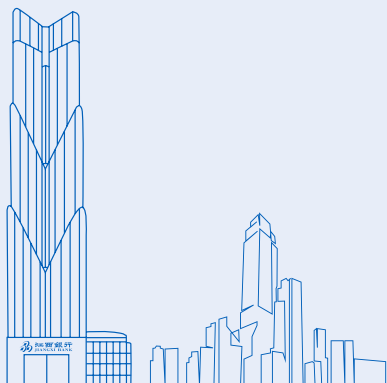
(i) *Financial guarantees*

Financial guarantees are contracts that require the issuer (the “guarantor”) to make specified payments to reimburse the beneficiary of the guarantee (“holder”) for a loss that the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. The fair value of the guarantee (being the guarantee fees received) is initially recognized as deferred income in other liabilities. The deferred income is amortized in profit or loss over the term of the guarantee as income from financial guarantees issued. Provisions are recognized in the statements of financial position as stated in Note 2(20)(ii) if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and the amount of that claim on the Group is expected to exceed the carrying amount of the deferred income.

(ii) *Other provisions and contingent liabilities*

A provision is recognized for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

For a possible obligation resulting from a past transaction or event whose existence will only be confirmed by the occurrence or non-occurrence of uncertain future events or a present obligation resulting from a past transaction or event, where it is not probable that the settlement of the above obligation will cause an outflow of economic benefits, or the amount of the outflow cannot be estimated reliably, the possible or present obligation is disclosed as a contingent liability.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(21) Fiduciary activities

The Group acts in a fiduciary activity as a manager, a custodian, or an agent for customers. Assets held by the Group and the related undertakings to return such assets to customers are recorded as off-balance sheet items as the risks and rewards of the assets reside with customers.

The Group enters into entrusted loan agreements with customers, whereby the customers provide funding (“entrusted funds”) to the Group, and the Group grants loans to third parties (“entrusted loans”) under instructions of the customers. As the Group does not assume the risks and rewards of the entrusted loans and the corresponding entrusted funds, the entrusted loans and funds are recorded as off-balance sheet items at their principal amount. No allowances for impairment loss is made for entrusted loans.

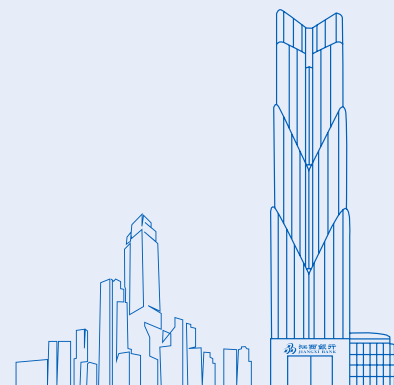
(22) Income recognition

Income is recognized when the Group satisfies the performance obligation in the contract which by transferring the control over relevant goods or services to the customers.

The following is the description of accounting policies regarding income from the Group’s principal activities.

(i) Interest income

Interest income for financial assets is recognized in profit or loss as it is incurred, based on the time for alienation of right to use capital and effective interest rates. Interest income includes the amortization of any discount or premium or differences between the initial carrying amount of an interest-bearing asset and its amount at maturity calculated using the effective interest rate.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(22) Income recognition (continued)

(i) Interest income (continued)

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating the interest income over the Relevant Periods. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract, transaction costs and all other premiums or discounts that are an integral part of the effective interest rate.

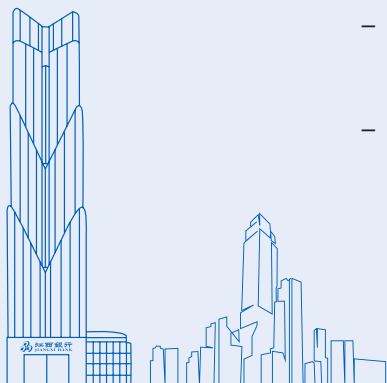
Interest on the impaired assets is recognized using the rate of interest used to discount future cash flows for the purpose of measuring the related impairment loss.

(ii) Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. The fee and commission income recognized by the Group reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring promised services to customers, and income is recognized when its performance obligation in contracts is satisfied.

The Group recognizes income over time by measuring the progress towards the complete satisfaction of a performance obligation, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The customer controls the service provided by the Group in the course of performance;
- The Group does not provide service with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date; or
- In other cases, the Group recognizes revenue at a point in time at which a customer obtains control of the promised services.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(22) Income recognition (continued)

(iii) Government grants

Government grants are recognized in the statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognized in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(iv) Other income

Other income is recognized on an accrual basis.

(23) Expenses recognition

(i) Interest expense

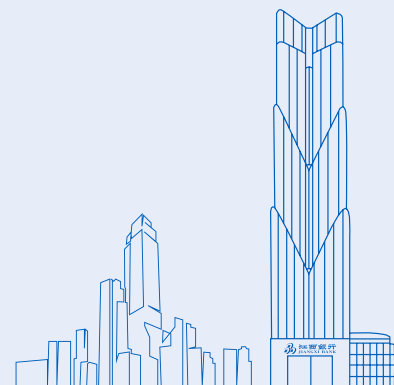
Interest expense from financial liabilities is calculated using the effective interest method by applying the effective interest rate to the amortized cost of the financial liability and the time of occupation.

(ii) Other expenses

Other expenses are recognized on an accrual basis.

(24) Dividends

Dividends or distributions of profits proposed in the profit appropriation plan which will be authorized and declared after the end of each of the reporting period are not recognized as a liability at the end of each of the reporting period but disclosed separately in the notes to the consolidated financial statements.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

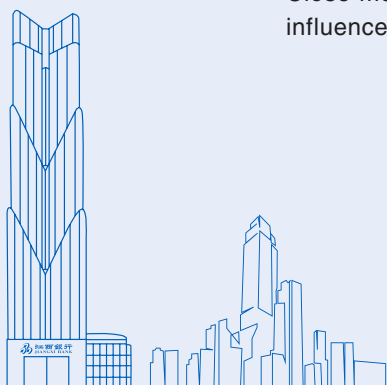
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(25) Related parties

- (i) A person, or a close member of that person's family, is related to the Group if that person:
 - (a) has control or joint control over the Group;
 - (b) has significant influence over the Group; or
 - (c) is a member of the key management personnel of the Group or the Group's parent.
- (ii) An entity is related to the Group if any of the following conditions applies:
 - (a) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member);
 - (c) Both entities are joint ventures of the same third party;
 - (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (f) The entity is controlled or jointly controlled by a person identified in (i);
 - (g) A person identified in (i) (a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
 - (h) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(26) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of the Group's various lines of business and geographical locations.

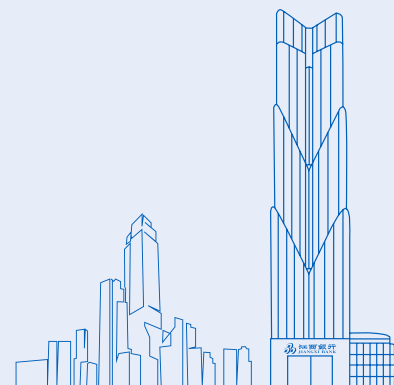
Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(27) Significant accounting estimates and judgements

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

(a) *Measurement of expected credit loss*

The measurement of the expected credit loss allowance for the investment in financial assets and debt instruments measured at amortized cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring expected credit losses is further detailed in Note 44(a).



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(27) Significant accounting estimates and judgements (continued)

(a) *Measurement of expected credit loss* (continued)

A number of significant judgements are required in applying the accounting requirements for measuring expected credit losses,

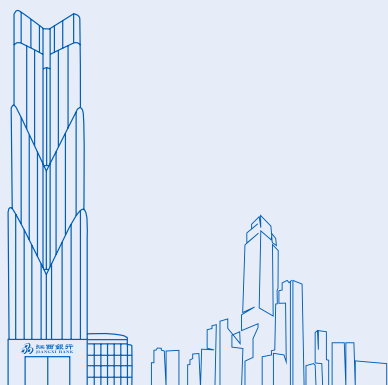
such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of expected credit losses;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated expected credit losses.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in Note 44(a) credit risk.

(b) *Fair value of financial instruments*

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



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(27) Significant accounting estimates and judgements (continued)

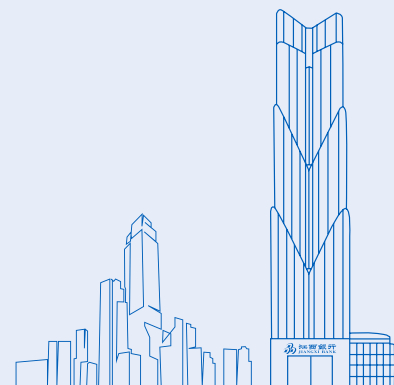
(c) *Income taxes*

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates the tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognized for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognized to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilized, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognized if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

(d) *Impairment of non-financial assets*

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

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



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(27) Significant accounting estimates and judgements (continued)

(e) *Depreciation and amortization*

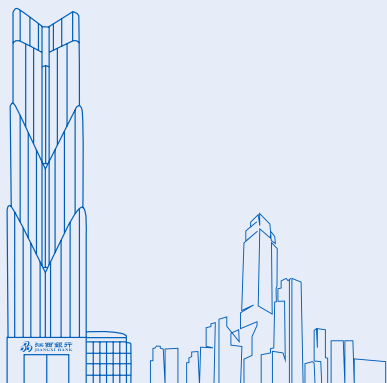
Investment properties, property and equipment, intangible assets and right-use-of assets are depreciated and amortized using the straight-line method over their estimated useful lives after taking into account residual values. The estimated useful lives are regularly reviewed to determine the depreciation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

(f) *Determination of control over structured entities*

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

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

For further disclosure in respect of unconsolidated non-principal guaranteed wealth management products and asset management plans in which the Group has an interest or for which it is a sponsor, see Note 41.

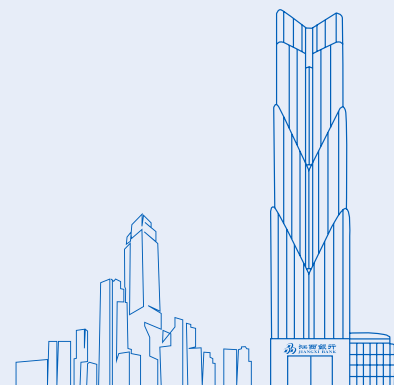


CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

3 NET INTEREST INCOME

	2021	2020
Interest income arising from		
Deposits with the central bank	540,092	510,702
Deposits with banks and other financial institutions	7,013	7,327
Placements with banks and other financial institutions	83,901	67,078
Financial assets held under resale agreements	404,733	317,513
Loans and advances to customers		
– Corporate loans and advances	7,899,964	6,824,177
– Personal loans and advances	4,229,724	4,225,406
– Discounted bills	737,963	596,417
Financial investments	6,062,328	7,256,329
Sub-total	19,965,718	19,804,949
Interest expense arising from		
Borrowing from the central bank	(306,218)	(307,752)
Deposits from banks and other financial institutions	(712,082)	(710,207)
Placements from banks and other financial institutions	(119,963)	(119,691)
Borrowing from other financial institutions	(323,709)	(435,885)
Financial assets sold under repurchase agreements	(456,998)	(291,001)
Deposits from customers	(7,956,031)	(7,158,973)
Debt securities issued	(1,328,910)	(1,727,765)
Sub-total	(11,203,911)	(10,751,274)
Net interest income	8,761,807	9,053,675

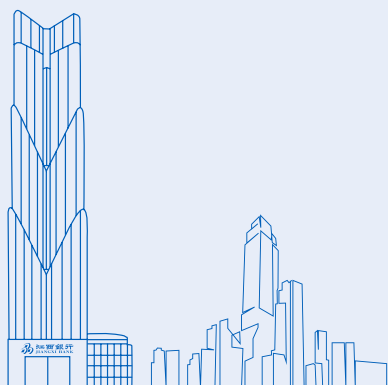


CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

4 NET FEE AND COMMISSION INCOME

	2021	2020
Fee and commission income		
Agency and custody service fees	370,797	379,072
Acceptance and guarantee service fees	162,746	167,701
Settlement and electronic channel business fees	104,220	79,925
Financial leasing service fees	86,632	56,960
Bank card service fees	77,778	81,254
Advisory and consulting fees	1,162	7,204
Others	763	2,739
Sub-total	804,098	774,855
Fee and commission expense		
Transaction fees	(59,470)	(51,973)
Settlement and clearing fees	(22,006)	(40,749)
Financial leasing service fees	(18,716)	(44,163)
Platform cooperation fees	(3,630)	(57,676)
Others	(789)	(1,498)
Sub-total	(104,611)	(196,059)
Net fee and commission income	699,487	578,796



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

5 NET TRADING GAINS

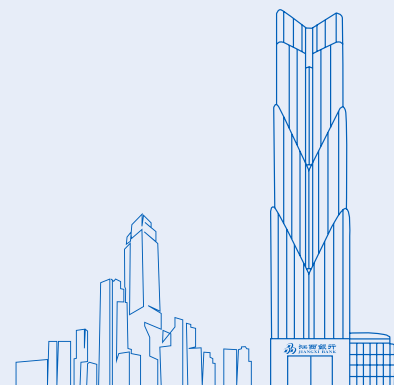
	2021	2020
Net gains from debt securities	200,621	96,039

Net gains from debt securities include gains arising from the buying and selling of, and changes in the fair value of financial assets held for trading.

6 NET GAINS ARISING FROM FINANCIAL INVESTMENTS

	Note	2021	2020
Net gains/(losses) on financial investments at fair value through profit or loss	(i)	835,746	(139,613)
Realized gains from investment funds		565,897	624,880
Net gains on financial investments at fair value through other comprehensive income		32,028	42,874
Dividend income		7,396	8,600
Total		1,441,067	536,741

- (i) Net gains on financial investments at fair value through profit or loss include the investment income and fair value changes of financial investments at fair value through profit or loss except for debt securities held for trading.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

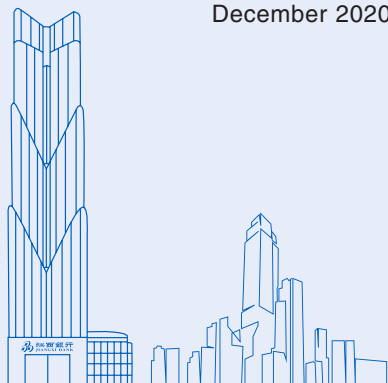
7 OTHER OPERATING INCOME

	2021	2020
Government grants	69,810	19,705
Rental income	2,654	2,686
Foreign exchange losses	(21,520)	(49,473)
Net (losses)/gains on disposal of non-current assets	(3,264)	40,195
Others	(6,239)	7,081
Total	41,441	20,194

8 OPERATING EXPENSES

	2021	2020
Staff costs		
– Salaries, bonuses and allowances	1,685,703	1,652,978
– Social insurance and supplementary retirement benefits	182,416	186,654
– Housing fund	114,604	98,891
– Staff welfares	106,601	105,624
– Employee education expenses and labour union expenses	50,040	50,554
– Others	61,053	38,351
Sub-total	2,200,417	2,133,052
Depreciation and amortization	523,960	514,194
Tax and surcharges	141,972	133,593
Interest expense on lease liabilities	50,707	48,746
Other general and administrative expenses	730,606	694,189
Total	3,647,662	3,523,774

Auditor's remuneration for the year ended 31 December 2021 was RMB3.50 million (year ended 31 December 2020: RMB3.50 million).



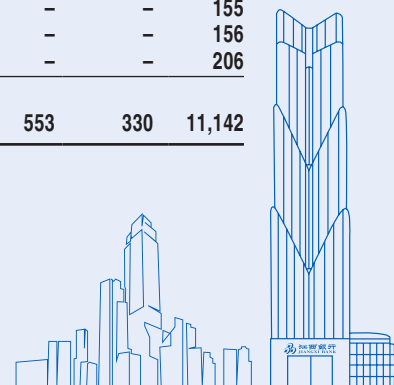
CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

9 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' and supervisors' emoluments disclosed pursuant to Section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Year ended 31 December 2021								
	Note	Fees	Salaries	Discretionary bonuses	Sub-total	Contributions by the employer to social insurance and staff welfares, housing fund, etc	Other welfares	Total
Executive directors								
Chen Xiaoming	(1)	-	2,077	-	2,077	94	45	2,216
Xu Jihong		-	1,729	-	1,729	94	37	1,860
Luo Yan	(2)	-	1,642	-	1,642	94	151	1,887
Non-executive directors								
Zhuo Liping	(3)	-	-	-	-	-	-	-
Li Zhanrong		-	-	-	-	-	-	-
Liu Sanglin		-	-	-	-	-	-	-
Yu Minxin	(4)	-	-	-	-	-	-	-
Deng Jianxin		-	-	-	-	-	-	-
Independent non-executive directors								
Zhang Rui		177	-	-	177	-	-	177
Zhang Wangxia		189	-	-	189	-	-	189
Wong Hin Wing		227	-	-	227	-	-	227
Wang Yun		186	-	-	186	-	-	186
Internal supervisors								
Liu Fulin		-	2,162	-	2,162	94	45	2,301
Chen Xinxiang		-	475	39	514	83	21	618
Lou Mingnong	(5)	-	801	38	839	94	31	964
Zhou Minhui		-	-	-	-	-	-	-
Yu Han		-	-	-	-	-	-	-
Wang Ruiqiang		-	-	-	-	-	-	-
External supervisors								
Shi Zhongliang		155	-	-	155	-	-	155
Li Danlin		156	-	-	156	-	-	156
Shi Jing		206	-	-	206	-	-	206
Total		1,296	8,886	77	10,259	553	330	11,142

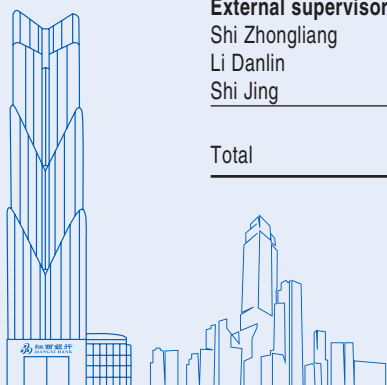


CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

9 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

Year ended 31 December 2020								
	Note	Fees	Salaries	Discretionary bonuses	Sub-total	Contributions by the employer to social insurance and staff welfares, housing fund, etc	Other welfares	Total
Executive directors								
Chen Xiaoming	(1)	-	1,935	-	1,935	83	45	2,063
Luo Yan	(2)	-	1,555	-	1,555	83	164	1,802
Xu Jihong		-	1,367	-	1,367	83	37	1,487
Non-executive directors								
Que Yong	(4)	-	-	-	-	-	-	-
Li Zhanrong		-	-	-	-	-	-	-
Liu Sanglin		-	-	-	-	-	-	-
Zhuo Liping	(3)	-	-	-	-	-	-	-
Deng Jianxin		-	-	-	-	-	-	-
Independent non-executive directors								
Zhang Rui		179	-	-	179	-	-	179
Zhang Wangxia		172	-	-	172	-	-	172
Wong Hin Wing		222	-	-	222	-	-	222
Wang Yun		185	-	-	185	-	-	185
Guo Tianyong	(6)	150	-	-	150	-	-	150
Ou Minggang	(3)	-	-	-	-	-	-	-
Yan Hongbo	(3)	-	-	-	-	-	-	-
Internal supervisors								
Liu Fulin		-	2,083	-	2,083	83	45	2,211
Tao Yulan	(5)	-	165	-	165	25	12	202
Chen Xinxiang		-	303	-	303	80	27	410
Lou Mingnong	(5)	-	231	-	231	52	17	300
Zhou Minhui		-	-	-	-	-	-	-
Yu Han		-	-	-	-	-	-	-
Wang Ruiqiang		-	-	-	-	-	-	-
External supervisors								
Shi Zhongliang		168	-	-	168	-	-	168
Li Danlin		167	-	-	167	-	-	167
Shi Jing		166	-	-	166	-	-	166
Total		1,409	7,639	-	9,048	489	347	9,884



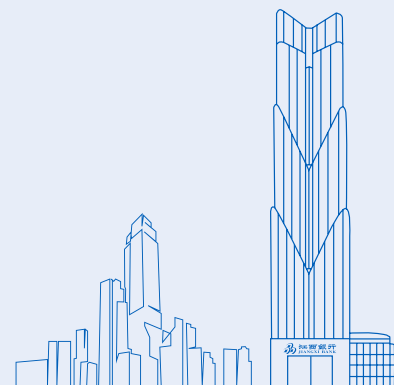
CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

9 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

- (1) On 21 February 2022, Chen Xiaoming resigned as the executive director of the Bank, the chairman of the Board, a member and the chairperson of the Strategic Committee of the Board due to personal reason, and ceased to hold any position in the Bank.
- (2) At the Board of Directors' meeting held on 15 October 2021, the board of directors resolved the proposal to remove Luo Yan from the positions of executive director and president of the Bank.
- (3) At the 2018 Shareholders' annual general meeting held on 31 May 2019, Zhuo Liping and Huang Zhenping were elected as non-executive directors of the Bank; Ou Minggang and Yan Hongbo were elected as independent non-executive directors of the Bank. The CBRIC has approved the appointment of Zhuo Liping on 11 May 2020, and the CBIRC has not approved the appointment of Ou Minggang and Yan Hongbo.
- (4) At the 2020 Shareholders' annual general meeting held on 21 May 2021, Que Yong resigned as shareholder director of the Bank, and Yu Minxin was elected as shareholder director.
- (5) At the employee representatives' meeting held on 28 May 2020, Tao Yulan resigned as internal supervisor of the Bank, and Lou Mingnong was elected as internal supervisor.
- (6) At the 2018 Shareholders' annual general meeting held on 31 May 2019, Guo Tianyong resigned as independent non-executive director of the Bank, but his salary of 2019 was approved in 2020.

There was no amount paid during the year ended 31 December 2021 to the directors in connection with their retirement from employment or compensation for loss of office with the Group, or inducement to join the Group (year ended 31 December 2020: nil). There was no arrangement under which a director or supervisor waived or agreed to waive any remuneration during the year ended 31 December 2021 (year ended 31 December 2020: nil).



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

For the year ended 31 December 2021, the five individuals with the highest emolument included 3 directors and 1 supervisor (year ended 31 December 2020: 3 directors and 1 supervisor). Their emoluments are disclosed in Note 9.

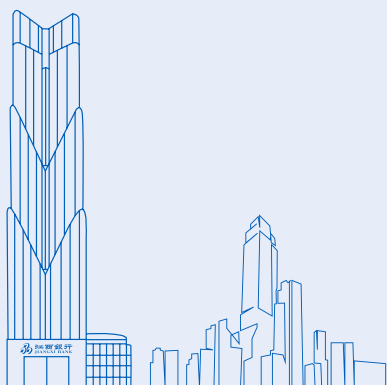
The emoluments for the other highest paid individuals as at 31 December were as follows:

	2021	2020
Salaries and other emoluments	1,725	1,289
Discretionary bonuses	–	–
Contributions by the employer to social insurance and staff welfares, housing fund, etc	94	83
Others	37	37
Total	1,856	1,409

The number of these individuals whose emoluments are within the following bands is set out below:

	2021	2020
RMB1,000,001 – 1,500,000	–	1
RMB1,500,001 – 2,000,000	1	–
Total	1	1

None of these individuals received any inducement to join or upon joining the Group or compensation for loss of office, or waived any emoluments during the year ended 31 December 2021 (year ended 31 December 2020: nil).



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

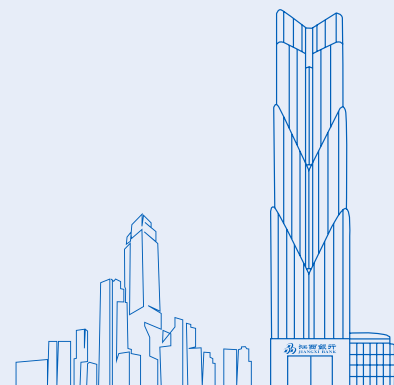
11 IMPAIRMENT LOSSES ON ASSETS

	2021	2020
Loans and advances to customers	2,704,122	875,860
Financial investments	2,072,864	3,362,970
Others	229,628	45,597
Total	5,006,614	4,284,427

12 INCOME TAX EXPENSE

(a) Income tax expense:

	Note	2021	2020
Current tax		1,318,756	925,935
Tax filing differences		(16,317)	79,733
Changes in deferred tax	23(b)	(917,813)	(425,900)
Total		384,626	579,768



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

12 INCOME TAX EXPENSE (continued)

(b) Reconciliations between income tax and accounting profit are as follows:

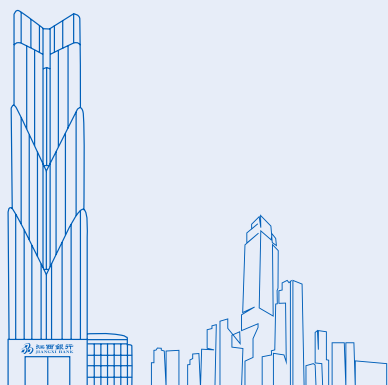
	Note	2021	2020
Profit before taxation		2,496,181	2,484,699
Statutory tax rate		25%	25%
Income tax calculated at statutory tax rate		624,045	621,175
Non-taxable income	(i)	(392,481)	(356,174)
Non-deductible expenses		169,379	235,034
Tax filing differences		(16,317)	79,733
Income tax expense		384,626	579,768

- (i) The non-taxable income mainly represents the interest income arising from the PRC government bonds and realized gains from investment funds.

13 BASIC AND DILUTED EARNINGS PER SHARE

	2021	2020
Net profit attributable to equity shareholders of the Bank	2,070,307	1,859,165
Weighted average number of ordinary shares (in thousands)	6,024,277	6,024,277
Basic and diluted earnings per share attributable to equity shareholders of the Bank (in RMB)	0.34	0.31

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



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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14 CASH AND DEPOSITS WITH THE CENTRAL BANK

	Note	31 December 2021	31 December 2020
Cash on hand		806,061	817,113
Deposits with the central bank			
– Statutory deposit reserves	(a)	27,833,953	31,659,309
– Surplus deposit reserves	(b)	17,543,492	8,154,867
– Fiscal deposits		268,322	115,512
Sub-total		46,451,828	40,746,801
Accrued interest		13,143	14,842
Total		46,464,971	40,761,643

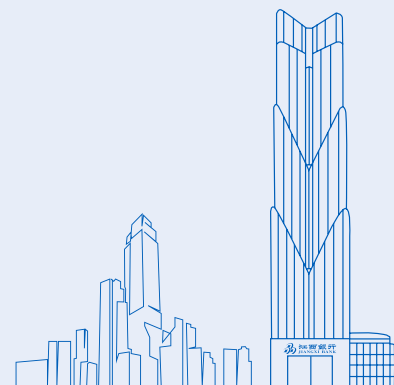
- (a) The Bank places statutory deposit reserves with the PBOC in accordance with relevant regulations. The statutory deposit reserves are not available for the Bank's daily business.

The statutory deposit reserve ratios applicable to the Bank were as follows:

	31 December 2021	31 December 2020
Reserve ratio for RMB deposits	8.0%	10.0%
Reserve ratio for foreign currency deposits	9.0%	5.0%

As at 31 December 2021, statutory reserve rate for Jinxian Ruifeng County Bank Co., Ltd. ("Jinxian Ruifeng") was 5.0% (31 December 2020: 5.0%).

- (b) The surplus deposit reserves are maintained with the PBOC for the purpose of clearing.



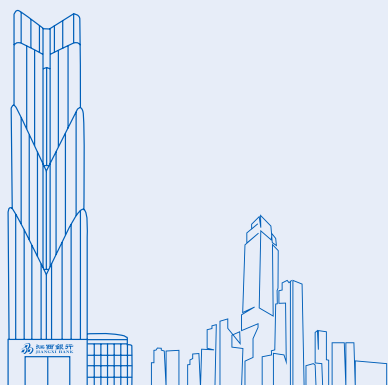
CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

15 DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Analyzed by type and location of counterparty

	31 December 2021	31 December 2020
In mainland China		
– Banks	1,505,308	1,332,305
Outside mainland China		
– Banks	584,535	819,649
Gross balance	2,089,843	2,151,954
Accrued interest	938	920
Less: Allowances for impairment losses	(720)	(1,439)
Net balance	2,090,061	2,151,435



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

16 PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

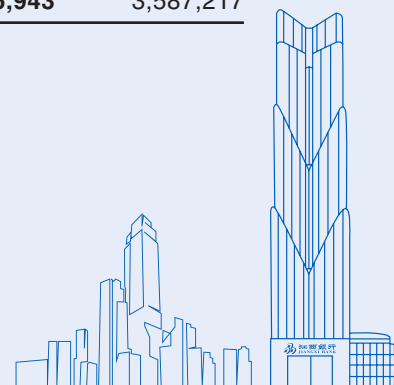
Analyzed by type and location of counterparty

	31 December 2021	31 December 2020
In mainland China		
– Other financial institutions	3,550,000	8,230,498
Gross balance	3,550,000	8,230,498
Accrued interest	39,718	2,776
Less: Allowances for impairment losses	(515)	(1,345)
Net balance	3,589,203	8,231,929

17 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(a) Analyzed by type and location of counterparty

	31 December 2021	31 December 2020
In mainland China		
– Banks	2,695,660	3,586,450
Gross balance	2,695,660	3,586,450
Accrued interest	290	797
Less: Allowances for impairment losses	(7)	(30)
Net balance	2,695,943	3,587,217



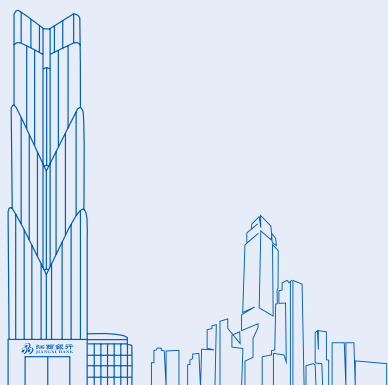
CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

17 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS (continued)

(b) Analyzed by type of collateral

	31 December 2021	31 December 2020
Debt securities		
– Policy Banks	2,197,500	2,093,550
– Commercial banks and other financial institutions	498,160	110,700
– Government	–	1,000,000
– Corporate	–	382,200
Gross balance	2,695,660	3,586,450
Accrued interest	290	797
Less: Allowances for impairment losses	(7)	(30)
Net balance	2,695,943	3,587,217



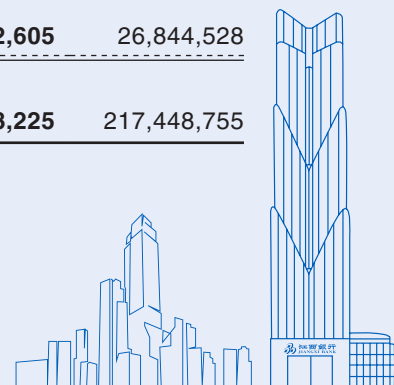
CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

18 LOANS AND ADVANCES TO CUSTOMERS

(a) Analyzed by nature

	31 December 2021	31 December 2020
Loans and advances to customers measured at amortized cost		
Corporate loans and advances	161,422,739	119,619,241
Personal loans and advances		
– Residential mortgage	63,707,264	61,764,074
– Personal business loans	10,441,273	9,230,359
– Personal consumption loans	2,282,860	2,125,744
– Credit cards	3,767,571	3,838,112
Sub-total	80,198,968	76,958,289
Gross loans and advances to customers measured at amortized cost	241,621,707	196,577,530
Accrued interest	563,785	599,487
Less: Allowances for impairment losses on loans and advances to customers measured at amortized cost	(7,619,872)	(6,572,790)
Net loans and advances to customers measured at amortized cost	234,565,620	190,604,227
Loans and advances to customers measured at FVOCI		
Corporate loans and advances-Forfeiting	3,385,471	2,413,618
Discounted bills	32,707,134	24,430,910
Total amount of loans and advances to customers measured at FVOCI	36,092,605	26,844,528
Net loans and advances to customers	270,658,225	217,448,755



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

18 LOANS AND ADVANCES TO CUSTOMERS (continued)

(b) Analyzed by industry sector

	31 December 2021		Loans and advances secured by collaterals
	Amount	Percentage	
Leasing and commercial services	52,369,358	18.86%	11,396,840
Wholesale and retail trade	29,519,272	10.63%	4,113,290
Water conservancy, environment and public facility management	21,595,950	7.78%	1,971,040
Manufacturing	17,140,904	6.17%	3,145,316
Construction	13,901,676	5.01%	1,874,867
Real estate	7,725,054	2.78%	2,218,609
Finance	4,696,015	1.69%	—
Transportation, storage and postal services	4,392,879	1.58%	1,030,968
Production and distribution of electricity, heating power, gas and water	2,959,923	1.07%	1,909,343
Information transmission, software and information technology services	2,405,558	0.87%	678,300
Others	8,101,621	2.90%	706,028
Sub-total of corporate loans and advances	164,808,210	59.34%	29,044,601
Personal loans and advances	80,198,968	28.88%	66,613,598
Discounted bills	32,707,134	11.78%	—
Gross loans and advances to customers	277,714,312	100.00%	95,658,199



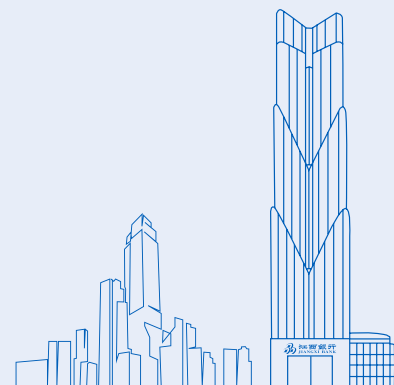
CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

18 LOANS AND ADVANCES TO CUSTOMERS (continued)

(b) Analyzed by industry sector (continued)

	31 December 2020		Loans and advances secured by collaterals
	Amount	Percentage	
Leasing and commercial services	37,868,997	16.95%	10,987,918
Wholesale and retail trade	18,000,128	8.06%	4,248,467
Water conservancy, environment and public facility management	15,932,046	7.13%	3,412,091
Manufacturing	14,496,386	6.49%	1,868,999
Construction	11,406,981	5.11%	1,648,641
Real estate	8,145,057	3.65%	2,526,698
Transportation, storage and postal services	4,217,748	1.89%	1,133,781
Finance	2,148,451	0.96%	—
Health, social security and social welfare	1,676,971	0.75%	20,421
Production and distribution of electricity, heating power, gas and water	1,496,509	0.67%	764,819
Others	6,643,585	2.96%	2,277,093
Sub-total of corporate loans and advances	122,032,859	54.62%	28,888,928
Personal loans and advances	76,958,289	34.45%	63,289,853
Discounted bills	24,430,910	10.93%	—
Gross loans and advances to customers	223,422,058	100.00%	92,178,781



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

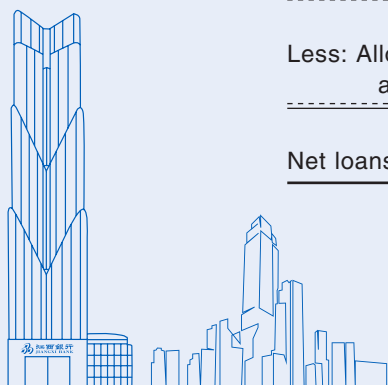
18 LOANS AND ADVANCES TO CUSTOMERS (continued)

(c) Analyzed by geographical area

	31 December 2021	
	Amount	Percentage
Within Jiangxi Province (apart from Nanchang area)	113,980,863	41.04%
Nanchang area	106,537,521	38.37%
Head office	35,692,515	12.85%
Outside Jiangxi Province	21,503,413	7.74%
Gross loans and advances to customers	277,714,312	100.00%
	31 December 2020	
	Amount	Percentage
Nanchang area	94,501,793	42.30%
Within Jiangxi Province (apart from Nanchang area)	84,658,136	37.89%
Outside Jiangxi Province	23,262,295	10.41%
Head office	20,999,834	9.40%
Gross loans and advances to customers	223,422,058	100.00%

(d) Analyzed by type of collateral

	31 December 2021	31 December 2020
Unsecured loans	31,278,465	16,835,746
Guaranteed loans	142,517,906	107,185,585
Collateralized loans	95,658,199	92,178,781
Pledged loans	8,259,742	7,221,946
Gross loans and advances to customers	277,714,312	223,422,058
Accrued interest	563,785	599,487
Less: Allowances for impairment losses on loans and advances to customers measured at amortized cost	(7,619,872)	(6,572,790)
Net loans and advances to customers	270,658,225	217,448,755



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

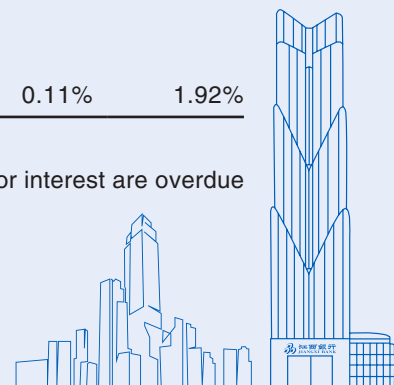
18 LOANS AND ADVANCES TO CUSTOMERS (continued)

(e) Overdue loans analyzed by overdue period

	31 December 2021				Total
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	
Unsecured loans	78,105	147,882	253,720	6,961	486,668
Guaranteed loans	2,167,009	497,228	971,670	87,586	3,723,493
Collateralized loans	603,015	680,420	189,841	159,086	1,632,362
Pledged loans	–	–	329	43	372
Total	2,848,129	1,325,530	1,415,560	253,676	5,842,895
As a percentage of gross loans and advances to customers	1.02%	0.48%	0.51%	0.09%	2.10%

	31 December 2020				Total
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	
Unsecured loans	89,028	407,096	246,677	4,331	747,132
Guaranteed loans	569,118	629,514	327,829	54,899	1,581,360
Collateralized loans	887,327	484,322	403,134	195,230	1,970,013
Pledged loans	700	7	–	43	750
Total	1,546,173	1,520,939	977,640	254,503	4,299,255
As a percentage of gross loans and advances to customers	0.69%	0.68%	0.44%	0.11%	1.92%

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



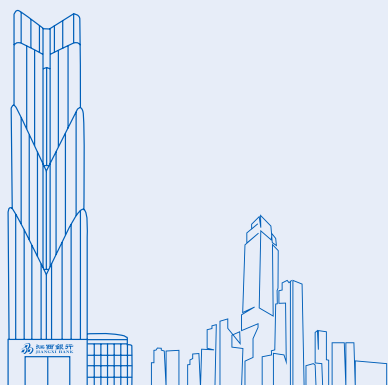
CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

18 LOANS AND ADVANCES TO CUSTOMERS (continued)

(f) Loans and advances and allowances for impairment losses

	12-month ECL	31 December 2021		Total
		Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
Total loans and advances to customers measured at amortized cost	220,226,718	14,790,251	6,604,738	241,621,707
Accrued interest	538,183	23,543	2,059	563,785
Less: Allowances for impairment losses on loans and advances to customers measured at amortized cost	(2,196,886)	(1,595,654)	(3,827,332)	(7,619,872)
Carrying amount of loans and advances to customers measured at amortized cost	218,568,015	13,218,140	2,779,465	234,565,620
Carrying amount of loans and advances to customers measured at FVOCI	36,092,605	—	—	36,092,605
Total carrying amount of loans and advances to customers	254,660,620	13,218,140	2,779,465	270,658,225



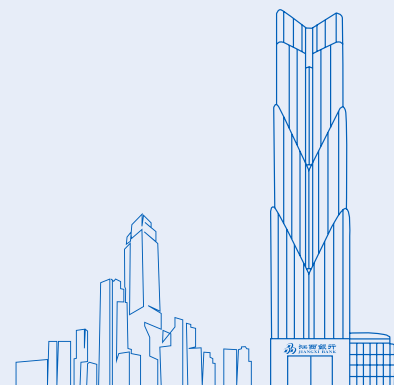
CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

18 LOANS AND ADVANCES TO CUSTOMERS (continued)

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

	31 December 2020			Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
Total loans and advances to customers measured at amortized cost	177,070,560	14,109,110	5,397,860	196,577,530
Accrued interest	516,990	23,899	58,598	599,487
Less: Allowances for impairment losses on loans and advances to customers measured at amortized cost	(1,455,456)	(1,986,341)	(3,130,993)	(6,572,790)
Carrying amount of loans and advances to customers measured at amortized cost	176,132,094	12,146,668	2,325,465	190,604,227
Carrying amount of loans and advances to customers measured at FVOCI	26,844,528	—	—	26,844,528
Total carrying amount of loans and advances to customers	202,976,622	12,146,668	2,325,465	217,448,755



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

18 LOANS AND ADVANCES TO CUSTOMERS (continued)

(g) Movements of allowances for impairment losses (continued)

(ii) *Movements of allowances for impairment losses on loans and advances to customers measured at fair value through other comprehensive income:*

	Year ended 31 December 2021			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at 1 January	65,864	-	-	65,864
Released for the year	(16,437)	-	-	(16,437)
As at 31 December	49,427	-	-	49,427

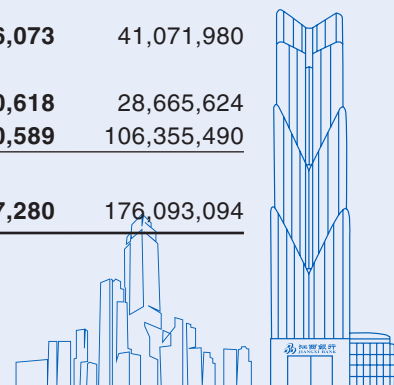
	Year ended 31 December 2020			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at 1 January	53,226	-	-	53,226
Charged for the year	12,638	-	-	12,638
As at 31 December	65,864	-	-	65,864

(h) Disposal of loans and advances to customers

In 2021, the Group disposed certain loans with gross amount of RMB1,288.06 million (2020: RMB7,311.37 million) to asset management companies at a consideration of RMB630.09 million (2020: RMB4,586.82 million).

19 FINANCIAL INVESTMENTS

	Note	31 December 2021	31 December 2020
Financial investments at fair value through profit or loss	(a)	39,446,073	41,071,980
Financial investments at fair value through other comprehensive income	(b)	24,940,618	28,665,624
Financial investments at amortized cost	(c)	107,390,589	106,355,490
Total		171,777,280	176,093,094



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

19 FINANCIAL INVESTMENTS (continued)

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

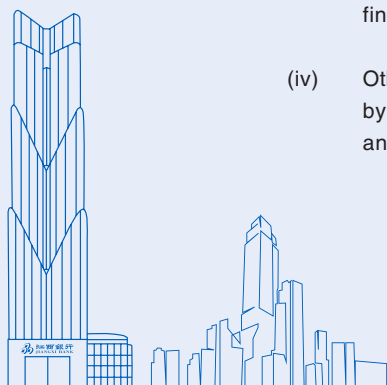
	Note	31 December 2021	31 December 2020
Debt securities issued by the following institutions in mainland China	(i)		
– Government		3,189,099	121,667
– Policy banks		3,517,978	3,256,609
– Commercial banks and other financial institutions		564,290	664,838
– Corporate		7,574,561	9,359,476
Sub-total		14,845,928	13,402,590
Equity instruments	(ii)	110,925	121,543
Fund investments	(iii)	20,766,123	20,589,141
Other financial investments	(iv)	3,723,097	6,958,706
Total		39,446,073	41,071,980
Listed		101,941	112,597
Unlisted		39,344,132	40,959,383
Total		39,446,073	41,071,980

(i) Certain debt securities were pledged for repurchase agreements (Note 40(e)). No other investment were subject to material restrictions in the realization.

(ii) Equity instruments are acquired by the Group through debt repayments. The Group intends to dispose of them at appropriate opportunity.

(iii) The fund investments held by the Group are monetary market funds and bond funds issued by financial institutions.

(iv) Other financial investments held by the Group at FVTPL include wealth management products issued by financial institutions and investment management products managed by securities companies and trust plans.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

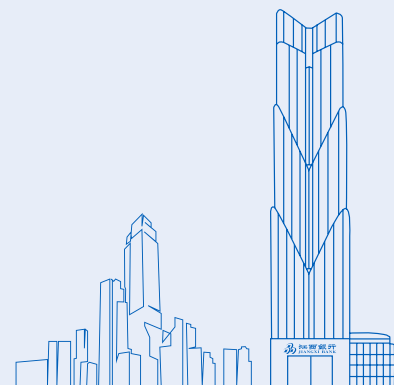
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

19 FINANCIAL INVESTMENTS (continued)

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

	Note	31 December 2021	31 December 2020
Debt securities issued by the following institutions in mainland China	(i)		
– Government		2,695,331	3,403,234
– Policy banks		12,666,648	11,944,996
– Corporate		2,507,551	2,695,593
Sub-total		17,869,530	18,043,823
Equity instruments	(ii)	10,250	10,250
Investment management products managed by securities companies and trust plans		6,627,130	10,145,360
Accrued interest		433,708	466,191
Total		24,940,618	28,665,624
Unlisted		24,940,618	28,665,624
Allowances for impairment losses recognized in OCI	(iii)	(1,197,245)	(497,801)

- (i) Certain debt securities were pledged for repurchase agreements (Note 40(e)). No other investment were subject to material restrictions in the realization.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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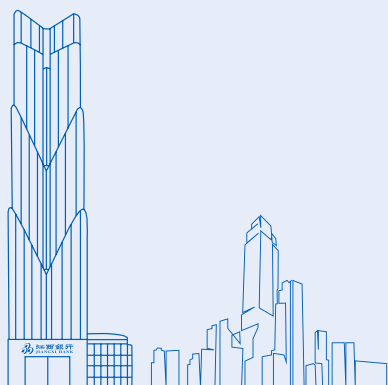
19 FINANCIAL INVESTMENTS (continued)

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

- (ii) The Group designated the investments shown in the table below as equity instruments that are measured at FVOCI, as the Group intended to hold the equity instruments for a long term. The details are as follows:

	31 December 2021	Dividend income recognized for the year ended 31 December 2021	31 December 2020	Dividend income recognized for the year ended 31 December 2020
Clearing Centre for City Commercial Banks	250	–	250	–
China UnionPay	10,000	2,600	10,000	1,800
Total	10,250	2,600	10,250	1,800
Unlisted	10,250		10,250	

The Group did not sell the above equity instruments in 2021.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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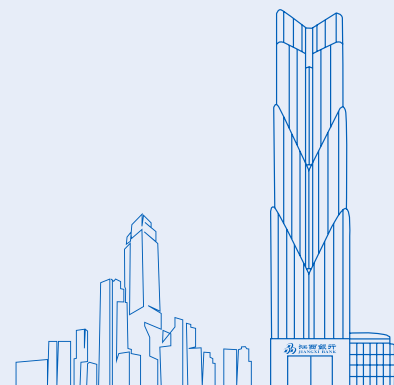
19 FINANCIAL INVESTMENTS (continued)

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

- (iii) Movements of allowances for impairment of financial investments at fair value through other comprehensive income:

	Year ended 31 December 2021			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at 1 January	144,562	201,384	151,855	497,801
Transferred				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit-impaired	(13,383)	13,383	–	–
– to lifetime ECL credit-impaired	–	(201,384)	201,384	–
(Released)/charged for the year	(39,291)	88,335	650,400	699,444
As at 31 December	91,888	101,718	1,003,639	1,197,245

	Year ended 31 December 2020			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at 1 January	189,427	201,586	422,294	813,307
Transferred				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit-impaired	–	–	–	–
– to lifetime ECL credit-impaired	–	(202)	202	–
Released for the year	(44,865)	–	(238,788)	(283,653)
Transferred out	–	–	(31,853)	(31,853)
As at 31 December	144,562	201,384	151,855	497,801



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

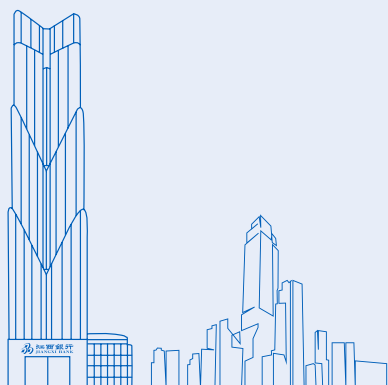
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

19 FINANCIAL INVESTMENTS (continued)

(c) Financial investments at amortized cost

	Note	31 December 2021	31 December 2020
Debt securities issued by the following institutions in mainland China	(i)		
– Government		31,410,161	24,493,344
– Policy banks		21,285,429	21,407,008
– Corporate		6,722,144	6,750,167
Sub-total		59,417,734	52,650,519
Investment management products managed by securities companies and trust plans		51,760,816	57,415,120
Accrued interest		1,336,390	1,178,691
Less: Allowances for impairment losses	(ii)	(5,124,351)	(4,888,840)
Net carrying amount		107,390,589	106,355,490
Unlisted		107,390,589	106,355,490

- (i) Certain debt securities were pledged for repurchase agreements (Note 40(e)). No other investment were subject to material restrictions in the realization.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

19 FINANCIAL INVESTMENTS (continued)

(c) Financial investments at amortized cost (continued)

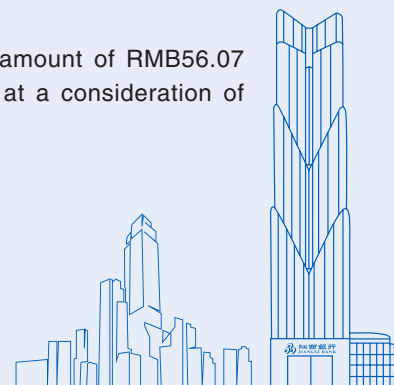
(ii) Movements of allowances for impairment of financial investments at amortized cost:

	Year ended 31 December 2021			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at 1 January	843,583	313,043	3,732,214	4,888,840
Transferred				
– to 12-month ECL	71,880	(36,816)	(35,064)	–
– to lifetime ECL not credit-impaired	–	–	–	–
– to lifetime ECL credit-impaired	(117,988)	(247,327)	365,315	–
(Released)/charged for the year	(222,512)	(10,471)	1,606,403	1,373,420
Transfer out	–	–	(30,035)	(30,035)
Write-off	–	–	(1,107,874)	(1,107,874)
As at 31 December	574,963	18,429	4,530,959	5,124,351

	Year ended 31 December 2020			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at 1 January	1,239,372	319,191	3,637,632	5,196,195
Transferred				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit-impaired	(506)	506	–	–
– to lifetime ECL credit-impaired	(150,268)	(164,209)	314,477	–
(Released)/charged for the year	(245,015)	157,555	3,734,083	3,646,623
Transfer out	–	–	(1,312,903)	(1,312,903)
Write-off	–	–	(2,641,075)	(2,641,075)
As at 31 December	843,583	313,043	3,732,214	4,888,840

(d) Disposal of financial investments

In 2021, the Group disposed certain financial investments with gross amount of RMB56.07 million (2020: RMB6,271.69 million) to asset management companies at a consideration of RMB32.09 million (2020: RMB4,524.83 million).



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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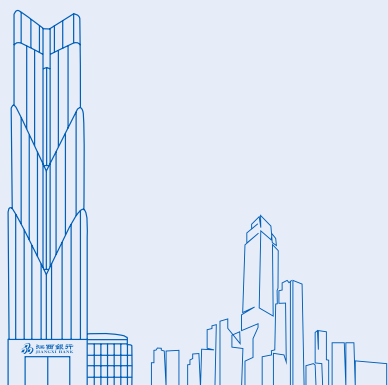
20 INTEREST IN ASSOCIATES

The following list contains the Group's associates, all of which are individually immaterial to the Group and are unlisted rural banks whose quoted market price are not available:

	Note	31 December 2021	31 December 2020
Nanchang Dafeng County Bank Co., Ltd. ("南昌大豐村鎮銀行有限責任公司")		63,399	59,934
Nanfeng Judu County Bank Co., Ltd. ("南豐桔都村鎮銀行有限責任公司")		27,963	27,828
Si Ping Tie Dong De Feng County Bank Co., Ltd. ("四平鐵東德豐村鎮銀行股份有限公司")		21,354	19,607
Guangchang Nanyin County Bank Co., Ltd. ("廣昌南銀村鎮銀行股份有限公司")		12,959	12,272
Total	(a)/(b)	125,675	119,641

(a) The following table illustrates the aggregate information of the Group's associates that are not individually material:

	31 December 2021	31 December 2020
Aggregate carrying amount of the individually immaterial associates in the consolidated statements of financial position of the Group	125,675	119,641
Aggregate amounts of the Group's share of results of the associates		
– Profits from continuing operations	6,034	7,455
– Other comprehensive income	–	–
– Total comprehensive income	6,034	7,455

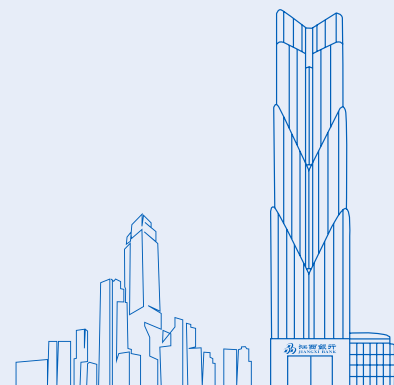


CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

20 INTEREST IN ASSOCIATES (continued)

- (b) Detailed information of the Group's associates that are not individually material is as follows:
- (i) Nanchang Dafeng County Bank Co., Ltd. ("Nanchang Dafeng") was incorporated on 30 September 2010 at Nanchang County, Jiangxi Province, with registered capital of RMB220.00 million. The principal activities of Nanchang Dafeng are the provision of corporate and retail banking services. As of 31 December 2021, the Bank holds 28.18% of equity interest of Nanchang Dafeng (31 December 2020: 28.18%).
 - (ii) Nanfeng Judu County Bank Co., Ltd. ("Nanfeng Judu") was incorporated on 20 December 2011 at Nanfeng County, Fuzhou City, Jiangxi Province, with registered capital of RMB55.11 million. The principal activities of Nanfeng Judu are the provision of corporate and retail banking services. As of 31 December 2021, the Bank holds 40.00% of equity interest of Nanfeng Judu (31 December 2020: 40.00%).
 - (iii) Si Ping Tie Dong De Feng County Bank Co., Ltd. ("Si Ping De Feng") was incorporated on 22 July 2011 at Si Ping City, Jilin Province, with registered capital of RMB30.00 million. The principal activities of Si Ping De Feng are the provision of corporate and retail banking services. As of 31 December 2021, the Bank holds 20.00% of equity interest of Si Ping De Feng (31 December 2020: 20.00%).
 - (iv) Guangchang Nanyin County Bank Co., Ltd. ("Guangchang Nanyin") was incorporated on 30 December 2013 at Fuzhou City, Jiangxi Province, with registered capital of RMB50.00 million. The principal activities of Guangchang Nanyin are the provision of corporate and retail banking services. As of 31 December 2021, the Bank holds 30.00% of equity interest of Guangchang Nanyin (31 December 2020: 30.00%).



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

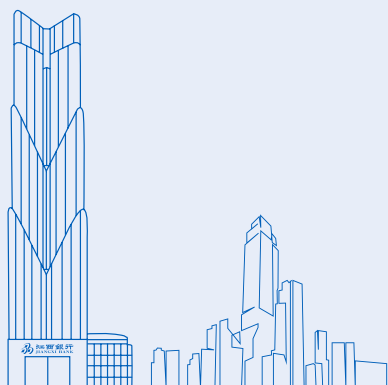
21 INVESTMENTS IN SUBSIDIARIES

	Note	31 December 2021	31 December 2020
Jiangxi Financial Leasing Co., Ltd. ("江西金融租賃股份有限公司")	(i)	1,734,000	1,734,000
Jinxian Ruifeng County Bank Co., Ltd. ("進賢瑞豐村鎮銀行有限責任公司")	(ii)	59,916	59,916
Total		1,793,916	1,793,916

- (i) Jiangxi Financial Leasing Co., Ltd. ("JXFL") was incorporated on 24 November 2015 at Nanchang City, Jiangxi Province, with registered capital of RMB1.00 billion. The principal activities of JXFL are financial leasing services and the location of its principal activities is Nanchang, and it is a corporate legal entity and a non-wholly-owned subsidiary of the Bank. On 13 February 2018, the Bank subscribed for 1.02 billion shares at the price of RMB1.20 per share. Upon the completion of capital injection, the Bank acquired 75.74% of equity interest of JXFL. As of 31 December 2021, the Bank holds 75.74% of equity interest of JXFL (31 December 2020: 75.74%).
- (ii) Jinxian Ruifeng County Bank Co., Ltd. ("Jinxian Ruifeng") was incorporated on 15 June 2012 at Jinxian County, Jiangxi Province, with registered capital of RMB100.00 million. The principal activities of Jinxian Ruifeng are the provision of corporate and retail banking services, and it is a corporate legal entity and a non-wholly-owned subsidiary of the Bank.

On 15 July 2020, the Bank acquired 4.50 million shares in Jinxian Ruifeng at the price of RMB1.395 million from Nanchang Jinyu Stainless Steel Products Co., Ltd., a shareholder of Jinxian Ruifeng. After the acquisition, the Bank held 39.00% of equity interest of Jinxian Ruifeng.

On 25 December 2020, the Bank subscribed for 50.00 million shares at the price of RMB1.00 per share in Jinxian Ruifeng, with the approval of CBIRC Jiangxi Office. Upon the completion of the capital injection, the Bank acquired 69.50% of the shares and voting interest in Jinxian Ruifeng and obtained the control of Jinxian Ruifeng. As of 31 December 2021, the Bank holds 69.50% of equity interest of Jinxian Ruifeng (31 December 2020: 69.50%).

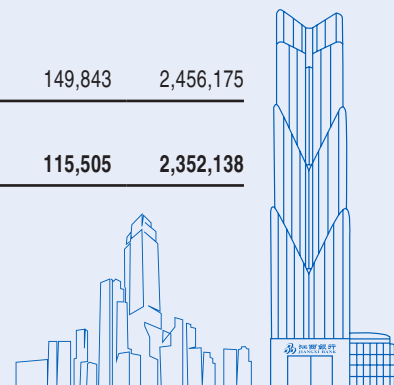


CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

22 PROPERTY AND EQUIPMENT

	Premises	Construction in progress	Electronic equipment	Fixtures	Others	Total
Cost:						
As at 1 January 2020	2,581,835	26,182	740,806	255,431	327,186	3,931,440
Additions	282,440	34,307	42,635	22,184	45,003	426,569
Transfers from/(out of) construction in progress	7,803	(32,468)	493	1,214	353	(22,605)
Disposals	(830)	–	(8,112)	(64)	(7,412)	(16,418)
As at 31 December 2020	2,871,248	28,021	775,822	278,765	365,130	4,318,986
As at 1 January 2021	2,871,248	28,021	775,822	278,765	365,130	4,318,986
Additions	33,243	51,211	70,397	5,133	11,111	171,095
Transfers (out of)/from construction in progress	–	(33,758)	9,122	9,750	–	(14,886)
Disposals	(438)	–	(32,704)	(1,126)	(21,782)	(56,050)
As at 31 December 2021	2,904,053	45,474	822,637	292,522	354,459	4,419,145
Accumulated depreciation:						
As at 1 January 2020	(675,231)	–	(633,727)	(130,145)	(174,327)	(1,613,430)
Charged for the year	(128,648)	–	(45,571)	(41,150)	(45,641)	(261,010)
Disposals	–	–	6,948	–	4,681	11,629
As at 31 December 2020	(803,879)	–	(672,350)	(171,295)	(215,287)	(1,862,811)
As at 1 January 2021	(803,879)	–	(672,350)	(171,295)	(215,287)	(1,862,811)
Charged for the year	(133,234)	–	(43,929)	(34,560)	(44,173)	(255,896)
Disposals	438	–	30,479	277	20,506	51,700
As at 31 December 2021	(936,675)	–	(685,800)	(205,578)	(238,954)	(2,067,007)
Net book value:						
As at 31 December 2020	2,067,369	28,021	103,472	107,470	149,843	2,456,175
As at 31 December 2021	1,967,378	45,474	136,837	86,944	115,505	2,352,138



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

22 PROPERTY AND EQUIPMENT (continued)

As at 31 December 2021, the net book value of premises of which title deeds were not yet finalised was RMB8.88 million (31 December 2020: RMB9.53 million). The Group is still in the progress of application for the outstanding title deeds for the above premises. The directors of the Bank are of the opinion that there would be no significant cost in obtaining the title deeds.

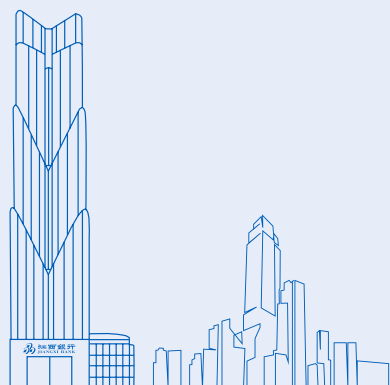
The net book values of premises at 31 December were analyzed by the remaining terms of the leases as follows:

	31 December 2021	31 December 2020
Held in mainland China		
– Medium-term leases (10 – 50 years)	1,967,378	2,067,369

23 DEFERRED TAX ASSETS AND LIABILITIES

(a) Analyzed by nature

	31 December 2021		31 December 2020	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Allowance for impairment losses	15,215,996	3,803,999	12,816,051	3,204,013
Fair value changes in financial instruments	2,731,282	682,821	493,148	123,287
Accrued staff cost	494,506	123,627	550,297	137,574
Others	730,507	182,627	573,018	143,255
Net balances	19,172,291	4,793,074	14,432,514	3,608,129



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

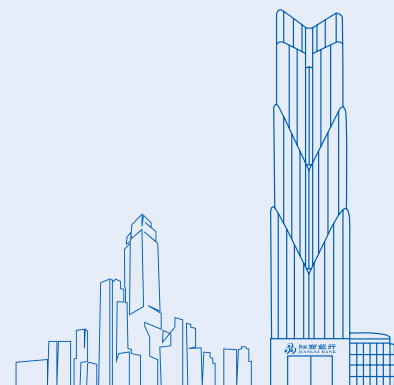
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

23 DEFERRED TAX ASSETS AND LIABILITIES (continued)

(b) Movements of deferred tax

	Allowance for impairment losses	Accrued staff cost	Fair value changes of financial instruments Note (i)	Others	Net balance of deferred tax assets
1 January 2020	3,003,755	101,482	(204,572)	122,068	3,022,733
Recognized in profit or loss	198,295	35,956	179,509	12,140	425,900
Recognized in other comprehensive income	–	–	148,350	–	148,350
Others	1,963	136	–	9,047	11,146
31 December 2020	3,204,013	137,574	123,287	143,255	3,608,129
1 January 2021	3,204,013	137,574	123,287	143,255	3,608,129
Recognized in profit or loss	599,986	(13,947)	292,402	39,372	917,813
Recognized in other comprehensive income	–	–	267,132	–	267,132
31 December 2021	3,803,999	123,627	682,821	182,627	4,793,074

(i) Net gains or losses on fair value changes of financial instruments are subject to tax when realized.

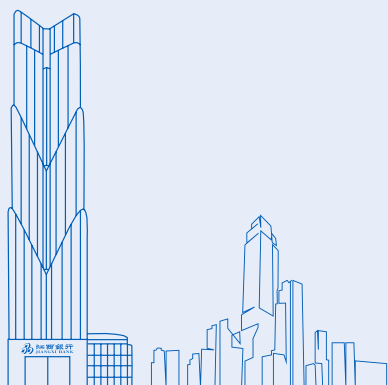


CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

24 OTHER ASSETS

	Note	31 December 2021	31 December 2020
Right-of-use assets	(a)	1,097,549	1,123,367
Interests receivable	(b)	820,522	827,579
Prepayments for acquisition of property and equipment		755,596	648,243
Receivables from disposal of financial assets		629,673	611,773
Land use rights	(c)	203,593	212,537
Repossessed assets	(d)	149,949	164,915
Intangible assets	(e)	142,251	145,686
Long-term deferred expenses		89,485	85,542
Deferred expenses		78,740	79,968
Investment property		12,347	12,712
Settlement and clearing accounts		19,476	38,842
Goodwill		7,126	7,126
Others		86,210	325,835
Gross balance		4,092,517	4,284,125
Less: Allowances for impairment losses		(79,279)	(49,333)
Net balance		4,013,238	4,234,792



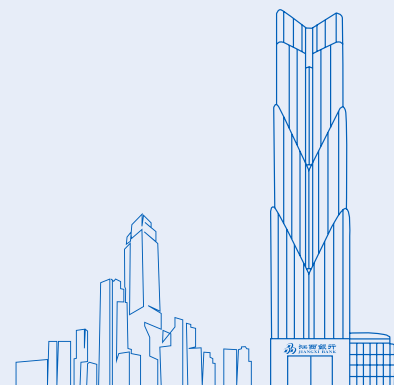
CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

24 OTHER ASSETS (continued)

(a) Right-of-use assets

<hr/>	
Cost:	
As at 1 January 2020	1,349,454
Additions	187,809
Disposals	(135,295)
<hr/>	
As at 31 December 2020	1,401,968
Additions	155,258
Disposals	(24,788)
<hr/>	
As at 31 December 2021	1,532,438
<hr/>	
Accumulated depreciation:	
As at 1 January 2020	(135,900)
Charged for the year	(146,801)
Disposals	4,100
<hr/>	
As at 31 December 2020	(278,601)
Charged for the year	(173,960)
Disposals	17,672
<hr/>	
As at 31 December 2021	(434,889)
<hr/>	
Net book value:	
As at 31 December 2020	1,123,367
<hr/>	
As at 31 December 2021	1,097,549
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CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

24 OTHER ASSETS (continued)

(b) Interests receivable

	31 December 2021	31 December 2020
Interests receivable arising from:		
Financial investments	793,859	790,028
Loans and advances to customers	26,663	37,551
Total	820,522	827,579

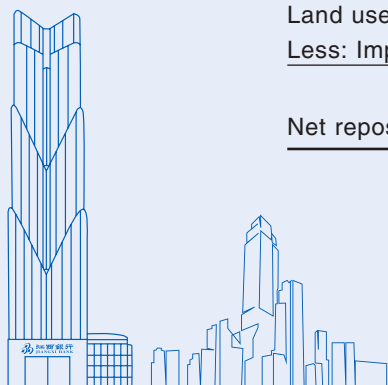
As at 31 December 2021, interest receivable only includes interest that has been due for the relevant financial instruments but not yet received at the balance sheet date. Interest on financial instruments based on the effective interest method has been reflected in the balance of corresponding financial instruments.

(c) Land use rights

	31 December 2021	31 December 2020
Located in Mainland China		
Over 50 years	22,959	23,336
10 – 50 years	180,634	189,201
Total	203,593	212,537

(d) Repossessed assets

	31 December 2021	31 December 2020
Land use rights and buildings	149,949	164,915
Less: Impairment allowances	(37,600)	(14,787)
Net repossessed assets	112,349	150,128



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

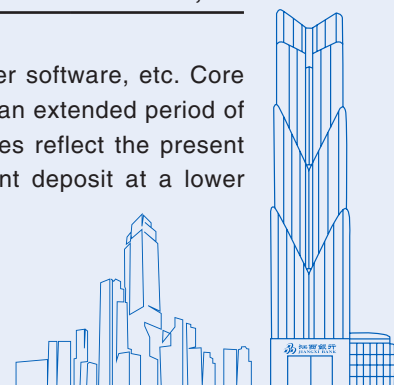
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

24 OTHER ASSETS (continued)

(e) Intangible assets

Cost:	
As at 1 January 2020	211,842
Additions	20,829
Disposals	(1,388)
As at 31 December 2020	231,283
As at 1 January 2021	231,283
Additions	16,652
Disposals	(280)
As at 31 December 2021	247,655
Accumulated amortization:	
As at 1 January 2020	(68,085)
Charged for the year	(17,899)
Disposals	387
As at 31 December 2020	(85,597)
As at 1 January 2021	(85,597)
Charged for the year	(20,087)
Disposals	280
As at 31 December 2021	(105,404)
Net book value:	
As at 31 December 2020	145,686
As at 31 December 2021	142,251

Intangible assets include core deposits, real estate use rights, computer software, etc. Core deposits are accounts that a financial institution expects to maintain for an extended period of time due to ongoing business relationships. The core deposit intangibles reflect the present value of the additional cash flow resulting from the use of the account deposit at a lower alternative financing cost in the future period.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

25 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

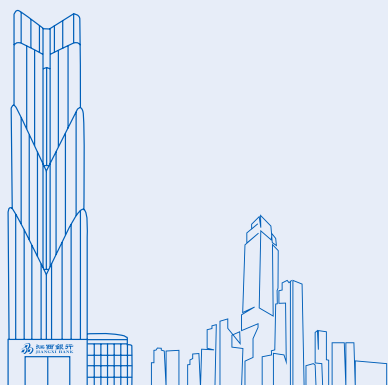
Analyzed by type and location of counterparty

	31 December 2021	31 December 2020
In mainland China		
– Banks	4,395,156	10,361,723
– Other financial institutions	20,533,386	10,835,159
Gross Balance	24,928,542	21,196,882
Accrued interest	292,463	219,704
Total	25,221,005	21,416,586

26 PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analyzed by type and location of counterparty

	31 December 2021	31 December 2020
In mainland China		
– Banks	6,120,000	3,200,000
Gross Balance	6,120,000	3,200,000
Accrued interest	8,333	4,098
Total	6,128,333	3,204,098



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

27 BORROWING FROM OTHER FINANCIAL INSTITUTIONS

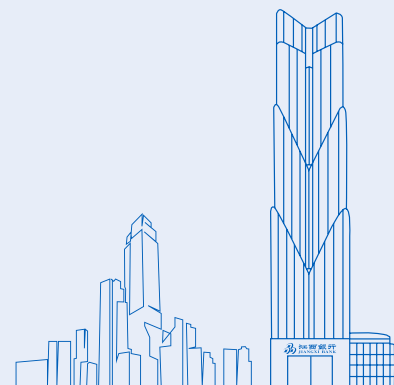
Analyzed by type and location of counterparty

	31 December 2021	31 December 2020
In mainland China		
– Other financial institutions	8,842,000	7,200,000
Gross Balance	8,842,000	7,200,000
Accrued interest	139,228	95,742
Total	8,981,228	7,295,742

28 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(a) Analyzed by type and location of counterparty

	31 December 2021	31 December 2020
In mainland China		
– Banks	16,281,350	11,171,500
Gross Balance	16,281,350	11,171,500
Accrued interest	2,316	1,249
Total	16,283,666	11,172,749



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

28 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(continued)

(b) Analyzed by type of collateral

	31 December 2021	31 December 2020
Debt securities		
– Government	3,499,000	2,297,500
– Policy banks	12,782,350	8,874,000
Gross Balance	16,281,350	11,171,500
Accrued interest	2,316	1,249
Total	16,283,666	11,172,749



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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29 DEPOSITS FROM CUSTOMERS

	Note	31 December 2021	31 December 2020
Demand deposits			
– Corporate customers		122,223,640	113,141,573
– Individual customers		22,570,873	21,746,216
Sub-total		144,794,513	134,887,789
Time deposits			
– Corporate customers		64,897,322	71,775,908
– Individual customers		112,931,926	94,615,738
Sub-total		177,829,248	166,391,646
Pledged deposits			
– Acceptances		8,553,057	6,312,186
– Letters of guarantees		2,712,972	2,893,897
– Letters of credit		1,915,440	1,607,998
– Others		38,887	27,708
Sub-total		13,220,356	10,841,789
Inward and outward remittances		60,217	38,107
Convertible negotiated deposit	(a)	3,900,000	–
Accrued interest		3,921,887	3,611,485
Total		343,726,221	315,770,816

(a) Convertible negotiated deposit

Jiangxi Provincial Department of Finance has saved funds of negotiated deposit raised from local government special bond into deposit account of Jiangxi Provincial Department of Finance in the Bank of Jiangxi. The deposit can be converted into ordinary shares to replenish other tier-one capital of the Bank. The maturity of the deposit shall be set in accordance with the maturity requirements of the convertible negotiated deposit in batches. Among them, RMB0.8 billion is for the six-year maturity, RMB0.8 billion for the seven-year maturity, RMB0.8 billion for the eight-year maturity, RMB0.8 billion for the nine-year maturity and RMB0.7 billion for the ten-year maturity. The interest is paid semiannually on the convertible negotiated deposit, and the interest rate shall match with the corresponding local government special bond issuance interest rate. The conversion for convertible negotiated deposit into ordinary shares of the Bank shall satisfy the following conditions at the same time: (i) the core tier-one capital adequacy ratio of the Bank is lower than 5.125%; (ii) Jiangxi Provincial Department of Finance consent to the conversion; and (iii) the class and number of the converted ordinary shares and the shareholding structure of the Bank after the conversion shall satisfy the particular requirement of the Hong Kong Stock Exchange for the minimum public float. When the conditions are met, the negotiated deposits will be converted into ordinary shares periodically and included in the core tier-one capital.



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30 DEBT SECURITIES ISSUED

	Note	31 December 2021	31 December 2020
Tier-two capital debts issued	(a)	5,997,421	5,996,851
Other debt securities issued	(b)	–	2,999,677
Certificates of interbank deposits issued	(c)	34,977,239	33,271,889
Accrued interest		124,521	171,402
Total		41,099,181	42,439,819

(a) Tier-two capital debts issued

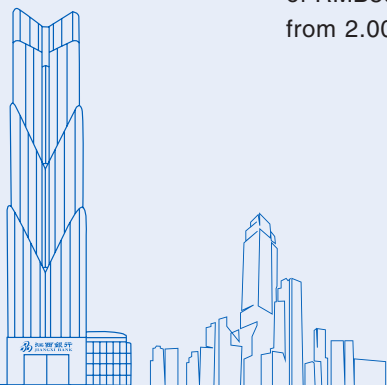
- (i) The Group issued 10-year fixed-rate tier-two capital bonds with face value of RMB3,000.00 million on 5 June 2017. The coupon interest rate per annum is 5.00%. The Group has an option to redeem the tier-two capital bonds at the end of the fifth year.
- (ii) The Group issued 10-year fixed-rate tier-two capital bonds with face value of RMB3,000.00 million on 26 September 2017. The coupon interest rate per annum is 5.00%. The Group has an option to redeem the tier-two capital bonds at the end of the fifth year.

(b) Other debt securities issued

- (i) The Group issued 5-year fixed interest rate bonds with face value of RMB1,500.00 million on 12 July 2016. The coupon interest rate per annum is 3.70%. The Group have redeemed the bonds on 12 July 2021.
- (ii) The Group issued 5-year fixed interest rate bonds with face value of RMB1,500.00 million on 4 August 2016. The coupon interest rate per annum is 3.48%. The Group have redeemed the bonds on 4 August 2021.

(c) Certificates of interbank deposits issued

In 2021, the Group issued a number of certificates of interbank deposit with total nominal amount of RMB59,470.00 million and duration between 1-12 months. The effective interest rates range from 2.00% to 3.50% per annum.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

31 OTHER LIABILITIES

	Note	31 December 2021	31 December 2020
Accrued staff costs	(a)	1,347,336	1,207,982
Lease liabilities		1,192,489	1,182,055
Guarantee deposits from leases		1,051,759	1,001,814
Notes payable		398,835	–
Provisions	(b)	342,957	282,090
Settlement and clearing accounts		203,461	731,020
Other tax payables		138,331	211,441
Deferred income		133,749	113,626
Receipt in advance		107,877	114,462
Payables for purchase of fixed assets		42,976	52,772
Non-performing assets collection		18,704	42,363
Dividend payable		15,726	22,476
Others		504,872	243,501
Total		5,499,072	5,205,602

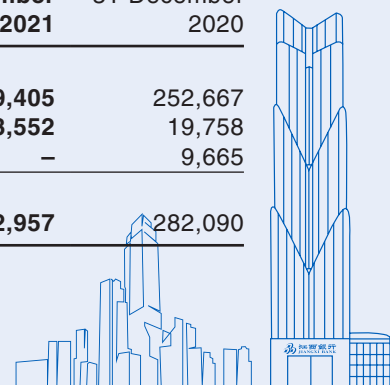
(a) Accrued staff costs

	31 December 2021	31 December 2020
Salaries, bonuses and allowances	1,206,234	1,062,905
Social insurance	1,518	1,080
Housing fund	315	308
Employee education costs and labor union expenditure	19,371	19,181
Supplementary retirement benefits	119,898	124,508
Total	1,347,336	1,207,982

Contributions to the defined contribution retirement plan are recognized as expenses when incurred, and there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

(b) Provisions

	Note	31 December 2021	31 December 2020
Credit commitments provision	(i)	319,405	252,667
Litigations and disputes provision		23,552	19,758
Others		–	9,665
Total		342,957	282,090



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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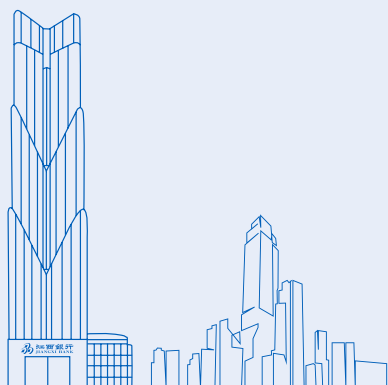
31 OTHER LIABILITIES (continued)

(b) Provisions (continued)

(i) Movements of credit commitments provision is as follows:

	Year ended 31 December 2021			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at 1 January	252,276	391	–	252,667
Transferred				
– to 12-month ECL	224	(224)	–	–
– to lifetime ECL not credit-impaired	(7)	7	–	–
– to lifetime ECL credit-impaired	(4)	(24)	28	–
Charged for the year	63,858	910	1,970	66,738
As at 31 December	316,347	1,060	1,998	319,405

	Year ended 31 December 2020			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at 1 January	187,234	14,849	59,655	261,738
Transferred				
– to 12-month ECL	59,605	(190)	(59,415)	–
– to lifetime ECL not credit-impaired	(7)	7	–	–
– to lifetime ECL credit-impaired	–	–	–	–
Charged/(released) for the year	5,444	(14,275)	(240)	(9,071)
As at 31 December	252,276	391	–	252,667



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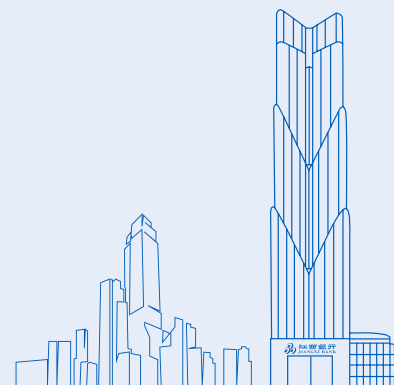
32 SHARE CAPITAL

	31 December 2021	31 December 2020
Ordinary shares in Mainland China	4,678,777	4,678,777
Ordinary shares listed in Hong Kong (H-share)	1,345,500	1,345,500
Total	6,024,277	6,024,277

33 OTHER EQUITY INSTRUMENTS

(a) Perpetual debt outstanding at the end of the year

Financial instrument outstanding	Time issued	Accounting Classifications	Initial Interest rate	Issue price	Quantities	In RMB thousand	Maturity
Perpetual debts	23 August 2021	Equity	4.80%	RMB100/bond	40,000,000	4,000,000	None
Less: issuing cost						(963)	
Book Value						3,999,037	



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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33 OTHER EQUITY INSTRUMENTS (continued)

(b) Main clause

Perpetual debts presented in the balance sheet represent the undated capital bonds issued by the Bank. With the authorization of the annual general meeting and the approval from regulatory authorities, the Bank was permitted to issue undated capital bonds of an amount no more than RMB9 billion in 2021.

With the approval of Jiangxi Banking and Insurance Regulatory Bureau on Jiangxi Bank's Issuance of undated capital bonds (Jiangxi Banking and Insurance Regulatory Bureau [2020] No. 362) and the Decision of the People's Bank of China on Granting Administrative License (Bank Approval Word [2021] No. 22), the Bank issued a total of RMB4 billion (first tranche) on 23 August, 2021. The unit par value of the bond is RMB100, the interest rate for the first 5 years is 4.80%, and the coupon rate adjusted period will be every 5 years from the issuance of the Bonds. In any coupon rate adjusted period, the coupon rate of the Bonds will be made at a prescribed fixed coupon rate.

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

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



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

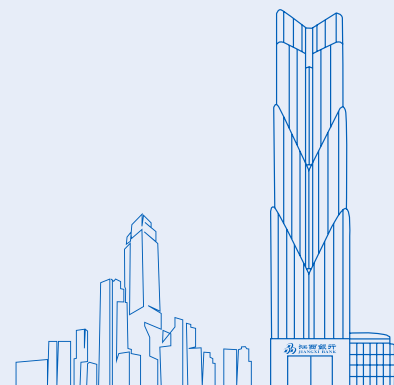
34 RESERVES

(a) Capital reserve

	Note	31 December 2021	31 December 2020
Share premium		13,291,249	13,291,249
Other comprehensive income	(i)	224,116	342,506
Total		13,515,365	13,633,755

(i) Other comprehensive income

	2021	2020
As at 1 January	342,506	1,090,422
Changes in fair value recognized in other comprehensive income	(1,049,108)	(546,097)
Transfer to profit or loss upon disposal	(19,421)	(47,301)
Changes in impairment losses recognized in other comprehensive income	683,007	(302,868)
Less: Income tax effect	267,132	148,350
As at 31 December	224,116	342,506



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

34 RESERVES (continued)

(b) Surplus reserve

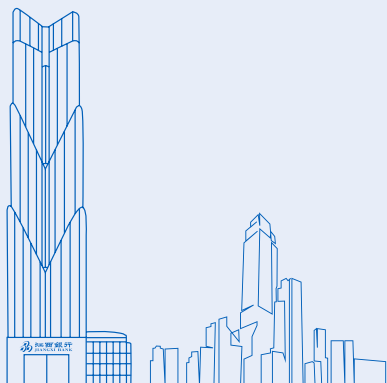
The surplus reserve at the end of each of the reporting period represented statutory surplus reserve fund and discretionary surplus reserve fund. Pursuant to the Company Law of the PRC and the Article of Association of the Bank, the Bank is required to appropriate 10% of its net profit as on an annual basis determined under the People's Republic of China Generally Accepted Accounting Principles ("PRC GAAP") after making good prior year's accumulated loss, to statutory surplus reserve fund until the reserve fund balance reaches 50% of its registered capital.

The Bank appropriated an amount of RMB193.92 million to the statutory surplus reserve fund for the year ended 31 December 2021 (year ended 31 December 2020: RMB178.57 million).

The Bank may also appropriate discretionary surplus reserve fund in accordance with the resolution of the shareholders.

(c) General reserve

Pursuant to the "Measures on Impairment Allowances for Financial Enterprises (Cai Jin [2012] No. 20)" issued by the Ministry of Finance ("MOF"), the Bank is required to set aside a general reserve through net profit appropriation which should not be lower than 1.5% of the ending balance of its gross risk-bearing assets on an annual basis. The balance of the general reserve amounted to RMB6,689.10 million as at 31 December 2021 (31 December 2020: RMB6,100.64 million).



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

35 RETAINED EARNINGS

(a) Appropriation of profits

In accordance with the resolution of the Bank's Board of Directors Meeting held on 25 March 2022, the proposed profit appropriations for the year ended 31 December 2021 is listed as follows:

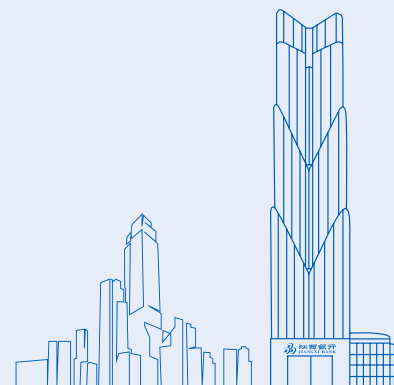
- Appropriation of statutory surplus reserve amounted to RMB193.92 million;
- Appropriation of general reserve amounted to RMB588.46 million; and
- Declaration of cash dividend of RMB0.50 per 10 shares before tax and in an aggregation amount of RMB301.21 million to all existing shareholders of record.

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

In accordance with the resolution of the Bank's Board of Directors Meeting held on 26 March 2021, the proposed profit appropriations for the year ended 31 December 2020 is listed as follows:

- Appropriation of statutory surplus reserve amounted to RMB178.57 million;
- Appropriation of general reserve amounted to RMB226.83 million; and
- Declaration of cash dividend of RMB0.50 per 10 shares before tax and in an aggregation amount of RMB299.93 million to all existing shareholders of record.

As at 31 December 2021, the consolidated retained profit attributable to equity shareholders of the Bank included an appropriation of RMB96.40 million to surplus reserve made by subsidiaries (31 December 2020: RMB76.12 million).



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

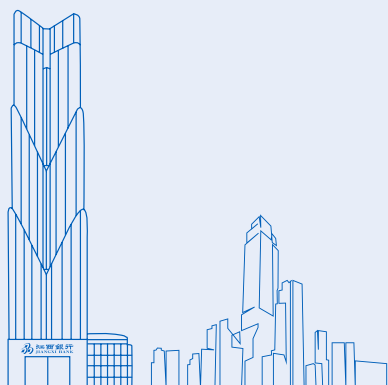
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

35 RETAINED EARNINGS (continued)

(b) Movements in components of equity

Details of the changes in the Bank's individual components of equity between the beginning and the end of the year are set out below.

	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Retained earnings	Total
Balance at 1 January 2021	6,024,277	-	13,646,600	2,887,970	5,923,256	6,428,715	34,910,818
Changes in equity for the year							
Profit for the year	-	-	-	-	-	1,939,201	1,939,201
Other comprehensive income	-	-	(118,390)	-	-	-	(118,390)
Total comprehensive income	-	-	(118,390)	-	-	1,939,201	1,820,811
Issuance of perpetual debt	-	3,999,037	-	-	-	-	3,999,037
Appropriation of profits							
- Appropriation to surplus reserve	-	-	-	193,920	-	(193,920)	-
- Appropriation to general reserve	-	-	-	-	576,902	(576,902)	-
- Appropriation to shareholders	-	-	-	-	-	(301,214)	(301,214)
Balance at 31 December 2021	6,024,277	3,999,037	13,528,210	3,081,890	6,500,158	7,295,880	40,429,452



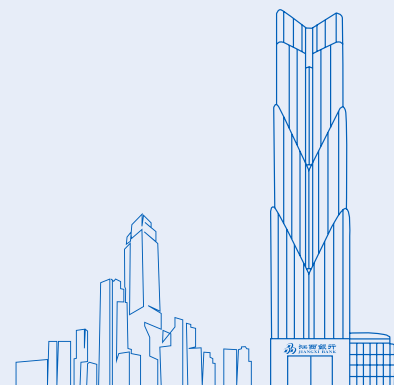
CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

35 RETAINED EARNINGS (continued)

(b) Movements in components of equity (continued)

	Share capital	Capital reserve	Surplus reserve	General reserve	Retained earnings	Total
Balance at 1 January 2020	6,024,277	14,394,516	2,709,402	5,698,084	5,346,704	34,172,983
Changes in equity for the year						
Profit for the year	-	-	-	-	1,785,678	1,785,678
Other comprehensive income	-	(747,916)	-	-	-	(747,916)
Total comprehensive income	-	(747,916)	-	-	1,785,678	1,037,762
Appropriation of profits						
- Appropriation to surplus reserve	-	-	178,568	-	(178,568)	-
- Appropriation to general reserve	-	-	-	225,172	(225,172)	-
- Appropriation to shareholders	-	-	-	-	(299,927)	(299,927)
Balance at 31 December 2020	6,024,277	13,646,600	2,887,970	5,923,256	6,428,715	34,910,818



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

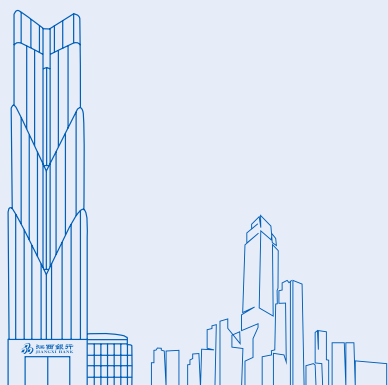
36 NOTES TO CONSOLIDATED CASH FLOW STATEMENTS

(a) Net increase/(decrease) in cash and cash equivalents

	2021	2020
Cash and cash equivalents as at 31 December	25,271,056	22,780,384
Less: Cash and cash equivalents as at 1 January	(22,780,384)	(23,637,238)
Net increase/(decrease) in cash and cash equivalents as at 31 December	2,490,672	(856,854)

(b) Cash and cash equivalents

	31 December 2021	31 December 2020
Cash on hand	806,061	817,113
Deposits with the central bank	17,543,492	8,154,867
Deposits with banks and other financial institutions	2,075,843	2,121,954
Placements with banks and other financial institutions	2,150,000	8,100,000
Financial assets held under resale agreements	2,695,660	3,586,450
Total	25,271,056	22,780,384



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

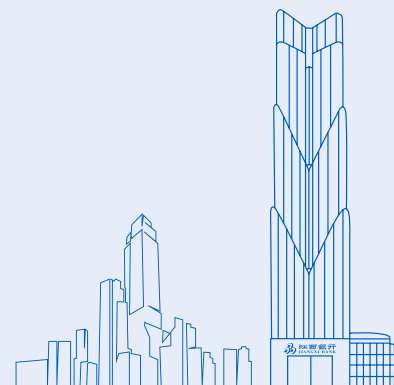
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

36 NOTES TO CONSOLIDATED CASH FLOW STATEMENTS (continued)

(c) Reconciliation of liabilities arising from financing activities

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

	Debt securities issued	Accrued interest arising from debt securities issued	Total
Balance at 1 January 2021	42,268,417	171,402	42,439,819
Changes from financing cash flows:			
– Proceeds from debt securities issued	58,460,405	–	58,460,405
– Interest paid on debt securities issued	–	(419,953)	(419,953)
– Repayment of debt securities issued	(60,710,000)	–	(60,710,000)
Total changes from financing cash flows	40,018,822	(248,551)	39,770,271
Other change:			
– Interest expense	955,838	373,072	1,328,910
Balance at 31 December 2021	40,974,660	124,521	41,099,181



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

36 NOTES TO CONSOLIDATED CASH FLOW STATEMENTS (continued)

(c) Reconciliation of liabilities arising from financing activities (continued)

	Debt securities issued	Accrued interest arising from debt securities issued	Total
Balance at 1 January 2020	55,007,804	170,839	55,178,643
Changes from financing cash flows:			
– Proceeds from debt securities issued	55,377,906	–	55,377,906
– Interest paid on debt securities issued	–	(414,495)	(414,495)
– Repayment of debt securities issued	(69,430,000)	–	(69,430,000)
Total changes from financing cash flows	40,955,710	(243,656)	40,712,054
Other change:			
– Interest expense	1,312,707	415,058	1,727,765
Balance at 31 December 2020	42,268,417	171,402	42,439,819



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

37 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Related parties of the Group

(i) Major shareholders

Major shareholders include shareholders of the Bank with direct or indirect 5% or above shareholding, or with the right to appoint a director in the Bank.

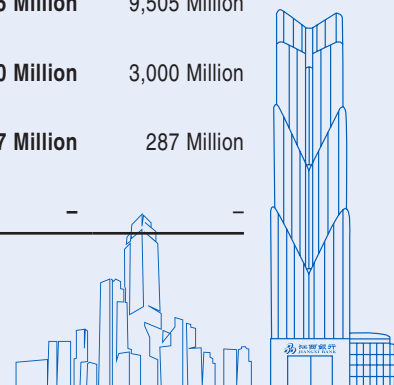
Shareholding in the Bank:

	Registered location	Legal representative	Business	Percentage of shares held as at 31 December 2021	Percentage of shares held as at 31 December 2020
Jiangxi Provincial Expressway Investment Group Co., Ltd. ("江西省交通投資集團有限責任公司")	Nanchang	Wang Jiangjun	Infrastructure	15.56%	15.56%
Jiangxi Financial Holding Group Co., Ltd. ("江西省金融控股集團有限公司")	Nanchang	Qi Wei	Financial investment	5.77%	5.77%
China National Tobacco Corporation Jiangxi Branch ("中國煙草總公司江西省公司")	Nanchang	Jiang Kai	Wholesale	4.37%	4.37%
Nanchang Municipal Bureau of Finance ("南昌市財政局")	Nanchang	Wan Yuyuan	Government	3.79%	3.79%

The official names of these related parties are in Chinese. The English translation is for reference only.

Changes in registered capital of major shareholders:

	Currency	31 December 2021	31 December 2020
Jiangxi Provincial Expressway Investment Group Co., Ltd. ("江西省交通投資集團有限責任公司")	RMB	9,505 Million	9,505 Million
Jiangxi Financial Holding Group Co., Ltd. ("江西省金融控股集團有限公司")	RMB	3,000 Million	3,000 Million
China National Tobacco Corporation Jiangxi Branch ("中國煙草總公司江西省公司")	RMB	287 Million	287 Million
Nanchang Municipal Bureau of Finance ("南昌市財政局")	RMB	-	-



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

37 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(a) Related parties of the Group (continued)

(ii) *Subsidiaries of the Bank*

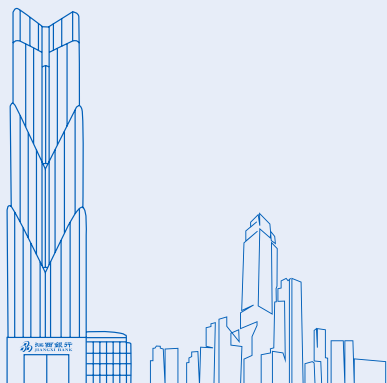
The detailed information of the Bank's subsidiaries is set out in Note 21.

(iii) *Associates of the Bank*

The detailed information of the Bank's associates is set out in Note 20.

(iv) *Other related parties*

Other related parties can be individuals or enterprises, including members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals; entities (and their subsidiaries) controlled or jointly controlled by members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals; and entities controlled or jointly controlled by the major shareholders of the Bank as set out in Note 37(a) or their controlling shareholders.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

37 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(b) Transactions with related parties other than key management personnel

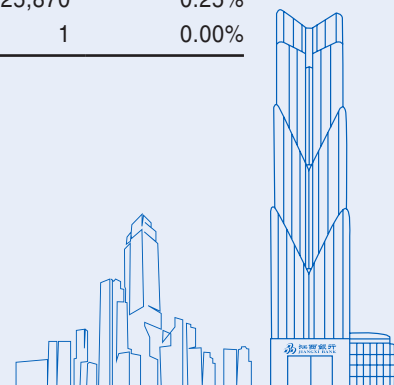
(i) Transactions between the Group and major shareholders

	2021		2020	
	Amount	Percentage	Amount	Percentage
Transactions during the year:				
Interest income	69,526	0.36%	43,072	0.23%
Interest expense	448,094	4.11%	434,449	4.21%
Balances as at the year end:				
Loans and advances to customers				
	2,121,329	0.82%	2,129,891	1.03%
Deposits from customers	23,462,585	6.83%	21,882,924	6.93%

(ii) Transactions between the Bank and subsidiaries

The subsidiaries of the Bank are its related parties. The transactions between the Bank and its subsidiaries are eliminated on consolidation.

	2021		2020	
	Amount	Percentage	Amount	Percentage
Transactions during the year:				
Interest income	19,566	0.10%	14,220	0.08%
Interest expense	44,039	0.40%	25,870	0.25%
Fee and commission income	205	0.03%	1	0.00%



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

37 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(b) Transactions with related parties other than key management personnel (continued)

(ii) Transactions between the Bank and subsidiaries (continued)

	31 December 2021		31 December 2020	
	Amount	Percentage	Amount	Percentage
Balances as at the year end:				
Placements with banks and other financial institutions	50,003	1.37%	1,860,707	18.44%
Deposits from banks and other financial institutions	926,180	3.54%	1,353,516	5.94%
Bank acceptances	398,835	1.60%	–	0.00%

(iii) Transactions between the Bank and associates

	2021		2020	
	Amount	Percentage	Amount	Percentage
Transactions during the year:				
Interest expense	8,773	0.08%	15,652	0.15%
Fee and commission income	12	0.00%	5	0.00%

	31 December 2021		31 December 2020	
	Amount	Percentage	Amount	Percentage
Balances as at the year end:				
Deposits with banks and other financial institutions	70,004	6.44%	–	0.00%
Deposits from banks and other financial institutions	343,793	1.31%	429,794	1.89%



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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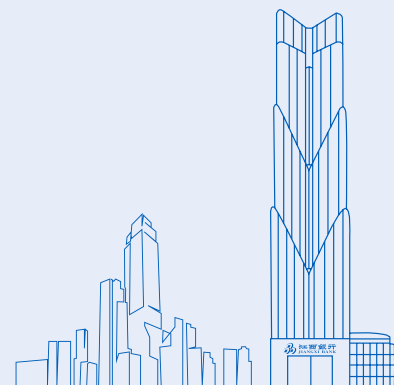
37 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(b) Transactions with related parties other than key management personnel (continued)

(iv) Transactions between the Bank and other related parties:

	2021		2020	
	Amount	Percentage	Amount	Percentage
Transactions during the year:				
Interest income	184,729	0.96%	127,508	0.68%
Interest expense	148,577	1.36%	71,299	0.69%
Fee and commission income	1,866	0.26%	835	0.12%

	31 December 2021		31 December 2020	
	Amount	Percentage	Amount	Percentage
Balances as at the year end:				
Loans and advances to customers	4,089,647	1.59%	3,264,649	1.58%
Financial investments	–	0.00%	13,218	0.01%
Deposits from customers	4,667,476	1.36%	3,638,756	1.15%
Deposits from banks and other financial institutions	365,042	1.40%	2,881	0.01%
Bank acceptances	1,326,623	5.33%	656,000	3.32%
Letters of guarantees	43,405	0.22%	808	0.00%



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

37 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(c) Key management personnel

The key management personnel are those persons who have the authority and responsibility to plan, direct and control the activities of the Group, directly or indirectly, including members of the Board of Directors, the Board of Supervisors and executive officers.

(i) Transactions between the Bank and key management personnel

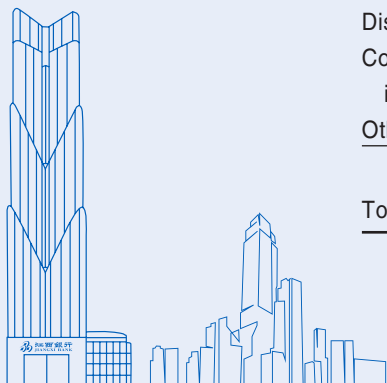
	2021		2020	
	Balance	Percentage	Balance	Percentage
Transactions during the year:				
Interest income	–	0.00%	98	0.00%
Interest expense	652	0.01%	537	0.01%

	31 December 2021		31 December 2020	
	Balance	Percentage	Balance	Percentage
Balances as at the year end:				
Loans and advances to customers	–	0.00%	–	0.00%
Deposits from customers	17,646	0.01%	30,023	0.01%

(ii) Key management personnel compensation

The aggregate compensation of key management personnel is listed as follows:

	2021	2020
Salaries and other emoluments	16,184	13,109
Discretionary bonuses	77	–
Contributions by the employer to social insurance and staff welfares, housing fund, etc	929	790
Other welfares	478	479
Total	17,668	14,378



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

38 FAIR VALUE

(a) Methods and assumptions for measurement of fair value

The Group adopts the following methods and assumptions when evaluating fair values:

(i) Debt securities and equity investments

The fair values of debt securities and equity investments that are traded in an active market are based on their quoted market prices in an active market at the end of the reporting period.

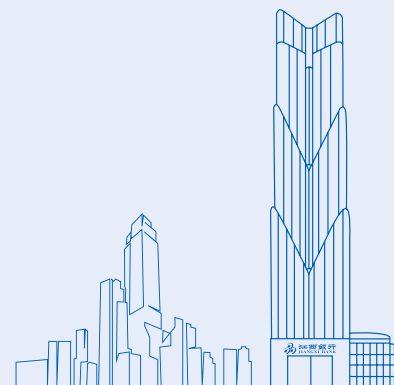
(ii) Financial investments and other financial assets

Fair values are estimated as the present value of the future cash flows, discounted at the market interest rates at the end of the reporting period.

(iii) Debt securities issued and other financial liabilities

Fair values of debt securities issued are based on their quoted market prices at the end of the reporting period, or the present value of estimated future cash flows. The fair values of other financial liabilities are valued at the present value of estimated future cash flows. The discount rates are based on the market interest rates at the end of the reporting period.

The Group has established policies and internal controls with respect to the measurement of fair values, specified the framework of fair value measurement of financial instruments, fair value measurement methodologies and procedures.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

38 FAIR VALUE (continued)

(b) Fair value measurement

(i) *Financial assets*

The Group's financial assets mainly consist of cash and deposits with the central bank, receivables with banks and other financial institutions, loans and advances to customers, and financial investments.

Deposits with the central bank and receivables with banks and other financial institutions are mostly priced at market interest rates and due within one year. Accordingly, the carrying amounts approximate the fair values.

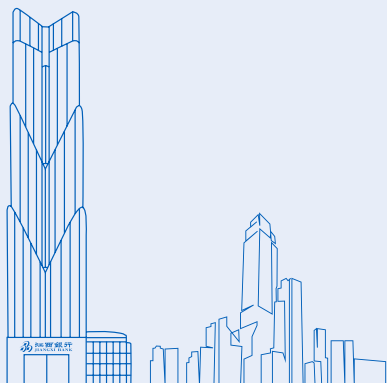
Loans and advances to customers are mostly priced at floating rates close to the PBOC rates. Accordingly, the carrying amounts approximate the fair values. The fair values of loans and advances to customers measured at fair value through other comprehensive income are based on valuation techniques.

Financial investments at fair value through other comprehensive income and financial investments at fair value through profit or loss are stated at fair value. The carrying amounts of financial investments at amortized cost are the reasonable approximations of their fair values because, for example, they are short-term in nature or repriced at current market rates frequently.

(ii) *Financial liabilities*

The Group's financial liabilities mainly include payables to banks and other financial institutions, deposits from customers and debt securities issued.

The book value and the fair value of debt securities issued are presented in Note 38(d). The carrying amounts of other financial liabilities approximate their fair value.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

38 FAIR VALUE (continued)

(c) Fair value hierarchy

The following table presents the fair value of financial instruments measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in IFRS 13, *Fair Value Measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

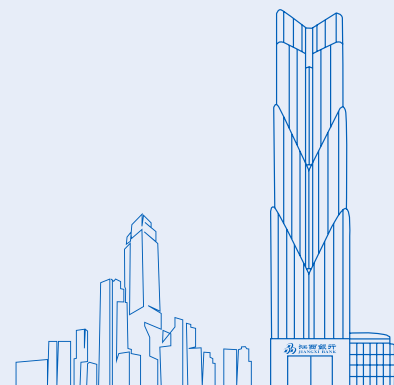
- Level 1: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available; and
- Level 3: Fair value measured using significant unobservable inputs

Financial investments

If there is a reliable market quote for financial instruments, the fair value of financial instruments is based on quoted market prices. If a reliable quoted market price is not available, the fair value of the financial instruments is estimated using valuation techniques. Valuation techniques applied include reference to the fair value of another instrument that is substantially the same and discounted cash flow analysis. The inputs used in valuation techniques include risk-free and benchmark interest rates and credit spreads. Where discounted cash flow analysis is used, estimated cash flows are based on the management's best estimates and the discount rate used is reference to another instrument that is substantially the same.

Loans and advances to customers

Discounted bills and forfeiting in loans and advances to customers are valued by using a discounted cash flow model, the discounted rate is established based on the interbank offered rates and spreads adjusted by credit risk and liquidity.



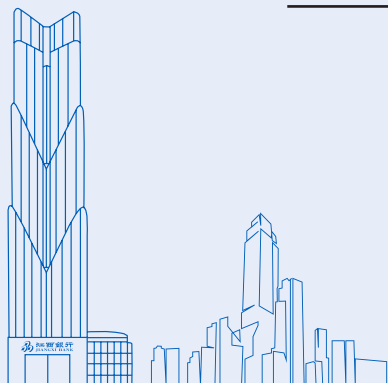
CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

38 FAIR VALUE (continued)

(c) Fair value hierarchy (continued)

	31 December 2021			Total
	Level 1	Level 2	Level 3	
Recurring fair value measurements assets				
<i>Loans and advances to customers measured at FVOCI</i>				
– Corporate loans and advances	–	–	3,385,471	3,385,471
– Discounted bills	–	–	32,707,134	32,707,134
Sub-total	–	–	36,092,605	36,092,605
<i>Financial investments at fair value through profit or loss</i>				
– Debt securities	–	13,678,312	1,167,616	14,845,928
– Equity instruments	101,941	–	8,984	110,925
– Fund investments	20,766,123	–	–	20,766,123
– Other financial investments	–	–	3,723,097	3,723,097
Sub-total	20,868,064	13,678,312	4,899,697	39,446,073
<i>Financial investments at fair value through other comprehensive income</i>				
– Debt securities	–	18,270,836	–	18,270,836
– Equity instruments	–	–	10,250	10,250
– Investment management products managed by securities companies and trust plans	–	–	6,659,532	6,659,532
Sub-total	–	18,270,836	6,669,782	24,940,618
Total	20,868,064	31,949,148	47,662,084	100,479,296



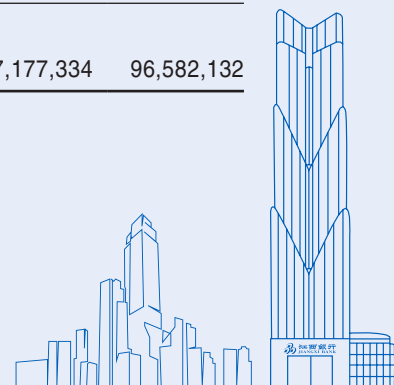
CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

38 FAIR VALUE (continued)

(c) Fair value hierarchy (continued)

	31 December 2020			Total
	Level 1	Level 2	Level 3	
Recurring fair value measurements assets				
<i>Loans and advances to customers measured at FVOCI</i>				
– Corporate loans and advances	–	–	2,413,618	2,413,618
– Discounted bills	–	–	24,430,910	24,430,910
Sub-total	–	–	26,844,528	26,844,528
<i>Financial investments at fair value through profit or loss</i>				
– Debt securities	–	10,210,830	3,191,760	13,402,590
– Equity instruments	112,597	–	8,946	121,543
– Fund investments	20,589,141	–	–	20,589,141
– Other financial investments	–	–	6,958,706	6,958,706
Sub-total	20,701,738	10,210,830	10,159,412	41,071,980
<i>Financial investments at fair value through other comprehensive income</i>				
– Debt securities	–	18,492,230	–	18,492,230
– Equity instruments	–	–	10,250	10,250
– Investment management products managed by securities companies and trust plans	–	–	10,163,144	10,163,144
Sub-total	–	18,492,230	10,173,394	28,665,624
Total	20,701,738	28,703,060	47,177,334	96,582,132



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

38 FAIR VALUE (continued)

(c) Fair value hierarchy (continued)

During the reporting periods, the Group had no significant transfers among instruments in Level 1, Level 2 and Level 3.

A reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy on an on-going basis is as below:

	Year ended 31 December 2021	
	Loans and advances to customers	Financial investments
As at 1 January 2021	26,844,528	20,332,806
Total gains or (losses)		
– In profit or loss for the current year	840,562	(728,865)
– In other comprehensive income for the current year	35,013	663,508
Purchases	12,279,431	–
Settlements	(3,906,929)	(8,697,970)
As at 31 December 2021	36,092,605	11,569,479
Total unrealized gains or losses for the year included in profit or loss for assets and liabilities held at the end of the year	16,437	(868,713)



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

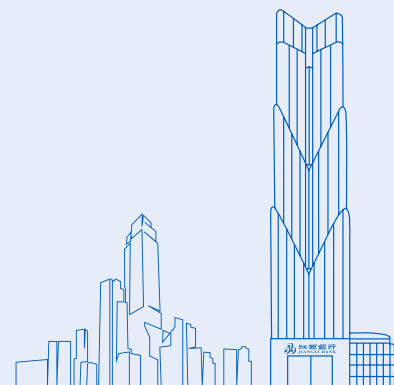
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

38 FAIR VALUE (continued)

(c) Fair value hierarchy (continued)

	Year ended 31 December 2020	
	Loans and advances to customers	Financial investments
As at 1 January 2020	17,000,215	27,942,369
Total gains or (losses)		
– In profit or loss for the current year	642,248	720,237
– In other comprehensive income for the current year	(27,310)	66,663
Purchases	39,367,900	2,094,360
Settlements	(30,138,525)	(10,490,823)
As at 31 December 2020	26,844,528	20,332,806
Total unrealized gains or losses for the year included in profit or loss for assets and liabilities held at the end of the year	(12,638)	(179,726)

During the year ended 31 December 2021, there were no significant transfers into or out of Level 3.



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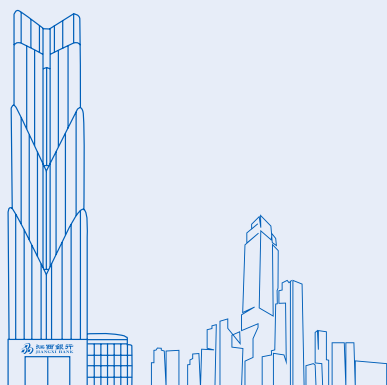
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

38 FAIR VALUE (continued)

(c) Fair value hierarchy (continued)

The valuation techniques used and the qualitative and quantitative information of key parameters for recurring fair value measurements categorized within Level 3. Quantitative information of Level 3 fair value measurement is as below:

	Fair value as at 31 December 2021	Valuation techniques	Unobservable input
Loans and advances to customers measured at FVOCI			
– Corporate loans and advances	3,385,471	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Discounted bills	32,707,134	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through profit or loss			
– Debt securities	1,167,616	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Equity instruments	8,984	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Other financial investments	3,723,097	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through other comprehensive income			
– Equity instruments	10,250	Market comparison technique	Adjusted market multiple
– Investment management products managed by securities companies and trust plans	6,659,532	Discounted cash flow	Risk-adjusted discount rate, cash flow



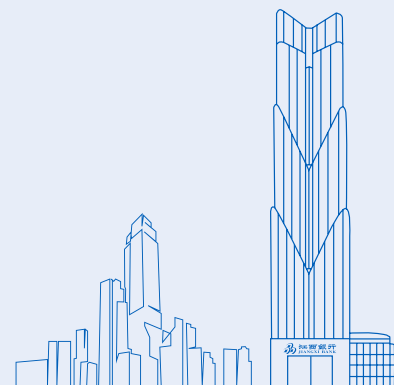
CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

38 FAIR VALUE (continued)

(c) Fair value hierarchy (continued)

	Fair value as at 31 December 2020	Valuation techniques	Unobservable input
Loans and advances to customers measured at FVOCI			
– Corporate loans and advances	2,413,618	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Discounted bills	24,430,910	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through profit or loss			
– Debt securities	3,191,760	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Equity instruments	8,946	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Other financial investments	6,958,706	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through other comprehensive income			
– Equity instruments	10,250	Market comparison technique	Adjusted market multiple
– Investment management products managed by securities companies and trust plans	10,163,144	Discounted cash flow	Risk-adjusted discount rate, cash flow



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

38 FAIR VALUE (continued)

(c) Fair value hierarchy (continued)

During the year ended 31 December 2021, there were no significant change in the valuation techniques (year ended 31 December 2020: nil).

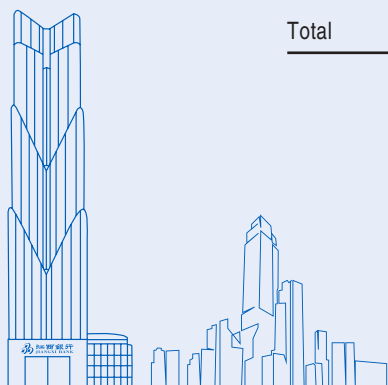
As at 31 December 2021, unobservable inputs such as risk-adjusted discount rate and cash flow were used in the valuation of financial investments at fair value classified as Level 3, which were mainly discounted bills and forfeiting in loans and advances to customers and investment management products managed by securities companies and trust plans. The fair value of these financial investments fluctuates according to the changes in the unobservable inputs.

The sensitivity of the fair value measurement on changes in unobservable inputs for Level 3 financial instruments measured at fair value on an ongoing basis.

(d) Financial instruments carried at other than fair value

As at the end of the reporting period, the carrying amounts and the fair value of the financial assets and the financial liabilities of the Group have no significant difference except following items.

	Carrying amount	31 December 2021			
		Fair value	Level 1	Level 2	Level 3
Financial assets					
– Financial investments at amortized cost – debt securities	58,447,952	58,781,790	–	58,781,790	–
Financial liabilities					
– Tier-two capital debts issued	5,997,421	6,069,540	–	6,069,540	–
– Certificates of interbank deposits issued	34,977,239	34,748,407	–	34,748,407	–
Total	40,974,660	40,817,947	–	40,817,947	–



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

38 FAIR VALUE (continued)

(d) Financial instruments carried at other than fair value (continued)

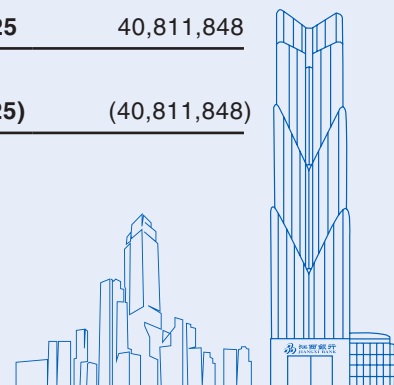
	31 December 2020				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
– Financial investments at amortized cost – debt securities	51,234,743	51,192,256	–	51,192,256	–
Financial liabilities					
– Tier-two capital debts issued	5,996,851	6,078,336	–	6,078,336	–
– Other debt securities issued	2,999,677	3,010,571	–	3,010,571	–
– Certificates of interbank deposits issued	33,271,889	32,861,487	–	32,861,487	–
Total	42,268,417	41,950,394	–	41,950,394	–

39 ENTRUSTED LENDING BUSINESS

The Group provides entrusted lending business services to customers. All entrusted loans are funded by entrusted funds from these customers. The Group does not take any credit risk in relation to these transactions. The Group acts as an agent to hold and manage these assets and liabilities at the direction of the entrustor and receives fee income for the services provided. The entrusted assets are not the assets of the Group and are not recognized in the statements of financial position. Surplus funding is accounted for as deposits from customers.

As at 31 December, the entrusted assets and liabilities were as follows:

	31 December 2021	31 December 2020
Entrusted loans	28,529,525	40,811,848
Entrusted funds	(28,529,525)	(40,811,848)



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

40 COMMITMENTS AND CONTINGENT LIABILITIES

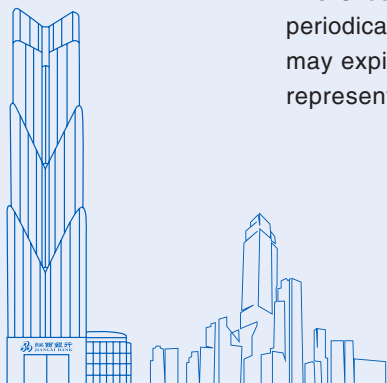
(a) Credit commitments

The Group's credit commitments take the form of approved loans with signed contracts, unused credit card commitments, bank acceptances, letters of credit and financial guarantees.

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

	31 December 2021	31 December 2020
Loan commitments		
– Original contractual maturity within one year	–	5,000
– Original contractual maturity more than one year (inclusive)	66,000	140,000
Sub-total	66,000	145,000
Unused credit card commitments		
– Original contractual maturity within one year	6,856,201	5,954,494
Sub-total	6,856,201	5,954,494
Bank acceptances	24,475,808	19,748,119
Letters of guarantees	19,294,389	16,474,205
Letters of credit	6,019,450	5,639,163
Total	56,711,848	47,960,981

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



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

40 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

(b) Credit risk-weighted amount

	31 December 2021	31 December 2020
Credit risk-weighted amount	27,644,251	20,388,092

The credit risk-weighted amount represents the amount calculated with reference to the guidelines issued by the CBIRC.

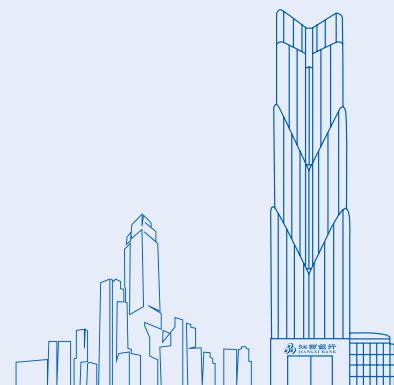
(c) Capital commitments

As at 31 December, the Group's authorized capital commitments are as follows:

	31 December 2021	31 December 2020
Contracted but not paid for	1,884	6,241
Authorized but not contracted for	—	—
Total	1,884	6,241

(d) Outstanding litigations and disputes

As at 31 December 2021, there was no outstanding legal proceedings that had a significant impact on the financial statements against the Group (31 December 2020: nil).



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

40 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

(e) Pledged assets

(i) Assets pledged as collaterals

Analyzed by type of collateral

	31 December 2021	31 December 2020
Debt securities		
– Government	3,660,000	2,473,000
– Policy banks	13,493,200	9,047,179
Total	17,153,200	11,520,179

Analyzed by type of asset

	31 December 2021	31 December 2020
Financial investment		
– Financial assets at fair value through profit or loss	–	202,179
– Financial assets at fair value through other comprehensive income	1,440,100	1,070,000
– Financial assets at amortized cost	15,713,100	10,248,000
Total	17,153,200	11,520,179

Financial assets pledged by the Group as collaterals for liabilities are for repurchase agreements.

(ii) Received pledged assets

As part of the reverse repurchase agreements, the Group has received securities as collateral that allowed to sell or repledge in the absence of default by their owners; the fair value of such collateral accepted by the Group was nil as at 31 December 2021 (31 December 2020: nil).



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(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

40 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

(f) Redemption obligations

As an underwriting agent of PRC government bonds, the Group has the responsibility to buy back its bonds if the holders decide to early redeem the bonds held. The redemption price for the bonds at any time before their maturity date is based on the coupon value plus any interest unpaid and accrued up to the redemption date. Accrued interest payable to the bond holders are calculated in accordance with relevant rules of the MOF and the PBOC. The redemption price may be different from the fair value of similar instruments traded in the markets at the redemption date. The redemption obligations below represent the nominal value of government bonds underwritten and sold by the Group, but not yet matured at the end of the reporting period:

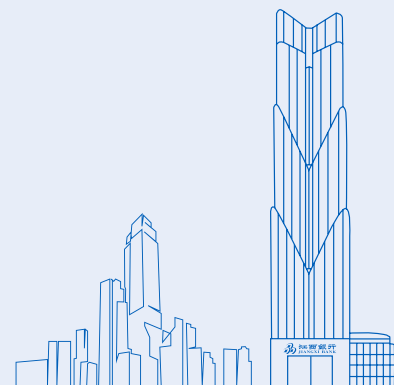
	31 December 2021	31 December 2020
Redemption obligations	2,583	1,053

The Group expects that the amount of redemption before the maturity date of these government bonds through the Group will not be material.

41 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

(a) Structured entities sponsored by third party institutions in which the Group holds an interest

The Group holds interests in certain structured entities sponsored by third party institutions through investments in the units issued by these structured entities. Such structured entities include investment management products managed by securities companies and trust plans and wealth management products issued by financial institutions. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of third party investors. These vehicles are financed through the issue of units to investors.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

41 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

(continued)

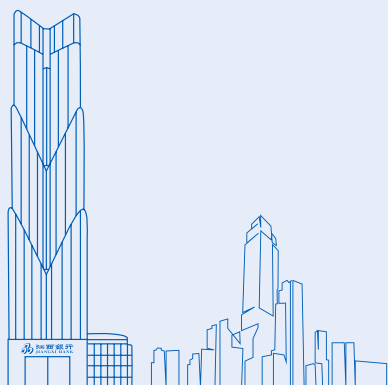
(a) Structured entities sponsored by third party institutions in which the Group holds an interest (continued)

The following table sets out an analysis of the carrying amounts of interests held by the Group in unconsolidated structured entities, as well as an analysis of the line items in the consolidated statement of financial position in which relevant assets are recognized:

	31 December 2021	
	Carrying amount	Maximum exposure
Financial investments at fair value through profit or loss	24,489,220	24,489,220
Financial investments at fair value through other comprehensive income	6,627,130	6,627,130
Financial investments at amortized cost	47,606,247	47,606,247
Total	78,722,597	78,722,597

	31 December 2020	
	Carrying amount	Maximum exposure
Financial investments at fair value through profit or loss	27,547,847	27,547,847
Financial investments at fair value through other comprehensive income	10,145,360	10,145,360
Financial investments at amortized cost	53,942,056	53,942,056
Total	91,635,263	91,635,263

The carrying amounts of the unconsolidated structural entities equal to the maximum exposures.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

41 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

(continued)

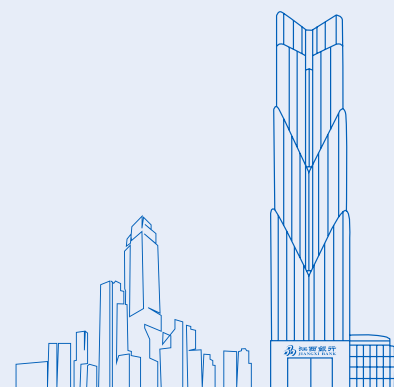
(b) Structured entities sponsored by the Group which the Group does not consolidate but holds an interest in

The types of unconsolidated structured entities sponsored by the Group include non-principal-guaranteed wealth management products. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of units to investors. Interest held by the Group includes investments in units issued by these structured entities and fees charged by providing management services.

As at 31 December 2021, the amount of assets held by the unconsolidated non-principal-guaranteed wealth management products, which are sponsored by the Group, was RMB35,523.04 million (31 December 2020: RMB34,088.39 million).

(c) Unconsolidated structure entities sponsored by the Group during the year which the Group does not consolidate and does not have an interest in

During the year ended 31 December 2021, the aggregated amount of the non-principal guaranteed wealth management products sponsored and issued by the Group after 1 January, but matured before 31 December amounted to RMB5,882.50 million (year ended 31 December 2020: RMB27,456.54 million). For the year ended 31 December 2021, the Group recorded commission income as the manager of these wealth management products amounting to RMB30.48 million (year ended 31 December 2020: RMB10.70 million).



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(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 CAPITAL MANAGEMENT

The Group's capital management includes capital adequacy ratio management, capital financing management and economic capital management, of which the primary focus is on capital adequacy ratio management. The Group calculates the capital adequacy ratio in accordance with guidelines issued by the CBIRC. The capital of the Group is divided into core tier-one capital, other core tier-one capital and tier-two capital.

Capital adequacy ratio management is the key in capital management. The capital adequacy ratio reflects the soundness of the Group's operations and risk management capabilities. The main objective in capital adequacy ratio management is to set an optimal capital adequacy ratio that meets the regulatory requirements by benchmarking against the capital adequacy ratio level of leading peer banks with reference to its own business environment and conditions.

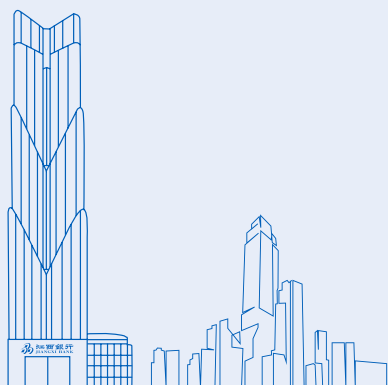
The Group considers its strategic development plans, business expansion plans and risk variables when conducting scenario analysis and stress testing and executing other measures to forecast, plan and manage its capital adequacy ratio.

The Group calculates its capital adequacy ratios in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)" and other relevant regulations promulgated by the CBIRC.

The CBIRC requires commercial banks to meet the requirements of capital adequacy ratios by the end of 2018 in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)". For non-systemically important banks, the minimum ratios for core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio are 7.50%, 8.50% and 10.50%, respectively.

The on-balance sheet risk-weighted assets are measured using different risk weights, which are determined according to the credit, market and other risks associated with each asset and counterparty, taking into account any eligible collaterals or guarantees. Similar practice is adopted for off-balance sheet exposure, with adjustments made to reflect the more contingent nature of any potential losses. Market risk-weighted assets are calculated using the standardized approach. Operational risk-weighted assets are calculated using basic indicator approach.

The capital adequacy ratios and related components of the Group illustrated below are computed based on the Group's statutory financial statements prepared in accordance with PRC GAAP.



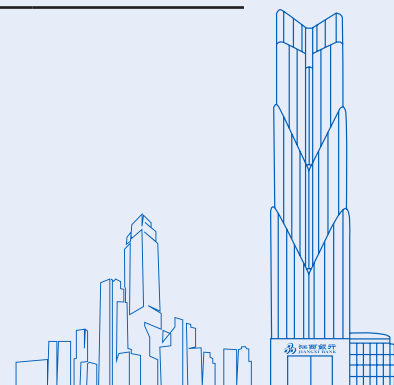
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42 CAPITAL MANAGEMENT (continued)

The Group's capital adequacy ratios calculated in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)" and relevant requirements promulgated by the CBIRC are as follows:

	31 December 2021	31 December 2020
Total core tier-one capital	37,181,681	35,531,620
– Share capital	6,024,277	6,024,277
– Qualifying portion of capital reserve	13,515,365	13,633,755
– Surplus reserve	3,081,890	2,887,970
– General reserve	6,689,104	6,100,641
– Retained earnings	7,607,644	6,620,934
– Qualifying portions of non-controlling interests	263,401	264,043
Core tier-one capital deductions	(1,369,622)	(346,826)
Net core tier-one capital	35,812,059	35,184,794
Other tier-one capital	7,934,157	35,206
Net tier-one capital	43,746,216	35,220,000
Tier-two capital	9,665,819	8,839,475
– Qualifying portions of tier-two capital instruments issued	6,000,000	6,000,000
– Surplus allowances for loan impairment	3,595,579	2,769,064
– Qualifying portions of non-controlling interests	70,240	70,411
Net capital base	53,412,035	44,059,475
Total risk weighted assets	370,658,530	341,834,325
Core tier-one capital adequacy ratio	9.66%	10.29%
Tier-one capital adequacy ratio	11.80%	10.30%
Capital adequacy ratio	14.41%	12.89%



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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43 SEGMENT REPORTING

(a) Operating segments

The Group manages its business by business lines. Consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group defines reporting segments based on the following operating segments:

Corporate banking

This segment represents the provision of a range of financial products and services to corporations, government agencies and financial institutions. These products and services include corporate loans and advances, trade financing and deposit taking activities, agency services, consulting and advisory services, remittance and settlement services and guarantee services.

Retail banking and credit card

This segment represents the provision of a range of financial products and services to retail customers. These products and services include personal loans and deposit taking activities, bank card business, personal wealth management services and remittance services.

Financial markets business

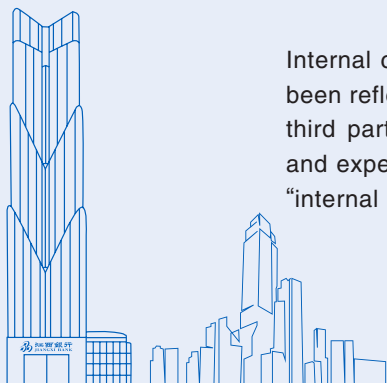
This segment covers the Group's financial markets business operations. The financial markets business includes inter-bank money market transactions, repurchases transactions and investments. It also trades in debt securities. The financial markets business segment also covers management of the Group's overall liquidity position, including the issuance of debts.

Others

These represent assets, liabilities, income and expenses which cannot directly attributable or cannot be allocated to a segment on a reasonable basis.

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

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



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

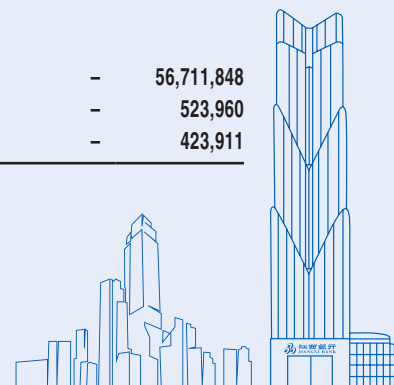
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

43 SEGMENT REPORTING (continued)

(a) Operating segments (continued)

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

	Year ended 31 December 2021				Total
	Corporate banking	Retail banking and credit card	Financial markets business	Others	
External net interest income	3,642,976	53,504	5,065,327	-	8,761,807
Internal net interest income/(expense)	1,282,677	2,087,490	(3,322,675)	(47,492)	-
Net interest income	4,925,653	2,140,994	1,742,652	(47,492)	8,761,807
Net fee and commission income/(expense)	342,365	52,298	355,094	(50,270)	699,487
Net trading gains	-	-	200,621	-	200,621
Net gains arising from financial investments	13,030	-	1,428,037	-	1,441,067
Other operating income	14,314	628	1,374	25,125	41,441
Operating income	5,295,362	2,193,920	3,727,778	(72,637)	11,144,423
Operating expenses	(1,075,599)	(1,090,503)	(1,480,470)	(1,090)	(3,647,662)
Impairment losses on assets	(2,760,190)	(118,864)	(2,085,501)	(42,059)	(5,006,614)
Share of profits of associates	-	-	-	6,034	6,034
Profit/(loss) before taxation	1,459,573	984,553	161,807	(109,752)	2,496,181
Segment assets	174,715,936	91,386,161	240,473,755	1,983,956	508,559,808
Segment liabilities	(223,664,850)	(142,666,403)	(99,828,443)	(766,676)	(466,926,372)
Other segment information					
- Credit commitments	49,855,647	6,856,201	-	-	56,711,848
- Depreciation and amortization	154,524	156,671	212,765	-	523,960
- Capital expenditure	125,017	126,755	172,139	-	423,911



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

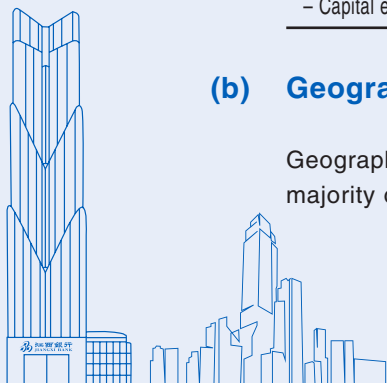
43 SEGMENT REPORTING (continued)

(a) Operating segments (continued)

	Year ended 31 December 2020				Total
	Corporate banking	Retail banking and credit card	Financial markets business	Others	
External net interest income	2,560,235	1,097,515	5,395,925	–	9,053,675
Internal net interest income/(expense)	2,197,549	1,017,006	(3,009,604)	(204,951)	–
Net interest income	4,757,784	2,114,521	2,386,321	(204,951)	9,053,675
Net fee and commission income/(expense)	301,798	2,902	280,480	(6,384)	578,796
Net trading gains	–	–	96,039	–	96,039
Net gains arising from financial investments	25,701	–	511,040	–	536,741
Other operating income/(expenses)	10,905	1,745	(45,100)	52,644	20,194
Operating income	5,096,188	2,119,168	3,228,780	(158,691)	10,285,445
Operating expenses	(2,456,388)	(993,838)	(76,995)	3,447	(3,523,774)
Impairment losses on assets	(264,894)	(561,271)	(3,411,502)	(46,760)	(4,284,427)
Share of profits of associates	–	–	–	7,455	7,455
Profit/(loss) before taxation	2,374,906	564,059	(259,717)	(194,549)	2,484,699
Segment assets	167,317,517	86,212,022	203,360,270	1,803,001	458,692,810
Segment liabilities	(209,797,391)	(118,665,671)	(93,502,099)	(785,201)	(422,750,362)
Other segment information					
– Credit commitments	42,006,487	5,954,494	–	–	47,960,981
– Depreciation and amortization	358,089	144,881	11,224	–	514,194
– Capital expenditure	452,476	183,069	14,183	–	649,728

(b) Geographical segments

Geographically, the Group mainly conducts its business in Jiangxi Province of the PRC and majority of its customers and assets are located in Jiangxi Province of the PRC.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

44 RISK MANAGEMENT

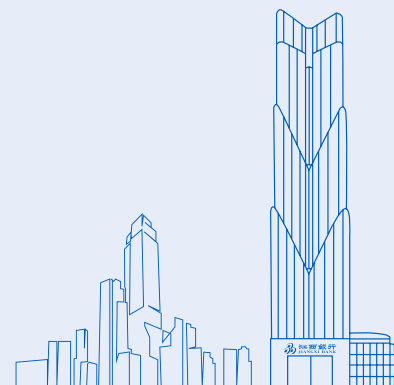
The Group has exposure to the following risks from its use of financial instruments: credit risk, market risk, liquidity risk and operational risk.

This note presents information about the Group's exposure to each of the above risks and their sources, and the Group's objectives, policies and procedures for measuring and managing these risks.

The Group aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and minimize potential adverse effects.

The Board of Directors is the highest decision-making authority within the Group in terms of risk management and oversees the Group's risk management functions through the Risk Management Committee. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Senior management is the highest execution level in the risk management structure and reports directly to the Risk Management Committee of the Board of Directors. Based on the risk management strategies determined by the Board of Directors, senior management is responsible for formulating and implementing risk management policies and systems, as well as supervising, identifying and controlling the risks that various businesses are exposed to.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

44 RISK MANAGEMENT (continued)

(a) Credit risk

Credit risk represents the potential loss that may arise from the failure of a debtor or counterparty to meet its contractual obligation or commitment to the Group. It arises primarily from credit and bond investment portfolios and guarantees granted.

Credit business

The Board of Directors is responsible for setting the Group's risk management strategy and the overall risk tolerance level. The Board of Directors also monitors the Group's risk management process and regularly assesses the Group's risk position and risk management strategies. The Board of Directors gives advice on internal controls relating to risk management. The responsible departments for credit risk management include the Credit Approval Department and Risk Management Department. The Risk Management Department is responsible for implementing the Group's overall risk management system. Besides risk monitoring and control, the Risk Management Department is also responsible for formulating risk management policies. To ensure the independence of credit approval, the Credit Approval Department is independent from customer relationship and product management departments. Front office departments of branches carry out credit businesses according to the Group's risk management policies and procedures.

The Group continuously improves the internal control mechanism and strengthens the management of the credit business. The Group has established comprehensive assessment and inquiry mechanisms, assigning the credit management accountability to the relevant departments and individuals.

For corporate and institutional businesses, the Group has established industry-specific limits for credit approval. It has put in place continuous monitoring mechanism, with regular reporting of credit exposures to the Board of Directors. The Group's credit risk management covers key operational phases, including pre-lending evaluations, credit approval and post-lending monitoring. With respect to pre-lending evaluations, the Group assesses customer credit ratings and performs integrated analysis on the risk and return of the loan. In the credit approval phase, all credit applications are approved by designated credit officers. During the post-lending monitoring, the Group continually monitors outstanding loans and other credit related businesses. Any adverse events that may significantly affect a borrower's repayment ability are reported immediately and actions are taken to mitigate the risks.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

44 RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Credit business (continued)

For personal credit operation business, credit assessment of applicants is used as the basis for loan approval. In the credit assessment, customer relationship managers are required to assess the income level, credit history and repayment ability of the applicant. The customer relationship managers then forward the application and their recommendations to the loan-approval departments for further approval. The Group monitors borrowers' repayment ability, the status of collaterals and any changes to their value during the post-lending phase. Once a loan becomes overdue, the Group starts the recovery process according to standardized loan recovery procedures.

Treasury Business

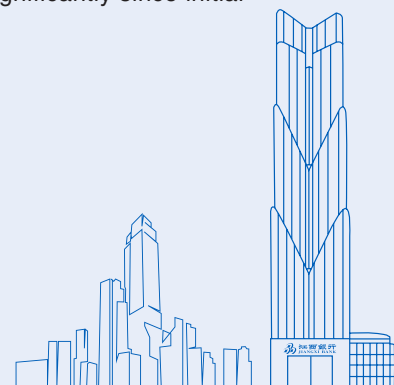
The Group's treasury business are exposed to the credit risk associated with the investment business and interbank business. The Group manages the credit risk exposures by setting up credit on its treasury business and interbank business. Credit risk exposure is closely monitored on a systematic and real-time basis. Credit risk limits are reviewed and updated regularly.

Measurement of ECL

Based on whether there is a significant increase in credit risk and whether the asset has incurred credit impairment, the Group measures allowances for loss of different assets with 12-month ECL or lifetime ECL respectively.

The Group measures loss provision of the financial instruments that meet the following conditions according to the amount of expected credit losses within the next 12 months and measures loss allowances for other financial instruments in accordance with the amount of lifetime expected credit losses.

- The financial instruments that are determined to have low credit risk at the reporting date; or
- The financial instruments for which credit risk has not increased significantly since initial recognition.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

44 RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Measurement of ECL (continued)

(i) *Significant increase in credit risk*

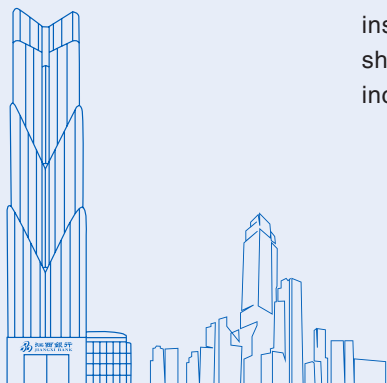
When one or more quantitative and qualitative standards or upper limits are triggered, the Group assumes that credit risk on financial instruments has increased significantly.

If the counterparty is listed in the watch list and one or more of the following criteria are met:

- The credit spread increases significantly;
- Significant changes with an adverse effect that have taken place in the counterparty's business, financial and economic status;
- Application of a grace period or debt-restructuring;
- Significant changes with an adverse effect in the counterparty's operating conditions;
- Less value of the collaterals (for the collateralized loans and pledged loans only);
- Early indicators of problems of cash flow/liquidity, such as late payment of accounts payable/repayment of loans; and
- The payment is more than 30 days past due.

The Group uses watch lists to monitor credit risk of financial instruments related to loans and treasury operations and conducts regular assessments at the counterparty level. The standards used in determining whether credit risk increases significantly are regularly monitored and reviewed by the management for the appropriateness.

As at 31 December 2021, the Group has not considered that any of its financial instruments has lower credit risk and no longer compared the credit risk at the balance sheet date with that at the initial recognition to identify whether there was a significant increase in credit risk (31 December 2020: nil).



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

44 RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Measurement of ECL (continued)

(ii) *Definition of “default” and “credit-impaired assets”*

When a financial instrument meets one or more of the following conditions, the Group considers the financial asset to be in default and the criteria are consistent with the definition of credit-impaired assets.

(a) Quantitative criterion

The financial asset is more than 90 days past due.

(b) Qualitative criterion

The counterparty meets the criterion of “having difficulty in repayment”, which indicates that the counterparty has significant financial difficulty, including:

- the counterparty has been in the grace period for a long time;
- the death of the counterparty;
- the counterparty enters bankruptcy;
- the counterparty breaches (one or more) terms of the contract that the debtor shall be subject to;
- the disappearance of an active market for the related financial asset because of financial difficulties faced by the counterparty;
- the creditor makes concessions due to the financial difficulties faced by the counterparty;
- it becomes probable that the counterparty will enter bankruptcy; and
- a higher discount was obtained during the acquisition of assets and the assets has incurred credit loss when they are acquired.

The above criteria apply to all financial instruments of the Group and they are consistent with the definition of “default” adopted by the internal management of credit risk.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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44 RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Measurement of ECL (continued)

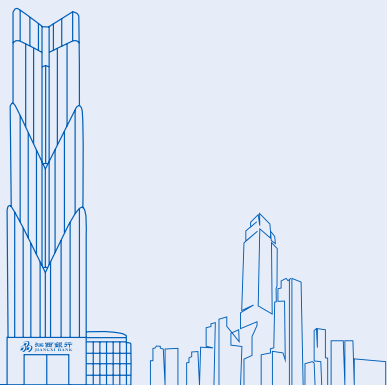
(iii) Notes to the parameters, assumptions and valuation techniques

The ECL is the result of the discounted product of probability of default (PD), exposure at default (EAD) and loss given default (LGD). The definitions of these terms are as follows:

- PD refers to the likelihood that a counterparty will be unable to meet his repayment obligations over the next 12 months or the remaining lifetime of the loan;
- EAD is the amount that the Group should be reimbursed upon default of an obligor over the next 12 months or the remaining lifetime of the loan;
- LGD refers to the expected degree of loss arising from the exposure at default which is predicted by the Group. LGD varies according to different types of counterparties, methods and priority of recovering debts, and the availability of collaterals or other credit support.

The Group determines the expected credit losses by estimating the PD, LGD and EAD of individual exposure or asset portfolios in the future months. The Group multiplies these three parameters and makes adjustments according to the probability of their continuance (i.e. there is no prepayment or default at an earlier period). By adopting this approach, the Group can calculate the expected credit losses for the future months. The results of calculation for each month are then discounted to the balance sheet date and added up. The discount rate used in the calculation of ECL is the initial effective interest rate or its approximate value.

The lifetime PD is deduced from using the maturity model or 12-month probability of default. The maturity model describes the development rule of the defaults of the asset portfolio over its lifetime. The model is developed based on historical observational data and applicable to all assets in the same portfolio with the same credit rating. The above method is supported by empirical analysis.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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44 RISK MANAGEMENT (continued)

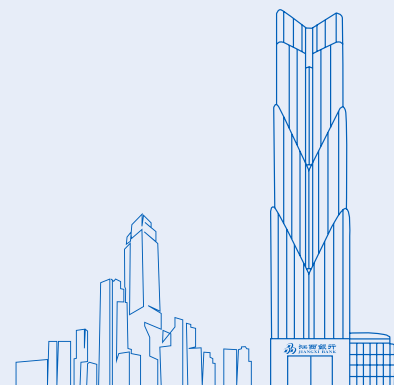
(a) Credit risk (continued)

Measurement of ECL (continued)

(iii) Notes to the parameters, assumptions and valuation techniques (continued)

The 12-month EAD and lifetime EAD are determined based on expected repayment arrangements, which are different according to different types of products.

- In respect of the loans with instalment repayments and bullet repayment, the Group determines 12-month or lifetime EAD according to the repayment schedule agreed in the contract and makes adjustment based on prediction of over-limit repayment and prepayments/refinancing made by the counterparty;
- In respect of the products of revolving credit agreement, the Group estimates the remaining withdrawal within the limits by using the balance of the loan after previous withdrawals and the “credit conversion factor”, so as to predict the exposure at default. Based on the Group’s analysis on recent default data, these assumptions vary based on differences in product type and utilization rate of the limits;
- The Group determines the 12-month LGD and lifetime LGD based on the factors that affects post-default recovery. LGD for different product types are different;
- As to loans classified as guarantees, the Group determines the LGD according to the types of collaterals and their expected value, the discount rate at the compulsory sale, the recovery time and the estimated recovery cost;
- As to fiduciary loans, the Group usually determines LGD in the product level due to the limited differences in recoverable amounts from different counterparties. The LGD is affected by the recovery strategies, which include the transfer plan and pricing of loans;
- Forward-looking economic information should be considered when determining the 12-month and lifetime PD, EAD and LGD.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

44 RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Measurement of ECL (continued)

(iii) Notes to the parameters, assumptions and valuation techniques (continued)

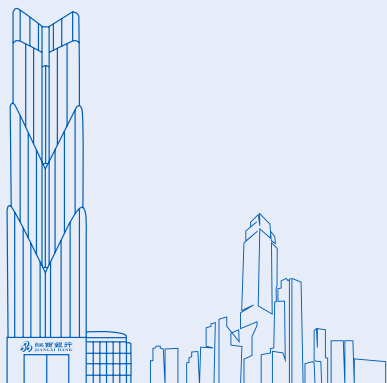
The Group quarterly monitors and reviews assumptions related to the calculation of expected credit losses, including the changes in PD and the value of collaterals under the different time limits.

Both the assessment of the significant increase in credit risk and the measurement of expected credit losses involve forward-looking information. Based on the analysis on historical data, the Group identified critical economic indicators that affect the credit risk and expected credit losses of all asset portfolios, including GDP, increase in RMB loans, PPI, etc.

There has been no significant changes in the valuation techniques and key assumptions during the reporting period. For the year ended 31 December 2021, the Group has fully considered the impact of COVID-19 pandemic on macroeconomic and the banking industry when assessing the forward-looking information used in the expected credit loss model.

(1) Maximum credit risk exposure

The maximum exposure to credit risk is represented by the net carrying amount of each type of financial assets at the end of the reporting period. The maximum exposure to credit risk in respect of those off-balance sheet items as at 31 December is disclosed in Note 39(a).



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

44 RISK MANAGEMENT (continued)

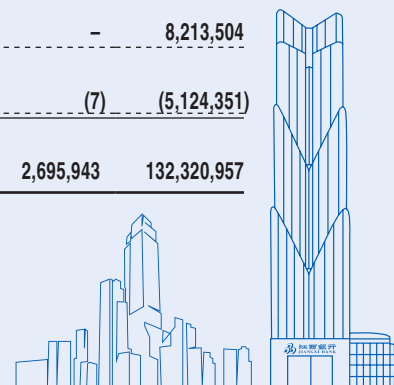
(a) Credit risk (continued)

Measurement of ECL (continued)

(iii) Notes to the parameters, assumptions and valuation techniques (continued)

(2) The credit quality of financial assets is analyzed as follows:

	31 December 2021			
	Loans and advances to customers	Deposits/ placements with banks and other financial institutions	Financial assets held under resale agreements	Financial Investments (a)
Balance of financial assets that are assessed for expected credit losses over the next 12 months				
– Overdue but not credit-impaired	–	–	–	–
– Neither overdue nor credit-impaired	256,857,506	5,680,499	2,695,950	128,101,111
Sub-total	256,857,506	5,680,499	2,695,950	128,101,111
Balance of financial assets that are not credit impaired and assessed for lifetime expected credit losses				
– Overdue but not credit-impaired	483,181	–	–	–
– Neither overdue nor credit-impaired	14,330,613	–	–	1,130,693
Sub-total	14,813,794	–	–	1,130,693
Balance of credit-impaired financial assets that are assessed for lifetime expected credit losses				
– Overdue and credit-impaired	5,359,714	–	–	4,691,411
– Credit-impaired but not overdue	1,247,083	–	–	3,522,093
Sub-total	6,606,797	–	–	8,213,504
Less: Allowances for impairment losses	(7,619,872)	(1,235)	(7)	(5,124,351)
Total	270,658,225	5,679,264	2,695,943	132,320,957



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

44 RISK MANAGEMENT (continued)

(a) Credit risk (continued)

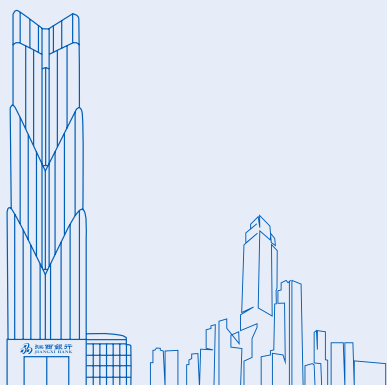
Measurement of ECL (continued)

(iii) Notes to the parameters, assumptions and valuation techniques (continued)

(2) The credit quality of financial assets is analyzed as follows: (continued)

	31 December 2020			
	Loans and advances to customers	Deposits/ placements with banks and other financial institutions	Financial assets held under resale agreements	Financial Investments (a)
Balance of financial assets that are assessed for expected credit losses over the next 12 months				
– Overdue but not credit-impaired	–	–	–	–
– Neither overdue nor credit-impaired	204,432,078	10,386,148	3,587,247	129,741,110
Sub-total	204,432,078	10,386,148	3,587,247	129,741,110
Balance of financial assets that are not credit impaired and assessed for lifetime expected credit losses				
– Overdue but not credit-impaired	695,468	–	–	784,265
– Neither overdue nor credit-impaired	13,437,541	–	–	1,485,771
Sub-total	14,133,009	–	–	2,270,036
Balance of credit-impaired financial assets that are assessed for lifetime expected credit losses				
– Overdue and credit-impaired	3,603,787	–	–	6,231,560
– Credit-impaired but not overdue	1,852,671	–	–	1,656,998
Sub-total	5,456,458	–	–	7,888,558
Less: Allowances for impairment losses	(6,572,790)	(2,784)	(30)	(4,888,840)
Total	217,448,755	10,383,364	3,587,217	135,010,864

(a) Financial investments comprise financial investments at amortized cost and financial investments at fair value through other comprehensive income (excluding equity instruments).



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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44 RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Measurement of ECL (continued)

(iii) *Notes to the parameters, assumptions and valuation techniques (continued)*

(2) The credit quality of financial assets is analyzed as follows: (continued)

The fair value of collaterals held against loans and advances to customers that are overdue but not credit-impaired at 31 December 2021 amounted to RMB331.86 million (31 December 2020: RMB356.91 million).

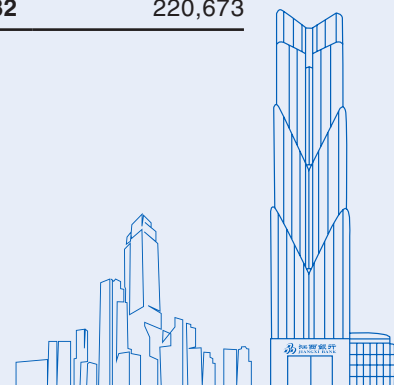
The fair value of collaterals held against loans and advances to customers that are credit-impaired at 31 December 2021 amounted to RMB2,924.87 million (31 December 2020: RMB1,216.54 million). The collaterals mainly include land use rights, buildings, machinery and equipment, etc. The fair value of collaterals were estimated by the Bank based on the latest external valuations available, adjusted in light of disposal experience and current market conditions.

(3) Rescheduled loans and advances to customers

The Group has formulated a set of loan restructuring policies to reschedule the contractual terms with customers, to maximize the collectability of loans and to manage customer relationships.

The carrying amount of rescheduled loans and advances to customers is as follows:

	31 December 2021	31 December 2020
Rescheduled loans and advances to customers	275,282	220,673
Credit-impaired loans and advances to customers included in above	275,282	220,673



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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44 RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Measurement of ECL (continued)

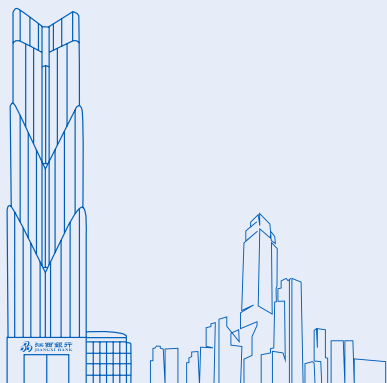
(iii) *Notes to the parameters, assumptions and valuation techniques (continued)*

(4) Credit rating of debt securities

The Group adopts a credit rating approach in managing the credit risk of the debt securities portfolio. Debt securities are rated with reference to major rating agencies where the issuers of the securities are located. The carrying amounts of debt securities investments analyzed by the rating agency designations as at the end of the reporting period are as follows:

	31 December 2021	31 December 2020
Neither overdue nor credit-impaired		
<i>Ratings</i>		
– AAA	77,144,464	66,773,872
– AA- to AA+	13,224,950	13,602,660
– A- to A+	367,122	–
– C	620,820	419,292
Sub-total	91,357,356	80,795,824
<i>Unrated</i>		
Sub-total	2,736,407	3,191,760
Total	94,093,763	83,987,584

The above financial investments include debt securities issued by the government and policy banks, which amounted to RMB75.894 billion as at 31 December 2021 (31 December 2020: RMB65.697 billion).



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44 RISK MANAGEMENT (continued)

(b) Market risk

Market risk is the risk of loss, in respect of the Group's activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, commodity prices, stock prices and other prices.

The Board of Directors is ultimately responsible for monitoring the Group's market risk to ensure that the Group has effectively identified, measured and monitored all types of market risk. The Risk Management Committee monitors the market risk management process within the scope authorized by the Board of Directors, which include review and approval of market risk management strategies, policies and procedures. The Group is primarily exposed to market risk in its financial markets business. The Financial Market Department is responsible for carrying out capital investments and transactions. The Finance Management Department and International Business Department are responsible for monitoring and managing the interest rate risk and foreign exchange risk on a daily basis. The Risk Management Department is responsible for formulating the market risk management policies and procedures, as well as identifying, measuring and monitoring the Group's market risk.

Sensitivity analysis is a technique which assesses the sensitivity of the Group's overall risk profile and its risk profile for each period with reference to the interest rate risks for different maturities.

Scenario analysis is a multi-factor analysis method which assesses the impact of multiple factors interacting simultaneously, taking into consideration of the probabilities of various scenarios.

Foreign currency gap analysis is a technique which estimates the impact of foreign exchange rate movements on the Group's current profit or loss. The foreign currency gap mainly arises from the currency mismatch in the Group's on/off-balance sheet items.

Sensitivity gap analysis is a technique which estimates the impact of interest rate movements on the Group's current profit or loss. It is used to work out the gap between future cash inflows and outflows by categorizing each of the Group's interest-bearing assets and interest-taking liabilities into different periods based on repricing dates.

The results of stress testing are assessed against a set of forward-looking scenarios using stress moves in market variables. The results are used to estimate the impact on profit or loss.

Effective duration analysis is a technique which estimates the impact of interest rate movements by giving a weight to each period's exposure according to its sensitivity, calculating the weighted exposure and summarizing all periods' weighted exposures to estimate the non-linear impact of a change in interest rates on the Group's economic value.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

44 RISK MANAGEMENT (continued)

(b) Market risk (continued)

Interest rate risk

The Group is primarily exposed to interest rate risk arising from repricing risk in its commercial banking business and the risk of financial markets business position.

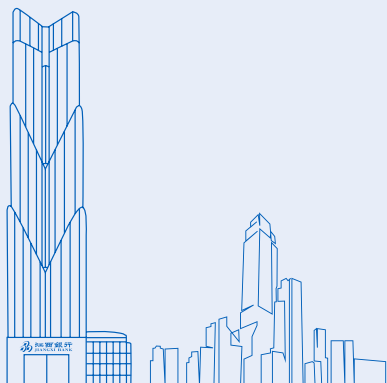
Repricing risk

Repricing risk, which is also known as “maturity mismatch risk”, is the most common form of interest rate risk. It is caused by the differences in timing between the maturities (related to fixed interest instruments) or repricing (related to floating interest instruments) of assets, liabilities and off-balance sheet items. The mismatch of repricing timing causes the Group’s income or its inherent economic value to vary with the movement in interest rates.

The Finance Management Department is responsible for measuring, monitoring and managing interest rate risk. The Group regularly performs assessment on the interest rate repricing gap between the assets and liabilities that are sensitive to changes in interest rates and sensitivity analysis on the net interest income as a result of changes in interest rates. The primary objective of interest rate risk management is to minimize potential adverse effects on its net interest income or its inherent economic value caused by interest rate volatility.

Trading interest rate risk

Trading interest rate risk mainly arises from the financial markets business’ investment portfolios. Interest rate risk is monitored using the effective duration analysis method. The Group employs other supplementary methods to measure its interest rate sensitivity, which is expressed as changes in the investment portfolios’ fair value given a 100 basis points (1%) movement in the interest rates.



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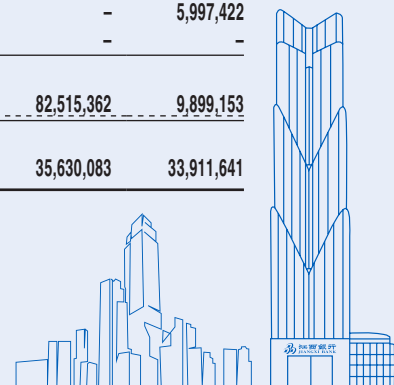
44 RISK MANAGEMENT (continued)

(b) Market risk (continued)

Interest rate risk (continued)

- (i) The following tables indicate the assets and liabilities as at 31 December by the expected next repricing dates or by maturity dates, depending on which is earlier:

	31 December 2021					
	Total	Non-interest bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
Assets						
Cash and deposits with the central bank	46,464,971	1,087,526	45,377,445	-	-	-
Deposits with banks and other financial institutions	2,090,061	585,301	1,490,769	13,991	-	-
Placements with banks and other financial institutions	3,589,203	39,718	2,449,625	1,099,860	-	-
Financial assets held under resale agreements	2,695,943	290	2,695,653	-	-	-
Loans and advances to customers (Note (a))	270,658,225	563,785	133,936,062	93,488,151	35,780,420	6,889,807
Financial investments (Note (b))	171,777,280	2,143,399	30,213,380	20,134,489	82,365,025	36,920,987
Others	11,284,125	11,284,125	-	-	-	-
Total assets	508,559,808	15,704,144	216,162,934	114,736,491	118,145,445	43,810,794
Liabilities						
Borrowing from the central bank	19,242,201	96,532	6,586,728	12,558,941	-	-
Deposits from banks and other financial institutions	25,221,005	292,463	8,175,542	16,703,000	50,000	-
Placements from banks and other financial institutions	6,128,333	8,333	3,720,000	2,400,000	-	-
Borrowing from other financial institutions	8,981,228	139,228	2,940,000	5,862,000	40,000	-
Financial assets sold under repurchase agreements	16,283,666	2,316	16,281,350	-	-	-
Deposits from customers	343,726,221	3,993,095	186,563,980	66,842,053	82,425,362	3,901,731
Debt securities issued	41,099,181	124,521	12,203,627	22,773,611	-	5,997,422
Others	6,244,537	6,244,537	-	-	-	-
Total liabilities	466,926,372	10,901,025	236,471,227	127,139,605	82,515,362	9,899,153
Asset-liability gap	41,633,436	4,803,119	(20,308,293)	(12,403,114)	35,630,083	33,911,641



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

44 RISK MANAGEMENT (continued)

(b) Market risk (continued)

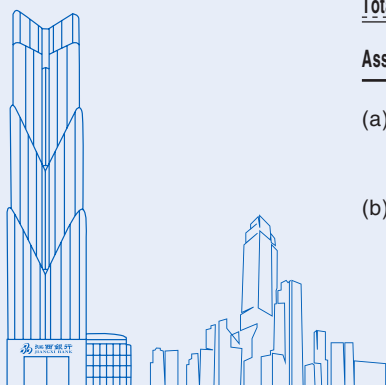
Interest rate risk (continued)

- (i) The following tables indicate the assets and liabilities as at 31 December by the expected next repricing dates or by maturity dates, depending on which is earlier: (continued)

	31 December 2020					
	Total	Non-interest bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
Assets						
Cash and deposits with the central bank	40,761,643	947,467	39,814,176	-	-	-
Deposits with banks and other financial institutions	2,151,435	821,238	1,300,216	29,981	-	-
Placements with banks and other financial institutions	8,231,929	2,776	8,098,697	130,456	-	-
Financial assets held under resale agreements	3,587,217	797	3,586,420	-	-	-
Loans and advances to customers (Note (a))	217,448,755	599,487	129,011,938	65,857,304	17,376,682	4,603,344
Financial investments (Note (b))	176,093,094	2,022,490	27,053,918	19,856,649	92,009,472	35,150,565
Others	10,418,737	10,418,737	-	-	-	-
Total assets	458,692,810	14,812,992	208,865,365	85,874,390	109,386,154	39,753,909
Liabilities						
Borrowing from the central bank	15,832,497	93,121	7,911,354	7,828,022	-	-
Deposits from banks and other financial institutions	21,416,586	219,704	12,159,882	8,987,000	50,000	-
Placements from banks and other financial institutions	3,204,098	4,098	2,200,000	1,000,000	-	-
Borrowing from other financial institutions	7,295,742	95,742	1,650,000	5,550,000	-	-
Financial assets sold under repurchase agreements	11,172,749	1,249	11,171,500	-	-	-
Deposits from customers	315,770,816	3,666,044	194,933,371	78,437,143	38,701,429	32,829
Debt securities issued	42,439,819	171,402	11,793,801	24,477,765	-	5,996,851
Others	5,618,055	5,618,055	-	-	-	-
Total liabilities	422,750,362	9,869,415	241,819,908	126,279,930	38,751,429	6,029,680
Asset-liability gap	35,942,448	4,943,577	(32,954,543)	(40,405,540)	70,634,725	33,724,229

- (a) As at 31 December 2021, for loans and advances to customers, the category "Less than three months" of the Group includes overdue amounts (net of allowances for impairment losses) of RMB2,596.76 million (31 December 2020: RMB1,917.94 million).

- (b) As at 31 December 2021, for financial investments, the category "Less than three months" of the Group includes overdue amounts (net of allowances for impairment losses) of RMB1,522.98 million (31 December 2020: RMB1,739.08 million).



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

44 RISK MANAGEMENT (continued)

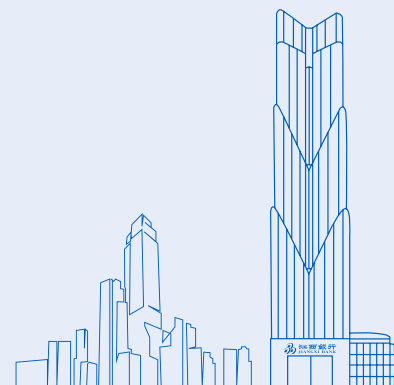
(b) Market risk (continued)

Interest rate risk (continued)

(ii) Interest rate sensitivity analysis

The Group uses sensitivity analysis to measure the impact of changes in interest rate on the Group's net profit and equity. The following table sets forth the results of the Group's interest rate sensitivity analysis on net profit and equity with an assumption that all other variables held constant.

	2021 (decrease)/ increase	2020 (decrease)/ increase
Changes in net profit		
Up 100 bps parallel shift in yield curves	(347,272)	(397,486)
Down 100 bps parallel shift in yield curves	321,471	400,615
Changes in equity		
Up 100 bps parallel shift in yield curves	(378,396)	(346,842)
Down 100 bps parallel shift in yield curves	405,061	369,765



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

44 RISK MANAGEMENT (continued)

(b) Market risk (continued)

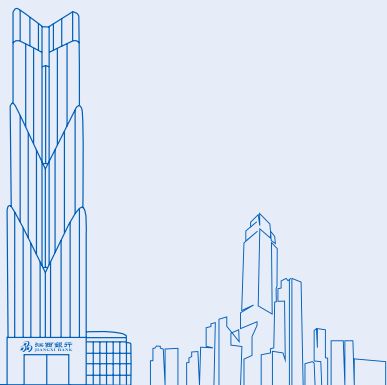
Interest rate risk (continued)

(ii) Interest rate sensitivity analysis (continued)

The sensitivity analysis above is based on a static interest rate risk profile of the Group's assets and liabilities. This analysis measures only the impact of changes in interest rates within one year, showing how annualized net profit or loss and equity would have been affected by repricing of the Group's assets and liabilities within the one-year period. The sensitivity analysis is based on the following assumptions:

- Interest rate movements at the end of each of the reporting period apply to financial instruments of the Group;
- At the end of each of the reporting period, an interest rate movement of 100 basis points is based on the assumption of interest rates movement over the next 12 months;
- There is a parallel shift in the yield curve with the changes in interest rates;
- There are no other changes to the assets and liabilities portfolio;
- Other variables (including exchange rates) remain unchanged; and
- The analysis does not take into account the effect of risk management measures taken by the management.

Due to the adoption of the aforementioned assumptions, the actual changes in the Group's net profit or loss and equity caused by an increase or decrease in interest rates might vary from the estimated results of this sensitivity analysis.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

44 RISK MANAGEMENT (continued)

(b) Market risk (continued)

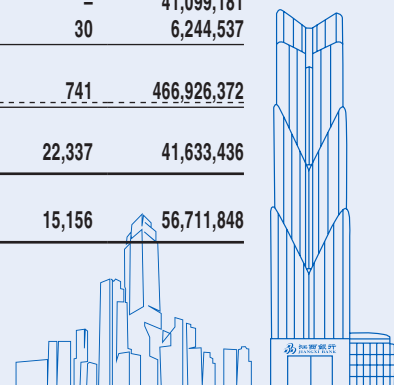
Foreign exchange risk

Foreign currency risk

The Group's currency risk mainly arises from foreign currency deposits with banks and other financial institutions and deposits from customers. The Group manages currency risk by matching its foreign currency denominated assets with corresponding liabilities in the same currencies.

(i) The Group's currency exposures as at 31 December were as follows:

	31 December 2021				
	RMB	USD	HKD	Others	Total
	(RMB equivalent)	(RMB equivalent)	(RMB equivalent)	(RMB equivalent)	(RMB equivalent)
Assets					
Cash and deposits with the central bank	46,434,692	27,156	2,834	289	46,464,971
Deposits with banks and other financial institutions	1,451,151	600,343	15,778	22,789	2,090,061
Placements with banks and other financial institutions	3,589,203	-	-	-	3,589,203
Financial assets held under resale agreements	2,695,943	-	-	-	2,695,943
Loans and advances to customers	270,156,996	501,229	-	-	270,658,225
Financial investments	171,777,280	-	-	-	171,777,280
Others	11,282,953	1,172	-	-	11,284,125
Total assets	507,388,218	1,129,900	18,612	23,078	508,559,808
Liabilities					
Borrowing from the central bank	19,242,201	-	-	-	19,242,201
Deposits from banks and other financial institutions	25,221,005	-	-	-	25,221,005
Placements from banks and other financial institutions	6,128,333	-	-	-	6,128,333
Borrowing from other financial institutions	8,981,228	-	-	-	8,981,228
Financial assets sold under repurchase agreements	16,283,666	-	-	-	16,283,666
Deposits from customers	343,484,616	217,507	23,387	711	343,726,221
Debt securities issued	41,099,181	-	-	-	41,099,181
Others	6,187,454	57,053	-	30	6,244,537
Total liabilities	466,627,684	274,560	23,387	741	466,926,372
Net position	40,760,534	855,340	(4,775)	22,337	41,633,436
Credit commitments	50,187,325	6,509,367	-	15,156	56,711,848



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

44 RISK MANAGEMENT (continued)

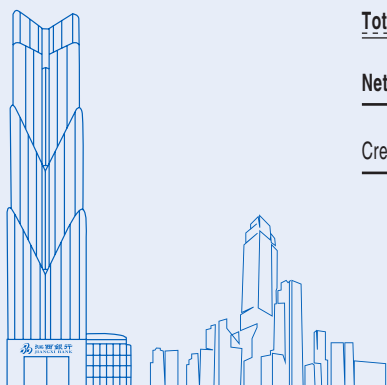
(b) Market risk (continued)

Foreign exchange risk (continued)

Foreign currency risk (continued)

(i) The Group's currency exposures as at 31 December were as follows: (continued)

	RMB	USD (RMB equivalent)	31 December 2020 HKD (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
Assets					
Cash and deposits with the central bank	40,741,913	17,320	2,088	322	40,761,643
Deposits with banks and other financial institutions	1,240,680	841,033	20,456	49,266	2,151,435
Placements with banks and other financial institutions	8,101,239	130,690	-	-	8,231,929
Financial assets held under resale agreements	3,587,217	-	-	-	3,587,217
Loans and advances to customers	217,207,204	241,551	-	-	217,448,755
Financial investments	176,093,094	-	-	-	176,093,094
Others	10,418,071	666	-	-	10,418,737
Total assets	457,389,418	1,231,260	22,544	49,588	458,692,810
Liabilities					
Borrowing from the central bank	15,832,497	-	-	-	15,832,497
Deposits from banks and other financial institutions	21,415,829	330	253	174	21,416,586
Placements from banks and other financial institutions	3,204,098	-	-	-	3,204,098
Borrowing from other financial institutions	7,295,742	-	-	-	7,295,742
Financial assets sold under repurchase agreements	11,172,749	-	-	-	11,172,749
Deposits from customers	315,431,750	314,214	23,995	857	315,770,816
Debt securities issued	42,439,819	-	-	-	42,439,819
Others	5,581,991	36,044	-	20	5,618,055
Total liabilities	422,374,475	350,588	24,248	1,051	422,750,362
Net position	35,014,943	880,672	(1,704)	48,537	35,942,448
Credit commitments	43,947,074	4,004,414	-	9,493	47,960,981



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

44 RISK MANAGEMENT (continued)

(b) Market risk (continued)

Foreign exchange risk (continued)

Foreign currency risk (continued)

(ii) Exchange rate sensitivity analysis

	2021 (decrease)/ increase	2020 (decrease)/ increase
Changes in net profit		
Foreign exchange rates decreases by 100 bps	(6,547)	(6,951)
Foreign exchange rates increases by 100 bps	6,547	6,951

The sensitivity analysis mentioned above is based on a static foreign exchange exposure profile of assets and liabilities and certain simplified assumptions as set out below:

- The foreign exchange sensitivity is the gain and loss recognized as a result of 100 basis points fluctuation in the foreign currency exchange rates against RMB;
- The fluctuation of exchange rates by 100 basis points is based on the assumption of exchange rates movement over the next 12 months;
- The exchange rates against RMB for the US dollars and other foreign currencies change in the same direction simultaneously and thus other foreign currencies are converted into US dollars for the sensitivity analysis mentioned above to show how net profit or loss would have been affected; and
- Other variables (including interest rates) remain unchanged.

The analysis does not take into account the effect of risk management measures taken by the Group.

Due to the assumptions adopted, actual changes in the Group's net profit or loss resulting from the increase or decrease in foreign exchange rates may vary from the estimated results of this sensitivity analysis.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

44 RISK MANAGEMENT (continued)

(c) Liquidity risk

Liquidity risk is the risk that a commercial bank is unable to obtain funds on a timely basis or obtain funds at a reasonable cost to sustain its asset business or meet repayment obligations. This risk exists even if a bank's solvency remains strong. In accordance with liquidity policies, the Group monitors the future cash flows and maintains an appropriate level of highly liquid assets.

The Asset and Liability Management Committee ("ALMC") is responsible for managing the Group's overall liquidity risk. The ALMC is responsible for the formulation of the liquidity policies in accordance with regulatory requirements and prudential principles. Such policies include:

- Maintaining liquidity at a stable and sufficient level; establishing integrated liquidity risk management system; ensuring the meeting on a timely basis of liquidity requirements and the payment of assets, liabilities and off-balance sheet business, whether under a normal operating environment or a state of stress; balancing the effectiveness and security of funds in an efficient manner; and
- Making timely and reasonable adjustments to capital structure and scale in response to market changes and business developments; pursuing profit maximization and cost minimization to a modest extent while ensuring appropriate liquidity; achieving the integration of the security, liquidity and effectiveness of the Bank's funds.

The Finance Management Department takes the lead to execute liquidity management policies and is responsible for formulating and revising the liquidity management strategies and for identifying, measuring, monitoring and releasing the liquidity risk of the Bank. It is also responsible for managing and forecasting the working capital on a regular basis together with the Finance Market Department and ensuring the liquidity of working capital meets management requirements based on the liquidity strategies. The Finance Market Department is responsible for performing the operation following the instructions of the Finance Management Department. Significant disbursement or portfolio changes must be reported to the ALMC on a timely basis.

A substantial portion of the Group's assets are funded by deposits from customers. These deposits from customers, which have been growing in recent years, are widely diversified in terms of type and duration and represent a stable source of funds.

The Group principally uses liquidity gap analysis to measure liquidity risk. Scenario analysis and stress testing are also adopted to assess the impact of liquidity risk.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

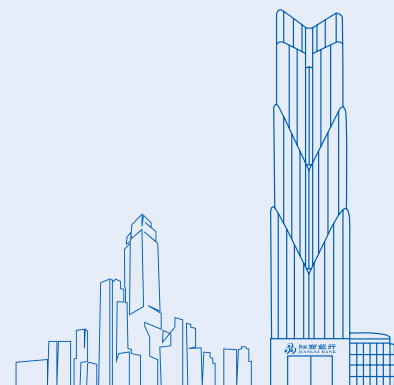
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

44 RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

The following tables provide an analysis of assets and liabilities of the Group into relevant maturity groupings based on the remaining periods to repayment at 31 December:

	Indefinite Note (a)/(b)/(c)	Repayable on demand	Within one month	31 December 2021				Total
				Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
Assets								
Cash and deposits with the central bank	28,102,275	18,362,696	-	-	-	-	-	46,464,971
Deposits with banks and other financial institutions	-	2,076,064	-	-	13,997	-	-	2,090,061
Placements with banks and other financial institutions	-	-	1,769,289	707,747	1,112,167	-	-	3,589,203
Financial assets held under resale agreements	-	-	2,695,943	-	-	-	-	2,695,943
Loans and advances to customers	2,948,609	3,814,676	10,784,969	20,916,831	98,788,891	60,720,135	72,684,114	270,658,225
Financial investments	3,499,503	22,979,853	2,785,891	3,567,750	21,110,183	81,273,325	36,560,775	171,777,280
Others	9,073,091	823,720	14,585	29,624	186,522	646,758	509,825	11,284,125
Total assets	43,623,478	48,057,009	18,050,677	25,221,952	121,211,760	142,640,218	109,754,714	508,559,808



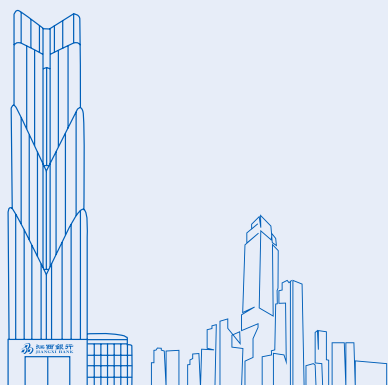
CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

44 RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	Indefinite Note (a)/(b)/(c)	Repayable on demand	Within one month	31 December 2021				Total
				Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
Liabilities								
Borrowing from the central bank	-	-	5,559,475	1,060,458	12,622,268	-	-	19,242,201
Deposits from banks and other financial institutions	-	2,849,836	2,233,406	3,180,900	16,904,466	52,397	-	25,221,005
Placements from banks and other financial institutions	-	-	2,423,295	1,301,770	2,403,268	-	-	6,128,333
Borrowing from other financial institutions	-	-	1,326,585	1,677,639	5,936,948	40,056	-	8,981,228
Financial assets sold under repurchase agreements	-	-	16,283,666	-	-	-	-	16,283,666
Deposits from customers	-	151,235,513	14,817,613	22,736,133	67,613,517	83,376,682	3,946,763	343,726,221
Debt securities issued	-	-	4,662,467	7,541,983	22,897,309	-	5,997,422	41,099,181
Others	533,170	112,563	799,579	1,102,797	1,164,731	1,725,285	806,412	6,244,537
Total liabilities	533,170	154,197,912	48,106,086	38,601,680	129,542,507	85,194,420	10,750,597	466,926,372
Long/(short) position	43,090,308	(106,140,903)	(30,055,409)	(13,379,728)	(8,330,747)	57,445,798	99,004,117	41,633,436



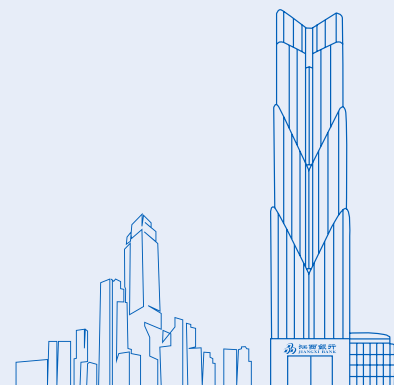
CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

44 RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	Indefinite Note (a)/(b)/(c)	Repayable on demand	Within one month	31 December 2020				Total
				Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
Assets								
Cash and deposits with the central bank	31,774,821	8,986,822	-	-	-	-	-	40,761,643
Deposits with banks and other financial institutions	-	2,121,441	-	-	29,994	-	-	2,151,435
Placements with banks and other financial institutions	-	-	8,101,239	-	130,690	-	-	8,231,929
Financial assets held under resale agreements	-	-	3,587,217	-	-	-	-	3,587,217
Loans and advances to customers	2,376,973	3,719,998	8,435,319	21,040,932	68,051,235	48,804,548	65,019,750	217,448,755
Financial investments	6,495,520	21,316,870	1,401,772	3,540,150	20,083,808	88,109,587	35,145,387	176,093,094
Others	8,253,416	828,389	42,125	27,069	186,266	525,649	555,823	10,418,737
Total assets	48,900,730	36,973,520	21,567,672	24,608,151	88,481,993	137,439,784	100,720,960	458,692,810



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

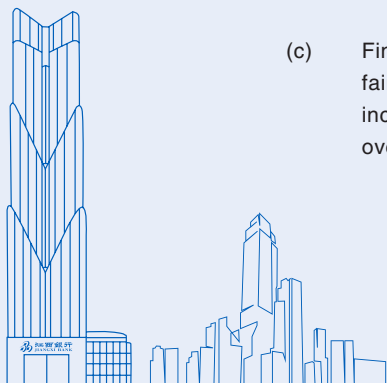
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

44 RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	Indefinite Note (a)/(b)/(c)	Repayable on demand	Within one month	31 December 2020				Total
				one month and three months	Between three months and one year	Between one year and five years	More than five years	
Liabilities								
Borrowing from the central bank	-	-	1,550,960	6,360,394	7,921,143	-	-	15,832,497
Deposits from banks and other financial institutions	-	2,555,871	3,050,418	6,736,816	9,022,923	50,558	-	21,416,586
Placements from banks and other financial institutions	-	-	200,256	1,301,665	1,702,177	-	-	3,204,098
Borrowing from other financial institutions	-	-	957,411	738,768	5,599,563	-	-	7,295,742
Financial assets sold under repurchase agreements	-	-	11,172,749	-	-	-	-	11,172,749
Deposits from customers	-	152,604,081	16,913,609	27,726,126	79,344,611	39,149,179	33,210	315,770,816
Debt securities issued	-	-	3,044,187	8,750,731	24,648,050	-	5,996,851	42,439,819
Others	448,753	137,246	853,812	1,073,962	635,507	1,698,766	770,009	5,618,055
Total liabilities	448,753	155,297,198	37,743,402	52,688,462	128,873,974	40,898,503	6,800,070	422,750,362
Long/(short) position	48,451,977	(118,323,678)	(16,175,730)	(28,080,311)	(40,391,981)	96,541,281	93,920,890	35,942,448

- (a) Indefinite amount of cash and deposits with the central bank represents the statutory deposit reserves and fiscal deposits with the central bank.
- (b) Indefinite amount of loans and advances to customers includes all the credit-impaired loans as well as those overdue more than one month. Loans and advances to customers with no credit-impairment but overdue within one month are classified into the category of repayable on demand.
- (c) Financial investments comprise financial investments at amortized cost, financial investments at fair value through profit or loss and financial investments at fair value through other comprehensive income. Indefinite amount of financial investments represent credit-impaired investments or those overdue more than one month. Equity investments is listed in the category of indefinite.



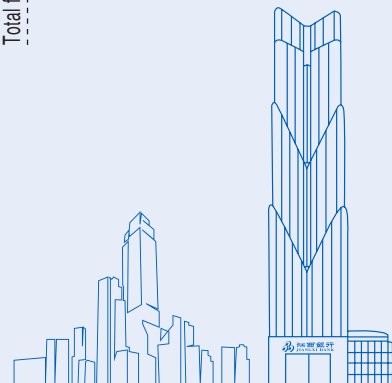
CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

44 RISK MANAGEMENT (continued) (c) Liquidity risk (continued)

The following tables provide an analysis of the Group's contractual undiscounted cash flows and credit commitments as at 31 December:

	31 December 2021								
	Carrying amount	Contractual undiscounted cash flow	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Financial assets									
Cash and deposits with the central bank	46,464,971	46,464,971	28,102,275	18,362,696	-	-	-	-	-
Deposits with banks and other financial institutions	2,090,061	2,090,540	-	2,076,064	-	-	14,476	-	-
Placements with banks and other financial institutions	3,589,203	3,652,705	-	-	1,770,592	724,563	1,157,550	-	-
Financial assets held under resale agreements	2,695,943	2,696,804	-	-	2,696,804	-	-	-	-
Loans and advances to customers	270,658,225	322,304,626	3,005,277	3,814,676	10,796,710	21,062,888	101,276,970	70,808,439	111,539,666
Financial investments	171,777,280	197,214,581	3,504,988	22,979,853	2,877,547	3,992,154	27,973,466	96,992,845	38,893,728
Others	2,145,867	2,145,867	1,305,869	820,522	19,476	-	-	-	-
Total financial assets	499,421,550	576,570,094	35,918,409	48,053,811	18,161,129	25,779,605	130,422,462	167,801,284	150,433,394



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

44 RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	31 December 2021								
	Carrying amount	Contractual cash flow	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Financial liabilities									
Borrowing from the central bank	19,242,201	19,458,200	-	-	5,562,795	1,065,618	12,829,787	-	-
Deposits from banks and other financial institutions	25,221,005	25,768,206	-	2,849,836	2,264,736	3,259,005	17,336,904	57,725	-
Placements from banks and other financial institutions	6,128,333	6,177,072	-	-	2,443,571	1,312,183	2,421,318	-	-
Borrowing from other financial institutions	8,981,228	9,180,811	-	-	1,341,962	1,700,829	6,093,904	44,116	-
Financial assets sold under repurchase agreements	16,283,666	16,289,538	-	-	16,289,538	-	-	-	-
Deposits from customers	343,726,221	351,704,449	-	151,235,513	15,183,553	23,393,763	69,768,983	87,707,666	4,414,971
Debt securities issued	41,099,181	42,020,000	-	-	4,670,000	7,580,000	23,170,000	-	6,600,000
Total financial liabilities	460,681,835	470,598,276	-	154,085,349	47,756,155	38,311,398	131,620,896	87,809,507	11,014,971
Long/(short) position	38,739,715	105,971,818	35,918,409	(106,031,536)	(29,595,026)	(12,531,793)	(1,198,434)	79,991,777	139,418,423
Credit commitments	56,711,848	56,711,848	-	14,531,665	4,885,164	9,566,963	19,801,414	7,347,299	579,343

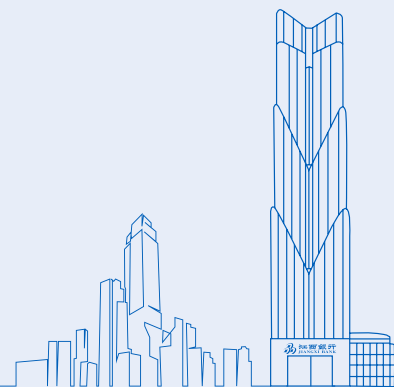
CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

44 RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	31 December 2020								
	Carrying amount	Contractual undiscounted cash flow	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Financial assets									
Cash and deposits with the central bank	40,761,643	40,761,643	31,774,821	8,986,822	-	-	-	-	-
Deposits with banks and other financial institutions	2,151,435	2,152,622	-	2,121,441	-	-	31,181	-	-
Placements with banks and other financial institutions	8,231,929	8,236,941	-	-	8,105,464	-	131,477	-	-
Financial assets held under resale agreements	3,587,217	3,589,471	-	-	3,589,471	-	-	-	-
Loans and advances to customers	217,448,755	264,224,705	2,433,560	3,719,998	8,438,881	21,183,177	69,824,418	57,437,169	101,187,502
Financial investments	176,093,094	203,502,505	7,371,545	21,316,870	1,425,346	3,916,611	26,416,648	102,101,894	40,953,591
Others	2,525,946	2,525,946	1,679,469	827,579	18,898	-	-	-	-
Total financial assets	450,800,019	524,993,833	43,259,395	36,972,710	21,578,060	25,099,788	96,403,724	159,539,063	142,141,093



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

44 RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	31 December 2020								
	Carrying amount	Contractual undiscounted cash flow	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Financial liabilities									
Borrowing from the central bank	15,832,497	16,009,496	-	-	1,645,920	6,380,986	7,982,590	-	-
Deposits from banks and other financial institutions	21,416,586	21,630,849	-	2,555,871	3,068,843	6,770,096	9,180,711	55,328	-
Placements from banks and other financial institutions	3,204,098	3,227,166	-	-	201,734	1,311,668	1,713,764	-	-
Borrowing from other financial institutions	7,295,742	7,447,133	-	-	957,974	744,393	5,744,766	-	-
Financial assets sold under repurchase agreements	11,172,749	11,176,001	-	-	11,176,001	-	-	-	-
Deposits from customers	315,770,816	319,492,524	-	152,604,081	17,191,451	28,201,643	80,619,140	40,839,424	36,785
Debt securities issued	42,439,819	43,475,400	-	-	3,050,000	8,790,000	25,035,400	-	6,600,000
Total financial liabilities	417,132,307	422,458,569	-	155,159,952	37,291,923	52,198,786	130,276,371	40,894,752	6,636,785
Long/(short) position	33,667,712	102,535,264	43,259,395	(118,187,242)	(15,713,863)	(27,088,998)	(33,872,647)	118,644,311	135,504,308
Credit commitments	47,960,981	47,960,981	-	13,658,439	2,527,249	10,660,908	15,494,347	5,500,038	120,000

CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

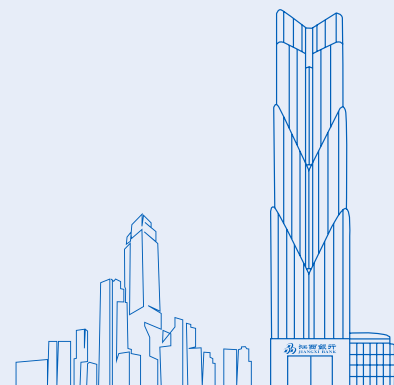
44 RISK MANAGEMENT (continued)

(d) Operational risk

Operational risk refers to the risk of losses associated with internal processes deficiencies, personnel mistakes and information system failures, or impact from other external events.

The Group establishes a framework of policies and procedures to identify, assess, control, manage and report operational risk. The framework covers all business functions ranging from corporate banking, retail banking, trading, corporate finance, settlement, intermediary business, asset management and all supporting functions, including human resource management, financial management, legal affairs, anti-money laundering and administration management. The key elements of the framework are listed as below:

- A multi-level operational risk management framework with segregation of duties between front and back offices under the leadership of senior management;
- A series of operational risk management policies covering all businesses on the basis of core operational risk management policy;
- An emergency plan and a business continuity system designed to deal with emergent and adverse circumstances, including public relation issues, natural disasters, IT system errors, bank runs, robberies, etc.;
- An evaluation system on the operational risk management as well as an inquiry and disciplinary system on the non-compliance issues; and
- An independent risk assessment framework based on the internal audit and the compliance review.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

45 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	31 December 2021	31 December 2020
Assets		
Cash and deposits with the central bank	46,441,784	40,741,700
Deposits with banks and other financial institutions	1,087,282	1,809,561
Placements with banks and other financial institutions	3,639,198	10,092,336
Financial assets held under resale agreements	2,695,943	3,587,217
Loans and advances to customers	257,409,531	206,109,851
Financial investments:		
– Financial investments at fair value through profit or loss	39,442,400	41,069,718
– Financial investments at fair value through other comprehensive income	24,940,618	28,665,624
– Financial investments at amortized cost	107,157,280	106,136,078
Interest in associates	185,590	179,557
Investment in subsidiaries	1,734,000	1,734,000
Property and equipment	2,315,477	2,410,702
Deferred tax assets	4,477,711	3,336,926
Other assets	3,844,032	4,153,415
Total assets	495,370,846	450,026,685
Liabilities and equity		
Liabilities		
Borrowing from the central bank	19,240,299	15,831,267
Deposits from banks and other financial institutions	26,147,040	22,770,170
Placements from banks and other financial institutions	4,103,302	3,002,640
Financial assets sold under repurchase agreements	16,283,666	11,172,749
Deposits from customers	343,494,034	315,578,686
Income tax payable	708,750	296,671
Debt securities issued	41,099,181	42,439,819
Other liabilities	3,865,122	4,023,865
Total liabilities	454,941,394	415,115,867



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

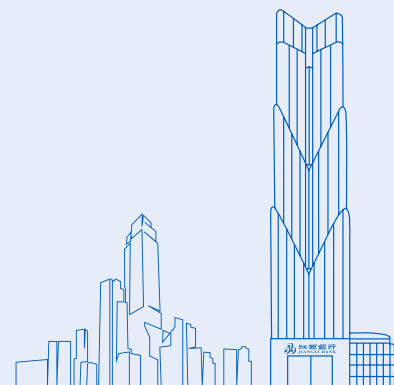
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

45 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (continued)

	31 December 2021	31 December 2020
Equity		
Share capital	6,024,277	6,024,277
Other equity instruments		
– Perpetual debt	3,999,037	–
Capital reserve	13,528,210	13,646,600
Surplus reserve	3,081,890	2,887,970
General reserve	6,500,158	5,923,256
Retained earnings	7,295,880	6,428,715
Total equity	40,429,452	34,910,818
Total liabilities and equity	495,370,846	450,026,685

46 SUBSEQUENT EVENTS

On 21 February 2022, Chen Xiaoming resigned as the executive director of the Bank, the chairman of the Board, a member and the chairperson of the Strategic Committee of the Board due to personal reason, and ceased to hold any position in the Bank.



CHAPTER XII NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

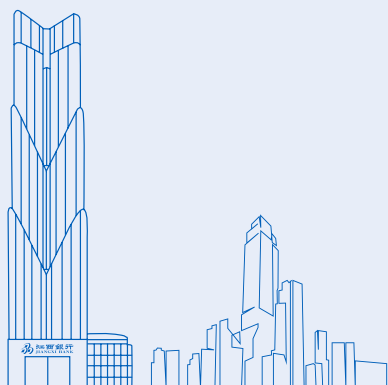
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

47 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2021

Up to the date of issue of these financial statements, a number of amendments, new standards and interpretations are issued which are not yet effective for the year ended 31 December 2021 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting period beginning on or after
<i>Amendments to IFRS 3, Business Combinations</i>	1 January 2022
<i>“Reference to the conceptual framework”</i>	
<i>Amendments to IAS 16, Property, Plant and Equipment</i>	1 January 2022
<i>“Property, plant and equipment: proceeds before intended Use”</i>	
<i>Amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets “Onerous contracts – cost of fulfilling a contract”</i>	1 January 2022
<i>Annual Improvements to IFRS Standards 2018-2020</i>	1 January 2022
<i>Amendments to IAS 1, Classification of liabilities as current or non-current</i>	1 January 2023
<i>Amendments to IAS 1 and IFRS Practice Statement 2, Disclosure of accounting policies</i>	1 January 2023
<i>Amendments to IAS 8, Definition of accounting estimates</i>	1 January 2023
<i>Amendments to IAS 12, Deferred tax related to assets and liabilities arising from a single transaction</i>	1 January 2023

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.



UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

The information set out below does not form part of the consolidated financial report and is included herein for information purpose only.

In accordance with the Hong Kong Listing Rules and Banking (Disclosure) Rules, the Bank discloses the unaudited supplementary financial information as follows:

1 LIQUIDITY COVERAGE RATIO AND LEVERAGE RATIO

Liquidity coverage ratio

	31 December 2021	Average for the year ended 31 December 2021
Liquidity coverage ratio (RMB and foreign currency)	387.45%	328.00%

	31 December 2020	Average for the year ended 31 December 2020
Liquidity coverage ratio (RMB and foreign currency)	429.88%	287.88%

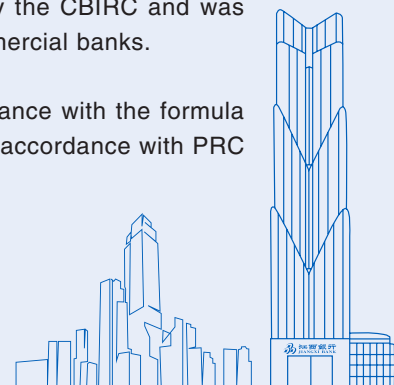
Pursuant to the Administrative Measures for Liquidity Risk Management of Commercial Banks, the liquidity coverage ratio of commercial banks shall reach 100% by the end of 2019.

Leverage Ratio

	31 December 2021	31 December 2020
Leverage Ratio	7.98%	7.16%

Pursuant to the Leverage Ratio Management of Commercial Banks issued by the CBIRC and was effective since 1 April 2015, a minimum leverage ratio 4% is required for commercial banks.

The above liquidity coverage ratio and leverage ratio are calculated in accordance with the formula promulgated by the CBIRC and based on the financial information prepared in accordance with PRC GAAP.



UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 CURRENCY CONCENTRATIONS

	31 December 2021			Total
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
Spot assets	1,136,107	18,622	23,093	1,177,822
Spot liabilities	(280,766)	(23,397)	(756)	(304,919)
Net position	855,341	(4,775)	22,337	872,903

	31 December 2020			Total
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
Spot assets	1,233,411	22,544	49,588	1,305,543
Spot liabilities	(353,405)	(24,248)	(1,051)	(378,704)
Net position	880,006	(1,704)	48,537	926,839

The Group has no structural position as at 31 December.



UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

3 INTERNATIONAL CLAIMS

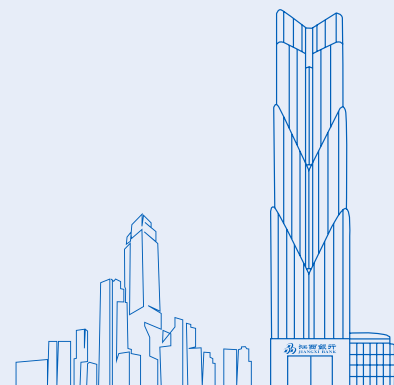
The Group is principally engaged in business operations within Mainland China, and regards all claims on third parties outside Mainland China as international claims.

International claims include loans and advances to customers, balances with the central bank, amounts due from banks and other financial institutions.

A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account all risk transfers. Risk transfers are only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose Head Office is located in another country.

	31 December 2021			Total
	Banks and other financial institutions	Public sector entities	Others	
All regions outside Mainland China	584,535	–	–	584,535

	31 December 2020			Total
	Banks and other financial institutions	Public sector entities	Others	
All regions outside Mainland China	819,649	–	–	819,649

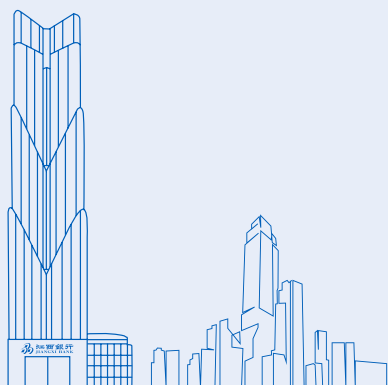


UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

4 GROSS AMOUNT OF OVERDUE LOANS AND ADVANCES

	31 December 2021	31 December 2020
Gross loans and advances which have been overdue with respect to either principal or interest for years of		
– Between 3 and 6 months (inclusive)	539,688	540,041
– Between 6 months and 1 year (inclusive)	785,842	980,898
– Over 1 year	1,669,236	1,232,143
Total	2,994,766	2,753,082
As a percentage of gross loans and advances		
– Between 3 and 6 months (inclusive)	0.19%	0.24%
– Between 6 months and 1 year (inclusive)	0.29%	0.44%
– Over 1 year	0.60%	0.55%
Total	1.08%	1.23%

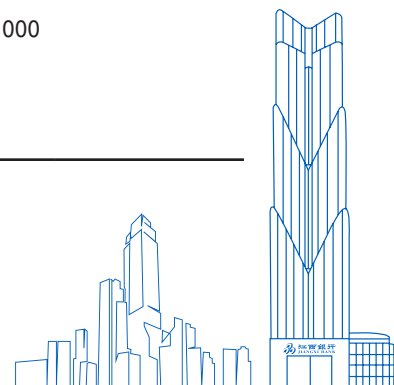


APPENDIX

In accordance with the regulatory requirements of the CBRC, Jiangxi Bank Co., Ltd. supplemented the disclosure of material connected transactions considered by the Board of Directors:

During the Reporting Period, in accordance with the Administrative Measures for Connected Transactions between Commercial Banks and Insiders and Shareholders and the Interim Measures for the Equity Management of Commercial Banks, Jiangxi Bank Co., Ltd. submitted the material connected transactions related to related parties as defined in the above-mentioned documents ("Related Party Involving with CBRC") to the Board for approval, as follows:

Time		Content	Credit line (Expressed In Renminbi Yuan)	Comment
January 18, 2021	Second interim meeting of the second session of the Board of Directors in 2021	Report on the RMB1 billion material connected transaction of Nanchang Municipal Utilities Investment Holding Co., Ltd.	1,000,000,000	
February 22, 2021	Fourth interim meeting of the second session of the Board of Directors in 2021	Report on the RMB10 million material connected transaction of Nanchang Municipal Utilities Investment Holding Co., Ltd.	10,000,000	
March 10, 2021	Fifth interim meeting of the second session of the Board of Directors in 2021	Report on the RMB200 million material connected transaction of Jiangxi Expressway Investment Group Co., Ltd.	200,000,000	
March 26, 2021	Sixth interim meeting of the second session of the Board of Directors in 2021	Report on the RMB9.96 million material connected transaction of Nanchang Municipal Utilities Investment Holding Co., Ltd. Report on material connected transaction of a group credit of RMB906.4 million by Jiangxi Electronic Group Corporation Ltd.	9,960,000 906,400,000	

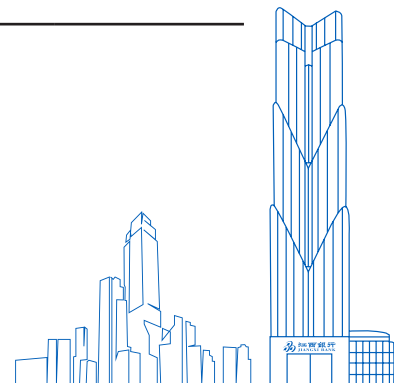


Time		Content	Credit line (Expressed In Renminbi Yuan)	Comment
		Report on material connected transaction of a credit of RMB4 billion by Jiangxi Financial Leasing Co., Ltd.	4,000,000,000	
April 15, 2021	Seventh interim meeting of the second session of the Board of Directors in 2021	Report on material connected transaction of a credit of RMB50 million by Jiangxi Xingsen International Trade Co., Ltd.	50,000,000	
		Report on material connected transaction of a group credit of RMB10 million by Nanchang Municipal Utilities Investment Holding Co., Ltd.	10,000,000	
April 19, 2021	Eighth interim meeting of the second session of the Board of Directors in 2021	Report on material connected transaction of a group credit of RMB1.3 billion by Jiangxi Financial Holding Group Co., Ltd.	1,300,000,000	
		Report on material connected transaction of a group credit of RMB375 million by Jiangxi Financial Holding Group Co., Ltd.	375,000,000	
April 28, 2021	Ninth interim meeting of the second session of the Board of Directors in 2021	Report on material connected transaction of a group credit of RMB150 million by Jiangxi Financial Holding Group Co., Ltd.	150,000,000	
May 24, 2021	Tenth interim meeting of the second session of the Board of Directors in 2021	Report on material connected transaction of a group credit of RMB100 million by Jiangxi Financial Holding Group Co., Ltd.	100,000,000	



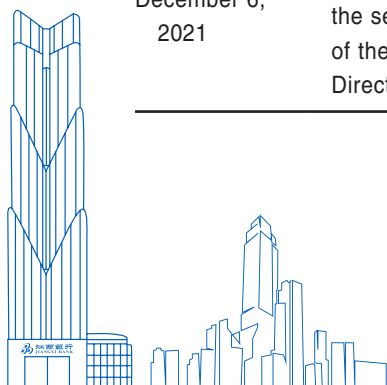
APPENDIX

Time	Content	Credit line (Expressed in Renminbi Yuan)	Comment
June 15, 2021	Eleventh interim meeting of the second session of the Board of Directors in 2021	Report on material connected transaction of a group credit of RMB1.25 billion by Nanchang Municipal Utilities Investment Holding Co., Ltd.	1,250,000,000
		Proposal on related business of a group credit of RMB1.35 billion by Jiangxi Communications Investment Group Co., Ltd.	1,350,000,000
June 25, 2021	Twelfth interim meeting of the second session of the Board of Directors in 2021	Proposal on related business of a group credit of RMB125 million by Jiangxi Financial Holding Group Co., Ltd.	125,000,000
		Proposal on related business of a group credit of RMB1.9 billion by Jiangxi Financial Holding Group Co., Ltd.	1,900,000,000
		Proposal on related business of a group credit of RMB15.80 million by Jiangxi Electronic Group Corporation Ltd.	15,800,000
July 19, 2021	Fourteenth interim meeting of the second session of the Board of Directors in 2021	Proposal on connected transaction of a group credit of RMB600 million by Jiangxi Communications Investment Group Co., Ltd.	600,000,000
		Proposal on connected transaction of a group credit of RMB40 million by Nanchang Municipal Utilities Investment Holding Co., Ltd.	40,000,000



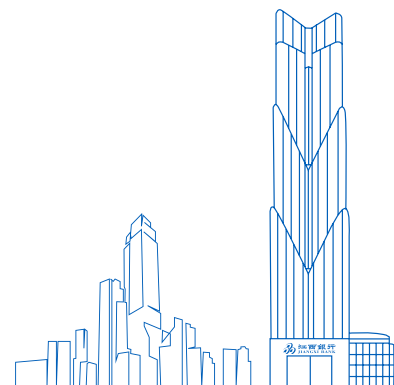
APPENDIX

Time	Content	Credit line (Expressed in Renminbi Yuan)	Comment	
August 2, 2021	Fifteenth interim meeting of the second session of the Board of Directors in 2021	Proposal on connected transaction of a group credit of RMB700 million by Jiangxi Copper Corporation Limited	700,000,000	
September 22, 2021	Eighteenth interim meeting of the second session of the Board of Directors in 2021	Proposal on material connected transaction report in relation to the replacement of pledges of a credit of RMB320 million by Jiangxi Electronic Group Corporation Ltd.	320,000,000	No new credit line, involving only changes in credit terms
September 28, 2021	Nineteenth interim meeting of the second session of the Board of Directors in 2021	Proposal on material connected transaction of a group credit of RMB80 million by Jiangxi Financial Holding Group Co., Ltd.	80,000,000	
		Proposal on material connected transaction of a group credit of RMB50 million by Nanchang Municipal Utilities Investment Holding Co., Ltd.	50,000,000	
November 18, 2021	Twenty-first interim meeting of the second session of the Board of Directors in 2021	Report on material connected transaction of a credit of RMB949 million by Cedar International Trust Limited	949,000,000	
December 6, 2021	Twenty-second interim meeting of the second session of the Board of Directors in 2021	Proposal on material connected transaction of a group credit of RMB600 million by Jiangxi Communications Investment Group Co., Ltd.	600,000,000	



APPENDIX

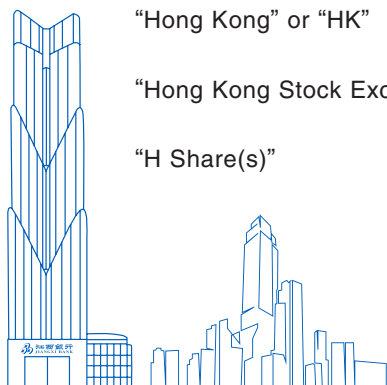
Time	Content	Credit line (Expressed in Renminbi Yuan)	Comment
December 21, 2021	Twenty-third interim meeting of the second session of the Board of Directors in 2021	Proposal on the RMB579.80 million material connected transaction of Nanchang Municipal Utilities Investment Holding Co., Ltd.	579,800,000
December 27, 2021	Twenty-fourth interim meeting of the second session of the Board of Directors in 2021	Proposal on material connected transaction report of a group credit of RMB1.592425778 billion by Jiangxi Electronic Group Corporation Ltd.	1,592,425,778
		Proposal on RMB3.5 billion material connected transaction of Jiangxi Financial Leasing Co., Ltd.	3,500,000,000



DEFINITIONS

In this annual report, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Articles of Association”	articles of association of the Bank (as modified from time to time)
“Bank”, “Company” or “Jiangxi Bank”	Jiangxi Bank Co., Ltd.
“Board” or “Board of Directors”	the board of directors of the Bank
“Board of Supervisors”	the board of supervisors of the Bank
“CBIRC”	China Banking and Insurance Regulatory Commission
“CBRC Jiangxi Office”	China Banking Regulatory Commission Jiangxi Office
“CBIRC Jiangxi Office”	China Banking and Insurance Regulatory Commission Jiangxi Office
“Corporate Governance Code”	Corporate Governance Code and Corporate Governance Report in Appendix 14 of the Listing Rules (up to December 31, 2021, revised and renamed as “Corporate Governance Code” on January 1, 2022)
“China” or “PRC”	the People’s Republic of China, but for the purpose of this annual report only, excluding the Hong Kong and Macau Special Administrative Regions and Taiwan
“Director(s)”	director(s) of the Bank
“Domestic Share(s)”	ordinary share(s) in the share capital of the Bank, with a nominal value of RMB1.00 each, which are subscribed for or credited as fully paid up in RMB
“Domestic Shareholder(s)”	holder(s) of Domestic Shares
“Group”	Jiangxi Bank and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Share(s)”	overseas listed foreign shares in the share capital of the Bank, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange



DEFINITIONS

“Latest Practicable Date”	March 25, 2022, being the Latest Practicable Date prior to the printing of this annual report for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“PBOC”	the People’s Bank of China (中國人民銀行)
“Prospectus”	the prospectus issued by the Bank on June 13, 2018 for the global public offering
“Reporting Period”	the twelve months from January 1, 2021 to December 31, 2021
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Shareholders”	shareholders of the Bank
“Supervisors”	supervisors of the Bank
“USD”	United States dollars, the lawful currency of the United States

