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

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock code: 6190)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

The board of directors (the “**Board**”) of Bank of Jiujiang Co., Ltd.* (the “**Bank**”) is pleased to announce the audited consolidated annual results of the Bank and its subsidiaries (the “**Group**”) for the year ended 31 December 2021 (the “**Annual Results**”). This results announcement is in compliance with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) in relation to information to accompany the preliminary announcement of annual results. The Annual Results have been reviewed by the Board and the audit committee of the Board.

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

The 2021 annual report will be dispatched to the Bank's H shareholders in due course and will be published on the aforesaid HKEXnews website of the Hong Kong Stock Exchange as well as the website of the Bank.

By order of the Board
Bank of Jiujiang Co., Ltd.*
Pan Ming
Vice Chairman

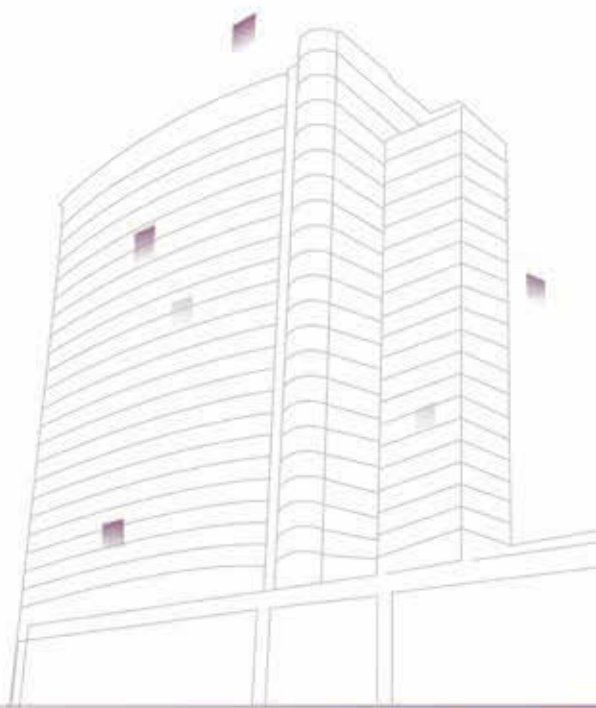
Jiangxi, the People's Republic of China
30 March 2022

As at the date of this announcement, the Board comprises Mr. Pan Ming and Mr. Yuan Delei as executive Directors; Mr. Zeng Huasheng, Mr. Shi Zhishan and Mr. Li Jianbao as non-executive Directors; and Mr. Chua Alvin Cheng-Hock, Ms. Gao Yuhui, Mr. Quan Ze and Mr. Yang Tao as independent non-executive Directors.

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

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Company Profile

1. Basics

Legal name in Chinese:

九江銀行股份有限公司*

Legal name in English:

Bank of Jiujiang Co., Ltd.⁽¹⁾

Legal representative:

LIU Xianting (劉羨庭)⁽²⁾

Authorized representatives:

PAN Ming (潘明), WONG Wai Chiu (黃偉超)

Board secretary:

WANG Li (王琍)

Company secretary:

WONG Wai Chiu (黃偉超)

H-share exchange:

The Stock Exchange of Hong Kong Limited

Stock short name:

BANK OF JIUJIANG

Stock code:

06190

Unified social credit code:

9136040070552834XQ

License number for financial business operations:

B0348H336040001

Registered capital:

RMB2,407,367,200

Registered address and office address:

No. 619 Changhong Avenue, Lianxi District,
Jiujiang, Jiangxi Province, China
(Postal code: 332000)

Principal place of business in Hong Kong:

40/F, Dah Sing Financial Centre, 248 Queen's
Road East, Wan Chai, Hong Kong

Contact details:

Tel: +86(792) 7783000-1101

Fax: +86(792) 8325019

Email: lushan2@jjccb.com

Website: <http://www.jjccb.com>

Customer service hotline: +86 95316

PRC auditor:

KPMG Huazhen LLP

International auditor:

KPMG

PRC legal advisor:

JunHe LLP (北京市君合律師事務所)

Hong Kong (PRC) legal advisor:

Clifford Chance

H-share registrar and transfer office:

Computershare Hong Kong Investor Services
Limited

Domestic share depository:

China Securities Depository and Clearing
Corporation Limited (CSDC)

HKEXnews website of the Hong Kong Stock

Exchange for publication of this report:

<http://www.hkexnews.hk>

⁽¹⁾ The Bank is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155th of the laws of Hong Kong), is not subject to the supervision of the Hong Kong Monetary Authority, and is not authorized to carry on banking and/or deposit-taking business in Hong Kong.

⁽²⁾ On February 11, 2022, the Board of the Bank received the resignation letter from the Chairman Mr. LIU Xianting. Mr. LIU Xianting has resigned as the Chairman, the executive Director and the chairman of the Strategy Committee of the Board and member of the Nomination and Remuneration Committee of the Board of the Bank due to his mandatory age for retirement. The Bank will complete the change of the legal representative in accordance with legal procedures as soon as possible.

2. About Us

Approved by Wuhan Branch of the People's Bank of China for establishment, Bank of Jiujiang Co., Ltd. ("**Bank of Jiujiang**" or the "**Bank**" or "**our Bank**" or "**we**") was a regional commercial bank incorporated in November 2000 from eight urban credit cooperatives in Jiujiang City. In October 2008, the Bank officially changed its name to the Bank of Jiujiang Co., Ltd. On July 10, 2018, the Bank of Jiujiang was listed on the Main Board of the Hong Kong Stock Exchange (stock code: 06190).

Since its establishment, staffs of Bank of Jiujiang, with unwavering faith, persistent pursuit, selfless dedication, and the mindset that success only comes through hard work, have endured through great hardships in order to realize the achievements that Bank of Jiujiang has today. From a handful of branches to 276 outlets, we are now a renowned bank with total assets of over RMB460,000 million. This has also forged the "united, honest, enterprising and innovative" corporate spirit of Bank of Jiujiang.

Since its establishment, Bank of Jiujiang consistently optimised its shareholder structure and introduced strategic investors such as Industrial Bank and Beijing Automotive Group to enhance its brand image. In addition, the Bank has successively received numerous recognition including "National Advanced Grassroots Party Organization", "National May Day Labour Award", "Best National Small and Medium Commercial Bank" and "Exemplary Workplace for Talents in Jiangxi Province".

As of December 31, 2021, Bank of Jiujiang (including controlled county banks) has 4,624 full-time employees, with an average age of 29.55. Among which, 4,065 had undergraduate degrees or graduated from junior college, accounting for 87.91%, while 536 had master's degrees (and above), accounting for 11.59%. We now have operation department of the head office, 13 branches and 267 sub-branches, successively led to establish 20 county banks such as Xiushui Jiuyin and Zhongshan Xiaolan. As a city commercial bank, Bank of Jiujiang was the first to realize the full coverage of cities with districts in Jiangxi Province.

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



Company Profile

3. Major awards in 2021

In January 2021, with the excellent performance in bond settlement business and local bond underwriting business, the Bank has won the honorary title of “Top 100 Clearing Companies – Excellent Proprietary Dealers” for three consecutive years and won “Local Bond Institution and Bank Underwriters with the Best Progress” for two consecutive years.

In January 2021, The National Interbank Funding Center announced the results of selected outstanding in interbank local currency markets for 2020. The Bank won three awards including the “Core Dealer”, “Outstanding Money Market Dealer” and “X-lending Trading Mechanism Innovation” in the inter-bank local currency market in 2020; of which, “X-lending Trading Mechanism Innovation” was won by the Bank for the first time.

In January 2021, China Banking Wealth Management Registration & Depository published the 2020 excellent units in national banking industry for wealth management information registration and the Bank was awarded the “2020 Excellent Bank in National Banking Industry for Wealth Management Information Registration”.

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

In February 2021, Agricultural Development Bank of China announced the winner list of 2020 financial bond underwriting market makers and the Bank was awarded the “Best City Commercial Bank” of financial bond underwriting market makers in 2020.

In February 2021, Shanghai Clearing House announced outstanding institutions in settlement and central counterparty clearing businesses in the year of 2020, and the Bank was awarded the Excellent Award for Net Bond Sole Settlement of 2020.

In February 2021, the Leading Group for Green Finance Reform and Innovation of Jiangxi Province issued the Notice on Commendation of Advanced Cities and Counties, Advanced Units and Advanced Individuals of Green Finance in Jiangxi Province from 2018 to 2020 and the Bank won the title of “Advanced Unit”.

In March 2021, Jiangxi Branch, China UnionPay issued “A Letter on Commending Advanced Units of Mobile Payment Convenience Project Construction 2020 in Jiangxi Province”, and the Bank was awarded “Excellent Award for Mobile Payment Scenario Construction” and “Excellent Award for Expansion to Small and Micro Merchants” in Jiangxi Province.

In March 2021, The Export-Import Bank of China announced the list of 2020 excellent organizations of domestic RMB financial bond underwriting market maker group, and the Bank was awarded the honorary titles of “Excellent Underwriter” and “Excellent Market Maker” in 2020 domestic RMB financial bond underwriting market maker group and awarded the “Special Contribution Award” for the first time.

In March 2021, the Bank was awarded the “Special Contribution Award to Worship of Soldiers” in the “Signing Ceremony of the Second Batch of Employment Cooperative Units (Enterprises) in Jiangxi Province (江西省第二批就業合作單位(企業)簽約儀式)” held by Jiangxi Provincial Veterans Affairs Office.

In April 2021, the Bank won the “2020 Social Responsibility Bank Award” at the “Financial Industry 2021: Change and Confidence under Double Cycle-Annual Meeting of Chinese Institutional Investors and the 14th Golden Cicada Awards Ceremony”.

In June 2021, the Bank won the title of “Jiangxi Meritorious Enterprise of the Year” at the Third Jiangxi Annual Conference on Economic Events, Economic Figures, Meritorious Enterprises, Poverty Alleviation Contributing Enterprises and Entrepreneurs, which was the only prefecture-level city commercial bank in Jiangxi Province that won this honor.

In June 2021, the Bank was named as “Advanced Group in Poverty Alleviation and Difficulties Tackling in Jiangxi Province” at the Summary and Commendation Conference in Poverty Alleviation and Difficulties Tackling, Jiangxi Province.

In July 2021, Lianhe Credit issued a rating report, in which it maintained the Bank’s long-term issuer credit rating at AAA.

In July 2021, the Bank won the “Golden Cup Awards-Excellent Competitive Bank Award for Corporate Business” at the “2021 Future Trading Bank Summit” sponsored by Institution of Pan-Yangtze River Delta Transaction Bank and Industry Chain Finance and Shanghai Pudong International Finance Institute and hosted by Shanghai Shine Media Consulting.

In September 2021, at the “2021 IDC China Digital Finance Forum” hosted by the International Data Corporation (IDC), the Bank won the “2021 IDC Technology Application Scenario Innovation Award in Chinese Financial Industry – Inclusive Finance”.

In September 2021, the Bank was ranked No. 269 in the “Top 500 China Service Enterprises of 2021” by the China Enterprise Confederation and the China Enterprise Directors Association. This was the fourth time the Bank was included in the list.

In September 2021, with its outstanding contribution to charity and public welfare, the Bank was awarded the title of “2020 Caring Enterprise” by the China Charity Federation, the only city commercial bank in Jiangxi Province to receive this honor.

In November 2021, the Bank won the “Outstanding ESG Progress Award” under the 2021 Hong Kong ESG Reporting Awards organized by Alaya Consulting, the only city commercial bank to receive this honor.

In December 2021, at the 2022 Jiangxi Financial Statistics System Conference held by Nanchang Central Sub-branch of the People’s Bank of China, the Bank was named “the winning unit of financial statistics works among financial institutions in Jiangxi Province in 2021”, marking the third consecutive year it has won the title.



Company Profile

In December 2021, the Bank won the “Integrated Marketing Annual Case Award” in the “Fourth (2021) China Financial Annual Brand Case Competition” organized by China Financial Publishing House.

In December 2021, the “2021 12th Fintech Application Innovation Award” sponsored by the People’s Bank of China’s Financial Computerizing magazine came to an end, at which the Bank won the “2021 Financial Industry Risk Management Outstanding Contribution Award”.

In December 2021, the Bank won the “Excellent Award for Expansion to Small and Micro Merchants” granted by Jiangxi Branch, China UnionPay for mobile payment convenience service work in Jiangxi Province.

In January 2022, China Foreign Exchange Center Trade System and The National Interbank Funding Center announced the results of selected outstanding in interbank local currency markets for 2021. The Bank won three “Annual Market Influence Awards” including the “Core Dealer”, “Money Market Dealer” and “Bond Market Dealer”, and two “Market Innovation Awards” including “X-Repo Market Innovation Award” and “X-Lending Market Innovation Award” in interbank local currency markets for 2021.

In January 2022, the Jiangxi Provincial Local Financial Supervision and Administration Bureau issued the “Notice on Assessment and Rewards for Financial Institutions Supporting Jiangxi’s Economic Development in 2020”, in which the Bank won the title of “Green Finance Development Contribution Award”.

In January 2022, the Bank won the “2021 UnionPay Card Outstanding Marketing Contribution Award in Jiangxi Province”, “2021 UnionPay Card Product Innovation Award in Jiangxi Province”, “2021 UnionPay Excellent Cooperation Institution” and “2021 UnionPay International Business Promotion Excellence Award”.

In January 2022, Shanghai Clearing House announced selection results for centralized settlement and high-quality development of issuance, registration, custody and settlement business of 2021, and the Bank was awarded the Excellent Award for Net Bond Sole Settlement of 2021, the only legal entity in Jiangxi Province to be granted this award.

In February 2022, The Export-Import Bank of China announced the list of 2021 excellent organizations and individuals of domestic RMB financial bond underwriting market maker group, and the Bank was awarded the honorary titles of “Core Underwriter” and “Market Innovation Driver” in 2021 domestic RMB financial bond underwriting market maker group.

In March 2022, Agricultural Development Bank of China announced the accolades list of 2021 excellent financial bond underwriting market makers and the Bank was awarded the “Excellent Underwriting Institution” and the “Best City Commercial Bank” of financial bond underwriting market makers in 2021.

Accounting Data and Financial Indicator Highlights

The financial information of the Bank and its subsidiaries (hereinafter collectively referred to as the “**Group**”) set forth in this annual report is prepared on a consolidated basis in accordance with International Financial Reporting Standards (“**IFRS**”) and expressed in Renminbi (“**RMB**”) unless otherwise stated.

		For the year ended December 31, Comparison between 2021 and				
	2021	2020	2020	2019	2018	2017
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)						
Results of operations			Percentage of change (%)			
Net interest income	8,456.5	7,861.2	7.6	7,350.8	5,568.3	5,639.3
Net fee and commission income	692.8	624.0	11.0	342.3	279.1	349.7
Operating income	10,347.5	10,191.6	1.5	9,676.0	7,866.1	5,804.2
Operating expenses	(3,091.5)	(2,885.7)	7.1	(2,783.1)	(2,267.8)	(1,951.4)
Impairment losses on assets	(5,264.9)	(5,178.5)	1.7	(4,619.3)	(3,408.6)	(1,588.3)
Profit before taxation	1,998.4	2,137.6	(6.5)	2,282.5	2,201.3	2,275.0
Net profit for the year	1,784.8	1,709.5	4.4	1,881.2	1,787.0	1,761.6
Net profit attributable to shareholders of the Bank	1,728.6	1,672.9	3.3	1,837.2	1,757.7	1,766.4
Calculated on a per share basis (RMB)			Percentage of change (%)			
Net assets per share attributable to the Bank's shareholders ⁽¹⁾	11.50	10.79	6.60	10.27	9.58	8.57
Basic earnings per share ⁽¹⁾	0.72	0.69	4.30	0.76	0.80	0.93
Diluted earnings per share ⁽¹⁾	0.72	0.69	4.30	0.76	0.80	0.93

Accounting Data and Financial Indicator Highlights

	For the year ended December 31, Comparison between 2021 and					
	2021	2020	2020	2019	2018	2017
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)						
Profitability indicators (%)			Changes (percentage point)			
Return on average total assets ⁽²⁾	0.41	0.44	(0.03)	0.56	0.61	0.71
Return on average equity ⁽³⁾	6.48	6.58	(0.10)	7.69	8.66	11.31
Net interest spread ⁽⁴⁾	1.92	2.22	(0.30)	2.24	2.49	2.16
Net interest margin ⁽⁵⁾	2.00	2.18	(0.18)	2.25	2.65	2.32
Net fee and commission income to operating income	6.70	6.12	0.58	3.54	3.55	5.97
Cost-to-income ratio ⁽⁶⁾	28.57	27.28	1.29	27.75	27.86	32.50
Capital adequacy indicators (%)			Changes (percentage point)			
Core tier-one capital adequacy ratio ⁽⁷⁾	8.28	9.02	(0.74)	8.97	8.90	8.75
Tier-one capital adequacy ratio ⁽⁷⁾	11.08	9.02	2.06	8.97	8.90	8.75
Capital adequacy ratio ⁽⁷⁾	13.21	10.71	2.50	11.64	11.55	10.51
Total equity to total assets	7.67	6.40	1.27	6.98	7.57	6.51

For the year ended December 31,						
Comparison between 2021 and						
	2021	2020	2020	2019	2018	2017
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)						
Asset quality indicators (%)	Changes (percentage point)					
Non-performing loan ratio ⁽⁸⁾	1.41	1.55	(0.14)	1.71	1.99	1.62
General allowance ratio ⁽⁹⁾	214.66	165.97	48.69	182.34	169.69	192.00
Allowance-to-loan ratio ⁽¹⁰⁾	3.02	2.58	0.44	3.12	3.38	3.11
Volume indicators	Percentage of change (%)					
Total assets	461,503.0	415,794.1	11.0	363,351.6	311,622.5	271,254.1
Including: Loans and advances to customers, net	242,938.4	205,658.2	18.1	173,368.6	137,148.2	99,528.2
Total liabilities	426,089.8	389,164.6	9.5	337,993.8	288,023.3	253,602.8
Including: Customer deposits	344,851.1	313,804.7	9.9	255,263.1	217,934.3	179,636.6
Share capital	2,407.4	2,407.4	0.0	2,407.4	2,407.4	2,000.0
Equity attributable to equity shareholders of the Bank	34,683.9	25,976.2	33.5	24,725.6	23,062.6	17,143.5
Non-controlling interests	729.3	653.3	11.6	632.2	536.6	507.7
Total equity	35,413.2	26,629.5	33.0	25,357.8	23,599.2	17,651.2
Net capital base ⁽⁷⁾	42,530.5	31,323.3	35.8	32,756.9	30,502.9	21,155.0

Accounting Data and Financial Indicator Highlights

		For the year ended December 31,				
		Comparison				
		between				
		2021 and				
	2021	2020	2020	2019	2018	2017
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)						
Other financial indicators (%)		Changes (percentage point)				
Leverage ratio ⁽¹¹⁾	6.75	5.70	1.05	6.34	6.94	5.90
Liquidity ratio ⁽¹²⁾	81.42	72.65	8.77	75.57	54.99	49.02
Liquidity coverage ⁽¹³⁾	426.31	327.77	98.54	292.92	296.63	353.84
Loan to deposit ratio	72.41	67.06	5.35	70.11	65.08	57.19
Ratio of loans and advances to single top customer ⁽¹⁴⁾	0.88	1.04	(0.16)	1.01	0.78	0.97
Ratio of loans and advances to top 10 customers ⁽¹⁴⁾	4.82	5.84	(1.02)	6.26	6.08	6.73

Notes:

- (1) Both of the numerator and denominator only include net profit attributable to ordinary shareholders and net assets when calculated net assets per share and earnings per share.
- (2) Represents net profit for the year as a percentage of average balance of total assets at the beginning and the end of the period.
- (3) Calculated by dividing net profit for the year by the average balance of total equity at the beginning and the end of the period. The average balance of total equity at the end of the period deducted other equity instruments.
- (4) Calculated as the difference between the average yield on total interest-earning assets and the average interest rate of total interest-bearing liabilities, and based on daily average interest-earning assets and interest-bearing liabilities.
- (5) Calculated by dividing net interest income by average interest-earning assets, and based on daily average interest-earning assets.
- (6) Calculated by dividing operating expenses, excluding business tax and surcharges, by operating income.
- (7) On June 7, 2012, the CBIRC promulgated the Administrative Measures for the Capital of Commercial Banks (《商業銀行資本管理辦法》) to supersede the Administrative Measures on the Capital Adequacy Ratio of Commercial Banks (《商業銀行資本充足率管理辦法》), effective from January 1, 2013.

- (8) Calculated by dividing total non-performing loans by gross loans to customers.
- (9) Calculated by dividing allowance for impairment losses on loans by total non-performing loans.
- (10) Calculated by dividing allowance for impairment losses on loans by gross loans to customers.
- (11) Calculated by dividing in-sheet balance and off-sheet balance of capital (after audited) into tier-one net capital according to the regulatory standards of CBIRC and based on the audited data.
- (12) Calculated by dividing current liabilities into current assets according to the regulatory standards of CBIRC.
- (13) Calculated by dividing net cash outflows in the next 30 days into qualified high-quality current assets according to the regulatory standards of CBIRC.
- (14) Ratio of loans and advances to single top customer and ratio of loans and advances to top 10 customers were recalculated according to the regulatory standards of CBIRC and based on the audited data.





Management Discussion and Analysis

1. Past economics and politics

In 2021, with the continuous spreading of COVID-19 Pandemic, sluggish recovery of global economy and high volatility in the prices of bulk commodities, the external environment became more complicated, severe and uncertain. In the face of the complex and volatile domestic and international situation and numerous risks and challenges, all the party members and the people of all ethnic groups in China, under the leadership of the Party Central Committee with Comrade Xi Jinping at the core, carried out COVID-19 prevention and control and pursued economic and social development in a more coordinated way, solemnly celebrated the 100th Anniversary of the Founding of the Communist Party of China (CPC), successfully convened the sixth plenary session of 19th CPC Central Committee, and formulated the 3rd historical resolution of the Chinese Communist Party, specifically, winning the tough fight against poverty and building a moderately prosperous society in all respects as scheduled, realizing the First Centenary Goal and embarking on a journey toward the second centenary goal of fully building a modern socialist country. The main objectives and tasks of the whole year were well accomplished, the “14th Five-Year Plan” achieved a good start, and new major achievements were made in the development of China. The economy continued to recover and grow, with GDP reached RMB114,000 billion, increasing by 8.1%, and the total government revenue exceeded RMB20,000 billion with an increase of 10.7%. Routine COVID-19 control measures were implemented, over 85% of China’s population was fully vaccinated and local outbreaks were suppressed in an effective and quick manner, which ensured the health and safety of the people and maintained the normal order of work and life.

In 2021, the whole province of Jiangxi earnestly studied and implemented the spirit of the Sixth Plenary Session of the 19th CPC Central Committee, thoroughly implemented the important speech spirit of General Secretary Xi Jinping when he visited Jiangxi, carried out study and education of Party history, and followed the main theme and promoted positive energy in the whole society, which greatly boosted the confidence and determination of strengthening ideals and beliefs, sticking to the original aspiration and the mission, and marching forward; successfully convened the 15th Congress of Party Representatives of Jiangxi Province, which sounded a clarion call for achieving socialist modernization in all aspects in Jiangxi Province; firmly implemented the requirements of “Six Stables” and “Six Guarantees” and accelerated high-quality leapfrog development, kick off a good start of the 14th Five-Year Plan period. The province’s GDP increased by 8.8%, with per capita GDP exceeding USD10,000, and the growth rate of major economic indicators remained at the forefront of the country.

In 2021, the CBIRC resolutely implemented the decisions and employment of the Party Central Committee and the State Council, and tackled all kinds of difficulties and challenges in a calm manner and successfully completed all tasks under the specific command of Financial Stability and Development Committee under the State Council. Firstly, the Bank carried out the study and education of Party history. Secondly, the Bank continuously improved quality and efficiency of serving the real economic. The RMB loans increased by RMB19,950 billion, and manufacturing loans increased by RMB623.4 billion year-on-year. The inclusive loans for small and micro businesses was increased by 24.9%, of which loans from large state-owned commercial banks increased by 41.4% and agriculture-related loans increased by 11.2%. Thirdly, the Bank continued to prevent and mitigate financial risks, and disposed of non-performing assets of RMB3,100 billion in the banking industry throughout the year. Fourthly, the Bank constantly deepened reform and opening up of the banking and insurance industries. The Bank carried out special rectification of shareholders' equity and related party transactions, and approved a total of RMB210 billion local government special bonds to replenish the capital of small and medium-sized banks. Fifth, the Bank solidly promoted the system construction to tackle areas of weaknesses. The Bank improved the legal and regulatory framework, and revised and issued 14 regulations and 44 normative documents throughout the year. Sixthly, the Bank effectively improved the supervision level in accordance with the law. Seventhly, the Bank made every effort to enforce strict Party discipline. The Bank vigorously strengthened the construction of political organs and continued to integrate Party building with supervision. The Bank also effectively fulfilled the main responsibilities for comprehensively strengthening Party discipline and focused on the construction of a team comprising high-quality professional supervision cadres.



Management Discussion and Analysis

In 2021, the People's Bank of China resolutely implemented the decisions and deployment of the Party Central Committee and the State Council, applied the new development philosophy in a complete, accurate and comprehensive manner, adhered to the prudent monetary policy, strove to relieve enterprises from difficulties, promoted green development through innovation, effectively prevented and controlled financial risks, and continuously deepened financial reform and opening-up, with good results for all tasks. Firstly, the prudent monetary policy was flexible, accurate, reasonable and moderate. The Bank utilized multiple monetary policy tools to maintain the rationality and sufficiency of total liquidity and the balance between long-term, medium-term and short-term supply and demand. The deposit reserve ratio was lowered twice, and the long-term funds released amounted to approximately RMB2,200 billion. The Bank guided the on-year loan market to lower the quoted interest rate by 5 basis points and cut the re-lending rate for supporting agriculture and small businesses by 0.25 percentage point under the guidance of the People's Bank of China. Secondly, the Bank further improved the quality and efficiency of financial service for the real economic, with an increase of RMB300 billion loans for refinancing small businesses, and continued to implement and appropriately postponed the two direct monetary policy instruments. Thirdly, the Bank made new achievements in preventing and mitigating financial risks. The Bank steadily advanced the risk disposal of key groups and large enterprises, and promoted the continuous pressure drop of stock high-risk institutions, with significant reduction in the number of high-risk institutions. The Bank resolutely promoted anti-monopoly and prevented disorderly expansion of capital, and brought all kinds of financial businesses under supervision in an all-around way. Fourthly, the Bank actively promoted international financial cooperation and opening up. The Bank put forward the harmonization of green classification standards between China and the EU for phased progress. Fifthly, the Bank made further progress in financial reform. The Bank effectively performed the duties of the Financial Stability and Development Committee Office, with notable achievement in early correction of insurance deposits. Sixthly, the Bank continually enhanced financial services and financial management levels.

2. Operation overview

In 2021, the Group focused on the development theme of “Implement macro policies, adhere to regulatory guidance, deepen the twelve-word principle, forge ahead with firm determination, work hard and take responsibility, solidify the foundation of high-quality sustainable development of the Bank of Jiujiang”, and each business and management indicators achieved a stable progress and improvement.

Performance indicator improved steadily. As of the end of 2021, the total assets of the Group amounted to RMB461,503 million, representing an increase of 11.0% as compared to the end of last year; gross loans and advances to customers amounted to RMB249,715 million, representing an increase of 18.7% as compared to the end of last year; the total customer deposits amounted to RMB344,851 million, representing an increase of 9.9% as compared to the end of last year; the daily average deposits amounted to RMB316,682 million, representing an increase of 13.4% as compared to the end of last year.

Business structure was optimised continuously. As of the end of 2021, the proportion of the Group’s gross loans and advances to customers was 54.1%, up by 3.5 percentage points as compared to the end of last year, of which, retail loans increased by 30.5% and accounted for 34.7% of the gross loans and advances to customers, up by 3.2 percentage points as compared to the end of last year. Net financial investments, accounted for 31.9% of the total assets, down by 3.2 percentage points as compared to the end of last year.

The transformation of assets-light achieved remarkable results. In 2021, the Group strengthened capital constraints and increase the assets-light credit supply with low capital occupancy rate such as letter of credits and personal mortgage. The net income of intermediary business for the whole year amounted to RMB693 million, representing an increase of 11.0%, accounting for 6.7% of operating income.

The quality of assets continued to be improved. The Group continued to strengthen the efforts on disposal of non-performing assets during the reporting period, and the non-performing loan ratio reached 1.41%, representing a decline for three consecutive years.



Management Discussion and Analysis

3. Income statement analysis

For the year ended December 31, 2021, the Group achieved a profit before taxation of RMB1,998 million, representing a year-on-year decrease of 6.5%; the Group achieved a net profit of RMB1,785 million, representing a year-on-year increase of 4.4%.

	For the year ended December 31,			
	2021	2020	Amount of change	Percentage of change (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Interest income	19,279.4	17,376.5	1,902.9	11.0
Interest expense	(10,822.9)	(9,515.3)	(1,307.6)	13.7
Net interest income	8,456.5	7,861.2	595.3	7.6
Fee and commission income	829.0	763.8	65.2	8.5
Fee and commission expense	(136.2)	(139.8)	3.6	(2.6)
Net fee and commission income	692.8	624.0	68.8	11.0
Net gains arising from financial investments	1,059.1	1,561.5	(502.4)	(32.2)
Other income, gains or losses	139.1	144.9	(5.8)	(4.0)
Operating income	10,347.5	10,191.6	155.9	1.5
Operating expenses	(3,091.5)	(2,885.7)	(205.8)	7.1
Impairment losses on assets	(5,264.9)	(5,178.5)	(86.4)	1.7
Share of profits of associates	7.3	10.2	(2.9)	(28.4)
Profit before taxation	1,998.4	2,137.6	(139.2)	(6.5)
Income tax expense	(213.6)	(428.1)	214.5	(50.1)
Net profit for the year	1,784.8	1,709.5	75.3	4.4
Attributable to:				
Equity shareholders of the Bank	1,728.6	1,672.9	55.7	3.3
Non-controlling interests	56.2	36.6	19.6	53.6

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

For the year ended December 31, 2021, the Group achieved a net interest income of RMB8,457 million, representing a year-on-year increase of RMB595 million, or 7.6%, accounting for 81.7% of operating income.

For the year ended December 31, 2021, the average balance of interest-earning assets and interest-bearing liabilities, the interest income and expenses of these assets and liabilities, and the average yield of interest-earning assets and the average interest rate of interest-bearing liabilities of the Group are as follows:

	For the year ended December 31,					
	2021			2020		
	Average balance	Interest income/expense	Average yield/interest rate (%) ⁽¹⁾	Average balance	Interest income/expense	Average yield/interest rate (%) ⁽¹⁾
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)						
Interest-earning assets						
Loans and advances to customers	230,750.0	12,704.4	5.51	195,003.3	11,039.6	5.66
Financial investments ⁽²⁾	131,181.9	5,509.1	4.20	110,690.4	5,427.2	4.90
Financial assets held under resale agreements	25,631.8	547.1	2.13	18,821.3	345.7	1.84
Balances with the central bank ⁽³⁾	32,363.3	495.6	1.53	29,249.4	453.1	1.55
Deposits with banks and other financial institutions ⁽⁴⁾	3,765.0	23.2	0.62	6,472.3	110.9	1.71
Total interest-earning assets	423,692.0	19,279.4	4.55	360,236.7	17,376.5	4.82
Interest-bearing liabilities						
Customer deposits	316,682.3	8,261.3	2.61	279,341.0	7,050.6	2.52
Deposits from banks and other financial institutions ⁽⁵⁾	20,278.7	574.1	2.83	20,869.0	564.5	2.70
Financial assets sold under repurchase agreements ⁽⁶⁾	18,619.1	366.5	1.97	12,488.3	214.4	1.72
Debt securities issued ⁽⁷⁾	35,292.2	1,190.8	3.37	39,095.4	1,362.3	3.48
Borrowings from the central bank ⁽⁶⁾	20,454.5	430.2	2.10	14,843.3	323.5	2.18
Total interest-bearing liabilities	411,326.8	10,822.9	2.63	366,637.0	9,515.3	2.60
Net interest income		8,456.5			7,861.2	
Net interest spread (%)⁽⁸⁾		1.92			2.22	
Net interest margin (%)⁽⁹⁾		2.00			2.18	

Management Discussion and Analysis

Notes:

- (1) Calculated by dividing interest income/expense by average balance.
- (2) Consists of the financial investments measured at amortised cost and at fair value through other comprehensive income.
- (3) Consists primarily of mandatory reserve deposits and surplus reserve deposits.
- (4) Consists of deposits with banks and other financial institutions and placements with banks and other financial institutions.
- (5) Consists of deposits from banks and other financial institutions and placements from banks and other financial institutions.
- (6) In 2021, the Group reclassified the collateralized securities repurchase from financial assets sold under repurchase agreements to borrowings from the central bank, and adjusted the comparative figures accordingly.
- (7) Consists of tier-two capital bonds issued, green financial bonds and interbank negotiable certificates of deposit.
- (8) Calculated as the difference between the average yield on total interest-earning assets and the average interest rate of total interest-bearing liabilities.
- (9) Calculated by dividing net interest income by the daily average balance of total interest-earning assets.

The following table sets forth the changes in interest income and interest expenses of the Group due to changes in scale and interest rates during the period indicated. The change in scale is measured by the change in the average balance of interest-earning assets and interest-bearing liabilities, while the change in interest rates is measured by the change in the average interest rates of interest-earning assets and interest-bearing liabilities. The combined effect of scale and interest rates is included in interest rate changes.

For the year ended December 31, Changes in 2021 vs. 2020 Reasons of increase/(decrease) Scale⁽¹⁾ Rate⁽²⁾ Net increase/ decrease⁽³⁾ (All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Interest-earning assets			
Loans and advances to customers	2,023.7	(358.9)	1,664.8
Financial investments	1,004.7	(922.8)	81.9
Financial assets held under resale agreements	125.1	76.3	201.4
Balances with the central bank ⁽⁴⁾	48.2	(5.7)	42.5
Deposits with banks and other financial institution ⁽⁵⁾	(46.4)	(41.3)	(87.7)
Change in interest income	3,060.9	(1,158.0)	1,902.9
Interest-bearing liabilities			
Customer deposits	942.5	268.2	1,210.7
Deposits from banks and other financial institutions ⁽⁶⁾	(16.0)	25.6	9.6
Financial assets sold under repurchase agreements ⁽⁷⁾	105.3	46.8	152.1
Debt securities issued ⁽⁸⁾	(132.5)	(39.0)	(171.5)
Borrowings from the central bank ⁽⁷⁾	122.3	(15.6)	106.7
Change in interest expense	1,159.8	147.8	1,307.6
Change in net interest income	1,901.1	(1,305.8)	595.3

Management Discussion and Analysis

Notes:

- (1) Represents the average balance of the reporting period deducting the average balance of the previous period, multiplied by the average yield/interest rate of the previous period.
- (2) Represents the average yield/interest rate of the reporting period deducting the average yield/interest rate of the previous period multiplied by the average balance for the reporting period.
- (3) Represents interest income/expense during the reporting period deducting interest income/expense from the previous period.
- (4) Consists primarily of mandatory reserve deposits and surplus reserve deposits.
- (5) Consists of deposits with banks and other financial institutions and placements with banks and other financial institutions.
- (6) Consists of deposits from banks and other financial institutions and placements from banks and other financial institutions.
- (7) In 2021, the Group reclassified the collateralized securities repurchase from financial assets sold under repurchase agreements to borrowings from the central bank, and adjusted the comparative figures accordingly.
- (8) Consists of tier-two capital bonds issued, green financial bonds and interbank negotiable certificates of deposit.

3.2 Interest income

For the year ended December 31, 2021, the Group achieved interest income of RMB19,279 million, representing a year-on-year increase of RMB1,903 million, or 11.0%. The increase in interest income was mainly due to the increase in the average balance of interest-earning assets, though it was partially offset by decrease in the average asset yield. During the reporting period, the increase in the average balance of interest-earning assets of the Group was mainly due to the increase in the loan of the Group in line with the business development; the decrease in the average yield was mainly due to the increase in the yield of loans and advances to customers and financial investments of the Group as a result of the downward trend of the macro market interest rate along with the acceleration of interest rate marketization.

3.2.1 Interest income from loans and advances to customers

For the year ended December 31, 2021, interest income from the Group's loans and advances to customers was RMB12,704 million, representing a year-on-year increase of RMB1,665 million or 15.1%, mainly attributable to the increase in the average balance of total loans and advances to customers, though it was partially offset by the decrease in the average yield. During the reporting period, the average balance of our total loans and advances to customers increased, primarily reflecting the overall growth of the Group's credit supply. The decrease in the average yield was mainly attributable to the fact that the Group implemented preferential interest rate policies to actually reduce social financing cost and increase the support towards the real economy.

The following table sets forth the average balance, interest income and average yield of various components of loans and advances to customers of the Group in the period indicated.

	For the year ended December 31,					
	2021			2020		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)						
Corporate loans and advances	137,993.2	8,038.7	5.83	114,226.6	6,670.5	5.84
Retail loans and advances	75,668.6	4,030.8	5.33	61,761.1	3,738.9	6.05
Discounted bills	17,088.2	634.9	3.72	19,015.6	630.2	3.31
Total	230,750.0	12,704.4	5.51	195,003.3	11,039.6	5.66

3.2.2 Interest income from financial investments

For the year ended December 31, 2021, interest income from financial investments of the Group amounted to RMB5,509 million, representing a year-on-year increase of RMB82 million or 1.5%. The increase in interest income primarily due to the increase in the average balance of debt securities investments.

3.2.3 Interest income from financial assets held under resale agreements

For the year ended December 31, 2021, interest income from financial assets held under resale agreements of the Group amounted to RMB547 million, representing a year-on-year increase of RMB201 million, or 58.3%, mainly due to the increase in the average yield of financial assets held under resale agreements and the increase in the average balance. The increase in average yield was primarily due to (i) increased portion of bills held under resale agreements which have higher yields, and (ii) tightened market liquidity resulting in the increase in the yield. The increase in the average balance was due to the needs of liquidity management of the Group.

3.2.4 Interest income from balances with the central bank

For the year ended December 31, 2021, interest income from balances with the central bank of the Group was RMB496 million, representing a year-on-year increase of RMB43 million or 9.4%, mainly attributable to the increase in the Group's reserve and excess reserve deposits in the central bank with the growth in scale of various deposit businesses.

3.2.5 Interest income from deposits with banks and other financial institutions

For the year ended December 31, 2021, the interest income with deposits with banks and other financial institutions of the Group was RMB23 million, representing a year-on-year decrease of RMB88 million or 79.1%. This was mainly due to the decrease in both the yields and scale of deposits with banks and other financial institutions.

Management Discussion and Analysis

3.3 Interest expense

For the year ended December 31, 2021, interest expense of the Group amounted to RMB10,823 million, representing a year-on-year increase of RMB1,308 million, or 13.7%.

3.3.1 Interest expense on customer deposits

For the year ended December 31, 2021, interest expense on customer deposits of the Group amounted to RMB8,261 million, representing a year-on-year increase of RMB1,211 million, or 17.2%, primarily due to the increase in the average interest rate and the increase in average balance of customer deposits. The increase in the average interest rate of customer deposits was mainly due to fierce competition in the industry. The increase in the average balance was mainly due to the overall growth in the scale of the deposit business as a result of progressive customer expansion by the Group.

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

	For the year ended December 31,					
	2021			2020		
	Average balance	Interest expense	Average interest rate (%)	Average balance	Interest expense	Average interest rate (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)						
Corporate deposits						
Demand	98,825.8	1,289.1	1.30	92,653.9	1,239.7	1.34
Time	52,631.6	1,765.4	3.35	49,640.9	1,755.5	3.54
Pledged deposits	39,857.5	952.3	2.39	31,771.9	682.6	2.15
Subtotal	191,314.9	4,006.8	2.09	174,066.7	3,677.8	2.11
Personal deposits						
Demand	19,283.8	110.1	0.57	17,250.2	88.0	0.51
Time	105,908.7	4,144.4	3.91	87,672.3	3,284.8	3.75
Subtotal	125,192.5	4,254.5	3.40	104,922.5	3,372.8	3.21
Others	174.9	–	–	351.8	–	–
Total customer deposits	316,682.3	8,261.3	2.61	279,341.0	7,050.6	2.52

3.3.2 Interest expense on deposits from banks and other financial institutions

For the year ended December 31, 2021, interest expense on deposits from banks and other financial institutions of the Group was RMB574 million, basically kept flat with last year.

3.3.3 Interest expense on financial assets sold under repurchase agreements

For the year ended December 31, 2021, interest expense on financial assets sold under repurchase agreements of the Group amounted to RMB367 million, representing a year-on-year increase of RMB152 million or 70.9%, mainly due to the increase in the average balance of financial assets sold under repurchase agreements. The increase in the average balance was mainly due to the Group's needs of liquidity management.

3.3.4 Interest expense from debt securities issued

For the year ended December 31, 2021, interest expense from the issued debt securities of the Group amounted to RMB1,191 million, representing a year-on-year decrease of RMB172 million, or 12.6%, mainly due to the decrease in the average balance of the issued debt securities of the Group. The decline in the average balance was mainly due to the Group's optimisation and adjustment of its debt structure during the reporting period and the reduction in the issuance of negotiable inter-bank certificates of deposit.

3.3.5 Interest expense on borrowings from the central bank

For the year ended December 31, 2021, interest expense on borrowings from the central bank of the Group amounted to RMB430 million, representing a year-on-year increase of RMB107 million, or 33.0%. This was mainly due to the increase in the average balance of borrowings from the central bank of the Group.

3.3.6 Net interest spread and net interest margin

For the year ended December 31, 2021, net interest spread of the Group decreased from 2.22% in the previous year to 1.92%. The net interest margin decreased from 2.18% in the previous year to 2.00%, mainly due to the narrowing of interest spread in the overall macro market as a result of the acceleration of interest rate marketization.



Management Discussion and Analysis

3.4 Non-interest income

3.4.1 Net non-interest income

For the year ended December 31, 2021, the Group recorded the net non-interest income of RMB1,891 million, representing a year-on-year decrease of RMB439 million or 18.9%.

	For the year ended December 31,			
	2021	2020	Amount of change	Percentage of change (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Fee and commission income	829.0	763.8	65.2	8.5
Less: Fee and commission expense	(136.2)	(139.8)	3.6	(2.6)
Net fee and commission income	692.8	624.0	68.8	11.0
Net trading (losses)/ gains, net gains arising from investments and net gains from other operations	1,198.2	1,706.4	(508.2)	(29.8)
Net non-interest income	1,891.0	2,330.4	(439.4)	(18.9)

3.4.2 Fee and commission income

For the year ended December 31, 2021, the fee and commission income of the Group amounted to RMB829 million, representing a year-on-year increase of RMB65 million or 8.5%, mainly attributable to the strengthening of management related to the intermediary business of the Group.

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

For the year ended December 31,				
	2021	2020	Amount of change	Percentage of change (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Fee and commission income				
Credit commitments and financial guarantees fees	229.8	115.8	114.0	98.4
Wealth management fees	229.5	224.9	4.6	2.0
Agency service fees	186.6	246.5	(59.9)	(24.3)
Settlement and clearing fees	107.7	54.8	52.9	96.5
Bank card fees	63.4	75.5	(12.1)	(16.0)
Transaction and consultancy fees	12.0	46.3	(34.3)	(74.1)
Subtotal	829.0	763.8	65.2	8.5
Fee and commission expense				
Settlement fees	(54.8)	(51.8)	(3.0)	5.8
Transaction fees	(51.7)	(61.3)	9.6	(15.7)
Others	(29.7)	(26.7)	(3.0)	11.2
Subtotal	(136.2)	(139.8)	3.6	(2.6)
Net fee and commission income	692.8	624.0	68.8	11.0

For the year ended December 31, 2021, credit commitments and financial guarantees fees income of the Group amounted to RMB230 million, representing a year-on-year increase of RMB114 million or 98.4%, mainly attributable to the growth in letters of guarantee business and commercial bill acceptance business of the Group.

For the year ended December 31, 2021, the wealth management fee income of the Group amounted to RMB230 million, basically kept flat with last year.

For the year ended December 31, 2021, agency service fee income of the Group amounted to RMB187 million, representing a year-on-year decrease of RMB60 million or 24.3%, mainly attributable to the decline in fees for bond underwriting business of the Group.

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3.4.3 Net gains arising from financial investments

For the year ended December 31, 2021, net gains arising from financial investments of the Group reached RMB1,059 million, representing a year-on-year decrease of RMB502 million, or 32.2%, mainly due to the decrease in yield and scale of financial investments measured at fair value through profit or loss as a result of the implementation of the national policy guidance and adoption of steady financial investment strategies by the Group.

3.5 Operating expenses

For the year ended December 31, 2021, operating expenses of the Group amounted to RMB3,092 million, representing a year-on-year increase of RMB206 million or 7.1%, which was in line with the overall growth of the business of the Group.

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

	For the year ended December 31,			
	2021	2020	Amount of change	Percentage of change (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Staff costs	1,763.1	1,560.8	202.3	13.0
General and administrative expenses	734.6	810.5	(75.9)	(9.4)
Depreciation and amortisation (property and equipment, excluding investment properties)	349.1	323.9	25.2	7.8
Tax and surcharges	135.7	105.8	29.9	28.3
Depreciation on right-of-use assets	84.3	74.3	10.0	13.5
Rental and property management expenses	24.7	10.4	14.3	137.5
Total operating expenses	3,091.5	2,885.7	205.8	7.1

For the year ended December 31, 2021, staff costs of the Group amounted to RMB1,763 million, representing a year-on-year increase of RMB202 million or 13.0%, mainly attributable to the general increase in the number of employees of the Group and their average remuneration along with our continuous business expansion.

For the year ended December 31,				
	2021	2020	Amount of change	Percentage of change (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Salaries, bonuses and allowances	1,350.8	1,195.5	155.3	13.0
Social insurance and supplementary retirement benefits	245.0	220.2	24.8	11.3
Staff welfares	69.0	71.6	(2.6)	(3.6)
Housing funds	64.8	45.8	19.0	41.5
Employee education expenses and labour union expenses	33.5	27.7	5.8	20.9
Total staff costs	1,763.1	1,560.8	202.3	13.0

For the year ended December 31, 2021, general and administrative expenses of the Group were RMB735 million, representing a year-on-year decrease of RMB76 million or 9.4%, mainly due to the fact that some marketing promotion and internal management activities of the Group were cancelled or carried out online instead with the impact of the epidemic, thus reducing expenses.

For the year ended December 31, 2021, depreciation and amortisation amounted to RMB349 million, increased by RMB25 million or 7.8% year-on-year. This is primarily due to changes in tangible assets, property and equipment and renovation expenses of the Group during the relevant period.

For the year ended December 31, 2021, the tax and surcharges of the Group were RMB136 million, representing a year-on-year increase of RMB30 million or 28.3%, mainly attributable to the increase in value-added taxes payable of the Group.

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3.6 Impairment losses on assets

For the year ended December 31, 2021, the Group's impairment losses on assets were RMB5,265 million, basically kept flat with last year.

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

	For the year ended December 31,			
	2021	2020	Amount of change	Percentage of change (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Loans and advances to customers at amortised cost	3,458.1	386.5	3,071.6	794.7
Loans and advances to customers at FVOCI	(185.0)	57.5	(242.5)	(421.7)
Financial investments measured at amortised cost	1,821.9	3,780.9	(1,959.0)	(51.8)
Financial investments measured at FVOCI	(1.0)	120.8	(121.8)	(100.8)
Others ⁽¹⁾	170.9	832.8	(661.9)	(79.5)
Total impairment losses on assets	5,264.9	5,178.5	86.4	1.7

Note:

- (1) Consists of deposits with banks and other financial institutions, financial assets held under resale agreements, interests receivable, other receivables, repossessed assets, credit commitments and financial guarantees.

3.7 Income tax expense

For the year ended December 31, 2021, income tax of the Group was RMB214 million, representing a year-on-year decrease of RMB215 million or 50.1%, mainly attributable to the exemption of enterprise income tax on interest income and dividends of funds from the Group's investments in national bonds and local government bonds.

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

For the year ended December 31,				
	2021	2020	Amount of change	Percentage of change (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Current income tax	1,017.7	941.5	76.2	8.1
Tax filling differences	33.2	657.6	(624.4)	(95.0)
Deferred tax	(837.3)	(1,171.0)	333.7	(28.5)
Total income tax expenses	213.6	428.1	(214.5)	(50.1)

4. Analysis of major financial position items

4.1 Assets

As of December 31, 2021, total assets of the Group were RMB461,503 million, representing an increase of RMB45,709 million or 11.0% as compared to the end of last year, mainly due to the increase in loans and advances to customers.

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

	As of December 31, 2021		As of December 31, 2020	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Total loans and advances to customers	249,714.5	54.1	210,440.0	50.7
Accrued interest on loans and advances to customers	755.3	0.2	439.9	0.1
Less: Allowances for impairment losses	(7,531.4)	(1.6)	(5,221.7)	(1.3)
Loans and advances to customers, net	242,938.4	52.7	205,658.2	49.5
Financial investments, net	147,275.3	31.9	145,947.1	35.1
Cash and balances with the central bank	35,673.0	7.7	38,740.9	9.3
Deposits with banks and other financial institutions	2,695.5	0.6	2,014.6	0.5
Financial assets held under resale agreements	19,384.8	4.2	13,447.8	3.2
Interests in associates	129.2	0.0	126.8	0.0
Other assets ⁽¹⁾	13,406.8	2.9	9,858.7	2.4
Total assets	461,503.0	100.0	415,794.1	100.0

Note:

(1) Consists of property and equipment, right-of-use assets, deferred tax assets and others.

4.1.1 Loans and advances to customers

As of December 31, 2021, loans and advances to customers of the Group amounted to RMB249,715 million, representing an increase of RMB39,275 million, or 18.7% from the end of the previous year. The increase in the loan portfolio of the Group is primarily due to (i) the stable growth in the corporate loans of the Group, and (ii) the Group's continued efforts to develop retail loan business.

The following table sets forth, as at the dates indicated, the distribution of total loans and advances to customers of the Group by business type.

	As of December 31, 2021		As of December 31, 2020	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Corporate loans and advances	149,682.1	59.9	124,439.4	59.1
Retail loans and advances	86,589.4	34.7	66,362.3	31.5
Discounted bills	13,443.0	5.4	19,638.3	9.4
Total loans and advances to customers	249,714.5	100.0	210,440.0	100.0

(1) Corporate loans and advances

As of December 31, 2021, the total corporate loans and advances of the Group amounted to RMB149,682 million, representing an increase of RMB25,243 million or 20.3% from the end of the previous year. The increase in the gross corporate loans and advances was mainly due to that the Group proactively expanded the credit investment to support the real economy.

The following table sets forth, as at the dates indicated, the distribution of corporate loans and advances of the Group by product type.

	As of December 31, 2021		As of December 31, 2020	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Working capital loans	92,161.7	61.6	72,974.8	58.6
Fixed asset loans	42,097.1	28.1	40,354.3	32.4
Trade finance loans	13,145.1	8.8	9,543.0	7.7
Others	2,278.2	1.5	1,567.3	1.3
Total corporate loans and advances	149,682.1	100.0	124,439.4	100.0

Management Discussion and Analysis

The following table sets forth, as at the dates indicated, the distribution of corporate loans and advances of the Group by size of corporate banking customers.

	As of December 31, 2021		As of December 31, 2020	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Large enterprise ⁽¹⁾	17,031.8	11.4	11,995.0	9.6
Medium enterprise ⁽¹⁾	43,548.8	29.1	32,508.8	26.1
Small enterprise ⁽¹⁾	63,302.9	42.3	51,519.7	41.4
Micro enterprise ⁽¹⁾	22,270.0	14.9	24,886.2	20.0
Others ⁽²⁾	3,528.6	2.3	3,529.7	2.9
Total corporate loans and advances	149,682.1	100.0	124,439.4	100.0

Notes:

(1) Classified in accordance with the classification criteria stipulated in the Classification Standards of Small and Medium Enterprises.

(2) Primarily includes the public institutions in the PRC.

(2) Retail loans and advances

As of December 31, 2021, total retail loans and advances of the Group amounted to RMB86,589 million, representing an increase of RMB20,227 million, or 30.5% as compared to the end of last year. The continuous increase of the retail loans and advances was mainly due to the steady development of the Group's personal loans for business purposes.

The following table sets forth, as at the dates indicated, the breakdown of retail loans and advances of the Group by product type.

	As of December 31, 2021		As of December 31, 2020	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Residential mortgage loans	33,939.3	39.2	29,565.8	44.6
Personal loans for business purposes	28,646.8	33.1	17,279.7	26.0
Personal loans for consumption	18,386.5	21.2	16,550.2	24.9
Credit card	5,616.8	6.5	2,966.6	4.5
Total retail loans and advances	86,589.4	100.0	66,362.3	100.0

(3) Discounted bills

As of December 31, 2021, discounted bills of the Group were RMB13,443 million, representing a decrease of RMB6,195 million or 31.5% as compared to the end of last year, mainly attributable to the fact that the Group optimised the asset and liability structure, and moderately adjusted its size of discounted bills.

4.1.2 Financial investments

As of December 31, 2021, the total financial investments of the Group were RMB151,213 million, increasing by RMB1,993 million, or 1.3% over that at the end of last year, primarily due to the increase in debt securities held by the Group increased.

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

	As of December 31, 2021		As of December 31, 2020	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Financial investments at fair value through profit or loss	21,829.2	14.4	30,087.7	20.1
Financial investments measured at amortised cost	94,926.0	62.8	88,122.7	59.1
Financial investments at fair value through other comprehensive income	34,458.1	22.8	31,010.4	20.8
Total financial investments	151,213.3	100.0	149,220.8	100.0

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The following table sets forth, as at the dates indicated, the distribution of financial investments of the Group.

	As of December 31, 2021		As of December 31, 2020	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Debt securities				
Government bonds	45,745.1	30.3	32,804.8	21.9
Debt securities issued by PRC policy banks	30,433.0	20.1	30,306.8	20.3
Debt securities issued by PRC corporate issuers	18,935.1	12.5	19,500.4	13.1
Debt securities issued by other PRC banks	5,595.0	3.7	4,742.2	3.2
Subtotal	100,708.2	66.6	87,354.2	58.5
Non-standard investment				
Trust beneficiary rights and asset management plans	31,521.2	20.8	39,369.9	26.4
Other investments at fair value through profit or loss	4,928.5	3.3	5,192.3	3.5
Wealth management products issued by other PRC commercial banks	—	—	207.6	0.1
Subtotal	36,449.7	24.1	44,769.8	30.0
Equity investments				
Fund investments	11,681.9	7.7	14,947.0	10.0
Equity investments	257.6	0.2	256.5	0.2
Subtotal	11,939.5	7.9	15,203.5	10.2
Accrued interest	2,115.9	1.4	1,893.3	1.3
Total financial investments	151,213.3	100.0	149,220.8	100.0
Less: Allowances for impairment losses	(3,938.0)		(3,273.7)	
Financial investments, net	147,275.3		145,947.1	

4.1.3 Other Components of the Group's Assets

Other components of the Group's assets mainly include: (i) Cash and balances with the central bank; (ii) Deposits with banks and other financial institutions; and (iii) Financial assets held under resale agreements.

As of December 31, 2021, the total amount of cash and balances with the central bank of the Group was RMB35,673 million, representing a decrease of RMB3,068 million or 7.9% from the end of the previous year, mainly due to the fact that the Group strategically adjusted the assets structure portfolio and increase the investment in other interest-earning assets while ensuring the safety of liquidity.

As of December 31, 2021, the total amount of deposits with banks and other financial institutions of the Group was RMB2,696 million, representing an increase of RMB681 million or 33.8% from the end of the previous year. The increase was mainly due to the adjustment of liquidity management measures by the Group based on the funding situation and market liquidity changes.

As of December 31, 2021, the total amount of financial assets held under resale agreements of the Group was RMB19,385 million, representing an increase of RMB5,937 million or 44.1% as compared with the end of the last year. This is mainly due to the increase of financial assets held under resale agreements based on the Group's liquidity management measures.

4.2 Liabilities

As of December 31, 2021, the total liabilities of the Group were RMB426,090 million, increasing by RMB36,925 million, or 9.5% over that at the end of last year.



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

	As of December 31, 2021		As of December 31, 2020	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Borrowings from the central bank	25,365.2	6.0	20,137.2	5.2
Customer deposits	344,851.1	80.9	313,804.7	80.6
Deposits from banks and other financial institutions	13,540.2	3.2	9,124.1	2.3
Placements from banks and other financial institutions	5,416.0	1.2	7,409.5	1.9
Financial assets sold under repurchase agreements	989.2	0.2	8,331.3	2.1
Debt securities issued	31,446.8	7.4	26,634.1	6.8
Other liabilities ⁽¹⁾	4,481.3	1.1	3,723.7	1.1
Total liabilities	426,089.8	100.0	389,164.6	100.0

Note:

- (1) Consisted of income tax payable, lease liabilities, provisions, salaries payable, settlement and clearing accounts, and dividend payable, etc.

4.2.1 Customer deposits

As of December 31, 2021, the Group recorded total customer deposits of RMB344,851 million, increasing by RMB31,046 million, or 9.9% over that at the end of last year, mainly due to that the Group put more effort into expanding the deposits business, resulting in a steady increase of customer deposits.

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

	As of December 31, 2021		As of December 31, 2020	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Corporate deposits				
Demand	114,743.9	33.3	102,884.3	32.8
Time	50,738.6	14.7	54,123.6	17.2
Pledged deposits	43,016.6	12.5	35,719.6	11.4
Subtotal	208,499.1	60.5	192,727.5	61.4
Personal deposits				
Demand	20,917.6	6.1	18,803.8	6.0
Time	108,297.8	31.4	97,415.1	31.0
Subtotal	129,215.4	37.5	116,218.9	37.0
Other deposits⁽¹⁾	476.8	0.1	192.5	0.1
Accrued interest	6,659.8	1.9	4,665.8	1.5
Total customer deposits	344,851.1	100.0	313,804.7	100.0

Note:

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

4.2.2 Deposits from banks and other financial institutions

As of December 31, 2021, the balance of the Group's deposits from banks and other financial institutions was RMB13,540 million, increasing by RMB4,416 million, or 48.4% from that at the end of last year, mainly due to the Group's strategic adjustment on the financing structure portfolio, and increased deposits from banks and other financial institutions.

4.2.3 Borrowings from the central bank

As of December 31, 2021, the balance of the Group's borrowings from the central bank was RMB25,365 million, representing an increase of RMB5,228 million, or 26.0%, as compared with the end of last year. The increase was primarily due to the Group's borrowings at lower interest rates from the central bank during the reporting period to support the economic development of farmers and small and micro enterprises.

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4.2.4 Financial assets sold under repurchase agreements

As of December 31, 2021, the Group's financial assets sold under repurchase agreements valued RMB989 million, decreasing by RMB7,342 million, or 88.1% from that at the end of last year. The decrease was primarily due to the adjustment of the Group on selling bonds for repurchase in compliance with the capital liquidity management measures.

4.2.5 Debt securities issued

As of December 31, 2021, the Group's debt securities issued was RMB31,447 million, increasing by RMB4,813 million or 18.1% as compared to the end of last year, which was primarily due to the Group's strengthened management on active interbank liabilities and adjustment of the issuance of negotiable inter-bank certificates of deposit.

4.3 Equity

As of December 31, 2021, the total equity of the Group was RMB35,413 million, increasing by RMB8,784 million, or 33.0% over that at the end of last year. As of December 31, 2021, the equity attributable to equity shareholders of the Bank was RMB34,684 million, increasing by RMB8,708 million, or 33.5% over that at the end of last year. The increase in the Group's equity can be primarily ascribed to the issuance of RMB7.0 billion of perpetual bonds with no fixed term in the first half of 2021.

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

	As of December 31, 2021		As of December 31, 2020	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Share capital	2,407.4	6.8	2,407.4	9.0
Other equity instruments	6,997.8	19.8	–	–
Share premium	8,152.3	23.0	8,165.8	30.7
Surplus reserve	4,140.5	11.7	3,808.8	14.3
General reserve	5,195.5	14.7	4,673.6	17.6
Fair value reserve	156.4	0.4	(79.2)	(0.3)
Retained earnings	7,634.0	21.5	6,999.8	26.2
Equity attributable to equity shareholders of the Bank	34,683.9	97.9	25,976.2	97.5
Non-controlling interests	729.3	2.1	653.3	2.5
Total equity	35,413.2	100.0	26,629.5	100.0

5. Off-balance sheet commitments

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

	As of December 31, 2021	As of December 31, 2020
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)		
Credit commitments		
Unused credit card commitments	16,835.3	9,583.4
Acceptances	49,976.6	35,207.3
Letters of credit	13,351.8	8,858.4
Letters of guarantee	17,372.7	11,999.9
Total	97,536.4	65,649.0

As of December 31, 2021, the Group's off-balance sheet commitments was RMB97,536 million, representing an increase of RMB31,887 million as compare to the end of the previous year, which was mainly due to the increase in unused credit card commitments and acceptances. For details on off-balance sheet commitments, see Note 40 to the financial statement in this report.

6. Loan quality analysis

In 2021, the Group paid close attention to external dynamics and took concrete steps to strengthen full-process management over loans, sped up credit structure adjustment, intensified collection and disposal of non-performing loans and enhanced risk management performance assessment, thereby maintaining the overall loan quality at a manageable level. Due to the impact of the COVID-19 epidemic, the changes in business environment, slowdown in economic growth, operating difficulties of small and medium-sized enterprises and other factors, the Group's non-performing loans were under the upward pressure. As of December 31, 2021, the balance of non-performing loans was RMB3,514 million, representing an increase of RMB249 million as compare to the end of the previous year; non-performing loan ratio was 1.41%, representing a decrease of 0.14 percentage point as compared to the end of the previous year.

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6.1 Distribution of loans by five-category loan classification

The following table sets forth, as at the dates indicated, loans and advances to customers of the Group categorized by five-category loan classification.

	As of December 31, 2021		As of December 31, 2020	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Normal	236,783.6	94.82	204,356.9	97.11
Special mention	9,416.6	3.77	2,817.8	1.34
Substandard	653.7	0.26	807.6	0.38
Doubtful	426.6	0.17	1,488.8	0.71
Loss	2,434.0	0.98	968.9	0.46
Total loans and advances to customers	249,714.5	100.00	210,440.0	100.00
Non-performing loan ratio (%)⁽¹⁾		1.41		1.55

Note:

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

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

As of the end of the reporting period, the Group's total normal and special mention loans amounted to RMB246,200 million, accounting for 98.59%, among which, total non-performing loans amounted to RMB3,514 million, the non-performing loan ratio was 1.41%, representing a decrease of 0.14 percentage point as compared to the end of the previous year.

6.2 Distribution of loans and non-performing loans classified by business type

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

	As of December 31, 2021				As of December 31, 2020			
			Non-	Non-			Non-	Non-
			performing	performing			performing	performing
	% of total		Loan	loan ratio	% of total		Loan	loan ratio
	Amount	amount (%)	amount	(%)	Amount	amount (%)	amount	(%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)								
Corporate loans and advances								
Working capital loans	92,161.7	36.8	1,835.3	1.99	72,974.8	34.7	1,725.8	2.36
Fixed asset loans	42,097.1	16.9	259.2	0.62	40,354.3	19.2	259.7	0.64
Trade finance loans	13,145.1	5.3	0.3	0.00	9,543.0	4.5	2.8	0.03
Others ⁽¹⁾	2,278.2	0.9	258.3	11.34	1,567.3	0.7	437.4	27.91
Subtotal	149,682.1	59.9	2,353.1	1.57	124,439.4	59.1	2,425.7	1.95
Retail loans and advances								
Residential mortgage loans	33,939.3	13.6	214.2	0.63	29,565.8	14.0	147.8	0.50
Personal loans for business purposes	28,646.8	11.5	544.2	1.90	17,279.7	8.2	389.7	2.26
Personal loans for consumption	18,386.5	7.4	336.6	1.83	16,550.2	7.9	266.3	1.61
Credit card	5,616.8	2.2	66.2	1.18	2,966.6	1.4	35.8	1.21
Subtotal	86,589.4	34.7	1,161.2	1.34	66,362.3	31.5	839.6	1.27
Discounted bills	13,443.0	5.4	–	–	19,638.3	9.4	–	–
Total loans and advances to customers	249,714.5	100.0	3,514.3	1.41	210,440.0	100.0	3,265.3	1.55

Note:

(1) Others mainly include bank acceptance bills in corporate loans, third-party loans and merger and acquisition loans.



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As of December 31, 2021, the Group's balance of corporate loans and advances amounted to RMB149,682 million, representing an increase of RMB25,243 million as compared to the end of the previous year; the non-performing loan balance of corporate loans and advances amounted to RMB2,353 million, representing a decrease of RMB73 million as compared to the end of the previous year; the non-performing loan ratio of the corporate loans and advances decreased by 0.38 percentage point as compared to the end of the previous year to 1.57%, which was mainly due to the fact that the Group step up the efforts on the cash collection and write-off of such non-performing corporate loans.

As of December 31, 2021, the Group's balance of retail loans and advances amounted to RMB86,589 million, representing an increase of RMB20,227 million as compared to the end of the previous year; the non-performing loan balance of retail loans and advances amounted to RMB1,161 million, representing an increase of RMB322 million as compared to the end of the previous year; the non-performing loan ratio of retail loans and advances increased by 0.07 percentage point as compared to the end of the previous year to 1.34%, which was mainly due to the weakened repayment ability of certain retail customers affected by overall economic environment and the COVID-19 epidemic.

6.3 Loans and non-performing loans classified by industry

The following table sets forth, as at the dates indicated, loans and non-performing loans of the Group by industry.

	As of December 31, 2021				As of December 31, 2020			
	Amount	% of total amount (%)	Non-performing loan amount	Non-performing loan ratio (%) ⁽¹⁾	Amount	% of total amount (%)	Non-performing loan amount	Non-performing loan ratio (%) ⁽¹⁾
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)								
Real estate	30,832.9	12.3	333.2	1.08	29,703.7	14.1	530.0	1.78
Manufacturing	21,416.7	8.6	245.0	1.14	10,711.1	5.1	816.0	7.62
Construction	20,815.3	8.3	208.2	1.00	20,913.3	9.9	341.0	1.63
Wholesale and retail	20,226.3	8.1	362.6	1.79	17,016.2	8.1	578.6	3.40
Leasing and commercial services	16,199.6	6.5	165.8	1.02	11,182.8	5.3	67.2	0.60
Water conservancy, environment and public utility management	13,262.8	5.3	1.5	0.01	12,663.7	6.0	-	-
Health and social work	4,571.8	1.8	-	-	3,083.6	1.5	-	-
Education	4,526.0	1.8	1.3	0.03	2,374.7	1.1	-	-
Finance	4,409.9	1.8	3.7	0.08	4,057.8	1.9	3.7	0.09
Agriculture, forestry, animal husbandry and fishery	3,842.9	1.5	34.0	0.88	2,337.8	1.1	34.7	1.48
Production and supply of electricity, heating, gas and water	3,245.1	1.3	953.3	29.38	4,191.7	2.0	1.4	0.03
Mining	1,569.9	0.6	1.5	0.10	1,223.7	0.6	-	-
Accommodation and catering	1,450.1	0.6	12.0	0.83	1,380.0	0.7	17.5	1.27
Transportation, storage and postal services	1,229.4	0.5	6.5	0.53	1,366.4	0.6	11.2	0.82
Residential services, repairing and other technology services	974.4	0.4	-	-	952.4	0.5	-	-
Information transmission, software and information technology services	637.3	0.3	-	-	566.6	0.3	-	-
Culture, sports and entertainment	325.4	0.1	24.5	7.53	654.4	0.3	24.4	3.73
Scientific research and technical services	134.3	0.1	-	-	25.1	-	-	-
Public administration, public security and social organisations	12.0	-	-	-	34.4	-	-	-
Total corporate loans and advances	149,682.1	59.9	2,353.1	1.57	124,439.4	59.1	2,425.7	1.95
Total retail loans and advances	86,589.4	34.7	1,161.2	1.34	66,362.3	31.5	839.6	1.27
Discounted bills	13,443.0	5.4	-	-	19,638.3	9.4	-	-
Gross loans and advances to customers	249,714.5	100.0	3,514.3	1.41	210,440.0	100.0	3,265.3	1.55

Note:

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

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As of December 31, 2021, the Group's non-performing loans of corporate loans and advances were primarily from: (i) production and supply of electricity, gas and water; (ii) wholesale and retail; (iii) real estate, the non-performing loan ratios of which were 29.38%, 1.79% and 1.08%, respectively.

As of December 31, 2021, the Group's non-performing loan balance of production and supply of electricity, gas and water was RMB953 million, increasing by RMB952 million from the end of last year, and the non-performing loan ratio increased by 29.35 percentage points as compared to the end of last year. Such increase in non-performing loan ratio primarily reflects the weakened repayment ability of some customers.

As of December 31, 2021, the Group's non-performing loan balance of wholesale and retail industry was RMB363 million, decreasing by RMB216 million from the end of last year, and the non-performing loan ratio decreased by 1.61 percentage points as compared to the end of last year. Such decrease in non-performing loan ratio was mainly due to the increased efforts of the Group on the collection and write-off of non-performing loans in this industry.

As of December 31, 2021, the Group's non-performing loan balance of real estate industry was RMB333 million, decreasing by RMB197 million from the end of last year, and the non-performing loan ratio decreased by 0.7 percentage point as compared to the end of last year which was mainly due to the increased efforts of the Group on the collection and write-off of non-performing loans in this industry.

6.4 Distribution of loans and non-performing loans classified by guarantee type

The following table sets forth, as at the dates indicated, loans and non-performing loans of the Group by guarantee type.

	As of December 31, 2021				As of December 31, 2020			
	Amount	% of total amount (%)	Non-performing loan amount	Non-performing loan ratio (%) ⁽¹⁾	Amount	% of total amount (%)	Non-performing loan amount	Non-performing loan ratio (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)								
Unsecured loans	48,381.1	19.4	654.2	1.35	41,068.5	19.5	492.1	1.20
Pledged loans	42,396.5	17.0	1,249.5	2.95	41,454.3	19.7	315.7	0.76
Guaranteed loans	58,398.1	23.4	427.2	0.73	44,220.6	21.0	1,051.5	2.38
Collateralized loans	100,538.8	40.2	1,183.4	1.18	83,696.6	39.8	1,406.0	1.68
Total	249,714.5	100.0	3,514.3	1.41	210,440.0	100.0	3,265.3	1.55

Note:

(1) Calculated by dividing the non-performing loans in each guarantee type by the total amount of such loans.

As of December 31, 2021, the Group's non-performing loan balance of guaranteed loans decreased by RMB624 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 1.65 percentage points; the Group's non-performing loan balance of collateralized loans decreased by RMB223 million as compared to the end of last year and non-performing loan ratio decreased by 0.50 percentage point, primarily because the Group step up the efforts on the cash collection and write-off of such non-performing loans, improving the quality of credit assets on a continuous basis.

As of December 31, 2021, the Group's non-performing loan balance of unsecured loans increased by RMB162 million as compared to the end of the previous year, and the non-performing loan ratio increased by 0.15 percentage point; the Group's non-performing loan balance of pledged loans increased by RMB934 million as compared to the end of last year. The non-performing loan ratio increased by 2.19 percentage points, mainly due to the weakened repayment ability of some customers.

6.5 Distribution of loans and non-performing loans classified by region

The following table sets forth, as at the dates indicated, loans and non-performing loans of the Group by region.

	As of December 31, 2021				As of December 31, 2020			
	Amount	% of total amount (%)	Non-performing loan amount	Non-performing loan ratio (%)	Amount	% of total amount (%)	Non-performing loan amount	Non-performing loan ratio (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)								
Jiangxi Province	203,217.4	81.4	3,100.4	1.53	174,963.3	83.1	2,758.8	1.58
Including: Jiujiang City	74,857.6	30.0	894.5	1.19	67,369.9	32.0	578.6	0.86
Guangdong Province	24,234.4	9.7	201.7	0.83	17,721.6	8.4	328.3	1.85
Anhui Province	13,922.0	5.6	54.1	0.39	10,320.4	4.9	47.8	0.46
Others ⁽¹⁾	8,340.7	3.3	158.1	1.90	7,434.7	3.6	130.4	1.75
Total	249,714.5	100.0	3,514.3	1.41	210,440.0	100.0	3,265.3	1.55

Note

- (1) Mainly includes the controlled county banks of the Group where they are located in the provinces and cities such as Beijing, Shandong Province and Jiangsu Province.

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As of December 31, 2021, the Group's loans released in Jiangxi Province amounted to RMB203,217 million, representing an increase of RMB28,254 million as compared to the end of the previous year, accounting for 81.4% of total loans and advances to customers of the Group. Among which, the Group's loans released in Jiujiang City amounted to RMB74,858 million, representing an increase of RMB7,488 million as compared to the end of the previous year. Meanwhile, the Group's non-performing loan balance of Jiangxi Province increased by RMB342 million as compared to the end of last year and the non-performing loan ratio decreased by 0.05 percentage point, which was primarily due to the fact that the Group enhanced the risk control of credit assets of Jiangxi Province, and the non-performing loan ratio declined while the credit assets steadily grew and the quality of assets maintained at a stable and moderate growth momentum.

6.6 Borrower concentration

As of December 31, 2021, the Group's loan balance to any single borrower did not exceed 10% of the Group's net capital.

The following table sets forth, as at the dates indicated, the loan balances to the Group's ten largest single borrowers (excluding group borrowers).

As of December 31, 2021				
	Industry	Loan balance	% of total loan	% of net capital
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Borrower A	Water conservancy, environment and public utility management	2,199.0	0.88	5.17
Borrower B	Real estate	1,440.0	0.58	3.39
Borrower C	Real estate	1,130.0	0.45	2.66
Borrower D	Health and social work	1,113.2	0.45	2.62
Borrower E	Real estate	1,086.0	0.43	2.55
Borrower F	Leasing and commercial services	1,058.0	0.42	2.49
Borrower G	Construction	1,029.0	0.41	2.42
Borrower H	Real estate	1,013.0	0.41	2.38
Borrower I	Construction	1,000.0	0.40	2.35
Borrower J	Finance	970.0	0.39	2.28
Total		12,038.2	4.82	28.31

As of December 31, 2021, the Group's loan balance to the largest single borrowers amounted to RMB2,199 million, representing 0.88% of the Group's total loans; the total loans to our ten largest single borrowers amounted to approximately RMB12,038 million, representing 4.82% of the Group's total loans, and accounting for 28.31% of the Group's net capital.

6.7 Overdue loans

The following table sets forth, as at the dates indicated, the Group's loans and advances to customers by overdue period.

	As of December 31, 2021		As of December 31, 2020	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Current loans	244,980.3	98.0	206,269.6	98.0
Overdue loans ⁽¹⁾				
Up to 3 months (inclusive)	1,964.7	0.8	1,604.6	0.8
3 months to 1 year	891.3	0.4	735.2	0.3
1 to 3 years	1,648.1	0.7	1,673.6	0.8
Over 3 years	230.1	0.1	157.0	0.1
Subtotal	4,734.2	2.0	4,170.4	2.0
Total loans and advances to customers	249,714.5	100.0	210,440.0	100.0

Note:

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

As of December 31, 2021, the gross overdue loans amounted to RMB4,734 million, representing an increase of RMB564 million as compared to the end of last year; overdue loans accounted for 2.0% of the total loans and advances to customers, which kept flat with the end of the last year. The increase in overdue loans was primarily due to the fact that the Group's overdue loans were under the upward pressure affected by the changes in business environment, slowdown in economic growth, operating difficulties of small and medium-sized enterprises and other factors.

Management Discussion and Analysis

6.8 Changes in allowance for impairment losses on loans

The Group has performed impairment accounting and recognised loss allowance based on expected credit losses. If the credit risk of a financial instrument is low at the end of the reporting period or has not increased significantly since initial recognition, the Group measures its loss allowance based on amount of the 12-month expected credit losses. For other financial instruments, the Group measures their loss allowance based on amounts of lifetime expected credit losses.

The Group re-measures expected credit losses at the end of each reporting period. In addition, the Group regularly reviews a number of key parameters and assumptions involved in the process of determining impairment allowance based on the expected credit loss model, including division of loss stages, probability of default, loss given default, default risk exposure, discount rate, forward-looking adjustment and other adjustment factors.

The following table sets forth, as at the dates indicated, the changes in allowance for impairment losses on loans of the Group.

	As of December 31, 2021	As of December 31, 2020
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)		
Opening balance	5,221.7	5,586.9
Provision for the year	3,458.1	386.5
Write-offs and transfer out for the year	(1,309.3)	(989.7)
Recoveries of write-offs for the year	160.9	238.0
Closing balance	7,531.4	5,221.7

As of December 31, 2021, the Group's allowance for impairment losses on loans amounted to RMB7,531 million, representing an increase of RMB2,310 million or 44.23% as compared to the end of the previous year, which was mainly due to the fact that the Bank strengthened the efforts on the overall provision for assets.

7. Segment reporting

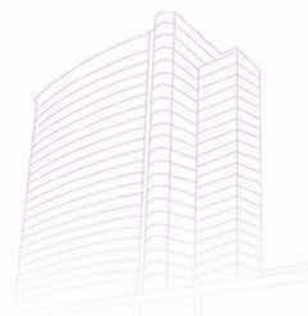
7.1 By geographical region

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

	As of December 31, 2021		As of December 31, 2020	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Jiangxi Province	8,444.5	81.6	8,753.9	85.9
Guangdong Province	975.1	9.4	676.9	6.6
Anhui Province	628.7	6.1	424.8	4.2
Other areas ⁽¹⁾	299.2	2.9	336.0	3.3
Total operating income	10,347.5	100.0	10,191.6	100.0

Note:

- (1) Mainly includes the controlled county banks of the Group where they are located in the provinces and cities such as Beijing, Shandong Province and Jiangsu Province.



Management Discussion and Analysis

7.2 By business segment

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

	As of December 31, 2021		As of December 31, 2020	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Corporate banking	4,954.4	47.9	4,354.1	42.7
Retail banking business	883.8	8.5	1,214.2	11.9
Financial market business	3,809.9	36.8	4,021.6	39.5
Unallocated ⁽¹⁾	699.4	6.8	601.7	5.9
Total operating income	10,347.5	100.0	10,191.6	100.0

Note:

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

8. Analysis of capital adequacy ratio and leverage ratio

8.1 Capital adequacy ratio

The Group continued to optimise its business structure and strengthen its capital management. As of December 31, 2021, the Group's capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio were 13.21%, 11.08% and 8.28%, respectively; capital adequacy ratio and tier-one capital adequacy ratio increased by 2.50 percentage points and 2.06 percentage points respectively as compared to the end of last year, while core tier-one capital adequacy ratio decreased by 0.74 percentage point as compared to the end of the previous year, which met the regulatory requirements of the Administrative Measures for Capital of Commercial Banks (Trial) of the CBIRC.

The increase in capital adequacy ratio and tier-one capital adequacy ratio was mainly due to the replenishment of other tier-one capital through the capital bonds with no fixed term issued by the Group and the convertible negotiated deposit received by the Group; the decrease in core tier-one capital adequacy ratio was mainly due to an increase in risk-weighted assets arising from the expansion of scale of the Group's assets.

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

	As of December 31, 2021	As of December 31, 2020
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)		
Core tier-one capital		
Share capital	2,407.4	2,407.4
Qualifying portion of capital reserve	8,308.7	8,086.6
Surplus reserve and general reserve	9,335.9	8,482.4
Retained earnings	7,634.1	6,999.8
Qualifying non-controlling interests	279.2	1,107.1
Deductions of core tier-one capital	(1,313.9)	(716.5)
Net core tier-one capital	26,651.4	26,366.8
Other tier-one capital	9,035.1	–
Net tier-one capital	35,686.5	26,366.8
Tier-two capital		
Qualifying portion of tier-two capital instruments issued	3,000.0	3,000.0
Surplus provision for loan impairment	3,769.6	1,956.5
Qualifying non-controlling interests	74.4	–
Net tier-two capital	6,844.0	4,956.5
Net capital base	42,530.5	31,323.3
Total risk-weighted assets	322,057.4	292,351.4
Core tier-one capital adequacy ratio (%)	8.28	9.02
Tier-one capital adequacy ratio (%)	11.08	9.02
Capital adequacy ratio (%)	13.21	10.71

Management Discussion and Analysis

8.2 Leverage ratio

The leverage ratio of commercial banks shall not be lower than 4% in accordance with the requirements in Measures for the Administration of the Leverage Ratio of Commercial Banks (Revised) promulgated by the CBIRC. As of December 31, 2021, the Group's leverage ratio, calculated in accordance with Measures for the Administration of the Leverage Ratio of Commercial Banks (Revised), was 6.75%, which meet the regulatory requirement of the CBIRC.

Item	As of December 31, 2021	As of December 31, 2020
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)	
Net tier-one capital	35,686.5	26,366.8
Adjusted balance of on-balance and off-balance sheet assets	528,746.8	462,314.8
Leverage ratio	6.75%	5.70%

9. Business operations

9.1 Corporate financing business

Adhering to the gist of macro policies, the Bank took the initiative to serve the local areas and the entities as its responsibility, giving full play to the driving role of financial institutions, launching a number of practical measures, proactively responding to policies, increasing innovative services, and fully supporting the development of the local real economy.

Respond to policies and make targeted efforts to support the entity with remarkable results. The Bank's corporate financing business responded positively to the policies and actively assumed the responsibility of a financial institution to serve the entity. Firstly, the Bank's manufacturing loans witnessed a significant growth. The Bank has been visiting enterprises to listen to their needs, seeking entry points for cooperation through "one household, one policy", and taking multiple initiatives to strengthen efforts on manufacturing industry. As of December 31, 2021, the Group's manufacturing loan balance was RMB21,417 million, an increase of RMB10,706 million or 99.95% as compared to the end of the previous year. Secondly, supply chain finance became a new driving force. The Bank developed the innovative supply chain finance product "Jiuyin E Chain (九銀E鏈)", which has achieved 369 small and medium-sized enterprise financings, 155 households, amounting to RMB765 million in six months since its launching. Thirdly, the "two increase" target was achieved as request. The Bank has included this target in its institutional assessment, and has launched special marketing activities to increase credit allocation to small and micro enterprises. As of December 31, 2021, the balance of the "two increase" loan of the Bank amounted to RMB32,985 million, representing an increase of RMB15,119 million for the year, and the growth rate of the "two increase" loan was 60.35% higher than that of various loans of the Bank. There are 45,301 customers of the "two increase", up by 6,911 for the year.

Make a new leap in the online business by embracing technology and improve online business procedures. Firstly, the Bank optimised the due diligence process for corporate credit business and developed the first online due diligence system for corporate business of city commercial banks in the province – Jiu Rong Hui (九融匯) platform, which helped to improve the reporting time of loans for small and micro enterprises from weeks to days. Secondly, the Bank promoted the construction of an online financing platform for small and medium-sized enterprises and launched an online customer acquisition platform for corporate credit – Jiu Rong Yi (九融易), which assisted institutions to acquire more than 400 customers online. Thirdly, the Bank released its first online credit product with enterprises as the main credit subjects – Shui Yi Dai (稅易貸), and developed online corporate products such as electronic guarantee, bank statement for loan and receivables pool financing to meet the financing needs of enterprises through multiple channels.

Trading and Financial Business

In 2021, adhering to the overall arrangement of the four of “customer orientation, capital saving, priority to benefit and brand reinforcement” in one, the cooperativeness of the Bank’s trading and financial business has been continuously improved. The Bank was committed to building an “international + domestic + supply chain” product system, focused on deep penetration of industrial chain scenarios, and enhanced the development resilience.

Keep stable operation. The Bank’s settlement volume and revenue for the trading and financial business increased by 57.38% and 102.98% respectively; the brand was steadily strengthened, and the trade finance trademark system made substantial progress and became the first local legal person bank in Jiangxi Province to join the ICC Banking Commission.

Practice the customer orientation. Adhering to the main line of customer-oriented development, the Bank achieved an increase of 92.05% in the number of effective accounts for the trading and financial business for the year; with customer structure optimisation, the Bank achieved an increase of 26.52% and 152.86% in the number of effective international and domestic customers; adhering to the concept of serving the entity, the Bank achieved an increase of 209.62% and 181.31% in the number of manufacturing, small, medium and micro enterprises customers.

Make plans for scenario building. By adhering to the transformation strategy of scenario building, the Bank’s supply chain penetration continued to deepen; based on the innovation of “1+N” financing form under letter of credit, the Bank led more than 400 upstream and downstream enterprises to finance through core enterprises; the Bank’s industrial chain layout continued to strengthen, promoting the launch of products such as trade-link and domestic factoring, and the cumulative scale of investment exceeded RMB5,000 million.

Management Discussion and Analysis

Consolidate the support of science and technology. Adhering to the management concept of technology support, the Bank upgraded the online level and completed the online process of approval for the trading and financial business, being the first local legal person bank in Jiangxi Province to connect to the sub-system of Forfaiting on the basis of accessing the electronic letter of credit information exchange system of the People's Bank of China and the cross-border RMB trade finance transfer service platform; the Bank improved the supply chain technology and completed the connection between the trade-link products and the system of Jiu Rong Hui (九融匯) and Jiu Rong Yi (九融易) to realize the online process of customer acquisition, due diligence and credit granting.

Bill Business

Communicate policies and serve the real economy. At the end of 2021, the rediscounting balance was RMB6,199 million, and the discounting balance was RMB13,443 million, with the rediscounting ratio reaching 46.11%. The Bank handled rediscounting of RMB16,241 million, representing a year-on-year increase of RMB2,944 million, or 22.14%, and served 1,592 real enterprises, effectively applying the policy of rediscounting bills to small and micro enterprises and private enterprises, solving the problem of difficult and expensive financing for local small and medium-sized enterprises.

Improve the system and consolidate the infrastructure. In response to the development trend of the bill market, the Bank improved the system of bill system and strengthened the post-loan management of commercial bill discount guarantee line. The Bank also strove to consolidate the technological infrastructure by continuously upgrading the system, optimised the bill system to launch the ECDS integration project, and promoted the implementation of the new corporate e-banking bill pool and the intermediary revenues project.

Promote brand and expand the influence on market. In terms of the bill line, the Bank responded positively to its internal and external policies by means of the “Jiuyin Bill Trade Financing (九銀票易融)”, and increased its loans for manufacturing, agriculture-related, small and micro, and green industry through preferential interest rates and credit line support. The Bank handled a total of RMB1,780 million of green bill discounting, representing a year-on-year increase of 124%, supporting the development of enterprises in the green industry.

Innovate products to broaden financing channels. The Bank has completed the bill product system of “one brand, two series and seven products”, and further expanded the list of green bill subjects with the “Jiuyin Green Bill Financing (九銀綠票融)”. The Bank landed the first “supply chain bill” line for legal institutions in Jiangxi Province, providing a strong guarantee for the Bank to market high-quality core enterprises and SMEs upstream and downstream of their industrial chains.

Empower lines to enhance operational capabilities. The Bank carried out field empowerment training and annual system training, with in-depth explanations on five dimensions of bill business planning, discount marketing, risk management and product interpretation, and scenario application, which have greatly enhanced the bill product operation capability of the corporate business and further improved the risk prevention and control awareness of bill practitioners.

Focus on hotspots and promote the application of research results. The Jiuyin Bills Research Institute focused on the market hotspots, held four special seminars and released the monograph of the Billsology and Collection of Excellent Papers on Bills for the Thirteenth Five-Year Period of Jiuyin Bills Research Institute of Jiangxi University of Finance and Economics, which played an important role in enlightening the bills market. At the same time, the Bank has been actively using the research results of the Jiuyin Bills Research Institute to accurately study market trends and make scientific business decisions.

Investment Banking Business

In 2021, the Bank's investment banking business thoroughly implemented the national principles and policies, was vigorously developed, achieved staged victories, ushered in a significant historical change, maintained a good trend of development superior to regional markets and peers of the same batch, and established the Bank's market leading position.

Take Value as guiding, and the main business volume increased substantially. In 2021, the Bank underwrote 37 interbank debt financing instruments in Jiangxi Province, with the issuance amount of RMB23,400 million, underwriting amount of RMB6,850 million, sale amount of RMB20,940 million, and contribution to the Bank's corporate deposits of RMB7,480 million, each indicator has doubled for two consecutive years, and the number of the Bank's issued items ranked first among the lead underwriters of the same batch in China and the top three among all banking institutions in Jiangxi Province.

Take innovation as the driving force, and vigorously serve the local economy. The Bank actively responded to the call of the State to "support the real economy", innovatively issued the first prefecture-level city rural revitalization bonds in Jiangxi Province, used the organic combination of photovoltaic application and rural resources to help the construction of beautiful countryside, and actively implemented the national rural revitalization strategy. The Bank innovatively issued the first prefecture-level city debt financing instrument for the revitalization and development of the old revolutionary base areas in Jiangxi Province, broadened the financing channels for the revitalization and development of the old revolutionary base areas through market-oriented means, and supported the deepening development of the old revolutionary base areas. In order to accurately serve the direct financing demands of "specialty, excellency, uniqueness and innovation" small and medium-sized enterprises, the Bank assist in holding special training sessions for "specialty, excellency, uniqueness and innovation" enterprises in Jiangxi Province to contribute to enhancing the quality and efficiency of serving the real economy.

Management Discussion and Analysis

Take profession as the cornerstone, and give full play to the mission of investment banks. The Bank has continuously upgraded its development momentum in the bond field, and built an ecosystem including regulatory authorities, provincial, municipal and county governments, corporate customers, investment institutions, think tank teams and intermediaries, with good market reputation. At the same time, it has also brought multi-dimensional service demands in the capital market. The Bank gave full play to its advantages of professionalism, quickness and flexibility, and constantly enriched its business areas in the course of business development. From participating in the consolidation and optimisation of local state-owned enterprises and the initial planning and design of enterprises to actively participating in the direct financing research of the Government of Jiangxi Province, the Bank offered advice and suggestions for the development of direct financing in Jiangxi province, and won the honor of “Advanced Model in the Financial Field of Jiangxi Province”.

9.2 Retail banking business

In 2021, following the regulatory guidance, deepening the twelve-word principle, taking up the role with full determination, focusing on high-quality development and promoting the new journey of “Digital Jiuyin”, the Bank’s retail banking business resolutely implemented and promoted the big retail transformation, and focusing on products, systems, operations and training, promoted online and scenario-based credit products, with continuous innovation, strengthening the digital operation of risk control and marketing, reconstructing the online loan system and 902 post-credit integration, and building a standardized training system and sequence. As of December 31, 2021, the Group’s personal deposits grew steadily to RMB129,215 million, representing an increase of RMB12,996 million or 11.18% from the end of the previous year; retail loans and advances amounted to RMB86,589 million, representing an increase of RMB20,227 million or 30.48% from the end of the previous year.

In terms of retail credits. The Bank actively enhanced the quality and efficiency of financial services for small and micro enterprises, ensuring credit support for small and micro enterprises and individual business owners, with RMB7,200 million of new loans for small and micro enterprises and a growth rate of 70.58% for small and micro enterprises loans, far exceeding the growth rate of the other loans; the Bank strengthened the management of consumer loans, strictly adhered to the bottom line of loan usage, and focused on supporting the legitimate comprehensive consumption of individuals or families. As of December 31, 2021, the percentage of retail loans and advances was 34.7%, up 3.2 percentage points from the end of the previous year; the number of retail loan customers (excluding credit cards) was 148,300, up 33,100 from the previous year.

In terms of retail customer base management. The Bank explored more deeply the needs of wealthy customers, merchant customers, payroll credit customers and personal loan customers through the downward segmentation of customer groups, and customized personalized and exclusive rights and benefits activities and financial products for the segmented customer groups to meet the diversified financial service needs of the segmented market. Efforts to broaden bulk customer acquisition channels through deepening into different consumption scenarios are also the focus of the Bank to achieve market segmentation and deepen tapping into the stock of customers. As of December 31, 2021, the Bank had 4.37 million retail customers, including 522,300 new retail customers in 2021, representing an increase of 11%, and 582,600 wealthy customers, representing an increase of 14.44%.

In terms of wealth management. By focusing on wealth management, building wealth management system from organizational structure, talent backup system, system construction and process system, the Bank established a team of wealth managers and training system, continuously improved the matching between services and customers, and strived to enhance the comprehensive service experience of customers; the Bank also improved the wealth product line and rights system, promoted wealth business in depth, established the concept of joint development of multiple product lines such as wealth management, funds, trusts and insurance, continuously enriching the content of wealth customer rights and interests, and improving customer experience and customer access.

In terms of acquiring business and scenario construction. The Bank consistently adhered to the developing principle of “serving the real economy and supporting small and micro merchants”, launched a one-to-one service model of “establish the base areas and expand the market (建立根據地·做大百戶長)” for individual business owners and small and micro enterprises in an innovative manner, providing a package of personalized financial products and services, including settlement, loans and wealth management. As of December 31, 2021, the Bank served more than 250,000 individual business owners. In particular, the Bank provided more than 120,000 individual business owners with collection and payment services, with a transaction amount of RMB26,700 million and 91,066,200 transactions. With its excellent performance in the services for individual business owners, the Bank was awarded the “Excellent Award for Expansion to Small and Micro Merchants” and “UnionPay Excellent Cooperation Institution” in 2021 by Jiangxi Branch, China UnionPay.



Management Discussion and Analysis

E-Banking Business

The Bank provided customers with a wide range of financial services through Internet banking, mobile banking, telephone banking, WeChat banking and self-service banking. In the construction of electronic channels for customer service, the Bank established the general principle of “mobile first”, moving from the traditional account-centered financial service platform to the user-centered financial service platform. As for the specific implementation path, taking the opportunity of the construction of mobile banking 5.0, the Bank formulated a new blueprint of “Hand-held Jiuyin” with mobile banking APP as the main channel and multi-terminal cooperation of internal and external online scenarios, providing users with an open service platform of “finance+life”. Combined with the online and offline integration capabilities, the Bank will gradually realize the goal of “conducting services online and remotely as soon as possible” to improve the quality and efficiency of customer service.

Bank Card Business

Debit Card

As of December 31, 2021, the cumulative number of debit cards (“Lushan Card”) issued by the Bank was approximately 4,670,000, representing an increase of 525,000 or 12.67% as compared to the end of last year.

Credit Card

Credit card business saw steady growth throughout the year. As of December 31, 2021, the Bank had issued a total of 831,500 credit cards, representing a year-on-year increase of 45.62%; 494,000 cards were activated, representing a year-on-year increase of 45.29%; the cumulative number of customers was 707,600, representing a year-on-year increase of 51.23%; the asset size was RMB5,617 million, representing a year-on-year increase of 89.33%; the cumulative operating income was RMB387 million, making the credit card profitable for the first time in the current year. The overall non-performing loan ratio of the business was 1.18%, the excellent level of the industry.

Conduct business with services and make all its operations online. The Bank completed the final process of business on-line, realizing the whole process of credit card on-line from application, interview, activation to card usage, comprehensively optimising user experience and improving business processing efficiency.

Conduct business with data and enhance value in all aspects. In terms of risk control, the Bank realized the application of closed-loop of the whole process before, during and after loan granting, and strengthened the multi-dimensional differentiated pre-loan granting access and monitoring strategy; in terms of marketing, the Bank deeply analysed the direction of value customers exploration and customer acquisition channels, and provided guidelines for optimising the structure of customer base; in terms of operation, the Bank built a full life-cycle framework including more than ten operation strategies such as amount adjustment and interest generation; in terms of service, the Bank opened the performance query authority of data platform of each branch, and realized the automation of some business index reports.

Conduct business with brands and deepen the operation in multiple dimensions. The credit card marketing platform was built to supplement the mainstream activities in the market, such as the big wheel, the blind box and the red envelope rain, greatly improving the efficiency of activities and the marketing capacity of self-operated channels. Diversified brand activities for “clothing, food, housing and transportation” and “food, drink and entertainment” displayed positive market responses and had an effect. Annual consumption amounted to RMB11,058 million, up 84.46% year-on-year. The consumption number was 20.0423 million, up 133.58% year-on-year; the average monthly usage rate for card was 48.14%, up 6.98% year-on-year.

Online Banking Business

Compliant development of business scale. In 2021, the Bank controlled the scale of Internet consumer loans in an orderly manner and strictly controlled cross-province operations for online banking business, switching the business to the three provinces as planned, and completing the switch of the customer base in the three provinces. At the same time, the adjustment of the capital contribution ratio of stock joint loans has also been completed and put into operation one after another this year as planned, truly realizing the compliant development of Internet business. While controlling consumer loans, the Bank adjusted the structure of customer base to expand small-micro business, and at the end of 2021, the Bank launched a new self-managed small-micro business – Jiuyingdai (久營貸), and the balance of the small-micro business increased compared to the beginning of the year, thus achieving a steady start of self-management.



Management Discussion and Analysis

Steady improvement of risk control level. The Bank actively explored big data risk control technology, benchmarked with industry frontiers and built an intelligent risk control system covering the whole process of pre-loan granting, mid-loan granting and post-loan granting; improved and optimised the Bank's self-developed Obsidian anti-fraud cloud platform featuring anti-fraud. Through self-developed risk models and automated approval technology, relying on the Bank's big data platform, the Bank adopted more than 20 data dimensions to conduct comprehensive risk assessment of customers, formed thousands of personal customer characteristics tags, and established a dimensionally rich risk indicator monitoring system to achieve rapid iteration of risk models. The Bank's online models covered all credit processes, including identification, anti-fraud, risk assessment, credit approval, fixed pricing, credit alert, and overdue collection. The Bank provided purely online loan services to a total of 1.36 million individual customers, with an average of over 10,000 loan applications processed automatically daily.

9.3 Financial market business

In 2021, the Bank's financial market business followed the macro guidance, implemented regulatory requirements, focused on serving the real economy, expanded its business externally and prevented risks internally, with steady progress in operating results, improved quality in risk control and sound development of investment business.

Strengthen the foundation and help local economic development. The Bank continuously strengthened the efforts on servicing the local economic and social development. In 2021, the Bank completed the underwriting of local government bonds in Jiangxi, Anhui and Guangdong provinces with a total volume of more than RMB10 billion, and won the "Local Bond Institution and Bank Underwriters with the Best Progress".

Cultivate the market and gradually establish the characteristics of bond business brand. Firstly, the volume of bond lending and borrowing increased at the same time. For the first time in 2021, the number and amount of bond lending transactions exceeded 1,000, and the Bank ranked among the top ten in the list of active bond lending by the Foreign Exchange Trade Center for 11 consecutive months. Secondly, underwriting of interest rate bonds achieved double success. For the first time, the underwriting volume of interest rate bonds exceeded RMB50,000 million, and the Bank won the "Excellent Underwriters" and "Excellent Market Maker" awarded by the Export-import Bank of China and the "Best City Merchant Bank in Underwriting Group for Agricultural Bonds" awarded by the Agricultural Development Bank of China for two consecutive years. It also won the "Special Contribution Award for the Export-Important Bank of China's Financial Bonds" awarded by the Export-import Bank of China for the first time. Thirdly, the bond delivery volume achieved another record. The annual bond delivery volume was RMB12.56 trillion for the year, exceeding RMB10 trillion for the fourth consecutive year.

Carry out risk prevention and control, with continuous decline in the percentage of risky assets. In 2021, the Bank continued to reduce risky assets, with the risky assets at the end of the year dropping 16.64% compared with the end of the previous year, and the percentage of risky assets dropped 5.69 percentage points compared with the end of the previous year.

Tackle difficulties and obtain further remarkable results in business honor and qualification.

The Bank formally became a member bank of the People's Bank of China for medium-term lending facilities in 2021, the second legal financial institution in Jiangxi Province to have this qualification; won two new qualifications for the list of special investors in inter-bank targeted debt financing instruments and the list of direct investors in corporate bonds in 2021; the Bank won three "Annual Market Influence Awards" including the Core Dealer, Money Market Dealer and Bond Market Dealer, and the "X-Repo Market Innovation Award" and "X-Lending Market Innovation Award" in interbank local currency markets for 2021, the most awarded banking legal institution in Jiangxi Province; the Bank was also awarded the honorary titles of the "Top 100 Proprietary Dealer" by China Central Depository & Clearing Co., Ltd., the "Excellent Award for Net Bond Sole Settlement" by Shanghai Clearing House, the "Core Underwriter" and "Market Innovation Driving Award" in financial bond underwriting market maker group by the Export-import Bank of China.

Achieve initial results in digital transformation, with the empowerment of science and technology. The Bank established an interface between the investment business management system and the ECIF system and the unified line management system, achieving real-time control of the investment quota and strengthening the risk management of investment business.

Wealth Management Business

Complete the net-worth transformation. The Bank followed the requirements of the new capital management regulations and regulatory guidance and successfully completed the task of net-worth transformation. As of December 31, 2021, the balance of the Bank's wealth management products on deposit was RMB42,619 million, up 22.52% from the end of the previous year, and all of them were net-worth based wealth management products. In 2021, the Bank launched 155 wealth management products, raising a cumulative amount of RMB79,471 million, representing an increase of 0.27% compared with the same period last year.

Steadily develop product system. In 2021, the Bank launched new private equity wealth management products Ruixiang series and customer cycle products Yuexiang series, and continuously enriched Xinxiang series net-worth products, with continuous optimisation of product structure and perfection of product system. The Bank has achieved full coverage of cash management, closed-end and open-end products of different maturities, as well as private equity, public equity products and other products to meet the increasingly diversified wealth management needs of customers.

Management Discussion and Analysis

Continuously enhance the product influence. The overall style of the Bank's financial products was robust, with high degree of recognition. In particular, "Rixin Yueyi Monthly Dividend (日鑫月溢月月分紅)" won the honor of "Golden Honor Award – Excellent Innovative Wealth Management Product" in the China Asset Management and Wealth Management Industry 2021, and several products of Xinxiang series were ranked in the top 100 in the star rating list of bank wealth management products in December 2021 by PYStandard.

9.4 Specialty business

Inclusive Financial Business

As of December 31, 2021, the balance of the Bank's agricultural loans was RMB52,686 million, representing an increase of RMB9,469 million or 21.91% as compared to the end of last year; the loans of legal entities in the field of rural revitalization were RMB44,608 million, representing an increase of RMB6,839 million or 18.11% as compared to the end of last year; the balance of the inclusive small and micro enterprise loans was RMB32,985 million, representing an increase of RMB15,119 million or 84.62% as compared to the end of last year. The balance of inclusive agricultural loans was RMB7,268 million, representing an increase of RMB3,412 million or 88.49% as compared to the end of last year; 160 projects were carried out for one county and one product, serving 10,523 customers with a loan balance of RMB4,500 million, covering planting, farming, agricultural and sideline production and processing, trade services, agricultural machinery and equipment, etc.

Achieve the target of "two increase" as required. As of December 31, 2021, the balance of the "two increase" loan of the Bank amounted to RMB32,985 million, representing an increase of RMB15,119 million or 84.62%, with the growth rate higher than other loans of the Bank. There are 45,301 customers of the "two increase", up by 6,911 from the end of last year.

Improve the quantity and quality of inclusive products. In order to support the development of rural industries and farmers' entrepreneurship, the Bank launched the "Easy Farming Loan – Rural Achiever Loan (易農貸—鄉村能人貸)" series products in 2021, mainly targeting planters, farmers, agricultural products processing traders, township mom-and-pop stores and other customer groups. With application, file submission, approval, signature, and lending all conducted online, the Bank granted RMB800 million of loans and served 9,050 customers.

Promote the construction of service stations in an orderly manner. As of December 31, 2021, the Bank had built 634 inclusive financial service stations in Jiangxi Province, with 628 special promotional activities at the service stations, laying a solid foundation for further developing the customer base in rural areas this year.

Demonstrate the markable social influence. With the outstanding contribution to poverty alleviation and support on rural revitalization, the Bank was awarded the title of “Advanced Collective in Poverty Alleviation in Jiangxi Province” at the province’s Poverty Alleviation Commendation Conference.

Green Financial Business

The Bank conscientiously implemented the decision and deployment of the CPC Central Committee, the State Council and the work requirements of the provincial Party committee and government to achieve the goal of “peak carbon dioxide emissions and carbon neutrality”, strove to practice the new development concept, insisted on being the first and pilot in green financial reform and innovation, and helped the green low-carbon development with practical actions in Jiangxi Province.

Explore the development of “new mechanism”. The Bank took the lead in establishing the first green finance division in Jiangxi Province and the first branch in Ganjiang New Area Branch; the Bank established a green finance incentive and restraint mechanism and incorporated the development of green finance into the comprehensive evaluation of branch heads.

Innovate “new model” of products. The Bank was the first to explore and promote the use of green bills in China, and launched the “Jiuyin Green Bill Financing (九銀綠票融)” to achieve transformation; the Bank implemented the first carbon emission right pledge financing business and the first “green finance and carbon emission right-linked loans” for copper industry in Jiangxi Province, providing strong support for the economic transformation in Jiangxi Province.

Open up “new visions” for cooperation. The Bank became the first city commercial bank in China to sign the Principles for Responsible Banking of the United Nations; sought international cooperation, and actively promoted the transformation finance cooperation with international finance company of the World Bank Group to open up a channel for transforming “lucid waters and lush mountains” into “invaluable assets”.

Actively implement the “new requirements”. The Bank take the lead in the environmental information disclosure, and was selected as a pilot observer of the Sino-British Green Finance Working Group on environmental information disclosure. Meanwhile, the Bank’s relevant experience and practices have been selected by the Financial Market Department of the People’s Bank of China for the Green Financial Market Briefing. As of December 31, 2021, the Bank’s green credit balance was RMB17,612 million, representing an increase of RMB5,849 million as compared to the end of the previous year, and a 25-fold increase from the end of 2017.

Management Discussion and Analysis

Automobile Finance Business

Double the number of core customers. The Bank made great efforts to add new active accounts, and the number of active dealer accounts was 315 in 2021, representing a net increase of 158 or 100.64% as compared to 2020, which laid a good customer base for the steady development of the business.

Better industrial layout. The industrial layout of the Bank's automobile finance business extended from OEMs to dealers, suppliers and end consumers, and the vehicle models covered passenger cars and commercial vehicles, fuel vehicles and new energy vehicles.

Prominent effects of industrial finance. The Bank's automobile finance business has a fast growth rate of deposits (representing an increase of 73.27% year-on-year), a low interest payment rate (0.67%) and a high level of customer activity, with the average monthly number of transactions for a single account reaching more than 30.

Accelerated digital transformation. The Bank focused on business needs and carried out digital transformation, building three platforms, namely, the auto supply chain finance platform, the auto retail risk control platform and the Jiu Rong Hui system, to connect the industry chain and realize online business, intelligent risk control and simple operation.

Consolidation of supply chain risk management step by step. The Bank built an online risk closed-loop management, sorted out the main business risk problem types, risk problem data indicators and data warning thresholds, and formed an online and digital management logic to identify risks in advance and ensure the sustainable development of business.

9.5 Subsidiaries business

9.5.1 Businesses of controlling subsidiaries

As of December 31, 2021, the Bank controlled 18 county banks, including 15 in Jiangxi Province and 3 in Beijing, Shandong Province and Jiangsu Province. The total assets of 18 county banks amounted to RMB16,766 million, representing an increase of 8.36% as compared to the end of last year. The total loans amounted to RMB8,281 million whereas the balance of deposits RMB14,134 million, representing an increase of 8.47% as compared to the end of last year; in 2021, 18 controlling county banks realized net profit of RMB95 million.

9.5.2 Companies in which the Bank has shareholdings

As of December 31, 2021, there were 2 county banks in which the Bank has shareholdings, which were Zhongshan Xiaolan County Bank Co., Ltd. and Guixi Jiuyin County Bank Co., Ltd., respectively. The total assets of 2 county banks in which the Bank has shareholdings amounted to RMB5,009 million. The total loans amounted to RMB3,674 million whereas the total deposits amounted to RMB4,200 million; in 2021, the net profit of the 2 county banks in which the Bank has shareholdings was RMB29 million.

10. Development strategy

The Bank will continue to adhere to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as the guideline, implement the spirit of the 19th and 20th CPC National Congress and the Plenary Sessions of the 19th Central Committee of the Communist Party of China, uphold “Four Consciousnesses”, strengthen “Two Self-confidence”, stay on top of “Two Establishments” and fulfill “Two Safeguard”. Based on the new development stage, the Bank will implement the new development concept, build a new development pattern, with promoting high-quality sustainable development as the theme, deepening the financial supply-side structural reform as the main line and serving the real economy as its mission. The Bank will also insist on the work theme of “Implement macro policies, adhere to regulatory guidance, deepen the twelve-word policy, take considerable efforts to the focus, work hard and take responsibility, solidify the foundation of high-quality sustainable development of Bank of Jiujiang”.

Carry out Party building to strengthen the political foundation. The Bank will insist on “high-quality and sustainable development with the leadership of high-quality Party building”, giving full play to the leadership and political core roles of the Party, carrying out the study and education of the Party history, construction of the work style and clean government and other key work, and promoting the in-depth integration and joint play of the Party building and central work.

Develop strategies to optimise financial quality and efficiency. The Bank will adhere to the operational principal of “adjusting structure, saving capital, controlling non-performing and stabilizing growth”, optimise its business and customer structure, actively carry out capital-efficient transformation, continuously improve asset quality and created special business highlights.

Prioritize compliance to strengthen the foundation of internal control. The Bank will further improve its corporate governance, insist on active compliance and full process compliance, deepen the construction of comprehensive risk management system, form the credit granting culture of “due diligence, fast and flexibility, services and openness”, promote the optimisation of organizational structure and talent system; strengthen disciplinary supervision and audit supervision, and consolidated the foundation of defense line.

Focus on efficiency to promote “Digital Jiuyin”. The Bank will implement management based on the regulations and systems, integrate the regulations and systems into processes, and enforce the processes through the system. The Bank will make efforts on technology finance and digital finance, promoting the construction of supply chain finance, digital operation and smart banking system, creating industrial service platform and optimising customer experience.

Management Discussion and Analysis

In 2022, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, focusing on greeting and serving the 20th CPC National Congress and learning and implementing the spirit of the 20th CPC National Congress, and following the general principle of making progress while working to keep performance stable, the Bank will insist on customer orientation, focus on the integrated operation, comprehensively promote the digitalization of processes, strengthen the construction of risk control capacity, and enhance the implementation of compliance requirements, so as to open a new chapter of high-quality and sustainable development for Jiuyin and create greater value for customers and shareholders.

11 Risk management

11.1 Risk management structure

The risk management organization structure of the Bank consists of the Board and its sub-committees, senior management and its sub-committees and significant risk sector composed of functional departments and risk managers, which is a top-to-bottom and bank-wide risk management structure.

The Board performs its risk management duties in accordance with the Articles of Association and regulatory requirements. The Risk Management Committee under the Board is responsible for determining the risk management strategies and risk appetite of the Bank, reviewing the risk organizational structure, policies and systems, supervising and evaluating the implementation of the systems and risk control, and regularly assessing the risk management status and risk tolerance. The Board of Supervisors supervises the establishment of a comprehensive risk management system and the performance of the duties of comprehensive risk management by the Board and senior management. Senior management and its sub-committees formulate and implement corresponding risk management strategies in accordance with the risk management objectives of the Board, and provide and secure resources to implement specific risk management work. The significant risk sector, consisting of the Risk Management Department, Credit Extension Department, Risk Asset Management Department and Legal and Compliance Department of the head office, integrate resources and collaborate to carry out the integrated management of major risks within the Bank. Risk managers are assigned in branches, important business lines, centers and departments, subject to the management and assessment of the head office, to carry out risk management of their institutions.

The Risk Management Department of the Bank is the lead management department for credit risk, market risk on trading book and information technology risk, and is the management department for other risks, while the Planning and Finance Department, Legal and Compliance Department and General Management Department are the lead management departments for other risks.

11.2 Credit risk management

The Bank has always been committed to building a credit risk management culture with a unified risk appetite and prudent and sound approach. In 2021, the Bank promoted the construction of “Asset Quality Project”, “Basic Management Project” and “Credit Digital Project”, and made great efforts to implement comprehensive risk management, asset quality management and digital transformation of risk control, etc. The Bank achieved excellent results in many areas and won various honors and recognition. The Bank’s asset quality has been improving steadily, and the non-performing loan ratio has been decreasing for three consecutive years; the credit line system has been launched, realizing the unified system management of the Bank’s credit line, and the disposal of risky assets has been successfully completed, which has been fully affirmed by regulators and government authorities; the Bank has successfully switched to the second generation credit system and won the honorary title of “Advanced Unit” by the head office of the People’s Bank of China; for the credit risk early warning system project, the Bank has won the “2021 Outstanding Contribution to Risk Control in Financial Industry” award by the magazine Financial Computerizing sponsored by the People’s Bank of China.

The credit risks of the Bank mainly arise from loans and advances to customers, investment securities, inter-bank business, commitments and other on- and off-balance sheet credit risk exposures.

The credit risk management organization system of the Bank is composed of the Board of Directors, senior management, Risk Management Department, Audit Department and Credit Risk-taking Department, etc., thus forming a credit risk management structure characterized by centralized and unified management and hierarchical authorization and implementation. The Board is the Bank’s highest decision-making body for credit risk management, which undertakes the ultimate responsibility of credit risk management. The Risk Management Committee subordinate to the Board is responsible for deliberating on the strategic planning of credit risk management, major policies and risk capital allocation schemes, evaluating their implementation and effect, making recommendations to the Board and reviewing major credit risk management matters as authorized by the Board.

Senior management is the Bank’s highest decision-making panel for daily credit risk management, which is responsible for fully organizing the implementation of credit risk management strategies and risk appetite approved by the Board, putting into practice credit risk management policies, procedures and measures, and undertaking the credit risk arising from business operation. Risk Management Department is the Bank’s leading department for credit risk management, which is responsible for formulating and organizing the implementation of basic policies, systems, measures, procedures and risk evaluation criteria for credit risk management. Credit Extension Department is responsible for implementing risk management of credit extension. The competent department of each line is responsible for their respective credit extension business, as well as inspection and supervision over the implementation and execution of the Bank’s credit risk-related system. Audit Department is responsible for the independent review and evaluation of the Bank’s credit risk management system, including but not limited to auditing the effectiveness of credit risk management measures and system operation.

Management Discussion and Analysis

1. Lay stress on asset quality improvement to steadily reduce non-performance loans. The Bank continued to implement “asset quality is the lifeline,” and achieved a steady decline in the non-performing loan ratio for three consecutive years. By formulating and improving working systems, optimising management mechanisms and refining management measures, the Bank has improved the effectiveness of risk control and achieved the goal of optimising asset quality. During the reporting period, the Bank took measures to manage potential risks, non-performing credit responsibility evaluation, compensation for loss of credit assets and creditors’ committee, established a regular inspection mechanism for investment business, improved the regular risk inspection mechanism, and revised five investment systems including the “Post-investment Management Measures for the Financial Market Business of Bank of Jiujiang” to build a scientific top-level framework.

2. Lay stress on the improvement of basic management to strengthen credit management. By creating risk tools, organizing risk topic research, compiling risk case sets, and refining post-credit management, the Bank’s risk expertise and management effectiveness were significantly improved. In addition to the strict implementation of the differentiated credit system, the Bank conducted regular risk checks and inspections according to the regulatory requirements and changes in the external environment, including regular checks on “two extensions” credit business, quarterly credit risks and special checks on personal consumption loans, real estate development loans, large credit business and bankers’ acceptances, etc. Through self-examination and rectification, the Bank strengthened its internal control, enhanced risk awareness and risk management capabilities.

3. Lay stress on the digital risk control to establish itself as a smart bank. By persistently improving the quality and enhancing the efficiency, the Bank thoroughly implemented the strategy of “digital credit extension”, adhered to the principle of “useful, unified and compatible”, and was committed to building a unified digital risk control platform incorporating the features of “unified credit limit management, unified collateral management, credit risk forewarning, intelligent collection management, unified decision platform” to achieve the information sharing of various risk control data and information. During the reporting period, the Bank completed the first phase establishment of smart risk control system, collateral management system, unified credit limit management system, credit risk forewarn system and collection management system, realized online control of credit placement, automatic identification and processing of risk information, and took a big step forward to the whole process of digital risk control. Among them, the credit risk early warning signal was awarded the “2021 Outstanding Contribution to Risk Control in Financial Industry” by the Financial Computerizing.

11.3 Market risk management

The market risks borne by the Bank include interest rate risk and exchange rate risk, of which interest rate risk is the main market risk borne by the Bank, including trading accounts and bank accounts. The Bank measured the amount of potential losses that may be caused by trading assets under mild, moderate and severe scenarios, and measured VAR, duration, modified duration and other related market risk indicators by setting stress test assumptions and models.

11.3.1 Interest rate risk – trading book

The trading book includes financial instruments and positions that are held for trading purposes or to hedge the risk of other items on the trading book and are freely tradable.

Based on the nature, size and actual situation of the trading book, the Bank established a trading book market risk management system to regularly analysed the risk profile of the trading book and analysed interest rate trends to provide the necessary basis for trading book purchases and sales. At the same time, the Bank increased its investment in technology. The online funding business has gone online with Comstar system and improved and optimised its middle and back office systems, to carry out regular stress testing for the market risk of the trading book and analysed the impact on the Bank.

11.3.2 Interest rate risk – banking book

The banking book refers to asset and liability operations and related financial instruments recorded on and off the Bank's balance sheet, with relatively stable market values, which the Bank conducts and is willing to hold in order to obtain stable returns or to hedge the risk of banking book operations.

The Bank mainly used repricing gap analysis, yield curve analysis, duration analysis, interest rate sensitivity analysis and stress testing for interest rate risk measurement of the banking book, and organized asset and liability meetings on a regular basis to report the level of interest rate risk to management and to propose management recommendations and business adjustment strategies.

The Bank continuously monitored changes in the external interest rate environment, forecasted future interest rate trends, and managed interest rate risk by adjusting its asset and liability structure to achieve a balance of risk and return. On the one hand, the Bank adjusted its product interest rate maturity and pricing methods, internal funds transfer pricing, development of new products and asset securitization to adjust the Bank's asset and liability structure; on the other hand, the Bank analysed the maturity of bond instruments within the portfolio and the sensitivity of bond prices to interest rate fluctuations to assess potential price fluctuations and ensure that the interest rate risk in the banking book is subject to management.

Management Discussion and Analysis

11.3.3 Exchange rate risk analysis

Exchange rate risk refers to the risk of loss of the overall income of the Bank due to adverse changes in exchange rates for assets and liabilities, and equity projects, foreign exchange and foreign exchange derivative positions in the form of foreign currencies.

The Bank's main principle in controlling exchange rate risk is to scientifically manage the foreign currency asset and liability structure and strictly control foreign exchange business exposure. According to the requirements of relevant regulations and management's evaluation of the current environment, on the one hand, the Bank minimized the possible mismatch between assets and liabilities in terms of currency and maturity by reasonably arranging the source and application of foreign currency funds; on the other hand, the Bank reduced the level of exposure to exchange rate risk through the implementation of indicators such as comprehensive position limits and overnight exposure limits. In addition, the Bank regularly reassessed the exchange rate of collaterals in the credit business and took early repayment or replenishment of collaterals in case of insufficient value of collaterals to mitigate the loss caused by exchange rate risk.

11.4 Operational risk management

Operational risk refers to risks caused by imperfect or problematic internal procedures, employees or information technology systems, as well as external incidents. Our Bank may be primarily exposed to the following categories of operational risks: internal fraud, external fraud, workplace safety incidents and information technology system incidents. Our Bank has set up an operational risk governance organizational structure composed of the Board of Directors and the Risk Management Committee under it, the Senior Management and the implementation level. The Board of Directors is our Bank's highest decision-making body regarding operational risk management. The Senior Management is responsible for executing operational risk management strategies, overall policies and systems approved by the Board of Directors. The Legal and Compliance Department leads our Bank's operational risk management, with the Risk Management Department, Operation Management Department and other departments supporting it in collaboration.

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

1. Optimise operational risk management system. The Bank determined risk appetite and specified operational risk appetite types, indicator types and thresholds. The Bank established the overall strategy for operational risk response, mainly including risk avoidance, risk transfer, risk control and risk taking, and formulated a development plan for operational risk for the whole bank. The Bank revised the "Management Policy for Operational Risks of Bank of Jiujiang" to further clarify the organizational structure and division of responsibilities, management process, identification and assessment, monitoring and reporting, and control and mitigation of operational risks of the Bank.

2. Promote the three operational risk tools. Based on the internal control compliance and operational risk management system, the Bank promoted the application of three major tools: risk and control self-assessment, key risk indicators and loss event management. First, the Bank scientifically monitored key risk indicators. It is required to organize the key indicators of operational risk within the Bank, clarify the responsible department, divide the Bank's indicators into 13 enterprise-level risk indicators and 39 line-level risk indicators involving 9 business lines, and carry out feedback monitor on a quarterly basis. Second, the Bank strengthened the collection of loss data. The Bank formulated the "Management Measures for the Collection of Operational Risk Events and Loss Data" to further clarify the types of operational risk events, the shape of loss data, and the workflow for the collection of operational risk events and loss data. Third, the Bank carried out risk control and self-appraisal. The Bank gradually formulated self-appraisal plans and schemes through the three-in-one system and carried out appraisal in an orderly manner.
3. Carry out comprehensive outsourcing risk assessment. The Bank organized an annual outsourcing risk assessment across the Bank and formed a bank-wide risk management report from three aspects: outsourcing risk management implementation, bank-wide outsourcing project implementation, and outsourcing risk assessment. To further prevent outsourcing risks, the Bank strengthened outsourcing management and standardized workflow by revising the "Outsourcing Management Measures of Bank of Jiujiang", further clarifying outsourcing management responsibilities and standardizing the outsourcing approval process. In 2021, the Bank conducted risk checks on outsourcing business in three aspects: effectiveness of outsourcing management system or process, effectiveness of daily management measures of outsourcing projects and risk checks of outsourcing personnel, so as to effectively prevent outsourcing risks.

11.5 Liquidity risk management

Liquidity risk refers to the risk of failure of commercial banks to acquire sufficient funds in a timely manner at a reasonable cost to pay off debts due or meet liquidity demands in line with expansion of business operations. Our Bank is exposed to liquidity risk primarily in the funding of our lending, trading and investment activities, as well as in the management of our liquidity positions.



Management Discussion and Analysis

The organizational structure for liquidity risk management of the Bank consists of a decision-making system, an executive system and a supervision system. The decision-making system includes the Board of Directors and the Risk Management Committee under the Board of Directors; the executive system includes senior management and its relevant committees and other relevant business management departments; the supervision system includes the Board of Supervisors and the Audit Department. The Board of Directors is our Bank's highest decision-making body regarding liquidity risk management and takes the ultimate responsibility for liquidity risk management. The Board of Supervisors supervises and evaluates the performance of the Board of Directors and senior management in liquidity risk management. The senior management is fully responsible for organization and implementation of the Bank's liquidity risk management. The risk management department of the Head Office leads the liquidity risk management of the Bank, which is responsible for integrating liquidity risk into the comprehensive risk management system, preparing comprehensive risk management reports to the senior management and risk management committee on a regular basis. The planning and finance department of the Head Office is the executive department of the Bank's liquidity risk management, and is primarily responsible for management of the daily fund position, while the financial market management department and other departments (lines) in the Head Office are the executive departments of the Bank's liquidity risk management, and are responsible for coordinating the implementation of liquidity risk management. The Audit Department performs independent audit and supervision on our Bank's liquidity risk management activities.

During the reporting period, the Bank managed liquidity risk mainly through the following measures. Firstly, the Bank built a capital position management system to improve the refinement of day-to-day liquidity control. Secondly, the Bank improved its liquidity management system, optimised its organizational structure and processes, and issued the "Implementation Rules for Capital Position Management of Bank of Jiujiang" to further improve the Bank's day-to-day liquidity risk management system and mechanism. Thirdly, the Bank strengthened the daily coordination of liquidity risk, increased the monitoring of regulatory indicators and liquidity gap prediction and limit control in special periods, and ensured that the value of each indicator is higher than the regulatory requirements. Fourthly, the Bank intensified the construction of liquidity early warning mechanism, effectively implemented liquidity emergency drills, conducted liquidity stress test and assessment on a quarterly basis, and increased the number of special stress tests and pressure tests according to the actual situation. The results show that the Bank's minimum survival period under stress is more than 30 days, and its stress bearing capacity remains at a good level. Fifthly, the Bank monitored the maturity of assets and liabilities to continuously optimise the maturity structure of assets and liabilities. Sixthly, the Bank controlled the total amount and structure of assets and liabilities through the asset and liability management system, so as to enhance the ability of active management of liquidity risk and foster the organic alignment of risk management and control, profitability and resource allocation. Meanwhile, we adopted measures including setting up dedicated capital planning positions, a lead management department, execution and operation department and a liquidity risk contingency team to keep improving our liquidity risk management organizational structure and enhance effectiveness of liquidity risk management.

As of December 31, 2021, the Group's liquidity ratio, the net stable capital ratio and liquidity coverage ratio were 81.42%, 129.44% and 426.31%, respectively. Among them, the balance of high-quality liquid assets was RMB67,070 million and the net cash outflow in the next 30 days was RMB15,732 million.

Item	Amount	
	As of December 31, 2021	As of September 30, 2021
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)		
Net stable capital ratio	129.44%	123.22%
Available stable capital	323,462.24	311,148.23
Required stable capital	249,893.04	252,511.94

11.6 Compliance risk management

The Bank has established a three-level compliance management departments (positions) from top to bottom, formed a compliance risk management structure of “foreground, middle-ground and background that covers both dimensions”, and created a compliance system highly consistent with the Bank's development strategy, market positioning, operating environment, corporate culture and management philosophy.



Management Discussion and Analysis

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

1. Promoting the construction of compliance system at a high level. The Bank has further reformed and optimised the compliance management system and organizational structure. The first is to strengthen the leading role of Party building. The Bank took political construction as the prerequisite foundation to further improve the level of internal control and compliance management, focusing on the important role of the Party Committee in setting the direction, managing the overall situation and ensuring implementation, continuously strengthening the leadership of Party building, continuously increasing the leadership of the Party Committee in promoting internal control and compliance management, and promoting compliance with Party building. Second is to establish the Compliance Management Committee. The Bank established separate compliance management committees under the Board of Directors and the senior management to further strengthen the top-level design and improve the organizational structure. At the meeting of the Compliance Management Committee in 2021, eight proposals were considered, including the Proposal on Revision of Compliance Policy of Bank of Jiujiang Co., Ltd. and Proposal on Revision of Basic System of Internal Control of Bank of Jiujiang Co., Ltd. to strengthen the integrated planning and comprehensive leadership of internal control and compliance management at the highest decision-making level. Third is to strengthen the construction of the compliance team. The formal establishment of the position of compliance director has clarified the management core of the construction of the Bank's compliance system, mechanism and culture, further enhancing the independence and professionalism of compliance work. The Bank set up compliance departments in all branches, assigned compliance specialists to the four key business lines of corporate finance, retail, credit extension, and operation management, and provided compliance managers in all departments of the head office and branches directly under the head office. The Bank established a qualification certification mechanism for the compliance line, clarified the criteria for appointment and regularly assessed and selected, and strove to build a professional and efficient compliance team with excellent quality and conduct. Fourth is to establish a case prevention leadership responsibility system. In order to further reinforce entity responsibility of management personal at each level for case prevention, the Bank strove to manage simultaneously and actively and consciously for case prevention, and issued Measures for Responsibility System of Leaders for Case Prevention and Control of Bank of Jiujiang. This is to clarify case prevention responsibilities of management at all levels and to associate promotion with performance and salary, constructing a responsibility system so that responsibilities are taken in all levels, where it comprehensively covers the network and systematically prevents cases.

2. Joint efforts to improve the efficiency of compliance management. Based on the concept that management is integrated into the system, the system is implemented in the process, and the process is performed in the system, the Bank continued to deepen the construction of internal control mechanisms and systems, and focused on improving the effectiveness of internal control management. Firstly, the Bank strengthened internal control and compliance management. In 2021, the Bank comprehended the spirit of the CBRC and carried out a comprehensive “Year of Internal Control and Compliance Management”, strictly implemented self-examination and self-correction in key risk areas, repeatedly investigated problems and major false information problems, and stepped up rectification and serious accountability for violations. The Bank increased education and publicity, continued to strengthen the atmosphere of compliance culture, and achieved significant results for the year of internal control and compliance management. Secondly, the Bank strengthened system construction. The Bank adhered to the business philosophy of “system first” and “bank management with system”, continuously improved the system, made the system management and strengthened the system constraints. The Bank paid close attention to macro policies and regulatory requirements and carried out timely internalization of external regulations, formulating 71 new systems and revising 116 in 2021. The Bank focused on the problem-oriented and front-line needs to carry out the “all staff involved” mechanism and system evaluation activities, fully collecting and analyzing more than 260 opinions and suggestions from front-line employees, promoting the optimisation and improvement of 21 systems, 11 systems and 12 mechanisms and processes, and significantly improving the applicability of the system. Thirdly, the Bank improved the construction of mechanisms and processes. The Bank built a four-in-one joint prevention and control work system of risk, compliance, audit and discipline inspection to promote the enhancement of risk prevention and control capability; established a list management mechanism of problem recording to promote effective rectification of problems found in internal and external inspections; established a mechanism of pre-investment compliance review to promote compliant operation of investment business. Fourthly, the Bank steadily promoted system construction. The Bank built a three-in-one system for internal control compliance and operational risk, integrated compliance management into corporate governance, internal control case prevention and business management, and realized systematization of system management, routing compliance inspection, quality management of operational risk and systematic compliance management.



Management Discussion and Analysis

3. Building a culture of compliance gradually. First is to develop an incorruptibility and compliance culture. The Bank organized monthly compliance examination and “Monthly Session for Leaders of the Bank” activities to promote corporate key values of “Compliance is everyone’s responsibility” and “Practice of compliance creates values” to develop an overall compliance culture of “Doing business with compliance”. The Bank continuously promoted the deep integration of a fine Party culture and a corruption-free Party building and compliance management, and carried out a series of activities such as “Party History Learning and Education” and “Integrity in the Heart and Compliance in the Bank” throughout the Bank, and organized 13 lectures on “Compliance by Executives” with the participation of more than 3,000 employees throughout the Bank, vigorously cultivating the awareness of rules and regulations. Second is to conduct strict internal accountability. The Director of Compliance also serves as the vice chairperson of Accountability Committee of Head Office to tighten compliance guidance and supervision, giving full play to the warning and deterrence effect against violations. Third is to enhance reporting on integrity violation. The Bank listed and announced major “integrity violation” activities, operated seasonal reporting mechanism, assigned staff members to specifically handle reports on integrity violation. Meanwhile, the Bank established various reporting channels such as drop-in boxes, reporting hotline and OA online QR code reporting etc. Fourth is to compile compliance cases. With reference to daily compliance issues and external regulatory cases, the Bank kept updating and posting compliance cases on “Compliance Online” column to educate all employees of the Bank to “Stay alert to compliance cases, bear in mind the compliance rules”.

11.7 Money laundering risk management

The risk of money laundering refers to likelihood or probability of an act or process where the criminals or lawbreakers who use various means to cover up or conceal the source and nature of illegal funds and turn it into legitimate funds in the process of establishing business relationships with customers, selling financial products and providing financial services.

Effective money laundering risk management is the foundation for the safe and sound operation of banks. The Bank established a sound money laundering risk management system by firmly establishing compliance and risk awareness in accordance with the requirements of diligence and due diligence. In accordance with the risk-based approach and reasonable allocation of resources, the Bank continuously identified, prudently assessed, effectively controlled and managed the Bank’s money laundering risks throughout the entire process to effectively prevent money laundering risks.

During the reporting period, the Bank managed money laundering risk mainly through following measures. Firstly, the Bank optimised the system construction and further enhanced the enforceability of the anti-money laundering system. The Bank paid attention to system review and promoted major business lines to integrate money laundering risk management requirements into specific product operating rules, so as to comprehensively enhance anti-money laundering management capabilities and governance. Secondly, the Bank strengthened its mechanism to further enhance the level of money laundering risk management. On the one hand, the Bank initially realized that anti-money laundering work was conducted centrally and by experts to reduce the workload of grassroots institutions and improve the quality and efficiency of anti-money laundering work. On the other hand, the Bank continued to optimise the assessment program. According to the actual situation and key work of anti-money laundering work, the Bank set multi-dimensional assessment indicators to build a scientific, reasonable, comprehensive and effective assessment system. Thirdly, the Bank strengthened independent monitoring and further optimised the money laundering risk assessment system. The Bank established a multi-dimensional assessment system for institutions, products and customers to continuously improve the scientific and effective risk assessment. Meanwhile, the Bank regularly evaluated and adjusted the monitoring model to enhance the accuracy of suspicious monitoring, and improved and optimised the anti-money laundering monitoring and analysis system. Fourthly, the Bank deepened its risk warning and further refined its money laundering risk screening. The Bank organized risk screening from time to time, taking into account the risk potential identified in its daily work and the risk information officially released, to promptly alert risks and curb the occurrence of money laundering risks. Fifthly, the Bank innovated the form of publicity to further fully fulfill its social responsibility. On the one hand, the Bank gave full play to the strength of its branches and continues to do a good job of anti-money laundering publicity by distributing promotional folders, placing display boards and showing promotional videos. On the other hand, the Bank innovated the form of publicity and popularized anti-money laundering knowledge to the public through online WeChat public platform and other channels to practice social responsibility. Sixthly, the Bank focused on personnel training and strengthened the recruitment of anti-money laundering talents. The Bank made full use of “Jiuyin Yixue (九銀易學)”, the online training platform, to effectively enhance the professional level of anti-money laundering work of the Bank. The Bank’s training courses were provided to middle and senior management, new employees, business line personnel and anti-money laundering personnel, etc. to continuously improve the anti-money laundering performance capacity and professional skills of all staff.

11.8 Information technology risk management

Information technology risk refers to the operational, legal and reputational risks caused by natural and artificial factors, technical vulnerabilities and management defects during the application of information technology by the Bank.

Management Discussion and Analysis

The Bank has set up an information technology risk management organizational structure composed of the Board of Directors, the senior management and the Information Technology Management Committee under it, and the implementation level. The information technology risk management framework of our Bank, under the leadership of our Board of Directors and our senior management, is based on the three lines of defense. The pre-event, during-event and post-event risk prevention systems have been effectively ameliorated.

1. Promoting qualification certification and improving operation and maintenance capabilities. The Wuhan data center of the Bank passes the Uptime M&O certification, becoming the first urban commercial bank in China to receive the certification. It also passes the ISO27000 (Information Security System) certification, which strengthened the information security management level of the Bank.
2. Strengthening risk assessment and promoting the system construction. Firstly, all processes prior to the launch of important information system (including project approval, demands and technology review, risk assessment of production versions, business impact analysis and grading) were discussed in online and offline meetings, and risk assessment were performed. Secondly, the Bank conducted a comprehensive risk assessment and secured emergency resources for the comprehensive risk management system, retail and internet application system groups.
3. Strengthening information security, preventing and mitigating risks. Firstly, the Bank adhered to the principle of in-depth defense when carrying out information security-related work, and established a sufficiently efficient defense system to ensure the information security of the Bank. Secondly, the Bank continued to promote the construction of a network security situational awareness platform, which enables real-time monitoring, early warning, disposal and display of security events through security big data, full traffic correlation analysis combined with threat intelligence. The Bank realized security risk visualization and automated response, thus enhancing the Bank's overall information security operations. Thirdly, the Bank reinforced network security protection and completed resource preparation, security self-inspection and attack and defense drill, and will continue to reinforce rectification, enhance the training of safety awareness and establish the overall protection system.

11.9 Reputational risk management

Reputational risk refers to the risk that interested parties, the public and the media have a negative evaluation of the Bank due to the Bank's institutional behaviors, employee behaviors or external events, which damages the Bank's brand value, is harmful to the Bank's normal operation and even affects market and social stability. In respect of reputational risk management, the Bank further improved the system construction, optimise the organisational structure, strengthen the training, investigation and assessment of reputational risk, and established a sound reputational risk management and control mechanism covering all staff and the whole process of the Bank to promote the forward movement of the management and control of the reputational risk and effectively enhance the ability of prevention and resilience of public opinions, thus clarify the reputational risk management classification standards, principal of accountability and management principles concerning reputational risk. Prevention, monitoring, reporting and handling of reputational risks have been improved so as to minimize the loss and negative impact on our Bank caused by the reputational risk-related events and promote our sustainable and stable operation.

In the next stage of reputational risk management, the Bank will constantly improve reputational risk prevention and control, public opinion management and handling and other systems, continuously improve the 365*24 public opinion monitoring mechanism, organize reputational risk training drills on a regular basis, continue to increase the efforts to investigate reputational risk, strength the quick response and handling capabilities for reputational risk, further strengthen positive publicity and guidance, build a more harmonious and stable external public opinion environment, and consolidate, maintain and enhance the Bank's good brand image.

11.10 Strategic risk management

Strategic risk refers to the risk caused by improper operation policies of a commercial bank or changes in the external operation environment. Our Bank's strategic risk management goals is to set up and improve the strategic risk management system to systematically identify and evaluate potential risks in our Bank's existing strategic plans and adopt scientific decision-making approaches and risk management measures to minimize or avoid substantial losses at a maximum level.



Management Discussion and Analysis

Our Bank has established a well-rounded strategic risk management organizational structure composed of the Board of Directors and the Strategy Committee under it, the senior management, strategy management functional departments of the Head Office and other related functional departments. During the reporting period, our Bank executed the Management Measures for Strategy and Operation Planning of Bank of Jiujiang strictly, and proactively launched strategic risk management to identify strategic management risks. Risk identification includes identifying whether the strategic plan is scientific and reasonable, whether the plan has taken external business environment changes into consideration, whether enough resources are available and allocated (including manpower, capital, management and IT resources) to support the execution of strategic decisions, whether an effective control mechanism over the strategy implementation process is in place, and whether any significant emergencies that affect the implementation of the strategy occurred, so as to ensure the consistency of the strategic plan with our Bank's development prospect and with our Bank's scale, risk appetite and portfolio complexity. In 2021, the Bank adjusted the internal division of labor structure for strategic risk management, clarified full-time strategic management personnel, continuously strengthened the performance of functions such as strategic planning, strategic monitoring and strategic execution, further improved the design of strategic systems and processes, and strengthened the regulation and assessment of daily and key tasks for strategic performance. At the same time, the Bank formulated and decomposed its strategic objectives in the form of three-year medium-term and long-term plans and annual business plans, formulated practical step-by-step implementation plans, and accelerated the establishment and improvement of effective strategy implementation management mechanisms to enhance strategy execution through efficient organizational synergy and effectively guarantee the smooth achievement of development strategy objectives.

As of December 31, 2021, our Bank's overall strategic risk level remained stable and under control, indicating our effective management over strategic risks.

Next, in terms of strategy formulation, the Bank plans to further increase the retrospective analysis to accurately estimate its own competitiveness, the strength of its competitors and the various opportunities and threats in the external environment, highlight differentiation and specialization, and enhance its core competitiveness. In terms of strategy implementation, the Bank will refine the decomposition of strategic objectives, transform strategy into controllable objectives, measurable indicators and implementable programs, and ensure that the plan is implemented on time and in accordance with quality by adopting measures such as task decomposition, time decomposition, and department or position decomposition. In terms of strategy supervision, the Bank will strengthen the monitoring of the implementation process, closely track and monitor the strategy implementation process, and continuously improve the incentive mechanism closely linked to the completion of the strategic objectives to encourage the advanced and spur the backward. In terms of guarantee mechanism, the Bank will strengthen the strategy publication and implementation, improve resource guarantee, further strengthen strategy propaganda and the professional staffing of the Research and Planning Department, and promote the orderly development of strategic management work.

Changes in Share Capital and Information on Shareholders

1. Changes in share capital

As of December 31, 2021, the Bank's total number of issued shares was 2,407,367,200, including 2,000,000,000 Domestic Shares and 407,367,200 H Shares.

During the reporting period, the Bank had no change in share capital.

1.1 Breakdown table of changes in shares

Class of shares	As at December 31, 2021		Changes in shares during the reporting period (share)	As at December 31, 2020	
	Number of shares (share)	Proportions (%)		Number of shares (share)	Proportions (%)
Domestic state-owned shares	366,020,000	15.20	0	366,020,000	15.20
Domestic state-owned legal person shares	617,654,236	25.66	56,392,500	561,261,736	23.31
Domestic social legal person shares	990,518,290	41.15	(56,392,500)	1,046,910,790	43.50
Domestic natural person shares	25,807,474	1.07	0	25,807,474	1.07
Overseas listed shares (H Shares)	407,367,200	16.92	0	407,367,200	16.92
Total number of ordinary shares	2,407,367,200	100.00	0	2,407,367,200	100.00

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

On April 20, 2021, Jiujiang Hehui Import & Export Co., Ltd. (九江和匯進出口有限公司) transferred its 56,392,500 Domestic Shares of the Bank to Wuning County Urban Construction Investment Development Co., Ltd. (武寧縣城市建設投資開發有限公司).

On August 12, 2020, 136,070,000 Domestic Shares of the Bank held by Dasheng (Fujian) Agriculture Co., Ltd. were successfully sold off on Alibaba's public auction platform, and the buyer, Fangda Carbon New Material Co., Ltd. (a listed company on Shanghai Stock Exchange, stock code: 600516), obtained the approval on qualification of a major shareholder issued by the China Banking and Insurance Regulatory Commission Jiangxi Bureau (Gan Yin Bao Jian Fu [2021] No. 64) on March 11, 2021.

From the end of the reporting period and as at the date of this report, there were no changes in more than 1% of Domestic Shares of the Bank.

Changes in Share Capital and Information on Shareholders

2. Particulars of shareholders

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

As of December 31, 2021, the Bank had 671 domestic shareholders in total, including 1 state-owned shareholder, 9 state-owned legal person shareholders, 58 social legal person shareholders and 603 natural person shareholders.

2.2 Top 10 shareholders of non-overseas listed Domestic Shares

As of December 31, 2021, the shareholdings of the top 10 shareholders who directly held non-overseas listed Domestic Shares are as follows:

Name of Shareholders	Classes of shares	Number of shares held as at the end of the reporting period	Approximate percentage of total issued share capital of the Bank by the end of reporting period	Shares pledged or frozen	
		(share)	(%)	Particulars of shares	Number of shares (share)
Jiujiang Finance Bureau	Domestic Shares	366,020,000	15.20	Normal	–
Beijing Automotive Group Co., Ltd.	Domestic Shares	366,020,000	15.20	Normal	–
Industrial Bank Co., Ltd.	Domestic Shares	294,400,000	12.23	Normal	–
Fangda Carbon New Material Co., Ltd. ⁽¹⁾	Domestic Shares	136,070,000	5.65	Normal	–
Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd.	Domestic Shares	95,840,000	3.98	Normal	–
Junhe (Xiamen) Holdings Co., Ltd.	Domestic Shares	86,653,080	3.60	Pledged	83,920,000
Jiangxi Baoshen Industrial Co., Ltd.	Domestic Shares	84,792,010	3.52	Pledged	84,792,010
Nanchang County Cultural Tourism Investment Co., Ltd.	Domestic Shares	57,040,000	2.37	Normal	–
Wuning County Urban Construction Investment Development Co., Ltd. (武寧縣城市建設投資開發有限公司)	Domestic Shares	56,392,500	2.34	Normal ⁽²⁾	–
Jiujiang State-owned Assets Management Co., Ltd.	Domestic Shares	43,454,831	1.81	Pledged	12,000,000
Total		1,586,682,421	65.90		

Notes:

- (1) On August 12, 2020, 136,070,000 Domestic Shares of the Bank held by Dasheng (Fujian) Agriculture Co., Ltd. were successfully sold off on Alibaba's public auction platform, and the buyer, Fangda Carbon New Material Co., Ltd. (a listed company on Shanghai Stock Exchange, stock code: 600516), obtained the approval on qualification of a major shareholder from the China Banking and Insurance Regulatory Commission Jiangxi Bureau (Gan Yin Bao Jian Fu [2021] No. 64) on March 11, 2021.
- (2) In April 2021, Jiujiang Hehui Import & Export Co., Ltd. (九江和匯進出口有限公司) transferred its 56,392,500 Domestic Shares of the Bank to Wuning County Urban Construction Investment Development Co., Ltd. (武寧縣城市建設投資開發有限公司). The pledge of such shares has been discharged accordingly.

2.3 Interests and short positions of substantial shareholders in shares and underlying shares under Hong Kong laws and regulations

As of December 31, 2021, so far as is known to the Bank and the Directors, substantial shareholders of the Bank and other persons (other than Directors, Supervisors and chief executive officers of the Bank) who had interests and short positions in the Shares and underlying Shares of the Bank which were required to notify the Bank or the Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Bank under Section 366 of the SFO were as follows:

Name of shareholders	Classes of shares	Number of shares (share)	Nature of interest	Approximate percentage of shareholding in the relevant class of share (%)	Approximate percentage of total share capital of the Bank (%)
Jiujiang Finance Bureau ⁽²⁾	Domestic Shares	366,020,000(L) ⁽¹⁾	Beneficial Owner	18.30	15.20
	Domestic Shares	40,000,000(L) ⁽¹⁾	Interest of Controlled Corporation	2.00	1.66
Beijing Automotive Group Co., Ltd. ⁽³⁾	Domestic Shares	366,020,000(L) ⁽¹⁾	Beneficial Owner	18.30	15.20
Industrial Bank Co., Ltd. ⁽⁴⁾	Domestic Shares	294,400,000(L) ⁽¹⁾	Beneficial Owner	14.72	12.23
Fangda Carbon New Material Co., Ltd. ⁽⁵⁾	Domestic Shares	136,070,000(L) ⁽¹⁾	Beneficial Owner	6.80	5.65
	Domestic Shares	35,000,000(L) ⁽¹⁾	Interest of Controlled Corporation	1.75	1.45
Foresea Life Insurance Co., Ltd.	H Shares	104,666,400(L) ⁽¹⁾	Beneficial Owner	25.69	4.35
Taiping Assets Management (HK) Company Limited	H Shares	104,666,400(L) ⁽¹⁾	Investment Manager	25.69	4.35
Chu Mang Yee ⁽⁶⁾	H Shares	66,037,600(L) ⁽¹⁾	Interest of Controlled Corporation	16.21	2.74

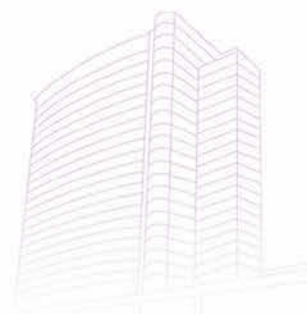
Changes in Share Capital and Information on Shareholders

Name of shareholders	Classes of shares	Number of shares (share)	Nature of interest	Approximate percentage of shareholding in the relevant class of share (%)	Approximate percentage of total share capital of the Bank (%)
Sounda Properties Limited ⁽⁶⁾	H Shares	66,037,600(L) ⁽¹⁾	Interest of Controlled Corporation	16.21	2.74
Hopson Development Holdings Limited ⁽⁶⁾	H Shares	66,037,600(L) ⁽¹⁾	Interest of Controlled Corporation	16.21	2.74
Hopson Development International Limited ⁽⁶⁾	H Shares	66,037,600(L) ⁽¹⁾	Interest of Controlled Corporation	16.21	2.74
R&F Properties (HK) Co., Ltd. ⁽⁷⁾	H Shares	63,591,000(L) ⁽¹⁾	Beneficial Owner	15.61	2.64
Guangzhou R&F Properties Co., Ltd. ⁽⁷⁾	H Shares	63,591,000(L) ⁽¹⁾	Interest of Controlled Corporation	15.61	2.64
Harbor Sure (HK) Investments Limited	H Shares	63,591,000(L) ⁽¹⁾	Security interest in shares	15.61	2.64
ABCI Investment Management Limited	H Shares	63,591,000(L) ⁽¹⁾	Interest of Controlled Corporation	15.61	2.64
ABC International Holdings Limited	H Shares	63,591,000(L) ⁽¹⁾	Interest of Controlled Corporation	15.61	2.64
Agricultural Bank of China Limited	H Shares	63,591,000(L) ⁽¹⁾	Interest of Controlled Corporation	15.61	2.64
Ministry of Finance of the People's Republic of China	H Shares	63,591,000(L) ⁽¹⁾	Interest of Controlled Corporation	15.61	2.64
Central Huijin Investment Ltd.	H Shares	63,591,000(L) ⁽¹⁾	Interest of Controlled Corporation	15.61	2.64
Hopeson Holdings Limited ⁽⁶⁾	H Shares	46,037,600(L) ⁽¹⁾	Beneficial Owner	11.30	1.91
Success Cypress Limited ⁽⁸⁾	H Shares	40,850,800(L) ⁽¹⁾	Beneficial Owner	10.03	1.70
Tan Huichuan ⁽⁸⁾	H Shares	40,850,800(L) ⁽¹⁾	Interest of Controlled Corporation	10.03	1.70
Guangzhou Jinxiu Dadi Property Development Company Limited ⁽⁸⁾	H Shares	40,850,800(L) ⁽¹⁾	Interest of Controlled Corporation	10.03	1.70

Name of shareholders	Classes of shares	Number of shares (share)	Nature of interest	Approximate percentage of shareholding in the relevant class of share (%)	Approximate percentage of total share capital of the Bank (%)
Guangzhou Jinxiu Investment Company Limited ⁽⁸⁾	H Shares	40,850,800(L) ⁽¹⁾	Interest of Controlled Corporation	10.03	1.70
Guangdong Nimble Real Estate (Group) Co., Ltd. ⁽⁸⁾	H Shares	40,850,800(L) ⁽¹⁾	Interest of Controlled Corporation	10.03	1.70
Zhaoqing Tiancheng Property Co., Ltd. ⁽⁸⁾	H Shares	40,850,800(L) ⁽¹⁾	Interest of Controlled Corporation	10.03	1.70
Faithful Edge Limited ⁽⁸⁾	H Shares	40,317,800(L) ⁽¹⁾	Interest of Controlled Corporation	9.90	1.67
Rong De Investment Limited ⁽⁹⁾	H Shares	33,308,200(L) ⁽¹⁾	Beneficial Owner	8.18	1.38
East System Investments Limited	H Shares	28,561,400(L) ⁽¹⁾	Beneficial Owner	7.01	1.19
Venfi Group Limited ⁽¹⁰⁾	H Shares	22,205,400(L) ⁽¹⁾	Beneficial Owner	5.45	0.92

Notes:

- (1) The letter "L" denotes the person's long position in the shares.
- (2) Jiujiang Finance Bureau, an official organ as legal person, directly or indirectly holds a total of 366.02 million Domestic Shares of the Bank, accounting for 15.20% of the Bank's total issued share capital as at the end of the reporting period. The bureau's legal representative is Wu Zexun. Besides, Jiujiang Finance Bureau indirectly holds 40 million Domestic Shares of the Bank through Jiujiang City Financial Enterprise Financial Services Co., Ltd. In accordance with the forms for filing disclosure of interests submitted on August 20, 2019, Jiujiang Finance Bureau and Jiujiang State-owned Assets Management Co., Ltd. have acted in concert or without contradictory since January 1, 2016, the Bank's Domestic Shares held by Jiujiang State-owned Assets Management Co., Ltd. amounted to 43,454,831 shares. Therefore, Jiujiang Finance Bureau controlled a total of approximate 18.67% of Domestic Shares of the Bank.
- (3) Beijing Automotive Group Co., Ltd. ("BAIC Group") holds 366.02 million Domestic Shares of the Bank, accounting for 15.20% of the Bank's total issued share capital as at the end of the reporting period. The company's legal representative is Jiang Deyi. Founded in 1958, BAIC Group is headquartered in Beijing and is one of leading automotive groups in China and a Fortune 500 Company.



Changes in Share Capital and Information on Shareholders

- (4) Industrial Bank Co., Ltd. ("Industrial Bank") holds 294.40 million Domestic Shares of the Bank, accounting for 12.23% of the Bank's total issued share capital as at the end of the reporting period. The company's legal representative is Mr. Lyu Jiajin. Founded in August 1988 and headquartered in Fuzhou City, Fujian province, Industrial Bank is one of the first joint-stock commercial banks approved by the State Council and the central bank. Industrial Bank was officially listed in Shanghai Stock Exchange on February 5, 2007 (stock code: 601166) and ranks among the Top 50 banks in the world.
- (5) Fangda Carbon New Material Co., Ltd. ("Fangda Carbon") held 136.07 million Domestic Shares, accounting for 5.65% of the Bank's total issued share capital as at the end of the reporting period. In addition, Jiangxi PXSteel Industrial Co. Ltd., a related company of Fangda Carbon holds 35.00 million Domestic Shares of the Bank, accounting for 1.45% of the Bank's total issued share capital as at the end of the reporting period. Therefore, Fangda Carbon controlled an aggregate of 7.11% of the ordinary shares of the total issued share capital of the Bank. Founded in January 1999, Fangda Carbon, with a registration place in Lanzhou City, Gansu province and a total of approximately 3,806 million registered capital, is mainly engaged in research and development and sale of carbon products and iron concentrates and is a leading enterprise of the National Science and Technology Development and Innovation Base. Fangda Carbon was listed on Shanghai Stock Exchange on August 30, 2002 (stock code: 600516).
- (6) Chu Mang Yee holds equity interests in 66,037,600 H Shares of the Bank through two controlled corporations, of which 46,037,600 H shares are held through Hopeson Holdings Limited and the remaining 20,000,000 H shares are held through Sound Zone Properties Limited.
- (7) R&F Properties (HK) Co., Ltd. is a company incorporated in Hong Kong and a wholly-owned subsidiary of Guangzhou R&F Properties Co., Ltd. (stock code: 2777). It is principally engaged in investment holding business.
- (8) Success Cypress Limited is a company incorporated in the British Virgin Islands and is ultimately held by Tan Huichuan, Tan Mei, Tan Haocheng and Tan Yuehua as to 43%, 7%, 25% and 25%, respectively. It is principally engaged in investment holding business. Guangzhou Jinxiu Dadi Property Development Company Limited ("Guangzhou Jinxiu Dadi") is held by Tan Huichuan as to 90%; Guangdong Nimble Real Estate (Group) Co., Ltd. ("Guangzhou Nimble") is a wholly-owned subsidiary of Guangzhou Jinxiu Dadi; Guangzhou Nimble held 90% of Guangzhou Jinxiu Investment Company Limited ("Guangzhou Jinxiu Investment") which is held by Tan Huichuan as to 10%; Guangzhou Jinxiu Investment held 50% of Zhaoqing Tiancheng Property Co., Ltd. ("Zhaoqing Tiancheng"); Faithful Edge Limited is a wholly-owned subsidiary of Zhaoqing Tiancheng; and Success Cypress Limited is a wholly-owned subsidiary of Faithful Edge Limited and the beneficial owner of the Bank.
- (9) Rong De Investments Limited is a company incorporated in the British Virgin Islands and is owned as to 36%, 34.06% and 29.94% by Liao Tengjia, Zhu Qingsong and Zhu Muzhi, respectively. It is principally engaged in investment holding business.
- (10) Venfi Group Limited is a company incorporated in Hong Kong and is wholly owned by Liu Yang. It is principally engaged in investment holding business.

2.4 Top 10 shareholders of ordinary shares

As of December 31, 2021, the shareholdings of the top 10 shareholders who directly held ordinary shares of the Bank are as follows:

Name of shareholders	Classes of shares	Number of shares held as at the end of the reporting period (share)	Approximate percentage of total issued share capital of the Bank by the end of reporting period (%)
Jiujiang Finance Bureau	Domestic Shares	366,020,000	15.20
Beijing Automotive Group Co., Ltd.	Domestic Shares	366,020,000	15.20
Industrial Bank Co., Ltd.	Domestic Shares	294,400,000	12.23
Fangda Carbon New Material Co., Ltd.	Domestic Shares	136,070,000	5.65
Foresea Life Insurance Co., Ltd.	H Shares	104,666,400	4.35
Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd.	Domestic Shares	95,840,000	3.98
Junhe (Xiamen) Holdings Co., Ltd.	Domestic Shares	86,653,080	3.60
Jiangxi Baoshen Industrial Co., Ltd.	Domestic Shares	84,792,010	3.52
R&F Properties (HK) Co., Ltd.	H Shares	63,591,000	2.64
Nanchang County Cultural Tourism Investment Co., Ltd.	Domestic Shares	57,040,000	2.37
Total		1,655,092,490	68.74

2.5 The controlling shareholders of the Bank

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

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

Jiujiang Finance Bureau

Jiujiang Finance Bureau holds 366.02 million Domestic Shares of the Bank, which are state-owned shares, accounting for 15.20% of the Bank's total issued share capital as of the end of the reporting period. Jiujiang Finance Bureau is an official organ as legal person, and the bureau's legal representative is Wu Zexun.

Jiujiang Finance Bureau indirectly holds 40.00 million Domestic Shares of the Bank through Jiujiang City Financial Enterprise Financial Services Co., Ltd., the wholly-owned sub-subsidiary of Jiujiang Finance Bureau. In addition, Jiujiang Finance Bureau and Jiujiang State-owned Assets Management Co., Ltd. have acted in concert since January 1, 2016, the Bank's Domestic Shares held by Jiujiang State-owned Assets Management Co., Ltd. amounted to 43,454,831 shares. Therefore, Jiujiang Finance Bureau controlled an aggregate of 18.67% of the ordinary shares of the total issued share capital of the Bank.

Changes in Share Capital and Information on Shareholders

As of the end of the reporting period, Jiujiang State-owned Assets Management Co., Ltd., the concert party of Jiujiang Finance Bureau, pledged 12 million Domestic Shares of the Bank. Apart from that, neither Jiujiang Finance Bureau nor its related parties pledge the equity of the Bank.

Beijing Automotive Group Co., Ltd.

BAIC Group holds 366.02 million Domestic Shares of the Bank, which are state-owned legal person shares, accounting for 15.20% of the Bank's total issued share capital as of the end of the reporting period. As of the end of the reporting period, BAIC Group did not pledge the equity of the Bank.

Founded in 1958, BAIC Group, with a registration place in Beijing and a total of RMB19,956.5 million registered capital, is one of leading automotive groups in China and a Fortune 500 Company. The company's legal representative is Jiang Deyi and its controlling shareholder is Beijing State-owned Capital Operation and Management Center. The actual controller and ultimate beneficiary are the State-owned Assets Supervision and Administration Commission of Beijing Municipality. BAIC Group has no concert parties.

Industrial Bank Co., Ltd.

Industrial Bank holds 294.40 million Domestic Shares of the Bank, which are social legal person shares, accounting for 12.23% of the Bank's total share capital as of the end of the reporting period. As of the end of the reporting period, Industrial Bank did not pledge the equity of the Bank.

Founded in August 1988 and with a registration place in Fuzhou City, Fujian province, Industrial Bank is one of the first joint-stock commercial banks approved by the State Council and the People's Bank of China. It has a total of approximately RMB20,774 million registered capital. The company's legal representative is Lyu Jiajin. It has no controlling shareholder, concert parties or actual controller. The ultimate beneficiary is Industrial Bank. Industrial Bank was officially listed in Shanghai Stock Exchange on February 5, 2007 (stock code: 601166) and ranks among the Top 50 banks in the world.

Fangda Carbon New Material Co., Ltd.

Fangda Carbon holds approximately 136.07 million Domestic Shares of the Bank, which are social legal person shares, accounting for 5.65% of the Bank's total share capital as of the end of the reporting period. In addition, Jiangxi PXSteel Industrial Co. Ltd., a related company of Fangda Carbon holds 35.00 million Domestic Shares of the Bank. Therefore, Fangda Carbon controlled an aggregate of 7.11% of the ordinary shares of the total issued share capital of the Bank. As of the end of the reporting period, Fangda Carbon and its related party did not pledge the equity of the Bank.

Founded in January 1999, Fangda Carbon, with a registration place in Lanzhou City, Gansu province and a total of 3,806 million registered capital, is mainly engaged in research and development and sale of carbon products and iron concentrates and is a leading enterprise of the National Science and Technology Development and Innovation Base. Fangda Carbon's legal representative is Dang Xijiang and its controlling shareholder is Liaoning Fangda Group Industrial Co., Ltd. The actual controller and ultimate beneficiary is Fang Wei. Fangda Carbon was officially listed on Shanghai Stock Exchange on August 30, 2002 (stock code: 600516).

2.7 Other substantial domestic shareholders

According to the Interim Measures for the Equity Management of Commercial Banks of CBIRC (CBRC Order 2018 No.1), substantial shareholders of a commercial bank mean shareholders who hold or control 5% or more shares or voting rights of the commercial bank, or who hold less than 5% of total capital or total shares of the commercial bank but have significant influence on the business management of the commercial bank. The significant influence mentioned above includes but not limited to dispatching directors, supervisors or senior management of a commercial bank.

Other than those disclosed in the section 2.6 in this chapter, i.e. Jiujiang Finance Bureau, Beijing Automotive Group Co., Ltd., Industrial Bank Co., Ltd. and Fangda Carbon New Material Co., Ltd., substantial domestic shareholder of the Bank who holds less than 5% of total capital or total shares of the Bank but dispatch Supervisors to the Bank is Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd. ("Foshan Gaoming").

Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd.

Foshan Gaoming holds 95.84 million Domestic Shares of the Bank, which are social legal person shares, accounting for 3.98% of the Bank's total issued share capital as of the end of the reporting period. As of the end of the reporting period, Foshan Gaoming did not pledge the equity of the Bank.

Foshan Gaoming, with Luo Hanmin as its legal representative, was established in 2000 with a registration place in Foshan city, Guangdong province. It has a total of RMB300 million registered capital. The controlling shareholder, the actual controller and the ultimate beneficiary are Wu Jialing. Foshan Gaoming has no concert parties. The company is engaged in deposit receipt and deposit books printing, R&D and sales, and is the earliest plant in China to apply hot stamping to magnetic stripes of deposit books. It is also a member of "China Trade Association for Anti-counterfeiting", one of the "Top 100 Printing Enterprises in Guangdong Province", and a "Garden-like Organization in Foshan City".

Changes in Share Capital and Information on Shareholders

2.8 Related parties of substantial domestic shareholders at the end of the reporting period

No.	Name of substantial shareholders	Related parties of substantial shareholders and their concert parties (if any)
1	Jiujiang Finance Bureau	Jiujiang Financial Holdings Group Co., Ltd., Jiujiang City Financial Enterprise Financial Services Co., Ltd., Jiujiang City Financial Investment Management Co., Ltd., Jiujiang Technology Investment Co., Ltd., Jiujiang Non-financial Guarantee Holdings Co., Ltd., Jiujiang Infrastructural Investment Limited and Jiujiang State-owned Assets Management Co., Ltd., etc.
2	Beijing Automotive Group Co., Ltd.	BAIC Group Industrial Investment Co., Ltd., BAIC Group Finance Co., Ltd., Beijing Hyundai Motor Co., Ltd., Jiangxi Changhe Automobile Co., Ltd., Beijing Benz Automotive Co., Ltd., Beijing Xingdongfang Industry Co., Ltd., Beijing Automotive Industry Imp. & Exp. Co., Ltd., and Beijing Automotive Institute Co., Ltd., etc.
3	Industrial Bank Co., Ltd.	Industrial Bank Financial Leasing Co., Ltd., China Industrial International Trust Co., Ltd., CIB Fund Management Co., Ltd., Industrial Consumer Finance Co., Ltd., Industrial Economic Research Consulting Co., Ltd., Ciit Asset Management Co., Ltd., Industrial Wealth Asset Management Co., Ltd., and Industrial Futures Co., Ltd., etc.
4	Fangda Carbon New Material Co., Ltd.	Pingxiang Pinggang Steel Co., Ltd., Jiangxi Fangda Steel Group Co., Ltd., Jiujiang Ping Gang Steel Co., Ltd., Shanghai Fangda Investment Management Co., Ltd., Chengdu Carbon Co., Ltd., Hefei Carbon Co., Ltd., Fushun Laihe Mining Co., Ltd., etc.
5	Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd.	Foshan Gaoming Standard Spectrum Garden Co., Ltd., Foshan Gaoming Hengye Real Estate Co., Ltd., and Guigang Hengfu Real Estate Co., Ltd., etc.

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

Unit: in millions of RMB

No.	Name of shareholders	Credit balance	The controlling shareholders of the corporation	Credit balance	Actual controllers	Credit balance	Parties acting in concert	Credit balance	Ultimate beneficiary	Credit balance	Related party with related transaction(s)	Credit balance	Total
1	Jiujiang Finance Bureau	-	-	-	-	-	Jiujiang State-owned Assets Management Co., Ltd.	-	-	-	Jiujiang Infrastructural Investment Limited Jiangxi Natural Gas Duchang Co., Ltd.	25,350.00 803.51	26,153.51
2	Beijing Automotive Group Co., Ltd.	-	Beijing State-owned Capital Operation and Management Center	-	State-owned Assets Supervision and Administration Commission of Beijing Municipality	-	-	-	State-owned Assets Supervision and Administration Commission of Beijing Municipality	-	Anpeng International Financial Leasing (Shenzhen) Co., Ltd. BAIC Yinxiang Automobile Co., Ltd. Jiangxi Changhe Automobile Sales Co., Ltd. Beijing Beiqi Pengyuan Automobile Sales & Service Co., Ltd. Beijing CA Sinfusi Financial Leasing Co., Ltd. BAIC Group Industrial Investment Co., Ltd. Anpeng Financial Leasing (Tianjin) Co., Ltd. (安鹏融资租赁(天津)有限公司) BH Leasing Co., Ltd. Cangzhou Economic Development Zone and Xingye Industrial Park Co., Ltd. (沧州经济开发区 奥莱产业园有限责任公司) Jingdezhen City Xingchangda Property Co., Ltd.	1,387.00 10,188.75 1,000.00 6,564.46 25,382.29 26,947.38 60,000.00 9,379.76 4,500.00 4,800.00	150,149.64

Changes in Share Capital and Information on Shareholders

No.	Name of shareholders	Credit balance	The controlling shareholders of the corporation	Credit balance	Actual controllers	Credit balance	Parties acting in concert	Credit balance	Ultimate beneficiary	Credit balance	Related party with related transaction(s)	Credit balance	Total
3	Industrial Bank Co., Ltd.	10,257.49	-	-	-	-	-	-	Industrial Bank Co., Ltd.	-	-	-	10,257.49
4	Fangda Carbon New Material Co., Ltd.	-	Liaoning Fangda Group Industrial Co., Ltd.	180,117.95	Fang Wei	-	-	-	Fang Wei	-	Jiangxi Fangda Steel International Trade Co., Ltd. (江西方大鋼鐵國際貿易有限公司) Pingxiang Pinggang Anyuan Steel Co., Ltd. Jiujiang Ping Gang Steel Co., Ltd., Jiangxi Fangda Steel Group Co., Ltd.	30,000.00 12,600.00 19,180.40 239,933.30	481,831.65
5	Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd.	-	Wu Jialing	-	Wu Jialing	-	-	-	Wu Jialing	-	-	-	-
Total		10,257.49		180,117.95	-	-	-	-	-	-		478,016.85	668,392.29

Note: Industrial Economic Research Consulting Co., Ltd., the related party of Industrial Bank Co., Ltd., provided consulting service to the Bank, with the service fee of RMB0.8 million.

2.10 Pledge of equity in the Bank by substantial domestic shareholders

As of December 31, 2021, the substantial shareholders of the Bank didn't pledge equity in the Bank.

2.11 Nomination of Directors and Supervisors by the shareholders

- (1) Jiujiang Finance Bureau nominated Mr. ZENG Huasheng as a Director of the Bank;
- (2) Beijing Automotive Group Co., Ltd. nominated Mr. SHI Zhishan as a Director of the Bank;
- (3) Industrial Bank Co., Ltd. nominated Mr. LI Jianbao as a Director of the Bank; and
- (4) Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd. nominated Ms. LIU Chunmei and Ms. LIAO Jingwen as Supervisors of the Bank.

2.12 The number of pledged shares of the Bank reaching or exceeding 20% of the issued share capital

As of the end of the reporting period, the number of pledged shares of the Bank didn't exceed 20% of the issued share capital.

2.13 The Bank's pledged shares being frozen, judicially auctioned, restricted from voting or other rights

- (1) As of the end of the reporting period, the Bank has 91,089,528 pledged shares held by 4 Domestic Shareholders that were involved in frozen; no pledged shares was involved in judicial auctions.
- (2) According to the Articles of Association, when the number of shares pledged by a shareholder reaches or exceeds 50% of the total shares held by him/her in the Bank, the said shareholder is required to issue a commitment letter of giving up his/her voting right at the Shareholders' General Meeting. As of the end of the reporting period, the number of Domestic Shares pledged by 13 shareholders reached or exceeded 50% (inclusive) of the total shares held by them in the Bank, and voting rights represented by 247,699,518 shares were restricted, accounting for 10.29% of the total shares.

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

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



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

1. Current Directors, Supervisors and Senior Management

Directors

Name (former name, if any)	Gender	Age	Position	Terms of appointment	Number of shares held on December 31, 2021 (Share)	Class of shares
LIU Xianting ⁽¹⁾	Male	60	Chairman of the Board of Directors and Executive Director	May 2020 – February 2022	500,000	Domestic Shares
PAN Ming ⁽²⁾	Male	47	Vice Chairman of the Board of Directors, Executive Director, President and Chief Customer Manager	May 2020 – May 2023	224,910	Domestic Shares
YUAN Delei	Male	43	Executive Director and Risk Director	December 2021 – May 2023	Nil	
ZENG Huasheng	Male	58	Non-executive Director	May 2020 – May 2023	Nil	
SHI Zhishan	Male	43	Non-executive Director	November 2021– May 2023	Nil	
LI Jianbao	Male	48	Non-executive Director	May 2020 – May 2023	Nil	
CHUA Alvin Cheng- Hock	Male	63	Independent Non-executive Director	May 2020 – May 2023	Nil	
GAO Yuhui	Female	72	Independent Non-executive Director	May 2020 – May 2023	Nil	
QUAN Ze	Male	50	Independent Non-executive Director	May 2020 – May 2023	Nil	
YANG Tao	Male	48	Independent Non-executive Director	May 2020 – May 2023	Nil	
LIU Yinan ⁽³⁾	Male	44	Non-executive Director	–	Nil	
XIAO Jing ⁽⁴⁾	Male	45	Vice President and Chief Information Officer	–	55,566	Domestic Shares

Notes:

- (1) On February 11, 2022, the Board of the Bank received the resignation letter from the Chairman Mr. LIU Xianting. Mr. LIU Xianting has resigned as the Chairman, the executive Director and the chairman of the Strategy Committee of the Board and member of the Nomination and Remuneration Committee of the Board of the Bank due to his mandatory age for retirement.
- (2) On February 11, 2022, the Board resolved to appoint Mr. XIAO Jing as the President of the Bank, with a term from the date of approval of his qualification by the China banking and insurance regulatory authorities to the expiry of the term of the sixth session of the Board. Mr. XIAO Jing is eligible for re-election upon expiration of the term of office. Meanwhile, the Board resolved to dismiss Mr. PAN Ming from the position of the President of the Bank, with effect from February 11, 2022. In order to ensure the normal operation of the Bank, Mr. XIAO Jing will perform relevant duties on behalf of the President of the Bank for the period from February 11, 2022 to the date of approval of the qualification of Mr. XIAO Jing by the China banking and insurance regulatory authorities.

- (3) The newly elected Director Mr. LIU Yinan will be reported to China banking and insurance regulatory authorities for approval of his Director's qualification. The term of office will be from the effective date of the approval of China banking and insurance regulatory authorities to the expiry of the term of the sixth session of the Board.
- (4) Upon the consideration and approval at the sixteenth meeting of the sixth session of the Board of the Bank on February 11, 2022, Mr. XIAO Jing was nominated as the candidate for the executive Director of the sixth session of the Board of the Bank. The Director's qualification of Mr. XIAO Jing will be submitted to the shareholders' general meeting of the Bank and reported to the China banking and insurance regulatory authorities for approval. The term of office will be from the effective date of the approval of China banking and insurance regulatory authorities to the expiry of the term of the sixth session of the Board.

Supervisors

Name (former name, if any)	Gender	Age	Position	Terms of appointment	Number of shares held on December 31, 2021 (Share)	Class of shares
MEI Mengsheng	Male	54	Chairman of the Board of Supervisors	May 2020 – May 2023	Nil	
LIU Chunmei	Female	72	Supervisor	May 2020 – May 2023	Nil	
GUO Jiequn	Male	51	Supervisor	May 2020 – May 2023	Nil	
CHEN Chunxia	Female	57	Supervisor	May 2020 – May 2023	Nil	
LIAO Jingwen	Female	36	Supervisor	May 2020 – May 2023	14,000	Domestic Shares
WAN Dandan	Female	33	Supervisor	May 2020 – May 2023	Nil	

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

Senior Management

Name (former name, if any)	Gender	Age	Position	Number of shares held on December 31, 2021 (Share)	Class of shares
PAN Ming ⁽¹⁾	Male	47	Vice Chairman of the Board of Directors, Executive Director, President and Chief Customer Manager	224,910	Domestic Shares
XIAO Jing ⁽¹⁾	Male	45	Vice President and Chief Information Officer	55,566	Domestic Shares
XIE Haiyang	Male	38	Vice President and President of Nanchang Branch	Nil	
WANG Li	Female	58	Vice President and Board Secretary	Nil	
YUAN Delei	Male	43	Executive Director and Risk Director	Nil	
HUANG Chaoyang	Male	52	Assistant to President	500,000	Domestic Shares
QI Yongwen	Male	51	Director of Retail Banking and President of Shangrao Branch	249,900	Domestic Shares
CHEN Luping	Male	55	Director of Small-enterprise Credit	331,100	Domestic Shares
XU Cao	Male	54	Assistant to President	217,560	Domestic Shares
WANG Yuanxin	Male	54	Assistant to President, Chairman and President of Beijing Daxing Jiuyin County Bank	220,500	Domestic Shares
CAI Jianhong	Male	53	Compliance Director	16,170	Domestic Shares
LI Guoquan	Male	52	Chief Accountant and the General Manager of the Planning and Finance Department	Nil	

Note:

- (1) On February 11, 2022, the Board resolved to appoint Mr. XIAO Jing as the President of the Bank, with a term from the date of approval of his qualification by the China banking and insurance regulatory authorities to the expiry of the term of the sixth session of the Board. Mr. XIAO Jing is eligible for re-election upon expiration of the term of office. Meanwhile, the Board resolved to dismiss Mr. PAN Ming from the position of the President of the Bank, with effect from February 11, 2022. In order to ensure the normal operation of the Bank, Mr. XIAO Jing will perform relevant duties on behalf of the President of the Bank for the period from February 11, 2022 to the date of approval of the qualification of Mr. XIAO Jing by the China banking and insurance regulatory authorities.

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

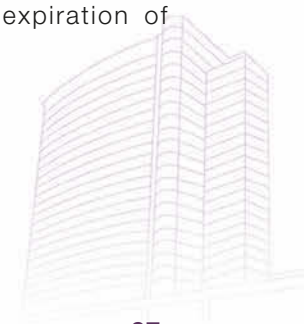
2.1 Changes in Directors

Upon the consideration and approval at the eighteenth meeting of the fifth session of the Board of the Bank on May 19, 2020 and the first extraordinary general meeting of 2021 held on February 1, 2021, Mr. LIU Yinan was nominated and elected as a non-executive Director of the sixth session of the Board of the Bank. Mr. LIU Yinan, the new elected Director, will be reported to China banking and insurance regulatory authorities for approval of his Director's qualification. The term of office will be from the effective date of the approval of China banking and insurance regulatory authorities to the expiry of the sixth session of the Board.

Upon the consideration and approval at the fourth meeting of the sixth session of the Board of the Bank on November 10, 2020 and the first extraordinary general meeting of 2021 on February 1, 2021 and the approval from the China Banking and Insurance Regulatory Commission Jiangxi Bureau (Gan Yin Bao Jian Fu [2021] No. 369), Mr. YUAN Delei was elected as the executive Director of the Bank, with a term from December 15, 2021 until the expiration of the sixth session of the Board. He is eligible for re-election.

On March 30, 2021, the Bank received a written resignation from Mr. ZHANG Jianyong to resign as the non-executive Director and members of the Strategic Committee and the Consumer Rights Protection Committee of the Board of the Bank. The resignation of Mr. ZHANG Jianyong shall take effect from the date of effectiveness of the non-executive Director Mr. SHI Zhishan newly elected by the shareholders' general meeting of the Bank (i.e. November 25, 2021). Prior to this, Mr. ZHANG Jianyong continued to perform the duties of non-executive Director and members and relevant special committees of the Board of the Bank. For details, please refer to the announcements of the Bank dated March 30, 2021 and November 26, 2021.

Upon the consideration and approval at the eighth meeting of the sixth session of the Board on March 30, 2021 and the 2020 Annual General Meeting of the Bank on June 25, 2021 and the approval from the China Banking and Insurance Regulatory Commission Jiangxi Bureau (Gan Yin Bao Jian Fu [2021] No. 346), Mr. SHI Zhishan was elected as the non-executive Director of the Bank, with a term from November 25, 2021 until the expiration of the sixth session of the Board. He is eligible for re-election.



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

2.2 Changes in Senior Management

Upon the consideration and approval at the first meeting of the sixth session of the Board on June 18, 2020 and the fifth meeting of the sixth session of the Board on December 22, 2020, and the approval from the China Banking and Insurance Regulatory Commission Jiangxi Bureau (Gan Yin Bao Jian Fu [2021] No. 41 and Gan Yin Bao Jian Fu [2021] No. 42), Ms. WANG Li was appointed as the Vice President and Board Secretary of the Bank.

Upon the consideration and approval at the first meeting of the sixth session of the Board on June 18, 2020 and the approval from the China Banking and Insurance Regulatory Commission Jiangxi Bureau (Gan Yin Bao Jian Fu [2021] No. 43), Mr. YUAN Delei was appointed as the Risk Director of the Bank.

Upon the consideration and approval at the third meeting of the sixth session of the Board held on August 28, 2020 and the approval from the China Banking and Insurance Regulatory Commission Jiangxi Bureau (Gan Yin Bao Jian Fu [2021] No. 123), Mr. XIE Haiyang was appointed as the Vice President of the Bank.

Upon the consideration and approval at the seventh meeting of the sixth session of the Board held on February 5, 2021 and the approval from the China Banking and Insurance Regulatory Commission Jiangxi Bureau (Gan Yin Bao Jian Fu [2021] No. 184), Mr. LI Guoquan was appointed as the Chief Accountant, the General Manager of the Planning and Finance Department of the Bank.

2.3 Changes in Company Secretary and Authorized Representatives during the Reporting Period

Upon the consideration and approval at the seventh meeting of the sixth session of the Board held on February 5, 2021, Ms. FOK Po Yi no longer served as the company secretary of the Bank, the Authorized Representative of the Bank (the “Authorized Representative”) under Rule 3.05 of the Listing Rules and the agent of the Bank for the acceptance on delivery of service of process or notice in Hong Kong (the “Service of Process Agent”) under Rule 19A.13(2)6 of the Listing Rules and Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) with effect from February 5, 2021. Mr. WONG Wai Chiu has been appointed as the company secretary, the Authorized Representative and the Service of Process Agent with effect from February 5, 2021. Details of changes in company secretary and Authorized Representative, please refer to the announcement of the Bank dated February 5, 2021.

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

2.4.1 Changes in Directors

On February 11, 2022, the Board of the Bank received the resignation letter from the Chairman Mr. LIU Xianting. Mr. LIU Xianting has resigned as the Chairman, the executive Director and the chairman of the Strategy Committee of the Board and member of the Nomination and Remuneration Committee of the Board of the Bank due to his mandatory age for retirement, and his resignation shall take effect from February 11, 2022. The Board shall complete the appointment of the new Chairman in accordance with statutory procedures as soon as possible and publish an announcement in due course. For details, please refer to the announcement of the Bank dated February 11, 2022.

Upon the consideration and approval at the sixteenth meeting of the sixth session of the Board of the Bank on February 11, 2022, Mr. XIAO Jing was nominated as the candidate for the executive Director of the sixth session of the Board of the Bank. The Director's qualification of Mr. XIAO Jing will be submitted to the shareholders' general meeting of the Bank and reported to the China banking and insurance regulatory authorities for approval. The term of office will be from the effective date of the approval of China banking and insurance regulatory authorities to the expiry of the term of the sixth session of the Board.

2.4.2 Changes in Senior Management

On February 11, 2022, the Board resolved to appoint Mr. XIAO Jing as the President of the Bank, with a term from the date of approval of his qualification by the China banking and insurance regulatory authorities to the expiry of the term of the sixth session of the Board. Mr. XIAO Jing is eligible for re-election upon expiration of the term of office. Meanwhile, the Board resolved to dismiss Mr. PAN Ming from the position of the President of the Bank, with effect from February 11, 2022. In order to ensure the normal operation of the Bank, Mr. XIAO Jing will perform relevant duties on behalf of the President of the Bank for the period from February 11, 2022 to the date of approval of the qualification of Mr. XIAO Jing by the China banking and insurance regulatory authorities. In addition, Mr. Pan Ming will continue to serve as the Vice Chairman, executive Director of the Bank and members of the special committees of the Board of the Bank. For details, please refer to the announcement of the Bank dated February 11, 2022.

From the end of the reporting period and as at the date of this report, except for the above mentioned, there were no changes of other Directors, Supervisors and senior management of the Bank.

3. Biographies of Directors, Supervisors and Senior Management

3.1 Directors

Mr. LIU Xianting (劉羨庭), aged 60, resigned from positions as an executive Director and the chairman of the Board of Directors of the Bank, with effect from February 11, 2022.

Mr. LIU worked for the Lianhua County Sub-branch of PBOC from January 1981 to November 1984 and was responsible for accounting and cashier works, statistical planning and industrial and commercial credit. He joined the Ji'an Regional Branch of PBOC from November 1984 to March 1987 and was responsible for fund management and integrated management at the fund planning division. He served as the deputy head and subsequently head of the fund planning division of Ji'an Regional Branch of PBOC from March 1987 to June 1991 and from June 1991 to November 1991, respectively. He served as the president of Ji'an Municipal Sub-branch of PBOC from November 1991 to September 1998 and the director of the business department of Ji'an Regional Branch of PBOC from September 1998 to November 1998. He served as the standing deputy head and director of the office of the leading preparatory team of Jiujiang City Commercial Bank (九江市商業銀行) from November 1998 to January 2001; and deputy Party leadership group secretary, vice chairman and president of Jiujiang City Commercial Bank from January 2000 to May 2003. He served as the Party committee secretary, chairman and president of Jiujiang City Commercial Bank from May 2003 to November 2004. He served as the president of the Bank from October 2008 to August 2013, the Party committee secretary of the Bank from October 2008 to December 2021, and the chairman of the Bank from October 2008 to February 2022.

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

Mr. PAN Ming (潘明), aged 47, is a vice chairman, executive Director and chief customer manager of the Bank.

Mr. PAN served as a teller and credit officer of the Jiujiang Baishuihu Urban Credit Cooperative (九江市白水湖城市信用社) from July 1997 to March 1999; head of the credit department under the preparatory office of Jiujiang City Commercial Bank from March 1999 to January 2000; vice president of the Baishuihu Governing Branch (in preparation) of Jiujiang City Commercial Bank from January 2000 to December 2002; and vice president (person-in-charge) of the Baishuihu Governing Branch of Jiujiang City Commercial Bank from December 2002 to January 2004. He served as the president of Sanli Street Subbranch of Jiujiang City Commercial Bank from January 2004 to February 2006; and assistant to the president of Jiujiang City Commercial Bank and president of the Sanli Street Subbranch from February 2006 to January 2008. He served as an assistant to the president of Jiujiang City Commercial Bank from January 2008 to August 2008; Party committee member and assistant to the president of the Bank from August 2008 to January 2009; and Party committee member and assistant to the president of the Bank and president of the Ji'an Branch from January 2009 to April 2009. He served as the Party committee member and vice president of the Bank and president of the Ji'an Branch from April 2009 to February 2010; Party committee member and vice president of the Bank from February 2010 to April 2013 as well as president of Guangzhou Branch from March 2011 to April 2013; deputy party committee secretary and vice president of the Bank from April 2013 to August 2013; and deputy party committee secretary, vice chairman, president and chief customer manager of the Bank from August 2013 to February 2022. Mr. PAN has been the deputy party committee secretary, vice chairman and chief customer manager of the Bank since February 2022.

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



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

Mr. YUAN Delei (袁德磊), aged 43, is an executive Director and the risk director of the Bank.

Mr. YUAN successively served as the deputy chief, chief and the deputy general manager of Legal Affairs Department of the Anhui Branch of Industrial and Commercial Bank of China Limited (whose H shares and A shares are listed on the Hong Kong Stock Exchange (stock code: 01398) and Shanghai Stock Exchange (stock code: 601398) respectively) from July 2003 to April 2013; a member of the Party Committee and Vice President of the Anhui Chizhou Branch of Industrial and Commercial Bank of China Limited from April 2013 to January 2016; the deputy general manager of Legal Affairs Department and the deputy general manager of Credit and Investment Management Department of the Anhui Branch of Industrial and Commercial Bank of China Limited from January 2016 to October 2019; successively served as the general manager of Risk Management Department under the head office of the Bank and the Chief Independent Credit Approval Officer and General Manager of the Risk Management Department of the Bank from November 2019 to July 2020; the Chief Independent Credit Approval Officer of the Bank from July 2020 to February 2021. He served as the risk director and Chief Independent Credit Approval Officer of the Bank from February 2021 to August 2021 and Party committee member, the risk director and Chief Independent Credit Approval Officer of the Bank from August 2021 to December 2021. Mr. YUAN has served as Party committee member, executive Director, the risk director and Chief Independent Credit Approval Officer of the Bank since December 2021.

Mr. YUAN is a mid-level economist; he obtained a bachelor's degree in economics in international trade from East China Institute of Metallurgy in July 2000; he obtained a master's degree in law in Marxist Theory and Ideological and Political Education from University of Science and Technology of China in July 2003; he obtained a doctoral degree in management in Management Science and Engineering from University of Science and Technology of China in June 2008.

Mr. ZENG Huasheng (曾華生), aged 58, is a non-executive Director of the Bank.

Mr. ZENG served as the deputy director of the Finance Bureau of Yongxiu County from January 1990 to December 1992; deputy director of the State-owned Assets Administrative Bureau of Jiujiang from June 1994 to October 1996; and became the director of the office and head of the extra-budgetary fund management division of Jiujiang Finance Bureau from November 1996 to July 2004. Mr. ZENG served as the deputy director of the Jiujiang Finance Bureau from August 2004 to May 2020. Mr. ZENG has served as a second-level researcher of the Jiujiang Finance Bureau since May 2020 and a non-executive Director of the Bank since May 2009.

Mr. ZENG graduated from the Correspondence College of the Party School of the Central Committee of C.P.C. (中共中央黨校函授學院), majoring in economic management, in December 1996.

Mr. ZHANG Jianyong (張建勇), aged 45, resigned from the position as a non-executive Director of the Bank, with effect from November 25, 2021.

Mr. ZHANG served as the chief accountant of the finance and asset department of the China Electric Power Research Institute from July 2001 to December 2003; assistant to the manager, deputy manager and manager of the asset and finance department of Beijing Automotive Industry Holding Co., Ltd. successively from December 2003 to December 2010; and as head of the finance department and deputy chief financial officer of Beijing Automotive Group Co., Ltd. from December 2010 to June 2015. Since January 2015, Mr. ZHANG has been the vice general manager of Beijing Automotive Group Co., Ltd. Since March 2016, Mr. ZHANG has served as the Party committee secretary and chairman of BAIC Group Finance Co., Ltd. Mr. ZHANG served as a non-executive Director of the Bank from August 2017 to November 2021.

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

Mr. SHI Zhishan (史志山), aged 43, has served as a non-executive Director of the Bank since November 25, 2021.

Mr. SHI served as an appraisal project manager of China Consultants of Accounting and Financial Management Co., Ltd. (中華財務會計諮詢有限公司) from June 2005 to March 2006; an appraisal manager of Beijing Zhongxing Xinshiji Accountant Office (北京中興新世紀會計事務所有限公司) from March 2006 to January 2007; and a senior appraisal manager of China Appraisal Associates* (北京中天華資產評估有限責任公司) from January 2007 to November 2008. He successively served as a senior manager, an assistant to the head, the deputy head of capital operation department of Beijing Automotive Group Co., Ltd. (北京汽車集團有限公司) from November 2008 and July 2013; he successively served as the deputy general manager, the Party Committee Secretary and the general manager of BAIC Group Industrial Investment Co., Ltd. (北京汽車集團產業投資有限公司) from July 2013 to March 2021. He has served as the Party Committee Secretary and an executive director of BAIC Group Industrial Investment Co., Ltd. since March 2021. Mr. SHI has served as a non-executive Director of the Bank since November 2021.

Mr. SHI is a registered asset valuer. He graduated from Central University of Finance and Economics in 2010 and obtained an MBA degree.

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

Mr. LI Jianbao (李堅寶), aged 48, is a non-executive Director of the Bank.

Mr. LI served as a member of the Jin'an Sub-branch of the Fuzhou Branch of Industrial Bank from August 1996 to February 1997; officer of the planning and fund department under the head office of Industrial Bank from February 1997 to June 2001; and senior deputy manager of the interbank business department under the head office of Industrial Bank from June 2001 to November 2003. He served as a senior deputy manager of the fund operations center under the head office of Industrial Bank from November 2003 to October 2007; senior manager of the fund operations center under the head office of Industrial Bank from October 2007 to May 2011; and as head of the interbank cooperation services center under the head office of Industrial Bank from May 2011 to March 2015. Mr. LI has been the general manager of the interbank cooperation services center under the head office of Industrial Bank since March 2015. Mr. LI has served as a non-executive Director of the Bank since August 2017.

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

Mr. CHUA Alvin Cheng-Hock (蔡清福), aged 63, is an independent non-executive Director of the Bank.

Mr. CHUA served as an independent non-executive director of China Guangfa Bank from April 2014 to June 2020. Mr. CHUA has been the managing director and global head of the sales sector, trading and research of securities and fixed-income products of BOC International Holdings Limited (Hong Kong) since June 2014. He has been a part-time professor of Lingnan (University) College, Sun Yat-sen University (中山大學嶺南(大學)學院) since April 2014. Mr. CHUA has served as a non-executive Director of the Bank since August 2017.

Mr. CHUA obtained a bachelor's degree in business administration from The University of Texas at Austin in May 1981, and obtained an MBA degree from The University of Chicago in June 1987.

Ms. GAO Yuhui (高玉輝), aged 72, is an independent non-executive Director of the Bank.

Ms. GAO was the chief risk officer and general manager of the risk management department of Bank of Beijing Co., Ltd. (listed on Shanghai Stock Exchange, stock code: 601169) from July 2006 to June 2010, and served concurrently as a director of Bank of Beijing Co., Ltd. (listed on Shanghai Stock Exchange, stock code: 601169) from June 2004 to August 2010. Ms. GAO has served as a non-executive Director of the Bank since August 2017.

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

Mr. QUAN Ze (全澤), aged 50, is an independent non-executive Director of the Bank.

Mr. QUAN served as a senior manager of the investment banking department of Shenyin & Wanguo Securities Co., Ltd., now known as Shenwan Hangyuan Group Co., Ltd. (listed on Shenzhen Stock Exchange, stock code: 000166 and listed on Hong Kong Stock Exchange, stock code: 06806) from January 1998 to January 2001, and as a vice president of China Dragon Securities Co., Ltd. from May 2001 to May 2012. Mr. QUAN served as the vice chairman of Shanghai Committee of China National Democratic Construction Association and concurrently a member of Shanghai Xuhui District Committee of the Chinese People's Political Consultative Conference from December 2011 to December 2016. Mr. QUAN served as the general manager of Shanghai Difeng Investment Co., Ltd. from May 2012 to December 2020. Mr. QUAN has served as an independent director of Zhejiang Lonsen Group Co., Ltd. (listed on Shanghai Stock Exchange, stock code: 600352) from April 2013 to April 2019; an independent director of Guangdong Taientang Pharmaceutical Co., Ltd. (listed on Shenzhen Stock Exchange, stock code: 002433) from May 2013 to May 2019; an independent director of Zhejiang Juhua Co., Ltd. (listed on Shanghai Stock Exchange, stock code: 600160) from October 2013 to November 2019; an independent director of Shanghai Worth Garden Products Co., Ltd. (listed on Shenzhen Stock Exchange, stock code: 300483) from February 2015 to July 2018. Mr. QUAN served as an independent director of Xinjiang Tianye Co., Ltd. (listed on Shanghai Stock Exchange, stock code: 600075) from September 2016 to February 2021. Mr. QUAN has served as an independent non-executive Director of the Bank since August 2017.

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

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

Mr. YANG Tao (楊濤), aged 48, is an independent non-executive Director of the Bank.

Mr. YANG was engaged in post-doctoral research in the business administration department of Chinese Academy of Social Sciences (中國社會科學院) from October 2004 to January 2007. Mr. YANG has been a researcher at the Institute of Finance of Chinese Academy of Social Sciences since September 2003. Mr. YANG graduated from the Faculty of Economic Management of Nanjing University of Science and Technology (南京理工大學) in June 1995 with a major in industrial trading. He was a master student at the graduate school of the Research Institute of the Ministry of Finance (財政部科研所研究生部) from September 1997 to July 2000 and a doctoral student of the Finance and Trade Department of the Graduate School of Chinese Academy of Social Sciences from September 2000 to July 2003. Mr. YANG has served as an independent non-executive Director of the Bank since August 2017.

Mr. YANG is a non-practising member of the Beijing Institute of Certified Public Accountants and is qualified to practice law in the PRC. He graduated as a doctoral student in finance and politics from the Graduate School of Chinese Academy of Social Sciences in June 2003, and obtained a doctoral degree in economics from the same Academy in June 2003.

Mr. LIU Yinan (劉一男), aged 44, is proposed to be appointed as a non-executive Director of the Bank.

Mr. LIU, served as a director and general manager of Vitek Technology Limited from January 2006 to January 2007; the vice president of D&S Media Group from January 2007 to December 2007; the assistant president of BlueFocus Intelligent Communications Group Co., Ltd. (listed on Shenzhen Stock Exchange, stock code: 300058) from January 2008 to June 2008; a director and vice president of Liaoning Fangda Group Industrial Co., Ltd. from June 2008 to February 2014; the president of China Forestry Exchange from June 2014 to January 2016; the vice general manager of the head office of investment management of Sun Life Everbright Life Insurance Co., Ltd. from April 2016 to December 2016; an executive director of China Fortune Financial Group Limited (listed on the Hong Kong Stock Exchange, stock code: 00290) from June 2017 to September 2018; and he serves as the vice president and deputy party committee secretary of Liaoning Fangda Group Industrial Co., Ltd. since November 2018. In addition, Mr. LIU serves as a director of Fangda Carbon New Material Co., Ltd. (listed on Shanghai Stock Exchange, stock code: 600516) since January 2019.

Mr. LIU is a professorate senior engineer of the People's Republic of China. He graduated from Northeastern University with a bachelor's degree in computer science in July 2000; and obtained a doctor's degree in computer engineering from the University of Rhode Island in January 2006.

Mr. Xiao Jing (肖璟), aged 45, is the vice president and chief information officer of the Bank, and is proposed to be appointed as an executive Director of the Bank.

Mr. XIAO held various positions in the software development center of Industrial and Commercial Bank of China Limited (whose H shares and A shares are listed on the Hong Kong Stock Exchange (stock code: 01398) and Shanghai Stock Exchange (stock code: 601398) respectively), including an employee of the development department from July 1999 to December 2002; an employee of the technology department from December 2002 to June 2003; the deputy manager of the second division of the technology department from June 2003 to June 2005; the deputy manager of the second division of the system department from June 2005 to September 2006; the manager of the second division of the system department from September 2006 to January 2008; the senior technical deputy manager of the system department from January 2008 to May 2008; the senior technical deputy manager of the technology department from May 2008 to July 2009; the senior technical manager of the Guangzhou first development division from July 2009 to September 2010; the deputy general manager of the Guangzhou first development division from September 2010 to June 2011; the deputy general manager (person-in-charge) and the general manager of the Guangzhou first development division from June 2011 to March 2012 and from March 2012 to April 2014, respectively. Mr. XIAO joined the Bank in April 2014, and has served as the chief information officer of the Bank from July 2014 to August 2018; a Party committee member and chief information officer of the Bank from August 2018 to December 2018; a Party committee member, the vice president as well as chief information officer of the Bank from December 2018 to December 2021. He has been a deputy secretary of the Party committee, the vice president and chief information officer of the Bank since December 2021.

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



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

3.2 Supervisors

Mr. MEI Mengsheng (梅夢生), aged 54, is the chairman of the Supervision Committee of the Bank.

Mr. MEI Mengsheng has been a physical education teacher of Pengze Agricultural Technology School (彭澤縣農業技術學校) from August 1989 to January 1993, a cadre and an officer of Jiujiang Sports Commission from January 1993 to February 1995, a deputy director of the office of Jiujiang Veterans' Sports Commission (九江市老年體協) from February 1995 to December 1997, a deputy director of the office of Jiujiang Sports Commission from December 1997 to November 2000, a secretary general of the Sports Federation of Jiujiang Municipal Bureau of Sports from November 2000 to May 2003, a party member and discipline officer of the General Administration of Sport of Jiujiang Municipal Bureau of Sports from May 2003 to July 2012, the secretary of the No. 4 Discipline Commission and the leader of the Inspection Group of the Commission for Discipline Inspection of Jiujiang from July 2012 to October 2016, and the leader of No. 2 Inspection Group (Inspection Group) of Jiujiang Municipal Party Committee from October 2016 to September 2019. He has served as the party member of the Bank, the leader of Discipline Inspection and Supervision Group stationed in the Bank since September 2019 and the Chairman of the Board of Supervisors of the Bank since June 2020.

Mr. MEI has obtained the bachelor's degree in administrative management from China Central Radio and TV University (中央廣播電視大學) in July 2006.

Ms. LIU Chunmei (劉春妹), aged 72, is a supervisor of the Bank.

Ms. LIU was an educated youth in the 12th Regiment of the 4th Division under Guangzhou Production and Construction Corps from 1968 to 1973; studied in People's Bank of China Guangzhou Branch Technical Secondary School from 1974 to 1976; successively served as the chief of the Savings Section and office head of Industrial and Commercial Bank of China Guangzhou Branch from 1976 to 2000; and has served as the deputy general manager of Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd. since 2004. Ms. LIU has served as a supervisor of the Bank since May 2020.

Ms. LIU graduated in December 1997 from Correspondence College of the Party School of the Central Committee of the Communist Party of China.

Mr. GUO Jiequn (郭傑群), aged 51, is a supervisor of the Bank.

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

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

Ms. CHEN Chunxia (陳春霞), aged 57, is a supervisor of the Bank.

Ms. CHEN has been a professor of the School of Finance of Jiangxi University of Finance and Economics (江西財經大學金融學院) since October 2002, and currently teaches monetary banking policy and theory and corporate financial theory and policy. Ms. CHEN was accredited as a “young and middle-aged backbone teacher of Jiangxi Province” (江西省中青年骨幹教師) in 2004, a “young and middle-aged pioneer of higher education institutions of Jiangxi Province for 2006-2009” (2006-2009年江西省高等學校中青年帶頭人) in 2006 and a member of the “seventh batch of young and middle-aged pioneers of Jiangxi Province” (江西省第七批中青年帶頭人) in 2011. Ms. CHEN has served as a supervisor of the Bank since May 2017.

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



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

Ms. LIAO Jingwen (廖靜文), aged 36, is a supervisor of the Bank.

Ms. LIAO served as a teller at the banking business department of the Bank from August 2006 to September 2006; human resources commissioner of the human resources department of the Bank from September 2006 to February 2010; and as an assistant to the general manager of the human resources department of the Bank from February 2010 to April 2016. Ms. LIAO has been the deputy general manager of the county bank management headquarters and general manager of the human resources department under the county bank management headquarters of the Bank since April 2016. Ms. LIAO has been serving as the chairperson of the board of directors of Xiushui Jiuyin County Bank LLC. since November 2020.

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

Ms. WAN Dandan (萬丹丹), aged 33, is a supervisor of the Bank.

Ms. WAN has been an audit specialist of the audit department of the Bank from January 2014 to March 2016. She served as the leader of the financial and accounting operation, management and audit center of the audit department of Bank of Jiujiang from March 2016 to September 2020. Ms. WAN serves as an assistant to the general manager of the audit department of the Bank since September 2020.

Ms. WAN is a certified public accountant and a certified intermediate auditor of the People's Republic of China. She has obtained the bachelor's degree in accountant of Jiujiang University in July 2011; and the master's degree in corporate management of Jiangsu University of Science and Technology in June 2014.

3.3 Senior Management

Please refer to “3. Biographies of Directors, Supervisors and Senior Management – 3.1 Directors” of this Chapter for the biographical details of Mr. PAN Ming, Mr. XIAO Jing and Mr. YUAN Delei.

Mr. XIE Haiyang (謝海洋), aged 38, is a Vice President of the Bank and the President of Nanchang Branch.

Mr. XIE served as a staff of Duchang Sub-branch and Yongxiu Sub-branch of the Bank, office staff and the assistant to the general manager (person-in-charge) of the Bank from August 2009 to June 2012. He successively served as the assistant to the general manager (person-in-charge) and the deputy general manager (person-in-charge) of the Human Resources Department of the Bank from June 2012 to January 2017; the Party Committee Secretary and President of Hefei Branch of the Bank from January 2017 to January 2020; the Party Committee Secretary and the President of Nanchang Branch of the Bank from January 2020 to June 2020; the member of the Party Committee of the Bank and the Party Committee Secretary and the President of Nanchang Branch from June 2020 to May 2021. Since May 2021, he has served as the Party Committee member and the Vice President of the Bank and the Party Committee Secretary and the President of Nanchang Branch.

Mr. XIE received a master's degree in Economy from Nanchang University in January 2010.

Ms. WANG Li (王琍), aged 58, is a vice president and the Board secretary of the Bank.

Ms. WANG served as an officer and head of the planning department of the Jiangxi Branch of the PBOC from July 1986 to December 1998; head of the cooperative division under the Nanchang supervision office of the Wuhan Branch of the PBOC from January 1999 to February 2001; deputy head of the Corporate Banking Supervision Division under the Nanchang supervision office of the Wuhan Branch of the PBOC from February 2001 to September 2003; and deputy head of the Rural Banking Supervision Division of the CBRC Jiangxi Bureau from October 2003 to October 2006. She served as the deputy head of the second state-owned banking department of the CBRC Jiangxi Bureau from November 2006 to August 2009; deputy director of the cooperative division of the CBRC Jiangxi Bureau from September 2009 to October 2011; director of the Stock Division of the CBRC Jiangxi Bureau from November 2011 to March 2016; and head of the postal office of the CBRC Jiangxi Bureau from April 2016 to March 2017. Ms. WANG joined the Bank in March 2017 and served as an assistant to the president of the Bank from March 2017 to June 2020. She has served as the Board Secretary of the Bank since June 2020, the party member of the Bank since December 2020 and the vice president of the Bank since February 2021.

Ms. WANG is a senior economist. She graduated from the quantitative statistics department of Jiangxi Institute of Finance and Economics (江西財經學院), majoring in national economic plans in July 1986, and was conferred a bachelor's degree in economics by the same institute at the same time. Ms. WANG obtained an MBA degree from the University of South Australia in March 2009.

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

Mr. HUANG Chaoyang (黃朝陽), aged 52, is an assistant to the president of the Bank.

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

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

Mr. QI Yongwen (齊永文), aged 51, is the director of retail banking and the President of Shangrao Branch of the Bank.

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

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

Mr. CHEN Luping (陳廬平), aged 55, is the director of small-enterprise credit of the Bank.

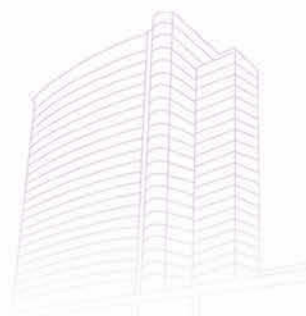
Mr. CHEN served as a credit officer of the Daqiao office of Jiujiang Branch of Agricultural Bank of China from July 1989 to April 1990; section head of the life insurance section of Lushan Sub-branch of Jiujiang Branch of Agricultural Bank of China from April 1990 to October 2000; and president of Lushan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

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

Mr. XU Cao (許操), aged 54, is an assistant to the president of the Bank.

Mr. XU served as the general office secretary of the Bank from August 2000 to February 2003; deputy general manager (person-in-charge) of the office of the Bank from February 2003 to July 2004; president of the Ruichang Sub-branch of the Bank from July 2004 to December 2008; and chairman of the board of directors and president of Zhongshan Xiaolan County Bank (中山小欖村鎮銀行) from December 2008 to January 2012. He served as the general manager of the risk management department of the Bank from February 2012 to January 2015, and has concurrently served as the general manager of the legal and compliance department of the Bank since February 2012. He was the principal person-in-charge of Fuzhou Branch of the Bank from January 2015 to March 2015. Mr. XU served as the president of Fuzhou Branch of the Bank from April 2015 to January 2021 and an assistant to the president of the Bank since August 2015.

Mr. XU is a senior economist. He graduated from Tsinghua University (清華大學) with a major in economics (finance and insurance) in September 2006 and obtained an MBA degree from Jiangxi University of Finance and Economics (江西財經大學) in July 2018.



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

Mr. WANG Yuanxin (王遠昕), aged 54, is an assistant to the president of the Bank, and chairman and president of Beijing Daxing Jiuyin County Bank (北京大興九銀村鎮銀行).

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

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

Mr. CAI Jianhong (蔡劍洪), aged 53, is the compliance director of the Bank.

Mr. CAI served as a statistician and investigator of the planning section of Jiujiang County Subbranch of PBOC from February 1986 to March 1994; auditor of the audit section of Jiujiang County Sub-branch of PBOC from March 1994 to August 1994; head of the administrative secretariat section of Jiujiang County Sub-branch of PBOC from August 1994 to March 2000; and personal secretary of head of office of the Jiujiang Central Sub-branch of PBOC from March 2000 to February 2001. He served as the head of the discipline inspection division of Jiujiang County Sub-branch of PBOC from March 2001 to December 2003; director of the Jiujiang Regulatory Office of the CBRC Jiujiang Branch Office (currently CBIRC Jiujiang Branch Office) from December 2003 to August 2012; head of the regulatory third division of the CBRC Jiujiang Branch Office (currently CBIRC Jiujiang Branch Office) from August 2012 to February 2016; and principal person-in-charge of Guixi Jiuyin County Bank from March 2016 to November 2016. Mr. CAI served as an assistant to the president of the Bank, and as the chairman and president of Guixi Jiuyin County Bank from November 2016 to August 2020. Mr. CAI has served as the compliance director of the Bank since August 2020.

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

Mr. LI Guoquan (李國全), aged 52, is the chief accountant and the general manager of the planning and finance department of the Bank.

Mr. LI served as the head of the finance department of Xinxiang Foreign Trade Company from September 1989 to December 1993; the director of the suburb office and the head of the deposit and remittance section of the Xinxiang Sub-branch of Bank of China from January 1994 to October 1997; the manager of the finance and accounting department of Xinxiang Sub-branch, an assistant to the general manager of the finance department of Zhengzhou Branch, the vice president of the sub-branch under Zhengzhou Branch of China Guangfa Bank and the general manager of the planning and finance department of Jinan Branch from November 1997 to February 2016; the general manager of the planning and finance department and the director of the risk office of the board of directors of Bank of Zhengzhou from March 2016 to November 2019; and the staff of the Bank from December 2019 to June 2021. He served as the Party Committee Secretary of Guangzhou Branch of the Bank since July 2020 to July 2021. Since June 2021, he has served as the chief accountant and the general manager of the planning and finance department of the Bank.

Mr. LI is a senior accountant and holds the chief financial officer (CFO) certificate issued by China Association of Chief Financial Officers and the ICPA certificate issued by IPA. He graduated from Financial Management Department at Henan University of Economics and Law with a major in financing, and was conferred a bachelor's degree by such university in June 1989. He received an equivalent education level as a master postgraduate qualification in enterprise management from Beijing Normal University in July 2000.

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

4. Company Secretary

On February 5, 2021, Ms. FOK Po Yi has resigned as the company secretary, the Authorized Representative and Service of the Process Agent of the Bank. At the same time, upon the consideration and approval at the seventh meeting of the sixth session of the Board, Mr. Wong Wai Chiu has been appointed as the company secretary, the Authorized Representative and Service of Process Agent of the Bank. For details of the changes, please refer to the announcement of the Bank dated February 5, 2021.

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

5.1 Remuneration Policy

The Bank provided remuneration to executive Directors, chairperson of the Board of Supervisors and senior management in accordance with the Measures on Remuneration and Performance Appraisal for Senior Management of the Bank of Jiujiang Co., Ltd. The Bank provided remuneration to independent non-executive Directors in accordance with the Allowance System for the Independent Directors of the Bank of Jiujiang Co., Ltd., and provided remuneration to external Supervisors in accordance with the Allowance System for the External Supervisors of the Bank of Jiujiang Co., Ltd. The non-executive Director of the Bank does not receive any compensation from the Bank. The remuneration standard of other Supervisors was implemented in accordance with relevant measures of the Bank.

5.2 Remuneration Policy of Directors, Supervisors and Senior Management

For remuneration details of Directors, Supervisors, senior management and five highest paid individuals of the Bank, please refer to “Note 14 to the financial statements” in this annual report.

6. Confirmation of Independence of Independent Non-executive Directors

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

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

7. Securities Transactions by Directors, Supervisors and Relevant Employees

The Bank has adopted the Model Code as the code of conduct for securities transactions of the Bank by all Directors and Supervisors. The Bank has also put in place guidelines in respect of dealings in securities for the relevant employees (as defined under the Listing Rules) of the Bank, of which the terms are no less exacting than those of the Model Code. Having made specific enquiries to all Directors and Supervisors regarding their compliance with the Model Code, each of the Directors and Supervisors confirmed that those standards as provided thereunder have been complied with during the year ended December 31, 2021. Having made specific enquiries to the relevant employees regarding their compliance with the guidelines of dealing in securities of the Bank, the Bank is not aware of any incompliance with the guidelines.

8. Interests and Short Positions of Directors, Supervisors and Chief Executive in Shares, Underlying Shares and Debentures

As at the end of the reporting period, the Directors, Supervisors or chief executive of the Bank who had interests and short positions in the Shares, underlying shares and debentures of the Bank or any of its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept by the Bank under Section 352 of the SFO, or which were required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code were as follows:

Interests in the Shares of the Bank (Long Positions)

Name	Position	Class of shares	Nature of interest	Number of shares (share)	Approximate percentage of total issued share capital of the relevant class of the Bank (%)	Approximate percentage of total issued share capital of the Bank (%)
LIU Xianting ⁽¹⁾	Chairman of the Board of Directors and Executive Director	Domestic Shares	Beneficial Owner	500,000	0.03	0.02
PAN Ming ⁽²⁾	Vice Chairman of the Board of Directors, Executive Director, President and Chief Customer Manager	Domestic Shares	Beneficial Owner	224,910	0.01	0.01
XIAO Jing ⁽²⁾⁽³⁾	Proposed Executive Director	Domestic Shares	Beneficial Owner	55,566	0.00	0.00
LIAO Jingwen	Supervisor	Domestic Shares	Beneficial Owner	14,000	0.00	0.00

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

Notes:

- (1) On February 11, 2022, the Board of the Bank received the resignation letter from the Chairman Mr. LIU Xianting. Mr. LIU Xianting has resigned as the Chairman, the executive Director and the chairman of the Strategy Committee of the Board and member of the Nomination and Remuneration Committee of the Board of the Bank due to his mandatory age for retirement.
- (2) On February 11, 2022, the Board resolved to appoint Mr. XIAO Jing as the President of the Bank, with a term from the date of approval of his qualification by the China banking and insurance regulatory authorities to the expiry of the term of the sixth session of the Board. Mr. XIAO Jing is eligible for re-election upon expiration of the term of office. Meanwhile, the Board resolved to dismiss Mr. PAN Ming from the position of the President of the Bank, with effect from February 11, 2022. In order to ensure the normal operation of the Bank, Mr. XIAO Jing will perform relevant duties on behalf of the President of the Bank for the period from February 11, 2022 to the date of approval of the qualification of Mr. XIAO Jing by the China banking and insurance regulatory authorities.
- (3) Upon the consideration and approval at the sixteenth meeting of the sixth session of the Board of the Bank on February 11, 2022, Mr. XIAO Jing was nominated as the candidate for the executive Director of the sixth session of the Board of the Bank. The Director's qualification of Mr. XIAO Jing will be submitted to the shareholders' general meeting of the Bank and reported to the China banking and insurance regulatory authorities for approval. The term of office will be from the effective date of the approval of China banking and insurance regulatory authorities to the expiry of the term of the sixth session of the Board.

Interests in Associated Corporations (Long Positions)

Name	Position	Associated corporation	Nature of interest	Number of shares (share)	Approximate percentage of share capital (%)
LIU Xianting ⁽⁶⁾	Chairman of the Board of Directors and Executive Director	Pengze Jiuyin County Bank Co., Ltd. (彭澤九銀村鎮銀行股份有限公司) ⁽¹⁾	Beneficial Owner	125,000	0.25
		Ruichang Jiuyin County Bank Co., Ltd. (瑞昌九銀村鎮銀行股份有限公司) ⁽²⁾	Beneficial Owner	125,000	0.25
		Zixi Jiuyin County Bank Co., Ltd. (資溪九銀村鎮銀行股份有限公司) ⁽³⁾	Beneficial Owner	100,000	0.24
		Chongren Jiuyin County Bank Co., Ltd. (崇仁九銀村鎮銀行股份有限公司) ⁽⁴⁾	Beneficial Owner	200,000	0.50
		Fenyi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司) ⁽⁵⁾	Beneficial Owner	250,000	0.50
PAN Ming ⁽⁷⁾	Vice Chairman of the Board of Directors, Executive Director, President and Chief Customer Manager	Pengze Jiuyin County Bank Co., Ltd. (彭澤九銀村鎮銀行股份有限公司) ⁽¹⁾	Beneficial Owner	125,000	0.25
		Ruichang Jiuyin County Bank Co., Ltd. (瑞昌九銀村鎮銀行股份有限公司) ⁽²⁾	Beneficial Owner	125,000	0.25
		Zixi Jiuyin County Bank Co., Ltd. (資溪九銀村鎮銀行股份有限公司) ⁽³⁾	Beneficial Owner	100,000	0.24
		Chongren Jiuyin County Bank Co., Ltd. (崇仁九銀村鎮銀行股份有限公司) ⁽⁴⁾	Beneficial Owner	200,000	0.50
		Fenyi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司) ⁽⁵⁾	Beneficial Owner	250,000	0.50
XIAO Jing ⁽⁷⁾⁽⁸⁾	Vice President and Chief Information Officer, and Proposed Executive Director	Pengze Jiuyin County Bank Co., Ltd. (彭澤九銀村鎮銀行股份有限公司) ⁽¹⁾	Beneficial Owner	75,000	0.15
		Ruichang Jiuyin County Bank Co., Ltd. (瑞昌九銀村鎮銀行股份有限公司) ⁽²⁾	Beneficial Owner	75,000	0.15
		Zixi Jiuyin County Bank Co., Ltd. (資溪九銀村鎮銀行股份有限公司) ⁽³⁾	Beneficial Owner	60,000	0.15
		Chongren Jiuyin County Bank Co., Ltd. (崇仁九銀村鎮銀行股份有限公司) ⁽⁴⁾	Beneficial Owner	120,000	0.30
		Fenyi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司) ⁽⁵⁾	Beneficial Owner	150,000	0.30
LIAO Jingwen	Supervisor	Ruichang Jiuyin County Bank Co., Ltd. (瑞昌九銀村鎮銀行股份有限公司) ⁽²⁾	Beneficial Owner	50,000	0.10
		Zixi Jiuyin County Bank Co., Ltd. (資溪九銀村鎮銀行股份有限公司) ⁽³⁾	Beneficial Owner	20,000	0.05
		Chongren Jiuyin County Bank Co., Ltd. (崇仁九銀村鎮銀行股份有限公司) ⁽⁴⁾	Beneficial Owner	40,000	0.10
		Fenyi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司) ⁽⁵⁾	Beneficial Owner	50,000	0.10

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

Notes:

- (1) The Bank holds 35.00% of equity and 54.00% of voting rights of Pengze Jiuyin County Bank Co., Ltd. (彭澤九銀村鎮銀行股份有限公司), a subsidiary of the Bank.
- (2) The Bank holds 35.00% of equity and 53.70% of voting rights of Ruichang Jiuyin County Bank Co., Ltd. (瑞昌九銀村鎮銀行股份有限公司), a subsidiary of the Bank.
- (3) The Bank holds 68.16% of equity and 77.96% of voting rights of Zixi Jiuyin County Bank Co., Ltd. (資溪九銀村鎮銀行股份有限公司), a subsidiary of the Bank.
- (4) The Bank holds 35.00% of equity and 54.90% of voting rights of Chongren Jiuyin County Bank Co., Ltd. (崇仁九銀村鎮銀行股份有限公司) a subsidiary of the Bank.
- (5) The Bank holds 35.00% of equity and 54.90% of voting rights of Fenyi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司), a subsidiary of the Bank.
- (6) On February 11, 2022, the Board of the Bank received the resignation letter from the Chairman Mr. LIU Xianting. Mr. LIU Xianting has resigned as the Chairman, the executive Director and the chairman of the Strategy Committee of the Board and member of the Nomination and Remuneration Committee of the Board of the Bank due to his mandatory age for retirement.
- (7) On February 11, 2022, the Board resolved to appoint Mr. XIAO Jing as the President of the Bank, with a term from the date of approval of his qualification by the China banking and insurance regulatory authorities to the expiry of the term of the sixth session of the Board. Mr. XIAO Jing is eligible for re-election upon expiration of the term of office. Meanwhile, the Board resolved to dismiss Mr. PAN Ming from the position of the President of the Bank, with effect from February 11, 2022. In order to ensure the normal operation of the Bank, Mr. XIAO Jing will perform relevant duties on behalf of the President of the Bank for the period from February 11, 2022 to the date of approval of the qualification of Mr. XIAO Jing by the China banking and insurance regulatory authorities.
- (8) Upon the consideration and approval at the sixteenth meeting of the sixth session of the Board of the Bank on February 11, 2022, Mr. XIAO Jing was nominated as the candidate for the executive Director of the sixth session of the Board of the Bank. The Director's qualification of Mr. XIAO Jing will be submitted to the shareholders' general meeting of the Bank and reported to the China banking and insurance regulatory authorities for approval. The term of office will be from the effective date of the approval of China banking and insurance regulatory authorities to the expiry of the term of the sixth session of the Board.

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

Ms. LIAO Jingwen, Supervisor of the Bank, serves as the chairperson of the board of directors of Xiushui Jiuyin County Bank LLC, the director of Jingdezhen Changjiang Jiuyin County Bank Co., Ltd., the director of Lushan Jiuyin Yishu County Bank Co., Ltd. and the director of Hukou Jiuyin County Bank Co., Ltd.

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

Mr. WANG Yuanxin, Assistant to President of the Bank, serves as the chairman of the board of directors and president of Beijing Daxing Jiuyin County Bank Co., Ltd.

10. Information on Employees

10.1 Composition of personnel

By department/function

	As at December 31, 2021	
	Number of staff	Percentage of total (%)
Corporate banking	851	18.40
Retail banking	926	20.03
Inclusive financial business	142	3.07
Financial market business	44	0.95
Finance and accounting	309	6.68
Risk management, internal control and audit	224	4.84
Legal and compliance, human resources and information technology	356	7.70
Management	82	1.77
Teller	1,048	22.67
Jiuyin county bank	582	12.59
Others	60	1.30
Total	4,624	100

By age

	As at December 31, 2021	
	Number of staff	Percentage of total (%)
Aged below 30	2,991	64.69
Aged 31 – 40	1,433	30.99
Aged 41 – 50	162	3.50
Aged over 50	38	0.82
Total	4,624	100

By education level

	As at December 31, 2021	
	Number of staff	Percentage of total (%)
Master's degree and above	536	11.59
Undergraduate and junior college	4,065	87.91
Others	23	0.50
Total	4,624	100

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

10.2 Staff training plan

In order to continue to develop as a learning organization and to help our employees to become professional, expertised and career-oriented managers, the Bank implemented the concepts of “self-training, self-enhancing, self-criticizing and self-improving”, fully integrating the Bank’s development strategies and business needs to promote the ability of self-taught through works and duties.

The Bank promoted the development concept of “Digital Jiuyin”, by utilizing online learning platform to enhance professional standards of employees through regular learning of new knowledge. During the reporting period, the Bank produced 408 online courses, with course views of 100,630 times; while the online learning number of employees reached 84,273, and the learning hours reached 20,403.24 hours, with an average learning hours per capita up to 4.07 hours.

Adhering to the principle of “combination of training and application”, the Bank completed the development of standardized courses for pioneer empowerment of retail business, pioneer of corporate business and pioneer of culture and realized the empowerment in business scenarios. During the reporting period, the Bank organized 18, 2 and 4 sessions of learning activities for pioneer empowerment of retail business, pioneer empowerment of corporate business and pioneer empowerment of culture, respectively. Adhering to the approach of “promoting learning through examinations”, the Bank organized two post qualification examinations and the 19th business skills competition during the reporting period. We persistently cultivated cadres, and organized 2 events under the Eagle Program—a learning activity for senior and middle-level cadres to visit Huawei, and 2 learning activities for improving the ability of sub-branch presidents.

10.3 Remuneration policies

(I) Remuneration management structure and decision-making procedures

In order to standardize the remuneration management of the Bank, improve the remuneration management mechanism of the Bank, and establish a scientific remuneration management structure and decision-making procedures, the Bank has established a remuneration management structure formed by the Nomination and Remuneration Committee, the Remuneration Management Committee and the Remuneration Management Team.

There is a Nomination and Remuneration Committee under the Board of Directors of the Bank, which reviews the general remuneration management system and policies of the Bank; formulates remuneration plans for Directors and the senior management, and provides suggestions to the Board on remuneration plans and supervises the implementation of remuneration plans. The Nomination and Remuneration Committee under the Board of our Bank was composed of one executive Director and two independent non-executive Directors, namely Mr. PAN Ming as the executive Director, and Mr. QUAN Ze and Mr. YANG Tao as the independent non-executive Directors. The independent non-executive Director, Mr. YANG Tao acted as the chairman.

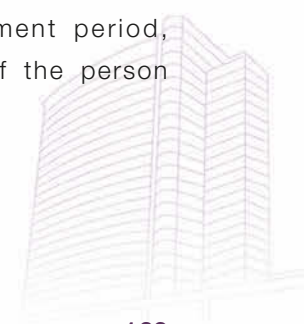
There is also a Remuneration Management Committee and the Remuneration Management Team thereunder internally in the Bank. The Remuneration Management Committee is mainly responsible for remuneration management strategies, mechanism and methods of the Bank and establishing employees remuneration benefit management mechanism, management systems and improvement proposals. The Remuneration Management Committee comprises a chairman and members. The chairman shall be served by the President, and the committee members shall be the chairman of the labor union and the bank leader in charge of finance. The Remuneration Management Team is formed by members from the Human Resources Department of Head Office as well as the Planning and Finance Department.

(II) Balance of remuneration and performance, standard of risk adjustment

The Bank followed the guiding ideology of “Performance-driven” to implement a remuneration mechanism as both an incentive and constraint to employees. The remuneration is directly linked to performances and contributions to the Bank and is evaluated by EVA of each branch and FTP net income of new bank deposits.

(III) Deferred payment remuneration, non-cash remuneration and deduction system

In order to ensure full effectiveness of remuneration in the Bank’s risk management and control and to establish a scientific and reasonable incentive and restraint mechanism, in accordance with the Supervisory Guidelines on Sound Compensation in Commercial Banks, the Bank established a deferred payment management system for employees of the Bank, and strictly implemented the remuneration deferred payment system that associated performance remuneration of key employees to business risk exposure. Exposure shall be subject to corresponding recourse and rebate system. During deferred payment period, in case of significant risk losses, the Bank will cease the deferred payment of the person responsible and could recall the performance salary.



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

(IV) Contribution to the defined contribution plans

The contributions that the Bank contributes to the defined contribution plans are recognised as expenses when incurred, and will not be deducted by forfeited contributions of employees who left the plan before the contributions are fully attributed. Hence, there is no such an issue whether forfeited contributions may be used by the Group to reduce the existing level of contributions as described in paragraph 26(2) of Appendix 16 to the Listing Rules.

(V) Remuneration policies, formulation and filing of annual remuneration plans and assessment of the completion of economic, risk and social responsibility indicators

In order to enhance our competitive advantages, adhere to the principle of efficiency, fairness, performance and business orientation and establish a scientific and reasonable incentive and restraint mechanism; as well as to give full play to the incentivisation, restrictiveness, and protection, fostering the organic unification of value creation, evaluation and allocation, the Bank has established a sound salary system. The remuneration system of the existing personnel consists of basic salary, post salary, performance salary and allowances and benefits. The basic salary shall be assessed according to the personnel type, employment method, employee grade, basic salary level and regional adjustment coefficient; the post salary shall be assessed according to the number of days on duty, personnel type, employment method, employee grade, management responsibility, basic salary level and regional adjustment coefficient; the performance salary shall be assessed according to the employee's performance.

During the reporting period, the Bank's economic, risk and social responsibility indicators complied with regulatory requirements and achieved the expected goals.

11. Basic Information of Institutions under the Bank

As of December 31, 2021, the Bank operated the business through the operation department of head office in Jiujiang, 13 branches and 267 sub-branches which consisted of 167 traditional sub-branches, 88 community sub-branches and 12 small and micro enterprises sub-branches. The branch network of the Bank is primarily located in Jiangxi Province, and also covers Guangzhou, Guangdong Province and Hefei, Anhui Province. The Bank has achieved full coverage of region and civic branches in Jiangxi Province and the coverage of county outlets reached 100% in Jiangxi Province. In addition, the Bank established 20 Jiuyin County banks, among which 18 County banks were controlled and consolidated as of December 31, 2021.

Status of the branches of the Bank as of December 31, 2021 is set out below:

District	Name of institution	Operating address	Remark	Number
Jiangxi Province	Head Office	Bank of Jiujiang Mansion, No.619 Changhong Avenue, Jiujiang, Jiangxi Province	1 operation department of head office, 39 traditional sub-branches, 17 community sub-branches	57
	Nanchang Branch	No.1398 Hongguzhong Avenue, Nanchang, Jiangxi Province	1 branch, 11 traditional sub-branches, 19 community sub-branches, 1 small and micro enterprises sub-branch	32
	Ganjiang New Area Branch	No. 528 Shuanggang West Street, Jingkai District, Nanchang, Jiangxi Province	1 branch, 1 community sub-branch, 1 small and micro enterprises sub-branch	3
	Ji'an Branch	No.196 Jinggangshan Avenue, Ji'an, Jiangxi Province	1 branch, 14 traditional sub-branches, 6 community sub-branches, 3 small and micro enterprises sub-branches	24
	Ganzhou Branch	Building 5, Shenghui City Center, Ganxian Road, Zhanggong District, Ganzhou, Jiangxi Province	1 branch, 18 traditional sub-branches, 12 community sub-branches, 3 small and micro enterprises sub-branches	34
	Fuzhou Branch	No. 1250 Gandong Avenue, Fuzhou, Jiangxi Province	1 branch, 12 traditional sub-branches, 9 community sub-branches	22

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

District	Name of institution	Operating address	Remark	Number
	Yichun Branch	No. 587 Luzhou North Road, Yiyang New District, Yichun, Jiangxi Province	1 branch, 17 traditional sub-branches, 3 community sub-branches, 2 small and micro enterprises sub-branches	23
	Shangrao Branch	1-1, 2-1, 3-1, 4-1, 5-1, No. 87 Wusan Avenue, Xinzhou District, Shangrao, Jiangxi Province	1 branch, 12 traditional sub-branches, 6 community sub-branches	19
	Jingdezhen Branch	Bank of Jiujiang Mansion, Xishan Road, Changjiang District, Jingdezhen, Jiangxi Province	1 branch, 7 traditional sub-branches, 5 community sub-branches	13
	Pingxiang Branch	No. 121 Yuejin North Road, Pingxiang, Jiangxi Province	1 branch, 6 traditional sub-branches, 2 community sub-branches	9
	Xinyu Branch	No. 720 Xianlai East Avenue, Xinyu City, Jiangxi Province	1 branch, 3 traditional sub-branches, 2 community sub-branches, 1 small and micro enterprises sub-branch	7
	Yingtian Branch	No. 619, Wangbu Road, Xinjiang New Area, Yingtian, Jiangxi Province	1 branch, 3 traditional sub-branches, 1 community subbranch, 1 small and micro enterprises sub-branch	6
Guangdong Province	Guangzhou Branch	Rooms 106, 107 and 108, No. 108 Huangpu Avenue West, Tianhe District, Guangzhou, Guangdong Province	1 branch, 11 traditional sub-branches	12
	Nansha Sub-branch in Guangdong Pilot Free-Trade Zone	Room 105 and Rooms 401, 402, 403, 404, 405, 406 and 407, Zibian Building No.1, No. 106 Fengze East Road, Nansha District, Guangzhou, Guangdong Province	1 branch, 1 community sub-branch	2
Anhui Province	Hefei Branch	Office Building A, Jiaqiao International Plaza, Intersection of Maanshan Road and South Second Ring Road (Southwest), Baohe District, Hefei, Anhui Province	1 branch, 13 traditional sub-branches, 4 community sub-branches	18
Total				281

Status of the controlled county banks of the Bank as of December 31, 2021 is set out below:

Name of subsidiaries	Operating address
Xiushui Jiuyin County Bank LLC.	No. 123 Valley Avenue, Xiushui County, Jiangxi Province
Jinggangshan Jiuyin County Bank LLC.	Jinggangshan Jiuyin County Bank Building, No. 11 Yingshanhong Road, Xincheng District, Jinggangshan, Jiangxi Province
Beijing Daxing Jiuyin County Bank Co., Ltd.	No. 3, No. 18 Yard, Xinrong North Street, Xihongmen Town, Daxing District, Beijing
Rizhao Jiuyin County Bank Co., Ltd.	No. 619 Lanshan West Road, Lanshan District, Rizhao, Shandong Province
Nanjing Liuhe Jiuyin County Bank Co., Ltd.	No. 103, 105, Taishan Road, Xiongzhou Street, Liuhe District, Nanjing, Jiangsu Province
Nanchang Changdong Jiuyin County Bank Co., Ltd.	Room 201, Commercial Building 38#, Greenland Metropolis, No. 2977 Ziyang Avenue, High-tech Zone, Nanchang, Jiangxi Province
Ruichang Jiuyin County Bank Co., Ltd.	No.1-46 Jianshe Road, Ruichang, Jiangxi Province
Pengze Jiuyin County Bank Co., Ltd.	No. 1172 Longcheng Avenue, Pengze County, Jiujiang, Jiangxi Province
Zixi Jiuyin County Bank Co., Ltd.	No. 1-18 Bund International, Binjiang Road, Zixi County, Fuzhou, Jiangxi Province
Chongren Jiuyin County Bank Co., Ltd.	No. 8 Xianfu West Road, Chongren County, Fuzhou, Jiangxi Province
Fenxi Jiuyin County Bank Co., Ltd.	No. 83 Qianshandong Road, Fenxi County, Xinyu, Jiangxi Province
Jing'an Jiuyin County Bank Co., Ltd.	Tower A, Yikun Building, Dongfang West Road, Shuangxi town, Jing'an County, Yichun, Jiangxi Province
Tonggu Jiuyin County Bank Co., Ltd.	No. 2 Dingjiang West Road, Tonggu County, Yichun, Jiangxi Province
Jingdezhen Changjiang Jiuyin County Bank Co., Ltd.	No. 1268 Porcelain Avenue, Changjiang District, Jingdezhen, Jiangxi Province
Lushan Jiuyin Yishu County Bank Co., Ltd.	No. 86 Xiufeng Avenue South, Lushan, Jiujiang, Jiangxi Province
Fengxin Jiuyin County Bank Co., Ltd.	No.619 Yingxing North Avenue, Fengxin County, Yichun, Jiangxi Province
Hukou Jiuyin County Bank Co., Ltd.	No. 29 Sanli Avenue, Shuangzhong Town, Hukou County, Jiujiang, Jiangxi Province
Duchang Jiuyin County Bank Co., Ltd.	No. 99 Dongfeng Avenue, Duchang County, Jiujiang, Jiangxi Province

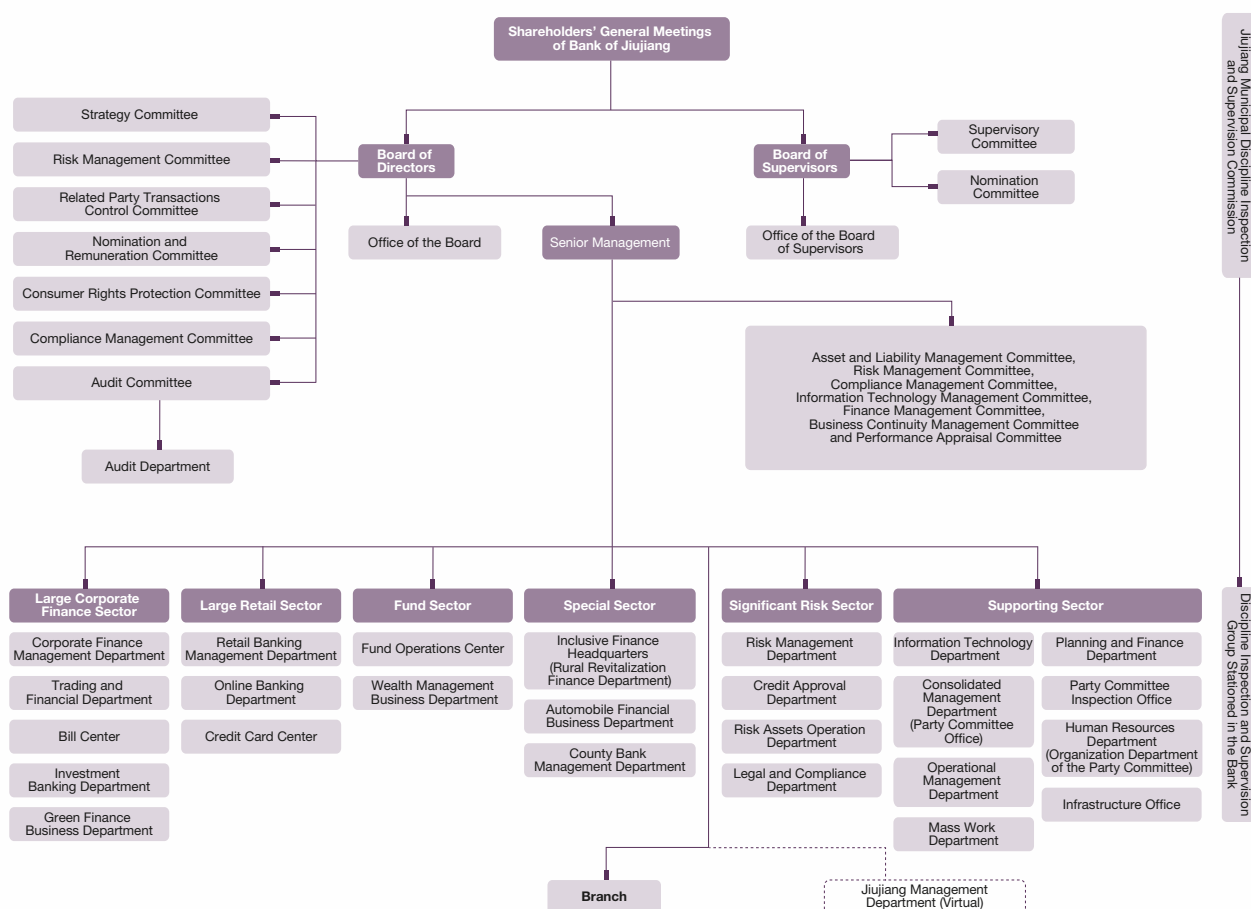
Information on Directors, Supervisors, Senior Management, Staff and Institution

Status of the county banks in which the Bank has shareholdings as of December 31, 2021 is set out below:

Name of associates	Operating address
Zhongshan Xiaolan County Bank Co., Ltd.	Rooms 101, 102, 103, 201, 202, 203, Block 2, No. 10 Shengping Middle Road, Xiaolan Town, Zhongshan, Guangdong Province
Guixi Jiuyin County Bank Co., Ltd.	No. 31 Xinjiang Road, Guixi, Yingtan, Jiangxi Province

Corporate Governance Report

1. Organizational and Management Chart



2. Overview of Corporate Governance

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

Corporate Governance Report

During the reporting period, taking deepening reform as support, the Bank strives to build a distinctive corporate governance system, providing strong support for improving financial service capabilities and achieving high-quality development. Firstly, the Bank fully leveraged Party's function as the political core, integrated the Party's leadership into all aspects of corporate governance, and promoted the organic unity of the Party's leadership and corporate governance. Secondly, the Bank, focusing on system construction, revised the Articles of Association of Bank of Jiujiang Co., Ltd. and Administrative Measures for Related Party Transactions of Bank of Jiujiang Co., Ltd. to refine the guidance on various corporate governance work, links and processes. Thirdly, the Bank strengthened the performance of duties of directors, kept laying a solid foundation of the "four-in-one" job fulfilment structure of directors and Supervisors, namely meetings, opinions, trainings and surveys, enriched the job fulfilment forms of directors and Supervisors, paid close attention to the transmission of directors' and Supervisors' opinions and suggestions on performance of duties, so as to ensure the implementation of directors' opinions and suggestions, and improved the performance quality and ability of directors and Supervisors.

The Bank adopts the Corporate Governance Code as our corporate governance code.

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

During the reporting period, the Bank strictly complied with the provisions in the Corporate Governance Code in Appendix 14 to the Listing Rules and, where appropriate, adopted the proposed best practices. To the knowledge of our directors, there is no information showing that the Bank failed to comply with the provisions contained in the Corporate Governance Code during the reporting period.

3 Holding of Shareholders' General Meetings during the Reporting Period

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

1. On February 1, 2021, the Bank held its first extraordinary general meeting in 2021 at Bank of Jiujiang Mansion.

The shareholders and authorized proxies attending the first extraordinary general meeting in 2021 held a total of 1,436,861,051 shares, representing 75.99% of the total number of shares with voting rights of the Bank. The meeting deliberated on and adopted a total of 10 proposals, including the "Proposal in relation to the Election of Mr. LIU Yinan as a Non-executive Director of the Sixth Session of the Board of Directors of the Bank", the "Proposal in relation to the Election of Mr. YUAN Delei as an Executive Director of the Sixth Session of the Board of Directors of the Bank", the "Proposal on Amendment of the Articles of Association of Bank of Jiujiang Co., Ltd.", and the "Proposal on Amendment of Rules of Procedures for the Shareholders' General Meeting of Bank of Jiujiang Co., Ltd.".

2. On June 25, 2021, the Bank convened the 2020 annual general meeting, the first domestic shareholders class meeting of 2021 and the first H shareholders class meeting of 2021 sequentially at Bank of Jiujiang Mansion.

A total of 43 shareholders and authorized proxies holding a total of 1,762,760,451 shares with voting rights, representing 84.58% of the total number of shares with voting rights of the Bank, were present at the 2020 annual general meeting. The meeting deliberated on and adopted a total of 16 proposals, including the "Proposal of Deliberating on the 2020 Report of the Board of Bank of Jiujiang Co., Ltd.", the "Proposal of Deliberating on the 2020 Report of Supervisors of Bank of Jiujiang Co., Ltd.", the "Proposal of Deliberating on the 2020 Annual Report of Bank of Jiujiang Co., Ltd." and the "Proposal of Deliberating on the 2020 Evaluation Report of Directors and Senior Executives from the Board of Directors of Bank of Jiujiang Co., Ltd.".

A total of 42 shareholders and authorized proxies holding a total of 1,627,213,051 Domestic Shares with voting rights, representing 97.04% of the total number of Domestic Shares with voting rights of the Bank, were present at the first domestic shareholders class meeting of 2021. The meeting deliberated on and adopted one proposal, namely the "Proposal of Deliberating on the Replenishment of Other Tier-one Capital through a Convertible Negotiated Deposit of Bank of Jiujiang Co., Ltd.".

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An authorized proxy holding of 135,547,400 H shares with voting rights, representing 33.27% of the total number of H shares with voting rights of the Bank, was present at the first H shareholders class meeting of 2021. The meeting deliberated on and adopted one proposal, namely the “Proposal of Deliberating on the Replenishment of Other Tier-one Capital through a Convertible Negotiated Deposit of Bank of Jiujiang Co., Ltd.”.

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

		Participation ratio of		Convening date	Disclosure date	Disclosure index
Meeting	Type of meeting	investors				
First Extraordinary General Meeting of 2021	Extraordinary general meeting	75.99%	February 1, 2021	February 1, 2021	Official websites of the Hong Kong Stock Exchange and the Bank	
2020 Annual General Meeting	Annual general meeting	84.58%	June 25, 2021	June 25, 2021	Official websites of the Hong Kong Stock Exchange and the Bank	
First Domestic Shareholders Class Meeting of 2021	Extraordinary general meeting	97.04%	June 25, 2021	June 25, 2021	Official websites of the Hong Kong Stock Exchange and the Bank	
First H Shareholders Class Meeting of 2021	Extraordinary general meeting	33.27%	June 25, 2021	June 25, 2021	Official websites of the Hong Kong Stock Exchange and the Bank	

Note: The first domestic shareholders class meeting of 2021 and the first H Shareholders class meeting of 2021 of the Bank were held immediately after the 2020 Annual General Meeting.

4 Board of Directors

4.1 Operation of Board of Directors

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

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

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

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



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The Board is also responsible for formulating corporate governance policies of the Company, and performing its duties in accordance with Code A.2.1 of the Corporate Governance Code, formulating and reviewing the Bank's policies and corporate governance practices, reviewing and monitoring training and continuous professional development of directors, supervisors and the senior management, reviewing and monitoring the Bank's compliance with the policies and practices as stipulated in laws and regulatory provisions, and reviewing the Bank's compliance with the Code and disclosures within the Corporate Governance Report.

4.2 Members of Board of Directors

As at the end of the reporting period, the Board consisted of 10 directors, including 3 executive Directors, namely Mr. LIU Xianting (Chairman), Mr. PAN Ming (Vice Chairman) and Mr. YUAN Delei, 3 non-executive Directors, namely Mr. ZENG Huasheng, Mr. SHI Zhishan and Mr. LI Jianbao, as well as 4 independent non-executive Directors, namely Mr. CHUA Alvin Cheng-Hock, Ms. GAO Yuhui, Mr. YANG Tao and Mr. QUAN Ze.

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

4.3 Changes in and Remuneration of Members of Board of Directors

Please refer to the section headed "Information on Directors, Supervisors, Senior Management, Staff and Institution", and "Note 14 to the Financial Statements" of this annual report for changes in and remuneration of Directors.

4.4 Board Diversity Policy

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

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

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

The Bank seeks diversity of members from multiple perspectives in designing the composition of the Board, including gender, age, cultural and education background, as well as professional experience. As at the publish date of this annual report, the Board consists of 9 directors, of whom one is female; five are aged 40 to 49, two are aged 50 to 59, and two are aged 60 and above. Directors are with an extensive background in fields such as finance, accounting, audit, economics, management and law, while some of them have multiple professional backgrounds.

4.5 Duties and Powers of the Board of Directors

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

- (1) to convene Shareholders' General Meetings and to report on its duty performance to shareholders at the shareholders' general meetings;
- (2) to implement the resolutions of the Shareholders' General Meetings;
- (3) to listen to and consider the work reports of our president;
- (4) to decide on our operational plans and investment plans;
- (5) to formulate our annual financial budgets, final accounts, profit distribution plans and plans for recovery of losses;
- (6) to formulate plans for merger, separation, dissolution, liquidation or change in corporate structure;
- (7) to formulate proposals on increases or reductions of our registered capital, proposals on issuance of bonds or other securities, listing plans as well as investment plan for funds raised, and to supervise the implementation thereof;
- (8) to decide on the establishment of our internal management departments;
- (9) to appoint or dismiss the Bank's president and Board of Directors secretaries and determine their remuneration, appoint or dismiss senior executives, such as the vice presidents and finance chief based on the nominations by the president and decide on matters relating to their remuneration, rewards and imposition of any disciplinary measures;



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- (10) to establish our basic management system;
- (11) to consider and approve our compliance policies and supervise their implementation, and take ultimate responsibility for the compliance of our operating activities;
- (12) to formulate measures for increasing our capital adequacy ratio when it is lower than the statutory standard;
- (13) to decide on matters such as external investment, purchase and disposal of assets, pledge of assets, external guarantees, entrusted wealth management and related party transactions within the scope of authorization granted by the Shareholders' General Meetings;
- (14) to disclose information of the Bank and take ultimate responsibility for the completeness and accuracy of our systems of accounting and financial reporting, and formulate relevant procedures and systems to ensure that our statistics continue to conform with the regulatory requirements;
- (15) to propose to the Shareholders' General Meetings the appointment or change of appointment of the accounting firms auditing the Bank, and to give an explanation to the Shareholders' General Meetings on the non-standard audit opinions of certified public accountant on our financial report;
- (16) to exercise any other power and duties prescribed by the applicable laws, administrative requirements, regulations and rules governing securities of the place where the shares of the Bank are listed and our Articles of Association as well as any other power and duties conferred by our Shareholders' General Meetings.

In addition, the Board shall also pay particular attention to the following when performing its duties:

- (1) to formulate the Bank's business development strategies and supervise the implementation thereof;
- (2) to assume ultimate responsibilities of comprehensive risk management, including the establishment of risk culture, the formulation of risk management policies, and the setting of risk appetite, risk tolerance and risk limit;
- (3) to formulate internal control policies, to ensure the establishment and implementation of a fully effective internal control system, which guarantees the Bank operates prudently within the legal and policy framework;

- (4) to formulate capital plans and assume ultimate responsibility for capital management;
- (5) to regularly evaluate and improve the corporate governance structure, internal control and risk management system of the Bank;
- (6) to manage the information disclosure matters of the Bank and bear the ultimate liability of the authenticity, accuracy, completeness, and timeliness of the Bank's accounting and financial report;
- (7) to supervise and ensure that senior management effectively performs its management responsibilities, in particular compliance management, risk management and internal control management;
- (8) to safeguard the legitimate rights and interests of the depositors and other stakeholders;
- (9) to establish a mechanism for identifying, reviewing and managing the conflicts of interest between the Bank and its shareholders, especially substantial shareholders;
- (10) to formulate the Bank's data strategy, approve or authorize the approval of major issues in relation to data governance, urge senior management to improve the effectiveness of data governance, and assume ultimate responsibility for data governance;
- (11) to be responsible for considering and reviewing the Bank's anti-money laundering and counter terrorist financing policies, supervise the implementation of anti-money laundering and counter terrorist financing policies, and be ultimately responsible for the Bank's anti-money laundering and counter terrorist financing work;
- (12) to take the ultimate responsibility for Internet loan risk management.

4.6 Responsibilities of Directors

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

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Directors have confirmed that they are responsible for the Bank's financial statements for the year ended December 31, 2021. Directors are responsible for overseeing the financial reports for each accounting period so that the financial reports truly and fairly reflect the Bank's operation conditions. In preparing the financial statements for the year ended December 31, 2021, directors have selected the applicable accounting policies and applied them consistently, and have made prudent and reasonable judgments. With the assistance of accounting and finance personnel, directors ensure that the Bank prepares financial statements in accordance with statutory requirements and applicable financial reporting standards.

4.7 Board Meetings and Attendance of Directors

During the reporting period, the Bank held a total of 9 Board meetings which considered and approved 105 resolutions.

Particulars of convening of Board meetings during the reporting period are set out below:

Meeting	Date	Form
The 7th Meeting of the 6th session of the Board	February 5, 2021	On-site meeting
The 8th Meeting of the 6th session of the Board	March 30, 2021	On-site meeting
The 9th Meeting of the 6th session of the Board	April 30, 2021	Correspondence meeting
The 10th Meeting of the 6th session of the Board	June 21, 2021	Correspondence meeting
The 11th Meeting of the 6th session of the Board	August 6, 2021	Correspondence meeting
The 12th Meeting of the 6th session of the Board	August 27, 2021	On-site meeting
The 13th Meeting of the 6th session of the Board	October 20, 2021	On-site meeting
The 14th Meeting of the 6th session of the Board	November 26, 2021	Correspondence meeting
The 15th Meeting of the 6th session of the Board	December 31, 2021	On-site meeting

Particulars of attendance of Directors at Board meetings during the reporting period are set out below.

The 6th session of the Board	Expected Attendance	Attendance in Person	Attendance by Proxy	Rate of Attendance in Person of Board Meetings ¹	Rate of Attendance of Board Meetings
LIU Xianting	9	8	1	88.89%	100%
PAN Ming	9	9	0	100%	100%
ZENG Huasheng	9	9	0	100%	100%
ZHANG Jianyong ²	8	7	1	87.50%	100%
LI Jianbao	9	9	0	100%	100%
CHUA Alvin Cheng-Hock	9	9	0	100%	100%
GAO Yuhui	9	9	0	100%	100%
QUAN Ze	9	9	0	100%	100%
YANG Tao	9	9	0	100%	100%
SHI Zhishan	1	1	0	100%	100%
YUAN Delei ³	1	1	0	100%	100%

Notes:

1. In the case where the attendance in person is less than the expected attendance, it means that the director did not attend the meeting in person but entrusted another director to attend on his/her behalf.
2. During the reporting period, upon the election at the Board meeting and the Shareholders' General Meetings of the Bank, as well as the approval from the China banking and insurance regulatory authority, Mr. SHI Zhishan was appointed as a non-executive Director of the sixth session of the Board of the Bank on November 25, 2021. Mr. ZHANG Jianyong has ceased to act as a non-executive Director of the Bank. For details, please refer to the announcement of the Bank dated November 26, 2021.
3. During the reporting period, upon the election at the Board meeting and the Shareholders' General Meetings of the Bank, as well as the approval from the China banking and insurance regulatory authority, Mr. YUAN Delei was appointed as an executive Director of the sixth session of the Board of the Bank on December 15, 2021. For details, please refer to the announcement of the Bank dated December 22, 2021.

4.8 Attendance at General Meetings during the Reporting Period

During the reporting period, the Bank held a total of four general meetings. Mr. LIU Xianting (our Chairman), attended all the meetings. The remaining directors were unable to attend the general meeting personally due to the work or the Pandemic.

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4.9 Performance of Independent Non-executive Directors

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

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

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

5. Special Committees under the Board of Directors

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

The special committees are accountable to the Board. They played the roles to conduct specialized discussions and effectively support and improve the level of scientific, well founded decision-making by the Board. Each special committee has full access to the sufficient resources provided by the Bank for duty performance purposes. Detailed minutes were kept for each special committee meeting, the minutes were sent to all participating members for review after the conclusion of meetings, who will propose amendments upon receipt of the minutes. Finalized meeting minutes were sent to all members in the soonest possible manner. Minutes of each special committee meeting were kept in accordance with our Bank's regulations on archives administration for members' access at any time.

5.1 Audit Committee

During the reporting period, the Audit Committee under the Board of the Bank was composed of one non-executive Director and two independent non-executive Directors, the details of the composition are set out below.

	Chairperson	Member
Member of the Audit Committee under the Board	CHUA Alvin Cheng-Hock	LI Jianbao GAO Yuhui

The primary responsibilities of the Audit Committee include:

- (1) to review the accounting policy, financial position and financial reporting procedures of the Bank;
- (2) to examine the risks and compliance of the Bank, to review the policy and its implementation in respect of the assessment of capital adequacy of the Bank, the implementation of the capital plan, implementation of capital replenishment plan, audit reports on liquidity risk management, market risk management, operational risk management and technology risk management at least once a year, and to produce a report of the same;
- (3) to supervise the internal audit of the Bank, to produce semi-annually audit reports to the Board and to improve the effectiveness of internal audit;
- (4) to be responsible for the annual audit of the Bank and to produce a conclusive report on the truthfulness, completeness and accuracy of information on the audited financial report to the Board for review;
- (5) to inspect the internal control systems and to audit the major related party transactions of the Bank;
- (6) to review the special audit report on the formulation and implementation of the remuneration mechanism and report the same to the Board;
- (7) to review the audit of projects in a timely manner and report to the Board in a timely manner;
- (8) to review special audit of ongoing operational management of the Bank and report to the Board;

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- (9) to deal with all matters in relation to external auditors:
- (i) to comment on the appointment, reappointment and removal of external auditors to the Board, approve the remuneration and terms of appointment for external auditors, and handle any issues pertaining to the resignation or dismissal of the auditor;
 - (ii) the Audit Committee shall discuss with auditors the nature and scope of auditing and related responsibilities for declaration prior to the commencement of auditing, as well as review and monitor the independence and objectivity of external auditors and the effectiveness of auditing procedures in accordance with applicable standards;
 - (iii) to formulate and implement policies with regard to external auditors' provision of non-auditing services. For the purpose of such provisions, "external auditors" include any organization under the same control, ownership or administration rights as the company in charge of auditing, or any organization that enables any third party with reasonable access to all related information to conclude, under reasonable circumstances, that the organization is a part of the company in charge of auditing, either in the local or international business. The Audit Committee shall report any issues requiring actions or improvements to the Board and table proposals; and
 - (iv) to act as the chief representative between the Bank and external auditors and be responsible for supervising the relationship between the two.
- (10) to supervise the completeness of the financial statements, annual reports and accounts, interim reports and (if issued) quarterly reports of the Bank, and to review the key opinions on financial reporting contained therein. The Committee shall review the following items prior to submitting related statements and reports to the Board:
- (i) any modifications to the accounting policies and practices;
 - (ii) any information involving important judgments;
 - (iii) major adjustments arising from auditing;
 - (iv) assumptions and any qualified opinions on corporate continuing operations;
 - (v) compliance with accounting principles; and
 - (vi) compliance with listing rules, laws and regulations in relation to financial reporting;

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

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

- (i) to exchange ideas with the management with regard to risk management and internal control system to ensure that the management has fulfilled their duties in setting up an effective system. Such exchanges should cover the resources available for accounting and financial reporting of the Bank, the competence of employees in terms of qualification and experience, and the sufficiency of training courses received by employees and related budget;
- (ii) to initiate or as appointed by the Board to conduct research on the key findings in relation to the risk management and internal control matters as well as the management's response to the findings;
- (iii) to ensure the coordination between internal and external auditors if the Bank has an internal auditing process in place, as well as the resources availability for and the appropriateness of the internal auditing process, and review and supervise its effectiveness;
- (iv) to review the financial and accounting policies and practices of the Bank;
- (v) to examine the Auditing Description Letter submitted by external auditors to the management, and management's responses to any significant doubts raised by the auditor regarding accounting records, financial accounts or control system;
- (vi) to ensure the Board timely respond to the issues highlighted in the Auditing Description Letter submitted by external auditors to the management;
- (vii) to report to the Board;
- (viii) to review the following arrangements set by the Bank: the employees of the Bank can secretly raise concerns regarding possible misconduct in financial reporting, internal control or other aspects. The Audit Committee shall make appropriate arrangements to allow the Bank to conduct independent and fair investigations on such issues and take proper actions; and

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

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During the reporting period, the Audit Committee convened a total of five meetings and deliberated on and adopted the “Proposal in relation to the Consideration of the 2020 Annual Report of Bank of Jiujiang Co., Ltd.”, the “Proposal in relation to the Engagement of 2021 Accounting Firms”, the “Proposal in relation to the Consideration of the 2021 Interim Report of Bank of Jiujiang Co., Ltd.” and the others. In addition, the Audit Committee organized two meetings with auditors of our Bank to discuss audit issues.

Particulars of attendance of members at the Audit Committee meetings during the reporting period

Member of Audit Committee of the Board	Expected Attendance	Attendance in Person	Attendance by Proxy	Rate of Attendance in Person
CHUA Alvin Cheng-Hock	5	5	0	100%
GAO Yuhui	5	5	0	100%
LI Jianbao	5	5	0	100%

5.2 Related Party Transactions Control Committee

During the reporting period, the Related Party Transactions Control Committee under the Board of the Bank was composed of one executive Director and two independent non-executive Directors, the details of the composition are set out below.

	Chairperson	Member
Member of the Related Party Transactions Control Committee under the Board	GAO Yuhui	PAN Ming ¹ CHUA Alvin Cheng-Hock

Note:

- On February 11, 2022, the Board of the Bank resolved to appoint Mr. YUAN Delei, an executive director of the Bank, as a member of the Related Party Transactions Control Committee under the Board, and Mr. PAN Ming ceased to serve as a member of the Related Party Transactions Control Committee under the Board.

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

- (1) to review and approve the related party transactions within the authority of the Board;
- (2) to review major related party transactions required to be submitted to the Board and Shareholders' General Meetings and to report the same to the Board of Supervisors and the China Banking and Insurance Regulatory Commission;
- (3) to collect information about and compile a list of the Bank's related parties and report the same to the Board and Board of Supervisors, and to inform relevant staffs of the commercial banks of the information of related parties identified by them;
- (4) to investigate and supervise the control of related party transactions of the Bank and the execution of the related party transaction control system by Directors, senior officers and related parties of the Bank, and to report the same to the Board;
- (5) to formulate the related party transaction control system of the Bank;
- (6) to conclude a general review of all related party transactions of the Bank for the year following the year end and report the same to the Board; and
- (7) to deal with other matters authorized by the Board.

During the reporting period, the Related Party Transactions Control Committee convened a total of nine meetings, and deliberated on and adopted the "Proposal of Deliberating on the 2020 Related Party Transactions Report of Bank of Jiujiang Co., Ltd.", the "Proposal of Deliberating on the Expected Quota of Daily Related Party Transactions with Bank of Jiujiang Co., Ltd. in 2021" and the others.

Particulars of attendance of members at the related party transactions control committee meetings during the reporting period are set out below.

Member of the Related Party Transactions Control Committee under the Board	Expected Attendance	Attendance in Person	Attendance by Proxy	Rate of Attendance in Person
GAO Yuhui	9	9	0	100%
PAN Ming	9	9	0	100%
Chua Alvin Cheng-Hock	9	9	0	100%

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5.3 Risk Management Committee

During the reporting period, the Risk Management Committee under the Board was composed of one executive Director and two independent non-executive Directors, the details of the composition are set out below.

	Chairperson	Member
Member of the Risk Management Committee under the Board	PAN Ming ¹	GAO Yuhui CHUA Alvin Cheng-Hock

Note:

1. On February 11, 2022, the Board of the Bank resolved to appoint Mr. YUAN Delei, an executive director of the Bank, as the chairperson of the Risk Management Committee under the Board, and Mr. PAN Ming ceased to serve as the chairperson of the Risk Management Committee under the Board.

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

- (1) to review and approve bank-wide risk management policies based on our overall strategies, and to supervise and evaluate the control of, and implementation of measures against capital and credit risk, liquidity risk, market risk, technology risk, reputational risk, country risk and other risks, so as to ensure the effective execution of the risk management system and procedures. The results shall be reported to the Board, which shall specifically contain the strategy of information technology risk management proved to be effective in identifying such risk;
- (2) to review our risk reports, to conduct regular assessment on our risk policies, management and risk tolerance and to give advice on the improvement of risk management and internal control;
- (3) to review the examination and assessment results for the system, procedures and implementation of credit assets classification at least once a year;
- (4) to review the overall risk management policies, risk appetite and risk limit;
- (5) to supervise and to evaluate the structure, organization, working procedures and efficiency of the risk management department, and to provide suggestions for improvement;
- (6) to review the exceeding amount over the country risk limit identified;
- (7) to review the annual report on information systems risk management;

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

During the reporting period, the Risk Management Committee convened a total of eight meetings, and deliberated on and adopted the “Proposal of Deliberating on the 2020 Overall Risk Management Report of Bank of Jiujiang Co., Ltd.”, the “Proposal of Deliberating on the 2021 Risk Appetite Statement of Bank of Jiujiang”, the “Proposal of Deliberating on the 2021 Risk Limit Management Programme of Bank of Jiujiang”, the “Proposal of Deliberating on the 2021 Recovery and Disposal Plan of Bank of Jiujiang” and the others.

Particulars of attendance of members at the risk management committee meetings during the reporting period are set out below.

Member of the Risk Management Committee under the Board	Expected Attendance	Attendance in Person	Attendance by Proxy	Rate of Attendance in Person
GAO Yuhui	8	8	0	100%
PAN Ming	8	8	0	100%
CHUA Alvin Cheng-Hock	8	8	0	100%

5.4 Nomination and Remuneration Committee

During the reporting period, the Nomination and Remuneration Committee under the Board of our Bank was composed of one executive Director and two independent non-executive Directors, the details of the composition are set out below.

	Chairperson	Member
Member of the Nomination and Remuneration Committee under the Board	YANG Tao	LIU Xianting ¹ QUAN Ze

Note:

1. On February 11, 2022, the Board of the Bank resolved to appoint Mr. PAN Ming, an executive director of the Bank, as a member of the Nomination and Remuneration Committee under the Board, and Mr. LIU Xianting ceased to serve as a member of the Nomination and Remuneration Committee under the Board.

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The primary responsibilities of the Nomination and Remuneration Committee include:

- (1) to determine the procedures and standards for selection of Directors and senior management;
- (2) to conduct a preliminary assessment of the qualifications of Directors and senior management, and to make recommendations thereon to the Board;
- (3) to review the general remuneration management system and policies of the Bank;
- (4) to formulate remuneration plans for Directors and the senior management, and to provide suggestions to the Board on remuneration plans;
- (5) to supervise the implementation of remuneration plans, and to review the performance appraisal system and indicator system formulated and revised by the relevant departments once each year;
- (6) to review the structure, size and composition (including education background, skills, knowledge and experience) of the Board at least once each year, and to make recommendations on any proposed changes to the Board to complement the corporate strategy of the issuer;
- (7) to identify qualified candidates for Directors and to propose the appointment of such candidates as Directors, or to make recommendations thereon to the Board;
- (8) to assess the independence of independent non-executive Directors;
- (9) to make recommendations to the Board on the appointment and reappointment of Directors and the succession plans for Directors, in particular the chairman and the chief executive officer;
- (10) to study and determine the standards and procedures for selecting members of Board committees and to make recommendations to the Board;
- (11) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management;
- (12) to review and approve the management's remuneration proposals with reference to the corporate objectives determined by the Board;
- (13) to review the salaries paid by comparable companies, and the time commitment and responsibilities and employment conditions elsewhere in the Group;

- (14) to review and approve the compensation payable to executive Directors and the senior management on loss or termination of office or appointment in order to ensure that such compensation is consistent with their contractual terms or are otherwise fair, reasonable and not excessive;
- (15) to review and approve the compensation package for the dismissal or removal of Directors due to misconduct in order to ensure that the packages are consistent with the contractual terms, or are otherwise reasonable and appropriate;
- (16) to ensure that no Directors or any of their associates are involved in the determination of their own remuneration;
- (17) to prepare for re-election of Directors before the expiration of their term of office, so as to ensure that the term of office of Directors shall comply with the requirements of the relevant laws and regulations and the Articles of Association of the Bank, the term of office shall be 3 years; and
- (18) to deal with other matters authorized by the Board.

Director Nomination Policy:

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

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

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- (2) The Nomination and Remuneration Committee of the Board and the Nomination Committee of the Board of Supervisors shall conduct preliminary assessment of the qualifications and conditions of the candidates for directors and supervisors respectively and/or propose the candidates passing such assessment to the Board, Board of Supervisors for consideration respectively; and propose them to the shareholders' general meeting by way of written resolutions after they are considered and approved by the Board and/or Board of Supervisors;
- (3) The candidates for Directors and Supervisors shall, before the convening of the shareholders' general meeting, make written undertakings, express their consent to their nomination, confirm the truthfulness and completeness of their publicly disclosed information and undertake that they will duly perform their duties upon election;
- (4) The Board shall disclose the details of the Director candidates to the shareholders in accordance with the laws, administrative regulations and the Articles of Association before the shareholders' general meeting to ensure that shareholders will have adequate understanding of the candidates when they cast their votes;
- (5) Voting on each candidate for Directors and Supervisors shall be carried out at the shareholders' general meeting separately; and
- (6) When an additional Director or Supervisor is temporarily nominated, the Nomination and Remuneration Committee of the Board, the Nomination Committee of the Board of Supervisors or the shareholders satisfying the conditions for making such nomination may propose a candidate to the Board or the Board of Supervisors for consideration, and to the shareholders' general meeting for election or replacement.

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

- (1) the Human Resources Department shall submit to the Nomination and Remuneration Committee related information for studying the Bank's demand for new Directors and senior management and form written materials;
- (2) collect information concerning primary candidates' occupations, education background, titles, detailed working experience and part-time jobs and form written materials;
- (3) consider the nominees as candidates for Directors and senior management upon their consent;
- (4) conduct qualification review on the primary candidates in accordance with qualifications for Directors and senior management;

- (5) make recommendations and provide related materials to the Board within ten working days prior to formal nomination of new directors and engagement of new senior management; and
- (6) carry out other follow-up work based on resolutions and feedbacks of the Board.

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

During the reporting period, the Nomination and Remuneration Committee convened a total of six meetings, and deliberated on and adopted the "Proposal of Deliberating on the Change of Joint Company Secretary, Agent for the Service of Process in Hong Kong and Authorised Representative under the Hong Kong Companies Ordinance", the "Proposal of Deliberating on the 2021 Annual Bonus Distribution Measures of Bank of Jiujiang" and the others. The Nomination and Remuneration Committee also evaluated the performance of the executive Directors and approved the terms of the service contract of the executive Directors. The Nomination and Remuneration Committee shall, as required, seek professional advice for duty performance purposes at the expense of our Bank.

Particulars of attendance of members at the Nomination and Remuneration Committee meetings during the reporting period are set out below.

Member of the Nomination and Remuneration Committee under the Board	Expected Attendance	Attendance in Person	Attendance by Proxy	Rate of Attendance in Person
YANG Tao	6	6	0	100%
LIU Xianting	6	6	0	100%
QUAN Ze	6	6	0	100%

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5.5 Strategy Committee

During the reporting period, the Strategy Committee under the Board was composed of one executive Director and two non-executive Directors.

	Chairperson	Member
Member of the Strategy Committee under the Board	LIU Xianting ¹	ZENG Huasheng ZHANG Jianyong/SHI Zhishan ²

Notes:

1. On February 11, 2022, the Board of the Bank resolved to appoint Mr. PAN Ming, an executive Director of the Bank, as the chairperson of the Strategy Committee under the Board, and Mr. LIU Xianting ceased to serve as the chairperson of the Strategy Committee under the Board;
2. On November 26, 2021, the Bank received the approval dated November 25, 2021 from the China Banking and Insurance Regulatory Commission Jiangxi Bureau with respect to the qualification of Mr. SHI Zhishan. Mr. SHI Zhishan has been appointed as a non-executive Director of the Bank of the sixth session of the Board since November 25, 2021, and ZHANG Jianyong ceased to serve as the non-executive Director of the bank, a member of the Strategy Committee under the Board, and a member of the Consumer Rights Protection Committee under the Board. On December 31, 2021, the Board of the Bank resolved to appoint Mr. SHI Zhishan, a non-executive Director of the Bank, as a member of the Strategy Committee under the Board.

The primary responsibilities of the Strategy Committee include:

- (1) to determine the objectives and long-term development strategies of the Bank and its listing plan;
- (2) to supervise and review the implementation of our annual business plans and investment plans;
- (3) to conduct research and to provide suggestions on major capital activities and asset management projects which are subject to the approval of the Board;
- (4) to review the strategic development plan of human resources and to provide suggestions to the Board;
- (5) to review the annual financial budgets and final accounts, and to provide advice to the Board;
- (6) to review major corporate restructuring and adjustment plans and to provide advice to the Board;

- (7) to review scientific information technology development and other special strategic development plans, and to provide advice to the Board;
- (8) to review and assess the effectiveness of the corporate governance structure in order to ensure that the financial reporting, risk management and internal controls comply with our corporate governance standards;
- (9) to approve and implement green credit development strategies and objectives; to approve and support green, low-carbon, and circular economy, and strengthen environmental and social risk management; to supervise the implementation and compliance of green credit strategies;
- (10) to conduct research and to provide suggestions on other major matters significant to our development; and
- (11) to deal with other matters authorized by the Board.

During the reporting period, the Strategy Committee convened a total of eight meetings, and deliberated on and adopted the “Proposal of Deliberating on the 2020 Report of the Board of Bank of Jiujiang Co., Ltd.”, the “Proposal of Deliberating on the 2020 Work Report of the President of Bank of Jiujiang Co., Ltd.”, the “Proposal of Deliberating on 2020 Annual Report of Bank of Jiujiang Co., Ltd.”, the “Proposal of Deliberating on the 2020 Evaluation Report of Shareholders of Bank of Jiujiang Co., Ltd.” and the others.

Particulars of attendance of members at the strategy committee meetings during the reporting period are set out below.

Member of the Strategy Committee under the Board	Expected Attendance	Attendance in Person	Attendance by Proxy	Rate of Attendance in Person
LIU Xianting	8	8	0	100%
ZENG Huasheng	8	8	0	100%
ZHANG Jianyong	7	7	0	100%
SHI Zhishan	0	0	0	/

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5.6 Consumer Rights Protection Committee

During the reporting period, the Consumer Rights Protection Committee under the Board was composed of one executive Director and two non-executive Directors.

	Chairperson	Member
Member of the Consumer Rights Protection Committee	YUAN Delei ¹	ZENG Huasheng ZHANG Jianyong/SHI Zhishan ²

Notes:

1. On December 31, 2021, the Board of the Bank resolved to appoint Mr. YUAN Delei, an executive Director of the Bank, as the chairperson of the Consumer Rights Protection Committee under the Board;
2. On November 26, 2021, the Bank received the approval dated November 25, 2021 from the China Banking and Insurance Regulatory Commission Jiangxi Bureau with respect to the qualification of Mr. SHI Zhishan. Mr. SHI Zhishan has been appointed as a non-executive Director of the Bank of the sixth session of the Board since November 25, 2021, and ZHANG Jianyong ceased to serve as the non-executive Director of the bank, a member of the Strategy Committee under the Board, and a member of the Consumer Rights Protection Committee under the Board. On December 31, 2021, the Board of the Bank resolved to appoint Mr. SHI Zhishan, a non-executive Director of the Bank, as a member of the Consumer Rights Protection Committee under the Board.

The primary responsibilities of the Consumer Rights Protection Committee include:

- (1) to formulate strategies, policies and objectives for the protection of consumer rights and interests related to the Bank, and to urge senior management to effectively perform and implement the relevant work;
- (2) to provide guidance and supervision on the establishment and improvement of the management system for the protection of consumer rights and interests;
- (3) to supervise and evaluate the comprehensiveness, timeliness and effectiveness of the Bank's protection of consumer rights and interests and the relevant performance of the senior management;
- (4) to regularly receive special reports from senior management on the development of protection of consumer rights of the Bank, to review the relevant special reports on protection of consumer rights, to submit the relevant special reports to the Board, and to consider the relevant work as an important part of information disclosure;
- (5) to urge the senior management and the relevant departments to promptly and effectively rectify various issues identified in the audit and to supervise the implementation of such rectification as specified in the report;

- (6) to consider other significant issues related to consumer rights protection; and
- (7) to exercise any other matters prescribed by the law, regulations, rules, regulatory documents, regulations and rules governing securities of the place where the shares of the Bank are listed, our Articles of Association and any other matters authorized by the Board.

During the reporting period, the Consumer Rights Protection Committee convened a total of two meetings, and deliberated on and adopted the “Proposal of Deliberating on 2020 Consumer Rights Protection Report of Bank of Jiujiang Co., Ltd.”, the “Proposal of Deliberating on Consumer Rights Protection Report of Bank of Jiujiang Co., Ltd. for the First Half of 2021” and the others.

Particulars of attendance of members at the Consumer Rights Protection Committee meetings during the reporting period are set out below.

Member of the Consumer Rights Protection Committee under the Board	Expected Attendance	Attendance in Person	Attendance by Proxy	Rate of Attendance in Person
YUAN Delei	0	0	0	/
ZENG Huasheng	2	2	0	100%
ZHANG Jianyong	2	2	0	100%
SHI Zhishan	0	0	0	/

5.7 Compliance Management Committee

During the reporting period, the Compliance Management Committee under the Board was composed of one executive Director, one non-executive Director and one independent non-executive Director.

	Chairperson	Member
Member of the Compliance Management Committee	LI Jianbao	QUAN Ze PAN Ming

The primary responsibilities of the Compliance Management Committee include:

- (1) to pursue the values of honesty and integrity, and to foster a compliance culture with lawful business operation and a conduct management culture of the employees who shall conduct in accordance with the law and be honest and trustworthy;

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- (2) to be well informed of the implementation of the compliance policy and its existing problems, and to promptly submit relevant opinions and suggestions to the Board or the senior management to oversee the effective implementation of the compliance policy;
- (3) to provide guidance and suggestions on the establishment and improvement of the compliance management mechanism and system;
- (4) to review the compliance risk management report submitted by the senior management and evaluate the effectiveness of the Bank in managing its compliance risks, so as to ensure that conformity defects can be resolved in a timely and effective manner;
- (5) to review the internal control assessment report submitted by the senior management and evaluate the adequacy and effectiveness of the internal control of the Bank;
- (6) to review anti-money laundering policies, anti-money laundering work plan and work report submitted by the senior management, as well as the internal control system related to anti-money laundering, and provide relevant advice and suggestions to the Board or senior management in a timely manner;
- (7) to review the operational risk reports submitted by the senior management, to fully understand the overall operation risk management of the Bank, and to assess the effectiveness of the Bank's operational risk management;
- (8) to review the development strategies of new products business and risk management policies of the Bank;
- (9) to review the compliance review report in relation to substantial investments submitted by the senior management, to evaluate the effectiveness of the pre review mechanism of substantial investments, and to review and make decisions on the change of the mechanism;
- (10) to review general policy for the case prevention, to issue the general requirements for case prevention;
- (11) to review the working report on incident prevention and to promote the establishment of case prevention systems;
- (12) to specify the duties and scope of authorization of senior management regarding case prevention, so as to ensure that senior management has adopted necessary measures for the effective monitoring, alert and handling of crises;

- (13) to assess the effectiveness of case prevention of the Bank, and to ensure the effective review and supervision of case prevention by the internal audit functions;
- (14) to review the code of conduct formulated by the Bank and detailed rules thereof, and to supervise the senior management in conducting management of employee acts;
- (15) other matters required by laws, regulations, rules, regulatory documents, rules governing securities of the place where the shares of the Bank are listed, the Articles of Association or authorized by the Board of Directors.

During the reporting period, the Compliance Management Committee convened a total of two meetings, and deliberated on and adopted the “Proposal on Amendments of the Compliance Policy of Bank of Jiujiang Co., Ltd.”, the “Proposal on Amendments of the Basic System of Internal Control of Bank of Jiujiang Co., Ltd.”, the “Proposal on Amendments of Evaluation Management Measures on Internal Control of Bank of Jiujiang” and the others.

Particulars of attendance of members at the Compliance Management Committee meetings during the reporting period are set out below.

Member of the Compliance Management Committee under the Board	Expected Attendance	Attendance in Person	Attendance by Proxy	Rate of Attendance in Person
LI Jianbao	2	2	0	100%
QUAN Ze	2	2	0	100%
PAN Ming	2	2	0	100%

6 Board of Supervisors

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

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6.1 Composition of the Board of Supervisors

The Board of Supervisors was composed of six Supervisors, including two employee Supervisors, namely Mr. MEI Mengsheng (chairman of the Board of Supervisors) and Ms. WAN Dandan, two external Supervisors, namely Mr. GUO Jiequn and Ms. CHEN Chunxia, as well as two Shareholder Supervisors, namely Ms. LIU Chunmei and Ms. LIAO Jingwen. The structure of the members of the Board of Supervisors is reasonable, with sufficient expertise and independence, which is able to ensure that the Board of Supervisors exert the supervisory functions effectively.

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

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

6.2 Changes in Members of the Board of Supervisors

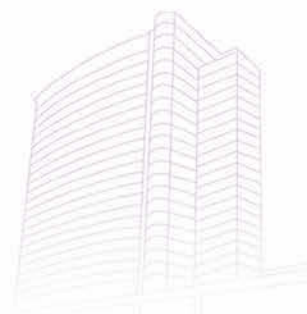
Please refer to “Information on Directors, Supervisors, Senior Management, Staff and Institution” of this annual report for changes in Supervisors.

6.3 Duties and Powers of the Board of Supervisors

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

- (1) to carry out review and give written review opinions on the regular reports on our Bank prepared by the Board;
- (2) to oversee the conduct of our Directors and senior management in performing their duties and propose removal of our Directors and senior management in the event of their non-compliance with the laws, administrative regulations, our Articles of Association or resolutions passed by the Shareholders’ General Meetings;
- (3) to be responsible for the supervision of comprehensive risk management; supervise and review the performance of duties of the Board and senior management in respect of risk management and urge for rectification; and include supervision and inspection results in the work report of the Board of Supervisors;

- (4) to be responsible for supervision of internal control and management; supervise the efforts of the Board and senior management in improving the internal control mechanism; supervise the performance of internal control duties by the Board and the senior management;
- (5) to order rectification of the conducts of the Directors and the senior management which are prejudicial to the interests of our Bank;
- (6) to propose the convening of extraordinary general meeting and to convene and preside over Shareholders' General Meetings when the Board fails to perform the duty of convening and presiding over Shareholders' General Meetings under the Company Law;
- (7) to submit proposals to the Shareholders' General Meetings;
- (8) to file legal proceeding against our Directors and senior management in accordance with the regulation of the Article 151 of the Company Law;
- (9) to verify financial information including financial reports, operation reports and profit distribution plans to be proposed by the Board to the Shareholders' General Meetings, and engage certified accountants or practicing auditors to assist in the re-examination in the name of our Bank if problems are identified;
- (10) to guide our internal audit department to independently perform its audit and supervision function, and effectively implement the operational management and performance assessment of the internal audit department;
- (11) to review and supervise our financial activities;
- (12) to make enquiries to our Directors, chairman of the Board and senior management; and
- (13) to exercise other powers stipulated by applicable laws, administrative requirements, regulations and rules governing securities of the place where the shares of our Bank are listed or our Articles of Association.



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6.4 Operation of the Board of Supervisors

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

During the reporting period, the Board of Supervisors arranged and implemented the 2020 duty performance appraisal for the Board, Directors, senior management and its members, and Supervisors, and provided feedback to the Board and the senior management.

6.5 Meetings of Board of Supervisors and Attendance of Supervisors

In 2021, our Bank held a total of 5 meetings of Board of Supervisors at which 44 proposals were deliberated on and approved and 16 reports were listened to and reviewed.

Particulars of convening of Board of Supervisors meetings during the reporting period are set out below.

Meeting	Date	Form
The 4th meeting of the 6th Session of the Board of Supervisors	March 30, 2021	On-site meeting
The 5th meeting of the 6th Session of the Board of Supervisors	April 30, 2021	Correspondence meeting
The 6th meeting of the 6th Session of the Board of Supervisors	June 29, 2021	On-site meeting
The 7th meeting of the 6th Session of the Board of Supervisors	August 27, 2021	On-site meeting
The 8th meeting of the 6th Session of the Board of Supervisors	December 9, 2021	On-site meeting

Particulars of attendance of supervisors at the Board of Supervisors and its sub-committees during the reporting period are set out below.

		Attendance of Board of Supervisors and its Sub-committees				
					Rate of	
The 6th Session		Expected Attendance	Attendance in Person	Attendance by Proxy	Attendance in Person	Rate of Attendance
Board of Supervisors	MEI Mengsheng	5	5	0	100%	100%
	GUO Jiequn	5	5	0	100%	100%
	CHEN Chunxia	5	5	0	100%	100%
	LIU Chunmei	5	5	0	100%	100%
	LIAO Jingwen	5	5	0	100%	100%
	WAN Dandan	5	5	0	100%	100%
Supervisory Committee	GUO Jiequn	5	5	0	100%	100%
	LIAO Jingwen	5	5	0	100%	100%
	WAN Dandan	5	5	0	100%	100%
Nomination Committee	CHEN Chunxia	6	6	0	100%	100%
	LIU Chunmei	6	6	0	100%	100%
	WAN Dandan	6	6	0	100%	100%

6.6 Attendance at Shareholders' General Meetings during the Reporting Period

During the reporting period, our Bank held a total of four Shareholders' General Meeting, including two class meetings. The Board of Supervisors designated representatives to attend the meeting who carried out on-site supervision on the compliance and legality of the reviewed proposals, meeting procedures and voting process.

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

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

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6.8 Special Committees under the Board of Supervisors

6.8.1 Nomination Committee

Details of the composition of the nomination committee under the Board of Supervisors of the Bank during the reporting period are set out below.

	Chairperson	Member
Nomination Committees under the Board of Supervisors	CHEN Chunxia	LIU Chunmei WAN Dandan

The primary responsibilities of the Nomination Committee include:

- (1) to study the selection standards and procedures of Supervisors;
- (2) to conduct preliminary reviews on qualification of Supervisors;
- (3) to draw up the size and composition of the Board of Supervisors;
- (4) to nominate and recommend members for the special committees under the Board of Supervisors;
- (5) to supervise the election and appointment procedures of Directors;
- (6) to conduct comprehensive evaluation on the performance of duties of directors, supervisors and senior management;
- (7) to appraise the scientificity and rationality of the remuneration system and policy of the whole Bank as well as the remuneration scheme of senior management;
- (8) to deal with other matters authorized by the Board of Supervisors.

During the reporting period, the Nomination Committee convened a total of six meetings, and deliberated on and adopted the “2020 Evaluation Report on the Performance of Duties of Supervisors of Bank of Jiujiang Co., Ltd.”, “2020 Evaluation Report on the Performance of Duties of Directors and Senior Management from the Board of Supervisors of Bank of Jiujiang Co., Ltd.”, “Measures on Assessment of the Performance of Directors, Supervisors and Senior Management from the Board of Supervisors of Bank of Jiujiang Co., Ltd.”, “Evaluation Report on the Incentive and Restraint Mechanism of Bank of Jiujiang Co., Ltd.” and the others. The meeting also listened to special reports, including the “Special Audit Report of the Remuneration Management of Bank of Jiujiang”.

6.8.2 Supervisory Committee

	Chairperson	Member
Supervisory Committee under the Board of Supervisors	GUO Jiequn	LIAO Jingwen WAN Dandan

The primary responsibilities of the Supervisory Committee include:

- (1) to draw up supervisory plans for our financial activities;
- (2) to launch relevant inspections and oversee implementation of supervisory plans;
- (3) to examine and discuss our operation philosophies, value criteria and development strategies, and raise relevant opinions through the Board of Supervisors;
- (4) to supervise our Board of Directors to establish steady business philosophies, value criteria and to formulate development strategies in line with the actual situations of the Bank;
- (5) to supervise and examine the operation decisions, risk management and internal control of the Bank;
- (6) to supervise the performance of the Board and the senior management in money laundering risk management and urge the rectification, and to made recommendations and suggestions on the money laundering risk management of the Bank;
- (7) to deal with other matters authorized by the Board of Supervisors.

During the reporting period, the Supervisory Committee convened a total of five meetings, and deliberated on and adopted the “Inspection Report on Information Disclosure of Bank of Jiujiang Co., Ltd. in 2020”, the “Inspection report on the Rectification Based on the On-site Inspection Opinions of Jiangxi Banking and Insurance Regulatory Bureau”, the “Evaluation Report on the Strategic Planning of Bank of Jiujiang during 2019-2021”, the “Inspection Report on Case Prevention of Bank of Jiujiang Co., Ltd.” and the others. The meeting also listened to special reports, including the “Investigation Report on Internet Deposits and Loans of Bank of Jiujiang in 2021”, the “Work Report on Anti-Money Laundering of Bank of Jiujiang”, and the “Work Report on Stress Test of Bank of Jiujiang”.

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

During the reporting period, with the support of extensive performance of duties, the Bank optimised the methods of duties performance of Directors through a combination of the four ways, i.e. meetings, opinions, trainings and research. Since 2021, in addition to meetings, the Bank organized a variety of performance activities, including the CPC history education for Directors and Supervisors to celebrate the 100th anniversary of the CPC, the joint meeting of Directors and Supervisors, on-site investigation by independent Directors, special research on risks, lectures given by Directors, and the simulation among shareholders, Directors and Supervisors. The Directors have given three lectures to all employees of the Bank on global financial market trends, settlement, securities market, and other professional fields. Some of them visited Pingxiang Branch and Xiushui Sub-branch of the Bank to conduct on-site investigation. Some of them have conducted off-site investigation and provided professional advice on various aspects, such as risk management, disposal of non-performing loans, information technology and human resources management. The Bank has done a good job of retaining the performance files of each of the Directors to ensure that the performance files of the Directors are complete.

During the reporting period, the Board of Supervisors organized and conducted tutorials and trainings for all Supervisors on a quarterly basis. The content covered the common external supervision system and the latest developments of the regulatory authorities, helped Supervisors to familiarise themselves with and comprehend regulatory requirements as well as dynamics, which effectively improved Supervisors' awareness to perform their duties and supervisory ability. During the reporting period, the Board of Supervisors conducted a survey on the operation of Xiushui Jiuyin County Bank, and the implementation of inclusive finance in Nanchang Branch.

Directors	Participated training/studies
Executive Directors	
LIU Xianting	2,3,4,5,10
PAN Ming	1,2,3,4,5,6,10
YUAN Delei	5,8,10
Non-executive Directors	
ZENG Huasheng	1,2,3,4,5,6,10
ZHANG Jianyong	2,3,4,10
SHI Zhishan	5,9,10
LI Jianbao	1,2,3,4,5,6,9,10
Independent Non-executive Directors	
CHUA Alvin Cheng-Hock	1,2,3,4,5,8,9,10
GAO Yuhui	1,2,3,4,5,6,7,8,9,10
QUAN Ze	1,2,3,4,5,9,10
YANG Tao	1,2,3,4,5,6,9,10

Notes:

1. Report on audit of the financial statement for 2020
2. Regulatory advice and the implementation of rectification by our Bank
3. Measures for the Evaluation of Performance of Duties by Directors and Supervisors of Banking or Insurance Institutions (for Trial Implementation) and the Corporate Governance Standards for Banking and Insurance Institutions
4. Interim review work report for 2021
5. Toolkit on Directors' Ethic of ICAC
6. Study in Xiushui sub-branch
7. Study in Pingxiang Branch
8. Risk management forum
9. Strategy seminar
10. Responsibilities and obligations of directors and supervisors of Hong Kong listed companies and daily compliance

Supervisor	Participated training/studies
MEI Mengsheng	1,2,3,4
GUO Jiequn	1,2,3,4,6
CHEN Chunxia	1,2,3,4,5,6
LIAO Jingwen	1,2,3,4,6
LIU Chunmei	1,2,3,4
WAN Dandan	1,2,3,4

Notes:

1. China Shadow Banking Report(《中國影子銀行報告》)
2. Measures for the Evaluation of Performance of Duties by Directors and Supervisors of Banking or Insurance Institutions (for Trial Implementation), the Corporate Governance Standards for Banking and Insurance Institutions and Measures for the Administration of Reputational Risk of Banking and Insurance Institutions (for Trial Implementation)
3. Measures for the Supervision and Administration of Combating Money Laundering and Financing of Terrorism by Financial Institutions, the Guidelines for Self-evaluation on the Money Laundering and Terrorist Financing Risks of Corporate Financial Institutions and Measures for the Regulatory Evaluation of Banking or Insurance Institutions' Protection of Consumer Rights and Interests
4. Anti-corruption training materials of ICAC
5. Study the operation and management of Xiushui Jiuyin County Bank
6. Study the inclusive finance business of Nachang Branch

Corporate Governance Report

8. Senior Management

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

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

- (1) to be in charge of the operation and management of our Bank, organize and implement the resolutions of the Board and report his/her work to the Board;
- (2) to submit the operation plans and investment proposals to the Board and organize and implement the same upon approval of the Board;
- (3) to draft the plans for the establishment of the internal management departments of our Bank and decide on matters in accordance with the authorization of the Board, other than those which shall be determined by the Shareholders' General Meetings or the Board, in respect of the establishment of internal management departments and branches and sub-branches of our Bank;
- (4) to propose the annual financial budget, final account and profit distribution plan of our Bank;
- (5) to formulate the basic management system of our Bank;
- (6) to formulate the specific management system of our Bank;
- (7) to propose to convene extraordinary Board meetings;
- (8) to recommend to the Board the appointment or dismissal of the vice president, chief financial officer and other senior management of our Bank;
- (9) to determine the appointment or dismissal of persons in charge of all of our internal functional departments and branches and sub-branches other than those required to be appointed or dismissed by the Board;

- (10) to be responsible for the operation of comprehensive risk management and execute relevant resolutions of the Board; establish operational management system in line with the comprehensive risk management; specify risk management responsibilities among functional departments in charge of comprehensive risk management, business departments and other departments; and establish an operation mechanism that facilitates coordination and maintains balance effectively among departments;
- (11) to establish a system of mechanisms, procedures and methods in accordance with the acceptable risk level determined by the Board and take relevant risk control measures; be responsible for establishing and improving internal organizational structure to ensure that all internal control functions are performed effectively; carry out tests and assessments regarding the adequacy and effectiveness of the internal control mechanism;
- (12) to formulate clear execution and accountability mechanism to ensure full conveyance and effective implementation of risk management strategies, risk appetite and risk limits; formulate risk management policies and procedures and carry out regular assessment and report assessment results of our comprehensive risks and different major risk management conditions to the Board; monitor the non-compliance issues in respect of risk appetite and risk limits as well as violation of risk management policies and procedures and carry out corresponding rectification based on the authorization of the Board;
- (13) to authorize other senior management, different internal functional department and persons in charge of branches and sub-branches to carry out operation and management activities;
- (14) in the event of major emergencies including a run on the Bank, to perform contingency measure and report to the banking regulatory authorities of the State Council, the Board and the Board of Supervisors immediately; and
- (15) to exercise other powers granted by the applicable laws, administrative requirements, regulations and our Articles of Association or the Board.

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

Corporate Governance Report

8.1 Chairman and President

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

Mr. LIU Xianting acts as the chairman of the Bank, in charge of organizing Board meetings to timely review and discuss our major issues, ensuring that all Directors at the Board meetings are properly aware of the current issues; ensuring that all Directors timely receive adequate information which is accurate, clear, complete and authentic; ensuring that the Bank formulates sound corporate governance practices and procedures; encouraging Directors to express different ideas and ensuring that the decisions from the Board can fairly represent the consensus of the Board; maintaining effective connections with shareholders and ensuring that shareholders' opinions can reach the entire Board; facilitating the Directors to make effective contribution to the Board and ensuring a constructive relationship between executive Directors and non-executive Directors; ensuring sound operation of the Board and effective execution of its decisions. Mr. LIU Xianting conducted a discussion with non-executive Directors without the presence of executive Directors about the business performance of the Bank in 2021.

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

On February 11, 2022, the Board received the resignation letter from Mr. LIU Xianting, the Chairman of the Bank. Mr. LIU has applied to resign as the Chairman of the Bank, the executive Director, the chairperson of the Strategy Committee under the Board and member of the Nomination and Remuneration Committee under the Board due to his mandatory age for retirement, and his resignation shall take effect from February 11, 2022. On the same day, the Board resolved to appoint Mr. XIAO Jing as the President of the Bank, and dismiss Mr. PAN Ming from his position as the President. The term of office of Mr. XIAO Jing will commence from the date of approval of his qualification by the China banking and insurance regulatory authorities to the expiry of the term of the sixth session of the Board. Before obtaining his qualification as the President, Mr. XIAO Jing shall perform the duties of the President on his behalf. For details of these changes, please refer to the announcement of the Bank dated February 11, 2022.

9. Securities Transactions by Directors, Supervisors and Relevant Employees

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

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

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

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

11. Company Secretaries

On February 5, 2021, Mr. Wong Wai Chiu was appointed as the company secretary, authorized representative and service of process agent of the Bank, and Ms. Fok Po Yi has ceased to serve as the company secretary, authorized representative and service of process agent of the Bank. For details of changes of company secretary and authorized representative, please refer to the announcement published by the Bank on February 5, 2021. Ms. Wang Li, the Vice President and the Board Secretary of the Bank acted as the primary internal contact person of the Bank.

During the reporting period, Mr. Wong Wai Chiu, the company secretary of the Bank, has received not less than 15 hours of related professional training in accordance with the requirements in Rule 3.29 of the Listing Rules.

12. Communications with Shareholders

12.1 Investor Relations

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

Address: No. 619 Changhong Avenue, Jiujiang, Jiangxi Province, China

Tel: +86(792)7783000-1101

Fax: +86(792)8325019

Email: lushan2@jjccb.com



Corporate Governance Report

12.2 Information Disclosure

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

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

13. Amendments to the Articles of Associations

In accordance with the latest requirements of relevant laws, regulations and other normative documents and in light of the actual situation of the Bank, the Bank amended several provisions in the Articles of Association. In July 2021, the Bank received the approval from the CBIRC Jiangxi Bureau in relation to the amendment of the Articles of Association and the amended Articles of Association became effective from the date of approval. Please refer to the announcements issued by the Bank on November 10, 2020, February 1, 2021 and July 28, 2021 for details of the amendments to the Articles of Association.

14. Establishment of Compliance Management Committee

In order to further strengthen the Board’s management and decision-making regarding the compliance of the Bank and to improve the governance structure of the Bank, the Bank officially established the Compliance Management Committee under the Board on July 28, 2021 upon the approval from the China banking and insurance regulation authorities in accordance with the relevant laws and regulations and the Articles of Association. The Compliance Management Committee is mainly responsible for carrying out compliance management work under the authorization of the Board of Directors. Details of the establishment of the Compliance Management Committee, please refer to the announcement published by the Bank on March 30, 2020 and July 28, 2021.

15. Shareholders' Rights

15.1 Convening of Shareholders' General Meetings

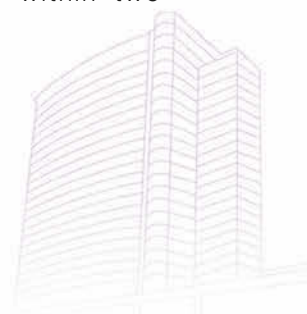
In accordance with related laws, regulations and the Articles of Association of the Bank, Shareholders individually or in aggregate holding 10% or more of the Bank's shares shall have the right to request the Board to convene an extraordinary general meeting or a class shareholders' general meeting,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

- (1) Two or more Shareholders holding an aggregate of 10% or more of shares carrying voting rights at such meetings to be convened can sign one or several written requests in the same format and content requesting the Board to convene an extraordinary general meeting or a class shareholders' general meeting, which specify the matters to be discussed at the meeting. Upon receipt of the said written requests, the Board shall convene an extraordinary general meeting or a class shareholders' general meeting as soon as possible. The aforementioned share holdings shall be calculated based on the number of shares held at the close of the date of written requests or on the previous trading day (where the date of written requests is not a trading day).
- (2) Where the Board fails to give the notice to convene the meeting within 30 days upon the receipt of the said written requests, the Shareholders making such requests may convene a meeting within four months upon the receipt of the said requests by the Board. Such meeting shall be convened in the same manner, as nearly as possible, as the meetings convened by the Board.

15.2 Submitting Proposals to the Shareholders' General Meetings

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

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



Corporate Governance Report

16. Profit Distribution Policies

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

- (1) the Bank distributes dividends in cash or shares, or cash-and-shares, but mainly in cash;
- (2) if the net cash flow from operating activities in the current year is negative, the Bank may pay no cash dividends;
- (3) generally, dividends are paid annually, and the Board of the Bank may also propose interim dividend distribution based on the company's demand for fund;
- (4) if the Bank needs to adjust its profit distribution policy according to its production & operation conditions, investment plans and long-term development needs, it shall seek consent of more than two thirds of all independent Directors and submit such adjustment to the shareholders' general meeting for deliberation after consideration by the Board and the Board of Supervisors of the Bank;
- (5) the Bank shall formulate or adjust the plan of dividend returns to shareholders within the scope of the aforesaid profit distribution policy based on its own actual conditions;
- (6) the profit distribution plan of the Bank shall be submitted to the shareholders' general meeting for deliberation and approval after deliberation by the Board and the Board of Supervisors; the Bank shall listen to the opinion of public investors when deliberating on the proposals for profit distribution policies and profit distribution plans at the shareholders' general meeting.

17. External Auditors and Auditor Emoluments

The Board meeting held on March 30, 2021 and the 2020 Annual General Meeting held on June 25, 2021 approved the resolution of the Bank to continue to appoint KPMG Huazhen LLP and KPMG (collectively “KPMG”) as its domestic and overseas auditors, respectively. Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu (collectively “Deloitte”) are domestic and overseas auditors of the Bank for 2019. In 2020, the Bank determined to cease to renewal of the appointment of Deloitte, and appointed KPMG as the new domestic and overseas auditors of the Bank. For details of the appointment and dismissal of the auditors, please refer to the announcement published by the Bank on April 22, 2020.

In 2021, the Bank paid KPMG a total of RMB6.689 million for its services, including RMB2.95 million for audit services and RMB3.739 million for non-audit services.

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

18. Risk Management and Internal Control

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

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



Corporate Governance Report

During the Reporting Period, centering on five elements of internal control and with the Basic System of Internal Control of Bank of Jiujiang Co., Ltd. as the outline system, the Bank established a relatively scientific, complete, reasonable and tight internal control system with the aim of improving risk control capability and customer service capability, promoting sustainable development, and continuously and effectively upgrading and improving internal control. In terms of internal control environment, we established the enterprise culture of “with internal control and compliance as our top priorities”, optimised our organizational structure and established an internal control governance and organizational structure with a reasonable division of labor, clear responsibilities and clear reporting relationships, consisting of the Board of Directors, the Board of Supervisors, the general meeting of shareholders and the management, functional department of internal control management, audit department and business department. In terms of risk assessment, we established a comprehensive risk management system that can effectively identify, monitor, measure, evaluate and control various risks, and keep the risks within tolerable limits. In terms of control measures, we carried out the activity of “year of internal control and compliance” to strengthen the foundation of internal control and compliance, integrated various control measures to implement effective control over various businesses and matters, and the scope of internal control basically covers all management and business processes. In terms of information and communication, the information construction was relatively complete, the internal and external data indicator system was relatively sound, and the information exchange and communication among the three lines of defense were relatively smooth and effective. In terms of internal supervision, we focused on inspection and evaluation, mainly carried out internal control evaluation and supervision and evaluation of audit department. We gave more priority to the “four-in-one” supervision, effectively corrected problems found and basically formed an internal control mechanism featuring beforehand risk prevention, in-progress control and post-event supervision and correction in place.

Every year, the Bank conducts internal control evaluation from design defects at the head office level and implementation defects at the branch level, and evaluates the level of internal control defects and the effectiveness of internal control of each branch in a fair and objective manner through negative correction of the result indicators, and normally conducts internal control special evaluation in a timely manner according to important business, major risks and important management matters, and urges to improve systems, optimise processes and upgrade systems based on the evaluation results to promote further improvement of internal control management.

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

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

For the year ended December 31, 2021, the Board completed the annual review and evaluation of the effectiveness of the Bank's internal control and risk management system. The evaluation covers all of the Group's key internal control environment, including financial, operational and compliance as well as risk management function. The Board also considered that the operations of the risk management and internal control systems of the Bank and its subsidiaries, including resources, staff qualifications and experience, training programs and budgets for accounting, internal audit and financial reporting functions, were adequate and effective on the whole. There were no material matters to be brought to attention during the year.

19. Internal Audit

Effective internal audit is of vital importance for ensuring sustainable development of the Bank's business operation. The Bank has established a vertical and independent internal audit organizational structure and sticks to the principles of independence and objectivity throughout the internal audit work. Meanwhile, the Board of Directors of the Bank has an Audit Committee which is responsible for reviewing and approving the important regulations and reports related to internal audit and more, as well as approving medium-to long-term audit plans and annual audit plans.

The objectives of our internal audit are the review, evaluation and improvement of our business operations, risk management, internal control and compliance and corporate governance by combination of the on-site audit and off-site audit through independent and objective supervision, evaluation and advisory activities in a systematic and standardized manner, so as to promote our steady operation and value enhancement.

Corporate Governance Report

20. Inside Information Management

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

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

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

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

Report of the Board of Directors

1. Principal Activities and Business Review

The Bank is principally engaged in absorbing public deposit; granting short-term, medium-term and long-term loans; handling domestic and overseas settlements; handling bill acceptance, settlement and discounting; issuing financial bonds; acting as agent to issue, settle and underwrite government bonds; trading of government bonds and financial bonds; inter-bank placement; providing letters of credit services and guarantee; acting as agent on inward and outward payments, acting as insurance agent; providing safe-box service; selling of securities investment funds and other business approved by the authorities (save as the above items as specified by the government, a licence is required for operation in the event of an administrative permit involved).

During the reporting period, the Bank operated in accordance with law and the decision-making procedures were in compliance with relevant laws, regulations as well as the Articles of Association.

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

2. Dividends

Shareholders of the Bank have considered and approved the 2020 Profit Distribution Plan of the Bank at the 2020 Annual General Meeting held on June 25, 2021. The final dividend for 2020 was RMB1 (tax inclusive) per ten shares, totaling RMB240.74 million (tax inclusive). The dividend was paid to the Domestic Shareholders and the H Shareholders whose names appear on the register of members of the Bank on July 8, 2021. The above dividends paid were denominated in Renminbi, and will be paid to Domestic Shareholders in Renminbi and H Shareholders in Hong Kong dollars. Calculation of the exchange rate for dividends payable in Hong Kong dollars was based on the central parity rate of the average exchange rate of Renminbi to Hong Kong dollars, i.e. HK\$1.00 = RMB0.832938, as announced by the People’s Bank of China on the five working days prior to June 25, 2021, the date of declaration of the dividend at the 2020 annual general meeting (inclusive). The above dividend was paid to holders of the Domestic Shareholders and H Shareholders of the Bank on July 20, 2021.

Report of the Board of Directors

The Board of Directors of the Bank recommends a cash dividend of RMB1.0 (tax inclusive) per ten shares for the year ended December 31, 2021, totaling approximately RMB240.74 million (tax inclusive), accounting for 13.93% of consolidated net profit attributable to ordinary shareholders of the Bank. The above proposed dividends payable are denominated in Renminbi, and will be paid to Domestic Shareholders in Renminbi and H Shareholders in Hong Kong dollars. Calculation of the exchange rate for dividends payable in Hong Kong dollars will be based on the central parity rate of the average exchange rate of Renminbi to Hong Kong dollars in the interbank foreign exchange market as announced by the People's Bank of China on the five working days preceding the date of declaration of the dividend at the 2021 annual general meeting (inclusive). The expected dividend payment date will be before July 20, 2022, subject to the approval by the Shareholders by way of ordinary resolution on the final dividend payment arrangement. Information regarding the record date and book closure date to determine the entitlement to the final dividend and attendance of the 2021 Annual General Meeting will be announced by the Bank in due course.

3. Tax on Dividend

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

Pursuant to the applicable provisions of the "Enterprise Income Tax Law of the People's Republic of China" and its implementation regulations and the "Circular of the State Administration of Taxation on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares" (Guo Shui Han [2008] No. 897), when the Bank distributes the final dividend to H share non-PRC resident enterprise shareholders (including H shares registered in the name of HKSCC Nominees Limited), it will withhold and pay enterprise income tax at a rate of 10%. If the relevant non-resident enterprise shareholders are the actual beneficial owners who meet the requirements of the tax protocol (arrangement), the Bank will apply on behalf of the beneficial owners for enjoying the relevant treatments of the tax agreement in accordance with the Tax Agreement Announcement. Shareholders who meet the requirements shall submit to the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited, the written entrustment and all the application materials required by the Tax Agreement Announcement in a timely manner. Such materials shall be submitted to the competent tax authority for review by the Bank, and the Bank will then assist in the refund of extra tax withheld upon approval.

Withholding of Individual Income Tax for Overseas Non-PRC Resident Individual Shareholders

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

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

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

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

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

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

Report of the Board of Directors

4. Share capital and Substantial Shareholders

For details of the share capital and the substantial shareholders of the Bank, please see “Changes in Share Capital and Information on Shareholders-1. Changes in Share Capital and 2. Information on Shareholders” in this annual report.

5. Issuance of Bonds

Details of the bonds issued by the Bank and any of its subsidiaries for the year ended December 31, 2021 are set out in Note 30 to the financial statements of this annual report.

6. Reserves and Distributable Reserves

Details of the changes of the reserves of the Bank for the year ended December 31, 2021 are set out in the consolidated statement of changes in equity within the financial statements of this annual report.

7. Property and Equipment

Details of the changes of the property and equipment of the Bank for the year ended December 31, 2021 are set out in Note 22 to the financial statements of this annual report.

8. Connected Transactions

The Bank provides commercial banking services and products to the public in the PRC in the ordinary course of its banking business, including connected persons of the Bank such as shareholders, Directors, Supervisors, the President and their respective associates. Under the Listing Rules, these transactions are conducted by the Bank in the ordinary course of its banking business on normal commercial terms and are exempt from the reporting, annual review, disclosure and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. The Bank has reviewed all the connected transactions and confirmed the compliance with the requirements of Chapter 14A of the Listing Rules.

The definition of connected persons in Chapter 14A of the Listing Rules differs from the definition of related parties under IAS and the IASB’s interpretation thereof. Certain related party transactions set out in note 39 to the financial statements also constitute connected transactions or continuing connected transactions as defined in the Listing Rules, but none of them constitute discloseable connected transactions as defined in the Listing Rules.

9. Directors, Supervisors and Senior Management

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

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

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

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

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

12. Directors’, Supervisors’ and Senior Management’s Emoluments

Details of the emoluments of Directors, Supervisors and Senior Management are set out in Note 14 to the Consolidated Financial Statements in this annual report.

13. Retirement Benefits

Details of the retirement benefits provided by the Bank to employees are set out in Note 32(1) to the Consolidated Financial Statements in this annual report.

14. Directors’ and Supervisors’ Service Contracts

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

15. Permitted Indemnity Provisions

Pursuant to Code Provision C.1.8, the Bank should purchase appropriate insurance covering potential legal proceedings against the Bank’s Directors. In order to comply with the code provisions, the Bank has purchased appropriate liability insurance for Directors to provide indemnity for their liability arising in the business in 2021.

Report of the Board of Directors

Save as disclosed above, at any time during the reporting period and as at the date of this annual report, there was no permitted indemnity provision in favour of Directors or Supervisors (whether by the Bank or by other means) or directors or supervisors from the Bank's associated corporations (if formulated by the Bank) as beneficiaries.

16. Financial, Business and Family Relationships between Directors, Supervisors and Senior Management

There is no financial, business or family relationships between each of the Directors, Supervisors and senior management.

17. Interests and Short Positions of Directors, Supervisors and Chief Executive

As at the end of the reporting period, the Directors, Supervisors and chief executives of the Bank who had interests and short positions in the Shares, underlying Shares and debentures of the Bank or any of its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept by the Bank under Section 352 of the SFO, or which were required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code, which are set out in "Information on Directors, Supervisors, Senior Management, Staff and Institution – 8. Interests and Short Positions of Directors, Supervisors and Chief Executive in Shares, Underlying Shares and Debentures" of this annual report.

18. Material Interests of Directors and Supervisors in Transactions, Arrangements or Contracts

During the reporting period, the Bank and its subsidiaries did not enter into any transactions, arrangements or material contracts in which the Directors or Supervisors (or their connected entities) directly or indirectly have material interests.

19. Arrangements to Purchase Shares or Debentures

During the reporting period, the Bank did not grant any rights, or exercise any of these rights to enable Directors and Supervisors to obtain benefits in the acquisition of shares or bonds of the Bank or any other body corporate.

20. Management Contract

Except for the service contracts with the Bank's management, the Bank did not enter into any other contract with any individual, company or body corporate to manage or deal with the entire part or any significant part of any business of the Bank.

21. Purchase, Sale or Redemption of Listed Securities of the Bank

During the reporting period, the Bank or any of its subsidiaries did not purchase, sell or redeem any listed securities of the Bank.

22. Pre-emptive Rights and Share Option

There is no relevant laws of mainland China and the provisions in the Articles of Association for granting the Bank's shareholders with the pre-emptive rights and share option. The Articles of Association stipulates that after the resolution of the shareholders' meeting is submitted to the relevant national authorities of the State for approval, the registered capital may be increased by the following means: public issuance of shares; non-public issuance of shares; distribution of bonus shares to its existing shareholders; conversion of funds in the capital reserve to share capital; other means stipulated by law and administrative regulations or by the relevant national authorities.

23. Donation

The Bank made charitable and other donations totaling approximately RMB8.64 million for the year ended December 31, 2021.

24. Equity-linked Agreement

During the reporting period, the Bank did not enter into or continue to keep any other equity-linked Agreement.

25. Major Customers and Suppliers

As at the end of the reporting period, the Bank's loan balance to any single borrower did not exceed 10% of the Bank's net capital base. The interest income of the top five largest customers of the Bank accounted for no more than 30% of the Bank's interest income. Directors of the Bank and their close associates or any shareholder who, as far as the Directors know, has more than 5% of the issued shares of the Bank, do not own any equity of the above five major customers.

Due to the nature of its business, the Bank doesn't have major suppliers.



Report of the Board of Directors

26. Public Float

When it applied for the listing of its H Shares, the Bank applied to the Hong Kong Stock Exchange, and the Hong Kong Stock Exchange has granted the Bank a waiver that the minimum public float requirement under Rule 8.08(1) of the Hong Kong Listing Rules be reduced and the minimum percentage of the H Shares from time to time held by the public to be the higher of (a) 15.15% of the total issued share capital of the Bank (assuming the over-allotment option is not exercised); or (b) such percentage of H Shares of the Bank to be held by the public after the exercise of the over-allotment option.

Immediately after the partial exercise of the over-allotment option and as of the date of this annual report, the number of H Shares in public hands represents approximately 16.92% of the total issued share capital of the Bank, which satisfies the minimum percentage prescribed in the conditions imposed in the waiver granted by the Hong Kong Stock Exchange from strict compliance with Rule 8.08(1) of the Hong Kong Listing Rules.

27. Corporate Governance

The Bank is committed to maintaining a high level of corporate governance. Please refer to “Corporate Governance Report” of this annual report.

28. Auditors

For information about the auditors of the Bank, please refer to the section headed “Corporate Governance Report – External Auditors and Auditor Emoluments” of this annual report.

29. Consumer Rights Protection

During the reporting period, the Bank, firstly, innovated the consumer protection mechanism. The Bank formulated and issued the Notice on Further Strengthening the Two-Line Disposal and Source Management of Consumer Protection Complaints, the Guidance on Further Optimising the Disposal of Consumer Protection Complaints in the New Situation, and the Special Emergency Plan for Handling Serious Emergencies of Consumer Rights Protection of Bank of Jiujiang to establish a two-line disposal, source management and diversified resolution mechanism to ensure timely and proper resolution of conflicts and disputes. Meanwhile, the Bank convened a meeting of the Consumer Rights Protection Working Committee to explain the latest regulatory policies on consumer protection, so as to carry forward the concept of the protection of consumer rights from top to bottom.

Secondly, strengthen the internal training and external publicity. Within the Bank, we interpreted supervision policies and guidelines through morning and evening meetings, Jiuyin Yi Xue APP, OA message, training meetings and implemented the examination and assessment mechanism to improve the ability and service standard of the staff of the Bank; externally, while doing a good job in epidemic prevention and control, under the people-centered development concept and the themes of “financial knowledge for all staffs” and “guarding the money bag”, the Bank took the Bailudong Financial Education Demonstration Base as the main base for propaganda and education, and carried out financial propaganda activities by relying on branches, online expansion, position concentration, arrangement of specially-assigned persons to create a strong atmosphere for financial propaganda. In 2021, the Bank carried out more than 2,000 promotional activities, distributed more than 400,000 copies of promotional materials, sent more than 1.5 million SMS messages, produced more than 200 beautiful articles for WeChat, more than 30 original short videos, received more than 300,000 clicks on WeChat, more than 3 million consumers, and more than 20 media reports.

Thirdly, strengthen complaint management. In order to ensure the effective implementation of the two-line consumer protection disposal and source management mechanism, the Bank launched a survey and research on the disposal of consumer protection complaints in call centers; strengthened the management of complaint disposal personnel, established a joint complaint response mechanism and a project manager + dedicated customer service + consumer protection commissioner coordination mechanism; took the “Year of Internal Control and Compliance Management” as an opportunity to strengthen the internal control and compliance management of the Bank and built up the bottom line of compliance risks; strengthened the complaint handling process management through the complaint management system, enhanced inter-departmental communication and coordination, and issued 35 issues of risk tips. Meanwhile, the Bank clarified the management process of new products and further emphasized compliance and consumer protection; established an external information release review mechanism to further enhance the adequacy and regularity of information disclosure; took the consumer protection supervision and assessment seriously and gave full play to the role of the assessment and supervision. In 2021, the Bank received a total of 1,221 complaints, with a 100% resolution rate (of which 556 were withdrawn) and a satisfaction rate of 92.15%. The complaints were mainly focused on RMB savings, loans, bank cards and payment and settlement business, with bank cards accounting for 42.92%, loans 27.68% and payment and settlement 11.79% of the total and complaints were mainly concentrated in Jiujiang, Nanchang, Ganzhou and other regions.



Report of the Board of Directors

Fourthly, implement regulatory requirements. In order to strengthen the leading role of supervision and convey important principles of supervision in a timely and efficient manner, the Bank issued the Notice on Forwarding the Minutes of the Special Meeting on Consumer Protection Work of the Jiujiang Branch of the China Banking and Insurance Regulatory Commission, requesting institutions at all levels to strictly implement the gist of the regulatory meeting and put forward the work requirements of raising the political status, properly handling complaints and avoiding the escalation of conflicts; and issued the Notice on Forwarding the Notice on Infringement of Consumers' Legitimate Rights and Interests by MSXF Finance Co. Ltd. and Industrial Bank Co., Ltd., requiring institutions at all levels to seriously organize study, draw inferences about other cases from one instance, identify problems, and immediately investigate and correct them.

Fifthly, increase supervision and inspection. In order to standardize the operation of personal consumer loan business, the Bank inspected the compliance of personal consumer loan business promotion; issued the Notice on the Launching of Rectification and Investigation in the Field of Consumer Protection to ensure the effective curbing of infringement of financial consumers' rights and interests; issued the Notice on the Organization of Comprehensive Self-Inspection of Personal Information Protection to ensure the legal and compliant use of personal information; and continued the assessment of the Bank's consumer protection work and strengthened the leading role of assessment in accordance with the Consumer Rights Protection Evaluation Rules of the Bank of Jiujiang.

Sixthly, promote the construction of the base. In order to further build up our brand image and create a strong atmosphere for financial promotion, the Bank completed the construction of the Bailudong Financial Education Demonstration Base in 2021, which has been selected as the first batch of "Jiangxi Province Financial Education Demonstration Base". Meanwhile, we launched more than 20 financial education activities with rich themes, achieved a better publicity effect and cultivated the awareness of "understanding finance, trusting finance, using finance and benefiting from finance" among the student group so as to realize the creation goal of "educating one student, influencing entire family and benefiting economy and society".

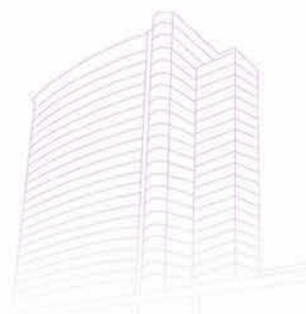
30. Environmental and Social Policy

As the main force of commercial banks in Jiangxi Province, the Bank insists on green finance as the core, seeks progress and development in efforts, continuously provides new ideas and methods for “transforming the advantage of ecological environment into that of economic and social development and turning green hills and clear waters into invaluable assets”, and roots for the idea of ecological civilization construction.

With the policy advantage of Ganjiang New Area in Jiangxi Province, which has been approved as one of the earliest pilot zones for green finance reform and innovation in China, the Bank took the lead in setting up Jiangxi’s first “Green Finance Business Division” on August 9, 2017, set up special posts of green finance in its branches and sub-branches, and pursued all-round development in terms of system construction, business promotion, product innovation and exchanges and cooperation, rooting for the high-quality development of Ganjiang New Area and green finance in Jiangxi. In 2021, focusing on the goal of “carbon emissions peaking and carbon neutrality”, the Bank insisted on green development and seized new opportunities for the transformation of the times. We continuously innovated green credit products and launched a number of green financial products with good social responses. In March, the Bank launched ESG-themed wealth management products to spread green concepts and provide direct financing support to pollution prevention and green travel industries through investment in green assets. In July, the national carbon market was opened, and in August, the province’s first carbon credit pledge financing business was launched, broadening the financing pipeline for emission control enterprises. The first green carbon linked loan in the province was launched in December.

The Bank will thoroughly implement the important strategic decision of the Central Party Committee and the State Council in respect of carbon emissions peaking and carbon neutrality, focus on innovation and development and continue to develop green finance, gradually improve the construction of green banking system, and take up the responsibility and mission of helping the sustainable development of global finance.

For details of the environmental policy, social policy and the performance of the Bank, please refer to the publication of Environmental, Social and Governance Report of the Bank after the annual report.



Report of the Board of Directors

31. Review of Annual Report

The Audit Committee of the Board of Directors of the Bank has reviewed the Bank's annual results of 2021, and the financial statements for the year ended December 31, 2021 prepared in accordance with International Financial Reporting Standards.

32. Other Matters

As far as the Board of Directors is aware, the Bank has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Bank. At the same time, the Bank is committed to the long-term sustainable development of the environment and community where we operate. The Bank acted in an environmentally responsible manner and tried its best to comply with the laws and regulations concerning environmental protection and took effective measures to make effective use of resources, save energy and reduce waste.

As at the date of this report, the Bank is not aware of any Shareholder who has waived or agreed to waive any arrangement related to dividends.

As at the date of this report, none of our Directors has waived or agreed to waive arrangement related to remuneration.

The Bank will publish the Environmental, Social and Governance Report during the reporting period in accordance with the related requirement of Appendix 27 Environmental, Social and Governance Reporting Guide of the Listing Rules.

DIRECTORS

During the reporting period and as at the date of this annual report, the Board of Directors include:

Executive Directors

Mr. PAN Ming (*Vice Chairman*)

Mr. YUAN Delei

Non-executive Directors

Mr. ZENG Huasheng

Mr. SHI Zhishan

Mr. LI Jianbao

Independent Non-executive Directors

Mr. CHUA Alvin Cheng-Hock

Ms. GAO Yuhui

Mr. QUAN Ze

Mr. YANG Tao

By Order of the Board

PAN Ming

Vice Chairman

Jiujiang, PRC March 30, 2022





Report of the Board of Supervisors

In 2021, under the correct leadership of the party committee and Shareholders' General Meeting and with the support and cooperation of the Board of Directors and senior management, the Board of Supervisors of Bank of Jiujiang Co., Ltd. (the **"the Board of Supervisors"**) feasibly exercised the functions and right granted by relevant laws and regulations and the Articles of Associations, focused on the key areas in performing duties, carried out the supervision work in an orderly manner and earnestly gave full play to the functions of supervision, which promoted the stable operation and healthy development and safeguarded the legitimate rights and interests of all shareholders and depositors. The Bank hereby reports the main work of the Board of Supervisors in 2021 and the work plan in 2022 as follows:

I. Summary of the Major Work in 2021

(I) Standardize the operation of the Board of Supervisors and organize and participate in meetings in an orderly manner

1. Convene meetings of the Board of Supervisors in accordance with the law, and effectively perform its deliberative and supervisory duties

In 2021, the Board of Supervisors convened 5 meetings, reviewed and passed 44 proposals, and heard or reviewed 16 reports. The Supervisory Committee and Nomination Committee under the Board of Supervisors convened a total of 11 meeting, reviewed and passed 13 proposals, and heard or reviewed 19 reports. In the relevant meetings, the Board of Supervisors fully considered and discussed the work report of the Board of Supervisors, evaluation of the performance of Directors, Supervisors and senior management, financial reports for each period, profit distribution, risk management, internal control evaluation, liquidity management, stress testing, case prevention and control, internal audit, supervisory opinions and problem rectification and other issues, comprehensively covering various aspects such as performance supervision, strategic supervision, financial supervision, risk management and internal control supervision as well as the construction of the Board of Supervisors itself.

2. Attend important meetings including meetings of the Board of Directors and supervise the whole process of major decisions

In 2021, the Board of Supervisors proactively attended various important meetings. **Firstly**, the members of the Board of Supervisors attended the Shareholders' General Meeting in accordance with the law, carefully reviewed the proposals of the meeting, examined the legal compliance of the convening and holding procedures, and submitted the work report of the Board of Supervisors and the performance evaluation report of the Board of Directors, the Board of Supervisors and the senior management to the Shareholders' General Meeting in 2020, reflecting that the Board of Supervisors are responsible to the Shareholders' General Meeting and to the Company, shareholders, staff, creditors and other stakeholders. **Secondly**, the members of the Board of Supervisors attended the meetings of the Board of Directors and its relevant committees, paid attention to the deliberation process of major decision-making matters, and supervised the convening and holding procedures of the meetings of the Board of Directors and whether the proposals were in line with the interests of all shareholders and the Bank. **Thirdly**, supervisors who are staff representatives were informed of the decisions of the Party Organization and urged the Board of Supervisors to strictly implement the decisions of the Party Organization by participating in the meetings of the Party Committee, the General Office of the President and important management meetings, keeping abreast of the Bank's management dynamics and understanding and supervising the implementation of relevant strategies.

(II) Give full play to the supervision function according to the focus of work

1. Effectively perform supervision functions and promote loyal and efficient performance of duties

By attending meetings, reviewing data, listening to reports and conducting research, the Board of Supervisors supervised the performance of duties and implementation of resolutions and regulatory opinions of the Shareholders' General Meeting by the Board of Directors, senior management and their members in accordance with laws and regulations, as well as focused on the performance of duties and responsibilities of the Board of Directors and senior management in corporate governance, development strategy, operational management, capital management, risk management, internal control and compliance, related party transactions, remuneration appraisal, internal and external audit, information disclosure, case prevention and control, behavior management of employees, consumer rights and interests protection, anti-money laundering work, data governance and management, implementation of regulatory opinions and rectification of defects.

According to the requirements of the performance file and performance evaluation system, and in conjunction with the supervision of daily performance, the Board of Supervisors carried out the work of evaluation of the performance of duties of the Board of Directors, senior management and their members in an orderly manner, and reported the evaluation results to the Shareholders' General Meeting and the supervisory authority.

Report of the Board of Supervisors

2. Strengthen the supervision of strategy implementation, and promote the orderly promotion of strategic plans

The Board of Supervisors closely followed up the Bank's operation and management and the implementation of development strategies, listened to the report on the implementation of the strategic plans for 2020, and at the same time, in view of the changes in the current external economic environment and the comparison with the business situation of the same industry, paid attention to the main problems and difficulties faced in implementing the strategic plans, formed the 2019-2021 Evaluation Report for Strategic Plans for Bank of Jiujiang, and put forward suggestions in terms of strategy formulation, strategy implementation and management, and strategy implementation guarantee mechanism to promote the orderly advancement of the strategic plans.

3. Seriously perform the financial supervision function to safeguard the rights and interests of small and medium shareholders

In 2021, the Board of Supervisors focused on the Bank's financial activities and the decision-making and execution of important financial matters to strengthen financial supervision. **Firstly**, the Board of Supervisors carefully reviewed the regular reports. The Board of Supervisors reviewed the 2020 annual report and the 2021 interim results reports, and supervised the preparation and review procedures as well as the truthfulness and completeness of the regular reports, and considered that the preparation and review procedures of the regular reports were in compliance with laws, and the regular reports reflected the actual situation of the Bank in a true, accurate and complete manner. **Secondly**, the Board of Supervisors paid attention to the decision-making and execution of significant financial matters. The Board of Supervisors considered the financial final accounts report, budget plan, profit distribution plan and the proposal on re-appointment of accounting firms, supervised the decision-making processes and had no disagreement on the profit distribution plan and engagement of accounting firms.

In addition, the Board of Supervisors continuously supervised related party transactions, disposal of non-performing assets, capital management and other major issues, continuously followed up the progress of the Bank's capital replenishment work and continued to pay attention to the management of external audit work.

4. Continuously strengthen the case prevention and supervision on internal control to promote the improvement of the prevention and control system

In 2021, the Board of Supervisors further strengthened the supervision of internal control and compliance according to the regulatory requirements. **Firstly**, the Board of Supervisors listened to the internal control self-evaluation reports, anti-money laundering, case prevention and control, practitioner behavior management, compliance management and other special work reports, and provided corresponding opinions and suggestions. **Secondly**, the Board of Supervisors assessed the performance of internal control management, followed up on the rectification of the problems found in the internal control self-evaluation, and recommended further improvement of the internal control evaluation and strengthening the application of internal control evaluation results. **Thirdly**, the Board of Supervisors carried out a special inspection of the case prevention and pointed out the defects in the performance of duties by the Board of Directors, senior management and the Compliance Department, and recommended continuous optimisation of the system related to case prevention management and strengthening the rectification of problems.

5. Continue to pay an attention to risk management and enhance the risk management and supervision

In 2021, the Board of Supervisors continued to pay attention to the risk management. **Firstly**, the Board of Supervisors listened to special work reports on overall risk management, various types of risk management, risk limit management and stress testing management, and provided corresponding opinions and suggestions. **Secondly**, the Board of Supervisors, jointly with the Risk Management Committee under the Board of Directors, organized for the first time an overall risk management workshop for the Directors and Supervisors, where the participating Directors and Supervisors studied and discussed the Bank's main risk management status and risk management initiatives, and made suggestions for improvement. **Thirdly**, the Board of Supervisors conducted assessments of risk management performance to reveal defects in the current status of various types of risk management.

In addition, the Board of Supervisors also kept an eye on the Bank's risk monitoring indicators in real time to understand the current status of the Bank's risk management.

6. Integrating supervisory resources and form supervisory synergy

In 2021, the Board of Supervisors further coordinated with the audit work. **Firstly**, the Board of Supervisors listened to the internal audit work report for 2020 and considered the internal audit work plan for 2021, and regularly reviewed special audit reports to guide the internal audit work. **Secondly**, the Board of Supervisors made full use of the audit results in carrying out special supervision and inspection work, focusing on the problems found in previous audits and their rectification, in order to effectively integrate supervision resources and form a supervisory synergy.

Report of the Board of Supervisors

7. Follow up the regulatory requirements and continuously promote the implementation of regulatory opinions and rectification of defects

In 2021, the Board of Supervisors actively implemented the regulatory requirements. **Firstly**, the Board of Supervisors strictly fulfilled its duties to report to regulators. In accordance with the regulatory requirements, the Board of Supervisors reported the meeting notice before the meeting and the meeting resolutions and minutes after the meeting; reported the basis, process and results of the evaluation of the performance of the Board of Directors, the Board of Supervisors and the senior management to the regulators in a timely manner. **Secondly**, it promptly informed the Board of Supervisors of the results of the corporate governance regulatory assessment and the rectification of the defects. **Thirdly**, it timely informed the Board of Supervisors of the regulatory opinions from the regulators and paid close attention to the implementation of the regulatory opinions and the rectification of problems. For example, the Board of Supervisors carried out the verification of the rectification of the problems found in the on-site inspection of the CBIRC Jiangxi Bureau in 2020; listened to the report on the implementation of the regulatory opinions and requested that the problems found in the regulatory inspection should be rectified and implemented from the improvement of internal systems and processes. **Fourthly**, the Board of Supervisors carefully analysed and studied the new regulatory rules and regulatory opinions, included them in the supervision of the Board of Supervisors and continuously strengthened the supervision. For example, the Board of Supervisors listened to reports on Internet lending, regulatory data reporting, investment business management, large-sum credit risk checking, and rural revitalization.

(III) Continue to strengthen self-construction and improve duty performance

- 1. Organize training and study to improve the capacity to perform duties.** **Firstly**, the Board of Supervisors organized quarterly study and training for supervisors, covering the common external regulatory system and the latest developments of the regulatory authorities, to help supervisors become familiar with and understand the regulatory requirements and developments, so as to effectively improve the awareness and supervisory ability of supervisors in performing their duties. **Secondly**, the Board of Supervisors used the Monthly Report of the Board of Supervisors and Reference Documents of the Board of Supervisors to provide reference for supervisors in performing their duties, to help them keep abreast of the Bank's operation and management, and to improve the quality and effectiveness of supervision.
- 2. Conduct peer exchanges and learn from advanced experience.** In 2021, the Board of Supervisors conducted exchanges with peers such as Bank of Zhengzhou and Zhongyuan Bank on the organizational structure and supervision mode of the Board of Supervisors, discussed the key and difficult issues of the supervision work of the Board of Supervisors, learned from advanced experience and improved the supervision level.

3. Continuously improve the working mechanism of the Board of Supervisors and consolidate the foundation. In 2021, the Board of Supervisors revised and issued the Measures for the Administration of the Supervision of Supervisors' Opinions and Suggestions in Bank of Jiujiang Co., Ltd. and launched the module of "Supervision Process of Supervisors' Opinions and Suggestions" on OA. The office of the Board of Supervisors collected and collated the main opinions and suggestions formed by the supervisors in the course of performing their duties, and distributed them to the relevant departments in a timely manner, and required timely implementation and feedback, and regular reported to the supervisors to close the loop to promote the application of supervision results and enhance the effectiveness of supervision by the Board of Supervisors.

II. Independent opinions of the Board of Supervisors on relevant matters

(I) Operation in compliance with laws and regulations

During the reporting period, the operation of the Bank was in accordance with the requirements of the Company Law, Commercial Banking Law as well as the Articles of Association, while the decision-making procedures were legal and valid. The Directors and senior management of the Bank were diligent in performing their duties and no acts in violation of laws, regulations and the Articles of Association and detrimental to the interests of the Bank and Shareholders were discovered when the Directors and senior management of the Bank performed their duties.

(II) Actual circumstances of financial report

During the reporting period, the Bank's Supervisors conducted a detailed review of the Bank's 2021 annual report based on the principle of seeking truth from facts and the working attitude of being responsible to shareholders. The Board of Supervisors considered: The procedures for the preparation of the 2021 annual report by the Board of Directors were in compliance with laws, administrative regulations and rules and regulations. The 2021 annual financial report has been audited by KPMG Huazhen LLP and KPMG, which were hired by the Board of the Bank, and issued an audit report with unqualified opinion. The contents in this report reflect the actual situation of the Bank in a true, accurate and complete manner. It has no false representations, misleading statements or material omissions.

(III) Related party transactions

During the reporting period, the Board of Supervisors supervised the Bank's related party transaction management and found no violation of the principle of fairness or damage to the Bank's interests.

Report of the Board of Supervisors

(IV) Internal control

During the reporting period, the Board of Supervisors considered that the Bank had established a relatively comprehensive corporate governance structure, formulated relatively complete management systems relating to corporate governance and internal control, and was capable of improving the foregoing in accordance with the actual situation of the Bank and regulatory requirements. The internal control system of the Bank was carried out smoothly, in compliance with the relevant standardised requirements of laws and regulations on the management of internal control systems. No major defects were found in the internal control system or its implementation.

(V) Implementation of the resolutions of the Shareholders' General Meetings

During the reporting period, the Board of Supervisors had no objection to the resolutions submitted by the Board of Directors of the Bank at the Shareholders' General Meetings within 2021 for review, as well as supervised the implementation of the resolutions of the Shareholders' General Meetings, and was of the view that the Board was capable of earnestly implementing the relevant resolutions of the Shareholders' General Meetings, and did not take any action detrimental to the interests of Shareholders.

III. Work plan for the year 2022

The year 2022 is the opening year of the Bank's new three-year plan. The Board of Supervisors will strictly follow the provisions of laws and regulations, the Articles of Association and regulatory requirements, and lead with the goal of promoting sustainable and high-quality development of the Bank, carry out in-depth financial supervision, internal control supervision, risk supervision and performance supervision, and continue to promote the sound operation and sustainable development of Bank of Jiujiang.

(I) For meetings

In 2022, the Board of Supervisors will: **firstly**, continue to strictly implement the system of quarterly meetings and irregular meetings, hold regular meetings of the Board of Supervisors on a quarterly basis, and convene meetings of special committees in due course, and consider other matters that need to be considered in a timely manner through convening irregular meetings; **secondly**, actively designate members to attend the Bank's Shareholders' General Meeting, the meetings of the Party Committee, the Board of Directors and its special committees, and important operational meetings to keep abreast of the important resolutions of the Shareholders' General Meeting and the Party Committee and to monitor the performance of directors and executives; **thirdly**, hold special meetings according to its work requirements, such as risk management workshops to communicate with Directors and executives on the risk management of the Bank.

(II) For supervision and inspection

According to the internal and external rules and regulations and focusing on defects identified through internal and external inspections, the Board of Supervisors and its special committees will monitor the performance of duties and responsibilities of the Board of Directors and senior management and members of the Bank, financial activities, internal control, risk management, remuneration policies and other areas, in order to urge the Board of Directors and senior management to operate in compliance with the law, prevent risks, promote the sound development of the Bank and protect the legitimate rights and interests of the Bank, shareholders, staff, creditors and other stakeholders.

(III) For research

In accordance with the Bank's development strategy and the Bank's actual situation, the Board of Supervisors will conduct on-site research at branches to gain a deeper understanding of the implementation of the Bank's business management decisions, analysed the existing problems and propose constructive and targeted countermeasures and suggestions.

(IV) For the enhancement of performance capability

Firstly, the Board of Supervisors submit the Monthly Report of the Board of Supervisors to the supervisors on a monthly basis to inform them of important business decisions, internal control and risk management initiatives, and regulatory opinions, so as to ensure that they have timely and comprehensive access to the information necessary for the performance of their duties. **Secondly**, the Board of Supervisors send information such as relevant financial information and regulatory documents to supervisors in a timely manner, and organize supervisors to study the latest bank management developments and regulatory laws and regulations in order to enhance the capability of members of the Board of Supervisors to perform their duties.

(V) For the improvement of internal control

Firstly, the Board of Supervisors will improve various systems. According to the latest work requirements of the regulators and the actual situation of the Bank and the implementation of the existing system, the Board of Supervisors will continuously improve its relevant systems and update the requirements for daily reporting to the Board of Supervisors. **Secondly**, the Board of Supervisors will improve the performance files. **On the one hand**, the Board of Supervisors will improve the performance files of Directors, Supervisors and senior management, so as to truly, accurately and completely record the daily performance of Directors, Supervisors and senior management, such as participation in meetings, research and training, opinions and suggestions made, etc. **On the other hand**, the Board of Supervisors will establish a performance evaluation file to record in detail the performance evaluation work carried out.

The Board of Supervisors of Bank of Jiujiang Co., Ltd.

March 30, 2022



Significant Issues

1. Annual General Meeting

The Bank will make further announcement in relation to details of the convening of the 2021 Annual General Meeting.

2. Significant Investment and Plans

During the reporting period, the Bank neither made any significant investment, nor had any concrete plans on significant investment or on acquiring significant capital assets or other businesses.

3. Material Lawsuits, Arbitration Matters and Material Cases

During the reporting period, there were no litigations or arbitrations which had a material impact on the operation activities of the Bank.

4. Significant Contracts and Their Performance

Entering into the Assets Transfer Agreement

On December 31, 2021, the Bank and Jiujiang Financial Holdings Asset Management Co., Ltd. have entered into the assets transfer agreement, pursuant to which, (i) the Bank conditionally agreed to dispose of the credit assets; and (ii) the Bank conditionally agreed to purchase relevant properties. There is no difference between the consideration of the disposal and consideration of the acquisition. For details of the assets transfer agreement, please refer to the announcement of the Bank dated December 31, 2021.

5. Share Incentive Plans and Specific Implementation During the Reporting Period

The Bank did not implement any share incentive plan during the reporting period.

6. Related Party Transactions

The Bank carried out the related party transactions in strict compliance with the relevant requirements of the regulatory institutions and the Administrative Measures on Related Transactions of Bank of Jiujiang Co., Ltd.* promulgated by the Bank.

In accordance with the requirements of the CBIRC, the Bank approved the related party transactions on commercial principles with terms no favourable than those offered to non-related parties for similar transactions. The terms of such transactions are fair and reasonable, and are in the interests of all shareholders and the Bank as a whole, which has no adverse impact on the operating results and financial conditions of the Bank.

As of the end of the reporting period, the balance of the related party transactions with legal persons related to the Bank was RMB6,684 million; the balance of related party transactions with natural persons was RMB303 million; the total balance of related party transactions was RMB6,987 million, accounting for 16.65% of the Bank's net capital, which met the regulatory requirements.

For details of the related party transactions with legal persons, please refer to the Section 2.9 of "Changes in Share Capital and Information on Shareholders" in this report.

7. Replenishment of Other Tier-one Capital through a Convertible Negotiated Deposit

In order to actively implement the government's special debt policy of RMB200 billion, enhance the Bank's capital strength and risk resistance level, the Bank carried out the convertible negotiated deposit business to replenish other tier-one capital. On June 25, 2021, the Bank held the 2020 Annual General Meeting, the first domestic shareholder class meeting of 2021 and the first H shareholders class meeting of 2021 to consider and approve the replenishment of other tier-one capital through a convertible negotiated deposit by the Bank.

On September 7, 2021, the Bank and Jiujiang Finance Bureau entered into an agreement on replenishing the "convertible negotiated deposit" of small and medium-sized banks' capital with the special bonds (the "**Agreement**"). Pursuant to the Agreement, the Bank received special bonds of RMB2 billion through a convertible negotiated deposit, and all the funds was used to supplement other tier-one capital of the Bank. The interest rate of the convertible negotiated deposit was 3.11%, which matched with the corresponding local government special debt issuance interest rate and shall be mature in batches.

The parties agree that the conversion of the convertible negotiated deposit into the ordinary Shares of the Bank shall be subject to the following conditions:

- 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 requirements of Hong Kong Stock Exchange for the Minimum Public Float, otherwise the conversion shall be terminated.



Significant Issues

If the above conditions are met, all or part of the convertible negotiated deposit placed in the Bank by Jiujiang Finance Bureau will be converted into the Shares of the Bank and will be held by the qualified and municipal level state-owned enterprises under the Stated-owned Assets Supervision and Administration Commission of Jiujiang (“**Jiujiang SASAC**”). The qualified and municipal level state-owned enterprises under Jiujiang SASAC will pay the corresponding considerations to Jiujiang Finance Bureau in respect of such Shares. The shareholding ratio of which will be determined based on the conversion price standards set out in the Agreement. When the core tier-one capital adequacy ratio of the Bank is lower than 5.125% while the above Condition 2 is not satisfied, Jiujiang Finance Bureau shall not convert the Shares in a mandatory manner.

The conversion price is determined on the basis of the higher value of average trading price of H ordinary Shares of the Bank for 20 trading days preceding the date of the Board resolution approving the convertible negotiated deposit (i.e. April 30, 2021) (the average trading price of H ordinary Shares of the Bank for the 20 preceding trading days = the total trading amount of H ordinary Shares of the Bank for the 20 preceding trading days/total trading volume of H ordinary Shares of the Bank for the 20 preceding trading days), which will be translated into the price of RMB with the central parity of the RMB against the Hong Kong dollars announced by State Administration of Foreign Exchange on the date of the Board resolution (the “**Initial Conversion Price**”), i.e. 10.9 Hong Kong dollars, equivalent to approximately RMB9.08, and the net assets per Share attributable to the owners of the parent company based on the consolidated statement after asset and capital verification at the time of conversion of the convertible negotiated deposit. The closing price of H Shares of the Bank was 10.98 Hong Kong dollars on the signing date of the Agreement (i.e. September 7, 2021).

The convertible negotiated deposit can be converted to a maximum of 220,264,317 H Shares of the Bank (taking up approximately 8.38% of the enlarged total share capital of the Bank), with a par value of RMB1.00 per Share, provided that the conditions for conversion are satisfied. Based on that and the estimated lower conversion price of RMB9.08, the theoretical dilution effect is 0.061%. The Bank has complied with the theoretical dilution effect requirement in accordance with Rule 7.27B of Listing Rules at the time of entering into the Agreement and will also ensure to comply with the theoretical dilution effect requirement in accordance with Rule 7.27B of Listing Rules requirement at the time of completion of the convertible negotiated deposit.

As at the Latest Practicable Date, the Bank received a convertible negotiated deposit of RMB2 billion from Jiujiang Finance Bureau, all of which was used to supplement other tier-one capital of the Bank. Such deposit had not been converted into the Shares of the Bank. For details, please refer to the announcements of the Bank dated June 9, 2021, June 25, 2021 and September 7, 2021 as well as the supplemental circular of the Bank dated June 10, 2021.

8. Issuance of Capital Bonds with No Fixed Term

In order to optimise the capital structure, support the business development, strengthen capital strength and comprehensive competition with continued efforts, better increase our ability to serve the real economy, increase the support to small and micro enterprises, help enterprises resume production and work, develop social well-being and people's livelihood and develop the local economy, the Bank issued capital bonds with no fixed term in an aggregate amount of RMB7 billion in February 2021 and April 2021, respectively. The details set out below:

The Bank has received the Approval by the CBIRC Jiangxi Bureau in Relation to the Issuance of Capital Bonds with No Fixed Term by Bank of Jiujiang (Gan Yin Bao Jian Fu [2020] No. 363) (《江西銀保監局關於九江銀行發行無固定期限資本債券的批覆》(贛銀保監覆[2020]363號)) and the Affirmative Decision of Administration License of the People's Bank of China (Yin Xu Zhun Yu Jue Zi [2021] No. 17) (《中國人民銀行准予行政許可決定書》(銀許准予決字[2021]第17號)), pursuant to which the public issuance of the capital bonds with no fixed term of not more than RMB7 billion by the Bank was approved.

On February 9, 2021, the Bank has successfully completed the issuance of the "Capital Bonds with No Fixed Term (First Tranche) of Bank of Jiujiang Co., Ltd.* in 2021" in the China interbank bond market, and completed bond registration and custody in China Central Depository & Clearing Co., Ltd. The size of issuance is RMB3 billion, and the denomination of the bonds is RMB100 each, and the bonds were issued at nominal value. The coupon rate is 4.80% during the first five years, and will be adjusted every five years. The issuer shall have a conditional redemption right on every dividend payment date from the fifth year onwards. The proceeds from the bonds will be used to replenish the Bank's additional tier-one capital in accordance with applicable laws and approvals by the regulatory authorities.



Significant Issues

On April 15, 2021, the Bank successfully issued the “Capital Bonds with No Fixed Term (Second Tranche) of Bank of Jiujiang Co., Ltd.* in 2021” in the China interbank bond market, and completed bond registration and custody in China Central Depository & Clearing Co., Ltd. The size of issuance is RMB4 billion, and the denomination of the bonds is RMB100 each, and the bonds were issued at nominal value. The coupon rate is 4.80% during the first five years, and will be adjusted every five years. The issuer shall have a conditional redemption right on every dividend payment date from the fifth year onwards. The proceeds from the bonds will be used to replenish the Bank’s additional tier-one capital in accordance with applicable laws and approvals by the regulatory authorities.

Accordingly, all capital bonds with no fixed term approved for issuance of the Bank have been issued.

For details of the issuance of the capital bonds with no fixed term of the Bank, please refer to the announcements of the Bank dated February 2, 2021, February 9, 2021 and April 15, 2021 and the circular dated April 28, 2020.

9. Significant Assets Pledged

The Bank did not pledge any significant assets during the reporting period.

10. Significant Acquisition and Disposal of Assets and Business Combination

On December 31, 2021, the Bank and Jiujiang Financial Holdings Asset Management Co., Ltd. have entered into the assets transfer agreement, pursuant to which, (i) the Bank conditionally agreed to dispose of the credit assets; and (ii) the Bank conditionally agreed to purchase the relevant properties. There is no difference between the consideration of the disposal and consideration of the acquisition. For details of the assets transfer agreement, please refer to the announcement of the Bank dated December 31, 2021.

Save as disclosed above, during the reporting period, the Bank was not involved in any significant acquisition and disposal of assets and business combination.

11. Punishment against the Bank and its Directors, Supervisors and Senior Management

During the reporting period, the Bank, as well as its Directors, Supervisors and senior management of the Bank were neither subject to any investigation, administrative penalty or open criticism by the CSRC, nor subject to any public censure by Hong Kong Stock Exchange or any punishment or sanction by any other regulators which had a material effect on the Bank's operation.

12. Audit on Annual Report

KPMG has conducted audit on the financial statements prepared in accordance with IFRS and disclosed in this annual report and issued the audit report with a clean opinion. The annual report is reviewed and approved by the Audit Committee of the Board and the Board of the Bank.

13. Significant Events after the Reporting Period

After the end of the reporting period, no significant events have taken place that may affect the Bank.





Independent Auditor's Report

To the shareholders of Bank of Jiujiang 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 Bank of Jiujiang Co., Ltd. (the "Bank") and its subsidiaries (the "Group") set out on pages 213 to 220, which comprise the consolidated statement of financial position as at December 31, 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 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 International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA 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 IESBA 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.

Independent Auditor's Report

Key audit matters (continued)

Loss allowances of loans and advances to customers and financial investments measured at amortised cost

Refer to Note 18 and Note 19 to the consolidated financial statements and the accounting policies in Note 2(7).

The Key Audit Matter

How the matter was addressed in our audit

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.

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, 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.

Our audit procedures to assess loss allowances of loans and advances to customers and financial investments measured at amortised cost included the following:

- 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 amortised cost, the credit grading process and the measurement of loss allowances;
- involving our internal financial risk management specialists to assess the appropriateness 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, exposures at default, discount rate, adjustments for forward-looking information and other management adjustments;





Independent Auditor's Report

Key audit matters (continued)

Loss allowances of loans and advances to customers and financial investments measured at amortised cost

Refer to Note 18 and Note 19 to the consolidated financial statements and the accounting policies in Note 2(7).

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.

We identified the measurement of loss allowance for expected credit losses of loans and advances to customers and financial investments measured at amortised 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 amortised 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 amortised 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 amortised 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 selecting key parameters for forward-looking information adjustments, critically assessing management judgement used in 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;

Independent Auditor's Report

Key audit matters (continued)

Loss allowances of loans and advances to customers and financial investments measured at amortised cost

Refer to Note 18 and Note 19 to the consolidated financial statements and the accounting policies in Note 2(7).

The Key Audit Matter

How the matter was addressed in our audit

- 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 on a sample basis;
- for selected samples of loans and advances to customers and financial investments measured at amortised cost that are credit-impaired, evaluating the timing and means of realization of collateral, evaluating the forecast cash flows, challenging the viability of the Group's recovery plans, evaluating management's assessment of the value of any property collateral held by comparison with market prices and management's evaluation and evaluating 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 amortised cost; and
- evaluating whether the disclosures on impairment of loans and advances to customers and financial investments measured at amortised cost comply with the disclosure requirements of the prevailing accounting standards.



Independent Auditor's Report

Key audit matters (continued)

Fair value of financial instruments

Refer to Note 44 to the consolidated financial statements and the accounting policies in Note 2(7).

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 changes of fair value 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 readily available data obtained from active market. For level 2 financial instruments in the fair value hierarchy, the Group uses the valuation techniques in valuation, using quoted market prices and observable inputs.</p> <p>The Group has applied applicable models to value certain level 3 financial instruments, which 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 assessing the valuation models of the Group under IFRS 13, testing the inputs used in the fair value calculations and performing revaluations; and• assessing the reasonableness of the disclosures in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

Independent Auditor's Report

Key audit matters (continued)

Consolidation of structured entities

Refer to Note 38 to the consolidated financial statements and the accounting policies in Note 2(26).

The Key Audit Matter

How the matter was addressed in our audit

Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities.

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.

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.

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.

Our audit procedures to assess the consolidation of structured entities included the following:

- understanding and assessing the design and implementation of 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 evaluating 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, inspecting the terms of the relevant contracts to assess whether the Group should consolidate a structured entity; and
- evaluating whether the disclosures in the consolidated financial statements in relation to structured entities meet the requirements of the relevant accounting standards.





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 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.

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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional 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.



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 Li Ka Lam.

KPMG

Certified Public Accountants

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

March 30, 2022

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the year ended December 31, 2021

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2021	2020
Interest income	4	19,279,440	17,376,471
Interest expense	4	(10,822,895)	(9,515,335)
Net interest income	4	8,456,545	7,861,136
Fee and commission income	5	828,968	763,839
Fee and commission expense	5	(136,198)	(139,849)
Net fee and commission income	5	692,770	623,990
Net gains arising from financial investments	6	1,059,054	1,561,464
Other income, gains or losses	7	139,123	144,996
Operating income		10,347,492	10,191,586
Operating expenses	8	(3,091,545)	(2,885,709)
Impairment losses on assets	9	(5,264,949)	(5,178,471)
Share of profits of associates		7,279	10,181
Profit before taxation		1,998,277	2,137,587
Income tax expense	10	(213,571)	(428,115)
Profit for the year		1,784,706	1,709,472
Attributable to:			
Equity shareholders of the Bank		1,728,512	1,672,857
Non-controlling interests		56,194	36,615

The notes on pages 221 to 358 form part of these financial statements.

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2021	2020
Profit for the year		1,784,706	1,709,472
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		500,471	(56,871)
– Financial assets at fair value through other comprehensive income: net movement in impairment losses		(185,984)	(121,734)
– Income tax relating to items that may be reclassified to profit or loss		(78,622)	44,651
Other comprehensive income for the year, net of tax	11	235,865	(133,954)
Total comprehensive income for the year		2,020,571	1,575,518
Total comprehensive income for the year attributable to:			
Equity shareholders of the Bank		1,964,082	1,539,475
Non-controlling interests		56,489	36,043
Total comprehensive income for the year		2,020,571	1,575,518
Basic and diluted earnings per share (in RMB)	12	0.72	0.69

The notes on pages 221 to 358 form part of these financial statements.

Consolidated Statement of Financial Position

As at December 31, 2021

(Expressed in thousands of Renminbi, unless otherwise stated)

		As at December 31	
	Note	2021	2020
ASSETS			
Cash and balances with the central bank	15	35,672,985	38,740,922
Deposits with banks and other financial institutions	16	2,695,484	2,014,619
Financial assets held under resale agreements	17	19,384,807	13,447,827
Loans and advances to customers	18	242,938,384	205,658,195
Financial investments	19	147,275,337	145,947,081
Interest in associates	20	129,170	126,828
Right-of-use assets	21	320,069	313,992
Property and equipment	22	2,953,034	3,004,864
Deferred tax assets	23	3,852,807	3,094,177
Other assets	24	6,280,906	3,445,627
Total assets		461,502,983	415,794,132

The notes on pages 221 to 358 form part of these financial statements.



Consolidated Statement of Financial Position

As at December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

		As at December 31	
	Note	2021	2020
LIABILITIES			
Borrowings from the central bank	25	25,365,238	20,137,119
Deposits from banks and other financial institutions	26	13,540,241	9,124,105
Placements from banks and other financial institutions	27	5,416,020	7,409,467
Financial assets sold under repurchase agreements	28	989,154	8,331,383
Customer deposits	29	344,851,122	313,804,684
Income tax payable		644,833	508,735
Debt securities issued	30	31,446,796	26,634,140
Lease liabilities	31	365,598	353,502
Provisions		638,659	521,141
Other liabilities	32	2,832,097	2,340,310
Total liabilities		426,089,758	389,164,586
EQUITY			
Share capital	33	2,407,367	2,407,367
Other equity instruments	34	6,997,840	–
Reserves	35	25,278,730	23,568,808
Equity attributable to equity shareholders of the Bank		34,683,937	25,976,175
Non-controlling interests		729,288	653,371
Total equity		35,413,225	26,629,546
Total liabilities and equity		461,502,983	415,794,132

The financial statements have been approved by the Board of Directors of the Bank on March 30, 2022.

Pan Ming
EXECUTIVE DIRECTOR

Yuan DeLei
EXECUTIVE DIRECTOR

Li GuoQuan
CHIEF ACCOUNTANT

The notes on pages 221 to 358 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended December 31, 2021

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Attributable to equity shareholders of the Bank							Non-controlling interests	Total
		Share capital	Other equity instruments	Share premium	Fair value reserve	Surplus reserve	General reserve	Retained earnings	Subtotal	
As at January 1, 2021		2,407,367	-	8,165,761	(79,194)	3,808,824	4,673,589	6,999,828	25,976,175	653,371 26,629,546
Profit for the year		-	-	-	-	-	-	1,728,512	1,728,512	56,194 1,784,706
Other comprehensive income for the year		-	-	-	235,570	-	-	-	235,570	295 235,865
Total comprehensive income for the year		-	-	-	235,570	-	-	1,728,512	1,964,082	56,489 2,020,571
Capital injection by shareholders		-	-	(13,423)	-	-	-	-	(13,423)	25,071 11,648
Issue of perpetual bonds	34	-	6,997,840	-	-	-	-	-	6,997,840	- 6,997,840
Appropriation to surplus reserve	35(2)	-	-	-	-	331,663	-	(331,663)	-	- -
Appropriation to general reserve	35(3)	-	-	-	-	-	521,870	(521,870)	-	- -
Dividend distribution	13	-	-	-	-	-	-	(240,737)	(240,737)	- (240,737)
Dividend distribution to non-controlling interests		-	-	-	-	-	-	-	-	(5,643) (5,643)
As at December 31, 2021		2,407,367	6,997,840	8,152,338	156,376	4,140,487	5,195,459	7,634,070	34,683,937	729,288 35,413,225
As at January 1, 2020		2,407,367	-	8,165,761	54,188	3,460,463	4,175,514	6,462,292	24,725,585	632,207 25,357,792
Profit for the year		-	-	-	-	-	-	1,672,857	1,672,857	36,615 1,709,472
Other comprehensive income for the year		-	-	-	(133,382)	-	-	-	(133,382)	(572) (133,954)
Total comprehensive income for the year		-	-	-	(133,382)	-	-	1,672,857	1,539,475	36,043 1,575,518
Appropriation to surplus reserve	35(2)	-	-	-	-	348,361	-	(348,361)	-	- -
Appropriation to general reserve	35(3)	-	-	-	-	-	498,075	(498,075)	-	- -
Dividend distribution	13	-	-	-	-	-	-	(288,885)	(288,885)	- (288,885)
Dividend distribution to non-controlling interests		-	-	-	-	-	-	-	-	(14,879) (14,879)
As at December 31, 2020		2,407,367	-	8,165,761	(79,194)	3,808,824	4,673,589	6,999,828	25,976,175	653,371 26,629,546

The notes on pages 221 to 358 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended December 31, 2021

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2021	2020
Cash flows from operating activities			
Profit before taxation		1,998,277	2,137,587
Adjustments for:			
Depreciation and amortisation		436,879	403,255
Impairment losses		5,264,949	5,178,471
Interest income arising from financial investments		(5,509,132)	(5,427,241)
Interest expense arising from debt securities issued		1,172,211	1,343,866
Interest expense arising from lease liabilities		18,570	18,446
Net gains arising from financial investments		(1,015,016)	(1,586,430)
Share of profits of associates		(7,279)	(10,181)
(Gains)/losses on disposal of property and equipment and other assets		(17,360)	68,257
Reversal of business tax payable		–	(89,596)
Unrealized exchange losses/(gains)		28,462	(54,588)

The notes on pages 221 to 358 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2021	2020
Operating cash flows before movements in working capital		2,370,561	1,981,846
Decrease/(increase) in balances with the central bank and deposits with banks and other financial institutions		7,589,612	(9,814,435)
Decrease in placements with banks and other financial institutions		–	311,778
Decrease in financial assets held under resale agreements		–	7,811,146
Decrease in bonds investment measured at fair value through profit or loss		1,067,776	863,078
Increase in loans and advances to customers		(40,678,308)	(32,932,088)
Increase in borrowings from the central bank		5,191,426	9,690,070
Increase/(decrease) in deposits from banks and other financial institutions		4,420,056	(5,016,091)
(Decrease)/increase in placements from banks and other financial institutions		(1,937,420)	2,474,825
(Decrease)/increase in financial assets sold under repurchase agreements		(7,341,291)	8,326,808
Increase in customer deposits		29,178,906	56,946,477
Increase in other operating assets		(289,194)	(1,739,259)
Increase in other operating liabilities		2,357,504	1,674,763
Net cash generated from operating activities before tax		1,929,628	40,578,918
Income tax paid		(914,725)	(1,317,859)
Net cash generated from operating activities		1,014,903	39,261,059

The notes on pages 221 to 358 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2021	2020
Cash flows from investing activities			
Cash received from disposal and redemption of financial investments		185,026,646	152,480,816
Cash received from disposal of property and equipment and other assets		379,767	483,489
Dividends received from an associate		4,937	5,000
Net cash received from investment gains and interest		5,326,255	5,525,138
Cash paid for purchase of financial investments		(189,724,975)	(166,529,124)
Cash paid for purchase of property and equipment and other assets		(746,405)	(648,434)
Net cash generated from/(used in) investing activities		266,225	(8,683,115)
Cash flows from financing activities			
Cash received from subsidiaries' capital injection by non-controlling interests holders		11,648	–
Cash received from other equity instruments issued		6,997,840	–
Cash received from debt securities issued		45,625,580	26,958,830
Repayment of debt securities issued		(41,640,000)	(50,900,000)
Repayment of leases liabilities		(113,818)	(75,703)
Interest expenses paid for debt securities issued		(345,135)	(435,538)
Dividends paid		(245,730)	(303,147)
Net cash generated from/(used in) financing activities		10,290,385	(24,755,558)
Net increase in cash and cash equivalents		11,571,513	5,822,386
Cash and cash equivalents at the beginning of the year		19,832,497	13,953,397
Effect of foreign exchange rate changes		46,297	56,714
Cash and cash equivalents at the end of the year	36	31,450,307	19,832,497
Net cash (used in)/generated from operating activities include:			
Interest paid		(7,603,177)	(6,537,784)
Interest received		13,352,541	11,834,294

The notes on pages 221 to 358 form part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

(Expressed in thousands of Renminbi, unless otherwise stated)

1 General information

Bank of Jiujiang Co., Ltd. (hereinafter referred to as the “Bank”) is formerly known as Jiujiang Commercial Bank, a joint-stock commercial bank established on the basis of Jiujiang Urban Credit Cooperatives as approved by the People’s Bank of China Wuhan Branch (Wuyinfu [1999] No. 300). The Bank changed its name to Bank of Jiujiang Co., Ltd. in September 2008.

The Bank is licensed as a financial institution by the former China Banking Regulatory Commission (the “CBRC”, currently the China Banking and Insurance Regulatory Commission, the “CBIRC”) Jiangxi Province Bureau (No. B0348H336040001) and is registered as a business enterprise with the approval of Jiujiang Administration of Industry and Commerce of the People’s Republic of China (the “PRC”) (No. 9136040070552834XQ). On July 10, 2018, the Bank was listed on The Stock Exchange of Hong Kong Limited with the stock code of 06190.

The principal activities of the Bank and its subsidiaries (collectively, the “Group”) comprise deposit taking, granting short-term, medium-term and long-term loans; domestic and overseas settlements; bill acceptance and discounting; issuing financial bonds; acting as agent to issue, settle and underwrite government bonds; trading of government bonds and financial bonds; inter-bank placement; providing letters of credit services and guarantee; acting as agent on inward and outward payments, acting as insurance agent; safe-box service and other businesses approved by the CBIRC.

2 Significant accounting policies

(1) Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual IFRSs, International Accounting Standards and Interpretations issued by the International Accounting Standards Board (the “IASB”) and the disclosure requirements 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.





Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(2) Basis of preparation of the financial statements

The consolidated financial statements for the year ended December 31, 2021 comprise the Bank and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates.

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

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

Judgements that have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 2(27).

The measurement basis used in the preparation of the financial statements is the historical basis, except for financial investment at fair value through other comprehensive income, or financial investment at fair value through profit or loss (see Note 2(7)) are stated at their fair value as explained in the accounting policies.

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(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 year:

- 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.

- 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.

None of these developments have had a material effect on how the Group's results and financial position for the current or prior year have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting year.





Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(4) Consolidated financial statements

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Bank and its subsidiaries. Control exists when the investor has all of following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non-controlling interests are presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to non-controlling shareholders is presented separately in the consolidated income statement below the net profit line item. Comprehensive income attributable to non-controlling shareholders is presented separately in the consolidated income statement below the total comprehensive income line item. When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

When the accounting period or accounting policies of a subsidiary are different from those of the Bank, the Bank makes necessary adjustments to the financial statements of the subsidiary based on the Bank's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, unless they represent impairment losses that are recognised in the financial statements.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(5) Translation of foreign currencies

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate ruling at the date of receipt. Other foreign currency transactions are, on initial recognition, translated to Renminbi at the spot exchange rates or the rates that approximate the spot exchange rates ruling at the transaction dates.

A spot exchange rate is quoted by the PBOC, the State Administration of Foreign Exchange, or a cross rate determined based on quoted exchange rates. A rate that approximates the spot exchange rate is determined by a systematic and rational method, normally the average exchange rate of the current period.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognised in profit or loss. Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rate at the date the fair value is determined. The resulting exchange differences are recognised in profit or loss, except for the differences arising from the re-translation of financial assets measured at fair value through other comprehensive income, which are recognised in other comprehensive income.

(6) 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, and highly liquid short-term investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(7).





Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(7) Financial instruments

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

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

Financial assets and financial liabilities are 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.

(ii) Classification and subsequent measurement of financial assets

Classification of financial assets

The Group classifies financial assets into different categories upon initial recognition based on the business model for managing the financial assets and the contractual cash flow characteristics of financial assets:

- Financial assets measured at amortised cost, including loans and advances to customers and financial assets measured at amortised cost;
- Financial assets at fair value through other comprehensive income (“FVOCI”), including loans and advances to customers at FVOCI and financial investments at FVOCI; and
- Financial assets at fair value through profit or loss (“FVTPL”).

Financial assets may not be reclassified after initial recognition unless the Group changes the business model for managing the financial assets, in which case, all affected financial assets are reclassified on the first day of the first reporting period after the business model changes.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(7) Financial instruments (continued)

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

Classification of financial assets (continued)

Financial assets not designated as FVTPL that meet the following conditions are classified as financial assets measured at amortised cost:

- The purpose of the Group's business model for managing the financial assets is to receive contractual cash flows;
- The contractual terms of the financial assets stipulate that the cash flows generated on specific dates are only for payment of the principal and the interest based on the amount of principal outstanding.

The Group classifies financial assets not designated as FVTPL that meet the following conditions as financial assets at FVOCI:

- The purpose of the Group's business model for managing the financial assets is to receive contractual cash flows and to sell the financial assets;
- The contractual terms of the financial assets stipulate that the cash flows generated on specific dates are only for payment of the principal and the interest based on the amount of principal outstanding.

For equity investment not held for trading, the Group may irrevocably designate it as financial asset at FVOCI upon initial recognition. The designation is made on an individual basis and the investment is in line with the definition of the equity instrument from the issuer's perspective.

Except for the above-mentioned financial assets that are measured at amortised cost and at FVOCI, the Group classifies all other financial assets into financial assets at FVTPL. At the time of initial recognition, if the accounting mismatch can be eliminated or significantly reduced, the Group can irrevocably designate financial assets that should be measured at amortised cost or FVOCI as financial assets at FVTPL.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(7) Financial instruments (continued)

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

Classification of financial assets (continued)

The business model for managing financial assets refers to how the Group manages financial assets to generate cash flows. The business model determines whether the sources of cash flows for financial assets managed by the Group is contractual cash flows, the sale of financial assets or both. The Group determines the business model for managing financial assets based on objective facts and specific business objectives for the management of financial assets as determined by key management personnel.

The Group assesses the contractual cash flow characteristics of financial assets to determine whether the contractual cash flows generated by the relevant financial assets on specific dates are solely for payment of the principal and the interest based on the amount of principal outstanding. Of which, the principal is the fair value of the financial assets at initial recognition; the interest includes the time value of money, the credit risk associated with the outstanding principal amount for a specific period, and the consideration of other basic borrowing risks, costs and profits. In addition, the Group assesses the contractual terms that may result in a change in the time distribution or amount of contractual cash flows generated by the financial assets to determine whether they meet the requirements of the above contractual cash flow characteristics.

Subsequent measurement of financial assets

– *Financial investments at FVTPL*

Subsequent to initial recognition, the financial assets are measured at fair value, and the resulting gains or losses (including interest and dividend income) are included in profit or loss, unless the financial asset is part of a hedging relationship.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(7) Financial instruments (continued)

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

Subsequent measurement of financial assets (continued)

– *Financial investments measured at amortised cost*

Subsequent to initial recognition, the financial assets are measured at amortised cost using the effective interest method. Gains or losses arising from financial assets that are measured at amortised cost and are not a component of any hedges are recognised in profit or loss at the time of derecognition and amortisation using the effective interest method or recognition of impairment.

– *Financial investments at FVOCI*

Subsequent to initial recognition, the financial assets are measured at fair value. Interest calculated using the effective interest method, impairment losses or gains and exchange gains or losses are recognised in profit or loss, and other gains or losses are included in other comprehensive income. At the time of derecognition, the cumulative gains or losses previously recognised in other comprehensive income are transferred to profit or loss.

– *Equity investments at FVOCI*

Subsequent to initial recognition, the financial assets are measured at fair value. Dividend income is recognised in profit or loss; other gains or losses are recognised in other comprehensive income. At the time of derecognition, the cumulative gains or losses previously included in other comprehensive income are transferred to retained earnings.





Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(7) Financial instruments (continued)

(iii) Classification and subsequent measurement of financial liabilities

The Group classifies financial liabilities into financial liabilities at FVTPL and financial liabilities carried at amortised cost.

– **Financial liabilities at FVTPL**

Subsequent to initial recognition, the financial liabilities are measured at fair value. Any resulting gains or losses (including interest expenses), unless related to hedge accounting, are recognised in profit or loss.

– **Financial liabilities measured at amortised cost**

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method.

(iv) Impairment

The Group recognises provision for expected credit loss (“ECL”) on:

- Financial investments measured at amortised cost;
- Debt instruments at FVOCI;
- 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(7) Financial instruments (continued)

(iv) Impairment (continued)

Measurement of ECLs

Expected credit loss is a weighted average of credit losses on financial instruments weighted at the risk of default. 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.

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).

ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

The Group's measurement of expected credit losses is described in Note 43(1).





Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(7) Financial instruments (continued)

(iv) Impairment (continued)

Presentation of provision for ECLs

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 recognised as an impairment gain or loss in profit or loss. For financial assets measured at amortised cost, provision is offset against their carrying amounts in the balance sheet. The Group recognises provision for debt instruments at FVOCI in other comprehensive income and does not deduct the carrying amount of the financial assets.

Write-off

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. A write-off constitutes a derecognition event. 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. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(7) Financial instruments (continued)

(v) Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the following conditions are 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;
- 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 recognised 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 at FVOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the part derecognised.

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





Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(7) Financial instruments (continued)

(vi) Offsetting

Financial assets and financial liabilities are 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 recognised amounts;
- The Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(8) Financial assets purchased under resale agreements and sold under repurchase agreements

The assets purchased under resale agreements are not recognised, and the payment is reported as a receivable in the balance sheet and is carried at amortised cost.

Financial assets sold under repurchase agreements continue to be recognised in the balance sheet and are measured in accordance with applicable accounting policies. The funds received are reported as liabilities in the balance sheet and are carried at amortised cost.

Interest earned on resale agreements and interest incurred on repurchase agreements are recognised respectively as interest income and interest expense over the life of each agreement using the effective interest method.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(9) Fair value measurement

Unless otherwise specified, the Group measures fair value as follows:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

(10) Long-term equity investments

(i) 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(4).

In the Bank's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method for subsequent measurement. Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Bank recognises its share of the cash dividends or profit distributions declared by the investee as investment income for the current period. The investments in subsidiaries are stated in the balance sheet at cost less impairment losses (see Note 2(16)).





Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(10) Long-term equity investments (continued)

(ii) Investments in associates

An associate is an enterprise over which the Group has significant influence.

A long-term equity investment in an associate is accounted for using the equity method for subsequent measurement, unless the investment is classified as held for sale.

Under the equity method:

Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.

After the acquisition of the investment, the Group recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Group. Changes in the Group's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution ("other changes in owners' equity"), is recognised directly in the Group's equity, and the carrying amount of the investment is adjusted accordingly.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(10) Long-term equity investments (continued)

(ii) Investments in associates (continued)

In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses resulting from transactions between the Group and its associates are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.

The Group discontinues recognising its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the associate subsequently reports net profits, the Group resumes recognising its share of those profits only after its share of the profits has fully covered the share of losses not recognised.

For the impairment of the investments in associates, refer to Note 2(16).

(11) Property and equipment and construction in progress

Property and equipment are tangible assets held by the Group for operation and administration purposes with useful lives over one year.

Property and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see Note 2(16)). Construction in progress is stated in the balance sheet at cost less impairment loss (Note 2(16)).

The cost of a purchased property and equipment comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(11) Property and equipment and construction in progress (continued)

All direct and indirect costs that are related to the construction of the property and equipment and incurred before the assets are ready for their intended use are capitalised as the cost of construction in progress. Construction in progress is transferred to property and equipment when it is ready for its intended use. No depreciation is provided against construction in progress.

Any subsequent costs including the cost of replacing part of an item of property and equipment are recognised as assets when it is probable that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day maintenance of property and equipment are recognised 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 recognised in profit or loss on the date of retirement or disposal.

The cost of property and equipment are depreciated using the straight-line method over their estimated useful lives, after taking into account their estimated residual values and accumulated impairment losses (that is the cost of property and equipment (net of the estimated residual values) divided by the estimated useful lives). The estimated useful lives, estimated residual value rates and annual depreciation rates of each class of property and equipment are as follows:

Asset category	Estimated useful life	Estimated residual value rates	Annual depreciation rates
Premises	20-30years	3%	3.23%-4.85%
Electronic equipment	3years	3%	32.33%
Motor vehicles	4years	3%	24.25%
Furniture and fixtures	5years	3%	19.40%
Leasehold improvements	5years	0%	20.00%

Estimated useful lives, estimated residual values and depreciation methods are reviewed at least at each year-end.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(12) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes).

Investment properties also include leased properties which are being recognised as right-of-use assets upon application of IFRS 16 and subleased by the Group under operating leases.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

(13) Leases

A contract is lease if the lessor conveys the right to control the use of an identified asset to lessee for a period of time in exchange for consideration.

At inception of a contract, the Group assesses whether a 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.





Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(13) Leases (continued)

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset. An identified asset may be specified explicitly or implicitly specified in a contract and should be physically distinct, or capacity portion or other portion of an asset that is not physically distinct but it represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the economic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;
- the lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- the lessee has the right to direct the use of the asset.

For a contract that contains lease and non-lease components, the Group has elected not to separate non-lease components from lease components and account for the lease and non- lease components as a single lease component.

(i) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note 2(16).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(13) Leases (continued)

(i) As a lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Each institution of the Group uses interest rate that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment as incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability is charged to profit or loss or included in the cost of assets where appropriate as incurred.

Under the following circumstances after the commencement date, the Group remeasures lease liabilities based on the present value of revised lease payments:

- there is a change in the amounts expected to be payable under a residual value guarantee;
- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

When the lease liability is remeasured, 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.





Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(13) Leases (continued)

(ii) As a lessor

The Group 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 ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

When the Group is a sub-lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies practical expedient described above, then it classifies the sub-lease as an operating lease.

Under a finance lease, at the commencement date, the Group recognises the finance lease receivable and derecognises the finance lease asset. The finance lease receivable is initially measured at an amount equal to the net investment in the lease. The net investment in the lease is measured at the aggregate of the unguaranteed residual value and the present value of the lease receivable that are not received at the commencement date, discounted using the interest rate implicit in the lease.

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return. The derecognition and impairment of the finance lease receivable are recognised in accordance with the accounting policy in Note 2(7). Variable lease payments not included in the measurement of net investment in the lease are recognised as income as they are earned.

Lease receipts from operating leases is recognised as income using the straight-line method over the lease term. The initial direct costs incurred in respect of the operating lease are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Variable lease payments not included in lease receipts are recognised as income as they are earned.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(14) Intangible assets and Land use rights

Intangible assets and land use rights are stated in the balance sheet at cost or share-based restructuring basis valuation less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(16)). The cost of Intangible assets and land use rights less estimated residual value and accumulated impairment losses is amortised on a straight-line basis over the estimated useful lives.

The respective amortisation periods for such Intangible assets and land use rights are as follows:

Land use rights	30–50 years
Softwares	5–10 years

(15) 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 recognised 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.

(16) Impairment of non-financial assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on internal and external sources of information to determine whether there is any indication of impairment:

- Property and equipment;
- Construction in progress;
- Right-of-use assets;
- Intangible assets and land use rights;
- Long-term deferred expenses; and
- Investments in subsidiaries and associates.





Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(16) Impairment of non-financial assets

If any indication that an asset may be impaired, the recoverable amount of the asset is estimated.

An asset group is composed of assets directly related to cash generation and 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.

The recoverable amount of an asset (or asset group, set of asset groups) 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.

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 an appropriate pre-tax discount rate, taking into account the expected future cash, useful life and discount rate.

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(17) Employee benefits

(i) Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate. If the liability is not expected to be fully paid within 12 months after the end of the annual reporting period in which the employee provides the services, and the financial impact is significant, the liability is measured at the discounted amount.

(ii) Post-employment benefits – defined contribution plans

Pursuant to the relevant laws and regulations of the People's Republic of China, the Group participates in a defined contribution basic pension insurance, unemployment insurance and annuity plans in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance and unemployment insurance plans based on the applicable benchmarks and rates stipulated by the government. The Group provides an annuity plan for eligible employees and makes contribution based on a certain percentage of the total salaries of the employees. The corresponding expenses incurred are recognised in profit or loss.

(iii) Termination benefits

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;
- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(17) Employee benefits (continued)

(iv) 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 recognised 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 recognised as expenses when incurred, and there are no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(18) Income tax

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to items that are recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable calculated at the applicable tax rate on the taxable income for the period, and any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset if the taxable entity has a legally enforceable right to set off them and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be used.

Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or tax loss). The temporary difference arising from the initial recognition of goodwill does not give rise to deferred tax.

At the balance sheet date, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities using tax rates that are expected to be applied in the period when the asset is realised or the liability is settled in accordance with tax laws.





Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(18) Income tax (continued)

The carrying amount of a deferred tax asset is reviewed at the balance sheet date. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefit of the deferred tax asset to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and liabilities are offset if all the following conditions are met:

- The taxable entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- They relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities, simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(19) Financial guarantees, provisions and contingent liabilities

(i) Financial guarantees

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

The Group used the expected credit loss model to measure losses incurred because a specified debtor fails to make payment when due, and included them in provisions. Refer to Note 2(7)(iv) for details of the expected credit loss model.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(19) Financial guarantees, provisions and contingent liabilities (continued)

(ii) Other provisions

A provision is recognised 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. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. 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 there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid- point of that range. In other cases, the best estimate is determined according to the following circumstances:

- Where the contingency involves a single item, the best estimate is the most likely outcome;
- Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate.

(20) Fiduciary activities

The Group acts in fiduciary activities 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 (the “entrusted funds”) to the Group, and the Group grants loans to third parties (the “entrusted loans”) under instructions of the customers. As the Group does not assume the risks and rewards of the entrusted loans and the corresponding entrusted funds, the entrusted loans and funds are recorded as off-balance sheet items at their principal amount. No provision for impairment loss is made for entrusted loans.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(21) Income recognition

Income is recognised 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 recognised 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 amortisation 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.

The effective interest method is a method of calculating the amortised 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 recognised using the rate of interest used to discount future cash flows for the purpose of measuring the related impairment loss.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(21) Income recognition (continued)

(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 recognised 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 recognised 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.





Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(21) Income recognition (continued)

(iii) Government grants

Government grants are recognised 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 recognised 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 recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(iv) Other income

Other income is recognised on an accrual basis.

(22) Expense recognition

(i) Interest expenses

Interest expenses from financial liabilities are accrued on a time proportion basis with reference to the amortised cost and the applicable effective interest rate.

(ii) Other expenses

Other expenses are recognised on an accrual basis.

(23) Dividends

Dividends proposed in the profit appropriation plan which will be authorised and declared after the balance sheet date are not recognised as a liability at the balance sheet date but disclosed separately in the notes to the financial statements.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(24) 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.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(24) Related parties (continued)

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.

(25) Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system, whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and assess its performance. Inter-segment revenues are measured on the basis of the actual transaction prices for such transactions for segment reporting. Segment accounting policies are consistent with those for the consolidated financial statements.

(26) Determination of control over investees

Management applies its judgement to determine whether the Group is acting as agent or principal in relation to the structured entities in which the Group acts as an asset manager. In assessing whether the Group is acting as agent, the Group considers factors such as scope of the asset manager's decision-making authority, rights held by other parties, remuneration to which it is entitled and exposure to variability of returns.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(27) Significant accounting estimates and judgements

The preparation of the 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 expense. Actual results may differ from these estimates. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Except for accounting estimates relating to depreciation and amortisation of assets such as property and equipment and construction in progress, investment properties, intangible assets and other assets (see Note 2(11), Note 2(12) and Note 2(14)) and allowances for impairment losses of various types of assets (see Notes 16, 17, 18, 19 and 24). Other significant accounting estimates are as follows:

- (i) Note 23: Recognition of deferred tax assets; and
- (ii) Note 44: Fair value of financial instruments.

3 Segment analysis

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors and relevant management committees (Chief Operating Decision Maker) for the purposes of allocating resources to segments and assessing their performance. The Group's chief operating decision maker reviews consolidated financial statements mainly based on operating segments for the purpose of allocating resources and performance assessment.

Measurement of segment assets and liabilities and segment income and results is based on the Group's accounting policies. Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements as disclosed in Note 2.

Internal charges and transfer pricing are determined with reference to market rates and have been reflected in the performance of each segment. Interest income and expense arising from internal charges and transfer pricing adjustments are referred to as "inter-segment interest income/expense". Interest income and expense earned from/incurred with third parties are referred to as "external interest income/expense".



Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

3 Segment analysis (continued)

Segment revenue, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group provides a diversified range of banking and related financial services. The products and services offered to customers are organized into the following operating segments:

Corporate banking

The corporate banking segment provides financial products and services to corporations, government agencies and financial institutions. The products and services include corporate loans, trade financing, deposit takings and other types of corporate intermediary services.

Retail banking

The retail banking segment provides financial products and services to individual customers. The products and services include personal loans, deposit products, card business, personal wealth management services and other types of personal intermediary services, except for those carried by subsidiaries of the Bank.

Financial market business

The Group's financial market business conduct money market or repurchase transactions, and financial investments for its own accounts or on behalf of customers except for those carried by subsidiaries of the Bank.

Segment result represents the profit earned by each segment without allocation of certain other income, gains or losses, impairment losses on assets, share of profits of associates, income tax expense and results from subsidiaries of the Group. Segment assets/liabilities are allocated to each segment, excluding investment properties, loans and advances to customers, interests in associates and assets/liabilities of the subsidiaries of the Group. This is the measure reported to the Chief Operating Decision Maker for the purposes of resource allocation and performance assessment.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

3 Segment analysis (continued)

	Year ended December 31, 2021				
	Corporate banking	Retail banking	Financial market business	Unallocated	Total
External interest income	7,817,041	3,810,471	7,186,165	465,763	19,279,440
External interest expense	(3,865,995)	(4,104,152)	(2,763,982)	(88,766)	(10,822,895)
Net inter-segment interest income/(expense)	543,974	1,168,022	(1,871,053)	159,057	–
Net interest income	4,495,020	874,341	2,551,130	536,054	8,456,545
Fee and commission income	497,211	69,500	259,383	2,874	828,968
Fee and commission expense	(29,474)	(58,049)	(46,291)	(2,384)	(136,198)
Net fee and commission income	467,737	11,451	213,092	490	692,770
Net gains arising from financial investments	–	–	1,058,745	309	1,059,054
Other income, gains or losses	(8,330)	(2,007)	(13,110)	162,570	139,123
Operating income	4,954,427	883,785	3,809,857	699,423	10,347,492
Operating expenses	(1,114,554)	(848,654)	(876,577)	(251,760)	(3,091,545)
Impairment losses on assets	(2,844,325)	(592,180)	(1,836,663)	8,219	(5,264,949)
Share of profits of associates	–	–	–	7,279	7,279
Profit before taxation	995,548	(557,049)	1,096,617	463,161	1,998,277
Income tax expense					(213,571)
Profit for the year					1,784,706
Depreciation and amortisation	172,230	83,955	158,330	22,364	436,879
Purchase of non-current assets	1,028,178	501,193	945,199	61,261	2,535,831
Segment assets	160,259,329	80,252,324	204,084,838	13,053,685	457,650,176
Deferred tax assets					3,852,807
Total assets					461,502,983
Segment liabilities/Total liabilities	(159,370,696)	(124,030,421)	(77,702,957)	(64,985,684)	(426,089,758)
Credit commitments	80,701,117	16,835,328	–	–	97,536,445

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

3 Segment analysis (continued)

	Year ended December 31, 2020				
	Corporate banking	Retail banking	Financial market business	Unallocated	Total
External interest income	6,609,502	3,381,794	6,866,947	518,228	17,376,471
External interest expense	(3,579,376)	(3,219,682)	(2,560,898)	(155,379)	(9,515,335)
Net inter-segment interest income/(expense)	958,716	1,030,977	(2,140,285)	150,592	–
Net interest income	3,988,842	1,193,089	2,165,764	513,441	7,861,136
Fee and commission income	403,335	80,399	273,086	7,019	763,839
Fee and commission expense	(33,087)	(61,631)	(41,044)	(4,087)	(139,849)
Net fee and commission income	370,248	18,768	232,042	2,932	623,990
Net gains arising from financial investments	–	–	1,559,341	2,123	1,561,464
Other income, gains or losses	(5,019)	2,382	64,423	83,210	144,996
Operating income	4,354,071	1,214,239	4,021,570	601,706	10,191,586
Operating expenses	(983,200)	(748,018)	(856,853)	(297,638)	(2,885,709)
Impairment losses on assets	(949,215)	(115,658)	(4,062,861)	(50,737)	(5,178,471)
Share of profits of associates	–	–	–	10,181	10,181
Profit before taxation	2,421,656	350,563	(898,144)	263,512	2,137,587
Income tax expense					(428,115)
Profit for the year					1,709,472
Depreciation and amortisation	151,300	74,845	151,978	25,132	403,255
Purchase of non-current assets	292,136	149,473	303,515	22,905	768,029
Segment assets	141,723,633	60,567,767	197,632,459	12,776,096	412,699,955
Deferred tax assets					3,094,177
Total assets					415,794,132
Segment liabilities/Total liabilities	(150,935,333)	(111,473,667)	(72,286,915)	(54,468,671)	(389,164,586)
Credit commitments	56,065,519	9,583,438	–	–	65,648,957

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

3 Segment analysis (continued)

Geographical information

The Group's revenue from external customers is derived solely from its operations and services rendered in the PRC, and non-current assets of the Group are located in the PRC.

Information about major customers

During the year ended December 31, 2021 and 2020, there were no revenue from transactions with a single external customer amounting to 10.00% or more of the Group's total revenue.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 Net interest income

	2021	2020
Interest income:		
Balances with the central bank	495,576	453,055
Deposits with banks and other financial institutions	18,456	88,438
Placements with banks and other financial institutions	4,704	22,466
Financial assets held under resale agreements	547,074	345,718
Loans and advances to customers		
– Corporate loans and advances	8,038,792	6,670,493
– Retail loans and advances	4,030,843	3,738,908
– Discounted bills	634,863	630,152
Financial investments	5,509,132	5,427,241
Subtotal	19,279,440	17,376,471
Interest expense:		
Borrowing from the central bank	(430,202)	(323,536)
Deposits from banks and other financial institutions	(413,965)	(377,405)
Placements from banks and other financial institutions	(160,126)	(187,084)
Financial assets sold under repurchase agreements	(366,502)	(214,417)
Customer deposits	(8,261,319)	(7,050,581)
Debt securities issued	(1,172,211)	(1,343,866)
Lease liabilities	(18,570)	(18,446)
Subtotal	(10,822,895)	(9,515,335)
Net interest income	8,456,545	7,861,136

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

5 Net fee and commission income

	2021	2020
Fee and commission income		
Credit commitments and financial guarantee fees	229,817	115,784
Wealth management fees	229,459	224,898
Agency service fees	186,554	246,496
Settlement and clearing fees	107,707	54,847
Bank card fees	63,389	75,524
Transaction and consultancy fees	12,042	46,290
Subtotal	828,968	763,839
Fee and commission expense		
Settlement fees	(54,821)	(51,794)
Transaction fees	(51,654)	(61,275)
Others	(29,723)	(26,780)
Subtotal	(136,198)	(139,849)
Net fee and commission income	692,770	623,990

6 Net gains arising from financial investments

	2021	2020
Net gains on FVTPL	1,012,033	1,639,130
Net gains/(losses) on FVOCI	43,467	(82,705)
Others	3,554	5,039
Total	1,059,054	1,561,464



Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

7 Other income, gains or losses

	Note	2021	2020
Government subsidies	(1)	125,917	69,045
Rental income		21,026	16,983
Gains/(losses) on disposal of repossessed assets		11,542	(73,662)
Gains on disposal of property and equipment		5,818	5,405
Exchange (losses)/gains		(13,112)	64,423
Donation		(8,637)	(8,912)
Depreciation of investment properties		(3,504)	(5,019)
Reversal of business tax payable		–	89,596
Others		73	(12,863)
Total		139,123	144,996

(1) Government subsidies mainly represent incentive subsidies received from local government to encourage the expansion of agriculture-related loan portfolios, bonus for the Group's contribution to the local economic development and tax refund.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

8 Operating expenses

	Note	2021	2020
Staff costs			
–Salaries, bonuses and allowances		1,350,893	1,195,426
–Social insurance and supplementary retirement benefits		244,997	220,241
–Staff welfares		68,971	71,544
–Housing fund		64,800	45,813
–Employee education expenses and labour union expenses		33,485	27,734
Subtotal		1,763,146	1,560,758
General and administrative expenses	(1)	734,554	810,541
Depreciation and amortisation (excluding investment properties)		349,114	323,891
Tax and surcharges		135,748	105,797
Depreciation (right-of-use assets)		84,261	74,345
Rental and property management expenses		24,722	10,377
Total		3,091,545	2,885,709

(1) Included in the general and administrative expenses, there were auditor's remunerations for the year ended December 31, 2021 and 2020 amounting to RMB2.95 million and RMB2.95 million respectively.

9 Impairment losses on assets

	2021	2020
Loans and advances to customers at amortised cost	3,458,058	386,465
Loans and advances to customers at FVOCI	(184,958)	57,472
Financial investments measured at amortised cost	1,821,908	3,780,904
Financial investments measured at FVOCI	(1,026)	120,794
Others	170,967	832,836
Total	5,264,949	5,178,471

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

10 Income tax expense

(1) Income tax expense

	Note	2021	2020
Current income tax		1,017,611	941,525
Tax filing differences		33,212	657,568
Deferred tax	23	(837,252)	(1,170,978)
Total		213,571	428,115

The Group carries out its operation in mainland China and all group entities are subject to the PRC Enterprise Income Tax. It is calculated at 25% of the estimated assessable profit for the year.

(2) Between income tax and accounting profit are as follows

	Note	Year ended December 31	
		2021	2020
Profit before taxation		1,998,277	2,137,587
Tax calculated at applicable statutory tax rate of 25%		499,569	534,397
Adjustments for prior years		33,212	657,568
Effect of expenses not deductible for tax purpose		13,599	8,447
Effect of non-taxable income	(1)	(330,019)	(329,932)
Current-year losses for which no deferred tax asset is recognised	(2)	1,073	3,966
Recognition of previously unrecognised deductible temporary differences		(3,329)	(446,129)
Utilization of tax losses previously not recognised		(534)	(202)
Total		213,571	428,115

Notes:

- (1) The non-taxable income mainly represents interest income arising from the PRC government bonds and local government bonds, fund dividend income, and share of profit of associates, which are exempt from income tax under the PRC tax regulations.
- (2) Due to the uncertainty of having adequate taxable income in future, certain subsidiaries did not recognise the deferred tax assets for their deductible losses.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

11 Other comprehensive income

	Year ended December 31, 2021		
	Before-tax amount	Tax expense	Net of income amount
Items that may be reclassified subsequently to profit or loss:			
– FVOCI:			
net movement in the fair value	500,471	(125,118)	375,353
– FVOCI:			
net movement in impairment losses	(185,984)	46,496	(139,488)
Total	314,487	(78,622)	235,865

	Year ended December 31, 2020		
	Before-tax amount	Tax expense	Net of income amount
Items that may be reclassified subsequently to profit or loss:			
– FVOCI:			
net movement in the fair value	(56,871)	14,218	(42,653)
– FVOCI:			
net movement in impairment losses	(121,734)	30,433	(91,301)
Total	(178,605)	44,651	(133,954)



Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

12 Earnings per share

The calculation of basic and diluted earnings per share is as follows:

	Year ended December 31	
	2021	2020
Earnings for the purpose of basic and diluted earnings per share:		
Profit for the year attributable to equity shareholders of the Bank	1,728,512	1,672,857
Numbers of shares:		
Weighted average number of shares for the purpose of basic earnings per share (in '000)	2,407,367	2,407,367
Basic and diluted earnings per share attributable to equity shareholders of the Bank (in RMB)	0.72	0.69

No diluted earnings per share for the year ended December 31, 2021 and 2020 were presented as there were no dilutive potential ordinary shares outstanding during the respective year.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

13 Dividends

	Note	Year ended December 31	
		2021	2020
2020 Final Dividend	(2)	240,737	–
2019 Final Dividend	(3)	–	288,885

Notes:

- (1) A final dividend of RMB10 cents per share (tax inclusive) in respect of the year ended December 31, 2021 amounting in a total of RMB240.74 million was proposed by the board of directors of the Bank and is subject to the approval of the forthcoming annual general meeting of the Bank.
- (2) A final dividend of RMB10 cents per share (tax inclusive) in respect of the year ended December 31, 2020 amounting in a total of RMB240.74 million was proposed by the board of directors of the Bank and approved by the 2020 annual general meeting of the Bank on June 25, 2021.
- (3) A final dividend of RMB12 cents per share (tax inclusive) in respect of the year ended December 31, 2019 amounting in a total of RMB288.89 million was proposed by the board of directors of the Bank and approved by the 2019 annual general meeting of the Bank on May 22, 2020.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

14 Emoluments of directors, supervisors, senior management and five highest paid individuals

(1) Directors', supervisors' and senior management remunerations

Year ended December 31, 2021

Name	Fees	Salaries	Discretionary bonuses	Delayed Payments	Subtotal	Contributions by the employer to social insurance and staff welfares, housing fund, etc	Contributions to Pension Scheme	Other welfares	Total (v)
Executive directors									
Liu Xianting	-	617	512	512	1,641	76	76	4	1,797
Pan Ming	-	576	505	505	1,586	67	76	4	1,733
Yuan Delei (i)	-	353	311	311	975	77	67	4	1,123
Non-executive directors									
Zeng Huasheng	-	-	-	-	-	-	-	-	-
Shi Zhishan (ii)	-	-	-	-	-	-	-	-	-
Li Jianbao	-	-	-	-	-	-	-	-	-
Independent non-executive directors									
Cai Qingfu	299	-	-	-	299	-	-	-	299
Gao Yuhui	299	-	-	-	299	-	-	-	299
Quan Ze	282	-	-	-	282	-	-	-	282
Yang Tao	284	-	-	-	284	-	-	-	284
Supervisors									
Mei Mengsheng	-	501	555	555	1,611	76	76	4	1,767
Wan Dandan	-	95	69	69	233	42	27	4	306
Liao Jingwen	-	174	202	202	578	76	46	4	704
Guo Jiequn	251	-	-	-	251	-	-	-	251
Chen Chunxia	258	-	-	-	258	-	-	-	258
Liu Chunmei	-	-	-	-	-	-	-	-	-
Senior management									
Xiao Jing	-	507	539	539	1,585	67	75	4	1,731
Xie Haiyang (iii)	-	503	600	600	1,703	70	69	4	1,846
Wang Li	-	406	384	384	1,174	74	69	4	1,321
Huang Chaoyang	-	401	341	341	1,083	76	49	4	1,212
Qi Yongwen	-	411	418	418	1,247	67	61	4	1,379
Chen Luping	-	366	341	341	1,048	76	61	4	1,189
Xu Cao	-	370	340	340	1,050	76	61	4	1,191
Wang Yuanxin	-	417	317	317	1,051	78	73	4	1,206
Cai Jianhong	-	335	341	341	1,017	76	61	4	1,158
Li Guoquan (iv)	-	358	311	311	980	76	67	4	1,127
Total	1,673	6,390	6,086	6,086	20,235	1,150	1,014	64	22,463

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

14 Emoluments of directors, supervisors, senior management and five highest paid individuals (continued)

(1) Directors', supervisors' and senior management remunerations (continued)

Year ended December 31, 2020

Name	Fees	Salaries	Discretionary bonuses	Delayed Payments	Subtotal	Contributions by the employer to social insurance and staff welfares, housing fund, etc	Contributions to Pension Scheme	Other welfares	Total (v)
Executive directors									
Liu Xianting	-	591	589	589	1,769	62	69	7	1,907
Pan Ming	-	515	539	539	1,593	50	69	7	1,719
Non-executive directors									
Zeng Huasheng	-	-	-	-	-	-	-	-	-
Zhang Jianyong (ii)	-	-	-	-	-	-	-	-	-
Li Jianbao	-	-	-	-	-	-	-	-	-
Independent non-executive directors									
Cai Qingfu	299	-	-	-	299	-	-	-	299
Gao Yuhui	299	-	-	-	299	-	-	-	299
Quan Ze	282	-	-	-	282	-	-	-	282
Yang Tao	284	-	-	-	284	-	-	-	284
Supervisors									
Mei Mengsheng	-	478	474	474	1,426	62	57	7	1,552
Liu Chunmei	-	-	-	-	-	-	-	-	-
Guo Jiequn	251	-	-	-	251	-	-	-	251
Chen Chunxia	258	-	-	-	258	-	-	-	258
Liao Jingwen	-	171	202	135	508	64	41	7	620
Wan Dandan	-	77	99	66	242	51	23	7	323
Senior management									
Xiao Jing	-	429	434	434	1,297	49	62	7	1,415
Wang Li	-	388	369	369	1,126	67	62	7	1,262
Huang Chaoyang	-	384	361	361	1,106	61	55	7	1,229
Qi Yongwen	-	326	332	332	990	47	61	7	1,105
Chen Luping	-	359	350	350	1,059	61	55	7	1,182
Xu Cao	-	307	318	318	943	62	55	7	1,067
Wang Yuanxin	-	253	285	285	823	71	61	7	962
Cai Jianhong	-	329	336	336	1,001	61	44	7	1,113
Total	1,673	4,607	4,688	4,588	15,556	768	714	91	17,129

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

14 Emoluments of directors, supervisors, senior management and five highest paid individuals (continued)

(1) Directors', supervisors' and senior management remunerations (continued)

Notes:

- (i) Yuan Delei was elected as executive director on 15 December 2021 and continued to serve as the Chief Risk Officer in 2021.
- (ii) Shi Zhishan was elected as non-executive director on 25 November 2021 and Zhang Jianyong resigned as director on 25 November 2021.
- (iii) Xie Haiyang was elected as vice president on 8 May 2021.
- (iv) Li Guoquan was elected as Chief accountant and General manager of Planning and Finance Department on 5 February 2021.
- (v) There was no non-cash payment during the year ended 31 December 2021 to the directors, supervisors or senior management (31 December 2020: nil). There was no arrangement under which a director's or senior management's remuneration was deducted during the year ended 31 December 2021 (31 December 2020: nil).

The executive directors' remunerations shown above were for their services in connection with the management of the affairs of the Bank and the Group.

Non-executive directors did not receive any remunerations for their services as directors of the Bank.

The independent non-executive directors' remunerations shown above were for their services as directors of the Bank.

The supervisors' remunerations shown above were for the supervised service and employment in the Bank.

The bonuses are discretionary and are determined by reference to the Group's and the individuals' performance.

For the year ended December 31, 2021 and 2020, no directors, supervisors or senior management of the Bank waived any remunerations, and no remunerations were paid by the Bank to any of the directors, supervisors or senior management as an inducement to join or upon joining the Group or as compensation for loss of office.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

14 Emoluments of directors, supervisors, senior management and five highest paid individuals (continued)

(2) Five highest paid individuals

Among the five highest paid individuals, none of them are directors of the Bank, none of them are supervisors of the Bank and none of them are senior management whose remunerations are disclosed above for the year ended December 31, 2021 and 2020 respectively.

The total remunerations payable to the five individuals whose remunerations were the highest in the Group during the years of 2021 and 2020 are as follows:

	Year ended December 31	
	2021	2020
Basic salaries and allowances	10,876	12,010
Contribution to pension schemes	300	259
Welfares	21	33
Total	11,197	12,302

Remunerations of the five highest paid individuals were within the following bands:

	Year ended December 31	
	2021	2020
RMB¥1,500,001 – RMB¥2,000,000	1	–
RMB¥2,000,001 – RMB¥2,500,000	3	3
RMB¥2,500,001 – RMB¥3,000,000	1	1
RMB¥3,000,001 – RMB¥3,500,000	–	1
Total	5	5

During the year ended December 31, 2021 and 2020, no remuneration was paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

15 Cash and balances with the central bank

	Note	As at December 31	
		2021	2020
Cash		500,101	516,965
Mandatory reserve deposits	(i)	26,946,244	34,054,771
Surplus reserve deposits	(ii)	7,875,056	3,286,616
Other deposits	(iii)	339,103	866,739
Subtotal		35,660,504	38,725,091
Accrued interest		12,481	15,831
Total		35,672,985	38,740,922

Notes:

- (i) The Group places mandatory reserve deposits with the People's Bank of China (the "PBOC"). This includes RMB reserve deposits and foreign currency reserve deposits. These mandatory reserve funds are not available for the Group's daily operations.

As at December 31, 2021 and 2020, mandatory reserve deposits with the PBOC were calculated at 8% and 10% of eligible RMB deposits for the Bank; and at 5% and 6% of those for the subsidiaries respectively, and at 9% and 5% of foreign currency deposits for the Bank and its subsidiaries. The foreign currency reserve deposits placed with the PBOC are non-interest bearing.

- (ii) The surplus reserve deposits are maintained with the PBOC mainly for the purpose of clearing.

- (iii) Other deposits mainly represent the required fiscal deposits placed with the PBOC.

16 Deposits with banks and other financial institutions

	As at December 31	
	2021	2020
Deposits with:		
Banks and other financial institutions in mainland China	2,113,970	1,108,433
Banks outside mainland China	576,358	904,796
Gross balance	2,690,328	2,013,229
Accrued interest	5,951	2,061
Less: Allowances for impairment losses	(795)	(671)
Total	2,695,484	2,014,619

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

17 Financial assets held under resale agreements

Analysed by counterparties:

	As at December 31	
	2021	2020
Banks in mainland China	10,732,679	4,304,500
Other financial institutions in mainland China	8,653,032	9,146,957
Gross balance	19,385,711	13,451,457
Accrued interest	4,267	1,572
Less: Allowances for impairment losses	(5,171)	(5,202)
Total	19,384,807	13,447,827

Analysed by collateral type:

	As at December 31	
	2021	2020
Bonds	17,925,370	13,451,457
Bills	1,460,341	–
Accrued interest	4,267	1,572
Less: Allowances for impairment losses	(5,171)	(5,202)
Total	19,384,807	13,447,827

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

18 Loans and advances to customers

(1) Analysed by nature

Distributions of loans and advances to customers by corporate and retail customers are set out as follows:

	Note	As at December 31	
		2021	2020
Corporate loans and advances			
– Loans		138,099,827	115,555,744
Retail loans and advances			
– Residential mortgage loans		33,939,204	29,565,806
– Personal loans for business purposes		28,646,848	17,279,781
– Personal loans for consumption		18,386,532	16,550,112
– Credit card		5,616,813	2,966,604
Subtotal		86,589,397	66,362,303
Gross loans and advances to customers at amortised cost		224,689,224	181,918,047
Accrued interest		755,323	439,940
Allowances for impairment losses			
– 12-month ECL		(2,881,267)	(2,939,858)
– lifetime ECL not credit-impaired		(1,074,085)	(341,446)
– lifetime ECL credit-impaired		(3,576,059)	(1,940,454)
Subtotal		(7,531,411)	(5,221,758)
Loans and advances to customers at amortised cost, net		217,913,136	177,136,229
Loans and advances to customers at FVOCI			
– Discounted bills and forfeiting (a)		25,025,248	28,521,966
Total loans and advances to customers		242,938,384	205,658,195

Note:

- (a) As at December 31, 2021 and 2020, the Group's allowances for impairment losses on loans and advances to customers measured at FVOCI was RMB12.50 million and RMB197.46 million respectively, as detailed in Note 18(7)(b).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

18 Loans and advances to customers (continued)

(2) Analysed by industry sector

	December 31, 2021		
	Amount	Percentage	Loans and advances secured by collaterals
Real estate	30,832,854	12.35%	23,806,251
Manufacturing	21,416,714	8.58%	2,898,769
Construction	20,815,351	8.34%	6,044,666
Wholesale and retail	20,226,275	8.10%	5,753,657
Leasing and commercial services	16,199,594	6.49%	3,737,884
Water conservancy, environment and public utility management	13,262,759	5.31%	2,312,918
Health and social work	4,571,797	1.83%	110,679
Education	4,525,997	1.81%	271,400
Finance	4,409,878	1.77%	34,555
Agriculture, forestry, animal husbandry and fishery	3,842,937	1.54%	339,990
Production and supply of electricity, gas and water	3,245,141	1.30%	142,900
Others	6,332,824	2.52%	2,245,329
Subtotal of corporate loans and advances	149,682,121	59.94%	47,698,998
Retail loans and advances	86,589,397	34.68%	52,839,822
Discounted bills	13,442,954	5.38%	–
Gross loans and advances to customers	249,714,472	100.00%	100,538,820

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

18 Loans and advances to customers (continued)

(2) Analysed by industry sector (continued)

	December 31, 2020		
	Amount	Percentage	Loans and advances secured by collaterals
Real estate	29,703,676	14.12%	21,599,486
Construction	20,913,339	9.94%	8,490,551
Wholesale and retail	17,016,217	8.09%	3,643,912
Water conservancy, environment and public utility management	12,663,724	6.02%	2,829,943
Leasing and commercial services	11,182,768	5.31%	2,624,891
Manufacturing	10,711,033	5.09%	1,737,636
Production and supply of electricity, gas and water	4,191,650	1.99%	137,050
Finance	4,057,807	1.93%	37,456
Health and social work	3,083,583	1.47%	111,200
Education	2,374,688	1.13%	182,000
Agriculture, forestry, animal husbandry and fishery	2,337,804	1.11%	288,953
Others	6,203,146	2.93%	2,561,354
Subtotal of corporate loans and advances	124,439,435	59.13%	44,244,432
Retail loans and advances	66,362,303	31.54%	39,451,991
Discounted bills	19,638,275	9.33%	–
Gross loans and advances to customers	210,440,013	100.00%	83,696,423

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

18 Loans and advances to customers (continued)

(3) Analysed by type of collateral

	As at December 31	
	2021	2020
Unsecured loans	48,381,153	41,068,547
Pledged loans	42,396,470	41,454,419
Guaranteed loans	58,398,029	44,220,624
Collateralized loans	100,538,820	83,696,423
Gross loans and advances to customers	249,714,472	210,440,013
Accrued interest	755,323	439,940
Less: Allowances for impairment losses on loans and advances to customers measured at amortised cost	(7,531,411)	(5,221,758)
Net loans and advances to customers	242,938,384	205,658,195

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

18 Loans and advances to customers (continued)

(4) Overdue loans analysed by overdue period

December 31, 2021					
	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	Total
Unsecured loans	260,587	336,054	91,431	120,321	808,393
Pledged loans	1,151,350	69,386	955,980	–	2,176,716
Guaranteed loans	82,175	55,691	288,476	52,008	478,350
Collateralized loans	470,545	430,192	312,246	57,763	1,270,746
Total	1,964,657	891,323	1,648,133	230,092	4,734,205
As a percentage of gross loans and advances to customers	0.79%	0.36%	0.66%	0.09%	1.90%

December 31, 2020					
	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	Total
Unsecured loans	209,190	224,126	101,940	68,066	603,322
Pledged loans	950,000	209,685	105,980	–	1,265,665
Guaranteed loans	32,321	159,526	440,765	44,799	677,411
Collateralized loans	413,080	141,890	1,024,883	44,113	1,623,966
Total	1,604,591	735,227	1,673,568	156,978	4,170,364
As a percentage of gross loans and advances to customers	0.76%	0.35%	0.80%	0.07%	1.98%

Overdue loans represent loans, of which the whole or part of the principal or interest are overdue for one day or more.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

18 Loans and advances to customers (continued)

(5) Analysed by geographical area

	December 31, 2021	
	Amount	Percentage
Within Jiangxi Province (apart from Jiujiang area)	128,359,795	51.40%
Jiujiang area	74,857,578	29.98%
Guangdong Province	24,234,360	9.70%
Anhui Province	13,921,997	5.58%
Other	8,340,742	3.34%
Gross loans and advances to customers	249,714,472	100.00%

	December 31, 2020	
	Amount	Percentage
Within Jiangxi Province (apart from Jiujiang area)	107,593,362	51.13%
Jiujiang area	67,369,944	32.02%
Guangdong Province	17,721,550	8.42%
Anhui Province	10,320,402	4.90%
Other	7,434,755	3.53%
Gross loans and advances to customers	210,440,013	100.00%

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

18 Loans and advances to customers (continued)

(6) Loans and advances and allowances for impairment losses

	As at December 31, 2021			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
Total loans and advances to customers measured at amortised cost	211,737,153	6,412,560	6,539,511	224,689,224
Less: Allowances for impairment losses on loans and advances to customers measured at amortised cost	(2,881,267)	(1,074,085)	(3,576,059)	(7,531,411)
Carrying amount of loans and advances to customers measured at amortised cost (excluding accrued interest)	208,855,886	5,338,475	2,963,452	217,157,813
Carrying amount of loans and advances to customers measured at FVOCI (excluding accrued interest)	25,025,248	–	–	25,025,248
Total carrying amount of loans and advances to customers (excluding accrued interest)	233,881,134	5,338,475	2,963,452	242,183,061

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

18 Loans and advances to customers (continued)

(6) Loans and advances and allowances for impairment losses (continued)

	As at December 31, 2020			
		Lifetime ECL	Lifetime ECL	
	12-month ECL	not credit- impaired	credit- impaired	Total
Total loans and advances to customers measured at amortised cost	175,835,006	2,527,356	3,555,685	181,918,047
Less: Allowances for impairment losses on loans and advances to customers measured at amortised cost	(2,939,858)	(341,446)	(1,940,454)	(5,221,758)
Carrying amount of loans and advances to customers measured at amortised cost (excluding accrued interest)	172,895,148	2,185,910	1,615,231	176,696,289
Carrying amount of loans and advances to customers measured at FVOCI (excluding accrued interest)	28,521,966	–	–	28,521,966
Total carrying amount of loans and advances to customers (excluding accrued interest)	201,417,114	2,185,910	1,615,231	205,218,255

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

18 Loans and advances to customers (continued)

- (7) Analysis of movements of the allowance for impairment losses on loans and advances to customers for the year ended December 31, 2021 and 2020 are as follows:

(a) Loans and advances to customers at amortised cost

	Year ended December 31, 2021			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at January 1, 2021	2,939,858	341,446	1,940,454	5,221,758
Transferred:				
– to 12-month ECL	13,650	(11,908)	(1,742)	–
– to lifetime ECL not credit-impaired	(34,637)	37,478	(2,841)	–
– to lifetime ECL credit-impaired	(62,560)	(151,297)	213,857	–
Charged for the year	24,956	858,366	2,574,736	3,458,058
Write-offs	–	–	(1,309,310)	(1,309,310)
Recoveries	–	–	160,905	160,905
As at December 31, 2021	2,881,267	1,074,085	3,576,059	7,531,411

	Year ended December 31, 2020			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at January 1, 2020	3,129,218	603,435	1,854,264	5,586,917
Transferred:				
– to 12-month ECL	77,398	(72,064)	(5,334)	–
– to lifetime ECL not credit-impaired	(15,902)	31,307	(15,405)	–
– to lifetime ECL credit-impaired	(7,645)	(389,744)	397,389	–
(Released)/charged for the year	(243,211)	168,512	461,164	386,465
Write-offs/transferred out	–	–	(989,598)	(989,598)
Recoveries	–	–	237,974	237,974
As at December 31, 2020	2,939,858	341,446	1,940,454	5,221,758

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

18 Loans and advances to customers (continued)

- (7) Analysis of movements of the allowance for impairment losses on loans and advances to customers for the year ended December 31, 2021 and 2020 are as follows: (continued)

(b) Loans and advances to customers at FVOCI

	Year ended December 31, 2021			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at January 1, 2021	197,458	–	–	197,458
Released for the year	(184,958)	–	–	(184,958)
As at December 31, 2021	12,500	–	–	12,500

	Year ended December 31, 2020			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at January 1, 2020	139,986	–	–	139,986
Charged for the year	57,472	–	–	57,472
As at December 31, 2020	197,458	–	–	197,458

Allowance for impairment losses on loans and advances to customers measured at FVOCI is recognised in other comprehensive income without decreasing the carrying amount of loans and advances presented in the consolidated statement of financial position, and any impairment loss or reversal is recognised in the profit or loss.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

19 Financial investments

	Note	As at December 31	
		2021	2020
Financial investments measured at FVTPL	(1)	21,829,216	30,087,781
Financial investments measured at FVOCI	(2)	34,458,144	31,010,460
Financial investments measured at amortised cost	(3)	90,987,977	84,848,840
Total		147,275,337	145,947,081

(1) Financial investments measured at FVTPL

	As at December 31	
	2021	2020
Debt securities issued by:		
Corporations	337,402	571,390
Asset backed medium-term notes	238,796	551,435
Non-public project bonds	–	30,136
Subtotal	576,198	1,152,961
Equity investments	257,556	256,496
Funds and other investments:		
Fund Investments	11,681,858	14,947,043
Trust beneficiary rights and asset management plans	4,385,091	8,331,349
Wealth management products	–	207,620
Others	4,928,513	5,192,312
Subtotal	20,995,462	28,678,324
Total	21,829,216	30,087,781
Listed	20,064	324,393
Unlisted	21,809,152	29,763,388
Total	21,829,216	30,087,781

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

19 Financial investments (continued)

(2) Financial investments measured at FVOCI

	As at December 31	
	2021	2020
Debt securities issued by:		
Government	15,297,100	12,467,045
Policy banks	10,344,262	9,933,819
Commercial banks	5,594,996	4,742,243
Corporations	2,639,250	3,267,291
Asset backed medium-term notes	–	97,658
Subtotal	33,875,608	30,508,056
Accrued interest	582,536	502,404
Total	34,458,144	31,010,460
Listed	6,248,339	6,250,958
Unlisted	28,209,805	24,759,502
Total	34,458,144	31,010,460

	As at December 31, 2021			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at December 31, 2021	34,458,144	–	–	34,458,144

	As at December 31, 2020			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at December 31, 2020	31,010,460	–	–	31,010,460

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

19 Financial investments (continued)

(2) Financial investments measured at FVOCI (continued)

Movements of the allowance for impairment losses on financial investments measured at FVOCI are as follows:

	Year ended December 31, 2021			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at January 1, 2021	8,388	–	–	8,388
Released for the year	(1,026)	–	–	(1,026)
As at December 31, 2021	7,362	–	–	7,362

	Year ended December 31, 2020			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at January 1, 2020	6,711	–	180,883	187,594
Charged for the year	1,677	–	119,117	120,794
Write-offs	–	–	(300,000)	(300,000)
As at December 31, 2020	8,388	–	–	8,388

Expected credit loss on financial investments measured at FVOCI is recognised in other comprehensive income without decreasing the carrying amount of financial investments presented in the consolidated statement of financial position, and any impairment loss or reversal is recognised in the profit or loss.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

19 Financial investments (continued)

(3) Financial investments measured at amortised cost

	As at December 31	
	2021	2020
Debt securities issued by:		
Government	30,447,984	20,337,626
Policy banks	20,088,758	20,373,015
Corporations	13,283,929	13,497,794
Non-public project bonds	2,435,745	1,484,732
Subtotal	66,256,416	55,693,167
Trust beneficiary rights and asset management plans	27,136,157	31,038,452
Accrued interest	1,533,407	1,390,896
Less: Allowances for impairment losses	(3,938,003)	(3,273,675)
Total	90,987,977	84,848,840
Listed	14,334,312	11,777,269
Unlisted	76,653,665	73,071,571
Total	90,987,977	84,848,840

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

19 Financial investments (continued)

(3) Financial investments measured at amortised cost (continued)

	As at December 31, 2021			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
Financial investments measured at amortised cost	84,846,991	3,333,443	6,745,546	94,925,980
Less: Allowances for impairment losses	(275,645)	(433,418)	(3,228,940)	(3,938,003)
As at December 31, 2021	84,571,346	2,900,025	3,516,606	90,987,977

	As at December 31, 2020			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
Financial investments measured at amortised cost	79,397,742	5,598,964	3,125,809	88,122,515
Less: Allowances for impairment losses	(468,200)	(772,562)	(2,032,913)	(3,273,675)
As at December 31, 2020	78,929,542	4,826,402	1,092,896	84,848,840

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

19 Financial investments (continued)

(3) Financial investments measured at amortised cost (continued)

Movements of the allowance for impairment losses on financial investments measured at amortised cost are as follows:

	Year ended December 31, 2021			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at January 1, 2021	468,200	772,562	2,032,913	3,273,675
Transferred:				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit-impaired	(12,685)	12,685	–	–
– to lifetime ECL credit-impaired	(681)	(184,254)	184,935	–
(Released)/charged for the year	(179,189)	(167,575)	2,168,672	1,821,908
Write-offs	–	–	(1,232,740)	(1,232,740)
Recoveries	–	–	75,160	75,160
As at December 31, 2021	275,645	433,418	3,228,940	3,938,003

	Year ended December 31, 2020			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at January 1, 2020	570,329	174,573	1,306,292	2,051,194
Transferred:				
– to 12-month ECL	15,421	(15,421)	–	–
– to lifetime ECL not credit-impaired	(38,333)	38,333	–	–
– to lifetime ECL credit-impaired	(2,519)	(159,152)	161,671	–
(Released)/charged for the year	(76,698)	734,229	3,123,373	3,780,904
Write-offs/transferred out	–	–	(2,576,023)	(2,576,023)
Recoveries	–	–	17,600	17,600
As at December 31, 2020	468,200	772,562	2,032,913	3,273,675



Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

20 Interest in associates

	As at December 31	
	2021	2020
Cost of unlisted investments in associates	83,040	83,040
Share of post-acquisition profits and other comprehensive income, net of dividends received	46,130	43,788
Total	129,170	126,828

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

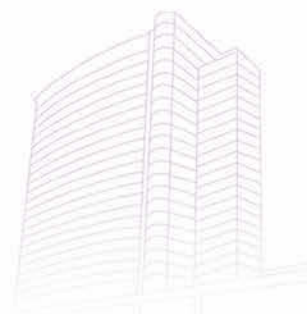
20 Interest in associates (continued)

Details of the Bank's associates as at December 31, 2021 and 2020 are set out below:

Name of entity	Place of incorporation/ registration and operations	Date of incorporation/ establishment	Authorized/ paid-in capital as at December 31, 2021 (RMB'000)	Proportion of ownership held by the Group		Proportion of voting rights held by the Group	
				As at December 31, 2021 %	As at December 31, 2020 %	As at December 31, 2021 %	As at December 31, 2020 %
Zhongshan Xiaolan County Bank Co., Ltd. (i)	Guangdong, PRC	December 2008	250,000	25.00%	25.00%	25.00%	25.00%
Guixi Jiuyin County Bank Co., Ltd. (ii)	Jiangxi, PRC	December 2011	99,500	20.64%	20.64%	25.62%	25.62%

(i) The Group initiated and established Zhongshan Xiaolan County Bank Co., Ltd. in December 2008, with an investment of RMB62.50 million, holding 25.00% equity interest of the associate. The Group has significant influence over the associate which is accounted for using equity method.

(ii) The Group initiated and established Guixi Jiuyin County Bank Co., Ltd. in December 2011, with an investment of RMB20.54 million, holding 41.08% equity interest of the entity, seized the control of the entity. Guixi Jiuyin issued 49.50 million shares on December 29, 2017, and the Group's shareholding percentage was diluted to 20.64%. The Group lost control over Guixi Jiuyin County Bank Co., Ltd. and recognised the interests in it at the fair value of the deemed disposal date as interests in associate, which is subsequently accounted for by using equity method as the Group continued to have significant influence over it after the deemed disposal.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

21 Right-of-use assets

The Group as a lessee

	Land and buildings	Land use right	Machinery and equipment	Total
COST				
As at January 1, 2020	632,157	7,098	513	639,768
Additions	50,149	–	–	50,149
Disposals	(48,664)	–	(513)	(49,177)
As at December 31, 2020	633,642	7,098	–	640,740
Additions	107,344	–	–	107,344
Disposals	(75,297)	(7,098)	–	(82,395)
As at December 31, 2021	665,689	–	–	665,689
ACCUMULATED DEPRECIATION				
As at January 1, 2020	(300,036)	(1,186)	(358)	(301,580)
Additions	(73,952)	(238)	(155)	(74,345)
Disposals	48,664	–	513	49,177
As at December 31, 2020	(325,324)	(1,424)	–	(326,748)
Additions	(84,261)	–	–	(84,261)
Disposals	63,965	1,424	–	65,389
As at December 31, 2021	(345,620)	–	–	(345,620)
NET CARRYING AMOUNT				
As at December 31, 2020	308,318	5,674	–	313,992
As at December 31, 2021	320,069	–	–	320,069

The Group leases land and buildings, machinery and equipment for its operations. Lease contracts are entered into for fixed term of 1 year to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

As at December 31, 2021 and 2020, the Group did not enter into any leases that have not yet commenced.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

22 Property and equipment

	Premises	Electronic equipment	Motor vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
COST							
As at January 1, 2020	2,389,263	341,510	18,545	162,701	444,609	501,539	3,858,167
Additions	14,842	24,955	706	16,091	304	530,543	587,441
Transfers from/(out of)							
construction in progress	196,702	13,210	–	681	10,442	(243,006)	(21,971)
Disposals	(21,378)	(4,552)	(426)	(2,273)	(964)	–	(29,593)
As at December 31, 2020	2,579,429	375,123	18,825	177,200	454,391	789,076	4,394,044
Additions	210,521	52,202	2,579	8,826	57,115	247,968	579,211
Transfers from/(out of)							
construction in progress	59,711	11,476	–	1,344	37,324	(299,873)	(190,018)
Disposals	(179,973)	(6,641)	(5,163)	(5,680)	(195,147)	–	(392,604)
As at December 31, 2021	2,669,688	432,160	16,241	181,690	353,683	737,171	4,390,633
ACCUMULATED DEPRECIATION							
As at January 1, 2020	(481,461)	(242,769)	(13,499)	(97,301)	(300,677)	–	(1,135,707)
Charged for the year	(131,392)	(60,404)	(2,002)	(23,526)	(44,656)	–	(261,980)
Disposals	1,014	4,378	416	1,853	846	–	8,507
As at December 31, 2020	(611,839)	(298,795)	(15,085)	(118,974)	(344,487)	–	(1,389,180)
Charged for the year	(117,767)	(56,162)	(1,678)	(22,501)	(57,116)	–	(255,224)
Disposals	5,824	6,100	5,077	4,165	185,639	–	206,805
As at December 31, 2021	(723,782)	(348,857)	(11,686)	(137,310)	(215,964)	–	(1,437,599)
NET BOOK VALUE							
As at December 31, 2020	1,967,590	76,328	3,740	58,226	109,904	789,076	3,004,864
As at December 31, 2021	1,945,906	83,303	4,555	44,380	137,719	737,171	2,953,034

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

22 Property and equipment (continued)

The net book value of premises of the Group with incomplete title deeds as at December 31, 2021 and 2020 amounted RMB75.71 million and RMB210.24 million, respectively. The Group are still in the process of applying for the outstanding title deeds of these premises. The directors of the Bank are of the opinion that these incomplete title deeds would not cause any significant impact on the Group's operations.

As at December 31, 2021 and 2020, leasehold land and premises of the Group with net book value amounting to RMB14.40 million and RMB13.01 million were rented out to third parties as investment properties.

The net book value of investment properties is analysed by the remaining terms of the land leases as follows:

	As at December 31	
	2021	2020
Held in mainland China 10-50 years	14,401	13,007

23 Deferred tax assets/liabilities

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at December 31	
	2021	2020
Deferred tax assets	3,943,884	3,221,576
Deferred tax liabilities	(91,077)	(127,399)
Total	3,852,807	3,094,177

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For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

23 Deferred tax assets/liabilities (continued)

The followings are the major deferred tax assets/liabilities items recognised and movements thereon:

	Allowance for impairment losses	Accrued salaries, bonuses and allowances	Fair value changes of Financial investments measured at FVOCI	Fair value changes of Financial investments measured at FVTPL	Others	Total
As at January 1, 2021	2,924,316	55,554	69,531	(48,231)	93,007	3,094,177
Recognised in profit or loss	807,037	13,135	-	44,501	(27,421)	837,252
Recognised in other comprehensive income	46,496	-	(125,118)	-	-	(78,622)
As at December 31, 2021	3,777,849	68,689	(55,587)	(3,730)	65,586	3,852,807

	Allowance for impairment losses	Accrued salaries, bonuses and allowances	Fair value changes of Financial investments measured at FVOCI	Fair value changes of Financial investments measured at FVTPL	Others	Total
As at January 1, 2020	1,611,145	166,495	55,313	(24,585)	70,180	1,878,548
Recognised in profit or loss	1,282,738	(110,941)	-	(23,646)	22,827	1,170,978
Recognised in other comprehensive income	30,433	-	14,218	-	-	44,651
As at December 31, 2020	2,924,316	55,554	69,531	(48,231)	93,007	3,094,177

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

24 Other assets

	Note	As at December 31	
		2021	2020
Reposessed assets	(1)	2,607,576	1,716,201
Land use rights		1,946,119	–
Settlement and clearing accounts		998,072	1,806,001
Prepayments for projects		709,477	53,424
Intangible assets		234,192	224,873
Deferred expenses		16,801	37,544
Research and development expenditure		384	495
Others		515,305	373,293
Gross balance		7,027,926	4,211,831
Less: Allowances for impairment losses		(747,020)	(766,204)
Net balance		6,280,906	3,445,627

(1) Reposessed assets

	As at December 31	
	2021	2020
Land use rights and buildings	2,607,074	1,715,699
Others	502	502
Gross reposessed assets	2,607,576	1,716,201
Less: Allowances for impairment losses	(545,403)	(687,076)
Net reposessed assets	2,062,173	1,029,125

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

25 Borrowings from the central bank

	As at December 31	
	2021	2020
Borrowings from the central bank	25,326,152	20,134,726
Accrued interest	39,086	2,393
Total	25,365,238	20,137,119

Note: Borrowings from the central bank mainly include Re-lending to small business.

26 Deposits from banks and other financial institutions

	As at December 31	
	2021	2020
Banks in mainland China	3,151,359	5,607,637
Other financial institutions in mainland China	10,292,874	3,437,852
Subtotal	13,444,233	9,045,489
Accrued interest	96,008	78,616
Total	13,540,241	9,124,105

27 Placements from banks and other financial institutions

	As at December 31	
	2021	2020
Banks in mainland China	3,991,271	4,432,615
Banks outside mainland China	1,415,405	2,949,255
Subtotal	5,406,676	7,381,870
Accrued interest	9,344	27,597
Total	5,416,020	7,409,467



Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

28 Financial assets sold under repurchase agreements

Analysed by type and location of counterparty:

	As at December 31	
	2021	2020
Banks in mainland China	989,000	8,330,291
Accrued interest	154	1,092
Total	989,154	8,331,383

Analysed by collateral type:

	As at December 31	
	2021	2020
Bonds	989,000	8,280,300
Bills	–	49,991
Subtotal	989,000	8,330,291
Accrued interest	154	1,092
Total	989,154	8,331,383

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

29 Customers deposits

	Note	As at December 31	
		2021	2020
Demand deposits			
Corporate customers		112,743,890	102,884,283
Individual customers		20,917,555	18,803,783
Subtotal		133,661,445	121,688,066
Time deposits			
Corporate customers		50,738,641	54,123,645
Individual customers		108,297,806	97,415,148
Subtotal		159,036,447	151,538,793
Pledged deposits	(1)	43,016,599	35,719,601
Convertible negotiated deposit	(2)	2,000,000	–
Others		476,827	192,463
Accrued interest		6,659,804	4,665,761
Total		344,851,122	313,804,684

(1) Pledged deposits analysed by products for which deposit is required

	As at December 31	
	2021	2020
Bank acceptances	31,205,160	22,976,727
Letters of credit	4,531,711	4,170,213
Letters of guarantee	3,319,028	5,498,041
Others	3,960,700	3,074,620
Total	43,016,599	35,719,601

(2) Convertible negotiated deposit

After obtaining the proceeds from issuance of Local Government Special Debt by Jiangxi Provincial Department of Finance, Jiujiang Finance Bureau deposited the relevant funds in the form of negotiated deposit into the special RMB deposit account it opened in the Bank. With the consent of Jiujiang Finance Bureau, when the core tier-one capital adequacy ratio of the Bank is lower than 5.125%, and upon the satisfaction of specific requirements on the Minimum Public Float prescribed by the Hong Kong Stock Exchange, Jiujiang Finance Bureau shall convert the negotiated deposits into Ordinary Shares of the Bank in accordance with laws and regulations. If the conversion conditions are not satisfied, the Bank shall repay the principal and interest upon the 10-year maturity of the convertible negotiated deposit.

During the term of the convertible negotiated deposit, the Bank shall report the changes in the core tier-one capital adequacy ratio of the previous quarter by the fifteenth day of the first month of each quarter to Jiujiang Finance Bureau. When the core tier-one capital adequacy ratio of the Bank drops to 7.50%, and early warning is triggered, the Bank shall promptly inform Jiujiang Finance Bureau of the situation, formulate emergency plans, and actively take emergency measures to improve the ability to resist risks and avoid the occurrence of triggering events.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

30 Debt securities issued

	Note	As at December 31	
		2021	2020
18 Jiujiang Bank bonds	(1)	3,000,000	7,000,000
Interbank negotiable certificates of deposit	(2)	28,335,183	19,487,717
Subtotal		31,335,183	26,487,717
Accrued interest		111,613	146,423
Total		31,446,796	26,634,140

Notes:

- (1) On January 31 and July 17, 2018, the Bank issued two fixed-rate subordinated bonds with nominal value of RMB1.50 billion respectively. Pursuant to the agreement, the two bonds both have a term of 10 years, expiring on January 30, 2028 and July 16, 2028, bearing an interest rate at 5.00% and 6.29% per annum respectively. The Bank has the right to redeem the bonds in full at nominal value at the end of the fifth year. No adjustment is made to the bond interest rate after five years of issue, if the bonds are not redeemed in the fifth year.

On August 17 and November 6, 2018, the Bank issued two Green Financial Bonds with nominal value of RMB1.00 billion and RMB3.00 billion respectively. Pursuant to the agreement, the two bonds have a term of 3 years, expiring on August 16, 2021 and November 5, 2021 respectively, bearing an interest rate at 4.25% and 4.13% per annum. The Bank redeemed the two bonds in 2021.

- (2) As at December 31, 2021, the Bank had 291 outstanding interbank negotiable certificates of deposit with total notional amount of RMB28.65 billion. As at December 31, 2020, the Bank had 109 outstanding interbank negotiable certificates of deposit with total notional amount of RMB19.76 billion. All of these certificates were due within 1 year at the time of issuance. Such certificates were issued at a discount of which interests will be paid in lump sum at the maturity date.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

31 Lease liabilities

	As at December 31	
	2021	2020
Lease liabilities payable:		
Within one year	86,711	70,021
Within a period of more than one year but not more than two years	73,602	68,130
Within a period of more than two years but not more than five years	141,377	136,204
Within a period of more than five years	63,908	79,147
Total	365,598	353,502

32 Other liabilities

	Note	As at December 31	
		2021	2020
Salaries payable	(1)	1,325,677	1,136,958
Settlement and clearing accounts		768,809	520,751
Other tax payables		375,774	232,238
Payables to external companies		132,014	254,366
Dividend payable		5,906	5,256
Others		223,917	190,741
Total		2,832,097	2,340,310

(1) Salaries payable

	As at December 31	
	2021	2020
Salaries, bonuses and allowances	917,006	811,121
Defined Contribution Plans	295,741	228,112
Retiring benefit and annuity plan	82,913	70,296
Early retirement benefits	20,410	18,206
Labor union fees and staff education expenses	4,489	6,541
Social insurance	3,773	1,719
Housing funds	827	834
Staff welfare	518	129
Total	1,325,677	1,136,958

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

33 Share capital

Share capital of the Group as at December 31, 2021 and December 31, 2020 represented share capital of the Bank, which was fully paid.

	As at December 31	
	2021	2020
Ordinary shares in Mainland China	2,000,000	2,000,000
Ordinary shares listed in Hong Kong (H-share)	407,367	407,367
Total	2,407,367	2,407,367

34 Other equity instruments

(1) Table of Perpetual Bonds issued during the year

	Issued date	Accounting classification	Initial interest rate	Issued price (RMB)	Issued number of shares (million)	Issued nominal value (million)	Expiry date	Conversion conditions	Conversion
Perpetual Bonds (first tranche)	February 9, 2021	Equity instruments	4.80%	100	30.00	3,000.00	No maturity date	none	none
Perpetual Bonds (second tranche)	April 15, 2021	Equity instruments	4.80%	100	40.00	4,000.00	No maturity date	none	none
Minus: Issuance fee (first tranche)						(1.14)			
Minus: Issuance fee (second tranche)						(1.02)			
Book value						6,997.84			

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

34 Other equity instruments

(2) Main terms

With the approval of Jiangxi Banking and Insurance Regulatory Bureau on Jiujiang Bank's Issuance of undated tier 1 capital bonds (Jiangxi Banking and Insurance Regulatory Bureau [2020] No. 363) and the Decision of the People's Bank of China on Granting Administrative License (Bank Approval Word [2021] No. 17), the Bank issued a total of RMB3 billion (first tranche) and RMB4 billion (second tranche) undated tier 1 capital bonds in the national interbank bond market on February 9, 2021 and April 15, 2021, respectively. The unit par value of the bond (including the first and second tranches, the bonds below are synonymous) 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. 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. The Bonds do not contain interest rate step-up mechanism or any other redemption incentives.

After deducting the issuance expenses, the Bonds will be used to replenish the other tier 1 capital of the issuer in accordance with applicable laws and the approval of the competent authorities.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

34 Other equity instruments (continued)

(3) Changes of Perpetual Bonds

	Balance as at January 1, 2021		Increase in this year		Decrease in this year		Balance as at December 31, 2021	
	Issued number of shares (million)	Book value (million)	Issued number of shares (million)	Book value (million)	Issued number of shares (million)	Book value (million)	Issued number of shares (million)	Book value (million)
Perpetual Bonds	-	-	70.00	6,997.84	-	-	70.00	6,997.84

35 Reserves

	Note	As at December 31	
		2021	2020
Share premium		8,152,338	8,165,761
Fair value reserve	(1)	156,376	(79,194)
Surplus reserve	(2)	4,140,487	3,808,824
General reserve	(3)	5,195,459	4,673,589
Retained earnings		7,634,070	6,999,828
Total		25,278,730	23,568,808

(1) Fair value reserve

	2021	2020
As at January 1	(79,194)	54,188
Changes in fair value recognized in other comprehensive income	543,534	(139,174)
Transfer to profit or loss upon disposal	(43,467)	82,705
Changes in impairment losses recognized in other comprehensive income	(185,974)	(121,374)
Less: Deferred income tax	(78,523)	44,461
As at December 31	156,376	(79,194)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

35 Reserves (continued)

(2) Surplus reserve

Pursuant to the Company Law of PRC, corporation is required to transfer 10% of its net profit, determined under the relevant accounting rules in the PRC, to a non-distributable statutory surplus reserve. Appropriation to the statutory surplus reserve may cease when the balance of such reserve has reached 50% of the share capital.

After making the appropriation to the statutory surplus reserve, the corporation may also appropriate its profit for the year to a discretionary surplus reserve upon approval by the shareholders in general meeting. Subject to the approval by the shareholders, the discretionary surplus reserve may be used to offset accumulated losses of the corporation, if any, and may be converted into capital.

	Statutory surplus reserve	Discretionary surplus reserve	Total
As at January 1, 2020	1,612,080	1,848,383	3,460,463
Appropriation during the year	165,310	183,051	348,361
As at December 31, 2020	1,777,390	2,031,434	3,808,824
Appropriation during the year	166,353	165,310	331,663
As at December 31, 2021	1,943,743	2,196,744	4,140,487

(3) General reserve

Pursuant to the Administrative Measures for the Provision of Reserves of Financial Enterprises (Cai Jin [2012] No. 20) issued by the Ministry of Finance of the PRC, in addition to the individual and collective allowances for impairment losses, financial enterprise is required to establish and maintain a general reserve within equity to address potential unidentified impairment losses. The general reserve should not be less than 1.5% of the aggregate amount of risk assets as defined by the above measures. The balance of the general reserve amounted to RMB5,195.46 million as at 31 December 2021 (31 December 2020: RMB4,673.59 million).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

36 Cash and cash equivalents

Cash and cash equivalents include the following balances with an original maturity equal to or less than three months:

	As at December 31	
	2021	2020
Cash	500,101	516,965
Balances with the central bank	7,875,056	3,286,616
Deposits with banks and other financial institutions	2,181,543	1,566,959
Financial assets held under resale agreements	19,385,711	13,451,457
Financial investments measured at FVTPL	1,507,896	1,010,500
Total	31,450,307	19,832,497

(1) Net increase in cash and cash equivalents

	2021	2020
Cash and cash equivalents as at 31 December	31,450,307	19,832,497
Less: Cash and cash equivalents as at 1 January	(19,832,497)	(13,953,397)
Less: Effect of foreign exchange rate changes	(46,297)	(56,714)
Net increase in cash and cash equivalents as at 31 December	11,571,513	5,822,386

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

37 Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financial activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Non-cash changes				
	Interest accrued/				As at December 31, 2021
	As at	Financing	dividend	New	
	January 1, 2021	cash flows	declared/ expense accrued	lease	
Bonds	7,146,423	(4,345,135)	310,325	–	3,111,613
Interbank negotiable certificates of deposit	19,487,717	7,985,580	861,886	–	28,335,183
Dividends payable	5,256	(245,730)	246,380	–	5,906
Lease liabilities	353,502	(113,818)	18,570	107,344	365,598
Total	26,992,898	3,280,897	1,437,161	107,344	31,818,300

	Non-cash changes				
	As at		Interest accrued/ dividend declared/ expense accrued	New	As at
	January 1, 2020	Financing cash flows		lease	December 31, 2020
Bonds	9,146,423	(2,433,750)	433,750	–	7,146,423
Interbank negotiable certificates of deposit	40,520,559	(21,942,958)	910,116	–	19,487,717
Dividends payable	4,639	(303,147)	303,764	–	5,256
Lease liabilities	360,610	(75,703)	18,446	50,149	353,502
Total	50,032,231	(24,755,558)	1,666,076	50,149	26,992,898



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For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 Structured entities

(1) Consolidated structured entities

The consolidated structured entities of the Group included non-principal-guaranteed wealth management products issued by the Bank that were invested by its subsidiaries. As at December 31, 2021, the assets held by the consolidated structured entities have matured (2020: nil).

As the initiator and manager of the wealth management products, the Group considers it has control over such structured entities and those structured entities should be consolidated by the Group.

(2) Unconsolidated structured entities

(a) Structured entities managed by third party institutions in which the Group holds interests.

The Group holds interests in these structured entities managed by third party institutions through investments in the beneficial rights or plans issued relating to these structured entities. The Group does not consolidate these structured entities. Such structured entities include wealth management products issued by financial institutions, asset management plans, trust beneficiary rights and asset-backed notes.

The following tables set out an analysis of the gross carrying amounts of interests held by the Group as at December 31, 2021 and 2020 in the structured entities sponsored and managed by third party institutions.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 Structured entities (continued)

(2) Unconsolidated structured entities (continued)

(a) Structured entities managed by third party institutions in which the Group holds interests. (continued)

	As at December 31, 2021				
	Financial investments at FVTPL	Financial investments at FVOCI	Financial investments at amortized cost	Total	Maximum risk exposure (Note)
Fund investments	11,681,858	–	–	11,681,858	11,681,858
Trust beneficiary rights and asset management plans	4,385,091	–	23,706,442	28,091,533	28,091,533
Asset backed medium-term notes	238,796	–	–	238,796	238,796
Total	16,305,745	–	23,706,442	40,012,187	40,012,187

	As at December 31, 2020				
	Financial investments at FVTPL	Financial investments at FVOCI	Financial investments at amortized cost	Total	Maximum risk exposure (Note)
Wealth management products	207,620	–	–	207,620	207,620
Fund investments	14,947,043	–	–	14,947,043	14,947,043
Trust beneficiary rights and asset management plans	8,331,349	–	28,103,998	36,435,347	36,435,347
Asset backed medium-term notes	551,435	98,815	–	650,250	650,250
Total	24,037,447	98,815	28,103,998	52,240,260	52,240,260

Note: The maximum exposures to loss in the above investment products are the carrying amounts of the assets held by the Group at the end of each reporting period.



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For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 Structured entities (continued)

(2) Unconsolidated structured entities (continued)

(b) Unconsolidated structured entities managed by the Group

The types of unconsolidated structured entities managed by the Bank mainly include non-principal-guaranteed wealth management products. The purpose of managing these structured entities is to generate fees from managing assets on behalf of investors. Interest held by the Bank includes fees charged by providing management services to these structured entities.

As at December 31, 2021 and 2020, the amount of assets held by the unconsolidated non-principal-guaranteed wealth management products managed by the Bank amounting to RMB42,619 million and RMB34,786 million respectively. The Group did not hold any investment in the wealth management products and management fee earned from these products for the year ended December 31, 2021 and 2020 amounted to RMB229,459 thousand and RMB224,898 thousand respectively.

The Group did not provide any financial or other support to these unconsolidated structured entities during both years.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

39 Related party transactions

(1) Major shareholders and entities under their control

Following major shareholders held more than 5% interest of the Bank or appointed the director are considered as related parties of the Group:

Name of shareholders	Percentage of shares held as at December 31	
	2021	2020
Jiujiang Finance Bureau	15.20%	15.20%
Beijing Automotive Group Co., Ltd.	15.20%	15.20%
Industrial Bank Co., Ltd.	12.23%	12.23%
Fangda Carbon New Material Co., Ltd.	5.65%	5.65%
Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd. (i)	3.98%	3.98%

(i) The shareholders with less than 5% interest in the Bank and no director or supervisor appointed are not considered as related parties of the Group.

Balances and transactions between the Group and the major shareholders and entities under their control are as follows:

During the year ended December 31, 2021 and 2020, the Group had the following material balances and entered into the following material transactions with major shareholders and entities under their control. These transactions were entered into in the normal course of business, with pricing policies consistent with those transactions conducted with independent third parties.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

39 Related party transactions (continued)

(1) Major shareholders and entities under their control (continued)

	As at December 31	
	2021	2020
Balances at the end of the year:		
Assets		
Deposits with banks and other financial institutions	370,143	1,020,669
Loans and advances to customers at amortised cost	2,229,312	1,834,704
Financial investments at amortised cost (i)	679,248	627,514
Financial investments at FVTPL	45,795	58,000
Total	3,324,498	3,540,887
Liabilities		
Customer deposits	13,328,019	11,371,520
Placements from banks and other financial institutions	1,415,405	2,949,255
Deposits from banks and other financial institutions	9,839	22,691
Total	14,753,263	14,343,466
Non-principal-guaranteed wealth management products (ii)	910,000	210,000

Notes:

- (i) It represented the corporation bond purchased by the Group, which was issued by a related party of the Group.
- (ii) It represented the non-principal-guaranteed wealth management product issued by the Group where the underlying asset is a loan, and the borrower is a related party of the Group.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

39 Related party transactions (continued)

(1) Major shareholders and entities under their control (continued)

	2021	2020
Transactions during the year:		
Interest income	71,152	54,914
Interest expense	204,511	102,602
Net gains arising from financial investments	42,482	39,000
Fee and commission income	10,486	6,488

(2) Subsidiaries of the Bank

	Year ended December 31	
	2021	2020
Balance at the end of the year:		
Deposits from banks and other financial institutions	4,145,662	2,988,631

	2021	2020
Transactions during the year:		
Interest expense	48,539	113,005
Dividend from subsidiaries	5,057	12,221



Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

39 Related party transactions (continued)

(3) Associates of the Bank

Details of the associates of the Bank are set out in Note 20.

	As at December 31	
	2021	2020
Balance at the end of the year:		
Deposits from banks and other financial institutions	527,688	1,052,448
Transactions during the year:		
Interest expense	8,627	26,003
Dividend from associates	4,937	5,000

(4) Other related parties

Other related parties can be individuals or enterprises, which include: members of the Board of Directors, the Board of Supervisors and senior management and close family members of such individuals; entities (and their subsidiaries) controlled or jointly controlled by members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals. Transactions with other related parties were entered into in the normal course of business, with pricing policies consistent with those transactions conducted with independent third parties.

	As at December 31	
	2021	2020
Balances at the end of the year:		
Asset		
Loans and advances to customers at amortised cost	11,907	4,188
Liability		
Customer deposits	9,254	4,143
Transactions during the year:		
Interest income	608	411
Interest expense	57	118

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For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

39 Related party transactions (continued)

(5) Key management personnel

Key management personnel, including directors, supervisors and senior management team members, are those persons in the Group who have the authority and responsibility to plan, direct and control the activities of the Group.

The remuneration of key management personnel during the reporting period were as follows:

	Year ended December 31	
	2021	2020
Salaries and other emoluments	8,063	6,280
Discretionary bonuses	6,086	4,688
Delayed Compensation Plan	6,086	4,588
Contributions by the employer to social insurance and staff welfares, housing fund, etc	1,150	768
Contributions to pension scheme	1,041	714
Other welfare	64	91
Total	22,463	17,129

40 Contingent liabilities and commitments

(1) Legal proceedings

The Bank and its subsidiaries are involved as defendants in certain lawsuits arising from their normal business operations. As at December 31, 2021 and 2020, in light of court decisions or advice from legal counsels, the Group considered that sufficient provision has been provided for any potential losses from these claims.





Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

40 Contingent liabilities and commitments (continued)

(2) Capital commitments

	As at December 31	
	2021	2020
Contracted but not provided for	135,086	594,090

(3) Credit commitments

	As at December 31	
	2021	2020
Unused credit card commitments	16,835,328	9,583,438
Letters of credit	13,351,825	8,858,398
Letters of guarantee	17,372,729	11,999,870
Acceptances	49,976,563	35,207,251
Total	97,536,445	65,648,957

Credit commitments represent general facility limits granted to customers. These credit facilities may be drawn in the form of loans and advances or through the issuance of letters of credit, acceptances or letters of guarantee.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

40 Contingent liabilities and commitments (continued)

(4) Collateral

Assets pledged

The carrying amounts of assets pledged as collateral under repurchase agreements by the Group are as follows:

	As at December 31	
	2021	2020
Bonds	1,070,000	8,332,065
Bills	–	50,000
Total	1,070,000	8,382,065

As at December 31, 2021 and 2020, the carrying amounts of financial assets sold under repurchase agreements for the Group amounted to RMB989 million and RMB8,331 million, respectively.

All repurchase agreements were due within twelve months from inception.

41 Fiduciary activities

The Group commonly acts as asset manager or in other fiduciary capacities that results in its holding or managing assets on behalf of individuals or corporations. These assets and any gains or losses arising thereon are not included in the consolidated financial statements of the Group as they are not the Group's assets.

As at December 31, 2021 and 2020, the entrusted loans balance of the Group amounted to RMB9,660 million and RMB11,570 million respectively.

As at December 31, 2021 and 2020, the balance of the non-principal-guaranteed wealth management products issued and managed by the Group amounted to RMB42,619 million and RMB34,786 million respectively.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, 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 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 former 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

42 Capital management (continued)

The Group's capital adequacy ratios at the year ended December 31, 2021 and 2020 calculated in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)" and relevant requirements promulgated by the CBIRC are as follows:

	As at December 31	
	2021	2020
Core tier-one capital		
– Share capital	2,407,367	2,407,367
– Qualifying portion of capital reserve	8,308,714	8,086,567
– Surplus reserve and general reserve	9,335,946	8,482,413
– Retained earnings	7,634,070	6,999,828
– Qualifying non-controlling interest	279,159	1,107,124
– Deductions of core tier-one capital	(1,313,892)	(716,517)
Net core tier-one capital	26,651,364	26,366,782
Other tier-one capital	9,035,061	–
Net tier-one capital	35,686,425	26,366,782
Tier-two capital		
– Qualifying portions of tier-two capital	3,000,000	3,000,000
– Surplus provision for loan impairment	3,769,599	1,956,526
– Qualifying non-controlling interests	74,442	–
Net capital base	42,530,466	31,323,308
Total risk weighted assets	322,057,372	292,351,353
Core tier-one capital adequacy ratio	8.28%	9.02%
Tier-one capital adequacy ratio	11.08%	9.02%
Capital adequacy ratio	13.21%	10.71%



Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

43 Financial risk management

Overview

The primary objectives of risk management of the Group are to maintain risk within acceptable parameters and satisfy the regulatory requirements.

The Group's risk management policies are designed, and controls are set up to identify, analyse, monitor and report risks arising from normal operation. The Group regularly reviews its risk management policies and systems to address changes in markets, products and emerging best practices.

Details of the financial instruments are disclosed in respective notes to the consolidated financial statements. The risks associated with these financial instruments include credit risk, liquidity risk and market risk (i.e. interest rate risk, currency risk and other price risk). The Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Risk management framework

The Group has designed its organization framework, risk management policies and processes with an objective to identify, evaluate and manage its risk effectively. The Board of Directors is mainly responsible for the review and approval of risk management policies and plans, and the determination of the risk appetite of the Group. Risk Management Committee, Strategy Committee, Connected Transaction Control Committee, Compliance Management Committee and Audit Committee set up and appointed by the Board of Directors are responsible for supervising and evaluating the set-up, organizational structure, work process and effectiveness of various risk management functions.

The Group's main functional departments responsible for risk management include Risk Management Department (the department to guide and organize other related departments), Risk Asset Management Department, Credit Approval Department, Planning and Finance Department, Corporate Finance Department, Capital Operation Centre, Trade and Finance Department, Investment Banking Division, Inclusive Finance Department, Retail Bank Department, Legal Compliance Department, Operation Management Department, Information Technology Department, etc., which are obligated to implement various policies and systems regarding risk management in practice. The Group's internal audit department is responsible for the independent review of the Group's risk management and control environment.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

43 Financial risk management (continued)

(1) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the group. The group's credit risk is primarily attributable to loans and advances to customers, financial investments, interbank businesses, commitment and other on-balance and off-balance sheet credit risk exposures. The Group monitors all financial assets that are subject to impairment test requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime ECL rather than 12-month ECL.

Credit risk management

The Group exercises standardized credit management procedures, including credit investigation and proposal, credit limit review, loan granting, post lending monitoring, and non-performing loans management. The Group enhances its credit risk management by complying with its credit management procedures; strengthening customer investigation, lending approval and post lending monitoring; enhancing risk mitigation effect of loans through collateral; accelerating disposal process of non-performing loans.

The Group has been working on the enhancement of credit business in accordance with the policies and regulations and aligning the credit management with the trends of industry development and national macro-economic policies so as to optimize the loan exposure structure. The Group's customer managers are responsible for post lending monitoring regularly or as necessary. The approaches adopted by the Group to reduce its loss from non-performing loans include (1) collecting debts; (2) restructuring; (3) executing collaterals or reclaim from guarantor; (4) litigations or lawsuits; and (5) transferring.

For the non-standard investments, the Group has made great efforts to restrict such business conducted by the branches through terminating new business and gradually unwinding the existing investments on maturity. Such business has to be authorized by Capital Operation Centre to integrate resource allocation and monitor the Group's overall exposure. Besides, business beyond the department authorization requires approval by Investment Review Committee. Furthermore, in order to refine financial inter-banking credit granting, standardize the access and exit mechanism, the Group has released the Management Measures for Bulk Credit Limit Authorization for Inter-banking Businesses of Bank of Jiujiang (<九江銀行同業批量授信管理辦法>), which stipulates the principles of inter-banking credit business as "strict access, choosing better quality customers, dynamic monitoring and timely termination".

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

43 Financial risk management (continued)

(1) Credit risk (continued)

Impairment Assessment

Measurement of Expected Credit Loss (ECL)

In accordance with IFRS 9, the Group classifies financial instruments measured at amortised cost or FVOCI into three stages and makes provisions for expected credit losses, accordingly, depending on whether credit risk on that financial instrument has increased significantly since initial recognition. Detailed definition of stages is included in Note 2.

In order to minimise credit risk, the Group has tasked its credit management committee to develop and maintain the Group's credit risk grading to categorize exposures according to their degree of risk of default. The Group's credit risk grading framework comprises ten categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

Significant increase in credit risk

The Group takes into consideration all reasonable and supportable information (including forward-looking information) that reflects significant change in credit risk for the purposes of classifying financial instruments. The main considerations are regulatory and industry environment, internal and external credit risk gradings, operational and financial situation, contractual terms, and historical repayment records etc. The Group compares the risk of default of a single financial instrument or a portfolio of financial instruments with similar credit risk characteristics as at the statement of financial position date and its risk of default at the date of initial recognition to determine changes in the risk of default during the lifetime of a financial instrument or a portfolio of financial instruments. In determining whether credit risk of a financial instrument has increased significantly since initial recognition, the Group considers factors indicating whether significant changes with an adverse effect have taken place in the borrower's business, financial and economic status, whether less value of the collaterals (for the collateral loans and pledged loans only) have been identified, whether early indicators of problems of cash flow/liquidity have been identified, such as late payment of accounts payable/repayment of loans, whether the financial instrument has been past due for more than 30 days or whether the market price has been falling to indicate deterioration in asset quality.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

43 Financial risk management (continued)

(1) Credit risk (continued)

Impairment Assessment (continued)

Definition of default

The Group defines a borrower as in default when it meets any of the following criteria:

- (i) The principal or interest of loan is past due for more than 90 days;
- (ii) The corporate borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as liquidation against collateral; or
- (iii) The corporate borrower has the above matters in other financial institutions

Generally, a financial asset is considered to be credit-impaired if:

- It has been overdue for more than 90 days;
- In light of economic, legal or other factors, the Group has made concessions to a borrower in financial difficulties, which would otherwise have been impossible under normal circumstances;
- The borrower is probable to be insolvent or carry out other financial restructurings;
- Due to serious financial difficulties, the financial asset cannot continue to be traded in an active market;
- There are other objective evidences that the financial asset is impaired;
- Borrowers' ability to repay their loans is in question and they cannot rely entirely on normal operational revenues to repay principal and interest. Losses may ensue even when collateral or guarantees are invoked;
- Borrowers cannot repay principal and interest in full and significant losses will need to be recognised even when collateral or guarantees are invoked;
- Only a small portion or none of the principal and interest can be recovered after taking all possible measures and exhausting all legal remedies.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

43 Financial risk management (continued)

(1) Credit risk (continued)

Impairment Assessment (continued)

Description of parameters, assumptions, and estimation techniques

ECL is measured at an amount equal to 12-month ECL or lifetime ECL depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL is the product of the Probability of Default ("PD"), Loss Given Default ("LGD"), and Exposure at Default ("EAD"), considering the time value of money. Related definitions are as follows:

- probability of default (PD): is an estimate of the likelihood of default over 12 months or lifetime horizon;
- loss given default (LGD): is the proportion of the loss arising on default to the exposure at default;
- exposure at default (EAD): is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

The assumptions underlying the ECL calculation, such as how the PDs and LGDs of different maturity profiles change are periodically monitored and reviewed by the Group. These figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

Forward-looking information contained in ECL

According to the different risk characteristics of assets, the Group divides assets into different asset groups, identifies macro indicators related to credit risks, and establishes regression models. The Group uses forward-looking information that is available without undue cost or effort and predict the macro-economic assumptions. External information includes macro-economic data, forecast information issued by government or regulatory agencies, for example, CPI, industrial value-added, RMB loans balance, etc. The Group measures PD as a weighted average of PD under optimistic, neutral and pessimistic scenarios, with the combination of the LGD of different business, the Group calculates the forward-looking adjusted ECL.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

43 Financial risk management (continued)

(1) Credit risk (continued)

Impairment Assessment (continued)

Collateral and other credit enhancements

The amount and type of collateral required depend on the assessment of the credit risk of the counterparty. Guidelines are in place specifying the types of collateral and valuation parameters which can be accepted.

Reverse repurchase business is mainly collateralized by bills or bonds. As part of the reverse repurchase agreements, the Group has received securities that it is allowed to sell or repledge in the absence of default by their owners.

Corporate loans and discounted bills are mainly collateralized/pledged by properties or other assets. As at December 31, 2021, the carrying value (before deduction of expected credit loss) of corporate loans and discounted bills amounted to RMB163,125.08 million (December 31, 2020: RMB144,077.71 million), of which credit exposure covered by collateral/pledge amounted to RMB89,462.05 million (December 31, 2020: RMB85,282.08 million).

Retail loans are mainly collateralised by residential properties. As at December 31, 2021, the carrying value (before deduction of expected credit loss) of retail loans amounted to RMB86,589.40 million (December 31 2020: RMB66,362.30 million), of which credit exposure covered by collateral amounted to RMB52,839.82 million (December 31, 2020: RMB39,451.99 million).

Management monitors the market value of collateral periodically and requests additional collateral in accordance with the underlying agreement when it is considered necessary.

It is the Group's policy to dispose of repossessed assets in an orderly manner. In general, the Group does not occupy repossessed assets for business use.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

43 Financial risk management (continued)

(1) Credit risk (continued)

As at December 31, 2021, the Group's credit risk stages of financial instruments are as follows:

(i) Financial assets measured at amortised cost

	Gross carrying amount				Provision for expected credit losses			
	Lifet ime		Lifet ime		Lifet ime		Lifet ime	
	12-month ECL	not credit- impaired	ECL credit- impaired	Total	12-month ECL	not credit- impaired	ECL credit- impaired	Total
Balances with the central bank	35,172,884	-	-	35,172,884	-	-	-	-
Deposits with banks and other financial institutions	2,696,279	-	-	2,696,279	(795)	-	-	(795)
Financial assets held under resale agreements	19,389,978	-	-	19,389,978	(5,171)	-	-	(5,171)
Financial investments	84,846,991	3,333,443	6,745,546	94,925,980	(275,645)	(433,418)	(3,228,940)	(3,938,003)
Loans and advances to customers	212,492,476	6,412,560	6,539,511	225,444,547	(2,881,267)	(1,074,085)	(3,576,059)	(7,531,411)
Total	354,598,608	9,746,003	13,285,057	377,629,668	(3,162,878)	(1,507,503)	(6,804,999)	(11,475,380)

In 2021, the amount of expected credit losses of loans and advances to customers of the Group increased, which is because the amount of gross carrying amount of loans and advances to customers has increased.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

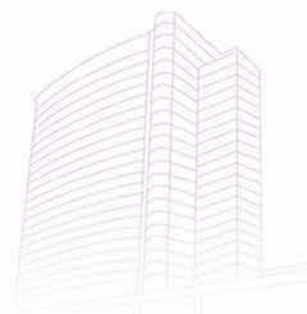
43 Financial risk management (continued)

(1) Credit risk (continued)

(ii) Financial assets measured at FVOCI

As at December 31, 2021

	Gross carrying amount			Provision for expected credit losses				
	12-month ECL	not credit- impaired	Lifetime ECL	12-month ECL		Lifetime ECL		Total
				not credit- impaired	credit- impaired	not credit- impaired	credit- impaired	
Financial investments	34,458,144	-	-	-	(7,362)	-	-	(7,362)
Loans and advances to customers	25,025,248	-	-	(12,500)	-	-	-	(12,500)
Total	59,483,392	-	-	(19,862)	-	-	-	(19,862)



Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

43 Financial risk management (continued)

(1) Credit risk (continued)

As at December 31, 2020, the Group's credit risk stages of financial instruments are as follows:

(i) Financial assets measured at amortised cost

	As at December 31, 2020					
	Gross carrying amount			Provision for expected credit losses		
	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
Balances with the central bank	38,223,957	-	38,223,957	-	-	-
Deposits with banks and other financial institutions	2,015,290	-	2,015,290	(671)	-	(671)
Financial assets held under resale agreements	13,453,029	-	13,453,029	(5,202)	-	(5,202)
Financial investments	79,397,742	5,598,964	88,122,515	(468,200)	(2,032,913)	(3,273,675)
Loans and advances to customers	176,274,946	2,527,356	182,357,987	(2,939,858)	(1,940,454)	(5,221,758)
Total	309,364,964	8,126,320	324,172,778	(3,413,931)	(3,973,367)	(8,501,306)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

43 Financial risk management (continued)

(1) Credit risk (continued)

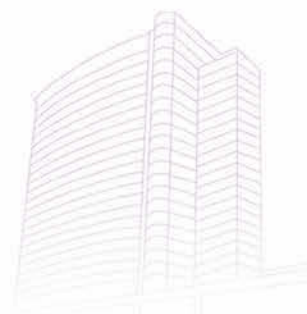
(ii) Financial assets measured at FVOCI

As at December 31, 2020									
Gross carrying amount					Provision for expected credit losses				
	Lifetime		Lifetime		Total	Lifetime		Lifetime	
	12-month	ECL	ECL	12-month		ECL	ECL	credit-	
		not credit-	credit-			not credit-	credit-		
		ECL	impaired			impaired	impaired		impaired
Financial investments	31,010,460	-	-	-	31,010,460	(8,388)	-	-	(8,388)
Loans and advances to customers	28,521,966	-	-	-	28,521,966	(197,458)	-	-	(197,458)
Total	59,532,426	-	-	-	59,532,426	(205,846)	-	-	(205,846)

(a) Rescheduled loans and advances

Rescheduled loans and advances arise from rescheduling or deferring the repayment terms mainly representing offering lower interest rate or extending payment schedule. Rescheduled loans and advances are under continuous monitoring by the Group.

Contractual amount of rescheduled loans and advances for the Group as at December 31, 2021 and 2020 amounted to RMB6,598.40 million and RMB5,431.00 million respectively, among which loans and advances overdue for more than 90 days amounted to RMB543.00 million and RMB122.00 million respectively.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

43 Financial risk management (continued)

(1) Credit risk (continued)

Debt instruments

Debt instruments are referenced to ratings from major rating agencies where the issuers of the securities are located.

Debt instruments are analysed by credit rating as follows:

	As at December 31, 2021			
	Financial investments at FVTPL	Financial investments at FVOCI	Financial investments at amortized cost	Total
AAA	238,796	12,061,539	25,084,735	37,385,070
AA+-AA-	332,381	1,580,880	7,986,168	9,899,429
C	–	–	16,604	16,604
Unrated (Note)	5,021	20,815,725	40,428,075	61,248,821
Total	576,198	34,458,144	73,515,582	108,549,924

	As at December 31, 2020			
	Financial investments at FVTPL	Financial investments at FVOCI	Financial investments at amortized cost	Total
AAA	309,704	8,325,796	16,853,251	25,488,751
AA+-AA-	843,257	2,847,701	14,601,069	18,292,027
C	–	–	56,485	56,485
Unrated (Note)	–	19,836,963	25,234,037	45,071,000
Total	1,152,961	31,010,460	56,744,842	88,908,263

Note: The unrated debt securities mainly consist of investment and trading securities issued by the Ministry of Finance, PBOC, policy banks which are creditworthy issuers in the market but are not rated by independent rating agencies.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

43 Financial risk management (continued)

(2) Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due. This may arise from cash flow or maturity mismatches of assets and liabilities.

Risk Management Department manages the Group's liquidity risk via:

- Setting target ratio on assets and liabilities structure in accordance with the regulatory requirements and business plan;
- Maintaining stability of deposit base; and
- Making advanced projection on future cash flows and evaluating the appropriate current assets position.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

43 Financial risk management (continued)

(2) Liquidity risk (continued)

Analysis of the remaining maturity of assets and liabilities

The tables below summarize the maturity analysis of assets and liabilities by remaining contractual maturities at the end of each reporting period.

As at December 31, 2021

	Past due/ indefinite Note(a)/(b)/(c)	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	over 5 years	Total
Assets								
Cash and balances with the central bank	27,285,347	8,387,638	-	-	-	-	-	35,672,985
Deposits with banks and other financial institutions	-	2,185,717	-	319,347	190,420	-	-	2,695,484
Financial assets held under resale agreements	-	-	19,186,207	198,600	-	-	-	19,384,807
Loans and advances to customers	3,081,582	55,270	17,279,046	18,739,319	82,601,058	69,494,017	51,688,092	242,938,384
Financial investments	3,834,390	11,681,858	3,537,956	4,863,298	18,649,426	65,718,023	38,990,386	147,275,337
Others	11,195,978	298,688	309,250	24,841	634,360	1,019,579	53,290	13,535,986
Total assets	45,397,297	22,609,171	40,312,459	24,145,405	102,075,264	136,231,619	90,731,768	461,502,983
Liabilities								
Borrowings from the central bank	-	-	1,337,108	3,328,018	20,700,112	-	-	25,365,238
Deposits from banks and other financial institutions	-	3,507,721	1,168,284	2,448,360	6,415,876	-	-	13,540,241
Placements from banks and other financial institutions	-	-	-	200,346	3,412,563	1,803,111	-	5,416,020
Financial assets sold under repurchase agreements	-	-	989,154	-	-	-	-	989,154
Customer deposits	-	150,300,012	4,745,261	8,287,305	31,647,658	147,131,971	2,738,915	344,851,122
Debt securities issued	-	-	2,257,037	8,738,593	17,451,166	-	3,000,000	31,446,796
Lease liabilities	-	-	9,925	8,972	67,814	214,979	63,908	365,598
Others	1,659,266	2,456,323	-	-	-	-	-	4,115,589
Total liabilities	1,659,266	156,264,056	10,506,769	23,011,594	79,695,189	149,150,061	5,802,823	426,089,758
Long/(short) position	43,738,031	(133,654,885)	29,805,690	1,133,811	22,380,075	(12,918,442)	84,928,945	35,413,225

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

43 Financial risk management (continued)

(2) Liquidity risk (continued)

Analysis of the remaining maturity of assets and liabilities (continued)

		As at December 31, 2020						
		Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	over 5 years
		Note(a)/(b)/(c)						Total
Assets								
Cash and balances with the central bank		34,921,510	3,819,412	-	-	-	-	38,740,922
Deposits with banks and other financial institutions		-	1,270,317	246,413	296,871	201,018	-	2,014,619
Financial assets held under resale agreements		-	-	13,447,827	-	-	-	13,447,827
Loans and advances to customers		1,661,627	6,923	15,040,270	18,260,128	68,245,590	56,608,868	45,834,789
Financial investments		1,670,879	17,445,579	1,003,865	4,790,494	15,667,552	67,109,670	38,259,042
Others		7,520,800	687,570	683,069	13,187	521,546	502,489	9,985,488
Total assets		45,774,816	23,229,801	30,421,444	23,360,680	84,635,706	124,221,027	415,794,132
Liabilities								
Borrowings from the central bank		-	-	820,466	6,627,293	12,689,360	-	20,137,119
Deposits from banks and other financial institutions		-	1,232,587	1,094,430	2,285,694	4,511,394	-	9,124,105
Placements from banks and other financial institutions		-	-	-	956,051	6,453,416	-	7,409,467
Financial assets sold under repurchase agreements		-	-	8,331,383	-	-	-	8,331,383
Customer deposits		-	140,453,334	12,545,284	15,878,408	40,583,299	104,343,227	1,132 313,804,684
Debt securities issued		-	-	1,208,111	4,449,607	17,976,422	-	3,000,000 26,634,140
Lease liabilities		-	-	7,411	9,318	53,293	204,334	79,146 353,502
Others		1,284,724	2,085,462	-	-	-	-	3,370,186
Total liabilities		1,284,724	143,771,383	24,007,085	30,206,371	82,267,184	104,547,561	3,080,278 389,164,586
Long/(short) position		44,490,092	(120,541,582)	6,414,359	(6,845,691)	2,368,522	19,673,466	81,070,380 26,629,546



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For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

43 Financial risk management (continued)

(2) Liquidity risk (continued)

Analysis of the remaining maturity of assets and liabilities (continued)

- (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 impairment but overdue within one month are classified into the category of repayable on demand.*
- (c) *Financial investments comprise financial investments at amortised 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.*

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For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

43 Financial risk management (continued)

(2) Liquidity risk (continued)

Analysis of the undiscounted contractual cash flows

The tables below present the cash flows of non-derivatives financial assets and financial liabilities by remaining contractual maturities at the end of reporting period. The amounts disclosed in the tables are the undiscounted contractual cash flows.

As at December 31, 2021

	Carrying amount	Contractual undiscounted cash flow	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	over 5 years
Financial assets									
Cash and balances with the central bank	35,672,985	35,672,985	27,285,347	8,387,638	-	-	-	-	-
Deposits with banks and other financial institutions	2,695,484	2,703,172	-	2,185,717	-	321,524	195,931	-	-
Financial assets held under resale agreements	19,384,807	19,401,737	-	-	19,201,496	200,241	-	-	-
Loans and advances to customers	242,938,384	289,021,484	3,578,914	55,270	17,318,713	18,867,601	85,340,369	81,489,950	82,370,667
Financial investments	147,275,337	168,144,486	3,896,451	11,681,858	3,598,799	5,270,824	21,441,978	77,847,189	44,407,387
Others	2,021,236	2,021,236	1,297	298,688	301,898	10,453	574,133	818,404	16,363
Total financial assets	449,988,233	516,965,100	34,762,009	22,609,171	40,420,906	24,670,643	107,552,411	160,155,543	126,794,417
Financial liabilities									
Borrowings from the central bank	25,365,238	25,558,262	-	-	1,337,136	3,328,072	20,893,054	-	-
Deposits from banks and other financial institutions	13,540,241	13,744,953	-	3,507,721	1,183,491	2,495,073	6,558,668	-	-
Placements from banks and other financial institutions	5,416,020	5,531,575	-	-	-	201,676	3,452,327	1,877,572	-
Financial assets sold under repurchase agreements	989,154	989,434	-	-	989,434	-	-	-	-
Customer deposits	344,851,122	357,492,955	-	150,300,012	5,158,318	9,085,409	34,852,868	155,004,223	3,092,125
Debt securities issued	31,446,796	32,835,450	-	-	2,335,000	8,780,000	17,704,350	677,400	3,338,700
Lease liabilities	365,598	437,686	-	-	11,935	12,317	82,969	253,697	76,768
Others	1,130,646	1,130,646	-	1,130,646	-	-	-	-	-
Total financial liabilities	423,104,815	437,720,961	-	154,938,379	11,015,314	23,902,547	83,544,236	157,812,892	6,507,593
Long/(short) position	26,883,418	79,244,139	34,762,009	(132,329,208)	29,405,592	768,096	24,008,175	2,342,651	120,286,824

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For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

43 Financial risk management (continued)

(2) Liquidity risk (continued)

Analysis of the undiscounted contractual cash flows (continued)

		As at December 31, 2020							
		Carrying amount	Contractual undiscounted cash flow	Past due/indefinite	On demand	Less than 1 month	3 months	12 months	over 5 years
Financial assets									
Cash and balances with the central bank	38,740,922	38,740,922	38,740,922	34,921,510	3,819,412	-	-	-	-
Deposits with banks and other financial institutions	2,014,619	2,019,500	-	-	1,270,317	247,352	296,971	204,860	-
Financial assets held under resale agreements	13,447,827	13,453,029	-	-	-	13,453,029	-	-	-
Loans and advances to customers	205,658,195	246,111,507	2,103,099	6,923	15,071,193	18,385,333	66,795,320	73,356,361	-
Financial investments	145,947,081	168,939,691	1,677,379	17,445,579	1,086,635	5,872,605	80,527,102	43,648,040	-
Others	2,153,590	2,153,590	2,893	687,570	676,329	-	-	318,443	-
Total financial assets	407,962,234	471,418,239	38,704,881	23,229,801	30,534,528	24,554,909	89,748,854	147,640,865	117,004,401
Financial liabilities									
Borrowings from the central bank	20,137,119	20,306,390	-	-	821,073	6,646,974	-	-	-
Deposits from banks and other financial institutions	9,124,105	9,272,797	-	1,232,587	1,115,558	2,323,984	-	-	-
Placements from banks and other financial institutions	7,409,467	7,490,103	-	-	-	961,348	-	-	-
Financial assets sold under repurchase agreements	8,331,383	8,332,777	-	-	8,332,777	-	-	-	-
Customer deposits	313,804,684	322,284,384	-	140,453,334	12,890,933	16,510,904	109,524,047	1,271	-
Debt securities issued	26,634,140	27,107,605	-	-	1,285,000	4,450,000	6,774	3,005,081	-
Lease liabilities	353,502	413,264	-	-	8,884	12,186	238,126	89,168	-
Others	928,952	928,952	-	928,952	-	-	-	-	-
Total financial liabilities	386,723,352	396,136,272	-	142,614,873	24,454,225	30,905,396	85,297,311	109,768,947	3,095,520
Long/(short) position	21,238,882	75,281,967	38,704,881	(119,385,072)	6,080,303	(6,350,487)	4,451,543	37,871,918	113,908,881

Assets available to meet all of the liabilities include cash, balances with the central bank, deposits with banks and other financial institutions, placements with banks and other financial institutions, and Financial investments. In the normal course of business, the majority of customer deposits repayable on demand are expected to be revolved.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

43 Financial risk management (continued)

(2) Liquidity risk (continued)

Analysis of off-balance sheet items

Off-balance sheet items of the Group mainly include credit commitments. The tables below set forth the amounts of the off-balance sheet credit commitments by remaining maturity.

	As at December 31, 2021			Total
	Less than 1 year	1 to 5 years	Over 5 years	
Unused credit card commitments	16,835,328	–	–	16,835,328
Letters of credit	13,351,825	–	–	13,351,825
Letters of guarantee	11,448,940	5,623,789	300,000	17,372,729
Acceptances	49,976,563	–	–	49,976,563
Total	91,612,656	5,623,789	300,000	97,536,445

	As at December 31, 2020			Total
	Less than 1 year	1 to 5 years	Over 5 years	
Unused credit card commitments	9,583,438	–	–	9,583,438
Letters of credit	8,858,398	–	–	8,858,398
Letters of guarantee	5,721,710	6,276,906	1,254	11,999,870
Acceptances	35,207,251	–	–	35,207,251
Total	59,370,797	6,276,906	1,254	65,648,957



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For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

43 Financial risk management (continued)

(3) Market risk

Market risk is the risk of loss, in respect of the Group's on and off-balance sheet activities, arising from adverse movements in market rates including foreign exchange rates, interest rates and stock prices.

The Group considers the market risk arising from equity price movements in respect of its trading and investment portfolios as immaterial.

The Group's foreign currency risk is the risk of loss in respect of its foreign currency exposures, arising from transactions taken on foreign currency denominated assets and liabilities, which results from movements in foreign currency exchange rates.

The Group is primarily exposed to interest rate risk arising from corporate and retail banking business and treasury business. Interest rate risk is inherent in many of its businesses and largely arises from mismatches between the re-pricing dates of interest-generating assets and those of interest-bearing liabilities.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

43 Financial risk management (continued)

(3) Market risk

Foreign currency risk

The Group conducts its businesses mainly in RMB, with certain transactions denominated in USD, HKD and, to a lesser extent other currency. Transactions in foreign currencies mainly arise from the Group's treasury exposures.

	As at December 31, 2021				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
Assets					
Cash and balances with the central bank	35,312,936	360,049	–	–	35,672,985
Deposits with banks and other financial institutions	756,004	1,638,327	178,138	123,015	2,695,484
Financial assets held under resale agreements	19,384,807	–	–	–	19,384,807
Loans and advances to customers	241,675,189	1,246,779	–	16,416	242,938,384
Financial investments	142,483,219	4,792,118	–	–	147,275,337
Others	13,535,986	–	–	–	13,535,986
Total assets	453,148,141	8,037,273	178,138	139,431	461,502,983
Liabilities					
Borrowings from the central bank	25,365,238	–	–	–	25,365,238
Deposits from banks and other financial institutions	13,216,592	313,672	–	9,977	13,540,241
Placements from banks and other financial institutions	3,801,851	1,614,169	–	–	5,416,020
Financial assets sold under repurchase agreements	989,154	–	–	–	989,154
Customer deposits	339,760,235	4,967,928	4	122,955	344,851,122
Debt securities issued	31,446,796	–	–	–	31,446,796
Others	4,450,080	31,078	1	28	4,481,187
Total liabilities	419,029,946	6,926,847	5	132,960	426,089,758
Net balance sheet position	34,118,195	1,110,426	178,133	6,471	35,413,225

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

43 Financial risk management (continued)

(3) Market risk (continued)

Foreign currency risk (continued)

	As at December 31, 2020				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
Assets					
Cash and balances with the central bank	38,617,695	107,439	15,788	–	38,740,922
Deposits with banks and other financial institutions	955,723	500,554	521,151	37,191	2,014,619
Financial assets held under resale agreements	13,447,827	–	–	–	13,447,827
Loans and advances to customers	204,664,851	858,018	–	135,326	205,658,195
Financial investments	140,889,071	5,058,010	–	–	145,947,081
Others	9,985,488	–	–	–	9,985,488
Total assets	408,560,655	6,524,021	536,939	172,517	415,794,132
Liabilities					
Borrowings from the central bank	20,137,119	–	–	–	20,137,119
Deposits from banks and other financial institutions	8,142,317	981,788	–	–	9,124,105
Placements from banks and other financial institutions	3,769,402	3,599,945	–	40,120	7,409,467
Financial assets sold under repurchase agreements	8,331,383	–	–	–	8,331,383
Customer deposits	312,436,511	927,090	316,695	124,388	313,804,684
Debt securities issued	26,634,140	–	–	–	26,634,140
Others	3,686,253	37,013	422	–	3,723,688
Total liabilities	383,137,125	5,545,836	317,117	164,508	389,164,586
Net balance sheet position	25,423,530	978,185	219,822	8,009	26,629,546

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

43 Financial risk management (continued)

(3) Market risk (continued)

Foreign currency risk (continued)

The table below indicates the potential effect of a 10% appreciation or depreciation of foreign currency exchange rates against RMB on net profit.

	2021 Increase/ (decrease) in net profit	2020 Increase/ (decrease) in net profit
10% appreciation	97,127	90,451
10% depreciation	(97,127)	(90,451)

The impact on net profit arises from the effects of movement in exchange rates on the net positions of foreign currency monetary assets and monetary liabilities. Changes in foreign currency exchange rate will affect other comprehensive income.

The effect on net profit is calculated based on the assumption that the Group's net foreign currency exposure at the end of each reporting period remains unchanged. The Group mitigates its foreign currency risk through active management of its foreign currency exposures, based on the management expectation of future foreign currency movements, and therefore the above sensitivity analysis may differ from the actual situation.





Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

43 Financial risk management (continued)

(3) Market risk (continued)

Interest rate risk

The interest rate risk of the Group arises from the mismatches between contractual maturities or re-pricing of interest-generating assets and interest-bearing liabilities. The interest-generating assets and interest-bearing liabilities of the Group are mainly denominated in RMB. The PBOC establishes RMB benchmark interest rates which serve as references for commercial banks.

The Group manages its interest rate risk by:

- Regularly monitoring the macro-economic factors that may impact the PBOC benchmark interest rates;
- Minimizing the mismatches between contractual maturities or re-pricing of interest-generating assets and interest-bearing liabilities; and
- Enhancing the interest rate margin between the interest-generating assets and interest-bearing liabilities with reference to the prevailing PBOC benchmark interest rates.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

43 Financial risk management (continued)

(3) Market risk (continued)

Interest rate risk (continued)

The tables below summarize the contractual maturity or re-pricing date, whichever is earlier, of the Group's financial assets and financial liabilities.

	As at December 31, 2021					
	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
Assets						
Cash and balances with the central bank	34,461,250	–	–	–	1,211,735	35,672,985
Deposits with banks and other financial institutions	2,499,533	190,000	–	–	5,951	2,695,484
Financial assets held under resale agreements	19,380,540	–	–	–	4,267	19,384,807
Loans and advances to customers	101,235,910	111,199,717	21,317,195	8,430,239	755,323	242,938,384
Financial investments	19,011,519	17,729,002	65,720,865	38,990,386	5,823,565	147,275,337
Others	–	–	–	–	13,535,986	13,535,986
Total assets	176,588,752	129,118,719	87,038,060	47,420,625	21,336,827	461,502,983
Liabilities						
Borrowings from the central bank	4,657,886	20,668,266	–	–	39,086	25,365,238
Deposits from banks and other financial institutions	7,173,849	6,270,384	–	–	96,008	13,540,241
Placements from banks and other financial institutions	200,000	3,406,676	1,800,000	–	9,344	5,416,020
Financial assets sold under repurchase agreements	989,000	–	–	–	154	989,154
Customer deposits	159,544,924	31,036,475	144,290,542	2,686,020	7,293,161	344,851,122
Debt securities issued	10,995,351	17,339,832	–	3,000,000	111,613	31,446,796
Lease liabilities	18,897	67,814	214,979	63,908	–	365,598
Others	–	–	–	–	4,115,589	4,115,589
Total liabilities	183,579,907	78,789,447	146,305,521	5,749,928	11,664,955	426,089,758
Total interest sensitivity gap	(6,991,155)	50,329,272	(59,267,461)	41,670,697	9,671,872	35,413,225

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

43 Financial risk management (continued)

(3) Market risk (continued)

Interest rate risk (continued)

	As at December 31, 2020					
	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
Assets						
Cash and balances with the central bank	37,218,160	-	-	-	1,522,762	38,740,922
Deposits with banks and other financial institutions	1,812,558	200,000	-	-	2,061	2,014,619
Financial assets held under resale agreements	13,446,255	-	-	-	1,572	13,447,827
Loans and advances to customers	84,736,704	84,361,542	24,543,536	11,576,473	439,940	205,658,195
Financial investments	22,949,913	14,758,568	67,760,408	38,259,042	2,219,150	145,947,081
Others	-	-	-	-	9,985,488	9,985,488
Total assets	160,163,590	99,320,110	92,303,944	49,835,515	14,170,973	415,794,132
Liabilities						
Borrowings from the central bank	7,446,860	12,687,866	-	-	2,393	20,137,119
Deposits from banks and other financial institutions	4,572,967	4,472,522	-	-	78,616	9,124,105
Placements from banks and other financial institutions	952,490	6,429,380	-	-	27,597	7,409,467
Financial assets sold under repurchase agreements	8,330,291	-	-	-	1,092	8,331,383
Customer deposits	166,087,636	39,979,892	102,791,814	1,113	4,944,229	313,804,684
Debt securities issued	5,639,135	17,848,582	-	3,000,000	146,423	26,634,140
Lease liabilities	16,729	53,293	204,334	79,146	-	353,502
Others	-	-	-	-	3,370,186	3,370,186
Total liabilities	193,046,108	81,471,535	102,996,148	3,080,259	8,570,536	389,164,586
Total interest sensitivity gap	(32,882,518)	17,848,575	(10,692,204)	46,755,256	5,600,437	26,629,546

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For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

43 Financial risk management (continued)

(3) Market risk (continued)

Interest rate risk (continued)

The following table illustrates the potential impact of a parallel upward or downward shift of 100 basis points in RMB's yield curve on the net interest income and other comprehensive income, based on the Group's position of interest-generating assets and interest-bearing liabilities excluding current deposits at the end of each reporting period.

	2021		2020	
	Net interest income	Other comprehensive income	Net interest income	Other comprehensive income
+100 basis points	96,202	(1,107,517)	(260,497)	(953,261)
- 100 basis points	(96,194)	1,203,389	261,375	1,033,865

The sensitivity analysis on net interest income is carried out based on reasonably possible changes in interest rates in the coming year with the assumption that the structure of financial assets and financial liabilities (except current deposits) held at the end of the reporting period remain unchanged.

The sensitivity analysis on other comprehensive income is the effect on changes of fixed rate Financial investments measured at FVOCI at the end of each reporting period after adjusting for reasonably possible changes in interest rates.



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For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

43 Financial risk management (continued)

(4) Operational risk

Operational risk refers to the risk arising from inadequate or failed internal control procedures, personnel and information technology systems, or external events. The primary operational risks the Group faces include internal and external frauds, worksite safety failures, business interruptions and failure in the information technology system.

The Board of Directors is ultimately responsible for the Group's operational risk management. The Group's senior management leads the group-wide operational risk management on a day-to-day basis. The Group has established "three lines of defenses" to manage operational risk on an end-to-end basis. The business lines and functions are the first line of defense against operational risks, taking direct responsibilities for operational risk management. The legal and compliance department is the second line of defense against operational risks, responsible for the establishment of operational risk management policies and procedures and the coordination, support and supervision of operational risk management. The internal audit department is the third line of defense against operational risk, responsible for evaluating the adequacy and effectiveness of operational risk management policies and procedures and assessing the Group's internal control system and compliance.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Fair value of financial instruments

Certain financial assets and financial liabilities of the Group are measured at fair value at the end of each reporting period. Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described below:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).



Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Fair value of financial instruments (continued)

The following tables give the information about how the fair values of these financial assets and financial liabilities are categorized and determined, in particular, the valuation technique(s) and input(s) used.

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

	As at December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial investments measured at FVTPL				
– Debt securities	–	576,198	–	576,198
– Fund investments	–	11,681,858	–	11,681,858
– Equity investments	20,064	–	237,492	257,556
– Trust beneficiary rights and asset management plans	–	–	4,385,091	4,385,091
– Others	–	–	4,928,513	4,928,513
Financial investments measured at FVOCI				
– Debt securities	–	34,458,144	–	34,458,144
Loans and advances to customers measured at FVOCI	–	25,025,248	–	25,025,248
Total	20,064	71,741,448	9,551,096	81,312,608

	As at December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial investments measured at FVTPL				
– Debt securities	–	1,152,961	–	1,152,961
– Fund investments	–	14,947,043	–	14,947,043
– Equity investments	14,690	–	241,806	256,496
– Trust beneficiary rights and asset management plans	–	–	8,331,349	8,331,349
– Wealth management products	–	–	207,620	207,620
– Others	–	–	5,192,312	5,192,312
Financial investments measured at FVOCI				
– Debt securities	–	31,010,460	–	31,010,460
Loans and advances to customers measured at FVOCI	–	28,521,966	–	28,521,966
Total	14,690	75,632,430	13,973,087	89,620,207

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Fair value of financial instruments (continued)

There were no transfers between Level 1 and Level 2 during the year ended December 31, 2021 and 2020.

Financial assets at FVTPL and financial assets at FVOCI are stated at fair value by reference to the quoted market prices when available.

If quoted market prices are not available, fair values are estimated on the basis of discounted cash flows or other pricing models. For debt securities, the fair values of bonds are determined based on the valuation results provided by China Central Depository Trust & Clearing Co., Ltd., which are determined based on a valuation technique for which all significant inputs are observable market data. For wealth management products, the fair value is measured by discounted cash flow model with main inputs as interest rates, credit spread which are substantively based on observable market data and/or obtainable from active open market.

For the investment funds, the fair value is measured based on the observable quoted price of the underlying investment portfolio in active market.

The fair value of loans and advances to customers at FVOCI in Mainland China are categorized as Level 2. Based on the different credit risk, the Group uses the transaction interest rate of rediscounted bills announced by the Shanghai Commercial Paper Exchange as the basis for calculating the fair value of discounted bills.

For Level 3 financial assets, the Group adopts the discounted cash flow method or other valuation methods to determine the fair value. The fair value of debt securities type of financial assets is measured by the expected discounted cash flows with unobservable input of discount rate reflecting the credit risk of debtors, and the fair value of equity securities type of financial assets are measured by market comparison approach with unobservable input of discount for lack of marketability.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Fair value of financial instruments (continued)

Reconciliation of Level 3 fair value measurements of financial assets is as follows:

	Financial investments measured at FVTPL	Financial investments measured at FVOCI
As at January 1, 2021	13,973,087	–
Total gains		
– In profit or loss	1,975,876	–
Purchases	–	–
Disposals and settlement on maturity	(6,397,867)	–
As at December 31, 2021	9,551,096	–
Total unrealized gains or losses included in the consolidated statement of profit or loss for assets held at the end of the reporting period	(323,131)	–

	Financial investments measured at FVTPL	Financial investments measured at FVOCI
As at January 1, 2020	19,928,000	142,455
Total gains		
– In profit or loss	5,540,405	–
Purchases	1,350,000	–
Disposals and settlement on maturity	(12,845,318)	(142,455)
As at December 31, 2020	13,973,087	–
Total unrealized gains or losses included in the consolidated statement of profit or loss for assets held at the end of the reporting period	(7,243)	–

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Fair value of financial instruments (continued)

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

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.

	As at December 31, 2021		As at December 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Debt securities measured at amortised cost	67,281,535	66,800,996	56,744,842	55,588,823
Financial liabilities				
Debt securities issued	31,446,796	31,015,494	26,634,140	26,339,866



Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Fair value of financial instruments (continued)

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (continued)

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:

Financial assets/ financial liabilities	Fair value as at December 31,		Valuation technique(s) and key input(s)	Significant unobservable input(s)
	2021	2020		
Financial investments at FVTPL				
- Unlisted equity investments	237,492	241,806	Market approach. Fair value determined by reference to price to earnings ratio of comparable companies after considering the discount for lack of marketability.	Price to earnings ratio, Discount for lack of marketability
- Trust beneficiary rights and asset management plans	4,385,091	8,331,349	Discounted cash flows. Future cash flows are discounted using the discount rates with reference to the PBOC benchmark interest rates and credit spread for specific borrowers.	Discount rate, Future Cash Flow
- Wealth management products	-	207,620	Discounted cash flows. Future cash flows are discounted using the discount rates with reference to the PBOC benchmark interest rates and credit spread for specific borrowers.	Discount rate, Future Cash Flow
- Other investments	4,928,513	5,192,312	Discounted cash flows. Future cash flows are discounted using the discount rates with reference to the PBOC benchmark interest rates and credit spread for specific borrowers.	Discount rate, Future Cash Flow

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

45 Particulars of principal subsidiaries

Details of the Bank's principal subsidiaries as at December 31, 2021 and 2020 are set out below:

Name of entity	Place of incorporation/ registration and operations	Date of incorporation/ establishment	Authorized/ paid-in capital as at December 31, 2021	Proportion of ownership held by the Group		Proportion of voting rights held by the Group		Principal activities	Type of entity
				As at December 31, 2021 %	As at December 31, 2020 %	As at December 31, 2021 %	As at December 31, 2020 %		
Xiushui Jiuyin County Bank LLC.	Jiangxi, PRC	December 2007	40,000	51.00	51.00	56.85	56.85	Commercial bank	Limited liability Company
Beijing Daxing Jiuyin County Bank Co., Ltd. (i)	Beijing, PRC	May 2010	220,000	45.00	45.00	53.00	53.00	Commercial bank	Joint Stock Company
Jinggangshan Jiuyin County Bank LLC. (i)	Jiangxi, PRC	March 2010	64,274	41.00	41.00	58.33	58.33	Commercial bank	Limited liability Company
Rizhao Jiuyin County Bank Co., Ltd.	Shandong, PRC	November 2011	50,000	51.00	51.00	51.00	51.00	Commercial bank	Joint Stock Company
Nanjing Liuhe Jiuyin County Bank Co., Ltd.	Jiangsu, PRC	December 2011	100,000	51.00	51.00	56.00	56.00	Commercial bank	Joint Stock Company
Nanchang Changdong Jiuyin County Bank Co., Ltd.	Jiangxi, PRC	October 2012	50,000	51.00	51.00	51.00	51.00	Commercial bank	Joint Stock Company
Pengze Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	December 2015	50,000	35.00	35.00	54.00	54.00	Commercial bank	Joint Stock Company
Ruichang Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	December 2015	50,000	35.00	35.00	53.70	53.70	Commercial bank	Joint Stock Company
Zixi Jiuyin County Bank Co., Ltd. (ii)	Jiangxi, PRC	April 2016	40,827	68.16	35.00	77.96	54.40	Commercial bank	Joint Stock Company

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

45 Particulars of principal subsidiaries (continued)

Details of the Bank's principal subsidiaries as at December 31, 2021 and 2020 are set out below: (continued)

Name of entity	Place of incorporation/ registration and operations	Date of incorporation/ establishment	Authorized/ paid-in capital as at December 31, 2021	Proportion of ownership held by the Group		Proportion of voting rights held by the Group		Principal activities	Type of entity
				As at December 31, 2021 %	As at December 31, 2020 %	As at December 31, 2021 %	As at December 31, 2020 %		
Chongren Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	June 2016	40,000	35.00	35.00	54.90	54.90	Commercial bank	Joint Stock Company
Fenyi Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	June 2016	50,000	35.00	35.00	54.90	54.90	Commercial bank	Joint Stock Company
Fengxin Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	October 2016	50,000	42.21	42.21	55.00	55.00	Commercial bank	Joint Stock Company
Jing'an Jiuyin County Bank Co., Ltd. (iii)	Jiangxi, PRC	November 2016	50,898	71.22	42.21	76.25	55.00	Commercial bank	Joint Stock Company
Tonggu Jiuyin County Bank Co., Ltd. (iv)	Jiangxi, PRC	November 2016	53,090	72.00	42.21	76.82	55.00	Commercial bank	Joint Stock Company
Jingdezhen Changjiang Jiuyin County Bank Co., Ltd. (v)	Jiangxi, PRC	December 2016	61,000	53.50	42.21	61.89	55.00	Commercial bank	Joint Stock Company
Lushan Jiuyin Art County Bank Co., Ltd. (i)	Jiangxi, PRC	January 2017	30,000	42.21	42.21	55.00	55.00	Commercial bank	Joint Stock Company
Duchang Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	February 2018	50,000	50.00	50.00	52.00	52.00	Commercial bank	Joint Stock Company
Hukou Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	February 2018	50,000	50.00	50.00	52.70	52.70	Commercial bank	Joint Stock Company

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

45 Particulars of principal subsidiaries (continued)

None of the subsidiaries had issued any debt securities at the end of the year.

- (i) The Bank holds no more than 50% equity interests in these subsidiaries. In accordance with the agreements to act in concert entered into by the Bank and the non-controlling shareholders, or through appointing or approving the appointment of the key management of these subsidiaries, the Bank has right to variable returns from its involvement in the relevant operations of these subsidiaries and the ability to affect the returns through the power over these subsidiaries. In the opinion of the directors of the Bank, the Bank has controls over these subsidiaries.
- (ii) In 2021, the Bank increased its capital contribution to Zixi Jiuyin County Bank Co., Ltd. by RMB20.83 million. After the increase of capital, the Bank's ownership of equity shares in the subsidiary increased to 68.16% and voting rights increased to 77.96%.
- (iii) In 2021, the Bank increased its capital contribution to Jing'an Jiuyin County Bank Co., Ltd. by RMB27.81 million. After the increase of capital, the Bank's ownership of equity shares in the subsidiary increased to 71.22% and voting rights increased to 76.25%.
- (iv) In 2021, the Bank increased its capital contribution to Tonggu Jiuyin County Bank Co., Ltd. by RMB29.78 million. After the increase of capital, the Bank's ownership of equity shares in the subsidiary increased to 72.00% and voting rights increased to 76.82%.
- (v) In 2021, the Bank increased its capital contribution to Jingdezhen Changjiang Jiuyin County Bank Co., Ltd. by RMB15.75 million. After the increase of capital, the Bank's ownership of equity shares in the subsidiary increased to 53.50% and voting rights increased to 61.89%.
- (vi) As at December 31, 2021, the Group consists of the Bank and 18 subsidiaries, and the non-controlling interests have no material interest in the group's activities and cash flows.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

46 Statement of financial position of the Bank

	As at December 31	
	2021	2020
ASSETS		
Cash and balances with the central bank	31,522,651	34,385,307
Deposits with banks and other financial institutions	2,493,025	1,701,931
Financial assets held under resale agreements	19,384,807	13,447,827
Loans and advances to customers	234,994,391	198,635,513
Financial investments	147,275,337	145,585,999
Interest in associates	129,170	126,828
Investments in subsidiaries	547,901	453,735
Right-of-use assets	296,494	283,574
Property and equipment	2,799,794	2,853,006
Deferred tax assets	3,772,771	3,005,277
Other assets	6,236,152	3,407,140
Total assets	449,452,493	403,886,137
LIABILITIES		
Borrowings from the central bank	24,672,218	19,445,456
Deposits from banks and other financial institutions	17,654,126	12,062,030
Placements from banks and other financial institutions	5,416,020	7,409,467
Financial assets sold under repurchase agreements	989,154	8,331,383
Customer deposits	330,430,777	300,575,116
Income tax payable	594,534	440,776
Debt securities issued	31,446,796	26,634,140
Lease liabilities	339,681	323,193
Provisions	638,659	521,141
Other liabilities	2,725,108	2,253,870
Total liabilities	414,907,073	377,996,572
EQUITY		
Share capital	2,407,367	2,407,367
Other equity instruments	6,997,840	–
Reserves	25,140,213	23,482,198
Total equity	34,545,420	25,889,565
Total liabilities and equity	449,452,493	403,886,137

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

47 Event after the reporting period

The Group has no material events for disclosure subsequent to the end of the reporting period.

48 Comparative figures

For financial statements disclosure purpose, the Group made reclassification adjustments to some comparative figures.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

49 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended December 31, 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 December 31, 2021 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

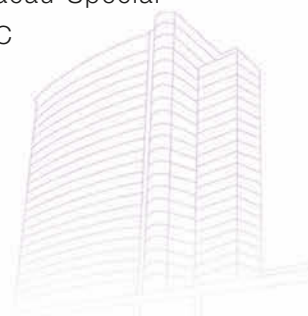
	Effective for accounting period beginning on or after
Amendments to IFRS 3, <i>Business Combinations</i> "Reference to the conceptual framework"	January 1, 2022
Amendments to IAS 16, <i>Property, Plant and Equipment</i> "Property, plant and equipment: proceeds before intended Use"	January 1, 2022
Amendments to IAS 37, <i>Provisions, Contingent Liabilities and Contingent Assets</i> "Onerous contracts – cost of fulfilling a contract"	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022
Amendments to IAS 1, <i>Classification of liabilities as current or non-current</i> "	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2, <i>Disclosure of accounting policies</i>	January 1, 2023
Amendments to IAS 8, <i>Definition of accounting estimates</i>	January 1, 2023
Amendments to IAS 12, <i>Deferred tax related to assets and liabilities arising from a single transaction</i>	January 1, 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.

Definition

In this annual report, unless the context otherwise requires, the following terms and expressions have the meanings set forth below:

“Articles of Association”	the articles of association of the Bank, the version of which was passed by the shareholders of the Bank at the first extraordinary shareholders’ meeting of 2021 on February 1, 2021 and was approved by the CBIRC Jiangxi Bureau on July 20, 2021, as the same may be amended, supplemented or otherwise modified from time to time
“Bank”, “Bank of Jiujiang”, “We” or “Group”	Bank of Jiujiang Co., Ltd. (九江銀行股份有限公司), a joint stock company incorporated on November 17, 2000 in Jiangxi Province, China with limited liability in accordance with the PRC laws and regulations and, if the context requires, includes its predecessors, subsidiaries, branches and sub-branches
“Board” or “Board of Directors”	the board of Directors of the Bank
“Board of Supervisors”	the board of Supervisors of the Bank
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會), and if the context requires, includes its predecessor China Banking Regulatory Commission (中國銀行業監督管理委員會)
“CBIRC Jiangxi Bureau” or “Jiangxi Bureau”	CBIRC Jiangxi Bureau (中國銀保監會江西監管局)
“CBRC”	former China Banking Regulatory Commission (中國銀行業監督管理委員會), currently CBIRC (中國銀保監會)
“China” or “PRC”	the People’s Republic of China, for the purpose of this annual report only, refers to Mainland China, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan of the PRC



Definition

“city commercial bank(s)”	banks with branches at municipal or higher levels created with the approval of the CBIRC pursuant to the Company Law of the PRC and the PRC Commercial Banking Law
“commercial banks”	all the banking financial institutions in the PRC other than policy banks, including the large commercial banks, the nationwide joint-stock commercial banks, city commercial banks, foreign banks and other banking financial institutions
“Company Law of the PRC” or “Company Law”	the Company Law of the PRC (中華人民共和國公司法), which was promulgated by the 5th session of the 8th Standing Committee of the National People’s Congress on December 29, 1993 and became effective on July 1, 1994, as amended, supplemented or otherwise modified from time to time
“Corporate Governance Code”	Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Hong Kong Listing Rules (amended and renamed as “Corporate Governance Code” on January 1, 2022)
“county bank(s)”	banking institution(s) incorporated with the approval of the CBIRC, pursuant to the Company Law of the PRC and the PRC Commercial Banking Law, to provide services to local growers or enterprises in rural areas
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Bank
“Domestic Shares”	ordinary shares issued by the Bank in the PRC, with a nominal value of RMB1.00 each, which are subscribed for or credited as fully paid in RMB

“H Shares”	overseas-listed shares in the share capital of the Bank, with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and for which an application has been made for listing and permission to trade on the Hong Kong Stock Exchange
“Hong Kong” or “HK”	Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRS”	International Financial Reporting Standards and International Accounting Standards (“IAS”), which include the related standards, amendments and interpretations issued by the International Accounting Standards Board (“IASB”)
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, are independent of the Bank or are not its connected persons
“Jiuyin County Banks”	18 Jiuyin County Banks controlled and consolidated by the Bank as at December 31, 2021
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Ministry of Finance”	Ministry of Finance of the PRC (中華人民共和國財政部)
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules



Definition

“related party transaction(s)”	has the meaning ascribed to it under the Measures for the Administration of Affiliated Transactions of Banking and Issuance Institutions promulgated by the CBIRC, Accounting Standards for Business Enterprises promulgated by the Ministry of Finance, and/or IFRS
“related party(ies)”	has the meaning ascribed to it under the Measures for the Administration of Affiliated Transactions of Banking and Issuance Institutions promulgated by the CBIRC, Accounting Standards for Business Enterprises promulgated by the Ministry of Finance, and/or IFRS
“reporting period”	the year from January 1, 2021 to December 31, 2021
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Supervisor(s)”	the supervisor(s) of the Bank
“USD”	United States dollars, the lawful currency of the United States of America