



JIANGXI BANK CO., LTD.

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

Annual Report 2020

江西銀行
JIANGXI BANK



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

^ For identification purpose only.

CHAPTER I CHAIRMAN'S STATEMENT



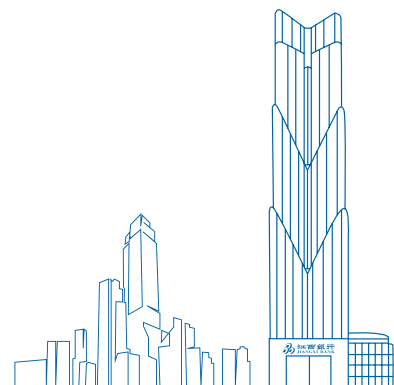
Mr. CHEN Xiaoming
Chairman

2020 was not only an extraordinary year, but also an extremely challenging year. Facing the unexpected novel coronavirus epidemic, Jiangxi Bank forged ahead through difficulties with new milestones achieved in its business development. At this moment, on behalf of Jiangxi Bank, I pay tribute to the department in charge, regulatory agencies, shareholder units, all walks of life, and extensive clients that always care about and support the development of Jiangxi Bank!

Over the past year, under the guidance of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, we thoroughly implemented a variety of deployments from the Provincial Committee and the Provincial Government, practically promoted the construction of the Party with the further enhancement of political awareness, mechanism and system of Party construction, and the further deepened comprehensive and strict Party discipline; we also adhered a great importance to the unity of the Party's leadership and corporate governance with integration of the Party's leadership into all aspects of corporate governance, thus improving

corporate governance system that was scientific and efficient.

Over the past year, we attached a great importance to the main businesses, demonstrating our commitment to ensuring "Stability and Guarantee on Six Fronts", and increased special re-lending, small loans, agriculture-related loans, poverty alleviation loans for supporting resumption of work and production for enterprises. The Bank was granted the honorary title of "the Best Small and Medium Bank of the Year in Supporting the Resumption of Production" by the Financial Times. We actively organized donations and materials for fighting epidemic and targeted poverty alleviation, and achieved poverty alleviation in all 20 targeted poverty alleviation villages, including "Xiazou Village" and "Ninghong Village", which highlighted our mission and responsibility as "Jiangxi Army in Finance".

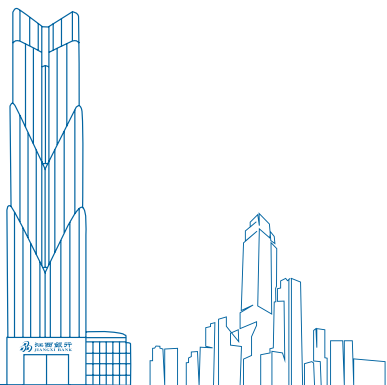


CHAPTER I CHAIRMAN'S STATEMENT

Over the past year, we promoted transformation featuring science and innovation by “empowering the finance with new technologies”. The Bank worked out “Cloud Enterprise Chain” to empower supply chain finance with block chain technology, and launched “Jiangxi Bank Micro Shop”, “WeBank platform”, thus creating a social and financial ecosystem, the Bank was granted the honorary title of “Advanced Unit in Graded Protection of Internet Security in Jiangxi Banking in 2020”. In actively responding to the strategic deployment of green success of Jiangxi, we enhanced green credit release, resulting a vigorous improvement of green development of Jiangxi's economy.

Over the past year, we focused minds to strive forward by adopting multiple improved measures of non-performing asset disposal, and continuously enhanced the optimization of internal control compliance, thus laying a solid foundation to the Jiangxi Bank's healthy development by winning the battle against financial risks and establishing and improving the long-term internal management mechanism.

The year of 2021 marks the 100th anniversary of the founding of CPC, which is not only the beginning year of “14th Five-year Plan”, but also the first year in which we embark on a new journey to build China into a modern socialist country in all respects. We are embarking a new journey for a new height. Under the strategic landscape of “dual circulation”, Jiangxi Bank will initially adopt a new phase of development by highly integrating Party conduct construction and business promotion with corporate governance, promote high-quality development featuring the optimization of structure, mechanism and work practices, and enhance quality and efficiency of serving on real economy with our hearts, emotions and efforts. We integrate into new development pattern in Jiangxi Province for high perspective, thus to provide powerful and effective financial supports for the overall development of social and people's livelihood.

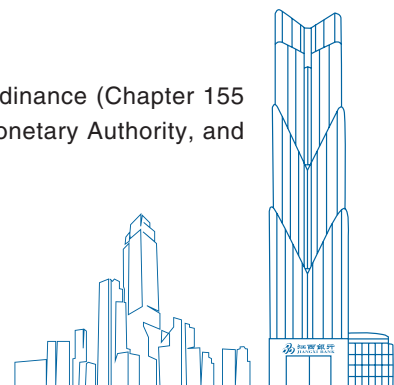


CHAPTER II COMPANY PROFILE

2.1 BASIC INFORMATION

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

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



CHAPTER II COMPANY PROFILE

2.2 COMPANY PROFILE

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

As of the end of 2020, the Group’s total assets amounted to RMB458.693 billion, the total deposits from customers was RMB315.771 billion and the net loans and advances to customers was RMB217.449 billion, and realized a total operating income of RMB10.285 billion with net profits of RMB1.905 billion during the Reporting Period. The Bank has over 5,000 in-service employees and outlets covering all cities divided into districts in Jiangxi Province, and established branches in Guangzhou and Suzhou. At the same time, the Bank initiated the establishment of the first financial leasing company in Jiangxi Province and 5 rural banks.

Since its inception, Jiangxi Bank has made rapid progress in various fields and gained wide recognition from many sectors of the society in many respects under the leadership of Jiangxi Provincial Committee and Jiangxi Provincial Government as well as the strong support from all walks of life. The highest credit rating of the Bank for domestic city commercial banks was AAA. The Bank’s tier-one capital ranked 264th in “Top 1,000 World Banks ranking in 2020” released by The Banker, a British magazine, and ranked 324th among “China Top 500 Service Companies”. Jiangxi Bank has successively received multiple awards such as “Enterprises Contributing to the Combat against the COVID-19”, “Best Small and Medium Bank to Support to Combat against the COVID-19 and Resumption of Production”, “2019 Outstanding Contribution Award for ‘Inclusive Finance Contribution’ in the new era”, “Best City Commercial Bank in Inclusive Finance”, “Advanced Unit in National Open and Democratic Management in Factory Affairs”, “Advanced Unit in Graded Protection of Internet Security in Jiangxi Banking in 2020”.

Adhering to the business philosophy of “serving local economy, serving small and medium enterprises, and serving community residents”, Jiangxi Bank built a featured financial service system covering eight fields, i.e. “corporate finance, small and micro finance, community finance, government finance, industrial park finance, lease finance, consumer finance and network finance”, as well as over 100 products represented by five types of its financial products, striving to provide clients at different levels, of different types and with different demands with high-quality, efficient, convenient and comprehensive financial services, so as to financially boost local economic and social development as well as civilians’ entrepreneurship and wealth creation. At the same time, Jiangxi Bank continued to promote innovations in terms of ideas, channels, products and technologies under the guidance of the culture of “creation”, its unique corporate culture, thus it managed to stay at the forefront of the industry in green finance, sci-tech finance and many other fields. As China’s first non-pilot bank, the Bank issued green financial bonds worth RMB8 billion, and launched the online factoring and financing business “Cloud Enterprise Chain” on the basis of combining finance and blockchain.

Looking forward, under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Bank will put the philosophy of “innovation, coordination, green, open and sharing” into effect, implement the decisions and deployments of Jiangxi Provincial Committee and Jiangxi Provincial Government, form the concept of compliance operation, strive to serve real economy, strengthen risk control, deepen reform and transformation, and aim for a first-rate city commercial bank group with coordinated and high efficiency, normalized management, distinctive features, good market influence, public recognition.



CHAPTER II COMPANY PROFILE

2.3 MAJOR AWARDS IN 2020

In January 2020, the Bank was awarded the honorary title of “Bond Business Advance Institution of 2019” in China Bond Outstanding Member Selection held by China Central Depository & Clearing Co., Ltd..

In January 2020, the Bank was awarded the honorary title of “Top 300 in Inter-bank Domestic Currency Market Transaction of 2019”, “Core Trader in Inter-bank Domestic Currency Market of 2019” and “Outstanding Trader in Currency Market of 2019” by China Foreign Exchange Trade System & National Interbank Funding Centre.

In January 2020, the Bank was awarded the honorary title of “Top 100 in China Bond Clearing for 2019”, “Excellent Proprietary Institution” and “Bond Business Advance Institution Awards” by China Central Depository & Clearing Co., Ltd..

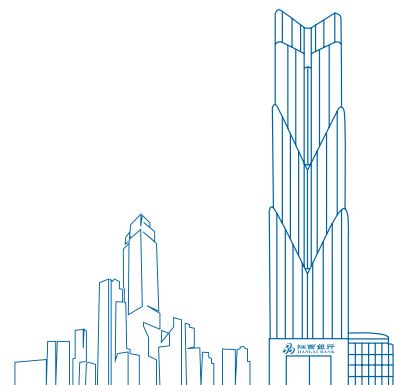
In February 2020, the Bank was awarded the honorary title of “Excellent City Commercial Bank” for banking wealth management registration of 2019 by China Banking Wealth Management Registration & Depository Co., Ltd. (銀行業理財登記託管中心有限公司).

In March 2020, the Bank ranked 35th among the “Top 100 Banks in China’s Banking Industry of 2019” released by the China Banking Association.

In June 2020, the Bank was granted the title of “Enterprises Contributing to the Combat against COVID-19” by 13 units including the Department of Industry and Information Technology of Jiangxi Province, Jiangxi Development and Reform Commission, Jiangxi Education Department, Science and Technology Department of Jiangxi Province, Department of Housing and Urban-Rural Development of Jiangxi Province, Department of Transportation of Jiangxi Province, Department of Agriculture and Rural Affairs of Jiangxi Province, Department of Commerce of Jiangxi Province, Cultural and Tourism Department of Jiangxi Province, State-owned Assets Supervision and Administration Commission of Jiangxi Province, Financial Supervisory Authority of Jiangxi Province, Jiangxi Federation of Industry and Commerce, Jiangxi Provincial Postal Administration.

In June 2020, the Bank was rated as an “Outstanding Unit in Green Credit among All Provincial Banking Institutions in 2019” by the China Insurance Regulatory Commission Jiangxi Bureau.

In June 2020, in the assessment for protection of financial consumers’ interests held by the Nanchang Central Sub-branch Office of PBOC, the Bank was awarded the honorary title of the Grade A rating for protection of financial consumers’ interests of financial institution in Jiangxi Province in 2019.



CHAPTER II COMPANY PROFILE

In July 2020, the Bank was granted the 2019 Outstanding Contribution Award for “Inclusive Finance Contribution” in the new era and the Small-Enterprise Credit Center of the Bank was granted the title of Outstanding Unit for 2019 for “Inclusive Finance Contribution” in the new era both by Jiangxi Financial Union, Jiangxi Banking Association, and Insurance Association of Jiangxi.

In October 2020, the works, jointly filmed by the Bank and the Provincial Office for the Disposal of Illegal Funding, won the first prize on the “Sealing off Money Beg to Secure Happy Home” of Tik Tok Topic Contest Activities held by the Joint Conference Office of the Department for the Disposal of Illegal Funding Office joined with China’s Insurance Quote.

In October 2020, the video of Necessity of Bearing in Mind the Ten Rules of Sealing off Money Beg prepared by the Bank won the Best Ten Works in the public service advertisement of “Sealing off Money Beg” assessment held by Nanchang Central Sub-branch of PBOC.

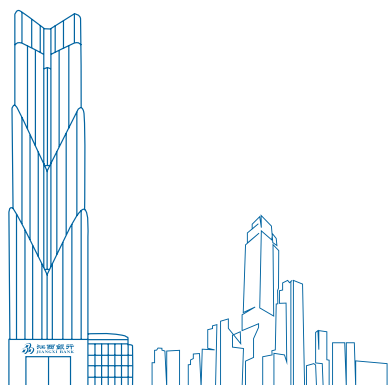
In November 2020, the Bank was granted the honorary title of “the Best Small and Medium Bank to Support to Combat against COVID-19 and Resumption of Production” by the Financial Times.

In November 2020, the Bank participated in the green project—the Ganjiang New District Green Hospital Project in Jiangxi Green Finance Labor Competition (2020) jointly held by for consistency with ACC section the Nanchang central sub-branch of PBOC, Jiangxi Federation of Trade Unions, the Jiangxi Provincial Administration for Local Financial Supervision, Jiangxi Finance Society, and was awarded the excellence prize in the Green Finance Excellent Project (2020).

In November 2020, the Bank won the first prize in the 2019 Financial Institution Supporting Local Economic Development Assessment Award in Nanchang City, Jiangxi Province.

In November 2020, the Bank was honored the title of “the Best Credit Card Innovation and Practice for the Year” awarded by the Alliance for the Development of Digital Finance (金融數字化發展聯盟).

In November 2020, in the activities of “Financial Knowledge Popularization Month, Financial Knowledge Entering Families, Striving to Be a Rational Investor, Striving to Be a Good Netizen of Finance” jointly organized and developed by PBOC, CBIRC, CSRC and the Cyberspace Administration, the Bank honored title of the “Outstanding Organizational Unit of the Joint Publicity and Education Activity”.



CHAPTER II COMPANY PROFILE

In December 2020, the Bank ranked the 10th for city commercial bank in the Top 300 of Inter-bank Domestic Currency Market Transaction in 2020 awarded by China Foreign Exchange Trade System.

In December 2020, the Bank was granted the title of “Most Distinctive Mobile Banking Function Award” jointly issued by China Financial Certification Authority (中國金融認證中心) and China E-banking Network (中國電子銀行網).

In December 2020, the Bank’s Customer Service Center performed excellently in “2020 Comprehensive Assessment of Customer Service Center and Remote Banking in Banking Industry” sponsored by China Banking Association, and has passed the special assessment of emergency management capability.

In December 2020, the video of Anti-Crime and Building Financial Defense Lines produced by the Bank was granted the title of “the Outstanding Mini-Video” on the fifth Ping An Jiangxi “Mini-Video, Mini-Picture and Mini-fiction” competition and Excellent Political and Legal Cultural Works of Political and Legal Commission.

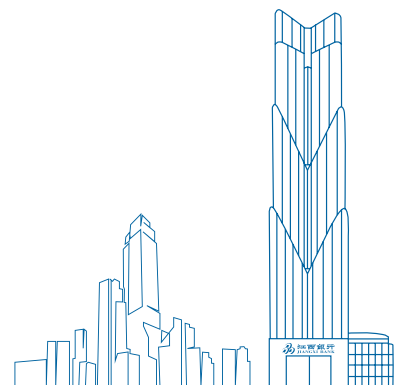
In January 2021, the Bank was granted the title of “the Most Favorite Credit Card in 2020 in Jiangxi” and “the Most Popular Credit Card in 2020 in Jiangxi”.

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

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

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

In January 2021, the Bank was granted the title of “Core Trader”, “Outstanding Trader in Currency Market”, “Award of Trading Mechanism Innovation” in Inter-bank Domestic Currency Market Transaction in 2020 awarded by the China Foreign Exchange Trade System.

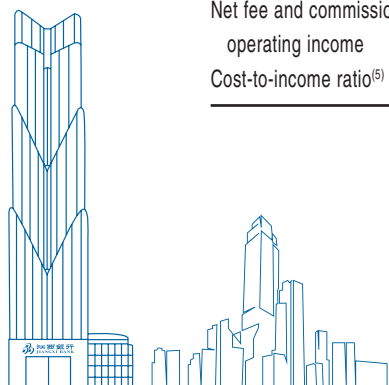


CHAPTER III SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

3.1 FINANCIAL DATA

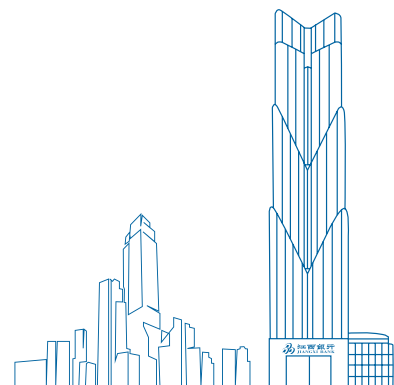
Financial information set out in this annual report has been prepared on a combined basis in accordance with International Financial Reporting Standards. Unless otherwise stated, data of the Group is denominated in RMB.

	2020	2019	The end of 2020 compared to the end of 2019	2018	2017	2016
Operating Results (in millions of RMB)			Change rate (%)			
Net interest income	9,053.68	10,744.81	(15.74)	8,915.52	7,481.10	7,826.18
Net fee and commission income	578.80	541.05	6.98	653.29	1,490.62	961.76
Operating income	10,285.45	12,952.81	(20.59)	11,350.61	9,452.27	8,984.44
Operating expenses	(3,523.78)	(3,508.05)	0.45	(3,529.63)	(3,147.38)	(2,957.63)
Impairment losses on assets	(4,284.43)	(6,489.59)	(33.98)	(4,438.37)	(2,575.80)	(3,614.49)
Profit before taxation	2,484.70	2,957.16	(15.98)	3,367.07	3,741.11	2,413.44
Profit for the year	1,904.94	2,109.16	(9.68)	2,771.27	2,914.82	1,677.87
Profit attributable to equity Shareholders of the Bank	1,859.17	2,050.59	(9.33)	2,733.56	2,865.22	1,637.35
Per share (in RMB)			Change rate (%)			
Net assets per share attributable to equity Shareholders of the Bank	5.85	5.72	2.27	5.35	4.85	4.41
Basic and diluted earnings per share	0.31	0.34	(8.82)	0.51	0.61	0.35
Indicators for profitability(%)			Change			
Average return on total assets ⁽¹⁾	0.42%	0.48%	(0.06%)	0.70%	0.85%	0.64%
Average return on equity ⁽²⁾	5.33%	6.15%	(0.82%)	9.95%	13.12%	8.19%
Net interest spread ⁽³⁾	2.07%	2.56%	(0.49%)	2.09%	2.19%	2.85%
Net interest margin ⁽⁴⁾	2.10%	2.62%	(0.52%)	2.31%	2.26%	3.05%
Net fee and commission income to operating income	5.63%	4.18%	1.45%	5.76%	13.13%	10.70%
Cost-to-income ratio ⁽⁵⁾	32.96%	26.08%	6.88%	30.48%	32.18%	29.75%



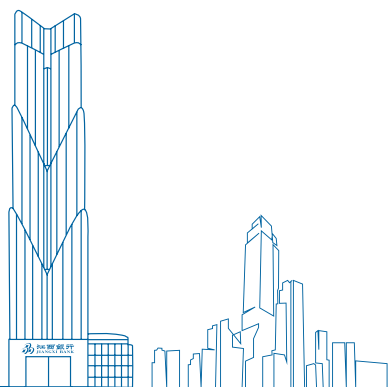
CHAPTER III SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

	2020	2019	The end of 2020 compared to the end of 2019	2018	2017	2016
Indicators for volume (in millions of RMB)						
			Change rate (%)			
Total assets	458,692.82	456,118.53	0.56	419,064.27	370,005.30	313,740.79
Including: net loans and advances to customers	217,448.76	202,989.37	7.12	165,523.32	124,769.38	104,153.65
Total liabilities	422,750.37	421,030.83	0.41	386,252.94	346,733.24	292,568.46
Including: deposits from customers	315,770.82	284,548.91	10.97	260,448.65	243,837.35	191,137.77
Share capital	6,024.28	6,024.28	-	6,024.28	4,678.78	4,678.78
Equity attributable to Shareholders of the Bank	35,267.58	34,456.26	2.35	32,226.22	22,713.74	20,641.56
Non-controlling interests	674.87	631.44	6.88	585.11	558.32	530.77
Total equity	35,942.45	35,087.70	2.44	32,811.33	23,272.06	21,172.33
Indicators for quality of assets						
			Change			
Non-performing loans ratio	1.73%	2.26%	(0.53%)	1.91%	1.64%	1.68%
Provision coverage ratio ⁽⁶⁾	171.56%	165.65%	5.91%	171.42%	215.17%	210.94%
Provision ratio of loans ⁽⁷⁾	2.97%	3.74%	(0.77%)	3.27%	3.54%	3.55%
Indicators for capital adequacy ratio						
			Change			
Core tier-one capital adequacy ratio	10.29%	9.96%	0.33%	10.78%	9.38%	10.87%
Tier-one capital adequacy ratio	10.30%	9.97%	0.33%	10.79%	9.40%	10.87%
Capital adequacy ratio	12.89%	12.63%	0.26%	13.60%	12.90%	11.94%
Total equity to total assets	7.84%	7.69%	0.15%	7.83%	6.29%	6.75%
Other indicators						
			Change			
Liquidity coverage ratio	429.88%	205.12%	224.76%	206.46%	247.22%	475.02%
Liquidity ratio	78.17%	58.74%	19.43%	57.93%	47.94%	58.47%
Loan-to-deposit ratio	70.75%	73.81%	(3.06%)	65.46%	53.04%	56.49%



CHAPTER III SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

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



CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

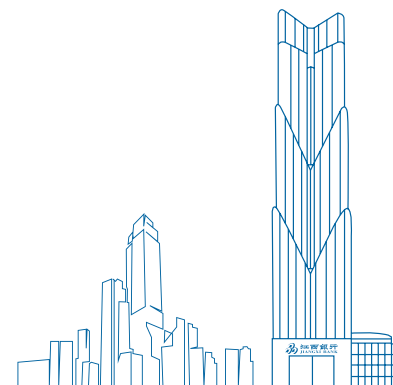
4.1 REVIEW OF THE ECONOMIC, FINANCIAL AND POLICY ENVIRONMENT

During the Reporting Period, facing the severe risks and challenges brought about by the COVID-19, China's economy gradually overcame the adverse effects of the pandemic with a steady recovery from the economic downturn. According to the National Bureau of Statistics, in 2020, China's GDP was RMB101.59862 trillion, representing a year-on-year increase of 2.3%. Among them, GDP decreased by 6.8% year on year in the first quarter, increased year on year by 3.2%, 4.9% and 6.5% in the second, third and fourth quarter, respectively. The economic growth rate turned from negative to positive, and the economy picked up rapidly overall. As of the end of the Reporting Period, the balance of broad money (M2) was RMB218.68 trillion, representing a year-on-year increase of 10.1%; the balance of loans in domestic currency was RMB172.75 trillion with year-on-year increase of 12.8%; the balance of deposits in domestic currency was RMB212.57 trillion, representing a year-on-year increase of 10.2%; and the size of social financing was RMB284.83 trillion with year-on-year increase of 13.3%.

During the Reporting Period, the economy of Jiangxi Province of China where the Bank operates its principal business withstood the pandemic impact and accelerated its recovery to normal. The economic operation tended to be stable with the foundation being continuously consolidated. In the first half of 2020, the GDP of Jiangxi Province increased by 3.8% year on year from a 3.8% decrease in the first quarter to a positive growth; and the value added of industrial enterprises above designated size and investments in fixed assets increased by 4.6% and 8.2%, respectively, which were 1.9 and 0.9 percentage points higher than those of the first three quarters.

4.2 GENERAL OPERATION SUMMARY

During the Reporting Period, confronting with the sudden COVID-19 pandemic, Jiangxi Bank adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, with the correct leadership of the the Jiangxi Provincial Committee and Jiangxi Provincial Government, under the scientific supervision of the higher supervision authorities, and in accordance with the decision and deployment of the Party Committee and the Board of Directors of the Bank, we combined with the effective supervision of the Board of Supervisors, focused on "Two Improvements and Five Enhancements", overcame difficulties, forged ahead, and strove to fight the pandemic, conduct rectification, control risks, improve quality and efficiency, and promote development, and achieved good results.



CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

4.2.1 Continuous Optimization of the Structure of Assets and Liabilities

The first is the solid deposits base. As of the end of the Reporting Period, the Bank's total deposits from customers were more than RMB300 billion, reaching RMB315.771 billion, or 10.97% over the end of the previous year. Among which, savings deposits accounted for 36.85%, being 35.27% higher than that at the end of the previous year. The second is the higher proportion of loans. As of the end of the Reporting Period, the Group's total loans and advances to customers granted exceeded RMB200 billion to RMB223.422 billion. The net loans and advances to customers was RMB217.449 billion, representing an increase of 7.12% as compared with the end of the previous year, which accounted for 47.41% of the total assets, with an increase of 2.91 percentage points as compared with the end of the previous year. The balance of investment business was RMB176.093 billion, representing a decrease of 7.11% as compared with the end of the previous year.

4.2.2 Continuous Consolidation of the Management Foundation

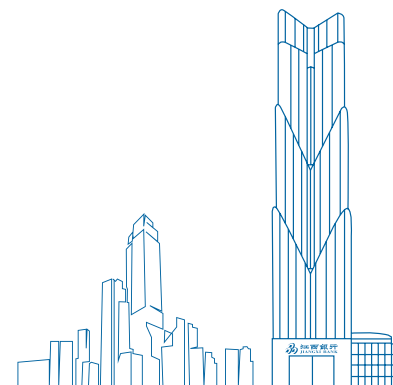
The first is the obviously improved awareness of compliance. We revised and improved 264 rules and regulations, organized the "compliance to grassroots" activity, improved business processes, standardized expenses, so as to operate in compliance and standardize the development throughout the Bank. The second is the continuously deepened risk resolution. The risk prevention and control system was improved, the three platforms of "court, public security and law firm" were set up, precise measures were insisted on, the Bank's risk management was stable and improving, the non-performing loan ratio dropped to 1.73%. The third is the remarkably successful transformation and development. We highlighted technology empowerment by launching "Jiangxi Bank Micro Shop" and "WeBank Platform", broadening financial service channels, setting up "Cloud Enterprise Chain", and the bond underwriting business ranked 3rd in new underwriters of the same batch nationwide. The total issuance of debt securities amounts to RMB14.05 billion for the year.



CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

4.2.3 Continuous Enhancement of Service Quality and Efficiency

First, great support was provided for pandemic prevention and control. We launched special products such as “Talent Anti-pandemic Loan” “Anti-pandemic Special Guarantee Loan” “Special Guarantee Loan for Resumption”, made good use of the refinancing policy of the People’s Bank of China. As of the end of the Reporting Period, we had supported 271 anti-pandemic enterprises with credit amount of RMB7.171 billion; we participated in the underwriting of the first inter-bank special private bonds of pandemic prevention and control in the province, helping enterprises raise RMB150 million in anti-pandemic funds. Second, “Stability and Guarantee on Six Fronts” was actively practiced. We invested RMB6.6 million in helping funds and realized all 20 villages under the poverty alleviation assistance program of the Bank out of poverty. We supported the development of industrial chains and supply chains, designated special personnel for 14 industrial chains to participate in 7 province-wide financial service missions, and have docked 11 industrial chains. We increased credit investment in major key projects, agriculture-related, green, manufacturing and other areas to support stable enterprises and ensure employment. Third, inclusive finance was developed deeply. We optimized the institutional mechanism, set up branch inclusive finance business departments, and built a three-tier management structure of head office, branches and sub-branches. We set up Jingdezhen Ceramic Financial Service Center to help the construction of Jingdezhen National Experimental Zone of Ceramic Culture Inheritance and Innovation. We actively implemented the two monetary policy tools of the postponed loan repayment with principal and interest for small and medium-sized and micro enterprises and the support for loans to small and micro enterprises, and continuously increased credit investment in small and medium-sized enterprises to complete the task of “Two Increases and Two Controls”. The balance of loans for small and medium-sized enterprises with inclusive credit was RMB32.328 billion, an increase of RMB4.309 billion compared with the end of the previous year; the number of borrowers was 21,563, an increase of 3,423 compared with the end of the previous year.



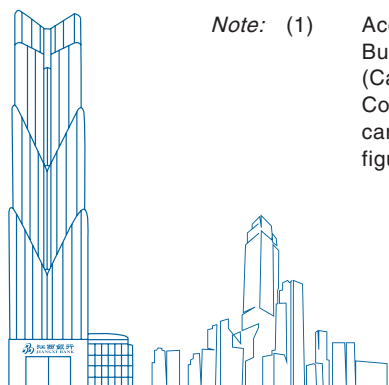
CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

4.3 PROFIT STATEMENT ANALYSIS

In 2020, the Group realized RMB2.485 billion in profit before taxation, representing a year-on-year decrease of 15.98%, and RMB1.905 billion in net profit, representing a year-on-year decrease of 9.68%. The year-on-year decrease of Group's profits is mainly due to: the effective implementation of the policy by the Group of central and local governments strengthening to reduce fees to benefit to the real economy, especially since the COVID-19, a 20.59% year-on-year decrease of the Group's operating income resulting from the continuous enhancement of supports to SMEs through measures of decreasing loan interest rate and waiving service charges; net gains arising from financial investments decreased 63.60% year on year as a result of a decrease of floating returns from investment products due to an increase of debt securities market interest rate in 2020.

	2020	2019	Amount of change	Change rate (%)
	(in millions of RMB, unless otherwise stated)			
Interest income ⁽¹⁾	19,804.95	20,616.09	(811.14)	(3.93)
Interest expense	(10,751.27)	(9,871.28)	(879.99)	8.91
Net interest income	9,053.68	10,744.81	(1,691.13)	(15.74)
Fee and commission income ⁽¹⁾	774.86	1,073.22	(298.36)	(27.80)
Fee and commission expense	(196.06)	(532.17)	336.11	(63.16)
Net fee and commission income	578.80	541.05	37.75	6.98
Net trading gains	96.04	138.54	(42.50)	(30.68)
Net gains arising from financial investments	536.74	1,474.65	(937.91)	(63.60)
Other operating income	20.19	53.76	(33.57)	(62.44)
Operating income	10,285.45	12,952.81	(2,667.36)	(20.59)
Operating expenses	(3,523.78)	(3,508.05)	(15.73)	0.45
Impairment losses on assets	(4,284.43)	(6,489.59)	2,205.16	(33.98)
Share of profits of associates	7.46	1.99	5.47	274.87
Profit before taxation	2,484.70	2,957.16	(472.46)	(15.98)
Income tax expense	(579.76)	(848.00)	268.24	(31.63)
Profit for the year	1,904.94	2,109.16	(204.22)	(9.68)
Profit attributable to equity				
Shareholders of the Bank	1,859.17	2,050.59	(191.42)	(9.33)
Non-controlling interests	45.77	58.57	(12.80)	(21.85)

Note: (1) According to the requirements of the Notice of Strict Implementation of Accounting Standards for Business Enterprises for Effective Improvement of the Work of 2020 Annual Report for Enterprises (Cai Kuai [2021] No.2) issued by the Ministry of Finance, Assets Supervision and Administration Commission of the State Council, CBIRC and CSRC, the Group reclassified the income of credit card installment business from fee and commission income to interest income. The comparative figures have been adjusted accordingly.



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4.3.1 Net Interest Income, Net Interest Spread and Net Interest Margin

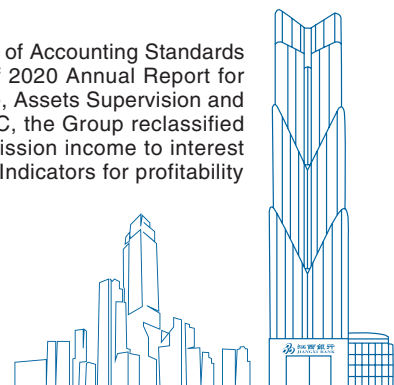
In 2020, the Group achieved net interest income of RMB9.054 billion. The following table sets forth the average balance of the Group's interest-bearing assets and interest-bearing liabilities, the interest income and expense of such assets and liabilities, and the average rate of return on interest-bearing assets and the average cost rate of interest-bearing liabilities for the periods indicated.

	2020			2019		
	Average balance	Interest income/expense	Average Annualized yield/cost ratio	Average balance	Interest income/expense	Average Annualized yield/cost ratio
	(in millions of RMB, unless otherwise stated)					
Interest-bearing assets						
Loans and advances to customers	216,027.63	11,646.01	5.39%	195,734.84	11,863.53	6.06%
Financial investments ⁽¹⁾	155,141.65	7,256.33	4.68%	156,140.55	7,773.02	4.98%
Deposits with the central bank	35,407.66	510.70	1.44%	33,475.41	462.62	1.38%
Deposits with banks and other financial institutions	2,486.69	7.33	0.29%	2,904.00	26.38	0.91%
Financial assets held under resale agreements	19,239.97	317.51	1.65%	17,683.26	409.58	2.32%
Placements with banks and other financial institutions	3,626.66	67.07	1.85%	3,567.41	80.96	2.27%
Total interest-bearing assets	431,930.26	19,804.95	4.59%	409,505.47	20,616.09	5.03%
Interest-bearing liabilities						
Deposits from customers	302,249.65	7,158.97	2.37%	270,591.45	5,510.93	2.04%
Deposits from banks and other financial institutions	23,992.03	710.21	2.96%	35,886.08	1,175.22	3.27%
Borrowing from the central bank ⁽²⁾	12,252.11	307.75	2.51%	4,921.41	147.09	2.99%
Placements from banks and other financial institutions	3,755.08	119.69	3.19%	4,671.04	158.32	3.39%
Financial assets sold under repurchase agreements	18,089.63	291.00	1.61%	17,113.47	377.82	2.21%
Debt securities issued	54,663.06	1,727.77	3.16%	54,248.87	1,956.61	3.61%
Borrowing from other financial institutions	11,176.64	435.88	3.90%	12,392.86	545.29	4.40%
Total interest-bearing liabilities	426,178.20	10,751.27	2.52%	399,825.18	9,871.28	2.47%
Net interest income ⁽³⁾		9,053.68			10,744.81	
Net interest spread ⁽³⁾		2.07%			2.56%	
Net interest margin ⁽³⁾		2.10%			2.62%	

Note: (1) In 2020, interest income from financial investments in interest-bearing assets includes that on financial investments measured at amortized cost and at FVOCI.

(2) Includes bills rediscounted business.

(3) According to the requirements of the Notice of Strict Implementation of Accounting Standards for Business Enterprises for Effective Improvement of the Work of 2020 Annual Report for Enterprises (Cai Kuai [2021] No.2) issued by the Ministry of Finance, Assets Supervision and Administration Commission of the State Council, CBIRC and CSRC, the Group reclassified the income of credit card installment business from fee and commission income to interest income. The comparative figures have been adjusted and relevant Indicators for profitability accordingly.



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

	Compared 2020 with 2019		Net increase/ (decrease) ⁽³⁾
	Reasons for increase/(decrease) Volume ⁽¹⁾	Interest rate ⁽²⁾	
(in millions of RMB, unless otherwise stated)			
Interest-bearing assets			
Loans and advances to customers	1,229.95	(1,447.47)	(217.52)
Financial investments ⁽⁴⁾	(49.73)	(466.96)	(516.69)
Deposits with the central bank	26.70	21.38	48.08
Deposits with banks and other financial institutions	(3.79)	(15.26)	(19.05)
Financial assets held under resale agreements	36.06	(128.13)	(92.07)
Placements with banks and other financial institutions	1.34	(15.23)	(13.89)
Changes in interest income	1,128.95	(1,940.09)	(811.14)
Interest-bearing liabilities			
Deposits from customers	644.76	1,003.28	1,648.04
Deposits from banks and other financial institutions	(389.51)	(75.50)	(465.01)
Borrowing from the central bank ⁽⁵⁾	219.10	(58.44)	160.66
Placements from banks and other financial institutions	(31.05)	(7.58)	(38.63)
Financial assets sold under repurchase agreements	21.55	(108.37)	(86.82)
Debt securities issued	14.94	(243.78)	(228.84)
Borrowing from other financial institutions	(53.51)	(55.90)	(109.41)
Changes in interest expense	650.63	229.36	879.99

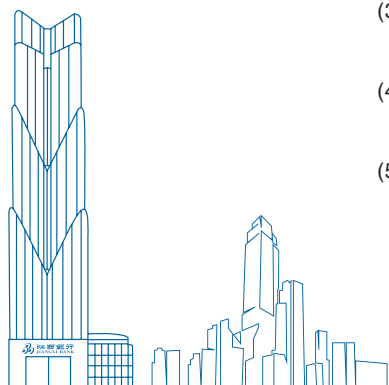
Notes: (1) Refer to the average balance for the Reporting Period minus the average balance for the same period of the previous year, multiplied by the average yield/cost ratio for the same period of the previous year.

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

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

(4) In 2020, interest income from financial investments in interest-bearing assets includes that on financial investments measured at amortized cost and at FVOCI.

(5) Includes bills rediscounted business.



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4.3.2 Interest Income

In 2020, the Group's interest income amounted to RMB19.805 billion, representing a year-on-year decrease of RMB811 million, or 3.93%. The decrease of interest income is mainly due to the decrease of the Group's yield on interest-bearing assets, which is attributable to the decrease of the average yield on loans and advances to customers, and the continuously low level of interest rates in the inter-bank money market resulting from the exceptionally loose monetary policies.

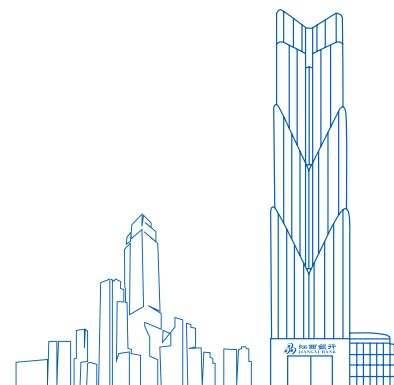
(1) Interest income from loans and advances to customers

In 2020, the Group achieved interest income from loans and advances to customers of RMB11.646 billion, representing a year-on-year decrease of RMB218 million, or 1.83%. The main reason was that the average yield of the Group's loans and advances to customers decreased from 6.06% in 2019 to 5.39% in 2020. The decrease of the average yield of the Group's loans and advances to customers is mainly due to the continuous works on "Stability and Guarantee on Six Fronts", implementation of the preferential interest rate policy, effective reduction of the enterprises financing cost with further support to inclusive finance by the Group.

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

	Average balance	2020 Interest income	Average yield	Average balance	2019 Interest income	Average yield
(in millions of RMB, unless otherwise stated)						
Corporate loans and advances ⁽¹⁾	139,773.16	7,420.60	5.31%	119,839.61	6,836.40	5.70%
Personal loans and advances	76,254.47	4,225.41	5.54%	75,895.23	5,027.13	6.62%
Total	216,027.63	11,646.01	5.39%	195,734.84	11,863.53	6.06%

Note: (1) include discounted bills business.



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(2) Interest income from financial investments

In 2020, the Group's interest income from financial investments amounted to RMB7.256 billion, representing a year-on-year decrease of RMB517 million, or 6.65%. The decrease in interest income from financial investments was mainly due to a decrease of 0.30 percentage points in the average yield of financial investments in 2020 over the same period of last year.

(3) Interest income from deposits with the central bank

In 2020, the Group's interest income from deposits with the central bank was RMB511 million, representing a year-on-year increase of RMB48 million, or 10.39%, which was mainly due to the increase of 0.06 percentage points in the average yield of deposits with the central bank in 2020 over the same period of the previous year, and the average balance increased RMB1.932 billion over the same period of the previous year.

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

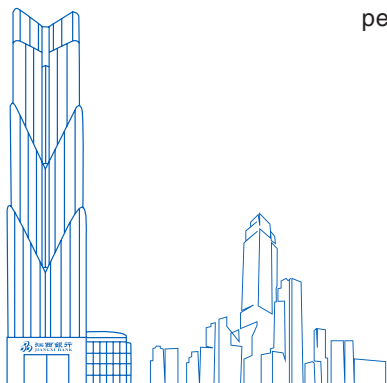
In 2020, the Group's interest income from deposits with banks and other financial institutions was RMB7 million, representing a year-on-year decrease of RMB19 million, or 72.21%. It was mainly because the Group's investment and financing deposits with banks and other financial institutions expired in the second half of 2019.

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

In 2020, the Group's interest income from placements with banks and other financial institutions was RMB67 million, representing a year-on-year decrease of RMB14 million, or 17.16%. It was primarily due to a decrease of 0.42 percentage points in the average yield of the placements with banks and other financial institutions in 2020 as compared with the same period of last year.

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

In 2020, the Group's interest income from financial assets held under resale agreements amounted to RMB318 million, representing a year-on-year decrease of RMB92 million, or 22.48%. It was primarily due to a decrease of 0.67 percentage points in the average yield of financial assets held under resale agreements in 2020 compared with the same period of last year.



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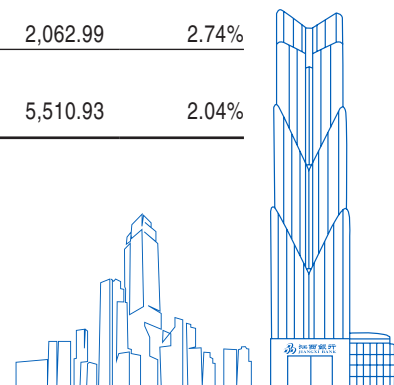
4.3.3 Interest Expense

In 2020, the Group achieved interest expense of RMB10.751 billion, representing a year-on-year increase of RMB880 million, or 8.91%. The increase in the interest expense was primarily attributable to an increase in the average balance of the Group's deposits from customers from RMB270.591 billion in 2019 to RMB302.250 billion in 2020, and the rise of the average cost ratio from 2.04% in 2019 to 2.37% in 2020.

(1) Interest expense on deposits from customers

In 2020, the Group's interest expense on deposits from customers was RMB7.159 billion, representing a year-on-year increase of RMB1.648 billion, or 29.90%, which was primarily attributable to the increase of RMB31.658 billion in the average balance of deposits from customers in 2020 compared with the same period of last year and the average cost ratio of deposits from customers increased 0.33 percentage points compared with the same period of last year. The increase in the average interest rate of deposits from customers was mainly due to the increased competition in the deposit market resulting from interest rate liberalization.

	Average balance	2020 Interest expense	Average cost ratio	Average balance	2019 Interest expense	Average cost ratio
(in millions of RMB, unless otherwise stated)						
Corporate deposits						
Demand	118,113.26	1,558.33	1.32%	114,989.06	1,294.51	1.13%
Time	84,784.76	2,476.93	2.92%	80,284.83	2,153.43	2.68%
Sub-total	202,898.02	4,035.26	1.99%	195,273.89	3,447.94	1.77%
Personal deposits						
Demand	20,963.61	104.83	0.50%	19,462.28	95.20	0.49%
Time	78,388.02	3,018.88	3.85%	55,855.28	1,967.79	3.52%
Sub-total	99,351.63	3,123.71	3.14%	75,317.56	2,062.99	2.74%
Total	302,249.65	7,158.97	2.37%	270,591.45	5,510.93	2.04%



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

In 2020, the Group's interest expense on deposits from banks and other financial institutions was RMB710 million, representing a year-on-year decrease of RMB465 million, or 39.57%. This was mainly due to the decrease of the Group's average cost ratio of deposits from banks and other financial institutions from 3.27% in 2019 to 2.96% in 2020.

(3) Interest expense on debt securities issued

In 2020, the Group's interest expense on debt securities issued was RMB1.728 billion, representing a year-on-year decrease of RMB229 million, or 11.70%. It was mainly due to the decrease of 0.45 percentage points in the average cost ratio of the Group's debt securities issued compared with the same period of last year.

(4) Interest expense on borrowing from the central bank

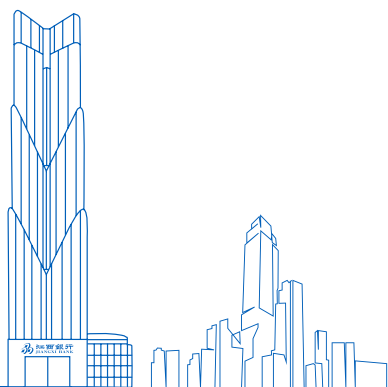
In 2020, the Group's interest expense on borrowing from the central bank was RMB308 million, representing a year-on-year increase of RMB161 million, or 109.23%. It was mainly due to the increase in the average balance of the Group's borrowing from the central bank from RMB4.921 billion in 2019 to RMB12.252 billion in 2020.

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

In 2020, the Group's interest expense on placements from banks and other financial institutions was RMB120 million, representing a year-on-year decrease of RMB39 million, or 24.40%. This was mainly due to the decrease of the Group's average balance of placements from banks and other financial institution from RMB4.671 billion in 2019 to RMB3.755 billion in 2020, and the decrease of the average cost ratio of placements from banks and other financial institution from 3.39% in 2019 to 3.19% in 2020.

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

In 2020, the Group's interest expense on the financial assets sold under repurchase agreements was RMB291 million, representing a year-on-year decrease of RMB87 million, or 22.98%. This was mainly due to the decrease in the average cost ratio of financial assets sold under repurchase agreements from 2.21% in 2019 to 1.61% in 2020.



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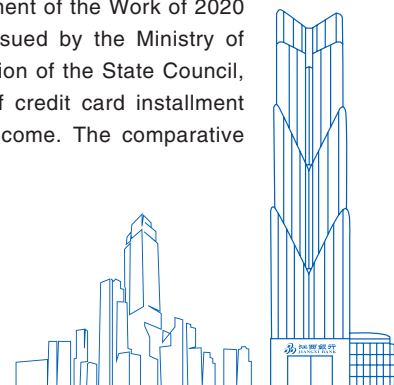
4.3.4 Non-interest Income

(1) Net fee and commission income

In 2020, the Group realized a net fee and commission income of RMB579 million, representing a year-on-year increase of RMB38 million, or 6.98%, in which the fee and commission income were RMB775 million, representing a year-on-year decrease of RMB298 million, or 27.80%. The decrease of fee and commission income was mainly due to the continuous increase of effort to reduce fees by practically responding to the national call for reducing fee to benefit by the Group.

	2020	2019	Amount of change	Change rate (%)
	(in millions of RMB, unless otherwise stated)			
Fee and commission income⁽¹⁾	774.86	1,073.22	(298.36)	(27.80)
Agency and custody services fees	379.07	490.23	(111.16)	(22.68)
Acceptance and guarantee service fees	167.70	73.98	93.72	126.68
Bank card service fees	81.25	83.18	(1.93)	(2.32)
Settlement and electronic channel business fees	79.93	142.29	(62.36)	(43.83)
Financial leasing service fees	56.96	235.87	(178.91)	(75.85)
Advisory and consulting fees	7.20	37.79	(30.59)	(80.95)
Others	2.75	9.88	(7.13)	(72.17)
Fee and commission expense	(196.06)	(532.17)	336.11	(63.16)
Platform cooperation fees	(57.68)	(399.85)	342.17	(85.57)
Financial leasing service fees	(51.97)	(25.70)	(26.27)	102.22
Settlement and clearing fees	(44.16)	(50.09)	5.93	(11.84)
Transaction fees	(40.75)	(55.61)	14.86	(26.72)
Others	(1.50)	(0.92)	(0.58)	63.04
Net fee and commission income	578.80	541.05	37.75	6.98

Note: (1) According to the requirements of the Notice of Strict Implementation of Accounting Standards for Business Enterprises for Effective Improvement of the Work of 2020 Annual Report for Enterprises (Cai Kuai [2021] No.2) issued by the Ministry of Finance, Assets Supervision and Administration Commission of the State Council, CBIRC and CSRC, the Group reclassified the income of credit card installment business from fee and commission income to interest income. The comparative figures have been adjusted accordingly.



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(2) Net trading gains

The Group's net trading gains decreased from RMB139 million in 2019 to RMB96 million in 2020, which was mainly due to fluctuations in the price in the debt security market.

(3) Net gains arising from financial investments

In 2020, the Group's net gains arising from financial investments were RMB537 million, representing a year-on-year decrease of RMB938 million, or 63.60%, which was mainly due to the decrease of gains arising from financial investments at FVTPL and decrease of the fair value in 2020.

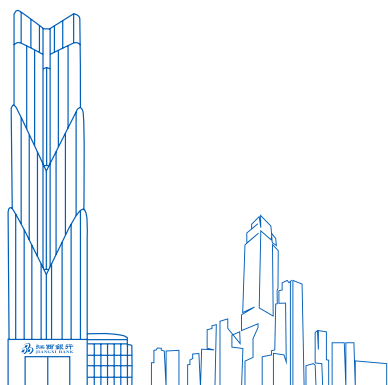
(4) Other operating income

In 2020, the Group's other operating income was RMB20 million, representing a year-on-year decrease of RMB34 million, or 62.44%, which was mainly due to the decrease of foreign exchange gains and rental income from fixed assets, respectively.

4.3.5 Operating Expenses

In 2020, the Group's operating expenses were RMB3.524 billion, representing a year-on-year increase of RMB16 million, or 0.45%.

	2020	2019	Amount of change	Change rate (%)
	(in millions of RMB, unless otherwise stated)			
Staff costs	2,133.05	1,949.87	183.18	9.39
Depreciation and amortization	514.19	516.67	(2.48)	(0.48)
Tax and surcharges	133.59	130.13	3.46	2.66
Interest expense on lease liabilities	48.75	52.59	(3.84)	(7.30)
Other general and administrative expenses	694.20	858.79	(164.59)	(19.17)
Total operating expenses	3,523.78	3,508.05	15.73	0.45



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

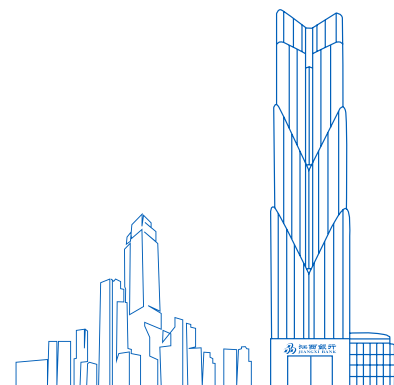
	2020	2019	Amount of change	Change rate(%)
	(in millions of RMB, unless otherwise stated)			
Staff costs				
Salaries, bonuses and allowances	1,652.98	1,460.45	192.53	13.18
Social insurance and supplementary retirement benefits	186.66	240.65	(53.99)	(22.44)
Housing fund	98.89	94.25	4.64	4.92
Staff welfares	105.62	84.03	21.59	25.69
Employee education expenses and labour union expenses	50.55	40.75	9.80	24.05
Others	38.35	29.74	8.61	28.95
Total	2,133.05	1,949.87	183.18	9.39

In 2020, the Group's staff costs were RMB2.133 billion, representing a year-on-year increase of RMB183 million, or 9.39%. It was primarily due to the increased staff, position adjustment and increase in the average salary of social workers.

In 2020, the Group's tax and surcharges were RMB134 million, representing a year-on-year increase of RMB3 million, or 2.66%. It was primarily due to the increase in the Group's value-added tax in 2020.

In 2020, the Group's depreciation and amortization were RMB514 million, representing a year-on-year decrease of RMB2 million, or 0.48%.

In 2020, the Group's other general and administrative expenses were RMB694 million, representing a year-on-year decrease of RMB165 million, or 19.17%. It was mainly due to the Group's greater efforts in expense and cost control as well as the effect of IFRS initially adopted.



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4.3.6 Impairment Losses on Assets

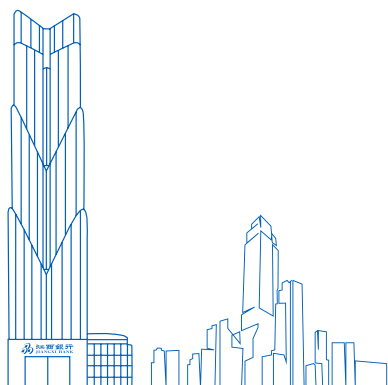
In 2020, the Group's impairment losses on assets were RMB4.284 billion, representing a year-on-year decrease of RMB2.205 billion, or 33.98%. It was mainly due to the strengthened collection and disposal of non-performing assets by the Group in 2020, along with the effective control of the non-performing level, resulting in a decrease from RMB4.638 billion in 2019 to RMB876 million in 2020 for impairment losses on loans and advances to customers.

	2020	2019	Amount of change	Change rate (%)
	(in millions of RMB, unless otherwise stated)			
Loans and advances to customers	875.85	4,638.40	(3,762.55)	(81.12)
Financial investments	3,362.97	1,780.94	1,582.03	88.83
Others	45.61	70.25	(24.64)	(35.07)
Total	4,284.43	6,489.59	(2,205.16)	(33.98)

4.3.7 Income Tax Expense

In 2020, the Group's income tax expense was RMB580 million, representing a year-on-year decrease of RMB268 million, or 31.63%. It was mainly due to the intensified efforts in non-performing asset disposal by the Group in 2020 which resulted in substantive differences turning from temporary differences generated from asset impairment loss provided in the early period.

	2020	2019	Amount of change	Change rate (%)
	(in millions of RMB, unless otherwise stated)			
Current tax	925.93	1,670.80	(744.87)	(44.58)
Tax filing differences	79.73	70.06	9.67	13.80
Changes in deferred tax	(425.90)	(892.86)	466.96	(52.30)
Total	579.76	848.00	(268.24)	(31.63)



CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

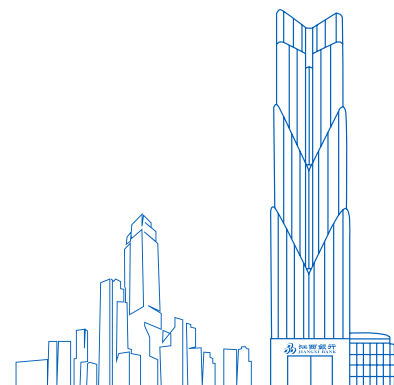
4.4 ANALYSIS ON MAIN ITEMS OF ASSETS AND LIABILITIES

4.4.1 Assets

As of the end of the Reporting Period, the total assets of the Group amounted to RMB458.693 billion, representing an increase of RMB2.574 billion, or 0.56% as compared with the end of the previous year. The increase of total assets was mainly due to the increase in Group's gross loans and advances to customers, cash and deposits with the central bank and placements with banks and other financial institutions.

	As of December 31, 2020		As of December 31, 2019	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Gross loans and advances to customers	223,422.06	–	210,017.13	–
Loans and advances to customers accrued interest	599.49	–	765.60	–
Allowances for impairment losses on loans and advances to customers	(6,572.79)	–	(7,793.36)	–
Net loans and advances to customers	217,448.76	47.41	202,989.37	44.50
Financial investments	176,093.09	38.39	189,577.67	41.56
Cash and deposits with the central bank	40,761.64	8.89	38,810.81	8.51
Deposits with banks and other financial institutions	2,151.44	0.47	1,997.57	0.44
Financial assets held under resale agreements	3,587.22	0.78	6,833.74	1.50
Placements with banks and other financial institutions	8,231.93	1.79	6,301.91	1.38
Other assets ⁽¹⁾	10,418.74	2.27	9,607.46	2.11
Total assets	458,692.82	100.00	456,118.53	100.00

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



CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

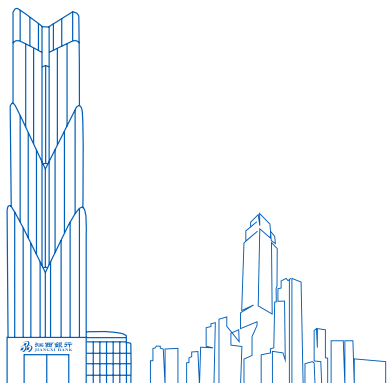
(1) Loans and advances to customers

As of the end of the Reporting Period, the Group's loans and advances to customers amounted to RMB223.422 billion, representing an increase of RMB13.405 billion, or 6.38% as compared with the end of the previous year. The following table sets forth the Group's distribution of loans by business types for the periods indicated.

	As of December 31, 2020		As of December 31, 2019	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Loans and advances to customers measured at amortized cost				
Corporate loans and advances	119,619.24	53.54	112,289.37	53.47
Personal loans and advances	76,958.29	34.45	80,727.54	38.44
Sub-total	196,577.53	87.99	193,016.91	91.91
Loans and advances to customers measured at FVOCI				
Corporate loans and advances	2,413.62	1.08	1,552.49	0.74
Discounted bills	24,430.91	10.93	15,447.73	7.35
Sub-total	26,844.53	12.01	17,000.22	8.09
Gross loans and advances to customers	223,422.06	100.00	210,017.13	100.00

Corporate loans and advances

As of the end of the Reporting Period, the Group's total corporate loans and advances (discounted bills inclusive) amounted to RMB146.464 billion, representing an increase of RMB17.174 billion, or 13.28% as compared with the end of the previous year, which was mainly due to the Group's inclusive financial supports to small and micro enterprises, and the expansion of the Group's corporate credit business.



CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

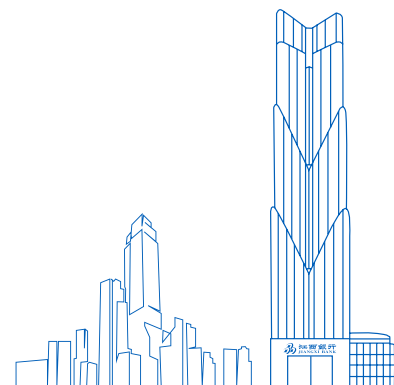
Personal loans and advances

As of the end of the Reporting Period, the Group's total personal loans and advances amounted to RMB76.958 billion, representing a decrease of RMB3.769 billion, or 4.67% as compared with the end of the previous year, which was mainly due to the further adjustment and optimization of credit structure by the Group.

(2) *Financial investments*

As of the end of the Reporting Period, the Group's balance of financial investments amounted to RMB176.093 billion, representing a decrease of RMB13.485 billion, or 7.11% as compared with the end of the previous year. In 2020, the decrease in the Group's such assets was mainly due to the optimization of asset and liability structure and scale-down of investments by the Group.

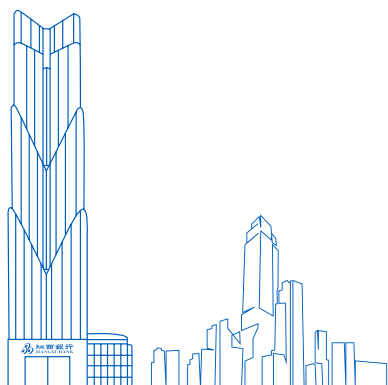
	As of December 31, 2020		As of December 31, 2019	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Financial investments				
– Financial investments at amortized cost	106,355.49	60.40	128,580.70	67.83
– Financial investments at FVTPL	41,071.98	23.32	34,921.59	18.42
– Financial investments at FVOCI	28,665.62	16.28	26,075.38	13.75
Total	176,093.09	100.00	189,577.67	100.00



CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

	As of December 31, 2020		As of December 31, 2019	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Distribution of financial investments				
Debt securities				
Chinese government bonds	28,013.93	15.91	18,307.93	9.66
Policy bank bonds	36,603.37	20.79	31,050.62	16.38
Commercial banks and other financial institutions bonds	664.84	0.38	29.99	0.02
Corporate bonds	17,399.01	9.88	5,626.26	2.97
Sub-total	82,681.15	46.96	55,014.80	29.03
Other financial investments				
Wealth management products issued by financial institutions	–	–	2,018.07	1.06
Fund investments ⁽¹⁾	20,589.14	11.69	17,893.98	9.44
Equity instruments	131.79	0.07	149.44	0.08
Investment management products managed by securities companies and trust plans	71,046.13	40.35	113,034.36	59.62
Sub-total	91,767.06	52.11	133,095.85	70.20
Accrued interest	1,644.88	0.93	1,467.02	0.77
Total	176,093.09	100.00	189,577.67	100.00

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



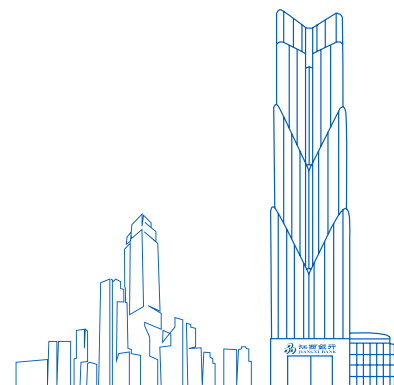
CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

4.4.2 Liabilities

As of the end of the Reporting Period, the Group's total liabilities amounted to RMB422.750 billion, representing an increase of RMB1.720 billion, or 0.41% as compared with the end of the previous year.

	As of December 31, 2020		As of December 31, 2019	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Deposits from customers	315,770.82	74.68	284,548.91	67.58
Deposits from banks and other financial institutions	21,416.59	5.07	31,212.14	7.41
Borrowing from the central bank	15,832.50	3.75	7,696.26	1.83
Borrowing from other financial institutions	7,295.74	1.73	14,863.27	3.53
Placements from banks and other financial institutions	3,204.10	0.76	2,555.02	0.61
Financial assets sold under repurchase agreements	11,172.75	2.64	19,704.41	4.68
Debt securities issued	42,439.82	10.04	55,178.64	13.11
Income tax payable	412.45	0.10	877.23	0.21
Other liabilities ⁽¹⁾	5,205.60	1.23	4,394.95	1.04
Total liabilities	422,750.37	100.00	421,030.83	100.00

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

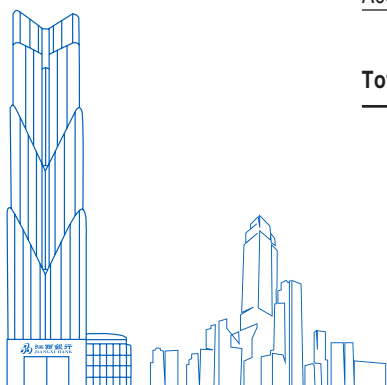


CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

(1) Deposits from customers

As of the end of the Reporting Period, the Group's total deposits from customers amounted to RMB315.771 billion, representing an increase of RMB31.222 billion, or 10.97% as compared with the end of the previous year, which was mainly due to the expansion of business promotion resulting from the new measures such as the Group's active marketing philosophy adjustment and the initial application of online marketing tools.

	As of December 31, 2020		As of December 31, 2019	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Demand deposits				
Corporate customers	113,141.57	35.83	108,783.99	38.23
Individual customers	21,746.22	6.89	21,058.16	7.40
Sub-total	134,887.79	42.72	129,842.15	45.63
Time deposits				
Corporate customers	71,775.91	22.73	74,771.72	26.28
Individual customers	94,615.74	29.96	64,962.04	22.83
Sub-total	166,391.65	52.69	139,733.76	49.11
Pledged deposits				
Acceptances	6,312.19	2.00	7,814.62	2.75
Letters of guarantees	2,893.90	0.92	2,557.53	0.90
Letters of credit	1,608.00	0.51	1,296.13	0.46
Others	27.70	0.01	33.83	0.01
Sub-total	10,841.79	3.44	11,702.11	4.12
Inward and outward remittances	38.11	0.01	44.25	0.02
Accrued interest	3,611.48	1.14	3,226.64	1.12
Total	315,770.82	100.00	284,548.91	100.00



CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

(2) Deposits from banks and other financial institutions

As of the end of the Reporting Period, the Group's balance of deposits from banks and other financial institutions was RMB21.417 billion, representing a decrease of RMB9.796 billion, or 31.38% as compared with the end of the previous year. It was mainly due to the decrease in deposits from other banks based on the market liquidity.

(3) Debt securities issued

As of the end of the Reporting Period, the Group's debt securities issued was RMB42.440 billion, representing a decrease of RMB12.739 billion, or 23.09% as compared with the end of the previous year. It was mainly due to the scale-down of issuance of interbank deposit receipts based on the market liquidity by the Group in 2020.

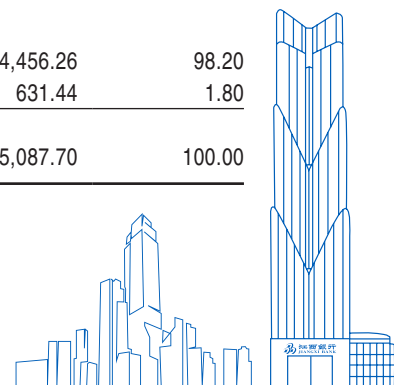
(4) Financial assets sold under repurchase agreements

As of the end of the Reporting Period, the Group's amount of financial assets sold under repurchase agreements was RMB11.173 billion, representing a decrease of RMB8.532 billion, or 43.30% as compared with the end of the previous year. It was mainly due to the decreased need for the Group's fund borrowing resulting from the effect of the market environment.

4.4.3 Shareholders' Equity

As of the end of the Reporting Period, the Groups' total equity was RMB35.942 billion, representing an increase of RMB855 million, or 2.44% as compared with the end of the previous year. The total equity attributable to equity shareholders of the Bank was RMB35.268 billion, representing an increase of RMB811 million, or 2.35% as compared with the end of the previous year.

	As of December 31, 2020		As of December 31, 2019	
	Amount	% of total	Amount	% of total
	(in millions of RMB, unless otherwise stated)			
Share capital	6,024.28	16.76	6,024.28	17.17
Capital reserve	13,633.76	37.94	14,381.67	40.99
Surplus reserve	2,887.97	8.03	2,709.40	7.72
General reserve	6,100.64	16.97	5,873.81	16.74
Retained earnings	6,620.93	18.42	5,467.10	15.58
Total equity attributable to equity shareholders of the Bank	35,267.58	98.12	34,456.26	98.20
Non-controlling interests	674.87	1.88	631.44	1.80
Total equity	35,942.45	100.00	35,087.70	100.00



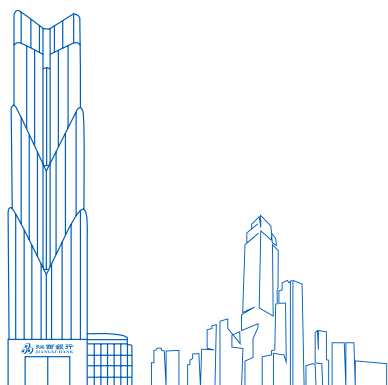
CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

4.5 OFF-BALANCE SHEET CREDIT COMMITMENTS

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

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

	As of December 31, 2020		As of December 31, 2019	
	Amount	% of total	Amount	% of total
	(in millions of RMB, unless otherwise stated)			
Bank acceptances	19,748.12	41.18	19,365.05	50.49
Letters of credit	5,639.16	11.76	2,982.12	7.78
Unused credit card commitments	5,954.49	12.41	5,655.79	14.75
Letters of guarantees	16,474.21	34.34	9,762.59	25.45
Loan commitments	145.00	0.30	274.01	0.71
Sub-total	47,960.98	99.99	38,039.56	99.18
Capital commitments	6.24	0.01	314.08	0.82
Total	47,967.22	100.00	38,353.64	100.00



CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

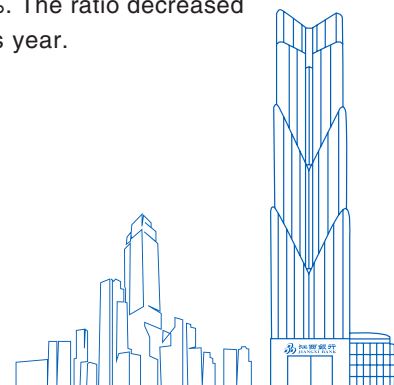
4.6 LOAN QUALITY ANALYSIS

As of the end of the Reporting Period, the Group's gross loans and advances to customers were RMB223.422 billion, representing an increase of RMB13.405 billion, or 6.38% over the end of the previous year.

4.6.1 Distribution of Loans by Five-category Classification

Five-category classification	As of December 31, 2020		As of December 31, 2019	
	Amount	% of total	Amount	% of total
	(in millions of RMB, unless otherwise stated)			
Normal	214,902.18	96.19	194,952.19	92.83
Special mention	4,650.29	2.08	10,328.12	4.91
Substandard	2,658.31	1.19	2,301.08	1.10
Doubtful	436.80	0.19	903.12	0.43
Loss	774.48	0.35	1,532.62	0.73
Gross loans and advances to customers	223,422.06	100.00	210,017.13	100.00
Non-performing loans and non-performing loans ratio	3,869.59	1.73	4,736.82	2.26
Allowances for impairment losses	6,638.65		7,846.59	
Including: Allowances for impairment losses on loans and advances to customers at amortized costs	6,572.79		7,793.36	
Allowances for impairment losses on loans and advances to customers measured at FVOCI	65.86		53.23	

As of the end of the Reporting Period, the Group's normal loans amounted to RMB214.902 billion, accounting for 96.19%. The proportion of normal loans increased by 3.36 percentage points compared with that at the end of the previous year. Special mention loans amounted to RMB4.650 billion, accounting for 2.08%. The proportion of special mention loans decreased by 2.83 percentage points compared with that at the end of the previous year. Non-performing loans amounted to RMB3.870 billion with a non-performing ratio of 1.73%. The ratio decreased by 0.53 percentage points compared with that at the end of the previous year.

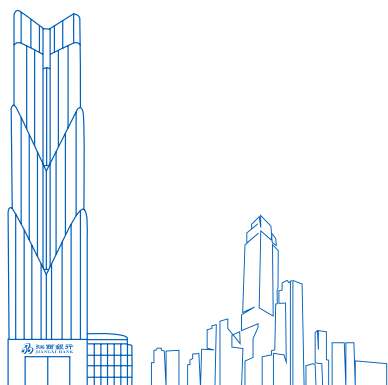


CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

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

Item	As of December 31, 2020				As of December 31, 2019			
	Loan amount	% of total (%)	NPL amount	NPL ratio (%)	Loan amount	% of total (%)	NPL amount	NPL ratio (%)
	(in millions of RMB, unless otherwise stated)							
Corporate loans and advances	122,032.86	54.62	2,785.81	2.28	113,841.86	54.20	3,604.35	3.17
Personal loans and advances	76,958.29	34.45	1,083.78	1.41	80,727.54	38.44	1,132.47	1.40
Discounted bills	24,430.91	10.93	-	-	15,447.73	7.36	-	-
Total	223,422.06	100.00	3,869.59	1.73	210,017.13	100.00	4,736.82	2.26

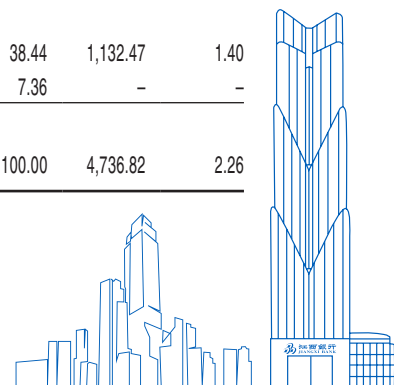
As of the end of the Reporting Period, the Group's gross loans and advances to customers had reached RMB223.422 billion, representing an increase of RMB13.405 billion as compared with the end of last year, among which the corporate loans and advances increased by RMB8.191 billion, or 7.20% as compared with the end of last year, the personal loans and advances decreased by RMB3.769 billion, or 4.67%, and the amount of discounted bills increased by RMB8.983 billion, or 58.15% as compared with the end of last year. The total amount of non-performing loans of the Group had reached RMB3.870 billion, representing a decrease of RMB867 million as compared with the end of last year, among which the corporate non-performing loans decreased by RMB819 million, or 22.71%, and the personal non-performing loans decreased by RMB49 million, or 4.30% as compared with the end of last year.



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4.6.3 Distribution of Loans and Non-performing Loans by Industry

Industry	As of December 31, 2020				As of December 31, 2019			
	Loan amount	% of total (%)	NPL amount	NPL ratio (%)	Loan amount	% of total (%)	NPL amount	NPL ratio (%)
(in millions of RMB, unless otherwise stated)								
Agriculture, forestry, animal husbandry and fishery	1,211.65	0.54	122.99	10.15	1,462.15	0.68	134.92	9.23
Mining	1,305.52	0.58	–	–	1,004.53	0.48	12.58	1.25
Manufacturing	14,496.39	6.49	389.56	2.69	12,575.14	5.99	456.89	3.63
Production and distribution of electricity, heating power, gas and water	1,496.51	0.67	–	–	1,606.70	0.77	4.81	0.30
Construction	11,406.98	5.11	85.71	0.75	11,309.43	5.39	160.26	1.42
Wholesale and retail trade	18,000.12	8.06	1,038.60	5.77	19,377.00	9.23	1,931.15	9.97
Transportation, storage and postal services	4,217.75	1.89	4.98	0.12	2,407.71	1.15	2.50	0.10
Accommodation and catering	1,185.89	0.53	19.60	1.65	1,449.16	0.69	78.92	5.45
Information transmission, computer services and software	1,173.81	0.53	259.76	22.13	1,699.12	0.81	60.49	3.56
Finance	2,148.45	0.96	–	–	1,899.76	0.90	–	–
Real estate	8,145.06	3.65	154.89	1.90	10,676.67	5.08	105.40	0.99
Leasing and commercial services	37,868.99	16.95	514.04	1.36	26,183.59	12.47	606.53	2.32
Scientific research and technical services	207.84	0.09	–	–	529.13	0.25	–	–
Water conservancy, environment and public facility management	15,932.05	7.13	151.70	0.95	16,702.34	7.95	6.32	0.04
Residents services, repairs and other services	185.03	0.08	8.86	4.79	65.97	0.03	22.38	33.92
Education	791.21	0.35	0.50	0.06	1,092.40	0.52	4.00	0.37
Health, social security and social welfare	1,676.97	0.75	20.42	1.22	1,580.87	0.75	–	–
Culture, sports, and entertainment	582.64	0.26	14.20	2.44	1,210.21	0.58	17.20	1.42
Public administration, social security and social organizations	–	–	–	–	1,009.98	0.48	–	–
Total amount of corporate loans and advances	122,032.86	54.62	2,785.81	2.28	113,841.86	54.20	3,604.35	3.17
Total amount of personal loans and advances	76,958.29	34.45	1,083.78	1.41	80,727.54	38.44	1,132.47	1.40
Discounted bills	24,430.91	10.93	–	–	15,447.73	7.36	–	–
Total	223,422.06	100.00	3,869.59	1.73	210,017.13	100.00	4,736.82	2.26



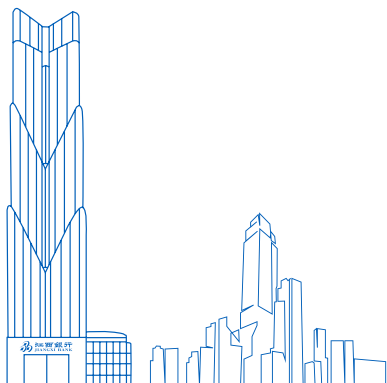
CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

As of the end of the Reporting Period, the five largest industries in terms of corporate loans and advances were leasing and commercial services, wholesale and retail trade, water conservancy, environment and public facility management, manufacturing and construction.

4.6.4 Distribution of Loans and Non-performing Loans by Collateral

Type of collateral	As of December 31, 2020				As of December 31, 2019			
	Loan amount	% of total (%)	NPL amount	NPL ratio (%)	Loan amount	% of total (%)	NPL amount	NPL ratio (%)
	(in millions of RMB, unless otherwise stated)							
Unsecured loans	16,835.75	7.54	571.26	3.39	23,489.53	11.18	506.74	2.16
Guaranteed loans	107,185.58	47.97	1,704.65	1.59	86,549.98	41.21	2,248.19	2.60
Collateralized loans	92,178.78	41.26	1,592.24	1.73	91,398.91	43.51	1,726.68	1.89
Pledged loans	7,221.95	3.23	1.44	0.02	8,578.71	4.10	255.21	2.97
Total	223,422.06	100.00	3,869.59	1.73	210,017.13	100.00	4,736.82	2.26

As of the end of the Reporting Period, the main types of collateral of the Group's loans were guaranteed loans and collateralized loans, which accounted for 89.23% of the gross loans and advances to customers. The proportion of guaranteed loans of the Group increased by 6.76 percentage points and NPL ratio of guaranteed loans, collateralized loans and pledged loans respectively decreased as compared with the end of last year, and NPL ratio of unsecured loans increased 1.23 percentage points as compared with the end of last year.

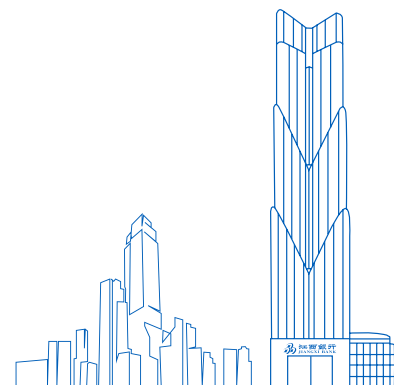


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4.6.5 Distribution of Loans and Non-performing Loans by Geographical Region

Geographical region	As of December 31, 2020				As of December 31, 2019			
	Loan amount	% of total (%)	NPL amount	NPL ratio (%)	Loan amount	% of total (%)	NPL amount	NPL ratio (%)
	(in millions of RMB, unless otherwise stated)							
Nanchang area	115,501.62	51.70	2,168.78	1.88	103,871.16	49.46	3,204.68	3.09
Within Jiangxi Province (apart from Nanchang area)	84,658.14	37.89	851.62	1.01	75,300.62	35.85	1,270.56	1.69
Outside Jiangxi Province	23,262.30	10.41	849.19	3.65	30,845.35	14.69	261.58	0.85
Total	223,422.06	100.00	3,869.59	1.73	210,017.13	100.00	4,736.82	2.26

As of the end of the Reporting Period, the Group's gross loans and advances to customers reached RMB223.422 billion, with loans in Nanchang area, Jiangxi Province (apart from Nanchang area), and outside Jiangxi Province accounting for 51.70%, 37.89%, 10.41%, respectively. The loans in Nanchang area and Jiangxi Province (apart from Nanchang area) showed an upward trend compared with the end of the previous year, the loans outside Jiangxi Province decreased by RMB7.583 billion over the end of last year. The Group's non-performing loans were mainly from Nanchang area. The non-performing loans in this area accounted for 56.05% of the total amount, representing a decrease of 11.61 percentage points over the end of last year.

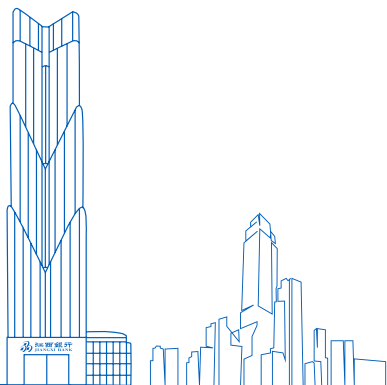


CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

4.6.6 Distribution of Loans by Overdue Period

Type of overdues	As of December 31, 2020		As of December 31, 2019	
	Loan amount	% of total (%)	Loan amount	% of total (%)
	(in millions of RMB, unless otherwise stated)			
Current loans	219,122.80	98.08	200,873.64	95.64
Loans past due for				
Up to 3 months	1,546.18	0.69	4,400.51	2.10
Over 3 months up to 1 year	1,520.94	0.68	2,860.04	1.36
Over 1 year up to 3 years	977.64	0.44	1,388.50	0.66
Over 3 years	254.50	0.11	494.44	0.24
Sub-total	4,299.26	1.92	9,143.49	4.36
Total	223,422.06	100.00	210,017.13	100.00

As of the end of the Reporting Period, the Group's total overdue loans amounted to RMB4.299 billion, representing a decrease of RMB4.844 billion as compared with that at the end of last year. The overdue rate was 1.92%, with a decrease of 2.44 percentage points from the end of the previous year. The overdue loans were mainly from that due past within 1 year, proportion of which decreased by 2.09 percentage points from the end of the previous year.



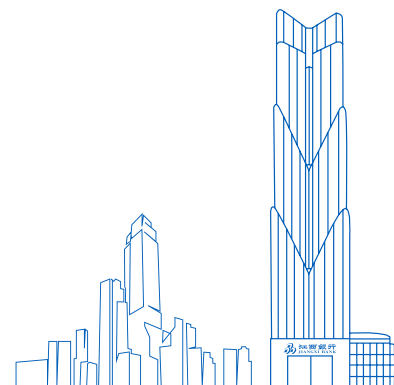
CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

4.6.7 Large Risk Exposures

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

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

Item	Industry	As of December 31, 2020		
		Balance of risk exposure	% of total loans	% of net tier-one capital
		(in millions of RMB)		
Borrower A	Leasing and commercial services	4,451.96	1.99	12.64
Borrower B	An anonymous customer	4,333.58	1.94	12.30
Borrower C	Leasing and commercial services	3,748.73	1.68	10.64
Borrower D	Information transmission, computer services and software	3,005.03	1.35	8.53
Borrower E	Leasing and commercial services	2,939.63	1.32	8.35
Borrower F	Construction	2,625.00	1.17	7.45
Borrower G	Construction	2,500.00	1.12	7.10
Borrower H	Leasing and commercial services	2,410.42	1.08	6.84
Borrower I	Transportation, storage and postal services	2,194.83	0.98	6.23
Borrower J	Leasing and commercial services	2,162.14	0.97	6.14
Total		30,371.32	13.60	86.22

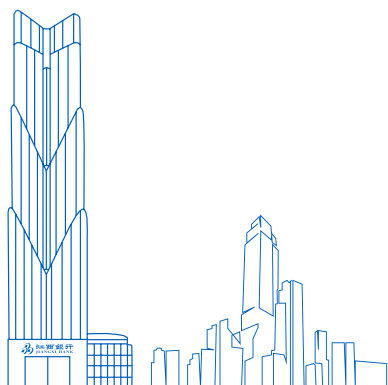


CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Item	Industry	As of December 31, 2020		
		Balance of risk exposure	% of total loans	% of net tier-one capital
		(in millions of RMB)		
Borrower A	Construction	5,219.03	2.34	14.82
Borrower B	Leasing and commercial services	4,192.17	1.88	11.90
Borrower C	Leasing and commercial services	4,110.11	1.84	11.67
Borrower D	Leasing and commercial services	3,937.93	1.76	11.18
Borrower E	Finance	3,605.10	1.61	10.24
Borrower F	Water conservancy, environment and public facility management	3,301.75	1.48	9.37
Borrower G	Leasing and commercial services	3,294.46	1.47	9.35
Borrower H	Leasing and commercial services	3,095.14	1.39	8.79
Borrower I	Water conservancy, environment and public facility management	3,016.09	1.35	8.56
Borrower J	Leasing and commercial services	2,985.85	1.34	8.48
Total		36,757.63	16.46	104.36



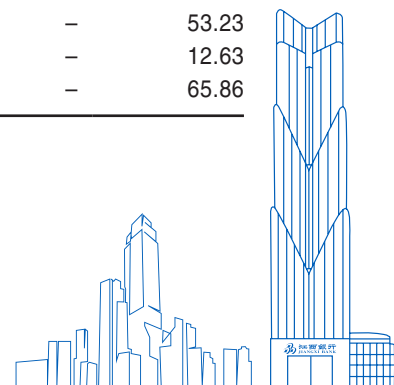
CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

4.6.8 Repossessed Assets and Impairment Allowances

Item	As of December 31, 2020 Amount (in millions of RMB, unless otherwise stated)	As of December 31, 2019 Amount
Land use rights and buildings	164.92	107.66
Less: Impairment allowances	(14.79)	(20.99)
Net repossessed assets	150.13	86.67

4.6.9 Movements of Allowances for Impairment Losses on Loans

	Stage 1 ⁽¹⁾ Amount	Stage 2 ⁽²⁾ Amount	Stage 3 ⁽³⁾ Amount	Total Amount (in millions of RMB, unless otherwise stated)
Loans and advances to customers measured at amortized cost				
As at January 1, 2020	1,091.08	2,166.12	4,536.16	7,793.36
Transferred to next 12-month ECL	22.46	(12.40)	(10.06)	–
Transferred to lifetime ECL				
– not credit-impaired	(81.52)	96.02	(14.50)	–
Transferred to lifetime ECL				
– credit-impaired	(2.79)	(880.10)	882.89	–
Charged/(released) for the year	425.85	616.64	(179.27)	863.22
Transferred out	–	–	(1,028.32)	(1,028.32)
Recoveries	–	–	516.43	516.43
Write-offs	–	–	(1,543.66)	(1,543.66)
Others	0.38	0.06	(28.68)	(28.24)
As at December 31, 2020	1,455.46	1,986.34	3,130.99	6,572.79
Loans and advances to customers measured at FVOCI⁽⁴⁾				
As at January 1, 2020	53.23	–	–	53.23
Charged for the year	12.63	–	–	12.63
As at December 31, 2020	65.86	–	–	65.86



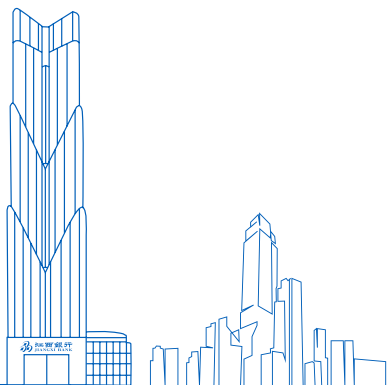
CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

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

4.6.10 Measures for Non-performing Assets

During the Reporting Period, the Group adopted the following measures to control the growth of non-performing assets: first, the Group enhanced the organizational leadership, set up a leadership and working team for risk management to implement hierarchical and classified supervision, intensify superior and subordinate linkage and strengthen the recovery of key and difficult objects. Second, the Group classified and addressed the risks of existing assets under the principle of “One Policy for One Customer”, and continuously improved the efficiency of disposal by means of collection and preservation, asset auction, market transfer, bad debt write-off and inventory revitalization. Third, the Group relied on the external force to enhance the effectiveness of disposal, sought government support to resolve risks, promoted the court to accelerate the process of litigation execution, and relied on the help of public security precision crackdown on debt evasion. Fourth, the Group strengthened the management of the disposal process, established the “four mechanisms” of bank leadership supervision, regular decision-making scheduling, interviews and regular notification, so as to speed up the collection process. Fifth, the Group improved the mechanism of rewards and punishments, encouraged cash collection, and strictly pursue the responsibility of non-performing issuance and responsibility for collection.



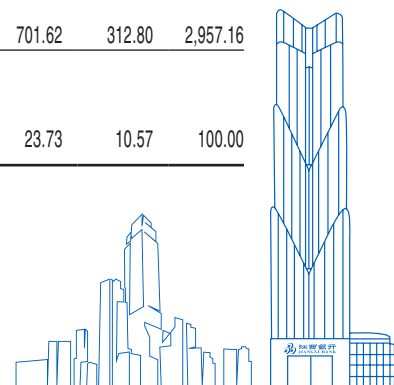
CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

4.7 SEGMENT REPORTS

4.7.1 Summary of Business Segment Information

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

	2020				Total	2019				Total
	Corporate banking	Retail Banking and credit card	Financial markets business	Other business		Corporate banking	Retail Banking and credit card	Financial markets business	Other business	
(in millions of RMB, unless otherwise stated)										
External net interest income	2,560.23	1,097.52	5,395.93	-	9,053.68	2,582.23	2,988.24	5,174.34	-	10,744.81
Internal net interest income/(expense)	2,197.54	1,017.01	(3,009.60)	(204.95)	0.00	2,669.63	119.94	(3,100.86)	311.29	-
Net interest income	4,757.77	2,114.53	2,386.33	(204.95)	9,053.68	5,251.86	3,108.18	2,073.48	311.29	10,744.81
Net fee and commission income/(expense)	301.80	2.90	280.48	(6.38)	578.80	504.35	(274.77)	319.36	(7.89)	541.05
Net trading gains	-	-	96.04	-	96.04	-	-	138.54	-	138.54
Net gains arising from financial investments	25.70	-	511.04	-	536.74	6.26	-	1,468.39	-	1,474.65
Other operating income/(expenses)	10.90	1.75	(45.10)	52.64	20.19	138.36	(0.38)	(149.43)	65.21	53.76
Operating income	5,096.17	2,119.18	3,228.79	(158.69)	10,285.45	5,900.83	2,833.03	3,850.34	368.61	12,952.81
Operating expenses	(2,456.39)	(993.84)	(77.00)	3.45	(3,523.78)	(741.76)	(1,253.06)	(1,502.81)	(10.42)	(3,508.05)
Operating profit before impairment	2,639.78	1,125.34	3,151.79	(155.24)	6,761.67	5,159.07	1,579.97	2,347.53	358.19	9,444.76
Impairment losses on assets	(264.90)	(561.27)	(3,411.50)	(46.76)	(4,284.43)	(4,214.88)	(581.42)	(1,645.91)	(47.38)	(6,489.59)
Share of profits of associates	-	-	-	7.46	7.46	-	-	-	1.99	1.99
Profit before taxation	2,374.88	564.07	(259.71)	(194.54)	2,484.70	944.19	998.55	701.62	312.80	2,957.16
Proportion to profit before taxation	95.58	22.70	(10.45)	(7.83)	100.00	31.93	33.77	23.73	10.57	100.00



CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

4.7.2 Main Segment Operating Income

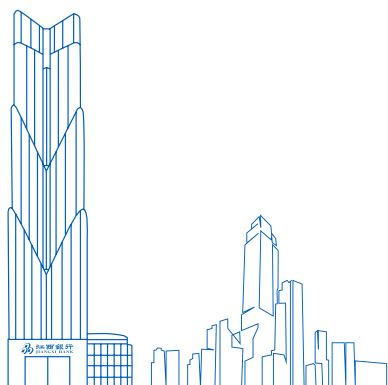
	2020		2019	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Corporate banking	5,096.17	49.55	5,900.83	45.55
Retail banking and credit card	2,119.18	20.60	2,833.03	21.87
Financial markets business	3,228.79	31.39	3,850.34	29.73
Others	(158.69)	(1.54)	368.61	2.85
Total	10,285.45	100.00	12,952.81	100.00

(1) Corporate Banking

In 2020, the Group's total profits of corporate banking amounted to RMB2.375 billion, representing an increase of 151.53% compared to the same period of last year and accounting for 95.58% of the Group's total profits. The increase of the total profits of corporate banking mainly due to the intensified efforts in non-performing disposal of corporate banking by the Group in 2020, as a result of a year-on-year decrease of RMB3.950 billion of impairment losses on assets of corporate banking because of the year-on-year decrease of the non-performing loans.

(2) Retail Banking and Credit Card

In 2020, the Group's total profits of retail banking and credit card amounted to RMB564 million, representing a decrease of 43.51% compared to the same period of last year and accounting for 22.70% of the Group's total profits. The decrease of the total profits of retail banking and credit card mainly due to the further optimization of credit structure of the Group, and intensified peer competition for deposits market and narrower deposit-loan spreads resulting from interest rate liberalization.



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(3) *Financial Markets Business*

In 2020, the Group's financial markets business made losses of RMB260 million turning from profits of RMB702 million from the previous year. The loss of financial markets business mainly due to: 1. Subject to market changes, the decreases of income from disposal of and transaction of financial investments at FVTPL and fair value resulting in the decrease of RMB957 million of net income from the financial investment compared to the same period of last year, or 65.20%; 2. Further provision to the impairment losses on assets of financial investment with provision increase of RMB1.766 billion year on year, thus to further consolidate the foundation and improve the ability to prevent risks by the Group.

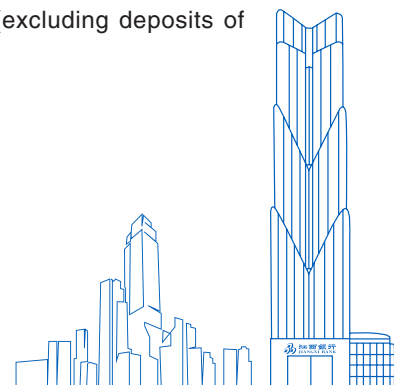
4.8 BUSINESS OVERVIEW

4.8.1 Corporate Banking

1 *Corporate deposits*

During the Reporting Period, in the face of the severe and complicated domestic and international situation, especially the severe impact of the COVID-19, the Bank made efforts in institutional business, transaction banking business and investment banking business to promote the continuous growth of corporate deposits; by proactively relying on the agency qualification for centralized payment of provincial treasury, the Bank obtained multiple agency qualifications for centralized payment of financial treasuries above county or district level, and helped expand fiscal, social insurance and medical insurance and other institutional customers; The Bank actively grasped the opportunities in the marketing of special local government debts of Jiangxi Province, and successfully introduced special debt funds such as those for toll roads, shantytown transformation and high-standard farmland construction in Jiangxi Province (at the corresponding level); and the Bank actively granted more loans to key customers and key special projects, actively marketed upstream and downstream enterprises of our core customers, and strove to circulate customer funds within the Bank. As of the end of the Reporting Period, the balance of the Bank's corporate deposits reached RMB195.760 billion.

As of the end of the Reporting Period, according to the People's Bank of China, the Bank ranked fourth with a market share of 9.77% in RMB corporate deposits (excluding deposits of non-deposit financial institutions) in Jiangxi Province; while the Bank ranked first with a market share of 14.78% in RMB corporate deposits (excluding deposits of non-deposit financial institutions) in Nanchang City.



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2 Corporate loans and advances

As of the end of the Reporting Period, the total amount of corporate loans and advances (discounted bills were not included, same as followings) issued by the Group had reached RMB122.033 billion, representing an increase of 7.20% as compared with the end of last year. Corporate loans and advances were the largest components the Group's loan portfolio, most of which were denominated in RMB.

Distribution of corporate loans and advances by product type

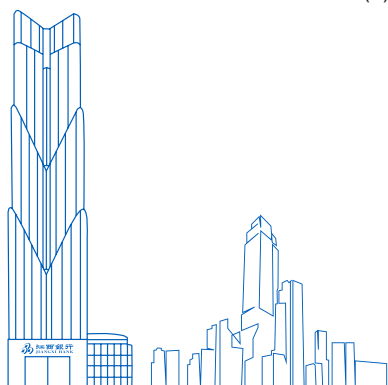
The Group provided various loan products to corporate customers, including working capital loans, fixed asset loans and financial leasing services. The Group's corporate loans and advances increased by 7.20% from RMB113.842 billion for the year ended December 31, 2019 to RMB122.033 billion as of December 31, 2020. This increase was mainly attributable to the Group's active response to the calls of the Party and the government to comprehensively implement "Six Stabilizations" and conscientiously realize "Six Guarantees", with more credit released to key areas such as key special projects, manufacturing, green industry and small and micro enterprises, and powerful support for pandemic prevention and control as well as economic and social development.

Unit: millions of RMB

Item	December 31, 2020		December 31, 2019	
	Amount	% of total	Amount	% of total
Working capital loans	64,865.28	53.15	56,250.79	49.41
Fixed asset loans	39,119.91	32.06	37,449.18	32.90
Financial lease	11,826.20	9.69	17,167.94	15.08
Others ⁽¹⁾	6,221.47	5.10	2,973.95	2.61
Total amount of corporate loans and advances	122,032.86	100.00	113,841.86	100.00

Notes:

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



CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

Distribution of corporate loans and advances by contract maturity

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

Unit: millions of RMB

Item	December 31, 2020		December 31, 2019	
	Amount	% of total	Amount	% of total
Short-term loans and advances ⁽¹⁾	46,583.26	38.17	44,160.73	38.79
Medium to long-term loans ⁽²⁾	75,449.60	61.83	69,681.13	61.21
Total amount of corporate loans and advances	122,032.86	100.00	113,841.86	100.00

Notes:

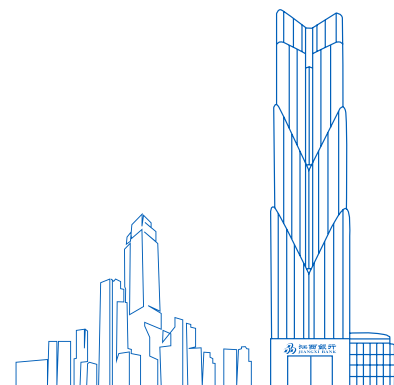
- (1) Consists of loans and advances with contract maturity of one year or less.
- (2) Consists of loans with contract maturity of more than one year.

Short-term loans and advances

As of the end of the Reporting Period, the Group's short-term loans and advances amounted to RMB46.583 billion, representing an increase of RMB2.422 billion, or 5.49% compared with the end of last year.

Medium to long-term loans

As of the end of the Reporting Period, the Group's medium to long-term loans amounted to RMB75.450 billion, representing an increase of RMB5.768 billion or, 8.28% compared with the end of last year.



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Distribution of corporate loans and advances by customer category

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

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

Unit: millions of RMB

Item	December 31, 2020		December 31, 2019	
	Amount	% of total	Amount	% of total
Micro enterprises ⁽¹⁾	10,761.47	8.82	8,589.96	7.55
Small enterprises ⁽¹⁾	58,639.61	48.05	58,367.40	51.27
Medium enterprises ⁽¹⁾	34,485.84	28.26	28,162.57	24.74
Large enterprises ⁽¹⁾	15,421.88	12.64	16,355.45	14.37
Others ⁽²⁾	2,724.06	2.23	2,366.48	2.07
Total amount of corporate loans and advances	122,032.86	100.00	113,841.86	100.00

Notes:

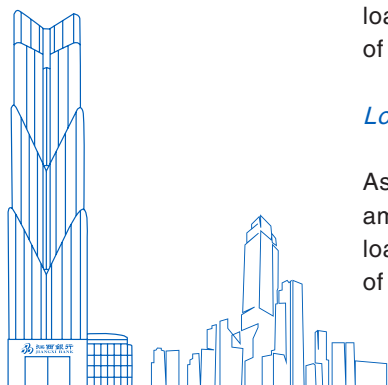
- (1) Classification Standards of Small and Medium Enterprises stipulates that the classification of large enterprises, medium enterprises, small enterprises and micro enterprises shall be based on the number of employees, operating income and total assets.
- (2) Primarily includes loans to public institutions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

Loans and advances to large and medium enterprises

As of the end of the Reporting Period, the Group's loans to large and medium enterprises amounted to RMB49.908 billion, accounting for 40.90% of the Group's total corporate loans and advances, with an increase of 1.79 percentage points from that as at the end of last year.

Loans and advances to small and micro enterprises

As of the end of the Reporting Period, the Group's loans to small and micro enterprises amounted to RMB69.401 billion, accounting for 56.87% of the Group's total corporate loans and advances, with a decrease of 1.95 percentage points from that as at the end of last year.



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3 *Corporate customers*

The Bank attaches great importance to customer expansion, sets targets for customer expansion, strengthens management measures, and spares no effort to expand its customer base, so as to increase its customer scale and enhance its market competitiveness. As of the end of the Reporting Period, the Bank had approximately 75,338 corporate deposit customers, representing an increase of 877 or 1.18% from the end of last year, and approximately 4,226 corporate loans and advances customers (including discounted bills), representing an increase of 245 or 6.15% from the end of last year. During the Reporting Period, the Bank launched a number of key marketing activities to increase the marketing of services to systemic customers such as administrative institutions, social security and medical insurance, schools and hospitals; the Bank strengthened financial support for small and micro, dual-innovation, poverty alleviation, agriculture-related and other inclusive financial customer segments; the Bank accelerated the signing of contracts with strategic customers such as administrative institutions at all levels, industry-leading enterprises and high-quality financial technology companies, and deepened mutually beneficial cooperation in credit support, capital settlement and blockchain applications.

4 *Corporate products*

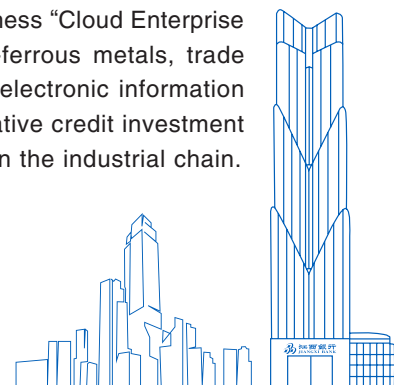
Settlement business

As of the end of the Reporting Period, the Bank had 11,484 accounts of enterprise mobile banking. Among them, 1,626 accounts were opened this year and 92,612 new transactions with a total value of RMB3.508 billion were made.

As of the end of the Reporting Period, the Bank had a total of 7,328 accounts of unit settlement card, of which 184 were opened this year and 67,095 new transactions with a total value of RMB692 million were made.

Supply chain finance

The Bank attaches importance to the combination of financial technology and supply chain finance, and takes supply chain finance business as an important tool to serve the industrial chain and help “Six Stabilizations” and “Six Guarantees” of China. As of the end of the Reporting Period, the Bank’s balance of supply chain finance business amounted to RMB4.673 billion. Among them, the online factoring financing business “Cloud Enterprise Chain” has supported 8 industrial chain clusters, covering non-ferrous metals, trade and logistics, animal husbandry, construction, modern furniture, electronic information and equipment manufacturing industries, etc. In 2020, the cumulative credit investment amounted to RMB682 million, serving 106 upstream enterprises in the industrial chain.



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5 *Investment banking*

During the Reporting Period, by adhering to the business approach of “going to the front and conducting joint marketing”, the Bank actively grappled with external challenges such as the impact brought by the pandemic, interest rate fluctuation and credit risk exposure in the bond market, and made marked achievements in the bond underwriting business. During the Reporting Period, the Bank underwrote 17 non-financial corporate debt financing instruments for 12 enterprises in Jiangxi Province, with a total issue amount of RMB14.05 billion, of which RMB5.422 billion was underwrote by the Bank, representing a year-on-year increase of 20.22%, and according to public statistics, the Bank ranked 50th among national underwriters and top 3 among the 12 new underwriters in the same batch nationwide.

6 *Micro-finance*

The Bank is always purpose-driven to serve small and micro enterprises. It constantly consolidated the foundation of inclusive customer base, and grew together with small and micro enterprises. Especially in the context of the global spread of the COVID-19, from focusing on “pandemic prevention and anti-pandemic” to the “resumption of work and production”, from the implementation of the “Six Stabilizations and Six Guarantees” to the promotion of “transformation and upgrading”, the Bank, as always, has taken the lead and contributed to the development of small and micro enterprises in Jiangxi Province. As of the end of the Reporting Period, the Bank’s small and micro enterprise loan balance (with the credit granted to a single customer less than RMB10 million (inclusive)) was RMB32.328 billion, up by RMB4.309 billion or 15.38% from the end of last year. There were 21,563 customers who received small and micro enterprise loan (with the credit granted to a single customer less than RMB10 million (inclusive)), up by 3,423 from the end of last year; and the weighted average interest rate was 5.01%, 0.93 percentage points lower than that of last year. Success was thus made in lowering the financing cost of small and micro enterprises.

First, Credit support was increased. The internal assessment of loans to inclusive small and micro enterprises has been strengthened, the weight of the assessment has been increased, and the weight of the “Two Increases and Two Controls” indicators in the overall and line KPI assessment has been raised to over 10%, so as to mobilize the enthusiasm of operating institutions to lend; and it has been proposed that the credit risk impairment allowance and economic capital should be appropriately reduced, so as to practice the due diligence exemption and the long-term mechanism of “daring to loan and willing to loan” has been improved. At the same time, we also further strengthened the People’s Bank of China’s policy of “re-loans for small and micro enterprises” and the use of “two rights” mortgage and pledge to increase credit and focused on serving small and micro enterprises, so as to achieve credit investment of special re-loans for small and micro enterprises of RMB700 million, supporting a total of 204 small and micro enterprises to resume production, and we clearly defined the positioning of our customers and promoted “one product for one county” relying on the advantages of regional industrial clusters.



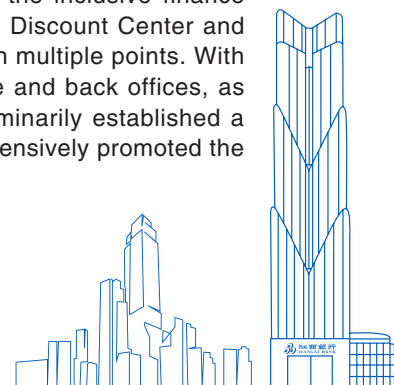
CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

Second, assistance in burden alleviation was provided. As the loan interest rate is as low as the latest announced LPR for one-year term minus 200 basis points for loan release when utilizing special re-loan funds from PBOC to key enterprises, which, to a greater extent, reduces interest payment costs for small and micro enterprises. For micro and small enterprises temporarily encountering difficulties due to the pandemic, the Bank actively implemented the policy of deferring principal and interest repayment and the launch of inclusive small and micro credit loans, and promoted the orderly implementation of the “Six Stabilizations”, “Six Guarantees” and inclusive small and micro credit loans according to the actual situation of customers. At the same time, the Bank also provided interest fee waiver, credit protection and loan renewal services, and waives all transfer and settlement fees for small and micro enterprises.

Third, product innovation reflected the height. Further supported by financial technology, we actively explored the application of blockchain technology in the field of inclusive finance, and broadened the application scenario of “supply chain + blockchain”; innovated micro credit products such as “settlement loan”, “Jiang Yin excellent loan” (江銀優貸) to meet the daily settlement funds and short-term financing demands of small and micro enterprise owners and individual business operators. At the same time, we also innovated products by industry, increased support for industrial chains, set up “Jiangxi Bank Ceramic Financial Service Center” around the ceramic industry chain in Jingdezhen to implement “one chain and one policy”; and for the province’s key industries such as agriculture, manufacturing, health care and cultural innovation, the development of “Zhengbang loan”, “breeding loan for Twins Group”, “electric porcelain industry loan”, “high-tech loan”, “cultural enterprise loan” and other special financial products.

Fourth, quality service sped up. We further increased the publicity and promotion of the financing service platform for small and micro customers, broadened customer acquisition channels, insisted on tailored measures for emergency and special businesses, opened a “green approval channel”, and set deadlines for loan approval for small and micro enterprises; actively carried out the “Bank-Enterprise Cooperation” (百行進萬企) for the enterprise publicity activities, used the provincial local financial supervision bureau and the financing platform of the People’s Bank of China to further accelerate the docking between banks and enterprises; and, through the “Micro Enterprise Loan”, “Handheld Micro Loan” and other online small and micro financial products, the credit process was optimized so that small and micro enterprises can meet their financial service needs such as financing and payment and settlement without having to leave their offices.

At the same time, the Bank also established the Inclusive Finance Department according to the actual situation, set up and improved the three-level management structure of the head office and branches, established and improved a series of institutional mechanisms such as personnel assessment and salary management, due diligence and liability exemption, etc., formed multi-lateral cooperation among the inclusive finance line of head office and branches, the Small Loan Center, the Bill Discount Center and the Inclusive Finance Service Station, and achieved blossoming in multiple points. With the long-term mechanism of professional division of front, middle and back offices, as well as standardized operation and full staff marketing, we preliminarily established a multi-level inclusive financial management system, which comprehensively promoted the high-quality development of our inclusive financial business.



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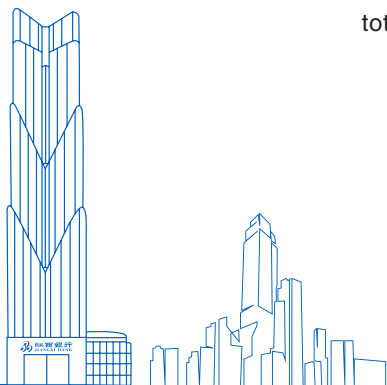
4.8.2 Retail Banking

1 Retail deposits

During the Reporting Period, the Bank actively responded to the adverse impact of the unexpected pandemic, optimized its channel establishment, and explored new business growth drivers, so that the balance of retail deposits exceeded the RMB100 billion and the market share grew faster. As of the end of the Reporting Period, the Group's retail deposit balance reached RMB116.362 billion, representing an increase of RMB30.342 billion or 35.27% over the end of last year. According to the People's Bank of China, the Bank took up a market share of 4.99% in RMB savings deposits in Jiangxi Province, representing an increase of 0.57 percentage points over the end of last year; ranking 7th among banking financial institutions in Jiangxi Province; and during the Reporting Period, the Bank's incremental market share of savings deposits was 8.27%, ranking 5th among the banking financial institutions in Jiangxi Province, and the Bank's incremental savings deposits within Nanchang City was 16.98%, ranking 1st among the banking financial institutions within Nanchang City.

During the Reporting Period, the Bank continued to promote the exploration of retail deposit market in counties, organized savings deposit competitions in county branches, conducted field research in counties and rural areas, completed the construction and piloting of rural financial service station mechanism, officially opened 5 stations, guided branches to explore the potential of counties and rural areas, and increased the market share in counties. As of the end of the Reporting Period, the Bank's county sub-branches in Jiangxi Province recorded a total savings deposit balance of RMB31.751 billion, representing an increase of RMB8.216 billion or 34.91% from the end of last year.

During the Reporting Period, the Bank continued to develop social security business cooperation, broadened the sources of settlement deposits, completed the second phase of the "Social Security Card" management system and the online operation of UnionPay online payment, obtained the approval for the issuance of the third-generation social security card from the People's Bank of China, brought the third-generation card system online, and promoted the construction of "Social Security Self-service Bank" in Nanchang City Branch. As of the end of the Reporting Period, the Bank issued a total of 206.9 thousand social security cards; and during the Reporting Period, a total of 556.5 thousand funds were issued on commission through the Bank and social security direct issuance system. The funds of social security released on commission and directly totaled RMB6.440 billion.



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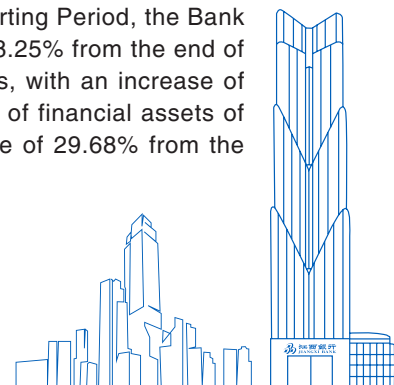
2 *Retail loans*

As of the end of the Reporting Period, the Group's personal loans and advances amounted to RMB76.958 billion, representing a decrease of RMB3.769 billion compared to the end of last year. It was mainly due to the optimization of credit structure. Among which, the balances of retail inclusive loan amounted to RMB2.299 billion, representing an increase of RMB603 million compared to the end of last year.

During the Reporting Period, the Bank actively adjusted its loan policies during the pandemic, strengthened credit support for special populations, formulated preferential policies, and took measures such as adjusting repayment plans, credit objection processing and penalty interest reduction to reduce the impact of the epidemic on loan populations. We further optimized personal loan products and mechanisms and promoted the optimization of retail loan structure. First, we fully completed the conversion of stock floating interest rates to meet the working requirements of the People's Bank of China. Second, we completed the comprehensive sorting and optimization of individual loan products. We completed the optimization and upgrading of the interface of the individual credit system, added the functions of online application and self-service use of the individual loan products, cooperated with insurance companies to launch individual consumption guarantee insurance loan products, and revised and completed the management methods of Jiang Yin excellent loan, commercial property mortgage loan, deposit certificate pledge loan and individual settlement loan, which made the products more functional and optimized. Third, we combined the online and offline efforts to promote the development of consumption loans. We carried out cell phone loan within a second for high-quality customer base marketing, by strengthening public-private linkage, we accomplished offline marketing of cell phone loan within a second for high-quality customers. Innovative supervision methods and online video conferences improved the efficiency of supervision of individual credit business in branches.

3 *Retail customers*

During the Reporting Period, the Bank carried out a project to improve customer refinement management in branches, which effectively improved the effectiveness of customer maintenance in branches. We arranged dedicated staff to complete coaching for 28 branches and more than 200 hours, covering more than 600 employees in individual line and forming a team of more than 70 internal trainers. We formulated the "Online Marketing Guidelines for WeChat Customer Groups of Jiangxi Bank Branches" (《江西銀行網點微信客戶群線上營銷指引》) to guide branches to broaden customer marketing channels and improve customer maintenance success rate during the pandemic through online marketing in terms of organization in early stage, customer invitation and activity design of online marketing. As of the end of the Reporting Period, the Bank had 1,467,300 effective personal customers, with an increase of 8.25% from the end of last year; the Bank had 308.0 thousand individual VIP customers, with an increase of 59.2 thousand or 23.79% from the end of last year. The balance of financial assets of the VIP customers reached RMB130.258 billion, with an increase of 29.68% from the end of last year.



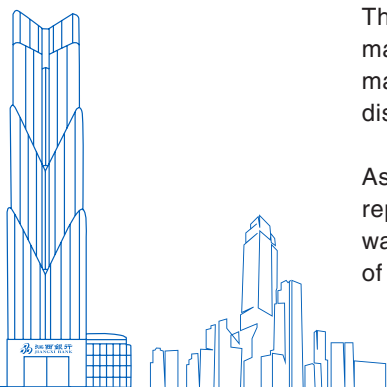
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4 Bank cards

During the Reporting Period, the Bank built a marketing circle between employees and customers by launching the Jiangxi Bank Micro Shop—an online marketing tool via the “Handheld Bank”. The marketing tool was provided with such features as employee information display, online customer communication, Jiangxi Bank information, and investment and wealth management configuration and was built-in with value-added services like online free medical consultation and online school. We strengthened cooperation with Internet payment platforms, and joined hands with Meituan Payment to conduct the “2020 Turning Better” marketing activity. During the Reporting Period, there were a total of 724.8 thousand transactions involving the Bank’s debit cards bound with Meituan Payment, which meaningfully improved the stickiness of customers. We optimized the application of debit cards on various smart devices, cooperating with the Branch Intellectualization Action to optimize the function construction of intellectual branch equipment, and have realized self-service processing of 11 kinds and a total of more than 70 businesses including investment and wealth management, life payment and transfer and remittance.

During the Reporting Period, the Bank’s credit card business aimed to achieve the goal of “improving quality, stabilizing card issuance, and increasing revenue”. We steadily increased the scale of the credit card business, and continued to speed up the stable and healthy development of the business. First, we strengthened the financial anti-pandemic guarantee to achieve better lives for people. The Bank did its utmost to help credit card customers overcome problems and concerns in terms of product research and development, marketing interests, and interest and fee reduction and exemption while providing professional, efficient, and safe financial services. Second, we built a comprehensive marketing rights system to enhance customers’ experience of card usage. Through branding of marketing rights, diversification of marketing activities, mainstreaming of marketing publicity, differentiation of installment marketing and diversification of promotion mode, we further enhanced customer stickiness and marketers’ enthusiasm. Third, we deepened cross-industry cooperation to enrich co-branded card products. The Bank deepened the cross-industry cooperation with the JD Finance platform and the iQiyi platform. The Bank officially launched the “co-branded credit cards of JD Finance and iQIYI”, the second product of the JD Finance co-branded card series. The product broadened the customer group of Jingdong co-branded card series, positioned the online customer group, and met the needs of customers for online shopping and online movie watching. Fourth, we strengthened technology empowerment to boost credit card risk control capability. By improving the construction of the whole-process risk control system and the use of retail internal evaluation of risk control models and decisions, we continuously improved the credit card risk control capability. The pre-credit segment realized accurate risk identification and scientific decision-making for customer access; the mid-credit segment realized customer risk stratification management and risk warning; and the post-credit segment realized clearance and disposal of differentiated credit card overdue assets.

As of the end of the Reporting Period, the Bank issued 605,400 credit cards in total, representing an increase of 16.73% year on year; the accumulative number of customer was 584,700, representing an increase of 15.87% year on year; and the overdraft balance of credit cards was RMB3.838 billion, representing an increase of 3.54% year on year.



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5 *Wealth management*

During the Reporting Period, the Bank improved the construction of product sales-related systems, and completed the launch of functions such as net-worth products for wealth management, qualified investor recognition, product purchase for foreigners and traceability management for insurance sales. We enriched the range of wealth management products, completed the research and development of accumulation fund business, added five new fund companies to contract for agency sale business cooperation, and launched 20 new funds. We promoted the transformation sales of wealth management net worth. During the Reporting Period, the Bank sold 31 personal net-worth wealth management products with sales amount of RMB6.852 billion, and the balance of personal net-worth wealth management products reached RMB18.45 billion, accounting for 55.67% of all personal wealth management balances, up 54.73 percentage points from the beginning of the year.

4.8.3 Financial Markets Business

1 *Money market business*

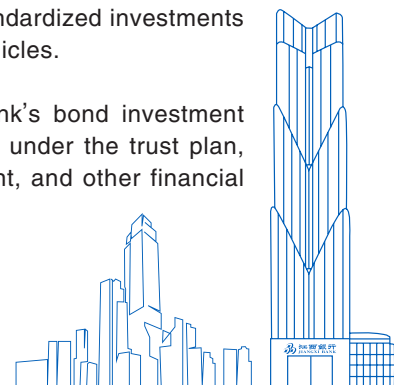
During the Reporting Period, the People's Bank of China flexibly grasped the strength, pace and focus of monetary policy according to the situation of pandemic prevention and control as well as economic and social development, creating a stable and suitable monetary and financial environment for the pandemic prevention and control, as well as "Six Stabilizations", "Six Granantees" and other key works. While paying close attention to the changes in financial regulation and monetary policies, the Bank flexibly used tools such as medium-term borrowing facilities, so as to keep the liquidity reasonable and sufficient, satisfy the regulatory requirements for liquidity management, and promote the steady development of money market business.

As of the end of the Reporting Period, the balance of the Group's deposits with banks and other financial institutions, placements with banks and other financial institutions and financial assets held under resale agreements amounted to RMB13.971 billion, and the balance of the Group's deposits from banks and other financial institutions, placements from banks and other financial institutions and financial assets sold under repurchase agreements amounted to RMB35.793 billion.

2 *Investment in securities and other financial assets*

During the Reporting Period, the Bank consistently adhered to the concept of scientific development and prudent management, and continued to optimize the asset structure in response to policy requirement, increased the proportion of standardized investments by reducing the proportion of investments in specific purpose vehicles.

As of the end of the Reporting Period, the balance of the Bank's bond investment was RMB82.681 billion, and the balance of investment products under the trust plan, investment products under the securities company's management, and other financial products totaled RMB91.767 billion.



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3 *Assets management business*

During the Reporting Period, the Bank focused on the working concept of “emphasizing both the transformation development and risk prevention” and implemented the guiding principles of regulatory policies to steadily promote the transformation to net worth wealth management. As of the end of the Reporting Period, the Bank’s wealth management products had a subsisting balance of RMB34.088 billion, representing an increase of 2.67% from the same period of last year, of which the investment scale of individual customers reached RMB33.166 billion, accounting for 97.30% and up by RMB901 million over the same period of last year. At the same time, the Bank successfully issued periodical net worth products, enriching the range of net worth products and accelerating the transformation to net worth products.

During the Reporting Period, the Bank was granted the “Advanced Institution Award in Bond Management Business” by China Central Depository & Clearing Co., Ltd. (“CCDC”) and the honorary title of “Excellent City Commercial Bank for Banking Wealth Management Information Registration” by China Banking Wealth Management Registration & Depository Co., Ltd. with its excellent investment management ability and good performance in data reporting.

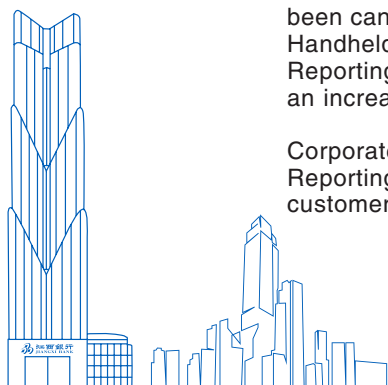
In order to deepen the transformation and development of asset management business and constantly improve the competitiveness of our financial products, the Bank will adhere to the concepts of “assuming respective responsibilities by buyer and seller”, continuously advancing the education and training to investors, and continue to enrich the net-value wealth management product system, as well as to improve operation mechanism of information disclosure, system building, investment transaction. And, by focusing on launch of new products to different groups of customers in an appropriate time step by step, the Bank will lay a solid foundation to the product, and contribute to maintaining and increasing the wealth of residents, supporting the development of real economy and promoting the steady transformation and development of wealth management services of banks.

4.8.4 Network Finance Business

During the Reporting Period, the Bank actively implemented financial support to prevent and fight against the pandemic, increased transfer limits and approval limit for implementation of online banking and mobile banking (including the Handheld Bank), reduced and waived corporate transfer fees, which effectively reduced the burden of enterprises, and provided customers with safe, convenient and efficient online financial services through multiple channels of e-banking. With advanced technology application, product and service innovation, integration of individual mobile end, the Bank made continuous upgrading and optimization in various aspects such as functional improvement, performance security, process simplification and interface friendliness, etc., and carried out a series of innovations and practices. In December 2020, the Bank won the “Most Featured Mobile Banking Function Award” jointly awarded by China Financial Certification Authority (CFCA) and China Electronic Banking Network ◦

Individual e-banking: During the Reporting Period, all former individual mobile banking users of the Bank have been moved to the Handheld Bank, the former individual mobile banking has been canceled, and the integration of individual online banking into the unified management of Handheld Bank management platform has entered into the testing stage. As of the end of the Reporting Period, the number of individual e-banking registered customers totalled 2,207,000, an increase of 21.27% over the same period of last year.

Corporate e-banking: The Bank initiated the revision of corporate online banking during the Reporting Period. As of the end of the Reporting Period, the number of corporate e-banking customers totalled 55,300, an increase of 10.82% over the same period of last year.



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Telephone banking: During the Reporting Period, the customer service center received a total of 897,900 calls from customers, with an average daily rate of 2,453 calls, 93.61% telephone connection rate, and 99.49% customer satisfaction rate. With high quality service and efficient emergency management capability, the Bank's Customer Service Center performed excellently in "2020 Comprehensive Assessment of Customer Service Center and Remote Banking in Banking Industry" sponsored by China Banking Association in December 2020, and has passed the special assessment of emergency management capability.

WeChat official account: During the Reporting Period, the Bank launched the mini-program of Bank of Jiangxi Wealth Management to further promote the development of retail business. As of the end of the Reporting Period, the Bank's WeChat Official Account had a total of 798,000 followers, up by 6.73% year on year.

4.8.5 International Business

During the Reporting Period, the Bank actively implemented national policies, focused on the work objectives of improving quality and efficiency and accelerating development, followed the market trend, took the customer needs as the guidance, continuously strengthened product stickiness and the ability to use technology, relied on product services such as cross-border letters of guarantee, international settlement, trade finance, and continued to improve the effectiveness of cross-border business support, and achieved a steady increase in the overall efficiency of international business.

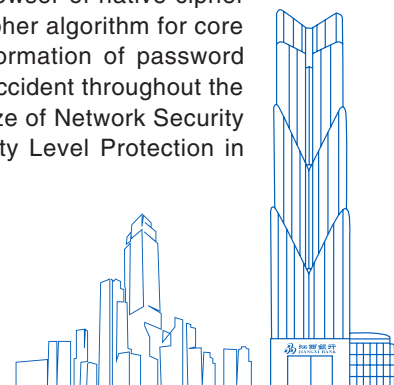
As of the end of the Reporting Period, the Bank handled international settlement of RMB41.775 billion, up by 12.03% compared to the same period last year; the balance of on-balance-sheet and off-balance-sheet financing under the international business were equivalent to RMB12.275 billion, up by 50.87% compared to the end of last year, among which the balance of domestic letter of credit and forfeiting amounted to RMB8.017 billion, representing an increase of 78.47% over the end of last year, and the balance of cross-border guarantee amounted to RMB3.978 billion, representing an increase of 34.89% over the end of last year.

4.8.6 Information Construction

During the Reporting Period, facing recurring pandemic and increasingly complex and severe industry situation and with the objectives of "anti-pandemic, controlling risks, improving quality and efficiency, and promoting development", the Group supported its business development by ensuring safe foundation and accelerating technological innovation.

1 Ensuring safe foundation

As for the transformation of national secrets, we implemented the transformation of native cipher algorithm for credit cards, the construction of a special browser of native cipher algorithm for Internet banking, and the transformation of native cipher algorithm for core systems, and practically promoted the application of the transformation of password localization. As for network security, there was no major security accident throughout the year, all the indicators operated normally, and we won the first prize of Network Security Publicity Work and the title of Advanced Unit of Network Security Level Protection in Jiangxi banking industry in 2020.



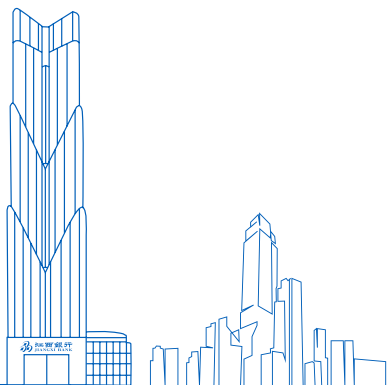
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As for business continuity guarantee, major progress in three aspects were achieved: First, we continuously improved the establishment of disaster backup system, completed the establishment of disaster backup system for call center and Handheld Bank business, dual-active transformation of channel front system applications, disaster backup upgrade and establishment for second-generation payment and international settlement business systems, and the setup of unified backup platform for core disaster backup. We also improved the disaster backup management platform, optimized the structure of the disaster backup system, which improved the coverage of the application-level disaster backup system. Second, the disaster backup system kept operating for up to one week (2 days in 2019), and the disaster backup system was more reliable. Third, the remote disaster backup establishment was forging ahead steadily.

2 Accelerating scientific and technological innovation

As blockchain empowers supply chain finance, we applied consortium chain technology, constructed nodes on Cloud Enterprise Chain, improved the security of chain exchanges of Cloud Enterprise Chain business data and information storage, and realized the whole process of upstream supplier financing online. We launched the “Double Micro Platforms” (Jiangxi Bank Micro Shop + WeBank Platform) to build a customer marketing and operation platform under the WeChat ecology, by forwarding Jiangxi Bank Micro Shop to all staff for marketing with one click, and with WeBank Platform guiding customers to purchase independently, customers’ financial product needs can be realized without downloading the APP of Handheld Bank. The “Double Micro Platforms” won the 2020 Financial Technology Innovation Outstanding Contribution Award – Development Innovation Award.

We built a digitalized, intelligent and easy-for-repeated platform for risk control, constructed a risk indicator bank of more than 1,000 credit-derived variables based on the second-generation credit, upgraded a total of 9 sets of credit scoring models for related products and loan and post-loan models of a number of online and offline products, and optimized the decision-making engine for pre-loan approval and risk control strategies by using data slicing, which improved the performance by nearly 10 times. Among them, “Big Data Intelligent Risk Control for Inclusive Finance” won the third prize of the Best Application Achievement Award. The unified credit function of several systems including individual loans and corporate loans has been improved and optimized, which fully incorporated offline business models and processes, built a comprehensive view of customer credit limits, and realized online credit control.



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4.8.7 Subsidiary Business

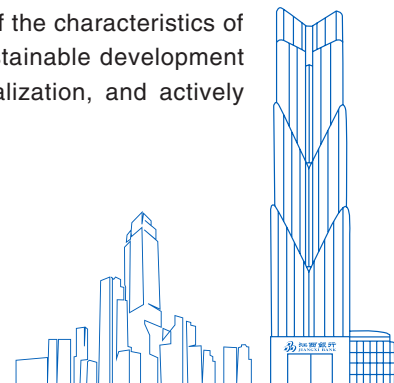
1 Subsidiary business

(1) Jiangxi Financial Leasing Corp., Ltd.

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

As of the end of the Reporting Period, the total assets of Jiangxi Financial Leasing reached RMB13.381 billion, representing a decrease of 34.50% as compared with RMB20.430 billion at the beginning of the year primarily due to the decline in leasing business compared with the same period last year affected by the COVID-19 pandemic and loose external capital market; the net assets was RMB2.738 billion, representing an increase of 3.32% as compared with RMB2.650 billion at the beginning of the year. In 2020, it realized net profit of RMB189 million, decreased by 27.56% year on year. All regulatory indicators were up to standard. As of the end of the Reporting Period, Jiangxi Financial Leasing obtained an interbank credit line of RMB63.201 billion from 114 financial institutions. The available credit line was sufficient, and the liquidity indicators were within an appropriate range, which guaranteed the Company’s needs for continuous launch of projects and the payment of due liabilities.

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



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(2) *Jinxian Ruifeng County Bank*

Jinxian Ruifeng County Bank Co., Ltd. (“Jinxian Ruifeng”) was incorporated on 15 June 2012 at Jinxian County, Jiangxi Province, with registered capital of RMB100 million. The principal activities of Jinxian Ruifeng are the provision of corporate and retail banking services.

Since its establishment, Jinxian Ruifeng has been actively implementing the Group’s overall development strategy, abode by the business policy of serving agriculture, rural areas and farmers and serving small and micro businesses, set solid groundwork in county areas, supporting small and micro businesses and serving agriculture, rural areas and farmers, as well as insisted on compliance and legality.

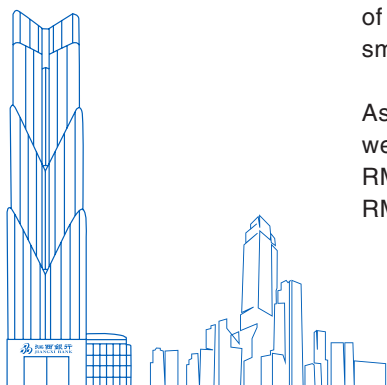
On 25 December 2020, the Approval of CBIRC Jiangxi Office on Change of the Registered Capital of Jinxian Ruifeng County Bank (Gan Yin Bao Jian Fu [2020] No. 365) from the CBIRC Jiangxi Office approved the application for change of the registered capital of Jinxian Ruifeng County Bank, and the Bank contributed a capital increase of RMB50 million with RMB1 per share. As of the end of the Reporting Period, the Bank held 69.50% of equity interest of Jinxian Ruifeng.

As of the end of the Reporting Period, total assets of Jinxian Ruifeng were RMB266 million, up by RMB84 million from the end of last year; total loans were RMB100 million, up by RMB9 million from the end of last year; total liabilities were RMB195 million, up by RMB33 million from the end of last year.

2 *Immaterial businesses of affiliated enterprises*

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

As of the end of the Reporting Period, total assets of these villages and township banks were RMB2.853 billion, up by RMB476 million from the end of last year; total loans were RMB1.804 billion, up by RMB364 million from the end of last year; total liabilities were RMB2.432 billion, up by RMB463 million from the end of last year.



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4.9 PLEDGED ASSETS OF THE GROUP

Details of the Group's pledged assets are set out in note 39(e) to the financial statements.

4.10 RISK MANAGEMENT

For the risk management, the Bank adopts the mode of comprehensive risk management to ensure steady development of the Bank, realize appreciation of shareholder value, and fulfill social responsibilities.

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

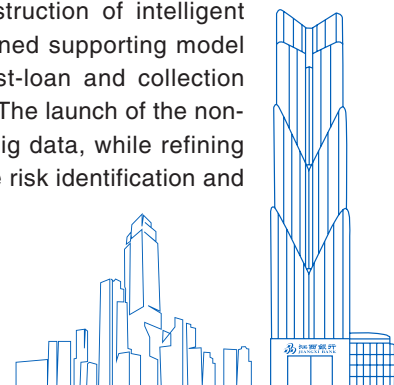
The Bank has established an organizational structure for risk management featuring “centralized management and matrix distribution” to clarify risk management responsibilities, and form three defense lines of risk management: “business unit to control by itself in the first line, risk department to manage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

4.10.1 Management of Credit Risk

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

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

1. Strengthened concentration risk management. The Bank enriched the risk limit indicators by setting 19 concentration limit indicators in terms of customers, industries, maturity, business types, products, collaterals, etc., so as to strengthen the concentration of credit in key areas and prevent “excess credit”. The Bank strengthened the management of the duration of credit granting, reduced the concentration of duration, and rationally allocated long- and short-term credit resources.
2. Optimized risk rating models. The Bank strengthened the construction of intelligent risk control, developed 18 sets of retail rating models, and designed supporting model application strategies to realize model control on approval, post-loan and collection management. The Bank launched non-retail internal rating project. The launch of the non-retail rating optimization project strengthened the application of big data, while refining model classification and re-classifying model exposures to improve risk identification and measurement.



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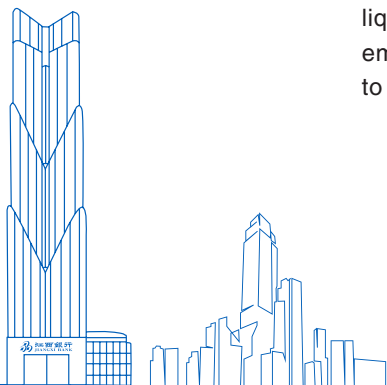
3. Improved the accuracy of risk monitoring. The Bank expanded the scope of risk monitoring, implemented the introduction of data on electricity, external financing and equity penetration; further optimized the early warning management process, promoted hierarchical and differentiated management, and solidified the network of warning management system “linking vertically and interacting horizontally”.

4.10.2 Liquidity Risk Management

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

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

1. Due to the impact of the epidemic, the Bank closely monitored the assets and liabilities in each term interval, and improved the quality and effectiveness of monitoring, analyzed the source and use of funds, and carefully and moderately regulated the arrangement strategy of medium-term and long-term assets, so as to maintain an overall balanced development of assets and liabilities. As of December 31, 2020, the Group’s liquidity ratio was 78.17%; NSFR was 147.44%; and liquidity coverage ratio was 429.88%. The balance of qualified high-quality liquid assets was RMB67.208 billion, and the amount of net cash outflow in the next 30 days was RMB15.634 billion.
2. The Bank conducted dynamic monitoring of the daily daytime liquidity and actively improve reserve level, based on the trend of the capital market and customer needs, so as to ensure the Group’s daytime fund payment security, and to support the enterprises affected by epidemic on the resumption of production and work.
3. The Bank strengthened the allocation of quality liquid assets and the adjustment of repricing term structures, advanced all regulatory indicators to grow stably and continuously improve when they were continuously up to standard.
4. The Bank continuously improved the Group’s multi-layer liquidity reservation mechanism, including maintaining the high proportion of highly liquid assets, properly allocating highly liquid assets under different time limits and holding a reasonable and sufficient provision.
5. The Bank optimized liquidity risks and emergency response system, conducted a liquidity emergency drill in an orderly manner, simulated the impact of liquidity gap in an emergency situation, handled all nodes safely and made good emergency management to ensure the liquidity risk of the Group being stable and controllable.



CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

4.10.3 Market Risk Management

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

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

1 Transaction book interest rate risk analysis

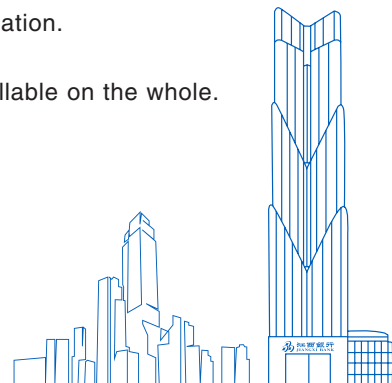
During the Reporting Period, the Bank improved the management on interest rate risks of transaction book through following measures:

- (1) Continuing to improve the market risk system. We improved the risk limit management policy of financial market business, optimized the valuation model of related business, and smoothed out the fluctuation of fair value.
- (2) Continuing to carry out limit control. We enriched the dimension of limit control, standardized the approval of over-limit process, and implemented over-limit rectification.
- (3) Continuing to improve the level of market risk measurement. We carried out day-by-day market surveillance to accurately measure profit and loss; regularly conducted stress tests to measure market risk tolerance; scientifically set limit levels to effectively control the reasonable operation of market risk; fully utilized sensitivity analysis and value-at-risk analysis to test the sensitivity of asset portfolios to interest rate fluctuations.

2 Bank book exchange rate risk analysis

During the Reporting Period, the Bank had relatively small foreign exchange risk exposure. The Bank's primary principles for controlling exchange rate risk is to match asset and liability denominated in every currency to the greatest extent, conduct monitoring over the foreign currency exposure on a daily basis, and execute the transaction for position-closing of foreign exchange settlement and sales in due time to prevent currency exchange loss arising from exchange rate fluctuation.

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



CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

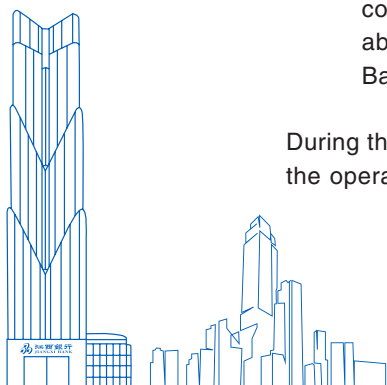
4.10.4 Operational Risk Management

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

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

1. Establishing rules and systems to strengthen the foundation and enhancing the prevention of operational risks in advance. We continuously improved the operational risk management system and the operation rules of each business line, and continued to accomplish the establishment, reform and abolition of the system in the Bank to further prevent the operational risk of each business line.
2. Strengthening control and management through various measures to enhance the source control of operational risks. In view of the risky processes and weak links in the whole bank, we continuously strengthened the control measures of each line, such as unified credit, pre-loan due diligence, account cleaning and verification, to identify and prevent operational risks from the source.
3. Building a framework of three major tools to strengthen the monitoring of operational risks. We conducted self-assessment of operational risk and control, continuously monitored key risk indicators, collected the financial loss data caused by operational risks, and monitored the operational risk management of each business line.
4. Focusing on key remediation to strengthen operational risk supervision and inspection. We organized “looking back” on-site inspections for the remediation of market disorder, formulated and promoted the annual compliance inspection plan, conducted operational risk inspections in key areas such as credit granting and counter business, and comprehensively investigated the potential operational risks.
5. Optimizing the system to improve quality and efficiency, and strengthening operational risk technology support. We continuously improved the functions of the internal control and compliance operational risk system, continuously optimized the corporate credit system, wealth management business and other related systems, and set rigid limits through the system to further prevent and control operational risks.
6. Strengthening the responsibility and focusing on case prevention to strengthen the control of employee behavior. We organized and conducted credit checks and capital abnormality checks among employees, and comprehensively investigated whether the Bank’s employees had criminal records and misdeeds, which achieved certain results.

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



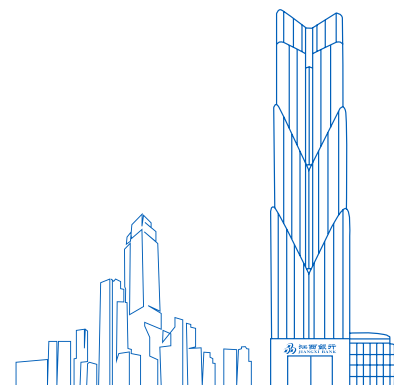
CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

4.10.5 Information Technology Risk Management

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

During the Reporting Period, the Bank comprehensively complied with the policies and regulations of competent and regulatory authorities of the state government, actually made a difference in the three defense lines of information technology risk management represented by the information technology department, risk management department and audit department, and carried out a series of IT risk management improvement work.

1. The Bank increased the business continuity drills and conduct 7 drills throughout the year, including 2 system switching drills, 1 emergency system replacement drill, 1 important business desktop drill, and 3 joint drills with CUP Data (銀數公司). At the same time, in this year, we extended the duration of continuous disaster backup to 7 days in the system switching drill for the first time to fully verify the full replacement capability of our disaster backup system.
2. The Bank strengthened IT outsourcing risk control by conducting a series of risk assessment inspections, including special inspection for project development and IT outsourcing risk checks, covering resident project developers and non-resident outsourcing service providers, to practically perform risk supervision duties.
3. The Bank strengthened the information system life cycle risk monitoring. By selecting some system development projects for key monitoring, the requirements, design, development, testing, on-line and other nodes of the information system life cycle were monitored and evaluated to safeguard the standardization of information system construction and improve the quality of project construction.
4. The Bank carried out regular dynamic monitoring of information technology risk indicators. We selected key information technology risk indicators, regularly monitored and analyzed the operation status of important information systems, network security situation and the changing trend of electronic channel transactions, and fully disclosed the information technology risk level of the Bank. During the Reporting Period, all production systems of the whole Bank operated well, and no major information technology risk events occurred.



CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

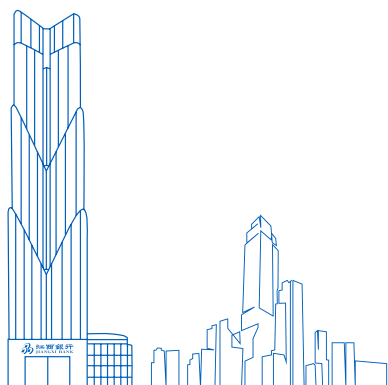
4.10.6 Legal and Compliance Risks

1 *Legal risk*

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

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

- (1) Assisting in preventing and dissolving legal risks. The Bank actively supported the legal services during the pandemic, collected and studied the pandemic related policies, regulations, and judicial interpretations, and provided effective legal services for pandemic prevention and control, work resumption, and credit support. The Bank participated in the resolution of non-performing assets of the whole bank, cooperated in handling material risk disposal issues, and continued to prevent and resolve legal risks.
- (2) Consolidating the quality and efficiency of legal management work. The Bank continuously strengthened the management of legal affairs and improved the quality and efficiency of legal affairs of the whole bank; established a bank-wide lawyer bank, rationally used external lawyer resources, and standardized lawyer engagement management; promoted empowering notary business to resolve loan contract disputes with high efficiency and low cost.
- (3) Fostering an atmosphere of legal awareness effectively. The Bank actively organized online training on the Civil Code, corporate lawyer business training and various legal knowledge and skills training to continuously improve the legal awareness and legal level of the employees.



CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

2 *Compliance risk*

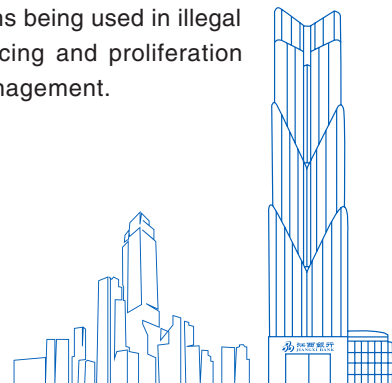
Compliance risks refer to the risks of legal sanctions, regulatory penalties, significant financial losses and reputation damage due to inconformity with laws, regulations and rules.

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

- (1) Carrying out the benchmarking of rules and regulations. The Bank requires benchmarking with laws and regulations, regulatory provisions, listed banks and advanced industry peers to continuously and seriously search for system deficiencies and gaps, giving full play to the leading role of compliance of rules and regulations, and effectively enhancing the ability to operate and manage in compliance with the law.
- (2) Promoting compliance supervision and inspection orderly. On the basis of sorting out the key regulatory concerns and frequently occurring problems in the industry, the Bank formulated and orderly promoted the annual compliance inspection plan and carried out various inspection programs around the weak links of the Bank's business.
- (3) Deepening the development of compliance culture continuously. The Bank continued to carry out regular compliance publicity and education, produced and published Compliance Briefing to promote the latest regulatory policies and share compliance management experiences. The Bank organized tests on key systems to consolidate the staff's understanding and mastery of key systems.
- (4) Unifying the work standards for accountability determination. The Measures for the Handling of Violation and Dereliction of Duty Behaviors for the Staff of Jiangxi Bank and Measures for the Administration of Points for Violating Regulations of the Jiangxi Bank were amended to further clarify the applicable boundaries of disciplinary sanctions and points for violations, unify the accountability standard and pattern, and strengthen the punishment for violations.

3 *Money laundering risks*

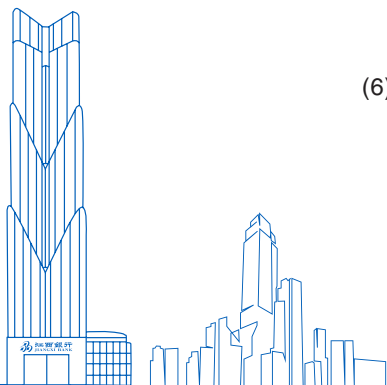
Money laundering risks refer to the risks faced by banking institutions being used in illegal and criminal activities such as money laundering, terrorist financing and proliferation financing in the course of conducting business and operating management.



CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Bank earnestly implemented anti-money laundering related laws and regulations, constantly improved the anti-money laundering working mechanism based on the “risk-oriented” work concept, carried out comprehensive risk assessment of money laundering, strengthened anti-money laundering technology support, timely reported key suspicious clues, actively carried out anti-money laundering knowledge publicity and education, and practically fulfilled the anti-money laundering obligations as a financial institution.

- (1) Proactive examination to promote compliance. The Bank engaged external professional consulting companies to identify and analyze its internal and external money laundering risks, evaluate the effectiveness of its risk control mechanism, search for the loopholes and weaknesses of money laundering risks, and urged efforts to solve the problems detected.
- (2) Improved system to consolidate the foundation. The Bank elaborated the strategy for money laundering risk management, improved the subsidiary management, performance appraisal and accountability and high-risk country/regional control, so as to strengthen the effectiveness of the anti-money laundering efforts.
- (3) Innovative science and technology to achieve the results. The Bank optimized the functions of the anti-money laundering system, upgraded the suspicious transaction monitoring and warning model, and further improved the functions of customer risk rating, large transaction reporting, re-identification and continuous identification to practically enhance the efficiency of the system.
- (4) Improved mechanism to increase quality and efficiency. The Bank built a customer master center management model which integrated the information of customer identity elements of the whole bank, and realized the goal of customer information integration. Through “unified data standards, standardized modification authority and new access verification”, the Bank carried out the management of doubtful customers from the source, which comprehensively strengthened the foundation of data quality.
- (5) Strengthened investigation to achieve good results. The Bank carried out special investigation in key areas such as underground banks, illegal fund raising and gangdom-related crimes, and timely found and transferred key suspicious clues, which achieved remarkable results in money laundering risk prevention and control.
- (6) Deep publicity, education and creation to create atmosphere. On the basis of traditional network publicity, the Bank fully utilized the Internet channel to guide the public to further raise awareness of risk prevention through a series of activities both online and offline, such as developing theme mini-games on WeChat, filming special publicity videos, pushing out trivia articles, and conducting live streaming online.



CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

4.10.7 Reputational Risks

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

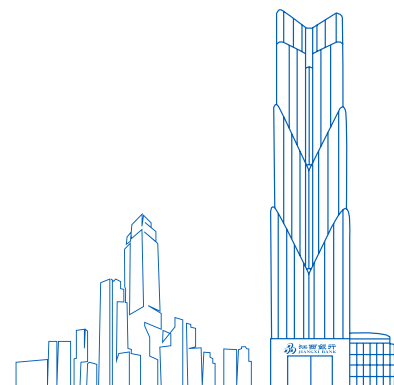
During the Reporting Period, the Bank realized the identification, monitoring, control and resolution of reputational risks by establishing a proactive, reasonable and effective reputational risk management mechanism, so as to build and maintain a good corporate image of the Bank and promote its sustainable development of the Bank.

First, we improved the rules and regulations, combined the public opinion and actual situation, refined the reputational risk response level and disposal reporting path, strengthened the assessment, and improved the quality and efficiency of risk disposal. Second, we strengthened the monitoring of public opinion, improved the prevention and warning system, and established a gridding risk checking mechanism to ensure early detection, early response and early resolution of negative public opinion. Third, we carried out joint prevention and control, took serious measures to the front management of reputation risk, strengthened internal control and compliance operation, and controlled the risk of public opinion from the source. Fourth, we improved professional training, combined with conventional public opinion with hot public opinion to carry out practical exercises, strengthen the ability of public opinion research and judgment, enhance the sense of confidentiality of all staff, and continue to improve the reputational risk culture. Fifth, we increased publicity efforts, innovated communication methods, proactively explored operating highlights and business characteristics, strengthened public opinion guidance, and enhanced the brand reputation of the Bank.

4.10.8 Strategic Risks

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

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



CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

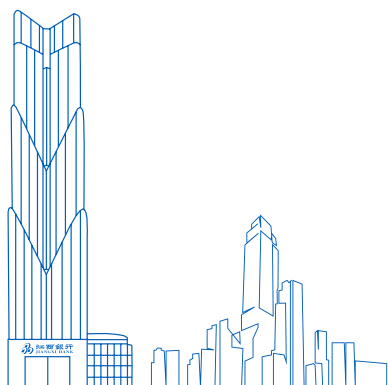
4.10.9 Capital Management

As of December 31, 2018, December 31, 2019 and December 31, 2020, the adequacy ratios of the Group's core tier-one capital were 10.78%, 9.96% and 10.29%, respectively; the adequacy ratios of the Group's tier-one capital were 10.79%, 9.97% and 10.30%, respectively; the adequacy ratios of the Group's capital were 13.60%, 12.63% and 12.89%, respectively. As of December 31, 2020, the gearing ratio (liabilities over assets) of the Group was 92.16%.

As of December 31, 2018, December 31, 2019 and December 31, 2020, the Group's leverage ratios were 7.35%, 7.20% and 7.16%, respectively, which are in compliance with relevant regulatory requirements in China.

Capital Adequacy Ratios

Item	As of December 31, 2020	As of December 31, 2019
	(in millions of RMB, unless otherwise stated)	
Net core tier-one capital	35,184.80	34,572.38
Net tier-one capital	35,220.00	34,618.70
Tier-two capital	8,839.48	9,205.50
Net capital base	44,059.48	43,824.20
RWA	341,834.32	347,120.02
Credit risk-weighted assets	318,466.23	324,033.04
Market risk-weighted assets	2,152.49	2,387.62
Operational risk-weighted assets	21,215.60	20,699.36
Core tier-one capital adequacy ratio	10.29%	9.96%
Tier-one capital adequacy ratio	10.30%	9.97%
Capital adequacy ratio	12.89%	12.63%



CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

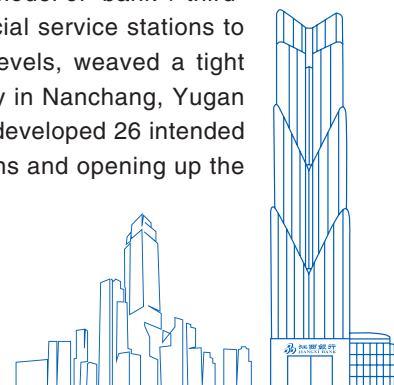
4.11 SOCIAL RESPONSIBILITIES

4.11.1 Great support was provided for pandemic prevention and control

First, we increased the supply of credit. We adhered to the principle of “releasing, renewing, extending, believing and reducing loans as much as reasonably possible”, to promote the efficient implementation of credit supply, which provided strong financial support in helping the prevention and control of COVID-19 pandemic, the resumption of work of enterprises as well as expansion of production capacity. Second, we optimized financial services. We implemented the policy of “reducing fees and making profits”, implemented differentiated financial service measures for enterprises with operating difficulties, such as temporary deferment of principal and interest payments and reduction of loan interest rates. Throughout the year, 2,460 enterprises were provided with payment deferment business, involving RMB18.146 billion, and 69 enterprises were provided with interest deferment repayment, involving amounts of RMB57 million. Third, we actively donated money to fight against the pandemic. The Bank and its cadres and staff donated RMB23,452,200 to the social welfare organizations, including Jiangxi Charity Federation. The Bank was honored title of “Enterprises Contributing to the Combat against COVID-19”, “the Best Small and Medium Bank of the Year in Supporting the Resumption of Production”, etc.

4.11.2 Financial targeted poverty alleviation

First, we made every effort to help alleviate poverty. During the Reporting Period, the Bank’s 15 poverty alleviation small groups carried out targeted poverty alleviation in Jiangxi Province, helped 20 poverty-stricken villages, paired with 258 poor households, invested RMB6.6 million in helping funds and achieved poverty alleviation in all 20 targeted poverty alleviation villages, including Xiazou Village and Ninghong Village, through specific assistant measures such as industrial poverty alleviation, consumption poverty alleviation and education poverty alleviation. Second, we launched products elaborately. Focusing on livelihood projects such as “the rice bag” and “the vegetable basket”, we strengthened the cooperation between the government and bank as well as the cooperation between the bank and guarantee companies, and actively used credit products for agriculture, rural areas, and rural residents, such as “Huinong Credit Link” and “Yindan Huinong Loan”; we also introduced “blockchain” technology into supply chain finance, and through online factoring financing of “Cloud Enterprise Chain”, Zhengbang Loan and Loan for Twins Group, we further increased credit support for loan to the industrial chain of agriculture, rural areas, and rural residents. Third, we provided precise services to agriculture, rural areas, and rural residents. We adopted the asset-light model of “bank + third-party company + Huinong manager” to jointly build rural inclusive financial service stations to develop rural inclusive financial services, provided services to lower levels, weaved a tight coverage network, set up 6 standardized service stations in Anyi County in Nanchang, Yugan County in Shangrao, Chongyi County in Ganzhou and other places, and developed 26 intended websites to continuously extend the service horizons of county institutions and opening up the “last meter” of “finance of agriculture, rural areas, and rural residents”.



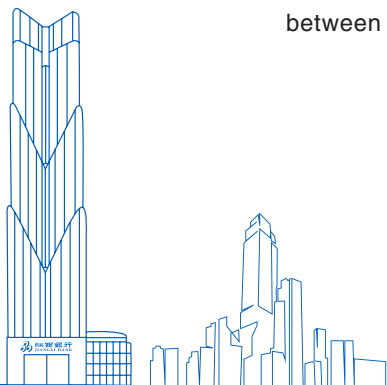
CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

4.11.3 Serving local development

First, we provided services for major and key projects. During the Reporting Period, centering on the theme of Jiangxi Province's "Year of Speeding up Projects" and on the action plan of "2+6+N", we took the initiative to connect to the special loan project aimed to shore weak spots, promote upgrades and stabilize investment, and to the name list of key industries and enterprises. In total, the Bank has granted over RMB10 billion. An aggregate of more than RMB5 billion of loans had been released to key areas such as the Innovation and Pilot Zone for the Inheritance of Ceramics Culture in Jingde Town of Jiangxi Province, Science and Technology Innovation City of Traditional Chinese Medicine in Ganjiang New District and Shangrao High-speed Rail Economy Experimental Zone. Second, we provided services for the development of green finance. In responding to the strategic deployment of "green success" of Jiangxi, we assisted in the green development of Jiangxi's economy. As of the end of the Reporting Period, the Bank had granted a total green credit of RMB14.941 billion, supporting such green industry projects as green agriculture development, industrial energy conservation and water conservation, pollution prevention, green transport, etc. Third, we provided services for inclusive enterprises. We increased re-loans for small and micro enterprises, innovated products of "e-Loan for Enterprise", expanded the application of supply chain products such as "Cloud Chains for Enterprises" and "ZhengBang Loans", and completed the goal of "Two Increases and Two Controls" for small and micro enterprises set by CSRC for this phase.

4.11.4 Protecting rights and interests of consumers

First, we improved service experience for customers. During the Reporting Period, facing the situation of pandemic prevention and control, the Bank acted proactively and took special measures to guide customers to conduct business through online channels and reduce the crowding of people. Meanwhile, we provided door-to-door financial services for special financial consumers. Second, we developed new ways to serve customers. We have introduced exclusive service plans mainly in scenarios related to medical care and education so as to seamlessly connect the financial and non-financial scenarios, and carried out diversified, multi-channel and distinctive financial knowledge publicity and education, and continuously improved the quality and effectiveness of financial knowledge publicity and education. Thirdly, we accomplished complaint consultation. We standardized the complaint handling process, broadened the complaint channels, and took the lead in the legal person institutions in Jiangxi Province for the launch of the function of WeChat bank complaint consultation; set up an online customer service team to support channels of complaint consultation, including telephone, online text and WeChat Official Accounts, which effectively enhanced the understanding and positive interaction between the Bank and consumers.

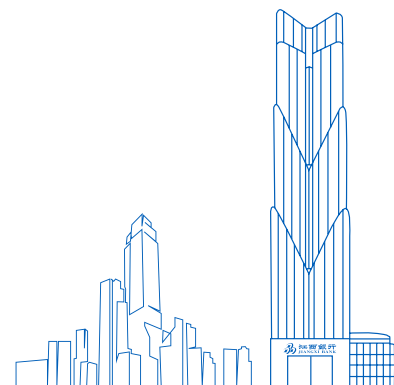


CHAPTER IV MANAGEMENT DISCUSSION AND ANALYSIS

4.12 FUTURE DEVELOPMENT PROSPECTS

Looking back 2020, facing COVID-19 spreading across the world, and the International political and economic landscape experienced a profound change, the Chinese government continued the coordination of epidemic prevention and control and economic and social development, resulting a stable recovery of national economy and significant effectiveness of stabilizing employment and ensuring living standards by achieving a decisive victory of fighting against poverty alleviation and fruitful completion of the “13th Five-year Plan”, as well as a closer step to the victory in building a moderately prosperous society in all respects. Meanwhile, we should notice that there were many uncertainties on the development of epidemic and external environment and the foundation for achieving our country’s economic recovery needs to be further consolidated. Looking forward to 2021, alongside with the gradual improvement in epidemic prevention and control and successive launch of coronavirus vaccine, drivers of growth in economy are expected to be continuously repaired and recovery trend of overall economic will continue.

The 2021 heralds the start of China’s implementation of “14th Five-year Plan”. The Bank will, under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, comprehensively implement the spirit of the 5th Plenary Session of the 19th CPC Central Committee and central economic work conference. The Bank will also adhere to the general principle of seeking progress while working to keep performance stable, base the new development stage, carry out the new development concept, forge a new development landscape by further improving cooperate governance, strengthening risk control, deepening reform and transformation and promoting business development as well as enhancing quality and efficiency of serving on real economy, thus to promote financial brand featuring Gan cultures, create a greater shared value for stakeholders, and provide effective financial support to accelerate the establishment of a new development pattern.



CHAPTER V CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

5.1 CHANGES IN SHARE CAPITAL

There were no changes in the share capital of the Bank during the Reporting Period. As of December 31, 2020, the total issued share capital of the Bank amounted to RMB6,024,276,901, including 1,345,500,000 H Shares with a par value of RMB1.00 each and 4,678,776,901 Domestic Shares with a par value of RMB1.00 each.

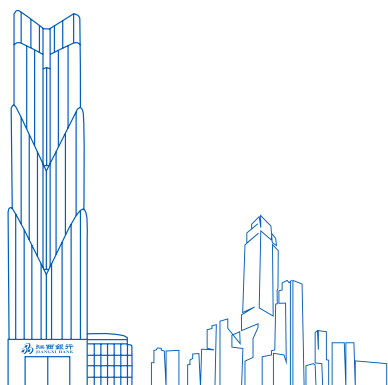
(Unit: share)

Item		As of December 31, 2019	Changes in the Reporting Period	As of December 31, 2020
Domestic shares	State capital	538,211,420	(53,821,142)	484,390,278
	Corporate capital	4,061,284,921	53,821,142	4,115,106,063
	Personal capital	79,280,560	–	79,280,560
H shares		1,345,500,000	–	1,345,500,000
Total		6,024,276,901	–	6,024,276,901

5.2 INFORMATION ON SHAREHOLDERS

5.2.1 Total Number of Domestic Shareholders

As of December 31, 2020, the Bank had 9,492 domestic shareholders, including 30 state shareholders, 287 corporate shareholders and 9,175 natural person shareholders.

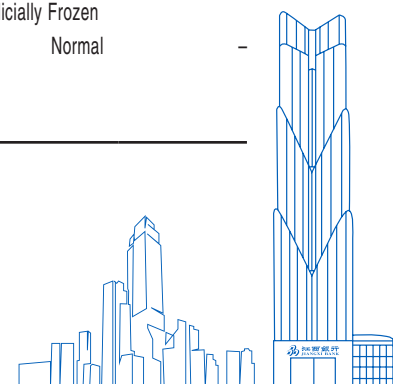


CHAPTER V CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

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

(Unit: share)

No.	Name of Shareholder	Nature of shareholder	Total number of shares held as of December 31, 2020	Percentage of (%) total share capital as of December 31, 2020	Pledged or frozen shares Status of shares	Number
1	Jiangxi Provincial Expressway Investment Group Co., Ltd. (江西省高速公路投資集團有限責任公司)	State-owned corporate	937,651,339	15.56	Normal	–
2	Jiangxi Financial Holding Co., Ltd. (江西省金融控股集團有限公司)	State-owned corporate	347,546,956	5.77	Normal	–
3	China National Tobacco Corporation Jiangxi Branch (中國煙草總公司江西省公司) (including Jiangxi Jinfeng Investment Management Co., Ltd.^ (江西省錦峰投資管理有限責任公司))	State-owned corporate	263,000,000	4.37	Normal	–
4	Pingxiang Huixiang Construction Development Co., Ltd.^ (萍鄉市匯翔建設發展有限公司)	State-owned corporate	241,088,500	4.00	Normal	–
5	Nanchang Municipal Bureau of Finance (南昌市財政局)	State shareholder	228,070,170	3.79	Normal	–
6	Jiangxi Province Investment Group Co., Ltd. (江西省投資集團有限公司)	State-owned corporate	180,000,000	2.99	Normal	–
7	Ganshang Union (Jiangxi) Co., Ltd. (贛商聯合(江西)有限公司)	General corporate shareholder	148,308,400	2.46	Pledged and Judicially Frozen	74,000,000
8	Jiangxi Copper Company Limited (江西銅業股份有限公司)	General corporate shareholder	140,000,000	2.32	Normal	–
9	Jiangxi Zhongbang Trade Co., Ltd. (江西省眾邦經貿有限公司)	General corporate shareholder	100,763,200	1.67	Pledged and Judicially Frozen	100,763,200
10	Jiangxi Provincial Water Conservancy Investment Group Co., Ltd. (江西省水利投資集團有限公司)	State-owned corporate	99,830,800	1.66	Normal	–



CHAPTER V CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

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

To the best knowledge of the Bank and the Directors, as at December 31, 2020, the following substantial shareholders of the Bank and other persons (other than the Directors, Supervisors and chief executive of the Bank) had or were deemed to have interests and short positions in the shares and underlying shares of the Bank which would be required to be disclosed to the Bank or the Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO:

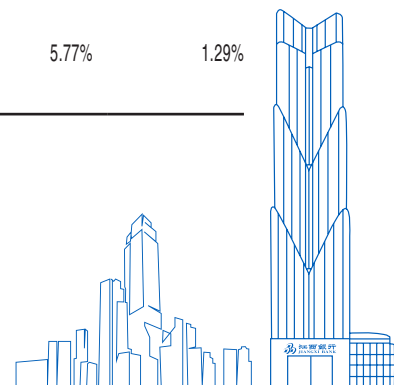
(Unit: share)

Name of Shareholder	Class of shares	Nature of interest	Number and nature of shares ¹	Approximate percentage of the total issued share capital of the class of the Bank ²	Approximate % of the total issued share capital of the Bank ²
Jiangxi Provincial Expressway Investment Group Co., Ltd. ³	Domestic Shares	Beneficial owner	937,651,339 (L)	20.04%	15.56%
Jiangxi Financial Holding Group Co., Ltd. ⁴	Domestic Shares	Beneficial owner	347,546,956 (L)	7.43%	5.77%
China National Tobacco Corporation Jiangxi Branch ⁵	Domestic Shares	Beneficial owner	180,000,000 (L)	3.85%	2.99%
		Interest of controlled corporation	83,000,000 (L)	1.77%	1.38%
Pingxiang Huixiang Construction Development Co., Ltd ⁶	Domestic Shares	Beneficial owner	241,088,500 (L)	5.15%	4.00%
Yango Investment Limited	H Shares	Beneficial owner	219,092,000 (L)	16.28%	3.64%
AMTD Asia Limited ⁷	H Shares	Beneficial owner	122,841,500 (L)	9.13%	2.04%
AMTD Group Company Limited ⁷	H Shares	Interest of controlled corporation	122,841,500 (L)	9.13%	2.04%
		Interest of controlled corporation	122,841,500 (L)	9.13%	2.04%
L.R. Capital Financial Holdings Limited ⁷	H Shares	Interest of controlled corporation	122,841,500 (L)	9.13%	2.04%
Hua An Fund Management Co., Ltd ⁸	H Shares	Others	121,500,000 (L)	9.03%	2.02%
CITIC Guoan Group ⁹	H Shares	Interest of controlled corporation	115,213,000 (L)	8.56%	1.91%
		Beneficial owner	115,213,000 (L)	8.56%	1.91%



CHAPTER V CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

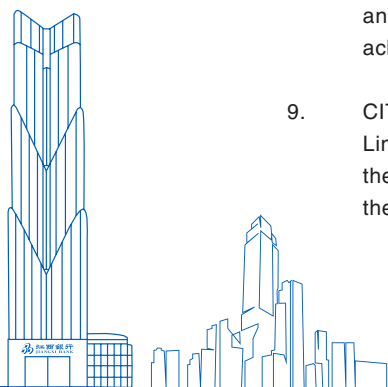
Name of Shareholder	Class of shares	Nature of interest	Number and nature of shares ¹	Approximate percentage of the total issued share capital of the class of the Bank ²	Approximate % of the total issued share capital of the Bank ²
Yichun Development Investment Group Co., Ltd.(宜春發展投資集團有限公司) ¹⁰	H Shares	Beneficial owner	94,840,500 (L)	7.05%	1.57%
Representative of Guotai Asset Management Co., Ltd. (國泰基金管理有限公司): Guotai-Global Investments Asset Management Plan/No.10 Guotai Asset Management Co Ltd-CHINA GUANG FA BANK CO. LTD GTFUND-DII1-10 Principal: Yichun Development Investment Group Co., Ltd.(宜春發展投資集團有限公司) ¹⁰	H Shares	Trustee	94,840,500 (L)	7.05%	1.57%
Mingyuan Group Investment Limited ¹¹	H Shares	Beneficial owner/ Interest of controlled corporation	81,308,000 (L)	6.04%	1.35%
SHUM Tin Ching ¹¹	H Shares	Interest of controlled corporation	81,308,000 (L)	6.04%	1.35%
WANG Xinmei ¹¹	H Shares	Interest held jointly with another person	81,308,000 (L)	6.04%	1.35%
Zhenro Hong Kong Limited ¹²	H Shares	Beneficial owner	77,604,500 (L)	5.77%	1.29%
Zhenro International Limited ¹²	H Shares	Interest of controlled corporation	77,604,500 (L)	5.77%	1.29%
Zhenro Properties Group Limited ¹²	H Shares	Interest of controlled corporation	77,604,500 (L)	5.77%	1.29%
RoYue Limited ¹²	H Shares	Interest of controlled corporation	77,604,500 (L)	5.77%	1.29%
OU Zongrong ¹²	H Shares	Interest of controlled corporation	77,604,500 (L)	5.77%	1.29%
LIN Shuying ¹²	H Shares	Interest held jointly with another person	77,604,500 (L)	5.77%	1.29%



CHAPTER V CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

Notes:

1. (L) represents long position, and (S) represents short position.
2. As at December 31, 2020, the total issued share capital of the Bank was 6,024,276,901 shares, including 4,678,776,901 Domestic Shares and 1,345,500,000 H Shares.
3. Jiangxi Provincial Expressway Investment Group Co., Ltd. is a state-owned corporate shareholder, whose legal representative is WANG Jiangjun. Regarding Jiangxi Provincial Expressway Investment Group Co., Ltd., its controlling shareholder and de facto controller are both Department of Transportation of Jiangxi Province[^] (江西省交通運輸廳) and its ultimate beneficiary is Jiangxi Provincial Expressway Investment Group Co., Ltd.
4. Jiangxi Financial Holding Group Co., Ltd. is a state-owned corporate shareholder, whose legal representative is QI Wei. Regarding Jiangxi Financial Holding Group Co., Ltd., its controlling shareholder and de facto controller both are Asset Management Center of Administrative Institutions in Jiangxi Province[^] (江西省行政事業單位資產管理中心) and its ultimate beneficiary is Jiangxi Financial Holding Group Co., Ltd.
5. China National Tobacco Corporation Jiangxi Branch[^] holds 263,000,000 shares of the Bank jointly with its wholly-owned subsidiary Jiangxi Jinfeng Investment Management Co., Ltd. It is a state-owned corporate shareholder and its legal representative is JIANG Kai. Regarding China National Tobacco Corporation Jiangxi Branch[^], its controlling shareholder and de facto controller both are China National Tobacco Corporation[^] (中國煙草總公司) and its ultimate beneficiary is China National Tobacco Corporation Jiangxi Branch[^].
6. Pingxiang Huixiang Construction Development Co., Ltd. is a state-owned corporate shareholder, whose legal representative is LUO Haiping. Regarding Pingxiang Huixiang Construction Development Co., Ltd., its controlling shareholder is Pingxiang Huifeng Investment Co., Ltd.[^] (萍鄉市滙豐投資有限公司), its de facto controller is Administration Commission of Pingxiang Economic & Technological Development Zone[^] (萍鄉經濟技術開發區管理委員會) and its ultimate beneficiary is Pingxiang Huixiang Construction Development Co., Ltd.[^].
7. AMTD Asia Limited directly holds 122,841,500 shares of the Bank, and 100% of its interests is indirectly held by AMTD Group Company Limited through AMTD Asia (Holdings) Limited. L.R. Capital Financial Holdings Limited directly holds 71.03% of the interests of AMTD Group Company Limited. Therefore, according to the SFO, both AMTD Group Company Limited and L.R. Capital Financial Holdings Limited are deemed to be interested in the H Shares held by AMTD Asia Limited.
8. Hua An Fund Management Co., Ltd. is the manager of four QDII single asset management plans, and holds the shares of the Bank through the above-mentioned four asset management plans, to achieve investment plan for its asset principals.
9. CITIC Guoan Group indirectly holds 115,213,000 H Shares held by Road Shine Developments Limited through Guoan (HK) Holdings Limited, its controlled corporation. Therefore, according to the SFO, CITIC Guoan Group and Guoan (HK) Holdings Limited are deemed to be interested in the Bank's H Shares held by Road Shine Developments Limited.



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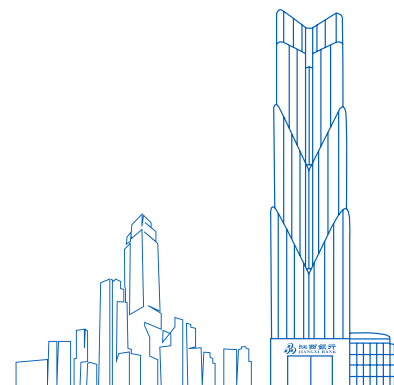
10. Yichun Development Investment Group Co., Ltd. is wholly-owned by Yi Chun Stated-owned Assets Supervision and Administration Commission (宜春市國有資產監督管理委員會). Yichun Development Investment Group Co., Ltd. holds 94,840,500 shares of the Bank through the trustee Guotai Asset Management Co., Ltd..
11. SHUM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

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

See 5.2.3 Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares under Hong Kong Regulations in this chapter.

5.2.5 Other Substantial Domestic Shareholders

According to the Interim Measures for the Equity Management of Commercial Banks (《商業銀行股權管理暫行辦法》), as adopted at the 1st chairman's meeting of the former China Banking Regulatory Commission in 2018, substantial shareholders of a commercial bank means shareholders who hold or control 5% or above shares or voting right of the commercial bank, or who hold less than 5% of total capital or total shares of the commercial bank but have significant impacts on the business of the commercial bank. The significant impacts mentioned above include but are not limited to dispatching directors, supervisors or senior executives to a commercial bank.



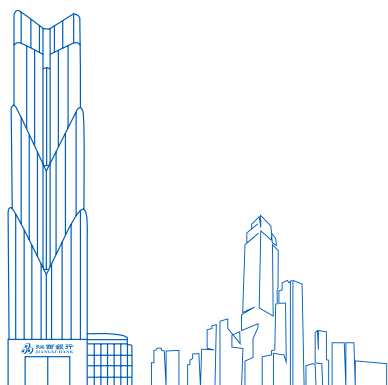
CHAPTER V CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

Other than those disclosed in the section 5.2.3 “Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares under Hong Kong Regulations” in this chapter, i.e., Jiangxi Provincial Expressway Investment Group Co., Ltd., Jiangxi Financial Holding Group Co., Ltd., China National Tobacco Corporation Jiangxi Branch[^], substantial Domestic Shareholders of the Bank who hold less than 5% of total capital or total Shares but dispatch directors, supervisors or senior executives to the Bank are as follows:

(Unit: share)

Name of Shareholder	Class of shares	Nature of interest	Number and nature of shares ¹	Approximate percentage of the total issued share capital of the class of the Bank ²	Approximate Percentage of the total issued share capital of the Bank ²
Ganshang Union (Jiangxi) Co., Ltd. ^{^3}	Domestic Shares	Beneficial owner	148,308,400 (L)	3.17%	2.46%
Jiangxi Copper Company Limited ⁴	Domestic Shares	Beneficial owner	140,000,000 (L)	2.99%	2.32%

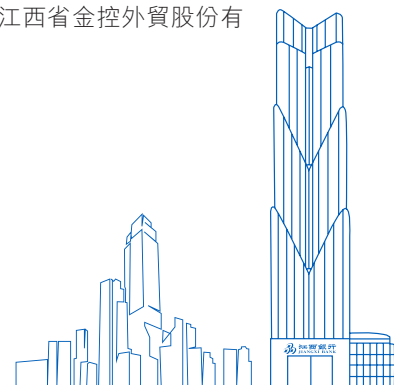
- (L) represents long position, and (S) represents short position.
- As at December 31, 2020, the total issued share capital of the Bank was 6,024,276,901 shares, including 4,678,776,901 Domestic Shares and 1,345,500,000 H Shares.
- Ganshang Union (Jiangxi) Co., Ltd.[^] is a general corporate shareholder, whose legal representative is WU Xuan[^] (伍暄). Regarding Ganshang Union (Jiangxi) Co., Ltd.[^], its controlling shareholder and ultimate beneficiary are both WU Xuan[^] (伍暄).
- Jiangxi Copper Company Limited is a general corporate shareholder, whose legal representative is LONG Ziping. Regarding Jiangxi Copper Company Limited, its controlling shareholder is Jiangxi Copper Corporation Limited, its de facto controller is State-owned Assets Supervision and Administration Commission of Jiangxi Province and its ultimate beneficiary is Jiangxi Copper Company Limited.



CHAPTER V CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

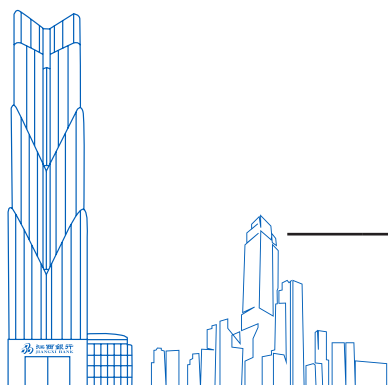
5.2.6 Related Parties of Substantial Domestic Shareholders at the End of the Reporting Period

No.	Name of substantial shareholders	Related parties of substantial shareholders
1	Jiangxi Provincial Expressway Investment Group Co., Ltd.	De facto controller and controlling shareholder of Jiangxi Provincial Expressway Investment Group Co., Ltd.: Department of Transportation of Jiangxi Province; 45 subsidiaries including Jiangxi Highway Development LLC, Jiangxi Transportation Engineering Group Co., Ltd., Jiangxi Expressway Asset Management Co., Ltd. (江西省高速資產經營有限責任公司), Jiangxi Transportation Consulting Co., Ltd., Jiangxi Ganyue Expressway Co., Ltd., Jiangxi Ganchong Expressway Co., Ltd. (江西省贛崇高速公路有限責任公司), Jiangxi Expressway Petrochemical Co., Ltd. (江西高速石化有限責任公司), and Jiangxi Changtai Expressway Co., Ltd. (江西昌泰高速公路有限責任公司); two affiliated enterprises: Jiangxi Ruixun Expressway Co., Ltd. (江西省瑞尋高速公路有限責任公司) and Jiangxi Jiujiang Yangtze River Highway Bridge Co., Ltd.
2	Jiangxi Financial Holding Group Co., Ltd.	De facto controller and controlling shareholder of Jiangxi Financial Holding Group Co., Ltd.: Asset Management Center of Administrative Institutions in Jiangxi Province; subsidiaries: Jiangxi Financial Holding Group Co. Ltd, Jiangxi Provincial Credit Guarantee Co., Ltd. (江西省信用擔保股份有限公司), Jiangxi Financial Asset Management Co., Ltd., Nanchang Dingxiang Real Estate Development Co., Ltd. (南昌鼎祥房地產開發有限公司), Jiangxi Rich Futures Co., Ltd.; affiliated enterprises: Jiangxi Financial Holding Investment Management Center (江西金控投資管理中心), Jiangxi Joint Equity Exchange Co., Ltd., Jiangxi Financial Asset Management Co., Ltd., Jiangxi Financial Holding Foreign Trade Co., Ltd. (江西省金控外貿股份有限公司), etc.



CHAPTER V CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

No.	Name of substantial shareholders	Related parties of substantial shareholders
3	China National Tobacco Corporation Jiangxi Branch (中國煙草總公司江西省公司)	De facto controller and controlling shareholder of China National Tobacco Corporation Jiangxi Branch (中國煙草總公司江西省公司); China National Tobacco Corporation [^] (中國煙草總公司); 16 wholly-owned subsidiaries including Jiangxi Tobacco Corporation Nanchang Branch (江西省煙草公司南昌市公司).
4	Nanchang Municipal Bureau of Finance	None
5	Ganshang Union (Jiangxi) Co., Ltd.	De facto controller of Ganshang Union (Jiangxi) Co., Ltd.: WU Xuan (伍暄). 4 subsidiaries: Jiangxi Electronic Group Corporation Ltd. (江西省電子集團有限公司), Jiangxi Lianchuang Optoelectronic Science and Technology Co., Ltd. [^] (江西聯創光電科技股份有限公司), Jiangxi Lianrong Xinguangyuan Collaborative Innovation Co., Ltd. (江西聯融新光源協同創新有限公司), Jiangxi Lianchuang Zhiguang Science & Technology Co., Ltd. (江西聯創致光科技有限公司); 2 other enterprises: Jiangxi Kuncheng Investment Co., Ltd. (江西坤城投資有限公司), Jiangxi Luhui Shengyuan Industrial Co., Ltd. (江西麓匯聖源實業有限公司); brother enterprise: Nanchang Yatuo Architectural Design Co., Ltd. (南昌雅拓建築設計有限公司).
6	Jiangxi Copper Company Limited	De facto controller of Jiangxi Copper Company Limited: State-owned Assets Supervision and Administration Commission of Jiangxi Province; controlling shareholder: Jiangxi Copper Company Limited; subsidiaries: Jiangxi Copper Hotel Management Co., Ltd. (江西銅業酒店管理有限公司), Thermonamic Electronics (Jiangxi) Corp., Ltd, Jiangxi Copper Corporation (Dongxiang) Foundry Co., Ltd. (江西銅業集團(東鄉)鑄造有限公司); brother enterprise of Jiangxi Copper: Company Limited: Jiangxi Copper Corporation Copper Strip Co., Ltd. (江西銅業集團銅板帶有限公司), etc.; other enterprises controlled by the controlling shareholder of Jiangxi Copper Company Limited: Jiangxi Copper Corporation Qibaoshan Mine Co., Ltd. (江西銅業集團七寶山礦業有限公司), etc.

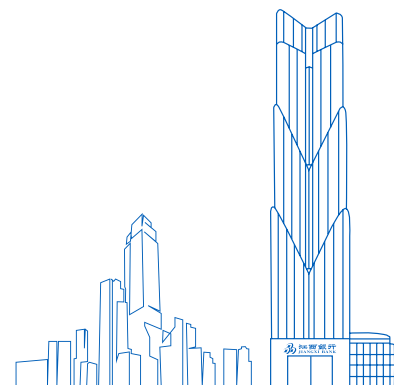


CHAPTER V CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

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

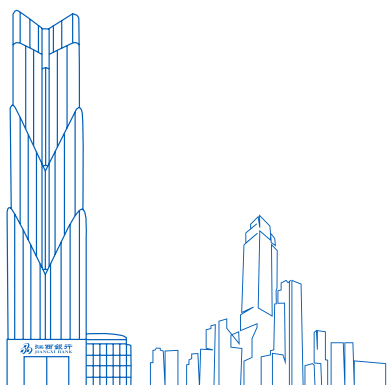
(Unit: millions of RMB)

No.	Name of shareholders	Credit balance	Controlling shareholder of enterprises	Credit balance	De facto controller	Credit balance	Person acting in concert	Credit balance	Ultimate beneficiary	Credit balance	Related party	Credit balance	Total
1	Jiangxi Provincial Expressway Investment Group Co., Ltd.	2,199.73	Department of Transportation of Jiangxi Province	-	Department of Transportation of Jiangxi Province	-	None	-	Jiangxi Provincial Expressway Investment Group Co., Ltd.	2,199.73	Jiangxi Provincial Expressway Investment Group Materials Co., Ltd.	481.10	2,680.83
2	Jiangxi Financial Holding Group Co., Ltd.	900.00	Asset Management Center of Administrative Institutions in Jiangxi Province	-	Asset Management Center of Administrative Institutions in Jiangxi Province	-	None	-	Jiangxi Financial Holding Group Co., Ltd.	900.00	Jiangxi Financial Asset Management Co., Ltd.; Jiangxi Re-guarantee Co., Ltd.; Jiangxi Provincial Credit Guarantee Co., Ltd. (江西省信用擔保股份有限公司) Jiangxi Jinzi Supply Chain Financial Services Co., Ltd. [^] (江西金資供應鏈金融服務有限公司) Quannan Hengbang Real Estate Co., Ltd. [^] (全南縣恒邦置業有限公司) Jiangxi Financial Holding Foreign Trade Co., Ltd. [^] (江西省金控外貿股份有限公司) Jiangxi Xingsen International Trade Co., Ltd. [^] (江西星森國際貿易有限公司)	650.00 344.39 1,136.22 300.00 140.00 100.00 50.00	3,620.61



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No.	Name of shareholders	Credit balance	Controlling shareholder of enterprises	Credit balance	De facto controller	Credit balance	Person acting in concert	Credit balance	Ultimate beneficiary	Credit balance	Related party	Credit balance	Total
3	China National Tobacco Corporation Jiangxi Branch [^] (including Jiangxi Jinfeng Investment Management Co., Ltd. [^])	-	China National Tobacco Corporation	-	China National Tobacco Corporation	-	None	-	China National Tobacco Corporation Jiangxi Branch [^] (中國煙草總公司江西省公司)	-	-	-	-
4	Nanchang Municipal Bureau of Finance	-	-	-	-	-	None	-	Nanchang Municipal Bureau of Finance	-	-	-	-
5	Ganshang Union (Jiangxi) Co., Ltd. [^] (赣商聯合(江西)有限公司)	-	WU Xuan	-	WU Xuan	-	None	-	WU Xuan	-	Nanchang Yatuo Architectural Design Co., Ltd. [^] (南昌雅拓建築設計有限公司)	9.40	1,024.43
											Jiangxi Kuncheng Investment Co., Ltd. (江西坤城投資有限公司)	15.80	
											Jiangxi Electronic Group Corporation Ltd. [^] (江西省電子集團有限公司)	843.23	
											Jiangxi Lianchuang Optoelectronic Science and Technology Co., Ltd. [^] (江西聯創光電科技股份有限公司)	156.00	
6	Jiangxi Copper Company Limited	-	Jiangxi Copper Corporation Limited	-	State-owned Assets Supervision and Administration Commission of Jiangxi Province	-	None	-	Jiangxi Copper Company Limited	-	-	-	-
Total		3,099.73	-	-	-	-	-	-	-	3,099.73	-	4,226.14	7,325.87



CHAPTER V CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

5.2.8 Pledge of Equity in the Bank by Substantial Domestic Shareholders

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

Ganshang Union (Jiangxi) Co., Ltd. held 148,308,400 shares of the Bank and pledged 74,000,000 shares, with a pledge rate of 49.90%. The pledgee was Bank of Jiujiang Co., Ltd. High-Tech District Branch (九江銀行股份有限公司高新支行), among which, 35,260,000 shares with a term of pledge from November 12, 2018 to November 11, 2021, and 38,740,000 shares with a term of pledge from December 3, 2018 to December 2, 2021.

5.2.9 Nomination of Directors and Supervisors by the Shareholders

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

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

Nil

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

Nil



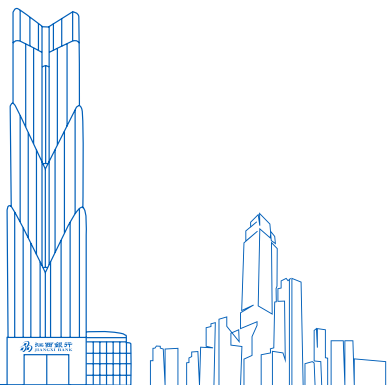
CHAPTER V CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

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

- (1) As of the end of the Reporting Period, the Bank had a total of 6,024,276,901 shares, and a total of 681,566,258 Domestic Shares held by 29 Domestic Shareholders were pledged, accounting for 11.31% of the Bank's total shares; 152,330,605 pledged shares were judicially frozen, accounting for 2.53% of the Bank's total shares; and 129,737,405 shares were judicially auctioned, accounting for 2.15% of the Bank's total shares.
- (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 general meeting. As of the end of the Reporting Period, the number of Domestic Shares pledged by 27 shareholders reached or exceeded 50% (inclusive) of the total shares held by them in the Bank, and voting rights represented by 5,976,742,580,000 shares were restricted, accounting for 9.92% of the total shares.

5.2.13 Purchase, Sale or Redemption of Listed Securities

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



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

6.1 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS

1 Directors

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

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

Note:

- (1) The table set out the Directors of the second session of the Board elected at 2018 annual general meeting on May 31, 2019, and the relevant Director obtained the approval of directorship qualification from CBIRC Jiangxi Office (formerly known as CBRC Jiangxi Office).



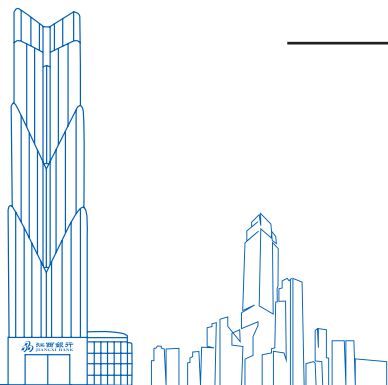
CHAPTER VI DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT MEMBERS, EMPLOYEES AND INSTITUTIONS

- (2) At the 2018 Shareholders' annual general meeting held on 31 May 2019, Ms. ZHUO Liping and Mr. Huang Zhenping were elected as non-executive directors of the Bank; Mr. Ou Minggang and Mr. YAN Hongbo were elected as independent non-executive directors of the Bank. The directorship of Ms. ZHUO Liping was approved by PRC banking regulatory authorities on May 11, 2020; Mr. HUANG Zhenping has resigned as a director of the Bank in July 2020; terms thereof commence upon approval of respective directorship of Mr. OU Minggang and Mr. YAN Hongbo by relevant PRC banking regulatory authorities.

2 Supervisors

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

Name	Gender	Date of birth	Date of appointment of the second session of the Board of Supervisors	Title
LIU Fulin	Male	1963.11	May 31, 2019	Employee Representative Supervisor, Chairman of the Board of Supervisors
SHI Zhongliang	Male	1944.1	May 31, 2019	External Supervisor
LI Danlin	Female	1964.8	May 31, 2019	External Supervisor
SHI Jing	Male	1968.2	May 31, 2019	External Supervisor
YU Han	Male	1981.11	May 31, 2019	Shareholder Representative Supervisor
ZHOU Minhui	Male	1964.6	May 31, 2019	Shareholder Representative Supervisor
WANG Ruiqiang ⁽⁴⁾	Male	1954.1	December 18, 2020	Shareholder Representative Supervisor
LOU Mingnong ⁽²⁾	Male	1972.2	May 28, 2020	Employee Representative Supervisor
CHEN Xinxiang	Male	1968.2	May 31, 2019	Employee Representative Supervisor



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

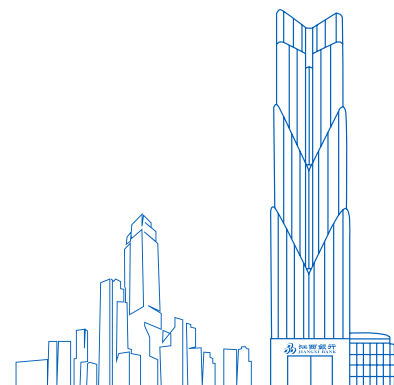
Note:

- (1) On April 10, 2020, Ms. TAO Yulan submitted a resignation report to the Board of Supervisors of the Bank, and her resignation took effect on May 28, 2020;
- (2) On May 28, 2020, Mr. LOU Mingnong was elected as an employee representative Supervisor of the Bank;
- (3) Mr. LIU Wei was elected as a shareholder representative Supervisor of the Bank on May 29, 2020, and submitted a resignation report to the Board of Supervisors of the Bank on October 16, 2020, and his resignation took effect on the same day.
- (4) On December 18, 2020, Mr. WANG Ruiqiang was elected as a shareholder representative Supervisor of the Bank.

3 Senior management members

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

Name	Gender	Date of birth	Title
LUO Yan	Male	1969.2	President
CHEN Yong	Male	1962.2	Vice president
YU Jian	Male	1974.6	Vice president
XU Jihong	Male	1965.5	Secretary to the Board, vice president
CHENG Zongli	Male	1966.9	Vice president
CAI Xiaojun	Male	1966.11	Vice president



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

6.2.1 Changes of Directors During the Reporting Period

At the 2018 Shareholders' annual general meeting held on 31 May 2019, Ms. Zhuo Liping and Mr. Huang Zhenping were elected as non-executive directors of the Bank; Mr. Ou Minggang and Mr. Yan Hongbo were elected as independent non-executive directors of the Bank. The directorship of Ms. ZHUO Liping was approved by PRC banking regulatory authorities on May 11, 2020; Mr. HUANG Zhenping has resigned as a director of the Bank in July 2020; terms thereof commence upon approval of respective directorship of Mr. OU Minggang and Mr. YAN Hongbo by relevant PRC banking regulatory authorities.

6.2.2 Changes of Supervisors During the Reporting Period

The Bank held the tenth meeting of the first session of the employee (member) representatives' meeting on May 28, 2020 and elected Mr. LOU Mingnong as the employee representative supervisor for the second session of the Board of Supervisors of the Bank. On April 10, 2020, Ms. TAO Yulan submitted a resignation report to the Board of Supervisors of the Bank, and her resignation took effect on May 28, 2020.

The Bank held the 2019 Annual General Meeting on May 29, 2020, and Mr. LIU Wei was elected as the shareholder supervisor for the second session of the Board of Supervisors of the Bank. On October 16, 2020, Mr. LIU Wei submitted a resignation report to the Board of Supervisors of the Bank, and his resignation took effect on the same day. The Bank held the 2020 first Extraordinary General Meeting on December 18, 2020, and Mr. WANG Ruiqiang was elected as the shareholder representative Supervisor for the second session of the Board of Supervisors of the Bank.

6.2.3 Changes of Senior Management Members During the Reporting Period

On February 4, 2020, Jiangxi Provincial Department of Finance nominated Mr. YU Jian as vice president of the Bank. On February 25, 2020, the Bank held the fourth meeting of the second session of the Board of Directors of the Jiangxi Bank, reviewed and approved the Proposal on Appointment of Vice President of Jiangxi Bank, agreed to appoint Mr. YU Jian as the vice president of the Bank, and performed the necessary review procedures. On May 28, 2020, CBIRC Jiangxi Office approved the qualification of Mr. YU Jian as the vice president and appointed Mr. YU Jian as the vice president of the Bank from the date of approval of the qualification by the CBIRC Jiangxi Office.



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

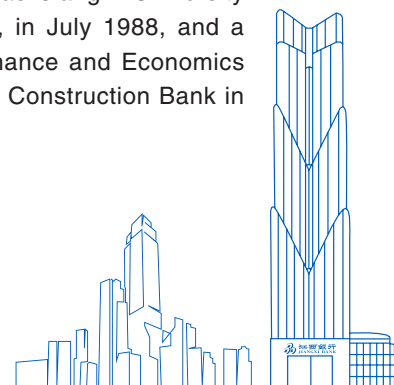
6.3.1 Directors

Executive Directors

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

Mr. Chen was awarded the “National Labor May 1st Medal” (全國五一勞動獎章) by China National Union (中華全國總工會) in 2017. He was elected as a representative of the Fourteenth Congress of Communist Party of China Jiangxi Province (中國共產黨江西省第十四次代表大會) and a member of Twelfth Jiangxi Provincial Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議江西省第十二屆委員會) in 2016 and 2018, respectively.

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



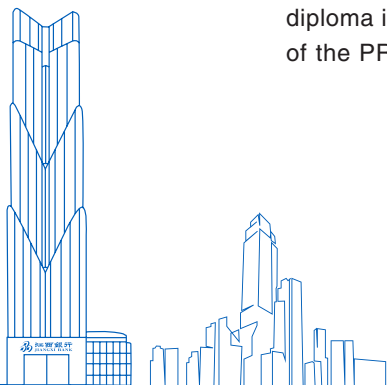
CHAPTER VI DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT MEMBERS, EMPLOYEES AND INSTITUTIONS

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

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

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

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



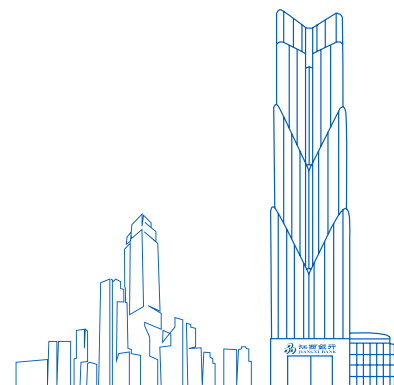
CHAPTER VI DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT MEMBERS, EMPLOYEES AND INSTITUTIONS

Non-executive Directors

Mr. QUE Yong (關泳) is a non-executive Director. Mr. Que has over 19 years of experience in financial management and banking industry. Mr. Que joined Jiangxi Expressway Investment as the head of financial audit department in February 2010 and has been the chief accountant since May 2014. He has been responsible for accounting, financial and budget management of this company. Mr. Que served as the chief financial officer of the Group in November 2019. Mr. Que joined Jiangxi Provincial State-owned Enterprise Assets Operation (Holding) Co., Ltd. (江西省屬國有企業資產經營(控股)有限公司) as vice Chairman in December 2019, and served as the general manager in February 2020. From September 2012 until June 2018, Mr. Que has been a director of Jiangxi Ganyue Expressway Co., Ltd. (江西贛粵高速公路股份有限公司) (SSE stock code: 600269). From July 1999 to May 2010, Mr. Que was with Jiangxi Ganyue Expressway Co., Ltd. (江西贛粵高速公路股份有限公司) (SSE stock code: 600269) and successively served as the person in charge of the financial department, a deputy manager and the general manager of the financial department and the chief financial officer. From March 2013 to May 2016, Mr. Que served as an independent director in Jiangzhong Pharmaceutical Co., Ltd. (江中藥業股份有限公司) (SSE stock code: 600750).

Mr. Que was accredited as a “National Advanced Accounting Worker” (全國先進會計工作者) by the Ministry of Finance of the PRC (中華人民共和國財政部) in December 2015.

Mr. Que obtained a master of business administration from Jiangxi University of Finance and Economics in June 2009. Mr. Que was accredited as a senior account by the Shanghai Accreditation Committee for the Qualifications of Senior Professional and Technical Positions for Accountants (上海市會計系列高級專業技術職務任職資格評審委員會) in June 2006. He was also accredited as a senior account by the Jiangxi Accreditation Committee for the Qualifications of Accountant Senior Professional and Technical (江西省會計高級專業技術資格評審委員會) in October 2017. Mr. Que also completed the program designed for national leading accountants and obtained a certificate of “National Leading Accountant” (全國會計領軍人才證書) issued by the Ministry of Finance of the PRC in December 2012.

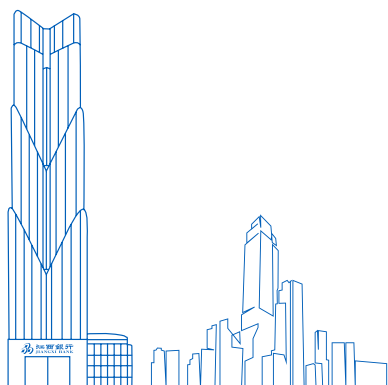


CHAPTER VI DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT MEMBERS, EMPLOYEES AND INSTITUTIONS

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

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

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



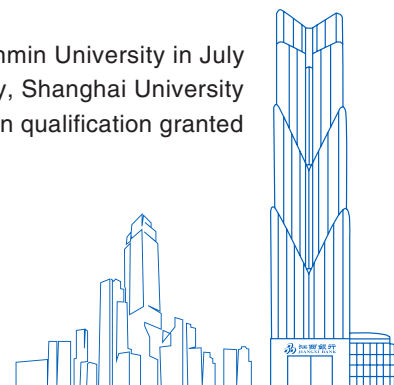
CHAPTER VI DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT MEMBERS, EMPLOYEES AND INSTITUTIONS

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

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

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

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



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

Independent Non-executive Directors

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

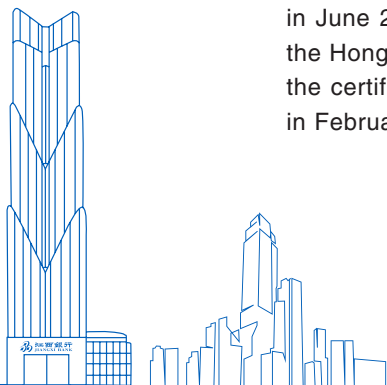
Ms. Zhang received a bachelor's degree in accounting from Jiangxi Institute of Finance and Economics in July 1984, a master's degree in accounting from Jiangxi Institute of Finance and Economics in July 1990 and a doctorate degree in accounting from Zhongnan University of Economics and Law (中南財經政法大學) in December 2001. Ms. Zhang was accredited as a professor by Jiangxi Title Reform Committee (江西省職稱改革領導小組) in September 1998.

Since September 1984, Ms. Zhang has been with Jiangxi University of Finance and Economics (formerly known as Jiangxi Institute of Finance and Economics (江西財經學院)), where she successively served as a teacher in department of finance and accounting, the head of the teaching and research section for auditing of department of finance and accounting, a deputy head of department of finance and accounting, the dean of faculty of accounting and a director of research and development center for accounting development.

From February 2015 to present, Ms. Zhang has been an independent director of Hengbang Property Insurance Co., Ltd. (恒邦財產保險股份有限公司). From April 2016 to present, Ms. Zhang has been an independent director of Changhong Huayi Compressor Co., Ltd. (長虹華意壓縮機股份有限公司) (SZSE stock code: 000404). From March 2019 to present, Ms. Zhang has been an independent director of Jiangxi Fushine Pharmaceutical Co., Ltd. (江西富祥藥業股份有限公司) (SZSE stock code: 300497). From October 2019 to present, Ms. Zhang has been an independent director of Shenzhen Aisidi Co., Ltd. (深圳市愛施德股份有限公司) (SZSE stock code: 0024162011).

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

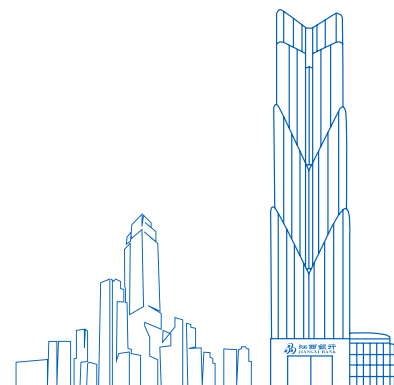
Ms. Zhang obtained her bachelor's degree in philosophy from Beijing Normal University (北京師範大學) in Beijing, China, in July 1999 and a master's degree in law from Peking University in June 2004. Ms. Zhang also obtained an executive master of business administration from the Hong Kong University of Science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



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Mr. WONG Hin Wing (黃顯榮) is an independent non-executive Director and owns an executive master of business administration from The Chinese University of Hong Kong. He is also a fellow member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales, the Chartered Association of Certified Accountants, the Hong Kong Institute of Directors and the Institute of Chartered Secretaries and Administrators. He is also a member of the American Institute of Certified Public Accountants and a chartered member of the Chartered Institute for Securities & Investment. Mr. Wong is now an independent non-executive director of CRCC High-Tech Equipment Corporation Limited (中國鐵建高新裝備股份有限公司) (a H-share public company listed on the Stock Exchange), Guangzhou Baiyunshan Pharmaceutical Holdings Co., Ltd. (廣州白雲山醫藥集團股份有限公司) (an A-share public company listed on the Shanghai Stock Exchange and a H-share public company listed on the Stock Exchange), Inner Mongolia Yitai Coal Co., Ltd. (內蒙古伊泰煤炭股份有限公司) (a B-share public company listed on the Shanghai Stock Exchange and a H-share public company listed on the Stock Exchange) and Wine's Link International Holdings Limited (威揚酒業國際控股有限公司) (a public company listed on the Stock Exchange). He is also a member of Anhui Provincial Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議安徽省委員會委員), the Securities and Futures Appeals Tribunal, the Public Interest Entity Auditors Review Tribunal, the Construction Industry Council and the Betting, Gaming and Lotteries Commission. He is also the managing partner and licensed principal of Hermitage Capital HK Limited, a licensed corporation authorized by the SFO. Before taking this important position, he worked with an international audit firm for 4 years, then served as the chief financial officer of a listed company for 7 years, and then co-funded with others the China Silk Road International Capital Limited (a licensed corporation, formerly known as Legend Capital Investment Limited), and served as the executive director and licensed principal thereof for 23 years. He has 37 years of experience in accounting, finance, investment management and consulting.

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



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

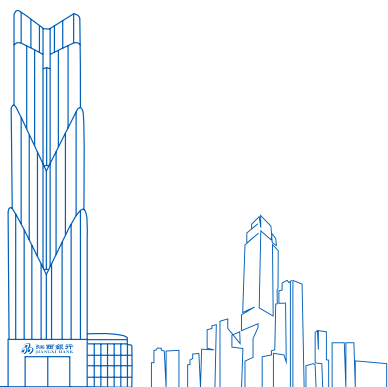
Ms. Wang obtained a bachelor's degree in financial accounting and a master's degree in accounting from East China Jiaotong University in June 1993 and June 2005, respectively. She also obtained her doctorate degree in industrial economics from Jiangxi University of Finance and Economics in January 2009.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

6.3.2 Supervisors

Employee Representative Supervisors

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

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



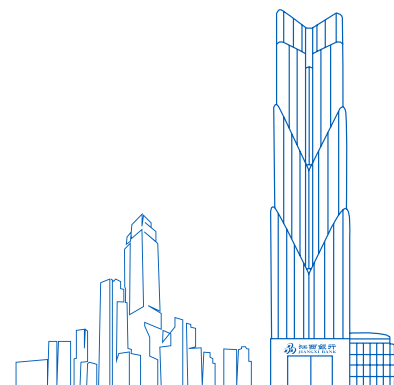
CHAPTER VI DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT MEMBERS, EMPLOYEES AND INSTITUTIONS

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

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

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

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



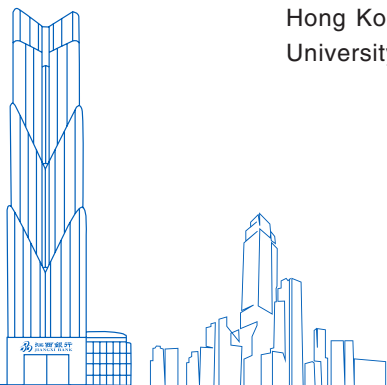
Shareholder Representative Supervisors

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

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

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

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



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

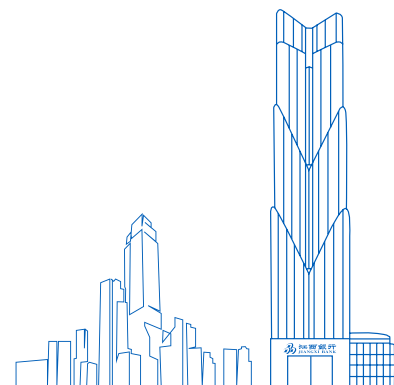
External Supervisors

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

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

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

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

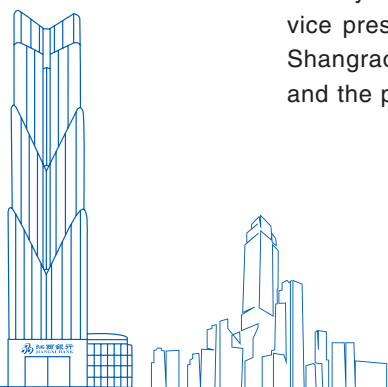


6.3.3 Senior Management Members

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

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

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

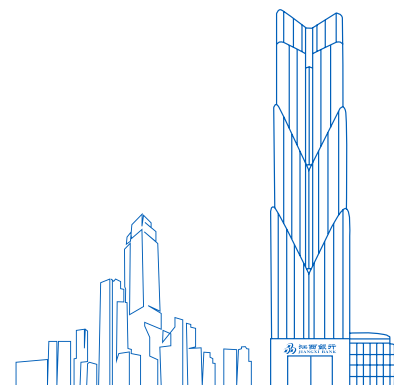


CHAPTER VI DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT MEMBERS, EMPLOYEES AND INSTITUTIONS

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

Mr. CHENG Zongli (程宗禮) is the vice president of the Bank, and served as the vice president of the Bank since April 2011. Mr. Cheng joined the Bank when it was established and took various positions in the Bank, including: (i) a deputy director of asset risk management division; (ii) a deputy manager of special assets management department; (iii) a vice president of Yongxing Sub-branch and Minde Sub-branch; (iv) a deputy general manager of corporate business department; (v) the general manager of credit management department; (vi) the president of Railway Sub-branch; and (vii) a vice president and member of party committee of the Bank. Mr. Cheng's previous working experiences also include serving as (i) a clerk in Nanchang City Credit Union (南昌城市信用社) from October 1994 to August 1997 and (ii) a physician at Nanchang No. 9 Hospital (南昌市第九醫院) from August 1989 to October 1994.

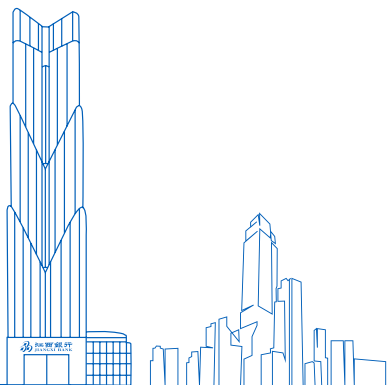
Mr. Cheng obtained a bachelor's degree in clinical medicine from Jiangxi Medical College (江西醫學院) (currently known as the Medical School of Nanchang University) in June 1989. He also obtained a bachelor's degree in money and banking by completing the correspondence course offered by Peking University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



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

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

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



6.3.4 Company Secretaries

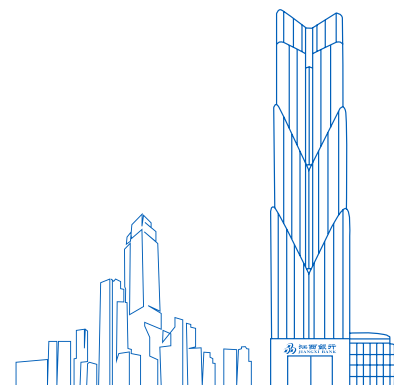
Mr. XU Jihong (徐繼紅) is a joint company secretary of the Bank. For biographical details of Mr. Xu, please see “6.3.1 Directors” of this annual report.

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

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

Dr. Ngai is a fellow member of the Hong Kong Institute of Chartered Secretaries, a fellow member of the The Chartered Governance Institute (formerly known as Institute of Chartered Secretaries and Administrators), a member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants in the United Kingdom, and a member of the Chartered Institute of Arbitrators.

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



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

6.4 CONFIRMATION OF INDEPENDENCE FROM INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

As at December 31, 2020, the interests and short positions of the Directors, Supervisors and chief executives of the Bank in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Bank and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) which were required to be notified to the Bank and the Stock Exchange pursuant to the Model Code, were as follows:

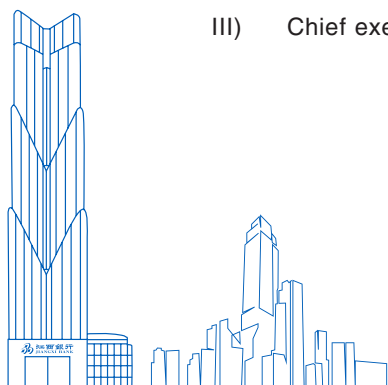
- I) Directors: Nil
- II) Supervisors:

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

Note:

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

- III) Chief executives: Nil



6.6 INFORMATION OF EMPLOYEES

6.6.1 Composition of Employees

As of the end of the Reporting Period, the Bank has a total of 5,238 employees.

1 *By age*

The Bank has 2,574 employees aged 30 or under, accounting for 49.14% of the total number of employees; 1,561 employees aged 31 to 40, accounting for 29.80% of the total number of employees; 966 employees aged 41 to 50, accounting for 18.44% of the total number of employees; and 137 employees aged over 50, accounting for 2.62% of the total number of employees.

2 *By education*

The Bank has 4,811 employees with a bachelor degree or above, accounting for 91.85% of the total number of employees, and 427 employees with a college degree or below, accounting for 8.15% of the total number of employees.

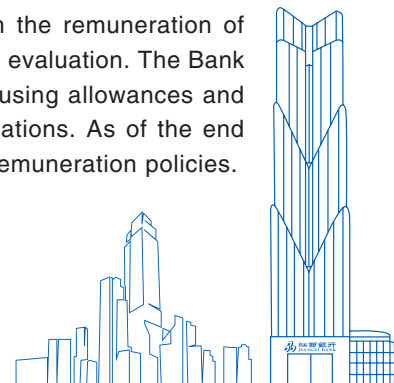
6.6.2 Employee Training Plan

During the Reporting Period, upholding the strategic thinking of “strengthening the Bank by talents”, the Bank adhered to the talent cultivation mechanism of developing together with employees and achieving mutual improvement and the goal of enhancing employees’ quality, and built an all-round and multi-level training system and a learning organization good at learning and attaching importance to practice based on customer service.

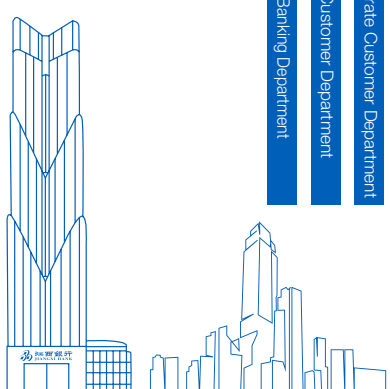
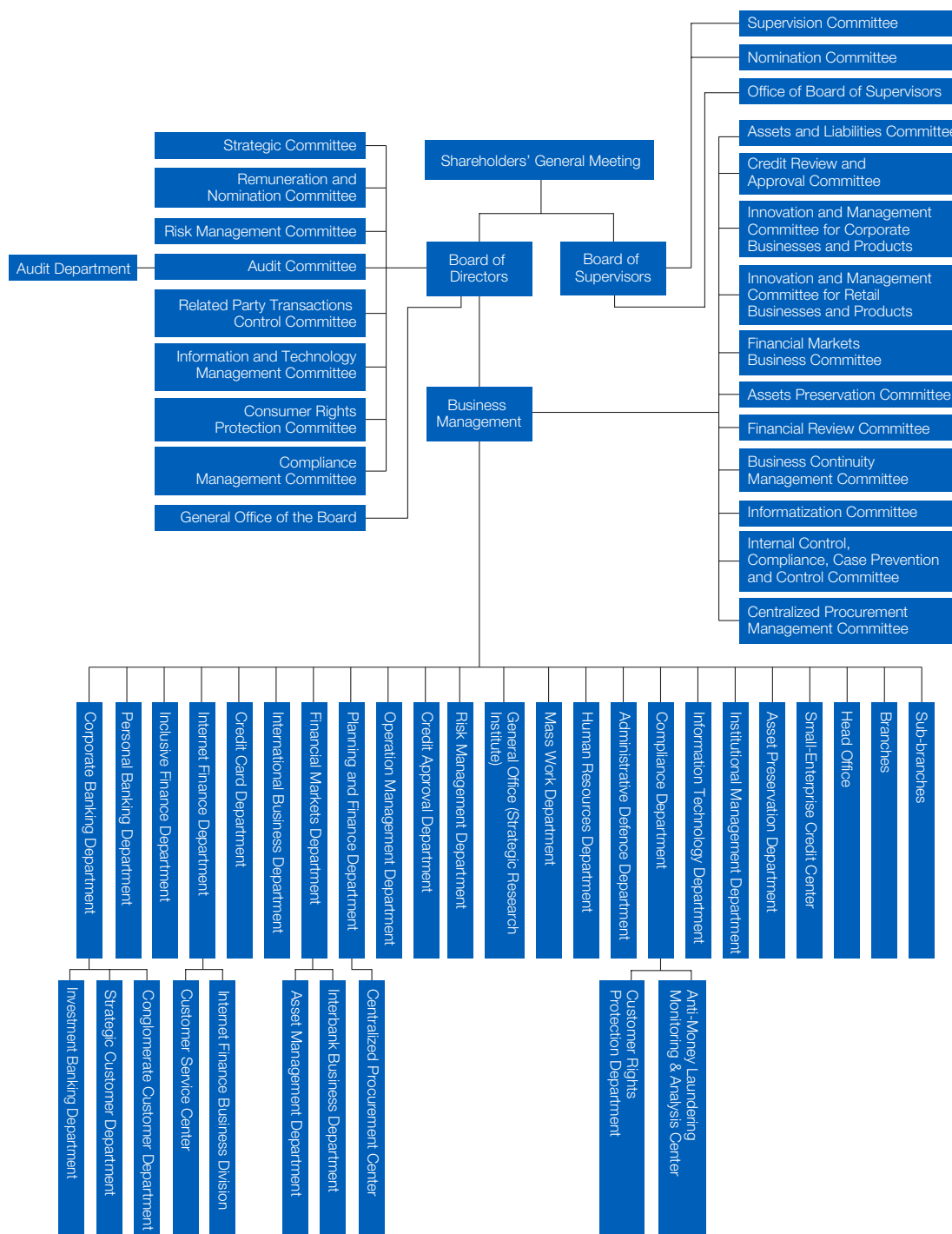
During the Reporting Period, according to the training program under the “Work Plan for Employees’ Educational Training for 2020”, the Bank focused on E-Learning online study, timely carried out live streaming training on new businesses, new products and new employees, actively participated in online lectures held by external agencies, organized internal trainer development, developed internal courses, and conducted training on ability improvement. It was committed to building a learning and innovative team.

6.6.3 Employee Remuneration Policy

The Bank has established a position-based remuneration system, with the remuneration of employees determined according to their position value and performance evaluation. The Bank makes contribution to the employees’ social insurance and provides housing allowances and several other staff benefits pursuant to applicable PRC laws and regulations. As of the end of the Reporting Period, there was no significant change in the Bank’s remuneration policies.



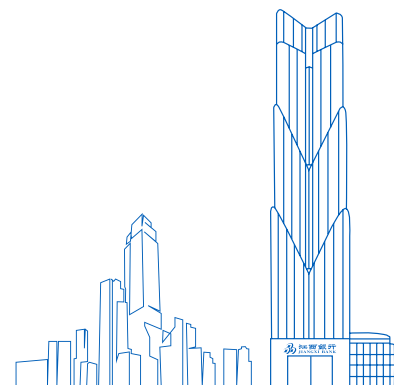
6.7 ORGANIZATIONAL STRUCTURE



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

6.8 BASIC INFORMATION OF BRANCHES AND SUB-BRANCHES

Area	Name of institutions	Business address (in China)	Notes
Nanchang, Jiangxi	Head office	No. 699 Financial Street, Honggutan New District, Nanchang, Jiangxi Province	Governing 77 licensed branches and sub-branches in Nanchang
Pingxiang, Jiangxi	Pingxiang branch	No. 198 Jianshe Middle Road, Anyuan District, Pingxiang, Jiangxi Province	Governing 8 licensed institutions in Pingxiang
Jiujiang, Jiangxi	Jiujiang branch	No. 248 Changhong Avenue, Lianxi District, Jiujiang, Jiangxi Province	Governing 14 licensed institutions in Jiujiang
Ganzhou, Jiangxi	Ganzhou branch	Building 8, Shenghui City Center, Ganxian Road, Zhanggong District, Ganzhou, Jiangxi Province	Governing 23 licensed institutions in Ganzhou
Yichun, Jiangxi	Yichun branch	No.636 Yichun North Road, Yuanzhou District, Yichun, Jiangxi Province	Governing 15 licensed institutions in Yichun
Xinyu, Jiangxi	Xinyu branch	No.69 Zhongshan Road, Yushui District, Xinyu, Jiangxi	Governing 5 licensed institutions in Xinyu
Shangrao, Jiangxi	Shangrao branch	No.46 Daihu Road, Xinzhou District, Shangrao, Jiangxi Province	Governing 12 licensed institutions in Shangrao
Ji'an, Jiangxi	Ji'an branch	1/F, Tianhong Shopping Plaza, West of Jinggangshan Avenue and North of Guangchang South Road, Jizhou District, Ji'an, Jiangxi Province	Governing 15 licensed institutions in Ji'an
Fuzhou, Jiangxi	Fuzhou branch	No. 618 Gandong Avenue, Linchuan District, Fuzhou, Jiangxi Province	Governing 10 licensed institutions in Fuzhou
Yingtian, Jiangxi	Yingtian branch	No. 1 Yuqing Road, Xinjiang New District, Yingtian, Jiangxi	Governing 4 licensed institutions in Yingtian
Jingdezhen, Jiangxi	Jingdezhen branch	Building 1, West Area 1, Crown Shopping Plaza, Guangchang South Road, Zhushan District, Jingdezhen, Jiangxi Province	Governing 16 licensed institutions in Jingdezhen
Nanchang, Jiangxi	Small Enterprise Credit Center	No.96 Zhanqian Road, Xihu District, Nanchang, Jiangxi Province	Governing 8 licensed institutions in Jiangxi
Guangzhou	Guangzhou branch	Room 102, 1/F, Block 3 and Rooms 201-202, 2/F, Block 3, No. 986 Jiefang North Road, Yuexiu District, Guangzhou City, Guangdong Province	Governing 5 licensed institutions in Guangzhou
Suzhou	Suzhou branch	Rongsheng Business Center, No. 135 Wangdun Road, Suzhou Industrial Park, Jiangsu Province	Governing 5 licensed institutions in Suzhou



CHAPTER VII CORPORATE GOVERNANCE REPORT

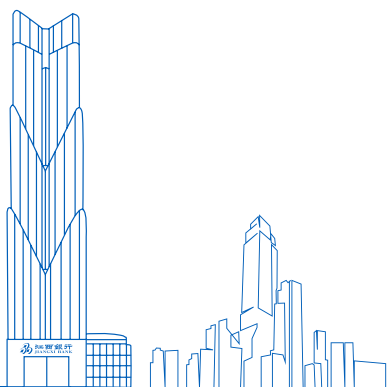
7.1 OVERVIEW OF CORPORATE GOVERNANCE

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

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

The Bank has adopted Appendix 14 to the Hong Kong Listing Rules headed Corporate Governance Code (the "Code"). The Bank has met the requirements of the measures for the administration of domestic commercial banks and the corporate governance requirements and has established a sound corporate governance system. During the Reporting Period, the Bank has complied with all applicable Code provisions as set forth in Appendix 14 to the Hong Kong Listing Rules.

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



CHAPTER VII CORPORATE GOVERNANCE REPORT

7.2 SHAREHOLDERS' GENERAL MEETING

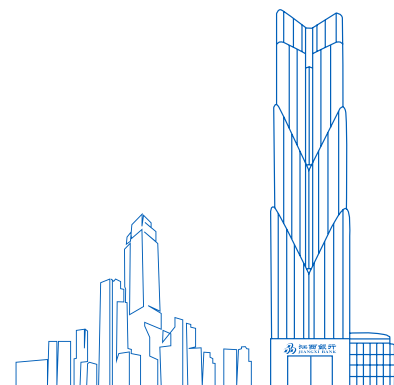
7.2.1 Convening of General Meetings

In 2020, the Bank convened four shareholders' general meetings, details of which are set out below:

1. On May 29, 2020, the Bank convened the 2019 Annual General Meeting, at which fifteen proposals were considered and approved, including the 2019 Financial Statement, 2020 Financial Budget Plan, 2019 Profit Distribution Plan, and proposal on amendments to the Articles of Association.
2. On May 29, 2020, the Bank convened the 2020 first meeting of Class Shareholders of Domestic Shares, at which two proposals were considered and approved, including the proposal on amendments to the Articles of Association and rules of procedure of the general meeting, respectively.
3. On May 29, 2020, the Bank convened the 2020 first meeting of Class Shareholders of H Shares, at which two proposals were considered and approved, including the proposal on amendments to the Articles of Association and rules of procedure of the general meeting, respectively.
4. On December 18, 2020, the Bank convened the 2020 first Extraordinary General Meeting, at which four proposals were considered and approved, including the issuance of tier-2 capital bonds and general mandate to issue shares.

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

For the attendance rate of each director at the general meetings, refer to the section 7.3.6.

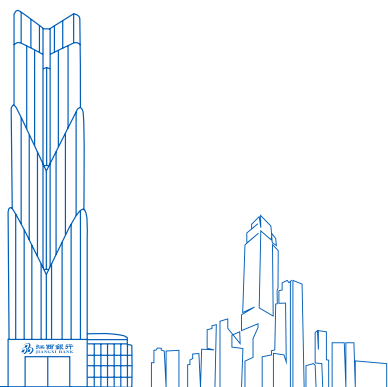


CHAPTER VII CORPORATE GOVERNANCE REPORT

7.3 BOARD

7.3.1 Operation of the Board

Regular meetings of the Board shall be convened at least once each quarter and other meetings shall be scheduled if necessary. Board meetings may be convened on site or through a teleconference. The Board shall notify all directors prior to Board meetings and provide sufficient information (including background information and other information and data of the proposals presented to assist the directors in making informed decisions) to all directors in a timely manner. For regular meetings of the Board, all directors and supervisors shall be notified in writing 14 days before the convening of the meetings, and the meeting agenda and relevant meeting documents shall be sent to all directors three days before the convening of the meetings; and for other Board meetings, a notice shall be sent to all directors 5 days before the convening of the meetings. A good communication and reporting mechanism has been established between the Board and senior management. The President is responsible to the Board and reports to the Board on a regular basis, and is subject to the supervision by the Board of Supervisors. At the Board meetings, all directors are free to express their opinions, and discuss important decisions in detail before making such decisions. The Board has a Board office that serves as the daily office of the Board. The Board office is responsible for preparing the general meetings and Board meetings and meetings of special committees under the Board and processing the tasks assigned by the general meetings, Board meetings, and meetings of the special committees under the Board. The Board and senior management exercise their respective powers corresponding to their responsibilities contained in the Articles of Association. Directors who have a material interest in the proposals shall give up the right of participating in the discussion and voting on relevant proposals and shall not be included in the quorum of the relevant proposals.



CHAPTER VII CORPORATE GOVERNANCE REPORT

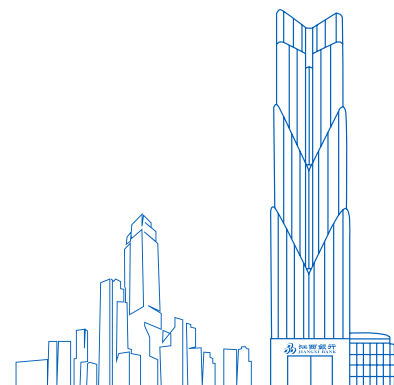
7.3.2 Composition of the Board

As at the date of this annual report, the Board of the Bank consists of twelve directors, including three executive directors, namely, Mr. CHEN Xiaoming (Chairman), Mr. LUO Yan, and Mr. XU Jihong; five non-executive directors, namely, Mr. QUE Yong, Mr. LI Zhanrong, Mr. LIU Sanglin, Mr. DENG Jianxin, and Ms. ZHUO Liping; and four independent non-executive directors, namely, Ms. ZHANG Rui, Mr. WONG Hin Wing, Ms. WANG Yun, and Ms. ZHANG Wangxia.

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

7.3.3 Changes in Board Members During the Reporting Period

As approved by the 2018 Annual General Meeting held on May 31, 2019, Ms. ZHUO Liping and Mr. HUANG Zhenping were appointed as non-executive directors of the Bank, and Mr. OU Minggang and Mr. YAN Hongbo were appointed as independent non-executive directors of the Bank; the directorship of Ms. ZHUO Liping was approved by the PRC banking regulatory authorities on May 11, 2020; Mr. HUANG Zhenping resigned as a director of the Bank in July 2020; terms thereof commence upon approval of respective directorship of Mr. OU Minggang and Mr. YAN Hongbo by relevant the PRC banking regulatory authorities.



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7.3.4 Authority of the Board

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

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

to implement the resolutions of the shareholders' general meeting;

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

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

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

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

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

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

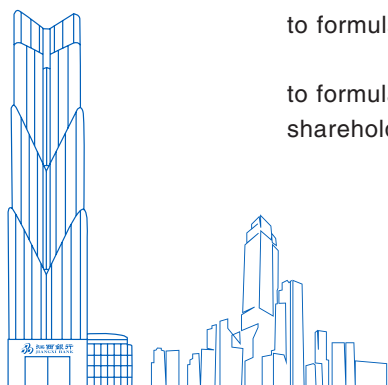
to formulate plans for major acquisitions, acquisitions of stocks of the Bank, or mergers, divisions, dissolutions, and changes in corporate form;

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

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

to formulate the basic management system for the Bank;

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



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

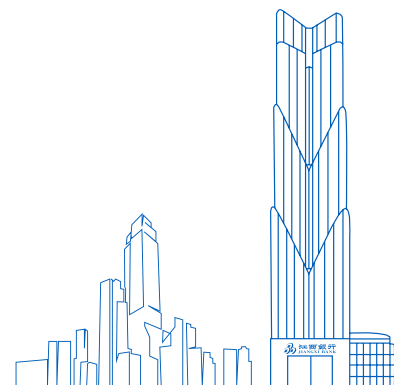
to establish risk culture, assume the ultimate responsibility for comprehensive risk management, determine the risk preference, risk tolerance, risk management policies, and internal control policies of the Bank's parent company and of the Group, and supervise the policy implementation;

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

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

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

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



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

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

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

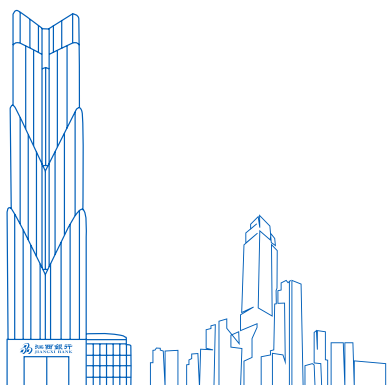
to examine and approve the strategic development plan, risk management system, outsourcing scope, and related arrangements of the Bank's information technology outsourcing, review the relevant reports on information technology outsourcing activities, and regularly arrange internal audits to ensure that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

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

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

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

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



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

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

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

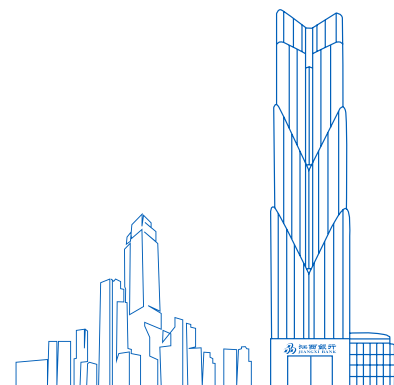
to establish a system for managing case prevention and control that is compatible with the Bank's risk management, asset size and business complexity, and effectively monitor, provide alert for and dispose case risk;

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

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

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

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



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

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

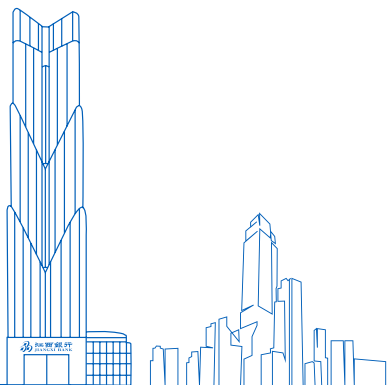
to formulate the strategy objectives of green credit for the Bank, examine and approve the senior management's report on the implementation of green credit, and supervise and evaluate the implementation of the Bank's development strategy of green credit;

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

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

7.3.5 Directors' Responsibilities for Preparing Financial Statements

The Directors confirm that they are responsible for preparing financial statements for the year ended December 31, 2020 which should truly and fairly reflect the business status and performance of the Bank. To prepare financial statements, the directors shall select and apply appropriate accounting policies, and use accounting estimates that are appropriate for relevant circumstances. With the assistance of accounting and finance personnel, the directors ensure that they have prepared the financial statements for the Bank in accordance with statutory requirements and applicable financial reporting standards.

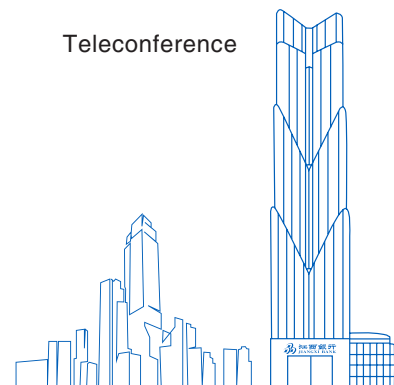


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7.3.6 Board Meetings and the Attendance of Directors

During the Reporting Period, the Bank carried out the change of office and convened a total of 26 Board meetings, at which the Bank debriefed on, considered and approved 125 proposals mainly involving topics such as adoption and/or revision of various corporate governance measures, profit distribution plans, development plans, and business performance. Details of the Board meetings convened during the Reporting Period are set out below:

Session	Date	Form
Periodic meetings		
Fourth session of the second Board meeting	February 25, 2020	On-site
Fifth session of the second Board meeting	March 27, 2020	On-site
Sixth session of the second Board meeting	June 29, 2020	On-site
Seventh session of the second Board meeting	August 28, 2020	On-site
Eighth session of the second Board meeting	October 30, 2020	On-site
Extraordinary meetings		
The first extraordinary meeting for 2020 of the second session of the Board	February 14, 2020	Teleconference
The second extraordinary meeting for 2020 of the second session of the Board	March 20, 2020	Teleconference
The third extraordinary meeting for 2020 of the second session of the Board	March 23, 2020	Teleconference
The fourth extraordinary meeting for 2020 of the second session of the Board	April 13, 2020	Teleconference
The fifth extraordinary meeting for 2020 of the second session of the Board	April 20, 2020	Teleconference
The sixth extraordinary meeting for 2020 of the second session of the Board	May 23, 2020	Teleconference
The seventh extraordinary meeting for 2020 of the second session of the Board	May 20, 2020	Teleconference
The eighth extraordinary meeting for 2020 of the second session of the Board	June 19, 2020	Teleconference
The ninth extraordinary meeting for 2020 of the second session of the Board	July 3, 2020	Teleconference
The tenth extraordinary meeting for 2020 of the second session of the Board	July 17, 2020	Teleconference



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Session	Date	Form
The eleventh extraordinary meeting for 2020 of the second session of the Board	August 31, 2020	Teleconference
The twelfth extraordinary meeting for 2020 of the second session of the Board	August 31, 2020	Teleconference
The thirteenth extraordinary meeting for 2020 of the second session of the Board	September 9, 2020	Teleconference
The fourteenth extraordinary meeting for 2020 of the second session of the Board	September 18, 2020	Teleconference
The fifteenth extraordinary meeting for 2020 of the second session of the Board	September 22, 2020	Teleconference
The sixteenth extraordinary meeting for 2020 of the second session of the Board	September 30, 2020	Teleconference
The seventeenth extraordinary meeting for 2020 of the second session of the Board	November 9, 2020	Teleconference
The eighteenth extraordinary meeting for 2020 of the second session of the Board	November 13, 2020	Teleconference
The nineteenth extraordinary meeting for 2020 of the second session of the Board	November 20, 2020	Teleconference
The twentieth extraordinary meeting for 2020 of the second session of the Board	November 25, 2020	Teleconference
The twenty-first extraordinary meeting for 2020 of the second session of the Board	December 31, 2020	Teleconference



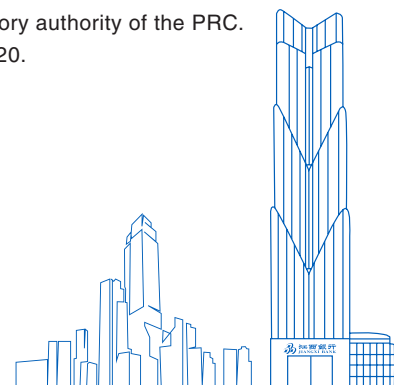
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The attendance of each director at the Board meetings during the Reporting Period is as follows:

Members of the Board	Number of Attendances Required at Board Meetings	Number of Attendances in Person at Board Meetings	Number of Attendances by Proxy at Board Meetings	Attendance Rate at Board Meetings ¹	Number of Attendances/Attendances Required at Shareholders' General Meetings
CHEN Xiaoming	26	26	0	100%	2/2
LUO Yan	26	26	0	100%	2/2
XU Jihong	26	26	0	100%	2/2
QUE Yong ²	25	20	5	80%	0/2
LI Zhanrong ³	25	25	0	100%	2/2
LIU Sanglin ⁴	25	25	0	100%	2/2
DENG Jianxin	26	26	0	100%	1/2
ZHUO Liping ⁵	19	19	0	100%	2/2
ZHANG Rui	26	26	0	100%	2/2
WONG Hin Wing	26	26	0	100%	0/2
WANG Yun	26	26	0	100%	2/2
ZHANG Wangxia	26	26	0	100%	2/2

Notes:

- ¹ During the Reporting Period, attendance by way of proxy was not treated as attendance, and it is the same below.
- ² Mr. QUE Yong abstained from voting on the proposals considered at the seventeenth extraordinary meeting for 2020 of the second session of the Board.
- ³ Mr. LI Zhanrong abstained from voting on the proposals considered at the seventeenth extraordinary meeting for 2020 of the second session of the Board.
- ⁴ Mr. LIU Sanglin abstained from voting on the proposals considered at the fifteenth extraordinary meeting for 2020 of the second session of the Board.
- ⁵ The directorship of Ms. ZHUO Liping was approved by the banking regulatory authority of the PRC. on May 11, 2020, that is, she began to perform her duties on May 11, 2020.



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7.3.7 Independent Non-executive Directors

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

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

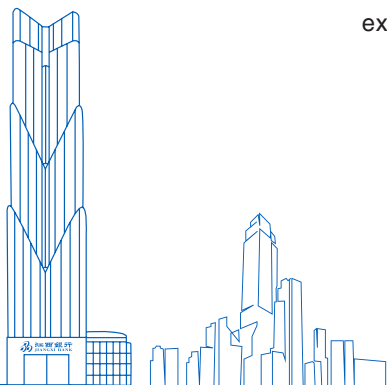
The Bank has received an annual confirmation of independence confirming the independence of each of the independent non-executive directors in writing, which was issued by such directors according to the requirements of the Hong Kong Listing Rules. Therefore, the Bank confirms that all independent non-executive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

7.3.8 Special Committees of the Board

As at the date of this annual report, the Board of the Bank has eight special committees, including the Strategic Committee, Audit Committee, Risk Management Committee, Related Party Transactions Control Committee, Information and Technology Management Committee, Remuneration and Nomination Committee, Consumer Rights Protection Committee, and Compliance Management Committee.

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

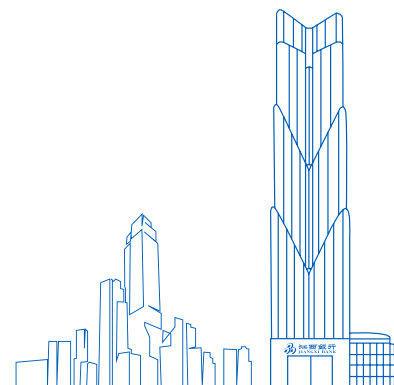
As at December 31, 2020, the Strategic Committee of the second session of the Board consists of five directors, namely, Mr. CHEN Xiaoming, Mr. LUO Yan, Mr. XU Jihong, Mr. QUE Yong, and Mr. DENG Jianxin. Mr. CHEN Xiaoming, Mr. LUO Yan, and Mr. XU Jihong are executive directors, and Mr. QUE Yong and Mr. DENG Jianxin are non-executive directors. Mr. CHEN Xiaoming is the chairperson of the Strategic Committee.



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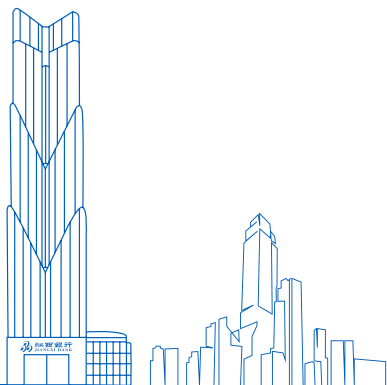
The duties of the Strategic Committee primarily include:

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



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



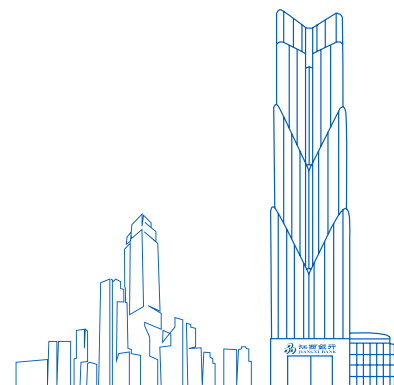
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During the Reporting Period, the Strategic Committee convened a total of 6 meetings mainly involving topics such as the Jiangxi Bank 2019 Annual Financial Statements Report of the Group, the Jiangxi Bank 2020 financial budget report of the Group, 2019 Environmental, Social, and Governance Report of Jiangxi Bank, and Amendments to the Articles of Association of Jiangxi Bank Co., Ltd. The attendance of each committee member at the Strategic Committee meetings during the Reporting Period is as follows:

Members of the Committee	Number of Attendances Required at Meetings	Number of Attendances in Person at Meetings	Number of Attendances by Proxy at Meetings	Attendance Rate at Meetings
CHEN Xiaoming	6	6	0	100%
LUO Yan	6	6	0	100%
XU Jihong	6	6	0	100%
QUE Yong	6	4	0	66.67%
DENG Jianxin	6	6	0	100%

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

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



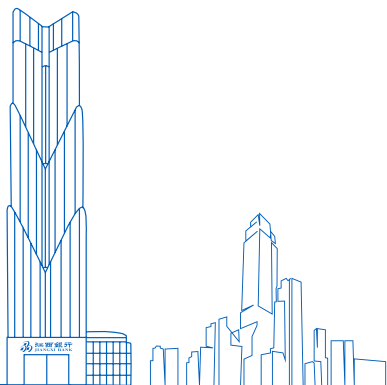
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The duties of the Audit Committee primarily include:

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

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

During the Reporting Period, the Audit Committee convened a total of 5 meetings, at which it considered and approved 18 proposals mainly involving topics such as the Jiangxi Bank 2019 Annual Report, Jiangxi Bank 2020 Interim Report, and Report on the Evaluation of the Audit of Jiangxi Bank 2019 Annual Report.



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The Audit Committee arranged for the preparation and review of the 2019 Annual Report and the 2020 Interim Report in compliance with the relevant disclosure provisions of the annual financial report. During the Reporting Period, the Audit Committee convened meetings and communicated with external auditors in the absence of executive directors and senior management. As at March 26, 2020, the Audit Committee reviewed the audited consolidated financial statements for the year ended December 31, 2019, which were prepared in accordance with the Bank's accounting principles and policies. The Audit Committee also reviewed the effectiveness of the internal control system and the internal audit function of the Bank by regularly listening to the report of the audit department on internal audit.

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

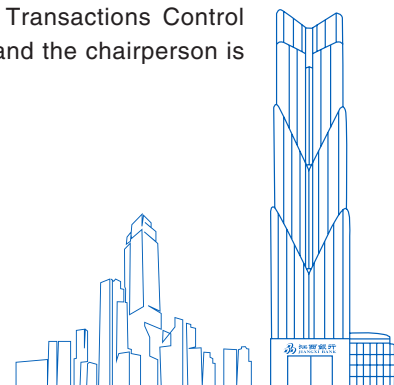
Members of the Committee	Number of Attendances Required at Meetings	Number of Attendances in Person at Meetings	Number of Attendances by Proxy at Meetings	Attendance Rate at Meetings
ZHANG Rui	5	5	0	100%
LI Zhanrong	5	5	0	100%
WONG Hin Wing	5	5	0	100%
ZHUO Liping ⁽¹⁾	3	3	0	100%

Notes:

(1) Since May 11, 2020, Ms. ZHUO Liping served as a member of the Audit Committee.

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

As of December 31, 2020, the Related Party Transactions Control Committee of the second session of the Board consists of Ms. WANG Yun, Ms. ZHUO Liping, Mr. DENG Jianxin, and Ms. ZHANG Rui. Ms. WANG Yun is the chairperson of the Related Party Transactions Control Committee. Ms. WANG Yun and Ms. ZHANG Rui are independent non-executive directors; Ms. ZHUO Liping and Mr. DENG Jianxin are non-executive directors. More than half of the members of the Related Party Transactions Control Committee of the Bank are independent non-executive directors and the chairperson is an independent non-executive director.

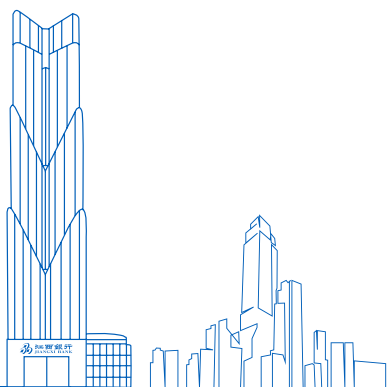


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The duties of the Related Party Transactions Control Committee primarily include:

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

During the Reporting Period, the Related Party Transactions Control Committee convened a total of 17 meetings, at which it considered and approved the Report of Jiangxi Bank on the List of Related (Connected) Parties, Special Report on Major Related Party Transactions in 2019, and Report on the Transfer of Non-performing Assets Involved in Related Party Business.



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

Members of the Committee	Number of Attendances Required at Meetings	Number of Attendances in Person at Meetings	Number of Attendances by Proxy at Meetings	Attendance Rate at Meetings
WANG Yun	17	17	0	100%
DENG Jianxin	16	16	0	100%
ZHANG Rui	17	17	0	100%
ZHUO Liping ⁽¹⁾	11	11	0	100%

Notes:

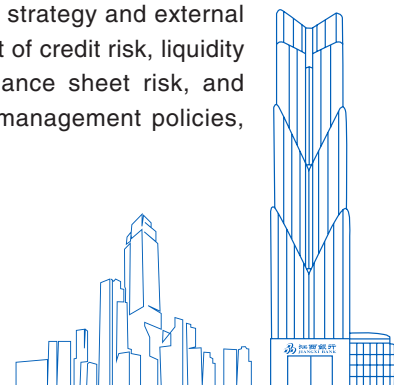
- (1) Since May 11, 2020, Ms. ZHUO Liping served as a member of the Related Party Transactions Control Committee.

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

As of December 31, 2020, the Risk Management Committee of the second session of the Board consists of four directors, namely, Mr. XU Jihong, Mr. LI Zhanrong, Mr. DENG Jianxin, and Ms. ZHANG Wangxia. Mr. XU Jihong is the chairperson of the Risk Management Committee. Mr. XU Jihong is an executive director, and Ms. ZHANG Wangxia is an independent non-executive director. Mr. LI Zhanrong and Mr. DENG Jianxin are non-executive directors.

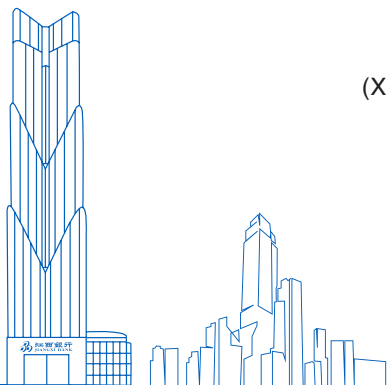
The duties of the Risk Management Committee primarily include:

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



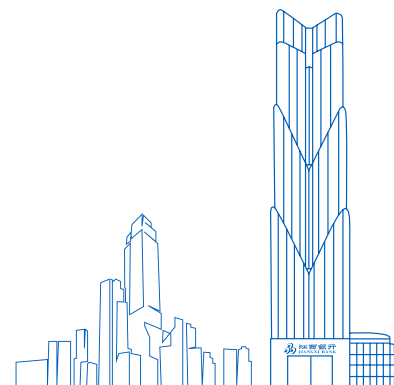
CHAPTER VII CORPORATE GOVERNANCE REPORT

- (III) to discuss the risk management system with the management to ensure that the management has fulfilled its duties to establish an effective system;
- (IV) to conduct research on the important investigation results of risk management and feedback from senior management personnel on their own initiative or as authorized by the Board;
- (V) to review the matters beyond the right of permission of the management;
- (VI) to review the treatment (including sales, purchases, write-offs, pledges, non-operating guarantees and others) of major assets with an amount exceeding 30% of audited total assets of the Bank within any twelve consecutive months; the review results are subject to the approval of the Board that shall submit them to the general meeting for review;
- (VII) to perform the management and evaluation of the Good Standards for data quality implemented by the Bank;
- (VIII) to conduct an annual inspection with the Audit Committee of cessation of interest accrual, interest rate cut, delayed interest rate, or interest-free matters particularly granted by the President, confirm whether the relevant procedures and regulations are met, and report the inspection to the Board;
- (IX) to review credit risk management reports and understand the credit risk, changes in large risk exposures and the management of the Bank;
- (X) to consider the Bank's market risk management reports, and examine and approve the strategies, policies, and procedures for market risk management;
- (XI) to review the Bank's liquidity risk level and related stress testing reports; and review the Bank's management system, tolerance, management strategies, important policies, procedures, limits, and contingency plans for liquidity risk, and revise the above contents in a timely manner as required by risk management;
- (XII) to review the Bank's management reports on capital adequacy ratio and evaluation reports on internal capital adequacy, and examine and approve the management plan for capital adequacy ratio; and to ensure that capital fully covers the main risk;
- (XIII) to examine and approve risk management policies and procedures for risk of bank's book interest rate, and review the risk report of the Bank's book interest rate;



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



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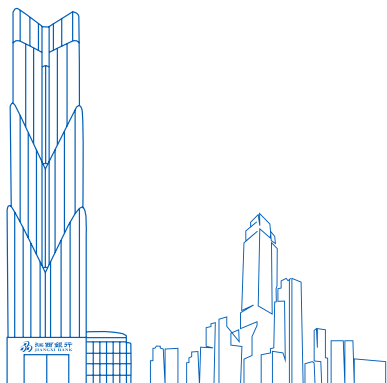
The Bank reviewed the Bank's risk management and internal control system at least once a year to ensure the effectiveness of the existing system. During the Reporting Period, the Risk Management Committee convened a total of 17 meetings, at which it considered and approved the 2020 Risk Appetite Statement of Jiangxi Bank, the 2019 Comprehensive Risk Management Report of Jiangxi Bank, and the Administrative Measures of Jiangxi Bank for Operational Risk (2020 Revision). The Risk Management Committee believed that the Bank's existing risk management and internal control system is sufficient and effective.

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

Members of the Committee	Number of Attendances Required at Meetings	Number of Attendances in Person at Meetings	Number of Attendances by Proxy at Meetings	Attendance Rate at Meetings
XU Jihong	17	17	0	100%
LI Zhanrong	17	17	0	100%
DENG Jianxin	17	17	0	100%
ZHANG Wangxia	17	17	0	100%

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

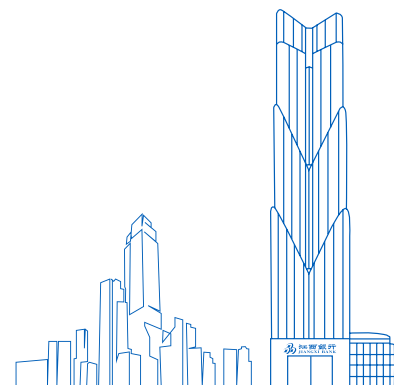
As of December 31, 2020, the Remuneration and Nomination Committee of the second session of the Board consists of three directors, namely, Ms. ZHANG Wangxia, Mr. LUO Yan, and Ms. WANG Yun. Ms. ZHANG Wangxia is the chairperson of the Remuneration and Nomination Committee. Mr. LUO Yan is an executive director, and Ms. ZHANG Wangxia and Ms. WANG Yun are independent non-executive directors. More than half of the members of the Remuneration and Nomination Committee of the Bank are independent non-executive directors and the chairperson is an independent non-executive director.



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The duties of the Remuneration and Nomination Committee primarily include:

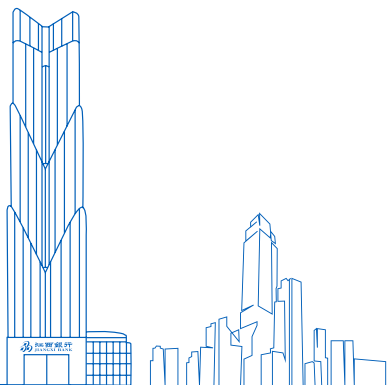
- (I) to advise the Board on the management system, policies, and structure of the remuneration of the entire Bank, and supervise the implementation of the remuneration system;
- (II) to advise the Board on the establishment of formal and transparent procedures for formulating remuneration policies;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



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

During the Reporting Period, the Remuneration and Nomination Committee convened a total of seven meetings, at which it considered and approved the Remuneration Management System for Directors and Supervisors of Jiangxi Bank, the 2019 Report on Evaluation of the Performance of Directors and Appraisal of the Due Diligence of Senior Management by the Board, and Remuneration Payment Plan for Independent Directors of the Board of Directors of Jiangxi Bank. The Remuneration and Nomination Committee also reviewed the remuneration of the Bank's directors, supervisors, and senior management during the Reporting Period and considered that it is fair and reasonable.



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

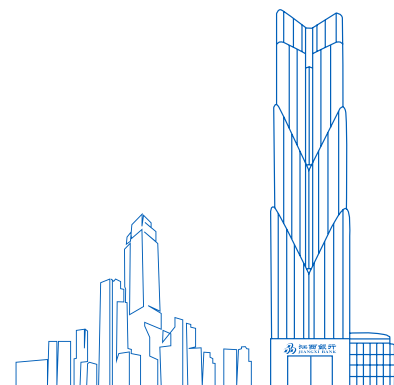
- inclusion of candidates for Board members with overseas working experience (outside of PRC);
- ensuring that there is no limitation on gender in the selection of Directors;
- inclusion of candidates for Board members with working experience in other industries; and
- inclusion of candidates for Board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

As at the date of this annual report, the above objectives were fulfilled. Among the twelve directors, there is one director with overseas working experience and six with accounting or other professional qualifications.

Nomination Policy

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

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



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

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

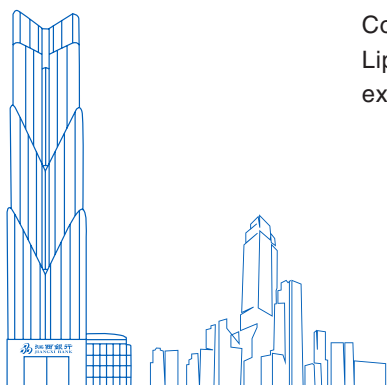
In order to provide the information of candidates who are nominated by the Board and proposed to the general meeting and to invite the shareholders to nominate candidates, the Bank will dispatch a circular to shareholders which sets out the time limit for them to deliver the nomination. The information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

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

Members of the Committee	Number of Attendances Required at Meetings	Number of Attendances in Person at Meetings	Number of Attendances by Proxy at Meetings	Attendance Rate at Meetings
ZHANG Wangxia	7	7	0	100%
LUO Yan	7	7	0	100%
WANG Yun	7	7	0	100%

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

As of December 31, 2020, the Consumer Rights Protection Committee of the second session of the Board consists of four directors, namely, Mr. QUE Yong, Mr. LIU Sanglin, Ms. ZHUO Liping, and Mr. WONG Hin Wing. Mr. QUE Yong is the chairperson of the Consumer Rights Protection Committee. Mr. QUE Yong, Mr. LIU Sanglin, and Ms. ZHUO Liping are non-executive directors, and Mr. WONG Hin Wing is an independent non-executive director.



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The duties of the Consumer Rights Protection Committee primarily include:

- (I) to be responsible for formulating strategies, policies, and objectives of the protection of consumer rights and interests related to the Bank, and urge Business Management to implement and safeguard the legitimate rights and interests of depositors and other stakeholders;
- (II) to be responsible for supervising and evaluating the allsidedness, timeliness, and effectiveness of the protection of consumer rights and interests of the Bank and the performance of senior management;
- (III) to be responsible for considering major issues related to the protection of consumer rights;
- (IV) to consider other major issues related to the protection of consumer rights;
- (V) to perform other duties as set forth in laws, regulations, rules, normative documents, supervisory regulations of the stock exchanges where the stocks of the Bank are listed, and Articles of Association of the Bank and as authorized by the Board.

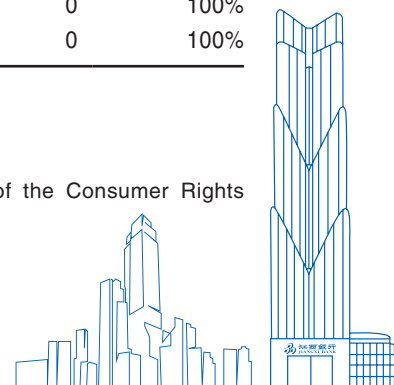
During the Reporting Period, the Consumer Rights Protection Committee convened a total of three meetings mainly involving topics such as the 2019 Work Report on Financial Consumer Rights Protection of Jiangxi Bank, and Amendment to Work Rules for the Consumer Rights Protection Committee of Jiangxi Bank.

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

Members of the Committee	Number of Attendances Required at Meetings	Number of Attendances in Person at Meetings	Number of Attendances by Proxy at Meetings	Attendance Rate at Meetings
QUE Yong	3	2	1	66.67%
LIU Sanglin	3	3	0	100%
WONG Hin Wing	3	3	0	100%
ZHUO Liping ⁽¹⁾	2	2	0	100%

Notes:

- (1) Since May 11, 2020, Ms. ZHUO Liping served as a member of the Consumer Rights Protection Committee.



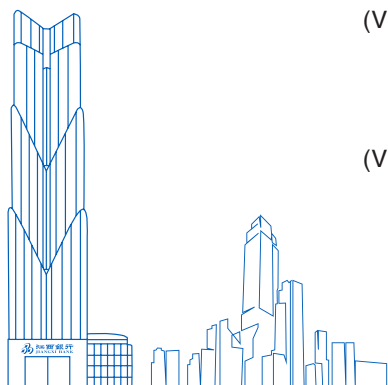
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7 *Information and Technology Management Committee (composition, duties, main resolutions approved, and attendance)*

As of December 31, 2020, the Information and Technology Management Committee of the second session of the Board consists of three directors, namely, Mr. XU Jihong, Mr. LIU Sanglin, and Ms. WANG Yun. Mr. OU Minggang will act as the chairperson of the Information and Technology Management Committee after his qualification for the director of the Bank is approved by the banking regulatory authority of the PRC. Mr. XU Jihong is an executive director, Mr. LIU Sanglin is a non-executive director, and Ms. WANG Yun is an independent non-executive director.

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

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



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

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

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

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

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

As of December 31, 2020, the Compliance Management Committee of the second session of the Board consists of four directors, namely, Mr. LIU Sanglin, Mr. QUE Yong, Ms. ZHUO Liping, and Mr. WONG Hin Wing. Mr. LIU Sanglin is the chairperson of the Compliance Management Committee. Mr. LIU Sanglin, Mr. QUE Yong, and Ms. ZHUO Liping are non-executive directors, and Mr. WONG Hin Wing is an independent non-executive director.

The duties of the Compliance Management Committee primarily include:

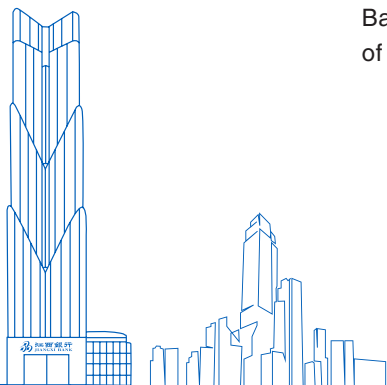
- (I) according to the Bank's overall development strategy, to consider the Bank's strategies, policies, and procedures for compliance risk management, internal control management, and case prevention and control; supervise senior management in the performance of their duties in compliance risk management,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



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

During the Reporting Period, the Compliance Management Committee convened a total of six meetings, mainly involving topics such as the 2019 Compliance Risk Assessment Report of Jiangxi Bank, the 2019 Case Prevention and Control Work Report of Jiangxi Bank, and the Self-assessment Report on the 2019 Case Prevention and Control Work of Jiangxi Bank.



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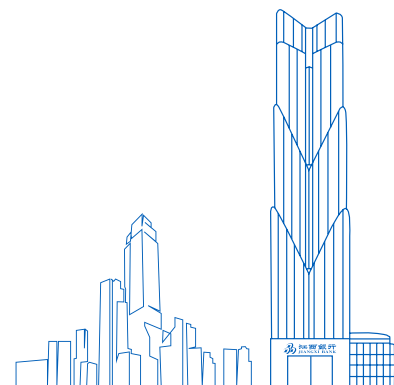
The attendance of each committee member at the Compliance Management Committee meetings during the Reporting Period is as follows:

Members of the Committee	Number of Attendances Required at Meetings	Number of Attendances in Person at Meetings	Number of Attendances by Proxy at Meetings	Attendance Rate at Meetings
LIU Sanglin	6	6	0	100%
QUE Yong	6	5	1	83.33%
WONG Hin Wing	6	6	0	100%
ZHUO Liping ⁽¹⁾	5	5	0	100%

(1) Since May 11, 2020, Ms. ZHUO Liping served as a member of the Compliance Management Committee.

7.4 CORPORATE GOVERNANCE FUNCTIONS

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



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7.5 BOARD OF SUPERVISORS

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

7.5.1 Composition of the Board of Supervisors

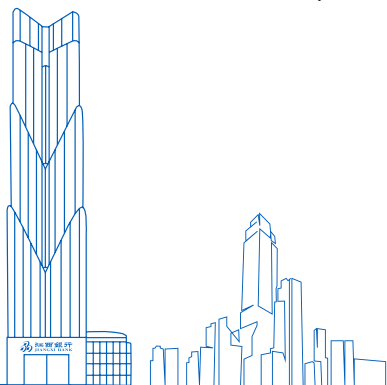
The Board of Supervisors has nine Supervisors, including three employee representative Supervisors, three shareholder representative Supervisors, and three external Supervisors. The member structure of the Board of Supervisors is reasonable, sufficiently professional, and independent to ensure that the Board of Supervisors effectively performs its supervisory functions.

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

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

The Bank held the tenth meeting of the first session of the employee (member) representatives' meeting on May 28, 2020 and elected Mr. LOU Mingnong as the employee representative supervisor for the second session of the Board of Supervisors of the Bank. On April 10, 2020, Ms. TAO Yulan submitted a resignation report to the Board of Supervisors of the Bank, and her resignation took effect on May 28, 2020.

The Bank held the 2019 Annual General Meeting on May 29, 2020, and Mr. LIU Wei was elected as the shareholder supervisor for the second session of the Board of Supervisors of the Bank. On October 16, 2020, Mr. LIU Wei submitted a resignation report to the Board of Supervisors of the Bank, and his resignation took effect on the same day. The Bank held the 2020 first Extraordinary General Meeting on December 18, 2020, and Mr. WANG Ruiqiang was elected as the shareholder representative Supervisor for the second session of the Board of Supervisors of the Bank.



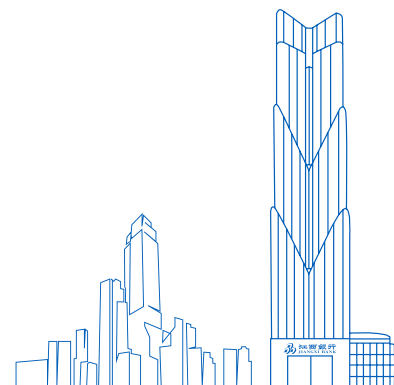
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7.5.3 Meetings of the Board of Supervisors and the Attendance of Supervisors

During the Reporting Period, the Board of Supervisors convened a total of four meetings, at which it considered 16 proposals, including the 2019 Work Report on the Board of Supervisors of Jiangxi Bank Co., Ltd., the 2019 Report on the Evaluation of the Performance of Duties of the Board, the Board of Supervisors, Senior Management and Its Members by the Board of Supervisors of Jiangxi Bank Co., Ltd., and Opinions on the Supervision and Evaluation of Internal Control and Compliance by the Board of Supervisors of Jiangxi Bank Co., Ltd.

Meetings of the Board of Supervisors

Session	Date	Form
Fourth session of the second Board of Supervisors	March 27, 2020	On-site meeting
Fifth session of the second Board of Supervisors	June 29, 2020	On-site meeting
Sixth session of the second Board of Supervisors	August 28, 2020	On-site meeting
Seventh session of the second Board of Supervisors	October 30, 2020	On-site meeting



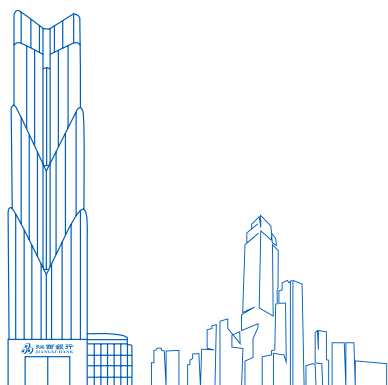
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Attendance of Supervisors at Meetings of the Board of Supervisors during the Reporting Period

Supervisor	Number of Attendances Required	Number of Attendances in Person	Number of Attendances by Proxy	Attendance Rate
LIU Fulin	4	4	—	100%
LOU Mingnong ¹	3	3	—	100%
CHEN Xinxiang	4	4	—	100%
YU Han	4	4	—	100%
ZHOU Minhui	4	4	—	100%
WANG Ruiqiang ²	0	0	—	—
SHI Zhongliang	4	4	—	100%
LI Danlin	4	4	—	100%
SHI Jing	4	4	—	100%
Resigned Supervisors				
TAO Yulan ³	1	1	—	100%
LIU Wei ⁴	2	2	—	100%

Notes:

1. On May 28, 2020, Mr. LOU Mingnong was elected as an employee representative Supervisor of the Bank and was required to attend three times during the Reporting Period.
2. On December 18, 2020, Mr. WANG Ruiqiang was elected as a shareholder representative Supervisor of the Bank and was required to attend zero time during the Reporting Period.
3. The term of Ms. TAO Yulan was from May 31, 2019 to May 28, 2020, and she was required to attend one time during the Reporting Period.
4. The term of Mr. LIU Wei was from May 29, 2020 to October 16, 2020, and he was required to attend two times during the Reporting Period.



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7.5.4 Committees under the Board of Supervisors

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

Notes: On October 16, 2020, Mr. LIU Wei resigned as a shareholder representative Supervisor of the Bank; on December 18, 2020, Mr. WANG Ruiqiang was elected as a shareholder representative Supervisor of the Bank.

Nomination Committee under the Board of Supervisors

The duties of the Nomination Committee primarily include:

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

During the Reporting Period, the Nomination Committee under the Board of Supervisors convened three meetings, at which seven proposals were considered and approved, including the 2019 Report on the Evaluation of the Performance of Duties of the Board, Board of Supervisors, Senior Management and Its Members by the Nomination Committee under the Board of Supervisors and the Report on the Supervision and Inspection of Remuneration Management by the Nomination Committee under the Board of Supervisors of Jiangxi Bank.



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Supervision Committee under the Board of Supervisors

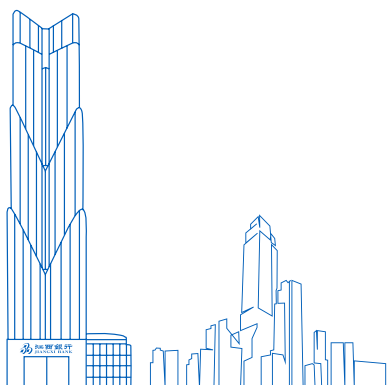
The duties of the Supervision Committee primarily include:

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

During the Reporting Period, the Supervision Committee under the Board of Supervisors convened a total of three meetings, at which seven proposals were considered and approved, including the Report on the Supervision and Inspection of Internal Control and Compliance by the Supervision Committee under the Board of Supervisors of Jiangxi Bank Co., Ltd. and the Report on the Supervision and Inspection of Finance by the Supervision Committee under the Board of Supervisors of Jiangxi Bank Co., Ltd.

7.5.5 Attendance at Shareholders' General Meetings During the Reporting Period

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



CHAPTER VII CORPORATE GOVERNANCE REPORT

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

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

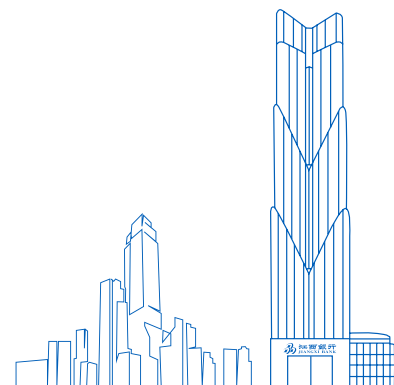
During the Reporting Period, some of the directors and supervisors participated in the corporate governance training for commercial banks arranged by Zhong Lun Law Firm. The Board of Supervisors organized supervisors to participate in the online training of "comprehensive risk management and data governance supporting the Bank's strategic transformation" provided by the China Banking Association, aiming to improve the ability of supervisors to perform their duties in risk management and data governance.

During the Reporting Period, the Board also conducted research on the equity and related party transactions management, and some of the Bank's directors participated in the research. The Board of Supervisors arranged for supervisors to conduct field research in some of departments of head offices and branches/sub-branches. Afterwards, the supervisors wrote special research reports.

7.7 SENIOR MANAGEMENT

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

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



CHAPTER VII CORPORATE GOVERNANCE REPORT

7.8 CHAIRMAN OF THE BOARD AND PRESIDENT

During the Reporting Period, the positions of the Chairman of the Board and the President of the Bank were held by different individuals. The responsibilities of the Chairman and the President were clearly defined and complied with the Hong Kong Listing Rules.

As at the date of this annual report, Mr. CHEN Xiaoming is the Chairman of the Board responsible for the overall work of the Party Committee and the Board. Mr. LUO Yan is the President of the Bank responsible for the overall operation and management of the Bank.

7.9 COMPANY SECRETARIES

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

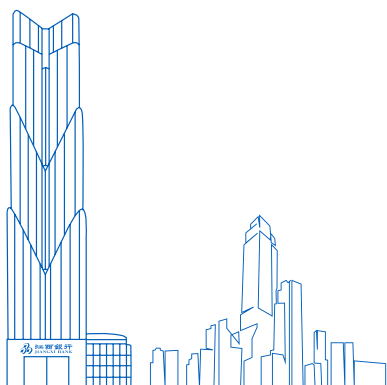
For the year ended December 31, 2020, each of Mr. XU Jihong and Dr. NGAI Wai Fung has taken no less than 15 hours of the relevant professional training on review of the Listing Rules and other compliance requirements.

7.10 RELATIONSHIP AMONG DIRECTORS, SUPERVISORS, AND SENIOR MANAGEMENT

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

7.11 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

On May 29, 2020, the Bank held the 2019 annual general meeting, the 2020 first meeting of Class Shareholders of Domestic Shares, and the 2020 first meeting of Class Shareholders of H Shares, and the Bank considered and approved the resolution to amend the Articles of Association. The amended Articles of Association was approved by CBIRC Jiangxi Office on September 11, 2020. Please refer to the circular dated April 14, 2020 on the websites of the Bank and the Stock Exchange for details of the amended Articles of Association.



CHAPTER VII CORPORATE GOVERNANCE REPORT

7.12 COMMUNICATION WITH SHAREHOLDERS

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

Address: No. 699 Financial Street, Honggutan New District, Nanchang, Jiangxi Province, the PRC
Postal code: 330038
Contact number: +86-0791-86791009
Fax: +86-0791-86791100
Email: xuc03@jx-bank.com

7.13 SHAREHOLDERS' RIGHTS

7.13.1 Procedures for Convening Extraordinary General Meetings

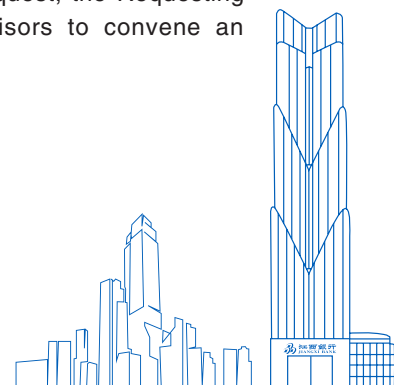
The Bank effectively protects shareholders' rights in strict accordance with applicable laws and regulations, Hong Kong listing rules, Articles of Association, and corporate governance systems.

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

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

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

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



CHAPTER VII CORPORATE GOVERNANCE REPORT

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

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

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

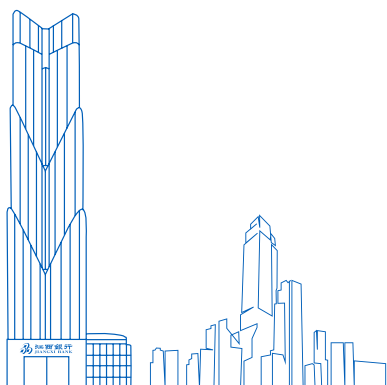
For further details, shareholders may refer to the Articles of Association available on the websites of the Hong Kong Stock Exchange and the Bank.

7.13.2 Procedure for Submitting Proposals at Shareholders' General Meetings

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

7.14 EXTERNAL AUDITORS AND THEIR REMUNERATION

For the year of 2020, RMB2 million and RMB1.5 million of the remuneration for audit services and non-audit services were agreed to be paid by the Company to KPMG Huazhen LLP and KPMG, respectively. The remuneration for non-audit services included the review of 2020 interim report.



CHAPTER VII CORPORATE GOVERNANCE REPORT

7.15 REMUNERATION OF SENIOR MANAGEMENT

During the Reporting Period, the Bank's directors (CHEN Xiaoming, LUO Yan, and XU Jihong), supervisors (LIU Fulin, TAO Yulan, CHEN Xinxiang, and LOU Mingnong), and senior management (CHEN Yong, CHENG Zongli, CAI Xiaojun, and YU Jian), 11 members in total, were paid by the Bank. The total remuneration was RMB12,968,900 in 2020.

Remunerations paid to the aforesaid senior management by bands for the year ended December 31, 2020 are set out below:

Band of remuneration	Number of employees	Percentage of total
RMB2,000,000 to RMB3,000,000	2	18.18%
RMB1,000,000 to RMB2,000,000	5	45.45%
RMB0 to RMB1,000,000	4	36.37%

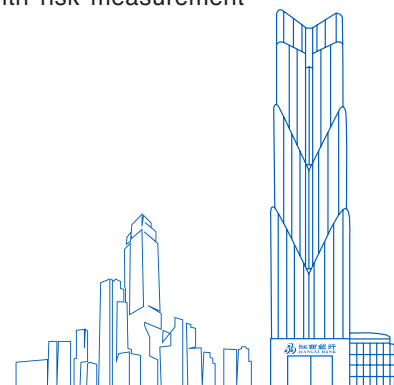
7.16 RISK MANAGEMENT AND INTERNAL CONTROL

7.16.1 Risk Management

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

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

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



CHAPTER VII CORPORATE GOVERNANCE REPORT

2 *Characteristics of the risk management system*

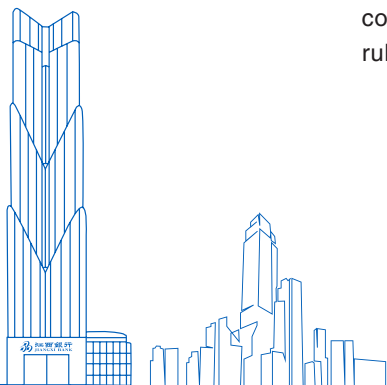
In the face of increasingly complicated and ever-changing internal and external environments, the Bank optimized the risk management system based on the strategic development plan and the actual operating conditions by drawing on relevant experience of domestic advanced banks, specifically:

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

7.16.2 Internal Control

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

1. The internal control management structure was improved continually, a compliance department was set up and full-time compliance personnel were deployed in all branches, the weight of evaluation on internal control compliance management in branches was increased, an independent compliance evaluation mechanism was implemented, the independent performance of internal control compliance management was facilitated, and the compliance management and control mechanism was improved.
2. The management of rules and regulations was strengthened continually, the comprehensive combing and benchmarking of rules and regulations was carried out across the Bank, and the management foundation of various rules and regulations was consolidated. In 2020, the Bank amended a total of 154 rules and regulations, added 81 rules and regulations, and abolished 11 rules and regulations.



CHAPTER VII CORPORATE GOVERNANCE REPORT

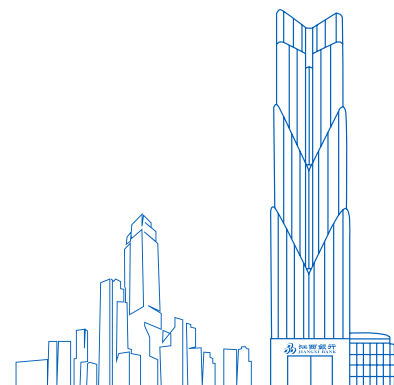
3. The closed-loop rectification mechanism was improved continually, the management responsibility for problem rectification was strengthened, the double confirmation mechanism for rectification and tracking was enhanced, a closed-loop rectification of regulatory notification, business department rectification, compliance department confirmation, audit department verification, and regulatory evaluation was formed.
4. The technical support of internal control was improved continually, the “three-in-one” system of internal control compliance operational risks was optimized, the functions of the palm office and corporate credit system were optimized, and the transformation of system functions such as anti-money laundering was promoted continually.

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

7.16.3 Internal Audit

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

During the Reporting Period, with the aim of “rectification and improvement in the year”, guided by Party building, focusing on business development, directed by risk audit, and guaranteed by technology-facilitated audits, the Group’s internal audit department conducted audits in a rigorous and orderly manner, earnestly performed audit duties, completed various tasks in an all-round way, and escorted the steady development of the Bank’s business.

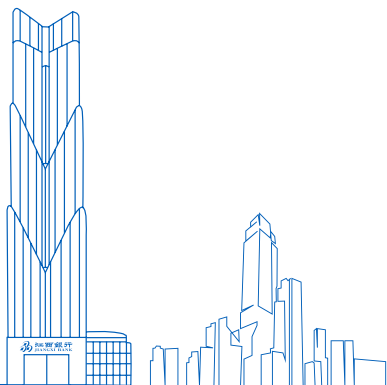


CHAPTER VII CORPORATE GOVERNANCE REPORT

7.17 SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS, AND RELATED EMPLOYEES

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

During the Reporting Period, the Directors and Supervisors did not have any dealing in the Bank’s shares.



CHAPTER VIII REPORT OF THE BOARD OF DIRECTORS

8.1 PRINCIPAL BUSINESS AND BUSINESS REVIEW

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

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

8.2 ANNUAL GENERAL MEETING AND DIVIDENDS

8.2.1 Annual General Meeting

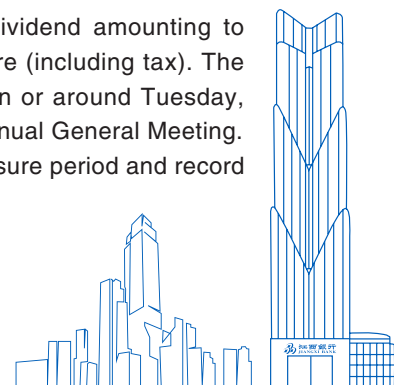
The Bank proposes to hold the 2020 Annual General Meeting on Friday, May 21, 2021. In order to determine the list of Shareholders who are entitled to attend and vote at the 2020 Annual General Meeting, the Bank's register of members will be closed from Wednesday, April 21, 2021 to Friday, May 21, 2021, both days inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the 2020 Annual General Meeting, all transfer documents together with relevant share certificates and other appropriate documents shall be sent to the office of the Board of the Bank at No. 699 Financial Street, Honggutan New District, Nanchang, Jiangxi Province, the PRC (for holders of Domestic Shares) or to the H Share Registrar, namely, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) before 4:30 p.m. on Tuesday, April 20, 2021 for registration.

A circular and the notice of the 2020 Annual General Meeting of the Bank will be published and dispatched to the Shareholders in due course.

8.2.2 Dividends

The shareholders of the Bank have approved the Bank's profit distribution plan for 2019 at the 2019 annual general meeting held on May 29, 2020. The Bank has approved a distribution of RMB301 million at a ratio of 5% for 2019, i.e. RMB0.05 per share (including tax), which has been distributed to the holders of the Bank's shares on July 28, 2020.

The Board of Directors proposed that the Bank distribute the 2021 dividend amounting to RMB301 million at a ratio of 5% in cash for 2020, i.e. RMB0.05 per share (including tax). The proposed final dividend is expected to be distributed to Shareholders on or around Tuesday, July 27, 2021, subject to the approval of the Shareholders at the 2020 Annual General Meeting. The Bank would make further announcement(s) in respect of the book closure period and record date in relation to the proposed final dividend.



CHAPTER VIII REPORT OF THE BOARD OF DIRECTORS

Dividend Policy

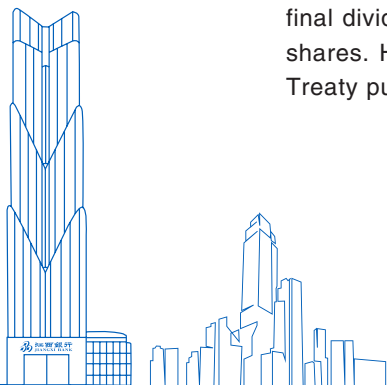
The Bank has adopted the dividend policy with the aim to protect Shareholders' equity and promote the Bank's business development, at the same time, to comply with relevant requirements of the laws, regulations and the Articles of Association. When determining whether to propose dividends distribution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

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

8.2.3 Tax Relief

Withholding foreign non-resident enterprises' enterprise income tax

Pursuant to the applicable provisions and the implementing regulations of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), Notice of the State Taxation Administration on Issues Concerning the Disbursement of Dividends by Chinese Resident Enterprises to Shareholders of Overseas H-Share Non-Resident Enterprises and Deduction of Enterprise Income Tax (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) and Approval of the State Taxation Administration on the Issue of Enterprise Income Tax on Non-Resident Enterprises Obtaining B Shares and Other Stock Dividends (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) (Guo Shui Han [2009] No. 394), the Bank shall withhold the enterprise income tax at the rate of 10% for non-resident enterprise holders of H Shares (including the H Shares registered in the name of HKSCC Nominees Limited) when distributing final dividends for 2020 to the non-resident enterprises listed on the register of member of H shares. Holders of H shares of non-resident enterprises who enjoy the treatment under Tax Treaty pursuant to relevant regulations shall be treated correspondingly.



CHAPTER VIII REPORT OF THE BOARD OF DIRECTORS

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

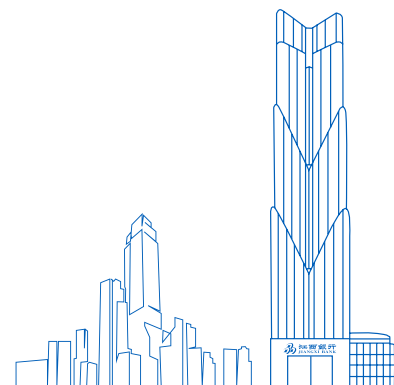
Pursuant to the applicable provisions and the implementing regulations of the Individual Income Tax Law of the PRC and Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 issued by State Administration of Taxation as well as the Announcement of the State Taxation Administration on the Promulgation of Measures for “the Administration of the Treatment of Non-Resident Taxpayer under Tax Treaty” (hereinafter referred to as “Tax Treaty”) (《國家稅務總局關於發佈〈非居民納稅人享受稅收協定待遇管理辦法〉的公告》), the Bank shall withhold individual income tax from the holders of H Shares according to the following arrangement when distributing final dividends for 2020 to the non-resident individual shareholders listed on the register of member of H shares:

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

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

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

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



CHAPTER VIII REPORT OF THE BOARD OF DIRECTORS

8.3 SHARE CAPITAL AND SHAREHOLDERS

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

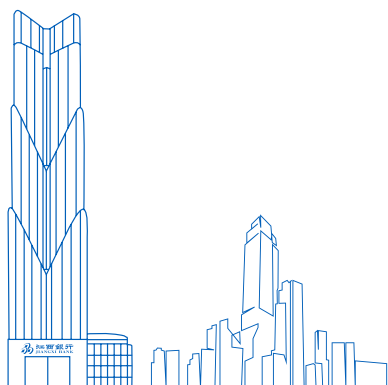
8.4 BOND ISSUE AND REPURCHASE

8.4.1 Bonds Issued

Approved by the PBOC and CBRC Jiangxi Office, in July 2016, the Bank issued five-year green financial bonds with a total principal amount of RMB1.5 billion (calculated at a fixed interest rate of 3.70% per annum, and the interest payment method is annual payment, which will expire on July 14, 2021). In August 2016, the Bank issued five-year green financial bonds with a total principal amount of RMB1.5 billion (calculated at a fixed interest rate of 3.48% per annum, and the interest payment method is annual payment, which will expire on August 8, 2021). All of the proceeds from the two bond issues above have been placed into special loan programs in green industries according to the approvals of regulatory authorities.

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

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



CHAPTER VIII REPORT OF THE BOARD OF DIRECTORS

Detailed information of bonds

Stock name	Variety of bonds	Issue size	Duration	Interest rate of bonds	Interest payment method
16 Green Finance of Jiangxi Bank 02	Fixed interest rate	RMB1.5 billion	5 years	3.70%	Annual payment
16 Green Finance of Jiangxi Bank 04	Fixed interest rate	RMB1.5 billion	5 years	3.48%	Annual payment
17 Jiangxi Bank Tier-2 01	Fixed interest rate	RMB3.0 billion	10 years (redemption rights with preconditions at the end of the fifth year)	5.00%	Annual payment
17 Jiangxi Bank Tier-2 02	Fixed interest rate	RMB3.0 billion	10 years (redemption rights with preconditions at the end of the fifth year)	5.00%	Annual payment

8.4.2 Issue of Interbank Deposit Receipts

As of December 31, 2020, the Bank has issued 119 interbank deposit receipts throughout the year, totaling book balance of interbank deposit of RMB33.272 billion.

8.4.3 Repurchase

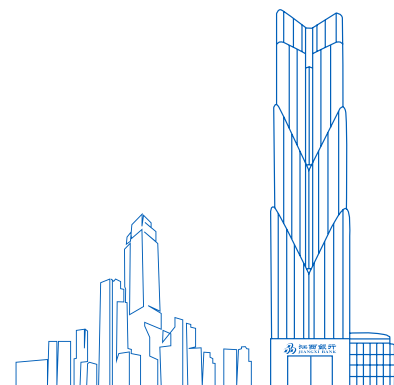
During the Reporting Period, the Bank or any of its subsidiaries did not repurchase any bonds.

8.5 RESERVE

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

8.6 PROPERTY AND EQUIPMENT

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



CHAPTER VIII REPORT OF THE BOARD OF DIRECTORS

8.7 RELATED PARTY TRANSACTIONS

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

The definition of connected persons under Chapter 14A of the Listing Rules is different from the definition of related parties under International Accounting Standard, and its interpretations by the IASB. Certain related party transactions set out in Note 36 to the financial statements also constitute connected transactions or continuing connected transactions as defined under the Listing Rules, but none of them constitutes any connected transaction required to be disclosed as defined under the Listing Rules.

8.8 DIRECTORS AND SUPERVISORS AND SENIOR MANAGEMENT MEMBERS

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

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

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

8.10 REMUNERATION AND RETIREMENT BENEFITS OF DIRECTORS AND SUPERVISORS

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

8.11 SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

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



CHAPTER VIII REPORT OF THE BOARD OF DIRECTORS

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

As at December 31, 2020, none of the Bank's Directors and Chief Executive had any interests or short positions in any of the shares, underlying shares and debentures of the Bank or its associated corporations.

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

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

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

8.14 ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

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

8.15 MANAGEMENT CONTRACTS

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

8.16 PERMITTED INDEMNITY PROVISIONS

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

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

During the Reporting Period, the Bank and its subsidiaries did not purchase, sell or redeem any listed securities of the Bank.



CHAPTER VIII REPORT OF THE BOARD OF DIRECTORS

8.18 PRE-EMPTIVE RIGHTS

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

8.19 DONATION

During the Reporting Period, the Group made charitable and other donations totaling approximately RMB28.28 million.

8.20 EQUITY-LINKED AGREEMENTS

During the Reporting Period, the Bank did not enter into or renew any other equity-linked agreements.

8.21 RELATIONS WITH EMPLOYEES AND CUSTOMERS

The Bank treats its employees as the most valuable asset of the Bank and pays great attention to safeguarding the legitimate rights and interests of its employees, striving to establish a harmonious and stable employment relationship. The Bank enters into labor contracts with its employees in accordance with the relevant laws, and continuously improves the relevant labor employment system and employee security system. By conscientiously implementing the national policies and regulations on salary and welfare, the Bank has developed the Salary Management System of Jiangxi Bank, under which it pays employees full salaries on time, contributes various social insurance and housing provident fund and built a multi-level pension and medical security system. The Bank also keeps helping employees to enhance their value and providing them with a wide range of professional training to help them grow up quickly.

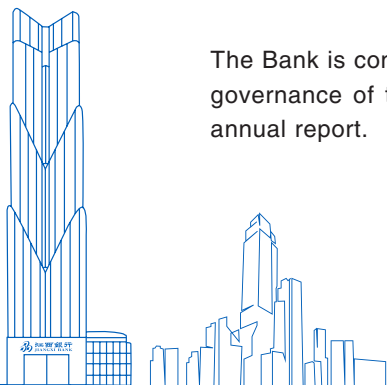
Details for the Bank's relations with customers are set out in Chapter IV "Management Discussion and Analysis" of this annual report.

8.22 PUBLIC FLOAT

As at the date of this annual report, according to the data publicly available to the Bank and to the knowledge of directors, the Bank has complied with the public float requirements under the Listing Rules.

8.23 CORPORATE GOVERNANCE

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



CHAPTER VIII REPORT OF THE BOARD OF DIRECTORS

8.24 MAJOR DEPOSITORS AND BORROWERS

The Bank is not dependent on a single major depositor/borrower. As at the end of the Reporting Period, the deposits balance of the five largest depositors and loan balance of the five largest borrowers of the Bank represented no more than 30% of the total deposits balance, gross loans and advances of the Bank.

8.25 ENVIRONMENTAL POLICIES

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

8.26 COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

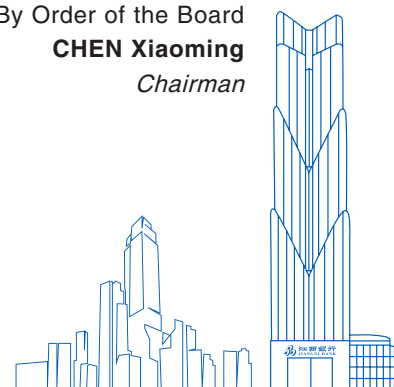
The Bank has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Bank.

8.27 SUBSEQUENT EVENTS

Nil

Nanchang, China
Friday, March 26, 2021

By Order of the Board
CHEN Xiaoming
Chairman



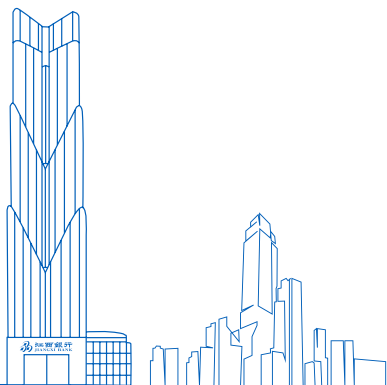
CHAPTER IX REPORT OF THE BOARD OF SUPERVISORS

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

9.1 MAJOR WORKS

9.1.1 Further Strengthen Daily Supervision and Keep Improving Supervision Effectiveness

1. The Board of Supervisors carefully performed the supervision function. During the Reporting Period, Board of Supervisors held 4 meetings of the Board of Supervisors, 3 meetings of the Supervision Committee and 3 meetings of the Nomination Committee, at which the Board of Supervisors discussed and considered 30 topics including duty performance evaluation reports, annual work reports, evaluation opinions for internal control management. All members of the Board of Supervisors complied with the requirements of their duties by actively attending the meetings, carefully considering proposals, and independently and objectively providing their professional opinions at the meetings. The Board of Supervisors also organized the supervisors to attend 2 general meeting and 5 meetings of the Board of Directors, at which the supervisors legally supervised the agenda, contents of proposals and voting procedure of the meetings.
2. The Board of Supervisors debriefed on reports of relevant management departments on a regular basis. During the Reporting Period, the Board of Supervisors organized supervisors to conduct researches in 6 head office departments, and debriefed on work reports on special topics such as audits on special loans for pandemic prevention, financial business improvement, risk mitigation and disposal, credit approval, internal control, compliance, and case prevention and control. As to the problems and difficulties identified through the researches, the Board of Supervisors promptly put forward recommended countermeasures while urging business lines to fulfill their management duties, strengthen the implementation of rectification, and plug up management loopholes.

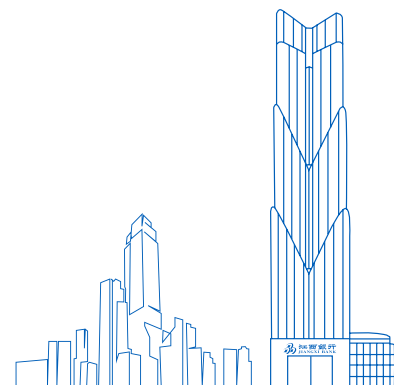


CHAPTER IX REPORT OF THE BOARD OF SUPERVISORS

3. The Board of Supervisors actively strengthened daily monitoring and analysis. To conduct supervision in a more timely manner, the Board of Supervisors further optimized the collection of supervision information, and regularly sorted out and analyzed 83 types of operation and management information of 14 business lines. In working to solve some emerging, universal, and global problems, the Board of Supervisors wrote 2 management proposals, 1 risk reminder, which promoted the early identification, early warning, and early disposal of hidden risks.
4. The Board of Supervisors actively promoted the resolving of supervision problems. To resolve the problems found in the supervision and inspection, the Board of Supervisors sent a duplicate of the supervision opinions and the problem ledger to the head office in time, for the head office to take the lead in urging the responsible department to implement rectification. The Board of Supervisors conducted follow-up guidance, evaluation, and verification on a regular basis. These efforts facilitated the rational application of the supervision and inspection results. In addition, the Board of Supervisors organized and convened the annual briefing on relevant supervision and inspection, to promote the solid rectification of supervision and inspection problems.

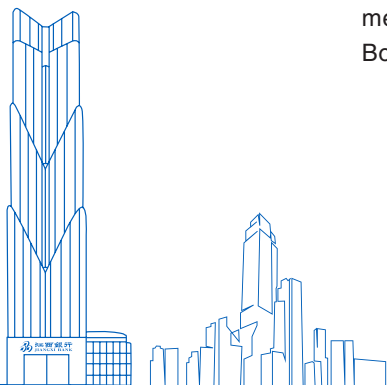
9.1.2 Further Strengthen Special Inspections and Keep Enhancing the Quality and Effectiveness of Supervision

1. The Board of Supervisors earnestly carried out supervision on risk management. To assist the Bank in winning the battle for risk mitigation and disposal, the Board of Supervisors placed supervision on risk management at an outstanding position and established a special research team for risk management. The special research team successively went to 5 functional departments of the head office and 11 branches and sub-branches to conduct field research, to gain profound understanding of the current situation of the Bank's credit risk management and existing problems. After listening to the detailed analysis of the causes of the problems by branches and sub-branches, the special research team sorted out and summarized all the opinions and suggestions on strengthening credit risk management and control, and formed special research reports and evaluation opinions for risk management, for reference by senior management.



CHAPTER IX REPORT OF THE BOARD OF SUPERVISORS

2. The Board of Supervisors earnestly conducted internal control and compliance supervision. To fulfill the supervision duties of internal control, compliance, and case prevention and control, the Board of Supervisors stayed focused on the operation of the Bank's internal control system, compliance risk management, system construction, technological support, and performance of the "three defense lines". By reviewing the inspection reports on internal control, relevant audit reports, and external inspection materials, the Board of Supervisors detailedly learnt about the improvement of the Bank's internal control system and the performance of duties of internal control and compliance by the Board of Directors, senior management and its members, and put forward reasonable suggestions on deficiencies in the internal control and compliance systems and the internal control mechanism.
3. The Board of Supervisors earnestly carried out supervision on financial management. The Board of Supervisors collected information related to financial activities on a monthly basis, reviewed analysis materials of business management, and monitored changes in major financial data. After laying such groundwork, the Board of Supervisors gave priority to the examination and evaluation of the continuity of the Bank's profitability, the degree of refinement of asset management, the implementation of the financial system, and the accuracy of financial data, by interviewing relevant staff, checking the records of financial auditors and accountants, and debriefing on reports from the planning and finance department. Meanwhile, pursuant to the provisions of relevant laws, regulations, and the Bank's Articles of Association, the Board of Supervisors supervised the preparation and review procedures of regular reports, verified the authenticity, accuracy, and completeness of financial information, and expressed independent opinions on regular reports and profit distribution plans in an objective and impartial manner.
4. The Board of Supervisors earnestly supervised the management of related party transactions. On the one hand, by arranging personnel to attend on-site meetings of the Related Party Transactions Control Committee of the Board, the Board of Supervisors continued to update the supervision ledger of major related party transactions, with the focus on the information disclosure of related party transactions and information like the legality and fairness of major related party transactions. This aimed to further strengthen the standardization of supervision over related party transactions. On the other hand, the Board of Supervisors established a supervision and inspection team, and focused on the supervision of the standardization of management of related party transactions, the compliance of business process execution, the controllability of related party transaction risks, and the effectiveness of the fulfillment of duties by the Board meetings and the meetings of special committees. In response to the problems found in the inspection, the Board of Supervisors put forward reasonable opinions and suggestions to solve them.

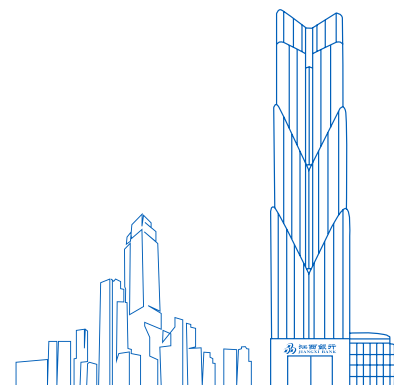


CHAPTER IX REPORT OF THE BOARD OF SUPERVISORS

5. The Board of Supervisors earnestly supervised the remuneration management. Pursuant to system regulations and regulatory requirements, the Board of Supervisors collected relevant internal and external remuneration systems, interviewed the Bank's remuneration management personnel, reviewed the meeting materials of the Board and the Remuneration and Nomination Committee, and checked the implementation of the salary budget. By these means, the Board of Supervisors placed emphasis on supervising and inspecting the scientificity and rationality of the Bank's remuneration management systems and policies and the remuneration schemes of senior management members.

9.1.3 Further Strengthen the Supervision on the Duty Performance and Keep Intensifying Supervision

1. The Board of Supervisors revised and improved the system of duty performance evaluation. In line with the rectification requirements of regulatory authorities and by learning from the practices and experience of peers, the Board of Supervisors reviewed and revised the system of duty performance evaluation and further improved and enriched the methods and processes of duty performance evaluation. According to the actual situation of the Bank, the Board of Supervisors refined and quantified the indicators of duty performance evaluation from the aspects of observing disciplines and obeying laws, diligent performance of duties, and cooperation with supervision. As a result, duty performance evaluation was transformed from using one method to using multiple methods and from qualitative evaluation to qualitative and quantitative evaluation.
2. The Board of Supervisors established and improved the ledger of duty performance evaluation. By attending the Board meetings and the meetings of special committees, dispatching personnel to attend office meetings of senior management, and important meetings of business lines within the Bank, the Board of Supervisors collected important meeting proposals, meeting minutes, meeting summaries, and meeting resolutions. The collection was conducive to understanding the decision-making process and implementation effect of major issues throughout the Bank, and concerning whether the Board, senior management and their members fulfill their duties faithfully, diligently, professionally, and efficiently. At the same time, the Board of Supervisors set a ledger for the duty performance of directors and supervisors. As an important basis for annual duty performance evaluation, the ledger kept a detailed record of the participation of directors and supervisors in meetings, learning and training, investigation and research, opinion, and performance time.

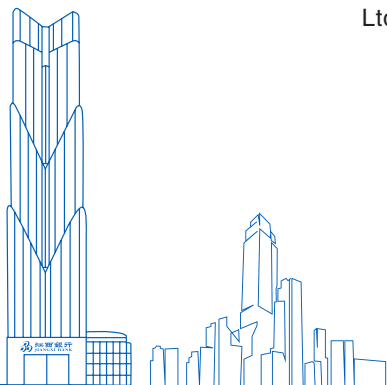


CHAPTER IX REPORT OF THE BOARD OF SUPERVISORS

3. The Board of Supervisors conducted duty performance evaluations according to laws and regulations. During the Reporting Period, the Board of Supervisors put a high value on the duty performance evaluation, studied and formulated the implementation plan for annual duty performance evaluation, and organized and carried out self-evaluation, mutual evaluation, evaluation by others, evaluation by the Board and the Board of Supervisors, etc. In addition, the Board of Supervisors had a meeting with senior management members for the first time, to learn about their work measures and duty performance face to face. Based on the strict implementation of various evaluation procedures, and with reference to the ledger of duty performance evaluation and the results of the Board's evaluation of directors and senior management members, the Board of Supervisors conducted a comprehensive evaluation of the annual duty performance of the Board, the Board of Supervisors, senior management and their members. The evaluation results showed that those who had received the evaluation were all competent. The evaluation results were notified to the Board and those who had received the evaluation and reported to the general meeting and the regulatory authorities as required.

9.1.4 Further Strengthen Self-Construction and Keep Improving the Supervision Standard

1. The Board of Supervisors promoted the by-election of supervisors according to law. According to the laws and regulations and the Articles of Association of the Bank, the Board of Supervisors delivered a good job in the nomination and recommendation of candidates for the by-election of supervisors, qualification review, submission to the general meeting for consideration, etc. The Board of Supervisors held a by-election for shareholder representative Supervisor in time and proposed the employee representatives' meeting to elect an employee representative Supervisor, striving to see that the composition of the Board of Supervisors met the relevant requirements of the Bank's Articles of Association.
2. The Board of Supervisors continued to improve the system. According to relevant regulations and the actual situation of the Bank, the Board of Supervisors participated in the formulation of the Remuneration Management System for Directors and Supervisors of Jiangxi Bank, which filled the gap in the Bank's remuneration management system for directors and supervisors. In addition, to give full play to the role of employee representative Supervisors and protect employees' rights to democratic decision-making, democratic management, and democratic supervision, the Board of Supervisors pressed ahead with the System of Employee Representative Supervisors of Jiangxi Bank Co., Ltd., which further improved the corporate governance system.



CHAPTER IX REPORT OF THE BOARD OF SUPERVISORS

3. The Board of Supervisors positively strengthened learning and exchanges. During the Reporting Period, the Board of Supervisors organized supervisors to participate in the online training of “comprehensive risk management and data governance supporting the Bank’s strategic transformation” provided by the China Banking Association. The training aimed to improve the ability of supervisors to perform their duties in risk management and data governance. In addition, the Board of Supervisors also organized supervisors to go to Shangrao Branch for exchanging ideas with their peers, exploring the ways and methods of fulfilling duties, and sharing good their experience and practices with one another. This helped to broaden the thinking of supervisors.

9.2 INDEPENDENT OPINIONS ON RELEVANT MATTERS

9.2.1 Supervision Opinions on Legal Operation

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

9.2.2 Supervision Opinions on Financial Reporting

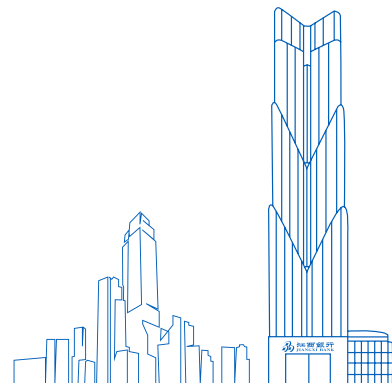
During the Reporting Period, KPMG and KPMG Huazhen LLP audited our financial report and issued a standard audit report with unqualified opinions. The financial report is a fair, objective and accurate reflection of the Bank’s financial position and operating results.

9.2.3 Supervision Opinions on Related Party Transactions

During the Reporting Period, for the related party transactions of the Bank, the Board of Supervisors found no acts that harmed the interests of shareholders and the Bank.

9.2.4 Supervision Opinions on Implementation of General Meeting’s Resolutions

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



CHAPTER IX REPORT OF THE BOARD OF SUPERVISORS

9.2.5 Supervision Opinions on Disclosure of Information

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

9.2.6 Supervision Opinions on Liquidity Risk Management

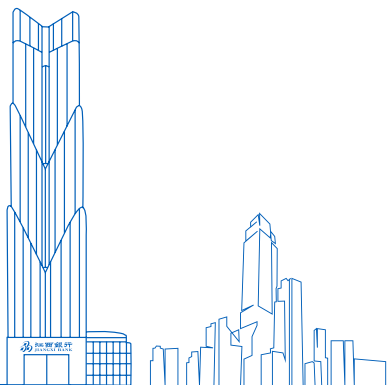
During the Reporting Period, the Board of Directors and senior management continued to optimize the structure of assets and liabilities, actively adjusted the degree of maturity mismatch, strengthened the ability to monitor and analyze liquidity indicators, and well performed the relevant duties of liquidity risk management.

9.2.7 Supervision Opinions on Reputational Risk Management

During the Reporting Period, the Board and senior management further enhanced system construction, optimized early-warning mechanism; deepened the cooperation mechanism with various sectors; actively guided public opinion as well as earnestly performed relevant duties of reputational risk management.

9.2.8 Supervision Opinions on Capital Management

During the Reporting Period, in accordance with the requirements of the regulatory guidelines, the Board and senior management set scientific and reasonable risk preference quota, and regularly measured and monitored the level of capital adequacy ratio, and adjusted capital plans based on business development. Thanks to the work, the Bank was able to cope with changes in the unfavorable economic environment and better fulfilled the duties of capital management.



CHAPTER X IMPORTANT MATTERS

10.1 USE OF PROCEEDS

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

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

As of the end of the Reporting Period, there were 75 pending litigation and arbitration cases with the principal amount of RMB30 million or above claimed by the Bank as a plaintiff and an arbitration applicant, involving a total principal amount of approximately RMB6.851 billion (including the amount written off); there were four pending litigation and arbitration cases with the principal amount of RMB10 million or above with the Bank as a defendant and a respondent, involving a total principal amount of approximately RMB642 million.

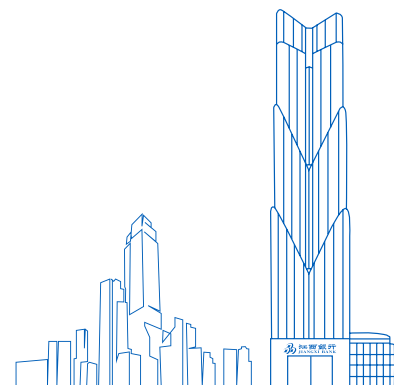
As of the end of the Reporting Period, the Bank expected that the above ongoing litigation or arbitration cases (whether individually or jointly) will not have a material adverse impact on the Bank's operating and financial position.

10.3 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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

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



CHAPTER X IMPORTANT MATTERS

10.5 MATERIAL CONTRACTS AND THEIR PERFORMANCE

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

10.6 MAJOR GUARANTEES AND COMMITMENTS

10.6.1 Major Guarantees

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

10.6.2 Major Commitments

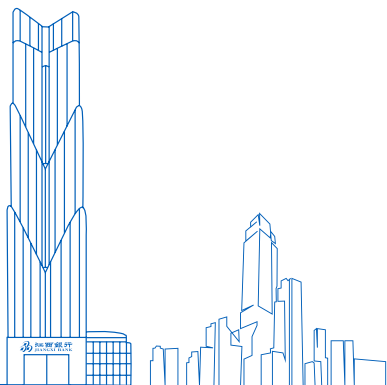
As of the end of the Reporting Period, there was no major commitment of the Bank.

10.7 AUDIT REVIEW

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

10.8 APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

At its 2019 annual general meeting held on May 29, 2020, the Bank considered and approved to re-appoint KPMG and KPMG Huazhen LLP as international and domestic auditors of the Bank for 2020 respectively. The Bank did not change auditors in the past three years.



CHAPTER X IMPORTANT MATTERS

10.9 MAJOR ASSETS ACQUISITIONS, SALES AND BUSINESS MERGERS

During the Reporting Period, the Bank has successively completed the equity acquisition of and targeted capital increase to Jinxian Ruifeng County Bank.

During the Reporting Period, RMB1.395 million of acquisition of 9% equity interest in Jinxian Ruifeng County Bank held by Nanchang Jinyoujin Stainless Steel Tube Products Co. Ltd. was transferred to the Bank, totaling 4,500,000 shares. On June 30, 2020, Jiangxi Banking Insurance Regulatory Bureau promulgated Ganyinbaojianfu [2020] No.149 <the Approval of CBIRC Jiangxi Office on Change of the Equity of Jinxian Ruifeng County Bank Co., Ltd.>, agreeing with the approval of change of the equity of the Jinxian Ruifeng County Bank. Upon acquisition, the Bank held 39% of the equity of Jinxian Ruifeng County Bank.

During the Reporting Period, the Bank made a targeted capital increase of RMB50 million to Jinxian Ruifeng County Bank at the price of RMB1 per share. On December 25, 2020, Jiangxi Banking Insurance Regulatory Bureau promulgated Ganyinbaojianfu [2020] No. 365 <Approval of the Change of Registered Capital of Jinxian Ruifeng County Bank>, agreeing with the approval of change of registered change of capital of Jinxian Ruifeng County Bank. As of the end of the Reporting Period, the Bank held 69,500,000 shares of Jinxian Ruifeng County Bank, representing an increase of shareholding from 39% to 69.5%, which has become the subsidiary of the Bank.

10.10 SIGNIFICANT INVESTMENTS

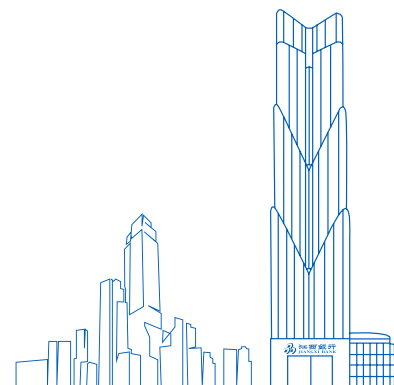
During the Reporting Period, the Bank did not have any significant investment plans.

10.11 LOAN AGREEMENT

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

10.12 SHARE OPTION SCHEME

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



CHAPTER XI INDEPENDENT AUDITOR'S REPORT

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

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

OPINION

We have audited the consolidated financial statements of Jiangxi Bank Co., Ltd. (the "Bank") and its subsidiaries ("the Group") set out on pages 185 to 346, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

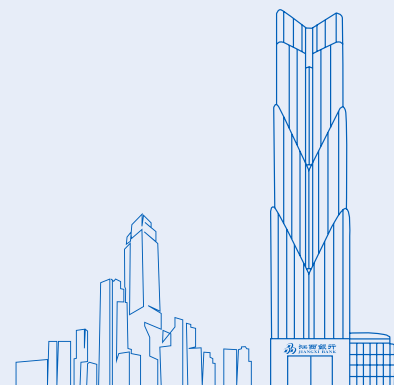


CHAPTER XI INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

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

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

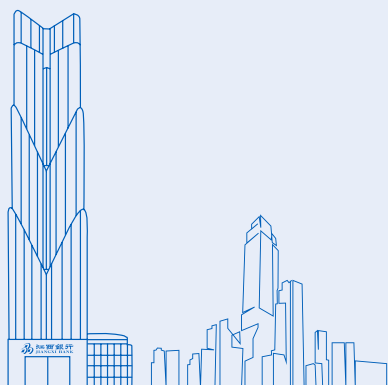


CHAPTER XI INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

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

The Key Audit Matter	How the matter was addressed in our audit
<p>Management also exercises judgement in determining the quantum of loss given default based on a range of factors. These include available remedies for recovery, the financial situation of the borrower, the recoverable amount of collateral, the seniority of the claim and the existence and cooperativeness of other creditors. The enforceability, timing and means of realization of collateral can also have an impact on the recoverable amount of collateral and, therefore, the amount of loss allowances as at the end of the reporting period. The economic impact of the COVID-19 pandemic has added additional challenges to management's judgement.</p> <p>We identified the impairment of loans and advances to customers and financial investments measured at amortized cost as a key audit matter because of the inherent uncertainty and management judgement involved and because of its significance to the financial results and capital of the Group.</p>	<ul style="list-style-type: none">• assessing the completeness and accuracy of data used for the key parameters in the expected credit loss model. For key parameters derived from internal data relating to original loan agreements, we compared the total balance of the loans and advances to customers and financial investments measured at amortized cost list used by management to assess the loss allowances with the general ledger, selecting samples and comparing individual loans and advances to customers and financial investments measured at amortized cost information with the underlying agreements and other related documentation to assess the accuracy of compilation of loans and advances to customers and financial investments measured at amortized cost list. For key parameters derived from external data, we selected samples to inspect the accuracy of such data by comparing them with public resources;• for key parameters involving judgement, critically assessing input parameters. As part of these procedures, we challenged the reasons for modifications to estimates and input parameters compared with prior period and considered the consistency of judgement. We compared the macro-economic factors used in the models with market information to assess whether they were aligned with market and economic development, with a particular focus on the economic impact of COVID-19 pandemic;

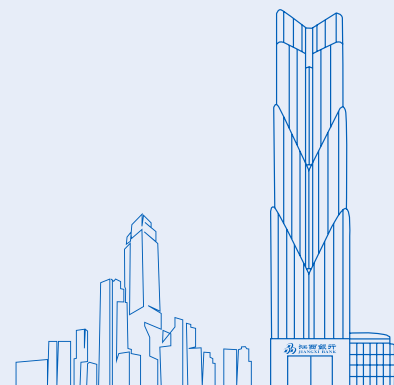


CHAPTER XI INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

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

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

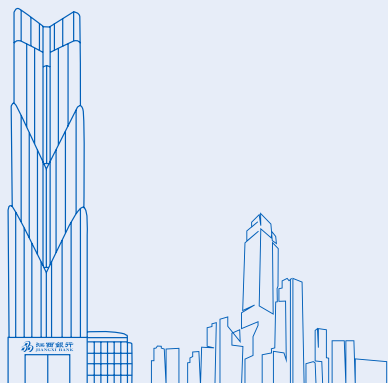


CHAPTER XI INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

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

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



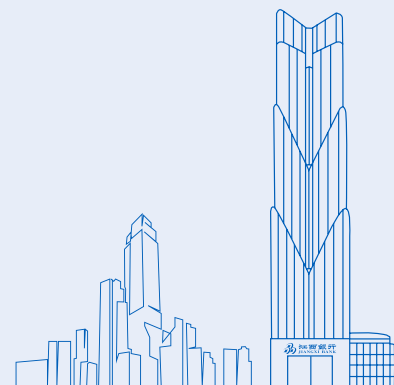
CHAPTER XI INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Fair value of financial instruments

Refer to Note 37 to the consolidated financial statements and the accounting policies in Note 2(9).

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



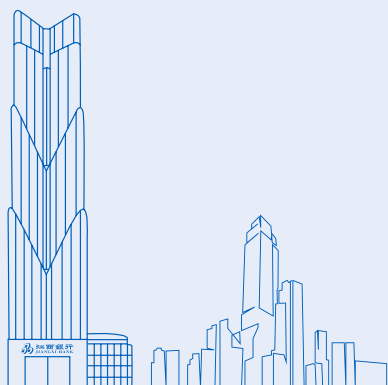
CHAPTER XI INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Consolidation of structured entities

Refer to Note 40 to the consolidated financial statements and the accounting policies in Note 2(27).

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



CHAPTER XI INDEPENDENT AUDITOR'S REPORT

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

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

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

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

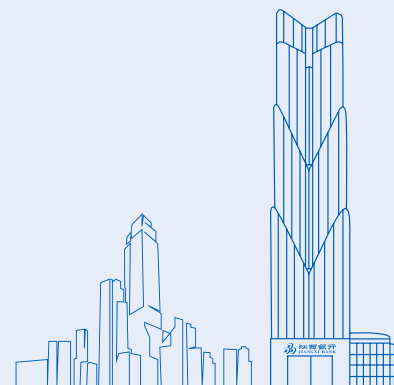
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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



CHAPTER XI INDEPENDENT AUDITOR'S REPORT

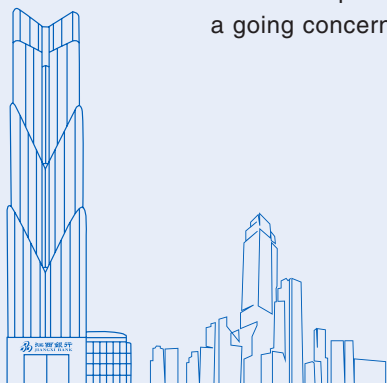
AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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



CHAPTER XI 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, related safeguards.

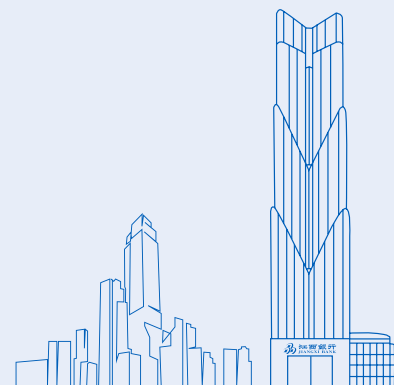
From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation 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.

Certified Public Accountants

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

26 March 2021



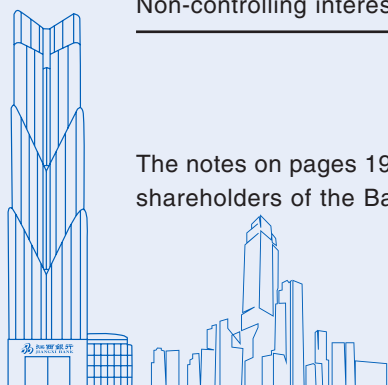
CHAPTER XII FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Note	2020	2019
Interest income		19,804,949	20,616,092
Interest expense		(10,751,274)	(9,871,279)
Net interest income	3	9,053,675	10,744,813
Fee and commission income		774,855	1,073,216
Fee and commission expense		(196,059)	(532,172)
Net fee and commission income	4	578,796	541,044
Net trading gains	5	96,039	138,544
Net gains arising from financial investments	6	536,741	1,474,653
Other operating income	7	20,194	53,766
Operating income		10,285,445	12,952,820
Operating expenses	8	(3,523,774)	(3,508,048)
Impairment losses on assets	11	(4,284,427)	(6,489,592)
Operating profit		2,477,244	2,955,180
Share of profits of associates		7,455	1,985
Profit before taxation		2,484,699	2,957,165
Income tax expense	12	(579,768)	(848,002)
Profit for the year		1,904,931	2,109,163
Attributable to:			
Equity shareholders of the Bank		1,859,165	2,050,589
Non-controlling interests		45,766	58,574

The notes on pages 194 to 346 form part of these financial statements. Details of dividends payable to equity shareholders of the Bank attributable to the profit for the year are set out in Note 34(a).



CHAPTER XII FINANCIAL STATEMENTS

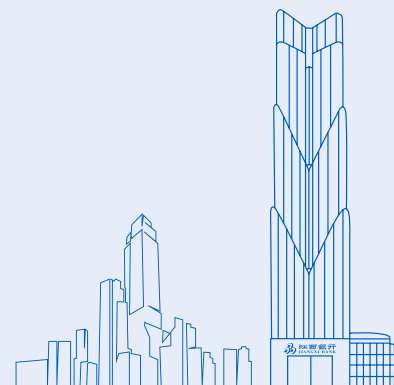
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Note	2020	2019
Profit for the year		1,904,931	2,109,163
Basic and diluted earnings per share (in RMB)	13	0.31	0.34
Other comprehensive income for the year, net of tax			
Items that may be reclassified subsequently to profit or loss:			
– Financial assets at fair value through other comprehensive income: net movement in the fair value reserve, net of tax		(445,048)	193,571
– Financial assets at fair value through other comprehensive income: net movement in impairment losses, net of tax		(302,868)	467,818
Other comprehensive income for the year	33(a)	(747,916)	661,389
Total comprehensive income for the year		1,157,015	2,770,552
Attributable to:			
Equity shareholders of the Bank		1,111,249	2,711,978
Non-controlling interests		45,766	58,574
Total comprehensive income for the year		1,157,015	2,770,552

The notes on pages 194 to 346 form part of these financial statements.



CHAPTER XII FINANCIAL STATEMENTS

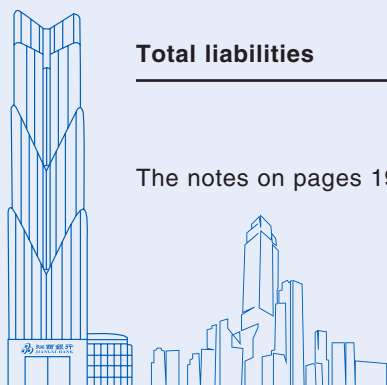
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Note	31 December 2020	31 December 2019
Assets			
Cash and deposits with the central bank	14	40,761,643	38,810,810
Deposits with banks and other financial institutions	15	2,151,435	1,997,570
Placements with banks and other financial institutions	16	8,231,929	6,301,907
Financial assets held under resale agreements	17	3,587,217	6,833,743
Loans and advances to customers	18	217,448,755	202,989,370
Financial investments:	19		
– Financial investments at fair value through profit or loss		41,071,980	34,921,594
– Financial investments at fair value through other comprehensive income		28,665,624	26,075,381
– Financial investments at amortized cost		106,355,490	128,580,694
Interest in associates	20	119,641	120,707
Property and equipment	22	2,456,175	2,318,010
Deferred tax assets	23	3,608,129	3,022,733
Other assets	24	4,234,792	4,146,010
Total assets		458,692,810	456,118,529
Liabilities and equity			
Liabilities			
Borrowing from the central bank		15,832,497	7,696,259
Deposits from banks and other financial institutions	25	21,416,586	31,212,140
Placements from banks and other financial institutions	26	3,204,098	2,555,016
Borrowing from other financial institutions	27	7,295,742	14,863,272
Financial assets sold under repurchase agreements	28	11,172,749	19,704,409
Deposits from customers	29	315,770,816	284,548,914
Income tax payable		412,453	877,231
Debt securities issued	30	42,439,819	55,178,643
Other liabilities	31	5,205,602	4,394,951
Total liabilities		422,750,362	421,030,835

The notes on pages 194 to 346 form part of these financial statements.



CHAPTER XII FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Note	31 December 2020	31 December 2019
Equity			
Share capital	32	6,024,277	6,024,277
Capital reserve	33	13,633,755	14,381,671
Surplus reserve	33	2,887,970	2,709,402
General reserve	33	6,100,641	5,873,807
Retained earnings	34	6,620,934	5,467,098
<hr/>			
Total equity attributable to equity shareholders of the Bank		35,267,577	34,456,255
Non-controlling interests		674,871	631,439
<hr/>			
Total equity		35,942,448	35,087,694
<hr/>			
Total liabilities and equity		458,692,810	456,118,529

Approved and authorised for issue by the Board of Directors on 26 March 2021.

CHEN Xiaoming
Legal Representative

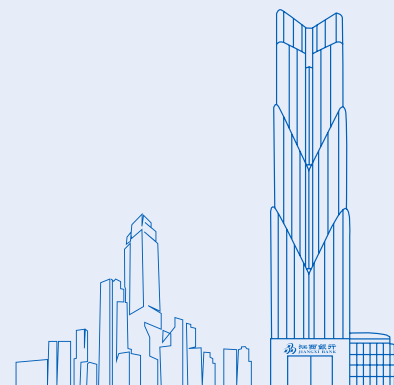
LUO Yan
President

XU Jihong
*The Person In Charge of
Accounting Affairs*

PENG Long
*The Head of the Accounting
Department*

Jiangxi Bank Co., Ltd.
(Company stamp)

The notes on pages 194 to 346 form part of these financial statements.



CHAPTER XII FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

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

The notes on pages 194 to 346 form part of these financial statements.



CHAPTER XII FINANCIAL STATEMENTS

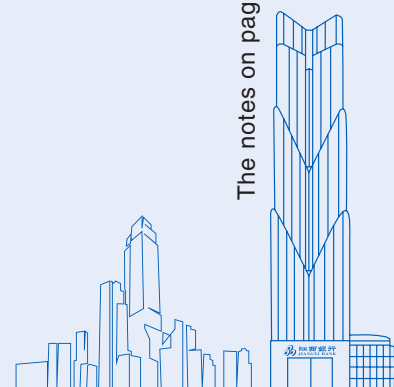
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Attributable to equity shareholders of the Bank							Non-controlling interests	Total
	Note	Share capital	Capital reserve	Surplus reserve	General reserve	Retained earnings	Sub-total		
Balance at 1 January 2019		6,024,277	13,720,282	2,518,794	5,505,856	4,457,010	32,226,219	585,115	32,811,334
Changes in equity for the year									
Profit for the year		-	-	-	-	2,050,589	2,050,589	58,574	2,109,163
Other comprehensive income		-	661,389	-	-	-	661,389	-	661,389
Total comprehensive income		-	661,389	-	-	2,050,589	2,711,978	58,574	2,770,552
Appropriation of profits	34								
- Appropriation to surplus reserve		-	-	190,608	-	(190,608)	-	-	-
- Appropriation to general reserve		-	-	-	367,951	(367,951)	-	-	-
- Appropriation to shareholders		-	-	-	-	(481,942)	(481,942)	(12,250)	(494,192)
Balance at 31 December 2019		6,024,277	14,381,671	2,709,402	5,873,807	5,467,098	34,456,255	631,439	35,087,694

The notes on pages 194 to 346 form part of these financial statements.



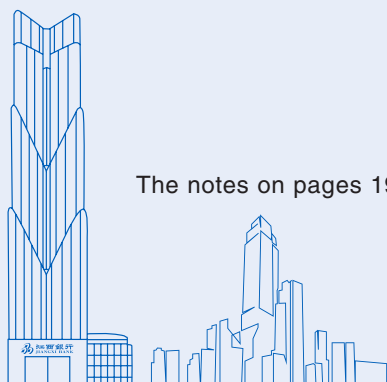
CHAPTER XII FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Note	2020	2019
Cash flows from operating activities			
Profit before taxation		2,484,699	2,957,165
<i>Adjustments for:</i>			
Impairment losses on assets		4,284,427	6,489,592
Depreciation and amortization		514,194	516,675
Interest income on financial investments		(7,256,329)	(7,773,018)
Unrealized foreign exchange gains		(2,275)	(38,168)
Net losses on changes in fair value		49,413	8,794
Net gains arising from financial investments		(536,741)	(1,474,653)
Share of profits of associates		(7,455)	(1,985)
Interest expense on lease liabilities		48,746	52,589
Interest expense on debt securities issued		1,727,765	1,956,612
Net (gains)/losses on disposal of property and equipment		(40,195)	438
Others		(28,241)	(118,932)
		1,238,008	2,575,109
<i>Changes in operating assets</i>			
Net (increase)/decrease in deposits with the central bank		(1,465,551)	92,956
Net decrease in deposits with banks and other financial institutions		109,599	2,051,395
Net (increase)/decrease in placements with banks and other financial institutions		(125,266)	412,818
Net increase in loans and advances to customers		(15,695,768)	(41,724,509)
Net increase in financial investments held for trading purpose		(1,130,481)	(750,052)
Net decrease/(increase) in other operating assets		396,362	(509,771)
		(17,911,105)	(40,427,163)

The notes on pages 194 to 346 form part of these financial statements.



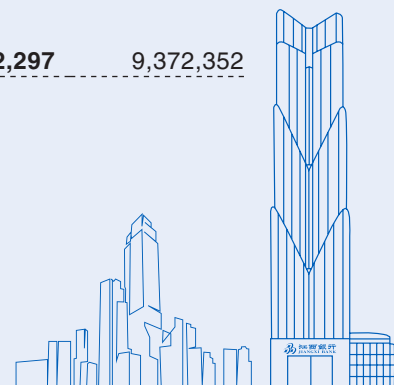
CHAPTER XII FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Note	2020	2019
Cash flows from operating activities (continued)			
<i>Changes in operating liabilities</i>			
Net increase in borrowing from the central bank		8,140,233	6,008,688
Net decrease in deposits from banks and other financial institutions		(10,024,697)	(401,420)
Net increase/(decrease) in placements from banks and other financial institutions		649,456	(3,520,059)
Net (decrease)/increase in borrowing from other financial institutions		(7,384,258)	3,906,434
Net (decrease)/increase in financial assets sold under repurchase agreements		(8,531,360)	9,520,088
Net increase in deposits from customers		30,937,657	23,570,280
Net increase in other operating liabilities		981,990	27,689
		14,769,021	39,111,700
Net cash flows (used in)/generated from operating activities before tax			
Income tax paid		(1,904,076)	1,259,646
		(1,470,446)	(1,431,073)
Net cash flows used in operating activities			
Cash flows from investing activities			
Proceeds from disposal and redemption of investments		87,923,135	68,101,630
Net cash received from investment gains and interest		7,635,039	8,638,668
Proceeds from disposal of property and equipment and other assets		46,017	5,968
Payments on acquisition of investments		(77,869,479)	(66,886,756)
Payments on acquisition of property and equipment, intangible assets and other assets		(271,020)	(482,158)
Payments on acquisition of interest in associates		(51,395)	(5,000)
		17,412,297	9,372,352

The notes on pages 194 to 346 form part of these financial statements.



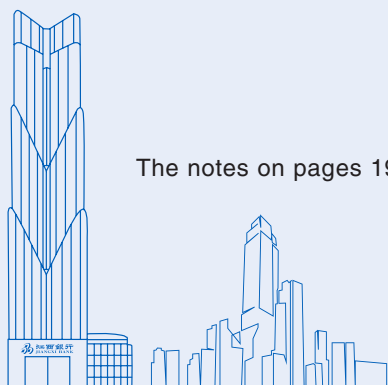
CHAPTER XII FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

	Note	2020	2019
Cash flows from financing activities			
Proceeds from debt securities issued	35(c)	55,377,906	58,087,761
Repayment of debt securities issued	35(c)	(69,430,000)	(65,420,000)
Interest paid on debt securities issued		(414,495)	(575,540)
Capital element of lease rentals paid		(170,562)	(150,876)
Dividends paid		(319,930)	(491,942)
Net cash flows used in financing activities		(14,957,081)	(8,550,597)
Effect of foreign exchange rate changes on cash and cash equivalents			
		62,452	(12,005)
Net (decrease)/increase in cash and cash equivalents	35(a)	(856,854)	638,323
Cash and cash equivalents as at 1 January		23,637,238	22,998,915
Cash and cash equivalents as at 31 December	35(b)	22,780,384	23,637,238
Net cash flows generated from/(used in) operating activities include:			
Interest received		13,020,089	12,444,127
Interest paid		(8,870,369)	(7,614,493)

The notes on pages 194 to 346 form part of these financial statements.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

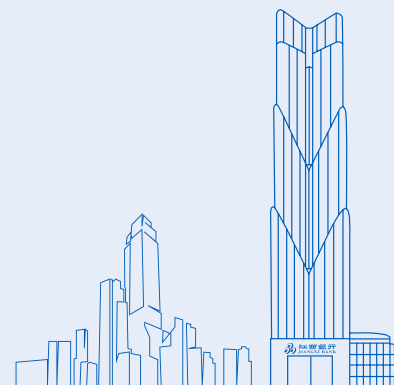
1 BACKGROUND INFORMATION

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

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

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

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



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

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

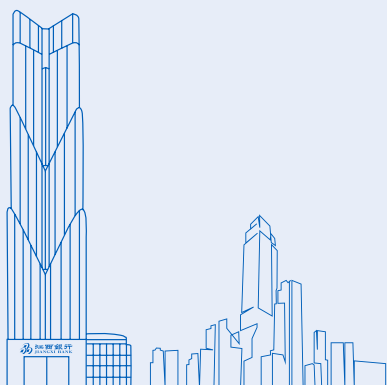
The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(3) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they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

(2) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2020 comprise the Bank and its subsidiaries and the Group’s interest in associates.

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

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



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

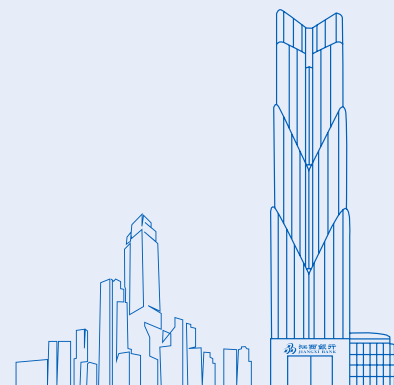
The financial statements are presented in Renminbi (“RMB”), rounded to the nearest thousand, which is the functional currency of the Group.

(3) Changes in accounting policies

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

Amendments to IFRS 3, Definition of a Business

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional “concentration test” that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(3) Changes in accounting policies (continued)

Amendment to IFRS 16, Covid-19-Related Rent Concessions

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic (“COVID-19-related rent concessions”) are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

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

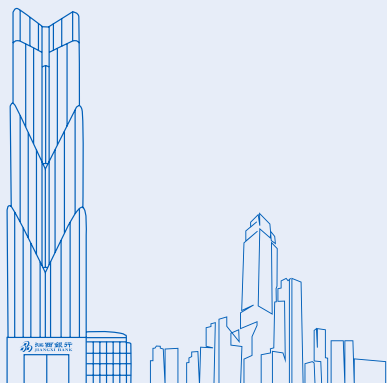
(4) Business combinations

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

(5) Subsidiaries and non-controlling interests

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

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



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

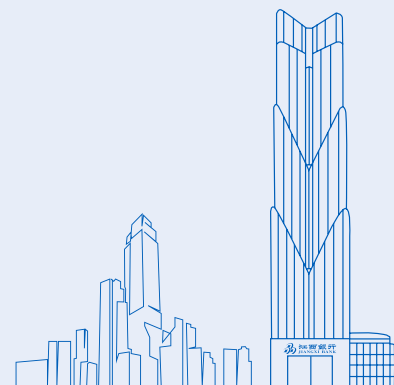
Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Bank, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect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

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

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

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

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



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(6) Associates

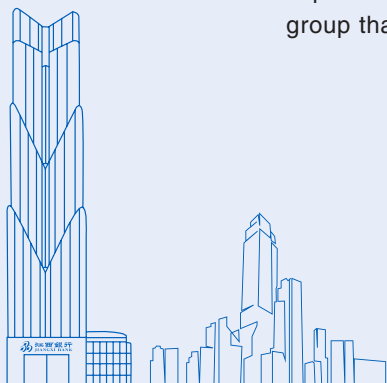
An associate is an entity in which the Group or the Bank has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

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

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

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

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



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(7) Translation of foreign currencies

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

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

(8) Cash and cash equivalents

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

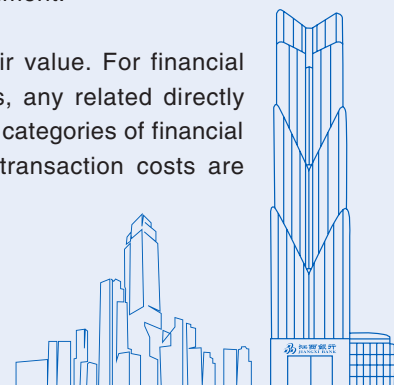
(9) Financial instruments

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

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

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

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



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(9) Financial instruments (continued)

(ii) Classification and subsequent measurement of financial assets

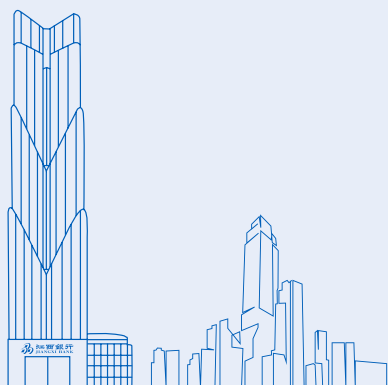
(a) Classification of financial assets

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

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

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

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



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(9) Financial instruments (continued)

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

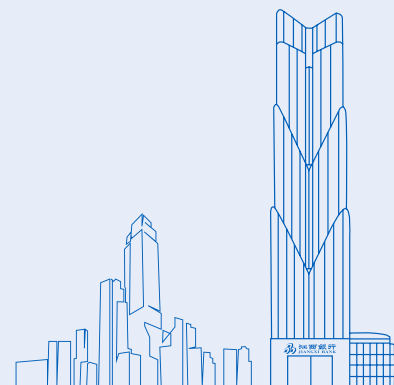
(a) Classification of financial assets (continued)

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

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

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

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



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

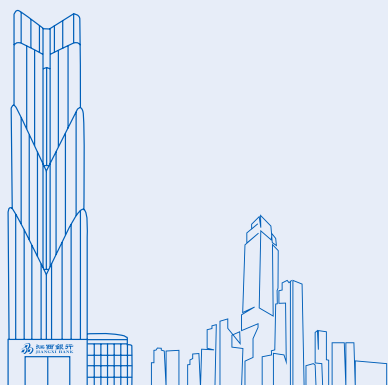
(9) Financial instruments (continued)

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

(a) Classification of financial assets (continued)

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

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



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(9) Financial instruments (continued)

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

(b) Subsequent measurement of financial assets

- Financial assets at FVTPL

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

- Financial assets at amortized cost

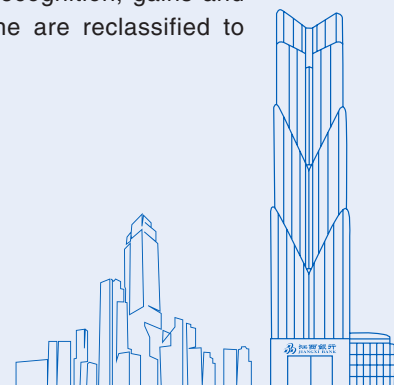
These assets are subsequently measured at amortized cost using the effective interest method. A gain or loss on a financial asset that is measured at amortized cost and is not part of a hedging relationship shall be recognized in profit or loss when the financial asset is derecognized, through the amortization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

- Debt investments measured at FVOCI

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

- Equity investments measured at FVOCI

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



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(9) Financial instruments (continued)

(iii) Classification and subsequent measurement of financial liabilities

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

– Financial liabilities at FVTPL

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

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

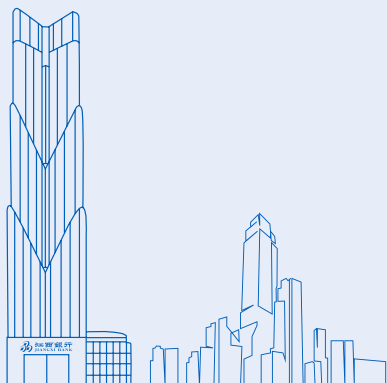
– Financial liabilities at amortized cost

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

(iv) Offsetting

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

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



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(9) Financial instruments (continued)

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

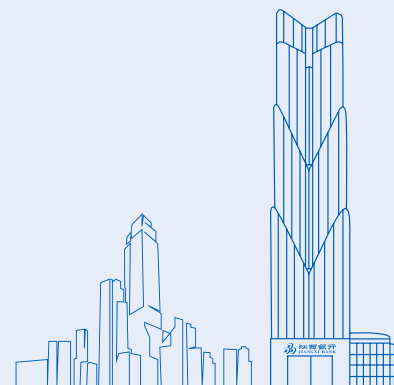
Financial asset is derecognized when one of the following conditions is met:

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

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

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

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



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(9) Financial instruments (continued)

(vi) Impairment

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

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

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

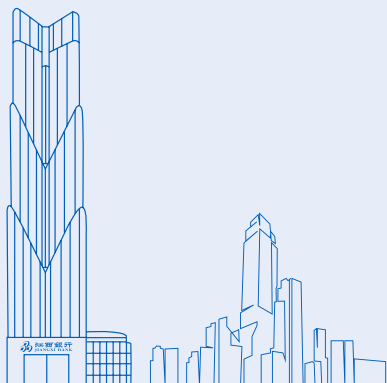
Measurement of ECLs

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

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

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

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



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(9) Financial instruments (continued)

(vi) Impairment (continued)

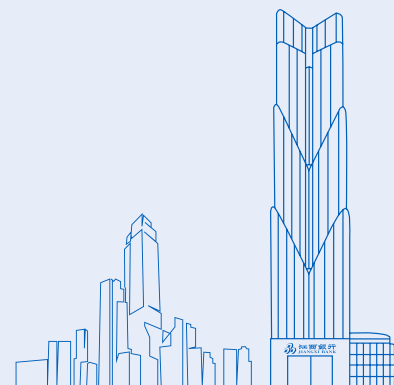
Measurement of ECLs (continued)

The Group measures loss allowances at an amount equal to 12-month ECL for the following financial instruments, and at an amount equal to lifetime ECL for all other financial instruments.

- If the financial instrument is determined to have low credit risk at the balance sheet date;
- If the credit risk on a financial instrument has not increased significantly since initial recognition.

Financial instruments that have low credit risk

The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(9) Financial instruments (continued)

(vi) Impairment (continued)

Significant increases in credit risk

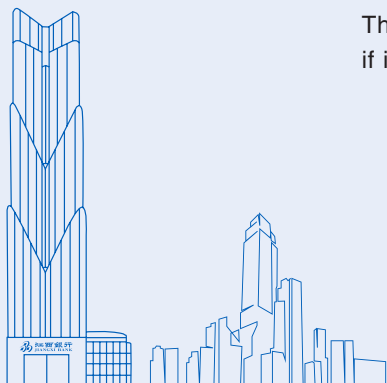
In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information. In particular, the following information is taken into account:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(9) Financial instruments (continued)

(vi) Impairment (continued)

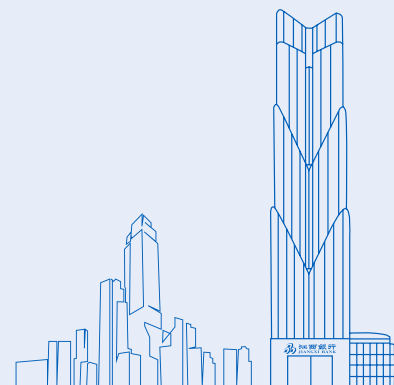
Credit-impaired financial assets

At each balance sheet date, the Group assesses whether financial assets carried at amortized cost and debt investments measured at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or past due event;
- for economic or contractual reasons relating to the borrower's financial difficulty, the Group having granted to the borrower a concession that would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Presentation of allowances for ECL

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(9) Financial instruments (continued)

(vi) Impairment (continued)

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

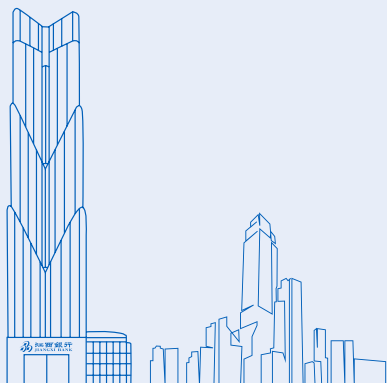
Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(10) Financial assets held under resale and repurchase agreements

Financial assets purchased under agreements to resell are reported not as purchases of the assets but as receivables and are carried in the statements of financial position at amortized cost. Financial assets held under resale agreements are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(9)(vi).

Financial assets sold subject to a simultaneous agreement to repurchase these assets are retained in the statements of financial position and measured in accordance with their original measurement principles. The proceeds from the sale are reported as liabilities and are carried at amortized cost.

Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements are recognized respectively as interest income and interest expense over the life of each agreement using the effective interest method.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(11) Investment in subsidiaries

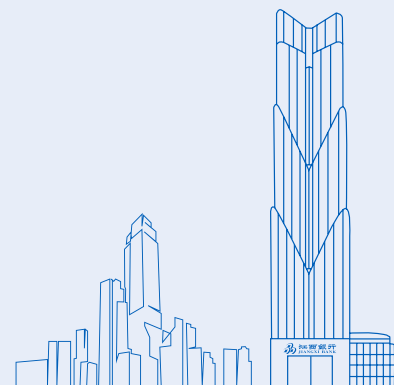
In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the principles described in Note 2(5).

In the Bank's financial statements, investments in subsidiaries are accounted for using the cost method. An investment in a subsidiary acquired other than through a business combination is initially recognized at actual payment cost if the Bank acquires the investment by cash. The investment is stated at cost less impairment loss (see Note 2(17)) in the statements of financial position. Except for declared but not yet distributed cash dividends or profits distribution that have been included in the price or consideration paid in obtaining the investments, the Group recognizes its share of the cash dividends or profit distribution declared by the investees as investment income.

(12) Investment property

Investment property is a property held either for earning rental income or for capital appreciation or for both. Investment property is accounted for using the cost model and stated in the statements of financial position at cost less accumulated depreciation and impairment loss (see Note 2(17)). Investment property is depreciated using the straight-line method over its estimated useful life after taking into account its estimated residual value.

	Estimated useful life	Estimated rate of residual value	Depreciation rate
Premises	20 years	3.00%	4.85%
Land use rights	30 – 50 years	2.00%	1.96% – 3.27%



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(13) Property and equipment and construction in progress

Property and equipment are assets held by the Group for operation and administration purposes with useful lives over one year.

Property and equipment are stated in the statements of financial position at cost less accumulated depreciation and impairment loss (see Note 2(17)). Construction in progress is stated in the statements of financial position at cost less impairment loss (see Note 2(17)).

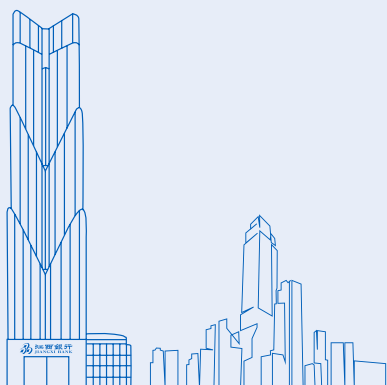
The cost of a purchased property and equipment comprises the purchase price, related taxes, and any expenditure directly attributable to bringing the asset into working condition for its intended use.

All direct and indirect costs that are related to the construction of property and equipment and incurred before the assets are ready for their intended use are capitalized as the cost of construction in progress. Construction in progress is transferred to property and equipment when the item being constructed is ready for its intended use. No depreciation is provided against construction in progress.

Where the individual component parts of an item of property and equipment have different useful lives or provide benefits to the Group in different patterns thus necessitating use of different depreciation rates or methods, they are recognized as a separate property and equipment.

The subsequent costs including the cost of replacing part of an item of property and equipment are recognized in the carrying amount of the item if the recognition criteria are satisfied, and the carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(13) Property and equipment and construction in progress (continued)

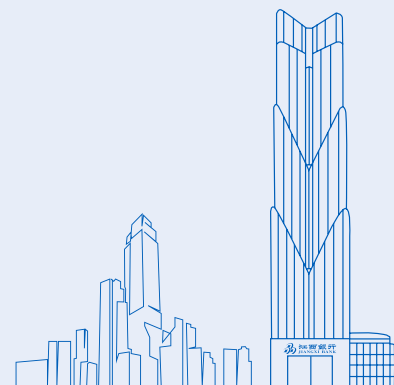
Property and equipment are depreciated using the straight-line method over their estimated useful lives, after taking into account their estimated residual values. The estimated useful lives, residual values and depreciation rates of each class of property and equipment are as follows:

Asset category	Estimated useful life	Estimated rate of residual value	Depreciation rate
Premises	5 – 20 years	3.00% – 5.00%	4.75% – 19.40%
Electronic equipments	3 – 5 years	3.00% – 5.00%	19.00% – 32.33%
Fixtures	5 – 20 years	0.00% – 5.00%	4.75% – 20.00%
Others	3 – 10 years	3.00% – 5.00%	9.50% – 32.33%

Useful lives, residual values and depreciation methods are reviewed at least at each year-end.

(14) Leases assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(14) Leases assets (continued)

(i) *As a lessee*

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalize the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalized are recognized as an expense on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

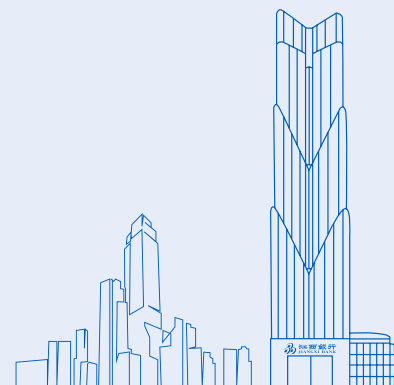
(14) Leases assets (continued)

(i) As a lessee (continued)

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(17)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'other assets' and presents lease liabilities in 'other liabilities' separately in the statement of financial position.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(14) Leases assets (continued)

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognized in accordance with Note 2(22).

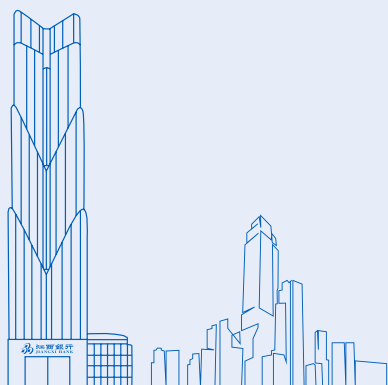
When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(14)(i), then the Group classifies the sub-lease as an operating lease.

(15) Intangible assets

The intangible assets of the Group have finite useful lives. The intangible assets are stated at cost less accumulated amortization and impairment loss (see Note 2(17)). The cost of intangible assets less residual value and impairment loss is amortized on the straight-line method over the estimated useful lives.

The respective amortization periods for intangible assets are as follows:

– Land use rights	30 – 50 years
– Real estate use rights	20 – 25 years
– Computer software	3 – 10 years
– Core deposits	10 years
– Others	20 years



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(16) Repossessed assets

Repossessed assets are physical assets or property rights obtained by the Group from debtors, warrantors or third parties following the enforcement of its creditor's rights. The repossessed assets are initially recognized at fair value, and are subsequently measured at the lower of the carrying value and net recoverable amount. If the recoverable amount is lower than the carrying value of the repossessed assets, the assets are written down to the recoverable amount.

(17) Allowances for impairment losses on non-financial assets

The carrying amounts of the following assets are reviewed at the end of each of the reporting period based on the internal and external sources of information to determine whether there is any indication of impairment:

- property and equipment;
- construction in progress;
- intangible assets;
- right-of-use assets;
- investment property measured using a cost model;
- long-term deferred expenses; and
- investment in subsidiaries and associates.

If any indication exists that an asset may be impaired, the recoverable amount of the asset is estimated.

A cash-generating unit ("CGU") is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. A CGU is composed of assets directly relating to cash-generation. Identification of a CGU is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups. In identifying an asset group, the Group also considers how management monitors the Group's operations and how management makes decisions about continuing or disposing of the Group's assets.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

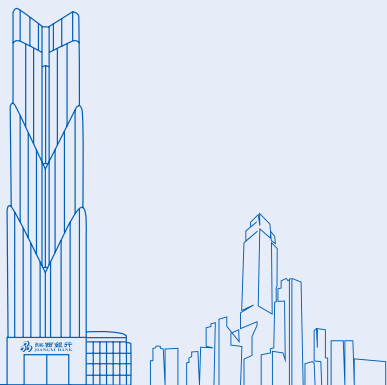
(17) Allowances for impairment losses on non-financial assets (continued)

The recoverable amount of an asset or CGU, or a group of CGUs (hereinafter called “asset”) is the higher of its fair value less costs to sell and its present value of expected future cash flows. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset; if it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the assets belongs.

An asset’s fair value less costs to sell is the amount determined by the price of a sale agreement in an arm’s length transaction, less the costs that are directly attributable to the disposal of the asset. The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using a pre-tax discount rate that reflects expected future cash flows, the useful life and the discount rate specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. A provision for an impairment loss of the asset is recognized accordingly.

If, in a subsequent period, the amount of impairment loss of the non-financial asset decreases and the decrease can be linked objectively to an event occurring after impairment was recognized, the previously recognized impairment loss is reversed through the profit or loss. A reversal of impairment loss is limited to the asset’s carrying amount that would have been determined had no impairment loss been recognized in prior periods.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(18) Employee benefits

(i) *Short-term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

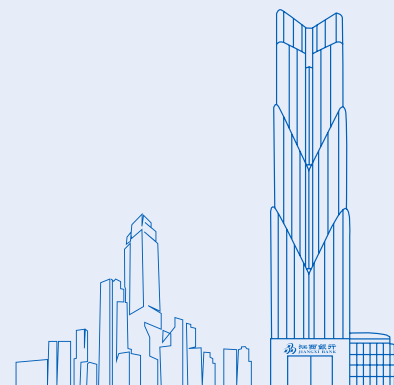
The defined contribution retirement plans of the Group include the social pension schemes.

Social pension schemes

Pursuant to the relevant laws and regulations in the PRC, the Group has participated in the social pension schemes for the employees arranged by local government labour and security authorities. The Group makes contributions to the retirement schemes at the applicable rates based on the amounts stipulated by the government. The contributions are charged to the profit or loss on an accrual basis. When employees retire, the local government labour and security authorities are responsible for the payment of the basic retirement benefits to the retired employees.

Housing fund and other social insurances

In addition to the retirement benefits above, the Group has joined social security contributions schemes for employees pursuant to the relevant laws and regulations of the PRC. These schemes include a housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances schemes at the applicable rates based on the amounts stipulated by the relevant government authorities. The contributions are charged to profit or loss on an accrual basis.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(18) Employee benefits (continued)

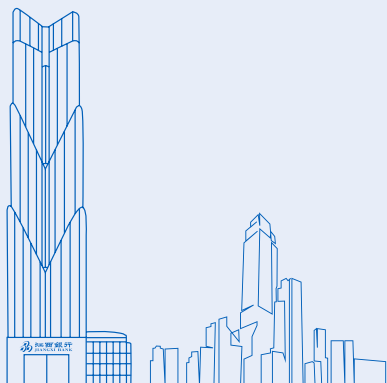
(ii) *Supplementary retirement benefits*

Early retirement benefits

According to the Group's policy on early retirement benefits, certain employees are entitled to take leave of absence and in return receive a certain level of staff salaries and related benefits from the Group. The salaries and benefit payments are made from the date of early retirement to the normal retirement date. The amounts of retirement benefits expense and present value of these liabilities are dependent on assumptions used in calculating such amounts. These assumptions include discount rates, retirement benefit growth rates and other factors. Gains and losses arising from the changes in assumptions and amendments to pension plans are recognized in the income statement as they occur.

Retirement benefit annuity plan

In addition to the basic pension insurance scheme, employees and early retirees of the Group also participate in a defined contribution plan established by the Group (the "Annuity Plan"). The Group and its employees are required to contribute a certain percentage of the employees' previous year basic salaries to the Annuity Plan. The contribution is charged to the income statement when it incurs. The Group has no obligation to pay further contributions if the Annuity Plan does not hold sufficient assets to pay all employee benefits.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(19) Income tax

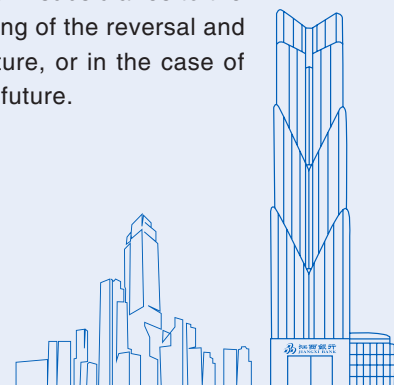
Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(19) Income tax (continued)

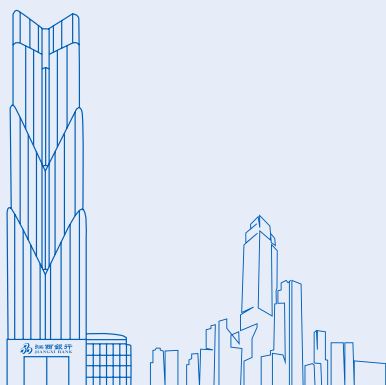
The amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognized when the liability to pay the related dividends is recognized.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Bank or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Bank or the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(20) Financial guarantees, provisions and contingent liabilities

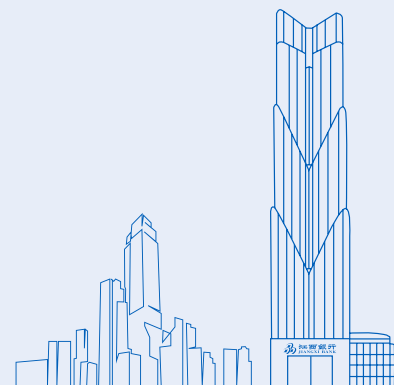
(i) Financial guarantees

Financial guarantees are contracts that require the issuer (the “guarantor”) to make specified payments to reimburse the beneficiary of the guarantee (“holder”) for a loss that the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. The fair value of the guarantee (being the guarantee fees received) is initially recognized as deferred income in other liabilities. The deferred income is amortized in profit or loss over the term of the guarantee as income from financial guarantees issued. Provisions are recognized in the statements of financial position as stated in Note 2(20)(ii) if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and the amount of that claim on the Group is expected to exceed the carrying amount of the deferred income.

(ii) Other provisions and contingent liabilities

A provision is recognized for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

For a possible obligation resulting from a past transaction or event whose existence will only be confirmed by the occurrence or non-occurrence of uncertain future events or a present obligation resulting from a past transaction or event, where it is not probable that the settlement of the above obligation will cause an outflow of economic benefits, or the amount of the outflow cannot be estimated reliably, the possible or present obligation is disclosed as a contingent liability.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(21) Fiduciary activities

The Group acts in a fiduciary activity as a manager, a custodian, or an agent for customers. Assets held by the Group and the related undertakings to return such assets to customers are recorded as off-balance sheet items as the risks and rewards of the assets reside with customers.

The Group enters into entrusted loan agreements with customers, whereby the customers provide funding (“entrusted funds”) to the Group, and the Group grants loans to third parties (“entrusted loans”) under instructions of the customers. As the Group does not assume the risks and rewards of the entrusted loans and the corresponding entrusted funds, the entrusted loans and funds are recorded as off-balance sheet items at their principal amount. No allowances for impairment loss is made for entrusted loans.

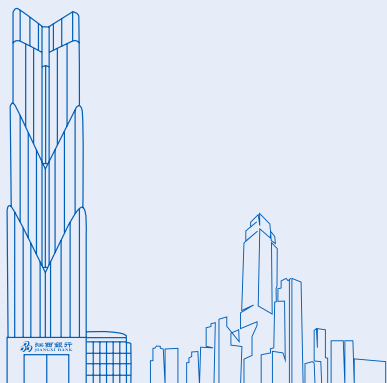
(22) Income recognition

Income is recognized when the Group satisfies the performance obligation in the contract which by transferring the control over relevant goods or services to the customers.

The following is the description of accounting policies regarding income from the Group’s principal activities.

(i) Interest income

Interest income for financial assets is recognized in profit or loss as it is incurred, based on the time for alienation of right to use capital and effective interest rates. Interest income includes the amortization of any discount or premium or differences between the initial carrying amount of an interest-bearing asset and its amount at maturity calculated using the effective interest rate.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(22) Income recognition (continued)

(i) Interest income (continued)

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating the interest income over the Relevant Periods. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract, transaction costs and all other premiums or discounts that are an integral part of the effective interest rate.

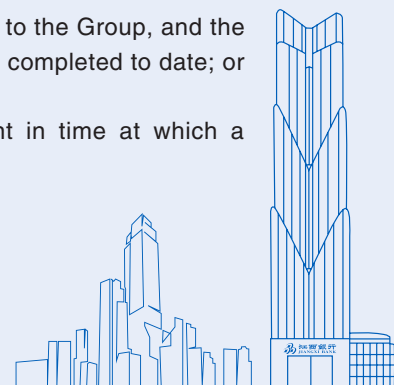
Interest on the impaired assets is recognized using the rate of interest used to discount future cash flows for the purpose of measuring the related impairment loss.

(ii) Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. The fee and commission income recognized by the Group reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring promised services to customers, and income is recognized when its performance obligation in contracts is satisfied.

The Group recognizes income over time by measuring the progress towards the complete satisfaction of a performance obligation, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The customer controls the service provided by the Group in the course of performance;
- The Group does not provide service with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date; or
- In other cases, the Group recognizes revenue at a point in time at which a customer obtains control of the promised services.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(22) Income recognition (continued)

(iii) Government grants

Government grants are recognized in the statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognized in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(iv) Other income

Other income is recognized on an accrual basis.

(23) Expenses recognition

(i) Interest expense

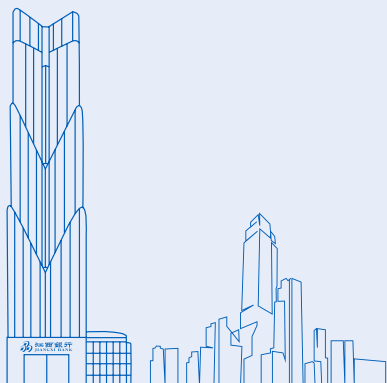
Interest expense from financial liabilities is accrued on a time proportion basis with reference to the amortized cost and the applicable effective interest rate.

(ii) Other expenses

Other expenses are recognized on an accrual basis.

(24) Dividends

Dividends or distributions of profits proposed in the profit appropriation plan which will be authorized and declared after the end of each of the reporting period are not recognized as a liability at the end of each of the reporting period but disclosed separately in the notes to the consolidated financial statements.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

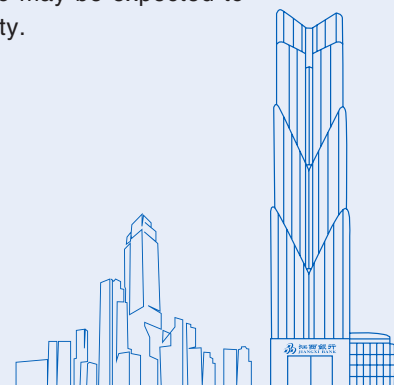
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(25) Related parties

- (i) A person, or a close member of that person's family, is related to the Group if that person:
 - (a) has control or joint control over the Group;
 - (b) has significant influence over the Group; or
 - (c) is a member of the key management personnel of the Group or the Group's parent.
- (ii) An entity is related to the Group if any of the following conditions applies:
 - (a) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member);
 - (c) Both entities are joint ventures of the same third party;
 - (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (f) The entity is controlled or jointly controlled by a person identified in (i);
 - (g) A person identified in (i) (a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
 - (h) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(26) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of the Group's various lines of business and geographical locations.

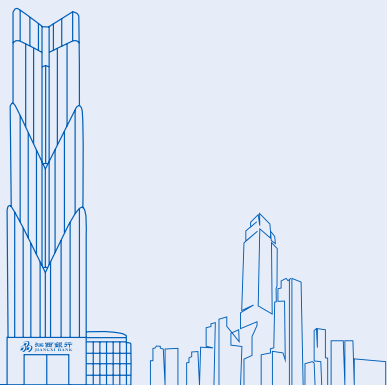
Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(27) Significant accounting estimates and judgements

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

(a) *Measurement of expected credit loss*

The measurement of the expected credit loss allowance for the investment in financial assets and debt instruments measured at amortized cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring expected credit losses is further detailed in Note 43(a).



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(27) Significant accounting estimates and judgements (continued)

(a) *Measurement of expected credit loss* (continued)

A number of significant judgements are required in applying the accounting requirements for measuring expected credit losses,

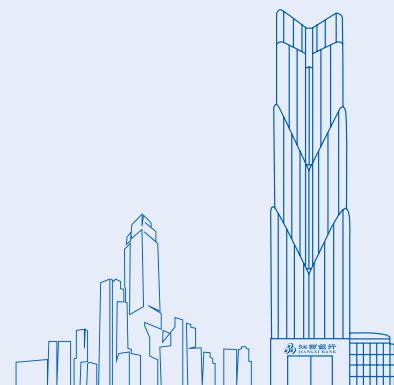
such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of expected credit losses;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated expected credit losses.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in Note 43(a) credit risk.

(b) *Fair value of financial instruments*

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



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(27) Significant accounting estimates and judgements (continued)

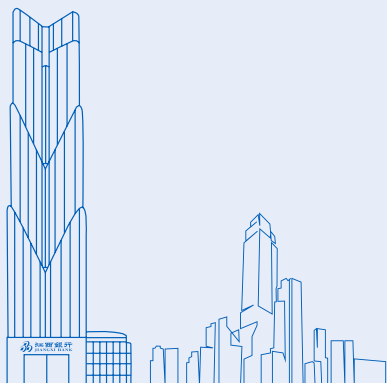
(c) *Income taxes*

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates the tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognized for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognized to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilized, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognized if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

(d) *Impairment of non-financial assets*

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

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



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(27) Significant accounting estimates and judgements (continued)

(e) Depreciation and amortization

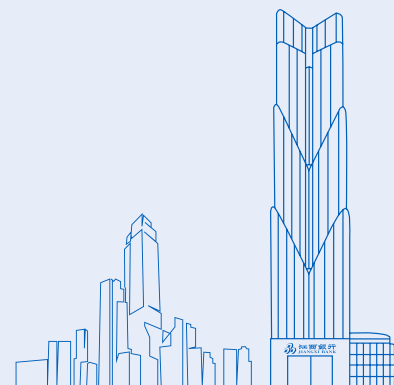
Investment properties, property and equipment, intangible assets and right-use-of assets are depreciated and amortized using the straight-line method over their estimated useful lives after taking into account residual values. The estimated useful lives are regularly reviewed to determine the depreciation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

(f) Determination of control over investees

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

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

For further disclosure in respect of unconsolidated non-principal guaranteed wealth management products and asset management plans in which the Group has an interest or for which it is a sponsor, see Note 40.



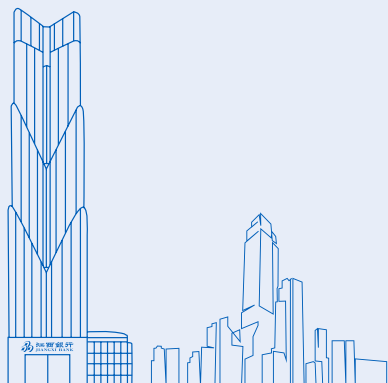
CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

3 NET INTEREST INCOME

	2020	2019
Interest income arising from		
Deposits with the central bank	510,702	462,620
Deposits with banks and other financial institutions	7,327	26,376
Placements with banks and other financial institutions	67,078	80,963
Financial assets held under resale agreements	317,513	409,583
Loans and advances to customers		
– Corporate loans and advances	6,824,177	6,419,602
– Personal loans and advances	4,225,406	5,027,134
– Discounted bills	596,417	416,796
Financial investments	7,256,329	7,773,018
Sub-total	19,804,949	20,616,092
Interest expense arising from		
Borrowing from the central bank	(307,752)	(147,090)
Deposits from banks and other financial institutions	(710,207)	(1,175,217)
Placements from banks and other financial institutions	(119,691)	(158,318)
Borrowing from other financial institutions	(435,885)	(545,292)
Financial assets sold under repurchase agreements	(291,001)	(377,821)
Deposits from customers	(7,158,973)	(5,510,929)
Debt securities issued	(1,727,765)	(1,956,612)
Sub-total	(10,751,274)	(9,871,279)
Net interest income	9,053,675	10,744,813

During the year, the Group reclassified the income of credit card installment business from fee and commission income to interest income. The comparative figures have been adjusted accordingly.



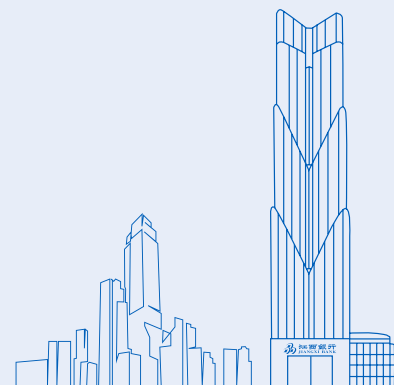
CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

4 NET FEE AND COMMISSION INCOME

	2020	2019
Fee and commission income		
Agency and custody services fees	379,072	490,234
Acceptance and guarantee service fees	167,701	73,977
Bank card service fees	81,254	83,182
Settlement and electronic channel business fees	79,925	142,285
Financial leasing service fees	56,960	235,871
Advisory and consulting fees	7,204	37,793
Others	2,739	9,874
Sub-total	774,855	1,073,216
Fee and commission expense		
Platform cooperation fees	(57,676)	(399,850)
Transaction fees	(51,973)	(55,614)
Financial leasing service fees	(44,163)	(25,701)
Settlement and clearing fees	(40,749)	(50,092)
Others	(1,498)	(915)
Sub-total	(196,059)	(532,172)
Net fee and commission income	578,796	541,044

During the year, the Group reclassified the income of credit card installment business from fee and commission income to interest income. The comparative figures have been adjusted accordingly.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

5 NET TRADING GAINS

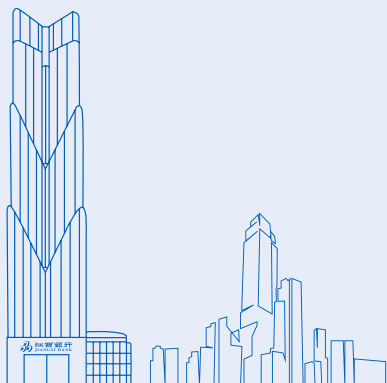
	2020	2019
Net gains from debt securities	96,039	138,544

Net gains from debt securities include gains arising from the buying and selling of, and changes in the fair value of financial assets held for trading.

6 NET GAINS ARISING FROM FINANCIAL INVESTMENTS

	Note	2020	2019
Realized gains from investment funds		624,880	493,392
Net gains on financial investments at fair value through other comprehensive income		42,874	48,723
Dividend income		8,600	5,983
Net (losses)/gains on financial investments at fair value through profit or loss	(i)	(139,613)	925,401
Net gains on financial investments at amortized cost		–	1,154
Total		536,741	1,474,653

(i) Net gains on financial investments at fair value through profit or loss include the investment income and fair value changes of financial investments at fair value through profit or loss except for debt securities held for trading.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

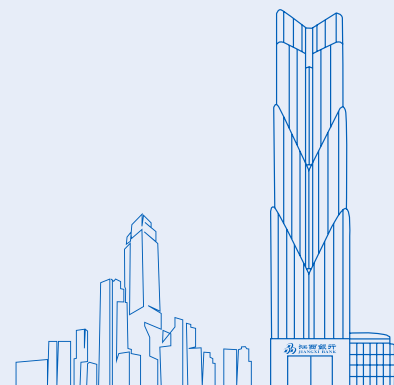
7 OTHER OPERATING INCOME

	2020	2019
Net gains/(losses) on disposal of property and equipment	40,195	(438)
Government grants	19,705	28,520
Rental income	2,686	8,463
Foreign exchange (losses)/gains	(49,473)	15,230
Others	7,081	1,991
Total	20,194	53,766

8 OPERATING EXPENSES

	2020	2019
Staff costs		
– Salaries, bonuses and allowances	1,652,978	1,460,453
– Social insurance and supplementary retirement benefits	186,654	240,652
– Housing fund	98,891	94,254
– Staff welfares	105,624	84,025
– Employee education expenses and labour union expenses	50,554	40,754
– Others	38,351	29,730
Sub-total	2,133,052	1,949,868
Depreciation and amortization	514,194	516,675
Tax and surcharges	133,593	130,134
Interest expense on lease liabilities	48,746	52,589
Other general and administrative expenses	694,189	858,782
Total	3,523,774	3,508,048

Auditor's remuneration for the year ended 31 December 2020 was RMB3.50 million (year ended 31 December 2019: RMB3.50 million).



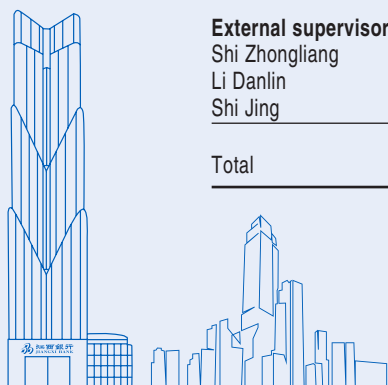
CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

9 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' and supervisors' emoluments disclosed pursuant to Section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Year ended 31 December 2020								
	Note	Fees	Salaries	Discretionary bonuses	Sub-total	Contributions by the employer to social insurance and staff welfares, housing fund, etc	Other welfares	Total
Executive directors								
Chen Xiaoming		-	1,935	-	1,935	83	45	2,063
Luo Yan		-	1,555	-	1,555	83	164	1,802
Xu Jihong		-	1,367	-	1,367	83	37	1,487
Non-executive directors								
Que Yong		-	-	-	-	-	-	-
Li Zhanrong		-	-	-	-	-	-	-
Liu Sanglin		-	-	-	-	-	-	-
Zhuo Liping	(1)	-	-	-	-	-	-	-
Deng Jianxin		-	-	-	-	-	-	-
Independent non-executive directors								
Zhang Rui		179	-	-	179	-	-	179
Zhang Wangxia		172	-	-	172	-	-	172
Wong Hin Wing		222	-	-	222	-	-	222
Wang Yun		185	-	-	185	-	-	185
Guo Tianyong	(2)	150	-	-	150	-	-	150
Ou Minggang	(1)	-	-	-	-	-	-	-
Yan Hongbo	(1)	-	-	-	-	-	-	-
Internal Supervisors								
Liu Fulin		-	2,083	-	2,083	83	45	2,211
Tao Yulan	(3)	-	165	-	165	25	12	202
Chen Xinxiang		-	303	-	303	80	27	410
Lou Mingnong	(3)	-	231	-	231	52	17	300
Zhou Minhui		-	-	-	-	-	-	-
Yu Han	(4)	-	-	-	-	-	-	-
Wang Ruiqiang	(5)	-	-	-	-	-	-	-
External supervisors								
Shi Zhongliang		168	-	-	168	-	-	168
Li Danlin		167	-	-	167	-	-	167
Shi Jing		166	-	-	166	-	-	166
Total		1,409	7,639	-	9,048	489	347	9,884

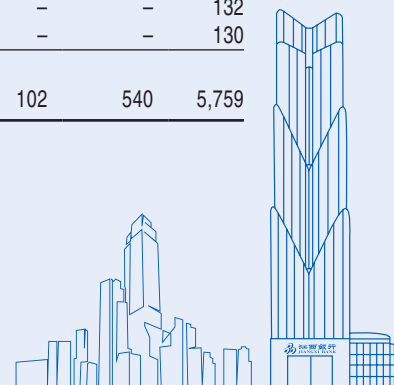


CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

9 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

Year ended 31 December 2019								
	Note	Fees	Salaries	Discretionary bonuses	Sub-total	Contributions by the employer to social insurance and staff welfares, housing fund, etc	Other welfares	Total
Executive directors								
Chen Xiaoming		–	711	–	711	17	104	832
Luo Yan		–	711	–	711	17	164	892
Xu Jihong		–	575	–	575	17	99	691
Non-executive directors								
Que Yong		–	–	–	–	–	–	–
Li Zhanrong		–	–	–	–	–	–	–
Liu Sanglin		–	–	–	–	–	–	–
Zhuo Liping	(1)	–	–	–	–	–	–	–
Huang Zhenping	(1)	–	–	–	–	–	–	–
Deng Jianxin		–	–	–	–	–	–	–
Independent non-executive directors								
Zhang Rui		151	–	–	151	–	–	151
Zhang Wangxia		138	–	–	138	–	–	138
Wong Hin Wing		222	–	–	222	–	–	222
Wang Yun		156	–	–	156	–	–	156
Ou Minggang	(1)	–	–	–	–	–	–	–
Yan Hongbo	(1)	–	–	–	–	–	–	–
Internal Supervisors								
Liu Fulin		–	711	–	711	17	104	832
Tao Yulan		–	874	–	874	17	42	933
Chen Xinxiang		–	470	–	470	17	27	514
Zhou Minhui		–	–	–	–	–	–	–
Yu Han	(4)	–	–	–	–	–	–	–
External supervisors								
Shi Zhongliang		136	–	–	136	–	–	136
Li Danlin		132	–	–	132	–	–	132
Shi Jing		130	–	–	130	–	–	130
Total		1,065	4,052	–	5,117	102	540	5,759



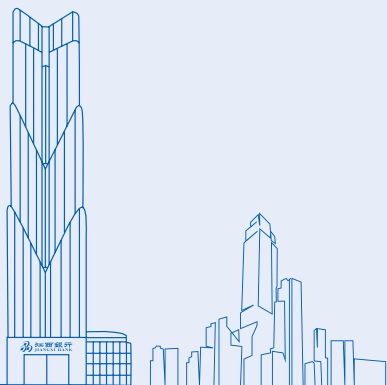
CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

9 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

- (1) At the 2018 Shareholders' annual general meeting held on 31 May 2019, Zhuo Liping and Huang Zhenping were elected as non-executive directors of the Bank; Ou Minggang and Yan Hongbo were elected as independent non-executive directors of the Bank. The CBRIC has approved the appointment of Zhuo Liping on 11 May 2020, and the appointments of Ou Minggang and Yan Hongbo are still waiting for the approval of the CBIRC. Huang Zhenping resigned as non-executive director on 15 July 2020.
- (2) At the 2018 Shareholders' annual general meeting held on 31 May 2019, Guo Tianyong resigned as independent non-executive director of the Bank, but his salary of 2019 was approved in 2020.
- (3) At the employee representatives' meeting held on 28 May 2020, Tao Yulan resigned as internal supervisor of the Bank, and Lou Mingnong was elected as internal supervisor.
- (4) At the 2018 Shareholders' annual general meeting held on 31 May 2019, Yu Han was elected as internal supervisor of the Bank.
- (5) At the 2020 first Temporary Shareholders' annual general meeting held on 18 December 2020, Wang Ruiqiang was elected as internal supervisor of the Bank.

There was no amount paid during the year ended 31 December 2020 to the directors in connection with their retirement from employment or compensation for loss of office with the Group, or inducement to join the Group (year ended 31 December 2019: nil). There was no arrangement under which a director or supervisor waived or agreed to waive any remuneration during the year ended 31 December 2020 (year ended 31 December 2019: nil).



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

For the year ended 31 December 2020, the five individuals with the highest emolument included 3 directors and 1 supervisor (year ended 31 December 2019: 2 directors and 2 supervisors). Their emoluments are disclosed in Note 9.

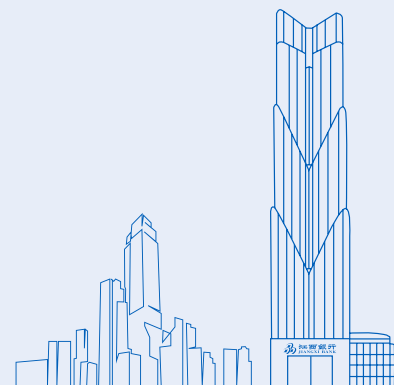
The emoluments for the other highest paid individuals as at 31 December were as follows:

	2020	2019
Salaries and other emoluments	1,289	575
Discretionary bonuses	–	–
Contributions by the employer to social insurance and staff welfares, housing fund, etc	83	17
Others	37	135
Total	1,409	727

The number of these individuals whose emoluments are within the following bands is set out below:

	2020	2019
RMB0 – 1,000,000	–	1
RMB1,000,001 – 1,500,000	1	–
Total	1	1

None of these individuals received any inducement to join or upon joining the Group or compensation for loss of office, or waived any emoluments during the year ended 31 December 2020 (year ended 31 December 2019: nil).



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

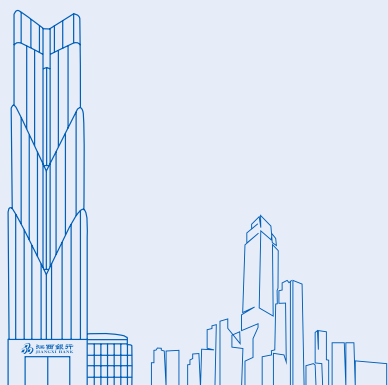
11 IMPAIRMENT LOSSES ON ASSETS

	2020	2019
Loans and advances to customers	875,860	4,638,403
Financial investments	3,362,970	1,780,938
Others	45,597	70,251
Total	4,284,427	6,489,592

12 INCOME TAX EXPENSE

(a) Income tax expense:

	Note	2020	2019
Current tax		925,935	1,670,800
Tax filing differences		79,733	70,063
Changes in deferred tax	23(b)	(425,900)	(892,861)
Total		579,768	848,002



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

12 INCOME TAX EXPENSE (continued)

(b) Reconciliations between income tax and accounting profit are as follows:

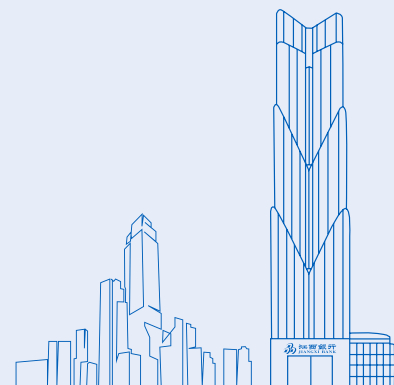
	Note	2020	2019
Profit before taxation		2,484,699	2,957,165
Statutory tax rate		25%	25%
Income tax calculated at statutory tax rate		621,175	739,291
Non-taxable income	(i)	(356,174)	(234,703)
Non-deductible expenses		235,034	273,351
Tax filing differences		79,733	70,063
Income tax expense		579,768	848,002

(i) The non-taxable income mainly represents the interest income arising from the PRC government bonds and realized gains from investment funds.

13 BASIC AND DILUTED EARNINGS PER SHARE

	2020	2019
Net profit attributable to equity shareholders of the Bank	1,859,165	2,050,589
Weighted average number of ordinary shares (in thousands)	6,024,277	6,024,277
Basic and diluted earnings per share attributable to equity shareholders of the Bank (in RMB)	0.31	0.34

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



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

14 CASH AND DEPOSITS WITH THE CENTRAL BANK

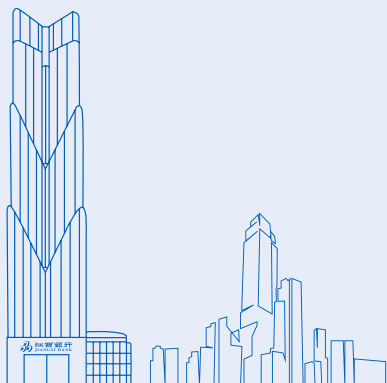
	Note	31 December 2020	31 December 2019
Cash on hand		817,113	716,685
Deposits with the central bank			
– Statutory deposit reserves	(a)	31,659,309	27,090,864
– Surplus deposit reserves	(b)	8,154,867	7,790,607
– Fiscal deposits		115,512	3,199,718
Sub-total		40,746,801	38,797,874
Accrued interest		14,842	12,936
Total		40,761,643	38,810,810

- (a) The Bank places statutory deposit reserves with the PBOC in accordance with relevant regulations. The statutory deposit reserve ratios applicable to the Bank were as follows:

	31 December 2020	31 December 2019
Reserve ratio for RMB deposits	10.0%	9.5%
Reserve ratio for foreign currency deposits	5.0%	5.0%

The statutory deposit reserves are not available for the Bank's daily business.

- (b) The surplus deposit reserves are maintained with the PBOC for the purpose of clearing.



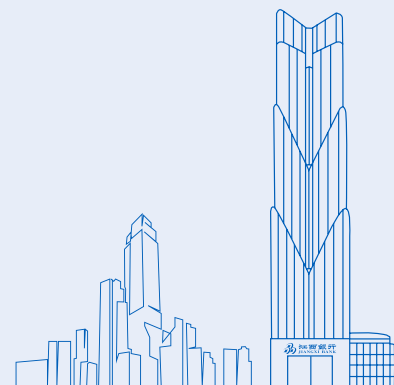
CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

15 DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Analyzed by type and location of counterparty

	31 December 2020	31 December 2019
In mainland China		
– Banks	1,332,305	1,098,896
Outside mainland China		
– Banks	819,649	897,780
Gross balance	2,151,954	1,996,676
Accrued interest	920	1,122
Less: Allowances for impairment losses	(1,439)	(228)
Net balance	2,151,435	1,997,570



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

16 PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

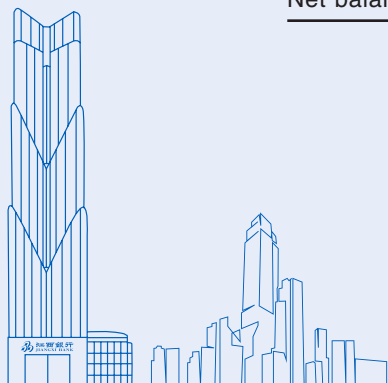
Analyzed by type and location of counterparty

	31 December 2020	31 December 2019
In mainland China		
– Other financial institutions	8,230,498	6,300,000
Gross balance	8,230,498	6,300,000
Accrued interest	2,776	3,019
Less: Allowances for impairment losses	(1,345)	(1,112)
Net balance	8,231,929	6,301,907

17 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(a) Analyzed by type and location of counterparty

	31 December 2020	31 December 2019
In mainland China		
– Banks	3,586,450	6,833,270
Gross balance	3,586,450	6,833,270
Accrued interest	797	491
Less: Allowances for impairment losses	(30)	(18)
Net balance	3,587,217	6,833,743



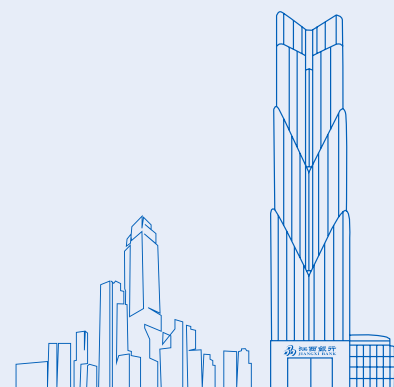
CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

17 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS (continued)

(b) Analyzed by type of collateral

	31 December 2020	31 December 2019
Debt securities		
– Government	1,000,000	5,699,400
– Policy Banks	2,093,550	799,460
– Commercial banks and other financial institutions	110,700	84,150
– Corporate	382,200	250,260
Gross balance	3,586,450	6,833,270
Accrued interest	797	491
Less: Allowances for impairment losses	(30)	(18)
Net balance	3,587,217	6,833,743



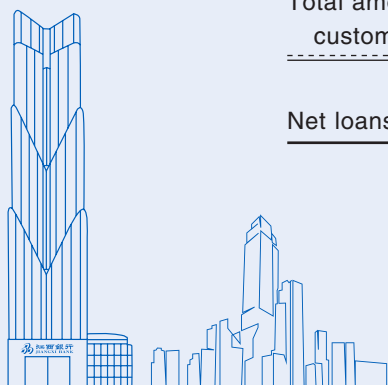
CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

18 LOANS AND ADVANCES TO CUSTOMERS

(a) Analyzed by nature

	31 December 2020	31 December 2019
Loans and advances to customers measured at amortized cost		
Corporate loans and advances	119,619,241	112,289,372
Personal loans and advances		
– Residential mortgage	61,764,074	55,481,153
– Personal business loans	9,230,359	8,080,562
– Personal consumption loans	2,125,744	13,458,846
– Credit cards	3,838,112	3,706,981
Sub-total	76,958,289	80,727,542
Gross loans and advances to customers measured at amortized cost	196,577,530	193,016,914
Accrued interest	599,487	765,603
Less: Allowances for impairment losses on loans and advances to customers measured at amortized cost	(6,572,790)	(7,793,362)
Net loans and advances to customers measured at amortized cost	190,604,227	185,989,155
Loans and advances to customers measured at FVOCI		
Corporate loans and advances	2,413,618	1,552,483
Discounted bills	24,430,910	15,447,732
Total amount of loans and advances to customers measured at FVOCI	26,844,528	17,000,215
Net loans and advances to customers	217,448,755	202,989,370



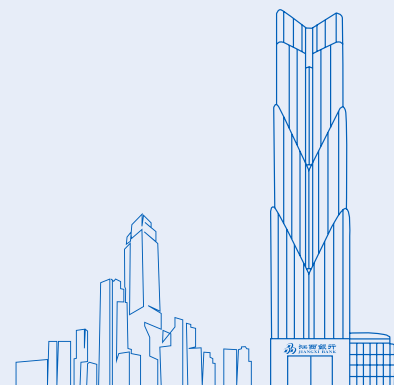
CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

18 LOANS AND ADVANCES TO CUSTOMERS (continued)

(b) Analyzed by industry sector

	31 December 2020		Loans and advances secured by collaterals
	Amount	Percentage	
Leasing and commercial services	37,868,997	16.95%	10,987,918
Wholesale and retail trade	18,000,128	8.06%	4,248,467
Water conservancy, environment and public facility management	15,932,046	7.13%	3,412,091
Manufacturing	14,496,386	6.49%	1,868,999
Construction	11,406,981	5.11%	1,648,641
Real estate	8,145,057	3.65%	2,526,698
Transportation, storage and postal services	4,217,748	1.89%	1,133,781
Finance	2,148,451	0.96%	—
Health, social security and social welfare	1,676,971	0.75%	20,421
Production and distribution of electricity, heating power, gas and water	1,496,509	0.67%	764,819
Others	6,643,585	2.96%	2,277,093
Sub-total of corporate loans and advances	122,032,859	54.62%	28,888,928
Personal loans and advances	76,958,289	34.45%	63,289,853
Discounted bills	24,430,910	10.93%	—
Gross loans and advances to customers	223,422,058	100.00%	92,178,781



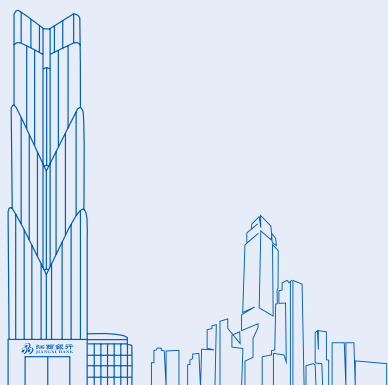
CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

18 LOANS AND ADVANCES TO CUSTOMERS (continued)

(b) Analyzed by industry sector (continued)

	31 December 2019		Loans and advances secured by collaterals
	Amount	Percentage	
Leasing and commercial services	26,183,587	12.47%	10,036,462
Wholesale and retail trade	19,376,997	9.23%	5,113,582
Water conservancy, environment and public facility management	16,702,338	7.95%	5,508,095
Manufacturing	12,575,138	5.99%	2,019,960
Construction	11,309,428	5.39%	2,029,482
Real estate	10,676,667	5.08%	3,828,860
Transportation, storage and postal services	2,407,706	1.15%	1,638,439
Finance	1,899,756	0.90%	—
Information transmission, computer services and software	1,699,123	0.81%	290,706
Production and distribution of electricity, heating power, gas and water	1,606,695	0.77%	873,385
Others	9,404,420	4.47%	2,466,869
Sub-total of corporate loans and advances	113,841,855	54.21%	33,805,840
Personal loans and advances	80,727,542	38.44%	57,593,074
Discounted bills	15,447,732	7.35%	—
Gross loans and advances to customers	210,017,129	100.00%	91,398,914



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

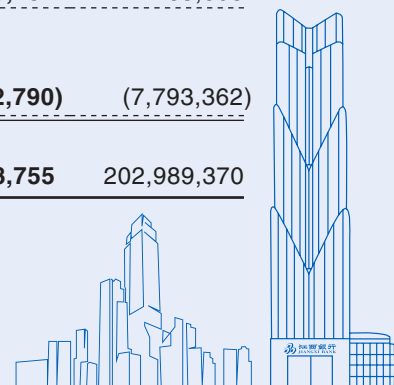
18 LOANS AND ADVANCES TO CUSTOMERS (continued)

(c) Analyzed by geographical area

	31 December 2020	
	Amount	Percentage
Nanchang area	94,501,793	42.30%
Within Jiangxi Province (apart from Nanchang area)	84,658,136	37.89%
Outside Jiangxi Province	23,262,295	10.41%
Head office	20,999,834	9.40%
Gross loans and advances to customers	223,422,058	100.00%
	31 December 2019	
	Amount	Percentage
Nanchang area	87,130,155	41.49%
Within Jiangxi Province (apart from Nanchang area)	75,300,619	35.85%
Outside Jiangxi Province	30,845,347	14.69%
Head office	16,741,008	7.97%
Gross loans and advances to customers	210,017,129	100.00%

(d) Analyzed by type of collateral

	31 December 2020	31 December 2019
Unsecured loans	16,835,746	23,489,528
Guaranteed loans	107,185,585	86,549,984
Collateralized loans	92,178,781	91,398,914
Pledged loans	7,221,946	8,578,703
Gross loans and advances to customers	223,422,058	210,017,129
Accrued interest	599,487	765,603
Less: Allowances for impairment losses on loans and advances to customers measured at amortized cost	(6,572,790)	(7,793,362)
Net loans and advances to customers	217,448,755	202,989,370



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

18 LOANS AND ADVANCES TO CUSTOMERS (continued)

(e) Overdue loans analyzed by overdue period

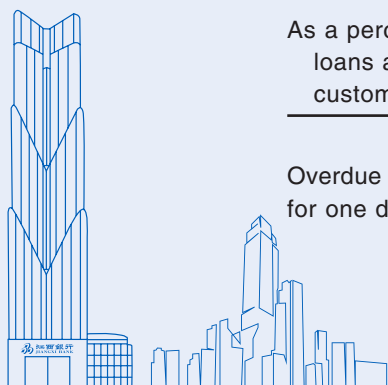
	31 December 2020				Total
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	
Unsecured loans	89,028	407,096	246,677	4,331	747,132
Guaranteed loans	569,118	629,514	327,829	54,899	1,581,360
Collateralized loans	887,327	484,322	403,134	195,230	1,970,013
Pledged loans	700	7	–	43	750
Total	1,546,173	1,520,939	977,640	254,503	4,299,255

As a percentage of gross loans and advances to customers	0.69%	0.68%	0.44%	0.11%	1.92%
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	31 December 2019				Total
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	
Unsecured loans	234,159	654,014	51,069	1,408	940,650
Guaranteed loans	2,555,944	1,198,194	777,742	135,947	4,667,827
Collateralized loans	1,595,181	985,880	346,024	346,979	3,274,064
Pledged loans	15,240	21,948	213,660	10,103	260,951
Total	4,400,524	2,860,036	1,388,495	494,437	9,143,492

As a percentage of gross loans and advances to customers	2.10%	1.36%	0.66%	0.24%	4.36%
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Overdue loans represent loans, of which the whole or part of the principal or interest are overdue for one day or more.



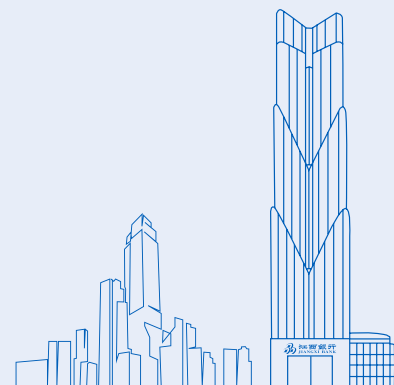
CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

18 LOANS AND ADVANCES TO CUSTOMERS (continued)

(f) Loans and advances and allowances for impairment losses

	12-month ECL	31 December 2020		Total
		Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
Total loans and advances to customers measured at amortized cost	177,070,560	14,109,110	5,397,860	196,577,530
Accrued interest	516,990	23,899	58,598	599,487
Less: Allowances for impairment losses on loans and advances to customers measured at amortized cost	(1,455,456)	(1,986,341)	(3,130,993)	(6,572,790)
Carrying amount of loans and advances to customers measured at amortized cost	176,132,094	12,146,668	2,325,465	190,604,227
Carrying amount of loans and advances to customers measured at FVOCI	26,844,528	—	—	26,844,528
Total carrying amount of loans and advances to customers	202,976,622	12,146,668	2,325,465	217,448,755



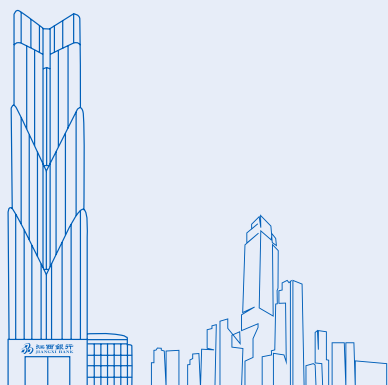
CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

18 LOANS AND ADVANCES TO CUSTOMERS (continued)

(f) Loans and advances and allowances for impairment losses (continued)

	31 December 2019			Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
Total loans and advances to customers measured at amortized cost	170,240,982	17,126,683	5,649,249	193,016,914
Accrued interest	717,386	34,226	13,991	765,603
Less: Allowances for impairment losses on loans and advances to customers measured at amortized cost	(1,091,078)	(2,166,126)	(4,536,158)	(7,793,362)
Carrying amount of loans and advances to customers measured at amortized cost	169,867,290	14,994,783	1,127,082	185,989,155
Carrying amount of loans and advances to customers measured at FVOCI	17,000,215	—	—	17,000,215
Total carrying amount of loans and advances to customers	186,867,505	14,994,783	1,127,082	202,989,370



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

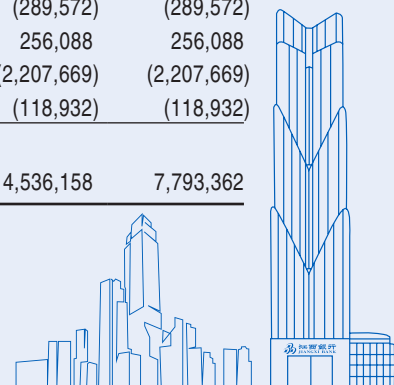
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

18 LOANS AND ADVANCES TO CUSTOMERS (continued)

(g) Movements of allowances for impairment losses

(i) *Movements of allowances for impairment losses on loans and advances to customers measured at amortized cost:*

	Year ended 31 December 2020			Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
As at 1 January	1,091,078	2,166,126	4,536,158	7,793,362
Transferred				
– to 12-month ECL	22,458	(12,403)	(10,055)	–
– to lifetime ECL not credit-impaired	(81,519)	96,018	(14,499)	–
– to lifetime ECL credit-impaired	(2,794)	(880,095)	882,889	–
Charged/(released) for the year	425,855	616,637	(179,270)	863,222
Transferred out	–	–	(1,028,323)	(1,028,323)
Recoveries	–	–	516,431	516,431
Write-offs	–	–	(1,543,661)	(1,543,661)
Others	378	58	(28,677)	(28,241)
As at 31 December	1,455,456	1,986,341	3,130,993	6,572,790
	Year ended 31 December 2019			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at 1 January	575,414	2,583,944	2,399,156	5,558,514
Transferred				
– to 12-month ECL	64,989	(57,178)	(7,811)	–
– to lifetime ECL not credit-impaired	(26,261)	75,069	(48,808)	–
– to lifetime ECL credit-impaired	(22,074)	(217,349)	239,423	–
Charged/(released) for the year	499,010	(218,360)	4,314,283	4,594,933
Transferred out	–	–	(289,572)	(289,572)
Recoveries	–	–	256,088	256,088
Write-offs	–	–	(2,207,669)	(2,207,669)
Others	–	–	(118,932)	(118,932)
As at 31 December	1,091,078	2,166,126	4,536,158	7,793,362



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

18 LOANS AND ADVANCES TO CUSTOMERS (continued)

(g) Movements of allowances for impairment losses (continued)

(ii) *Movements of allowances for impairment losses on loans and advances to customers measured at fair value through other comprehensive income:*

	Year ended 31 December 2020			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at 1 January	53,226	-	-	53,226
Charged for the year	12,638	-	-	12,638
As at 31 December	65,864	-	-	65,864

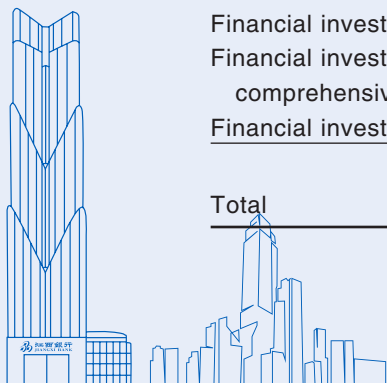
	Year ended 31 December 2019			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at 1 January	5,962	3,794	-	9,756
Charged/(released) for the year	47,264	(3,794)	-	43,470
As at 31 December	53,226	-	-	53,226

(h) Disposal of loans and advances to customers

In 2020, the Group disposed certain loans with gross amount of RMB7,311.37 million to asset management companies at a consideration of RMB4,586.82 million.

19 FINANCIAL INVESTMENTS

	Note	31 December 2020	31 December 2019
Financial investments at fair value through profit or loss	(a)	41,071,980	34,921,594
Financial investments at fair value through other comprehensive income	(b)	28,665,624	26,075,381
Financial investments at amortized cost	(c)	106,355,490	128,580,694
Total		176,093,094	189,577,669



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

19 FINANCIAL INVESTMENTS (continued)

(a) Financial investments at fair value through profit or loss

	Note	31 December 2020	31 December 2019
Debt securities issued by the following institutions in mainland China	(i)		
– Government		121,667	163,334
– Policy banks		3,256,609	2,364,048
– Commercial banks and other financial institutions		664,838	–
– Corporate		9,359,476	4,511,913
Sub-total		13,402,590	7,039,295
Equity instruments	(ii)	121,543	139,185
Fund investments	(iii)	20,589,141	17,893,984
Other financial investments	(iv)	6,958,706	9,849,130
Total		41,071,980	34,921,594
Listed		112,597	130,239
Unlisted		40,959,383	34,791,355
Total		41,071,980	34,921,594

(i) Certain debt securities were pledged for repurchase agreements (Note 39(e)). No other investment were subject to material restrictions in the realization.

(ii) Equity instruments are acquired by the Group through debt repayments. The Group intends to dispose of them at appropriate opportunity.

(iii) The fund investments held by the Group are monetary market funds and bond funds issued by financial institutions.

(iv) Other financial investments held by the Group at FVTPL include wealth management products issued by financial institutions, investment management products managed by securities companies and trust plans.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

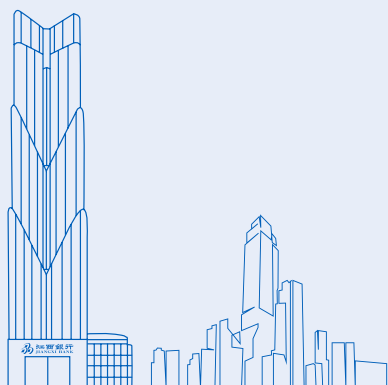
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

19 FINANCIAL INVESTMENTS (continued)

(b) Financial investments at fair value through other comprehensive income

	Note	31 December 2020	31 December 2019
Debt securities issued by the following institutions in mainland China	(i)		
– Government		3,403,234	2,288,748
– Policy banks		11,944,996	7,724,004
– Corporate		2,695,593	1,114,351
Sub-total		18,043,823	11,127,103
Equity instruments	(ii)	10,250	10,250
Investment management products managed by securities companies and trust plans		10,145,360	14,619,873
Accrued interest		466,191	318,155
Total		28,665,624	26,075,381
Unlisted		28,665,624	26,075,381
Allowances for impairment losses recognized in OCI	(iii)	(497,801)	(813,307)

- (i) Certain debt securities were pledged for repurchase agreements (Note 39(e)). No other investment were subject to material restrictions in the realization.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

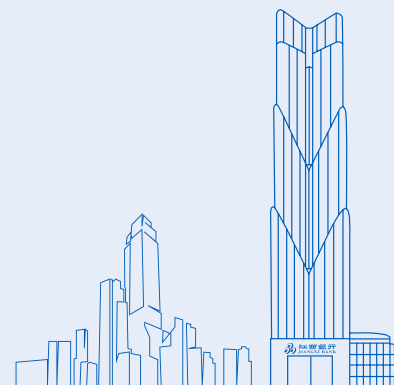
19 FINANCIAL INVESTMENTS (continued)

(b) Financial investments at fair value through other comprehensive income (continued)

- (ii) The Group designated the investments shown in the table below as equity instruments that are measured at FVOCI, as the Group intended to hold the equity instruments for a long term. The details are as follows:

	31 December 2020	Dividend income recognized for the year ended 31 December 2020	31 December 2019	Dividend income recognized for the year ended 31 December 2019
Clearing Centre for City Commercial Banks	250	–	250	–
China UnionPay	10,000	1,800	10,000	1,500
Total	10,250	1,800	10,250	1,500
Unlisted	10,250		10,250	

The Group did not sell the above equity instruments in 2020.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

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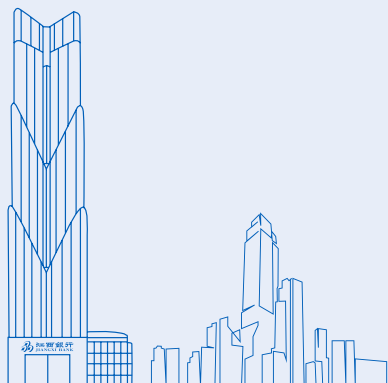
19 FINANCIAL INVESTMENTS (continued)

(b) Financial investments at fair value through other comprehensive income (continued)

(iii) Movements of allowances for impairment of financial investments at fair value through other comprehensive income:

	Year ended 31 December 2020			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at 1 January	189,427	201,586	422,294	813,307
Transferred				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit-impaired	–	–	–	–
– to lifetime ECL credit-impaired	–	(202)	202	–
Released for the year	(44,865)	–	(238,788)	(283,653)
Transferred out	–	–	(31,853)	(31,853)
As at 31 December	144,562	201,384	151,855	497,801

	Year ended 31 December 2019			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at 1 January	236,325	32,634	120,000	388,959
Transferred				
– to 12-month ECL	4,403	(4,403)	–	–
– to lifetime ECL not credit-impaired	(16,254)	16,254	–	–
– to lifetime ECL credit-impaired	(4,045)	(20,719)	24,764	–
(Released)/charged for the year	(31,002)	177,820	277,530	424,348
As at 31 December	189,427	201,586	422,294	813,307



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

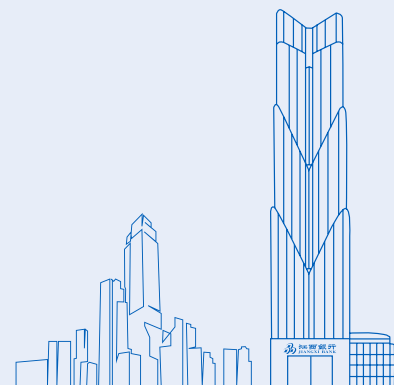
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

19 FINANCIAL INVESTMENTS (continued)

(c) Financial investments at amortized cost

	Note	31 December 2020	31 December 2019
Debt securities issued by the following institutions in mainland China	(i)		
– Government		24,493,344	15,857,902
– Policy banks		21,407,008	20,967,417
– Commercial banks and other financial institutions		–	30,000
– Corporate bonds		6,750,167	–
Sub-total		52,650,519	36,855,319
Investment management products managed by securities companies and trust plans		57,415,120	95,772,710
Accrued interest		1,178,691	1,148,860
Less: Allowances for impairment losses	(ii)	(4,888,840)	(5,196,195)
Net carrying amount		106,355,490	128,580,694
Unlisted		106,355,490	128,580,694

(i) Certain debt securities were pledged for repurchase agreements (Note 39(e)). No other investment were subject to material restrictions in the realization.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

19 FINANCIAL INVESTMENTS (continued)

(c) Financial investments at amortized cost (continued)

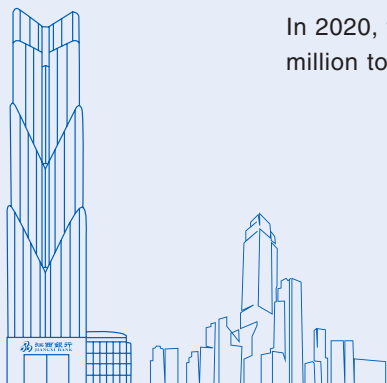
(ii) Movements of allowances for impairment of financial investments at amortized cost:

	Year ended 31 December 2020			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at 1 January	1,239,372	319,191	3,637,632	5,196,195
Transferred				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit-impaired	(506)	506	–	–
– to lifetime ECL credit-impaired	(150,268)	(164,209)	314,477	–
(Released)/charged for the year	(245,015)	157,555	3,734,083	3,646,623
Transfer out	–	–	(1,312,903)	(1,312,903)
Write-off	–	–	(2,641,075)	(2,641,075)
As at 31 December	843,583	313,043	3,732,214	4,888,840

	Year ended 31 December 2019			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at 1 January	1,603,073	103,195	2,240,582	3,946,850
Transferred				
– to 12-month ECL	27,638	(27,638)	–	–
– to lifetime ECL not credit-impaired	(4,476)	142,594	(138,118)	–
– to lifetime ECL credit-impaired	(25,267)	(42,697)	67,964	–
(Released)/charged for the year	(361,596)	143,737	1,574,449	1,356,590
Transfer out	–	–	(107,245)	(107,245)
As at 31 December	1,239,372	319,191	3,637,632	5,196,195

(d) Disposal of financial investments

In 2020, the Group disposed certain financial investments with gross amount of RMB6,271.69 million to asset management companies at a consideration of RMB4,524.83 million.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

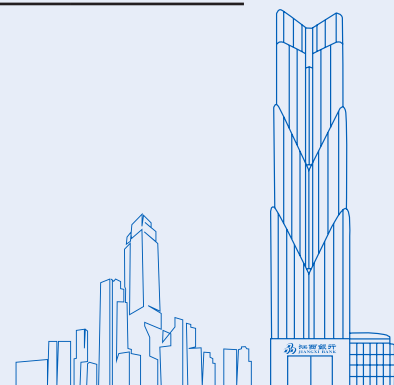
20 INTEREST IN ASSOCIATES

The following list contains the Group's associates, all of which are individually immaterial to the Group and are unlisted rural banks whose quoted market price are not available:

	Note	31 December 2020	31 December 2019
Nanchang Dafeng County Bank Co., Ltd. ("南昌大豐村鎮銀行有限責任公司")		59,934	58,221
Nanfeng Judu County Bank Co., Ltd. ("南豐桔都村鎮銀行有限責任公司")		27,828	25,446
Si Ping Tie Dong De Feng County Bank Co., Ltd. ("四平鐵東德豐村鎮銀行股份有限公司")		19,607	18,486
Guangchang Nanyin County Bank Co., Ltd. ("廣昌南銀村鎮銀行股份有限公司")		12,272	13,758
Jinxian Ruifeng County Bank Co., Ltd. ("進賢瑞豐村鎮銀行有限責任公司")	21	–	4,796
Total	(a)/(b)	119,641	120,707

(a) The following table illustrates the aggregate information of the Group's associates that are not individually material:

	31 December 2020	31 December 2019
Aggregate carrying amount of the individually immaterial associates in the consolidated statements of financial position of the Group	119,641	120,707
Aggregate amounts of the Group's share of results of the associates		
– Profits from continuing operations	7,455	1,985
– Other comprehensive income	–	–
– Total comprehensive income	7,455	1,985



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

20 INTEREST IN ASSOCIATES (continued)

(b) Detailed information of the Group's associates that are not individually material is as follows:

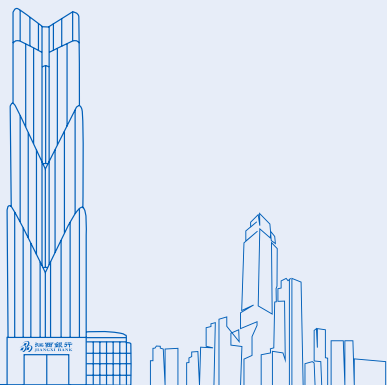
(i) Nanchang Dafeng County Bank Co., Ltd. ("Nanchang Dafeng") was incorporated on 30 September 2010 at Nanchang County, Jiangxi Province, with registered capital of RMB220.00 million. The principal activities of Nanchang Dafeng are the provision of corporate and retail banking services. As at 31 December 2020, the Bank holds 28.18% of equity interest of Nanchang Dafeng (31 December 2019: 28.18%).

(ii) Nanfeng Judu County Bank Co., Ltd. ("Nanfeng Judu") was incorporated on 20 December 2011 at Nanfeng County, Fuzhou City, Jiangxi Province, with registered capital of RMB50.00 million. The principal activities of Nanfeng Judu are the provision of corporate and retail banking services.

On 10 January 2019, Jiangxi Banking Insurance Regulatory Bureau promulgated Ganyinbaojianfu 2019 No.30 <Approval of the change of equity of Nanfeng Judu County Bank Co., Ltd.>, agreeing the shareholder of Nanfeng Judu, ZhengBang Group Co., Ltd., to transfer 5 million shares at the price of RMB1.00 of Nanfeng Judu to the Bank. As at 31 December 2020, the Bank holds 40.00% of equity interest of Nanfeng Judu (31 December 2019: 40.00%).

(iii) Si Ping Tie Dong De Feng County Bank Co., Ltd. ("Si Ping De Feng") was incorporated on 22 July 2011 at Si Ping City, Jilin Province, with registered capital of RMB30.00 million. The principal activities of Si Ping De Feng are the provision of corporate and retail banking services. As at 31 December 2020, the Bank holds 20.00% of equity interest of Si Ping De Feng (31 December 2019: 20.00%).

(iv) Guangchang Nanyin County Bank Co., Ltd. ("Guangchang Nanyin") was incorporated on 30 December 2013 at Fuzhou City, Jiangxi Province, with registered capital of RMB50.00 million. The principal activities of Guangchang Nanyin are the provision of corporate and retail banking services. As at 31 December 2020, the Bank holds 30.00% of equity interest of Guangchang Nanyin (31 December 2019: 30.00%).



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

21 INVESTMENTS IN SUBSIDIARIES

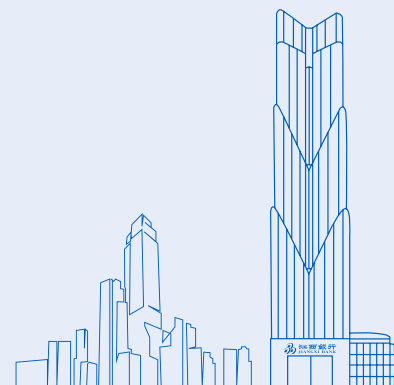
	Note	31 December 2020	31 December 2019
Jiangxi Financial Leasing Co., Ltd. ("江西金融租賃股份有限公司")	(i)	1,734,000	1,734,000
Jinxian Ruifeng County Bank Co., Ltd. ("進賢瑞豐村鎮銀行有限責任公司")	(ii)	59,916	—
Total		1,793,916	1,734,000

(i) Jiangxi Financial Leasing Co., Ltd. ("JXFL") was incorporated on 24 November 2015 at Nanchang City, Jiangxi Province, with registered capital of RMB1.00 billion. The principal activities of JXFL are financial leasing services. As at 31 December 2020, the Bank holds 75.74% of equity interest of JXFL (31 December 2019: 75.74%).

(ii) Jinxian Ruifeng County Bank Co., Ltd. ("Jinxian Ruifeng") was incorporated on 15 June 2012 at Jinxian County, Jiangxi Province, with registered capital of RMB100.00 million. The principal activities of Jinxian Ruifeng are the provision of corporate and retail banking services.

On 15 July 2020, the Bank acquired 4.50 million shares in Jinxian Ruifeng at the price of RMB1.395 million from Nanchang Jinyu Stainless Steel Products Co., Ltd., a shareholder of Jinxian Ruifeng. After the acquisition, the Bank has held 39.00% of equity interest of Jinxian Ruifeng.

On 25 December 2020, the Bank subscribed for 50 million shares at the price of RMB1.00 per share in Jinxian Ruifeng, with the approval of CBIRC Jiangxi Office. Upon the completion of the capital increase, the Bank acquired 69.50% of the shares and voting interest in Jinxian Ruifeng and obtained the control of Jinxian Ruifeng. As at 31 December 2020, the Bank holds 69.50% of equity interest of Jinxian Ruifeng (31 December 2019: 30.00%).

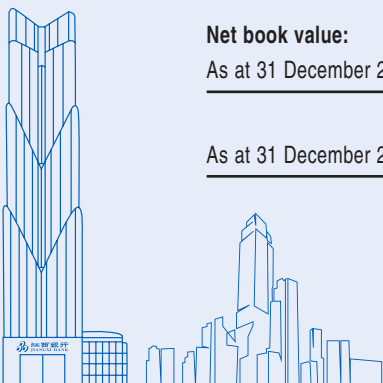


CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

22 PROPERTY AND EQUIPMENT

	Premises	Construction in progress	Electronic equipments	Fixtures	Others	Total
Cost:						
As at 1 January 2019	2,585,133	50,109	729,177	226,323	275,768	3,866,510
Additions	257	65,913	18,260	1,289	56,827	142,546
Transfers from/(out of) construction in progress	2,357	(89,840)	1,073	27,865	715	(57,830)
Disposals	(5,912)	–	(7,704)	(46)	(6,124)	(19,786)
As at 31 December 2019	2,581,835	26,182	740,806	255,431	327,186	3,931,440
As at 1 January 2020	2,581,835	26,182	740,806	255,431	327,186	3,931,440
Additions	282,440	34,307	42,635	22,184	45,003	426,569
Transfers from/(out of) construction in progress	7,803	(32,468)	493	1,214	353	(22,605)
Disposals	(830)	–	(8,112)	(64)	(7,412)	(16,418)
As at 31 December 2020	2,871,248	28,021	775,822	278,765	365,130	4,318,986
Accumulated depreciation:						
As at 1 January 2019	(556,242)	–	(572,750)	(92,259)	(137,621)	(1,358,872)
Charged for the year	(119,594)	–	(67,978)	(37,901)	(42,481)	(267,954)
Disposals	605	–	7,001	15	5,775	13,396
As at 31 December 2019	(675,231)	–	(633,727)	(130,145)	(174,327)	(1,613,430)
As at 1 January 2020	(675,231)	–	(633,727)	(130,145)	(174,327)	(1,613,430)
Charged for the year	(128,648)	–	(45,571)	(41,150)	(45,641)	(261,010)
Disposals	–	–	6,948	–	4,681	11,629
As at 31 December 2020	(803,879)	–	(672,350)	(171,295)	(215,287)	(1,862,811)
Net book value:						
As at 31 December 2019	1,906,604	26,182	107,079	125,286	152,859	2,318,010
As at 31 December 2020	2,067,369	28,021	103,472	107,470	149,843	2,456,175



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

22 PROPERTY AND EQUIPMENT (continued)

As at 31 December 2020, the net book value of premises of which title deeds were not yet finalised was RMB9.53 million (31 December 2019: RMB103.38 million). The Group is still in the progress of application for the outstanding title deeds for the above premises. The directors of the Bank are of the opinion that there would be no significant cost in obtaining the title deeds.

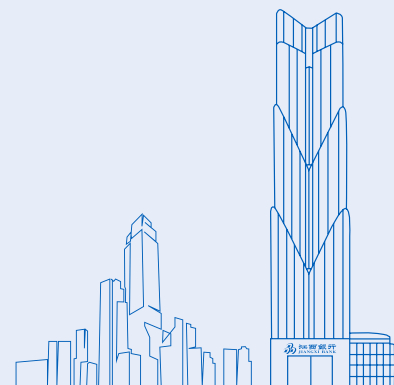
The net book values of premises at 31 December were analyzed by the remaining terms of the leases as follows:

	31 December 2020	31 December 2019
Held in mainland China		
– Medium-term leases (10 – 50 years)	2,067,369	1,906,604

23 DEFERRED TAX ASSETS AND LIABILITIES

(a) Analyzed by nature

	31 December 2020	31 December 2019
Deferred tax assets	3,608,129	3,227,305
Deferred tax liabilities	–	(204,572)
Net balances	3,608,129	3,022,733



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

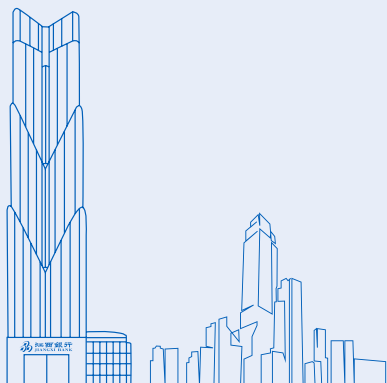
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

23 DEFERRED TAX ASSETS AND LIABILITIES (continued)

(b) Movements of deferred tax

	Allowance for impairment losses	Accrued staff cost	Fair value changes of financial instruments Note (i)	Others	Net balance of deferred tax assets
1 January 2019	2,110,201	51,565	(68,509)	101,138	2,194,395
Recognized in profit or loss	893,554	49,917	(71,540)	20,930	892,861
Recognized in other comprehensive income	–	–	(64,523)	–	(64,523)
31 December 2019	3,003,755	101,482	(204,572)	122,068	3,022,733
1 January 2020	3,003,755	101,482	(204,572)	122,068	3,022,733
Recognized in profit or loss	198,295	35,956	179,509	12,140	425,900
Recognized in other comprehensive income	–	–	148,350	–	148,350
Others	1,963	136	–	9,047	11,146
31 December 2020	3,204,013	137,574	123,287	143,255	3,608,129

(i) Net gains or losses on fair value changes of financial instruments are subject to tax when realized.

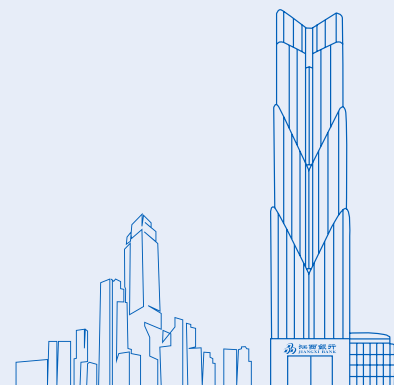


CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

24 OTHER ASSETS

	Note	31 December 2020	31 December 2019
Right-of-use assets	(a)	1,123,367	1,213,554
Interests receivable	(b)	827,579	421,191
Prepayments for acquisition of property and equipment		648,243	862,675
Receivables from disposal of financial assets		611,773	746,960
Land use rights	(c)	212,537	192,203
Repossessed assets	(d)	164,915	107,660
Intangible assets	(e)	145,686	143,757
Long-term deferred expenses		85,542	147,233
Deferred expenses		79,968	69,660
Settlement and clearing accounts		38,842	154,358
Investment property		12,712	13,077
Goodwill		7,126	–
Others		325,835	141,489
Gross balance		4,284,125	4,213,817
Less: Allowances for impairment losses		(49,333)	(67,807)
Net balance		4,234,792	4,146,010



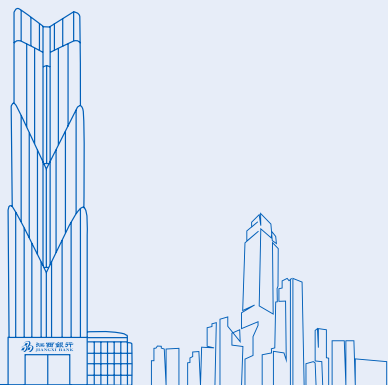
CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

24 OTHER ASSETS (continued)

(a) Right-of-use assets

<hr/>	
Cost:	
As at 1 January 2019	1,289,960
Additions	59,494
<hr/>	
As at 31 December 2019	1,349,454
Additions	187,809
Disposals	(135,295)
<hr/>	
As at 31 December 2020	1,401,968
<hr/>	
Accumulated depreciation:	
As at 1 January 2019	–
Charged for the year	(135,900)
<hr/>	
As at 31 December 2019	(135,900)
Charged for the year	(146,801)
Disposals	4,100
<hr/>	
As at 31 December 2020	(278,601)
<hr/>	
Net book value:	
As at 31 December 2019	1,213,554
<hr/>	
As at 31 December 2020	1,123,367
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CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

24 OTHER ASSETS (continued)

(b) Interests receivable

	31 December 2020	31 December 2019
Interests receivable arising from:		
Financial investments	790,028	370,749
Loans and advances to customers	37,551	50,442
Total	827,579	421,191

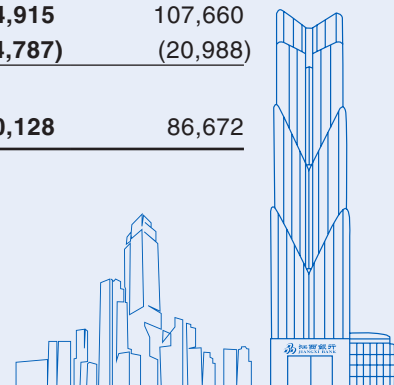
As at 31 December 2020, interest receivable only includes interest that has been due for the relevant financial instruments but not yet received at the balance sheet date. Interest on financial instruments based on the effective interest method has been reflected in the balance of corresponding financial instruments.

(c) Land use rights

	31 December 2020	31 December 2019
Located in Mainland China		
Over 50 years	23,336	23,712
10 – 50 years	189,201	168,491
Total	212,537	192,203

(d) Repossessed assets

	31 December 2020	31 December 2019
Land use rights and buildings	164,915	107,660
Less: Impairment allowances	(14,787)	(20,988)
Net repossessed assets	150,128	86,672



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

24 OTHER ASSETS (continued)

(e) Intangible assets

Cost:	
As at 1 January 2019	160,621
Additions	51,221
As at 31 December 2019	211,842
As at 1 January 2020	211,842
Additions	20,829
Disposals	(1,388)
As at 31 December 2020	231,283
Accumulated amortization:	
As at 1 January 2019	(54,116)
Charged for the year	(13,969)
As at 31 December 2019	(68,085)
As at 1 January 2020	(68,085)
Charged for the year	(17,899)
Disposals	387
As at 31 December 2020	(85,597)
Net book value:	
As at 31 December 2019	143,757
As at 31 December 2020	145,686

Intangible assets include core deposits, real estate use rights, computer software, etc. Core deposits are accounts that a financial institution expects to maintain for an extended period of time due to ongoing business relationships. The core deposit intangibles reflect the present value of the additional cash flow resulting from the use of the account deposit at a lower alternative financing cost in the future period.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

25 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

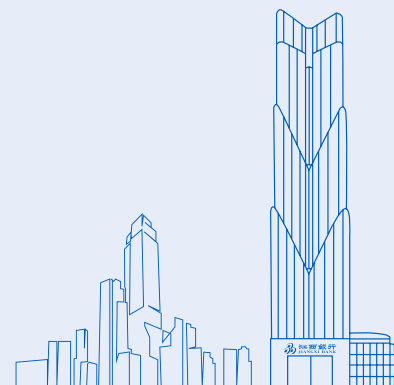
Analyzed by type and location of counterparty

	31 December 2020	31 December 2019
In mainland China		
– Banks	10,361,723	14,265,565
– Other financial institutions	10,835,159	16,590,754
Gross Balance	21,196,882	30,856,319
Accrued interest	219,704	355,821
Total	21,416,586	31,212,140

26 PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analyzed by type and location of counterparty

	31 December 2020	31 December 2019
In mainland China		
– Banks	3,200,000	2,550,000
Gross Balance	3,200,000	2,550,000
Accrued interest	4,098	5,016
Total	3,204,098	2,555,016



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

27 BORROWING FROM OTHER FINANCIAL INSTITUTIONS

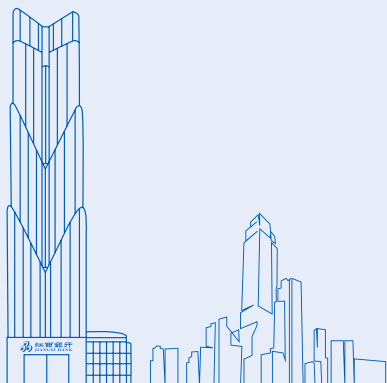
Analyzed by type and location of counterparty

	31 December 2020	31 December 2019
In mainland China		
– Other financial institutions	7,200,000	14,680,000
Gross Balance	7,200,000	14,680,000
Accrued interest	95,742	183,272
Total	7,295,742	14,863,272

28 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(a) Analyzed by type and location of counterparty

	31 December 2020	31 December 2019
In mainland China		
– Banks	11,171,500	19,702,860
Gross Balance	11,171,500	19,702,860
Accrued interest	1,249	1,549
Total	11,172,749	19,704,409



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

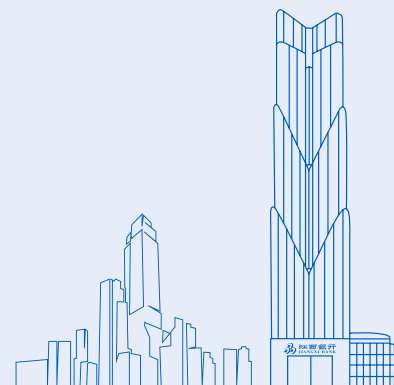
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

28 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(continued)

(b) Analyzed by type of collateral

	31 December 2020	31 December 2019
Debt securities		
– Government	2,297,500	5,699,300
– Policy banks	8,874,000	14,003,560
Gross Balance	11,171,500	19,702,860
Accrued interest	1,249	1,549
Total	11,172,749	19,704,409

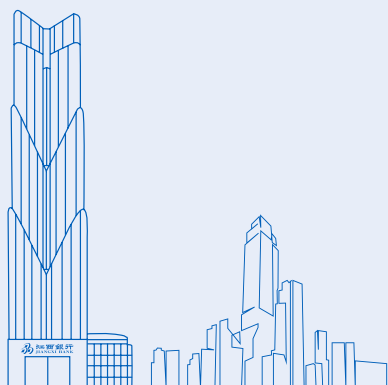


CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

29 DEPOSITS FROM CUSTOMERS

	31 December 2020	31 December 2019
Demand deposits		
– Corporate customers	113,141,573	108,783,987
– Individual customers	21,746,216	21,058,161
Sub-total	134,887,789	129,842,148
Time deposits		
– Corporate customers	71,775,908	74,771,729
– Individual customers	94,615,738	64,962,035
Sub-total	166,391,646	139,733,764
Pledged deposits		
– Acceptances	6,312,186	7,814,621
– Letters of guarantees	2,893,897	2,557,526
– Letters of credit	1,607,998	1,296,134
– Others	27,708	33,825
Sub-total	10,841,789	11,702,106
Inward and outward remittances	38,107	44,254
Accrued interest	3,611,485	3,226,642
Total	315,770,816	284,548,914



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

30 DEBT SECURITIES ISSUED

	Note	31 December 2020	31 December 2019
Tier-two capital debts issued	(a)	5,996,851	5,995,492
Other debt securities issued	(b)	2,999,677	2,998,292
Certificates of interbank deposits issued	(c)	33,271,889	46,014,020
Accrued interest		171,402	170,839
Total		42,439,819	55,178,643

(a) Tier-two capital debts issued

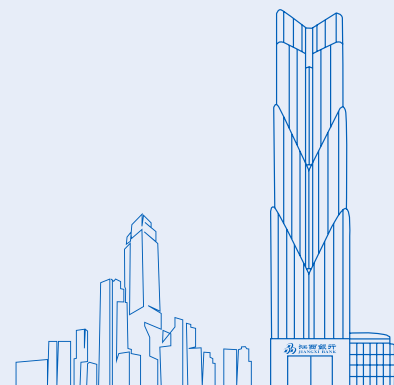
- (i) The Group issued 10-year fixed-rate tier-two capital bonds with face value of RMB3,000.00 million on 5 June 2017. The coupon interest rate per annum is 5.00%. The Group has an option to redeem the tier-two capital bonds at the end of the fifth year.
- (ii) The Group issued 10-year fixed-rate tier-two capital bonds with face value of RMB3,000.00 million on 26 September 2017. The coupon interest rate per annum is 5.00%. The Group has an option to redeem the tier-two capital bonds at the end of the fifth year.

(b) Other debt securities issued

- (i) The Group issued 5-year fixed interest rate bonds with face value of RMB1,500.00 million on 12 July 2016. The coupon interest rate per annum is 3.70%.
- (ii) The Group issued 5-year fixed interest rate bonds with face value of RMB1,500.00 million on 4 August 2016. The coupon interest rate per annum is 3.48%.

(c) Certificates of interbank deposits issued

In 2020, the Group issued a number of certificates of interbank deposit with total nominal amount of RMB56,340.00 million and duration between 1-12 months. The effective interest rates range from 1.25% to 3.50% per annum.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

31 OTHER LIABILITIES

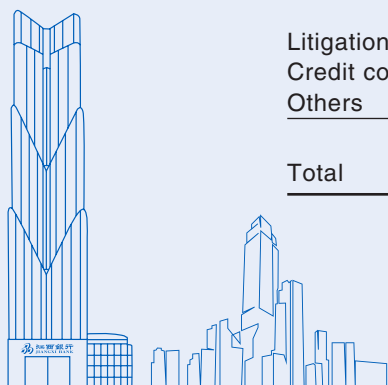
	Note	31 December 2020	31 December 2019
Accrued staff costs	(a)	1,207,982	819,182
Lease liabilities		1,182,055	1,251,167
Guarantee deposits from leases		1,001,814	1,058,247
Settlement and clearing accounts		731,020	93,241
Provisions	(b)	282,090	281,344
Other tax payables		211,441	293,083
Receipt in advance		114,462	163,469
Deferred income		113,626	130,108
Payables for purchase of fixed assets		52,772	44,881
Non-performing assets collection		42,363	37,183
Dividend payable		22,476	17,979
Others		243,501	205,067
Total		5,205,602	4,394,951

(a) Accrued staff costs

	31 December 2020	31 December 2019
Salaries, bonuses and allowances	1,062,905	659,755
Social insurance	1,080	1,103
Housing fund	308	305
Employee education costs and labor union expenditure	19,181	16,148
Supplementary retirement benefits	124,508	141,807
Employee benefits	–	64
Total	1,207,982	819,182

(b) Provisions

	Note	31 December 2020	31 December 2019
Litigations and disputes provision		19,758	19,606
Credit commitments provision	(i)	252,667	261,738
Others		9,665	–
Total		282,090	281,344



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

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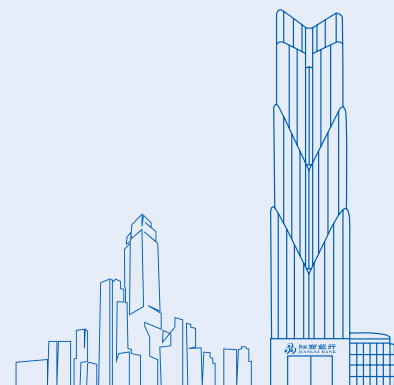
31 OTHER LIABILITIES (continued)

(b) Provisions (continued)

(i) Movements of credit commitments provision is as follows:

	Year ended 31 December 2020			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at 1 January	187,234	14,849	59,655	261,738
Transferred				
– to 12-month ECL	59,605	(190)	(59,415)	–
– to lifetime ECL not credit-impaired	(7)	7	–	–
– to lifetime ECL credit-impaired	–	–	–	–
Charged/(released) for the year	5,444	(14,275)	(240)	(9,071)
As at 31 December	252,276	391	–	252,667

	Year ended 31 December 2019			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at 1 January	208,208	1,859	32,377	242,444
Transferred				
– to 12-month ECL	4	(4)	–	–
– to lifetime ECL not credit-impaired	(527)	527	–	–
– to lifetime ECL credit-impaired	(285)	(7)	292	–
(Released)/charged for the year	(20,166)	12,474	26,986	19,294
As at 31 December	187,234	14,849	59,655	261,738



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

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32 SHARE CAPITAL

	31 December 2020	31 December 2019
Ordinary shares in Mainland China	4,678,777	4,678,777
Ordinary shares listed in Hong Kong (H-share)	1,345,500	1,345,500
Total	6,024,277	6,024,277

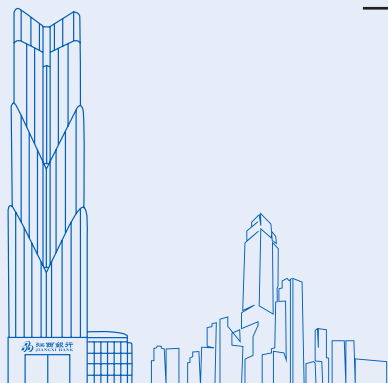
33 RESERVES

(a) Capital reserve

	Note	31 December 2020	31 December 2019
Share premium		13,291,249	13,291,249
Other comprehensive income	(i)	342,506	1,090,422
Total		13,633,755	14,381,671

(i) Other comprehensive income

	2020	2019
As at 1 January	1,090,422	429,033
Changes in fair value recognized in other comprehensive income	(546,097)	328,952
Transfer to profit or loss upon disposal	(47,301)	(70,858)
Changes in impairment losses recognized in other comprehensive income	(302,868)	467,818
Less: Income tax effect	148,350	(64,523)
As at 31 December	342,506	1,090,422



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

33 RESERVES (continued)

(b) Surplus reserve

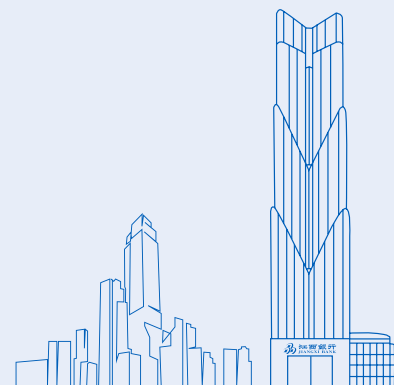
The surplus reserve at the end of each of the reporting period represented statutory surplus reserve fund and discretionary surplus reserve fund. Pursuant to the Company Law of the PRC and the Article of Association of the Bank, the Bank is required to appropriate 10% of its net profit as on an annual basis determined under the People's Republic of China Generally Accepted Accounting Principles ("PRC GAAP") after making good prior year's accumulated loss, to statutory surplus reserve fund until the reserve fund balance reaches 50% of its registered capital.

The Bank appropriated an amount of RMB178.57 million to the statutory surplus reserve fund for the year ended 31 December 2020 (year ended 31 December 2019: RMB190.61 million).

The Bank may also appropriate discretionary surplus reserve fund in accordance with the resolution of the shareholders.

(c) General reserve

Pursuant to the "Measures on Impairment Allowances for Financial Enterprises (Cai Jin [2012] No. 20)" issued by the Ministry of Finance ("MOF"), the Bank is required to set aside a general reserve through net profit appropriation which should not be lower than 1.5% of the ending balance of its gross risk-bearing assets on an annual basis. The balance of the general reserve amounted to RMB6,100.64 million as at 31 December 2020 (31 December 2019: RMB5,873.81 million).



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

34 RETAINED EARNINGS

(a) Appropriation of profits

In accordance with the resolution of the Bank's Board of Directors Meeting held on 26 March 2021, the proposed profit appropriations for the year ended 31 December 2020 is listed as follows:

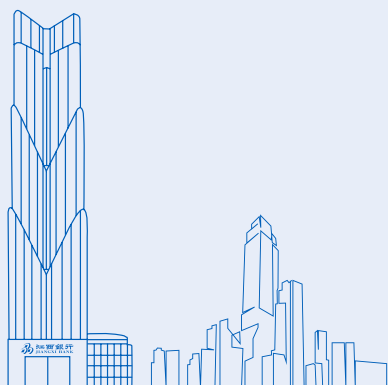
- Appropriation of statutory surplus reserve amounted to RMB178.57 million;
- Appropriation of general reserve amounted to RMB226.83 million; and
- Declaration of cash dividend of RMB0.50 per 10 shares before tax and in an aggregation amount of RMB301.21 million to all existing shareholders of record.

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

In accordance with the resolution of the Bank's Annual General Meeting on 29 May 2020, the shareholders approved the following profit appropriations for the year ended 31 December 2019:

- Appropriation of statutory surplus reserve amounted to RMB190.61 million;
- Appropriation of general reserve amounted to RMB367.95 million; and
- Declaration of cash dividend of RMB0.50 per 10 shares before tax and in an aggregation amount of RMB301.21 million to all existing shareholders of record.

As at 31 December 2020, the consolidated retained profit attributable to equity shareholders of the Bank included an appropriation of RMB76.12 million to surplus reserve made by subsidiaries (31 December 2019: RMB56.68 million).



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

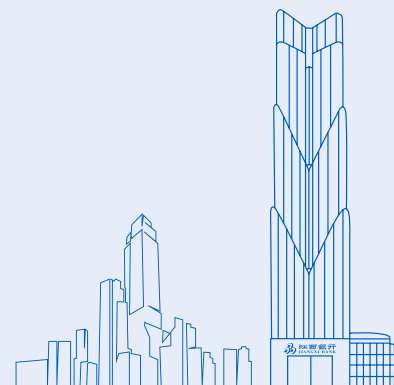
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

34 RETAINED EARNINGS (continued)

(b) Movements in components of equity

Details of the changes in the Bank's individual components of equity between the beginning and the end of the year are set out below.

	Share capital	Capital reserve	Surplus reserve	General reserve	Retained earnings	Total
Balance at 1 January 2020	6,024,277	14,394,516	2,709,402	5,698,084	5,346,704	34,172,983
Changes in equity for the year						
Profit for the year	-	-	-	-	1,785,678	1,785,678
Other comprehensive income	-	(747,916)	-	-	-	(747,916)
Total comprehensive income	-	(747,916)	-	-	1,785,678	1,037,762
Appropriation of profits						
- Appropriation to surplus reserve	-	-	178,568	-	(178,568)	-
- Appropriation to general reserve	-	-	-	225,172	(225,172)	-
- Appropriation to shareholders	-	-	-	-	(299,927)	(299,927)
Balance at 31 December 2020	6,024,277	13,646,600	2,887,970	5,923,256	6,428,715	34,910,818



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

34 RETAINED EARNINGS (continued)

(b) Movements in components of equity (continued)

	Share capital	Capital reserve	Surplus reserve	General reserve	Retained earnings	Total
Balance at 1 January 2019	6,024,277	13,733,127	2,518,794	5,405,879	4,405,378	32,087,455
Changes in equity for the year						
Profit for the year	-	-	-	-	1,906,081	1,906,081
Other comprehensive income	-	661,389	-	-	-	661,389
Total comprehensive income	-	661,389	-	-	1,906,081	2,567,470
Appropriation of profits						
- Appropriation to surplus reserve	-	-	190,608	-	(190,608)	-
- Appropriation to general reserve	-	-	-	292,205	(292,205)	-
- Appropriation to shareholders	-	-	-	-	(481,942)	(481,942)
Balance at 31 December 2019	6,024,277	14,394,516	2,709,402	5,698,084	5,346,704	34,172,983



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

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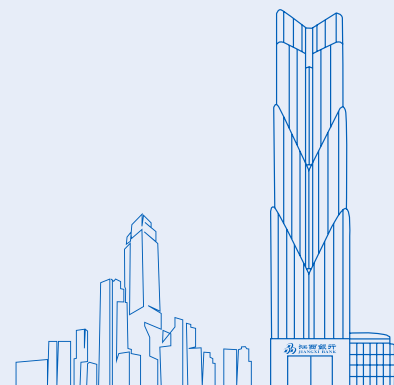
35 NOTES TO CONSOLIDATED CASH FLOW STATEMENTS

(a) Net (decrease)/increase in cash and cash equivalents

	2020	2019
Cash and cash equivalents as at 31 December	22,780,384	23,637,238
Less: Cash and cash equivalents as at 1 January	(23,637,238)	(22,998,915)
Net (decrease)/increase in cash and cash equivalents as at 31 December	(856,854)	638,323

(b) Cash and cash equivalents

	31 December 2020	31 December 2019
Cash on hand	817,113	716,685
Deposits with the central bank	8,154,867	7,790,607
Deposits with banks and other financial institutions	2,121,954	1,996,676
Placements with banks and other financial institutions	8,100,000	6,300,000
Financial assets held under resale agreements	3,586,450	6,833,270
Total	22,780,384	23,637,238



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

35 NOTES TO CONSOLIDATED CASH FLOW STATEMENTS (continued)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Debt securities issued	Accrued interest arising from debt securities issued	Total
Balance at 1 January 2020	55,007,804	170,839	55,178,643
Changes from financing cash flows:			
– Proceeds from debt securities issued	55,377,906	–	55,377,906
– Interest paid on debt securities issued	–	(414,495)	(414,495)
– Repayment of debt securities issued	(69,430,000)	–	(69,430,000)
Total changes from financing cash flows	40,955,710	(243,656)	40,712,054
Other change:			
– Interest expense	1,312,707	415,058	1,727,765
Balance at 31 December 2020	42,268,417	171,402	42,439,819



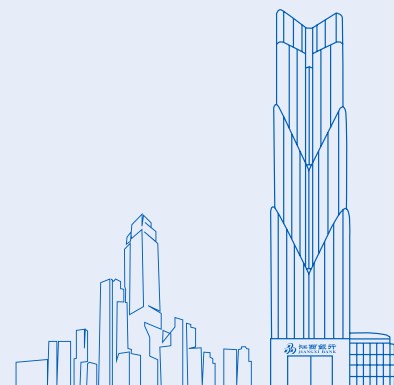
CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

35 NOTES TO CONSOLIDATED CASH FLOW STATEMENTS (continued)

(c) Reconciliation of liabilities arising from financing activities (continued)

	Debt securities issued	Accrued interest arising from debt securities issued	Total
Balance at 1 January 2019	60,883,293	246,517	61,129,810
Changes from financing cash flows:			
– Proceeds from debt securities issued	58,087,761	–	58,087,761
– Interest paid on debt securities issued	–	(575,540)	(575,540)
– Repayment of debt securities issued	(65,420,000)	–	(65,420,000)
Total changes from financing cash flows	53,551,054	(329,023)	53,222,031
Other change:			
– Interest expense	1,456,750	499,862	1,956,612
Balance at 31 December 2019	55,007,804	170,839	55,178,643



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

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36 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Related parties of the Group

(i) Major shareholders

Major shareholders include shareholders of the Bank with direct or indirect 5% or above shareholding, or with the right to appoint a director in the Bank.

Shareholding in the Bank:

	31 December 2020	31 December 2019
Jiangxi Provincial Expressway Investment Group Co., Ltd. ("江西省高速公路投資集團有限責任公司")	15.56%	15.56%
Jiangxi Financial Holding Group Co., Ltd. ("江西省金融控股集團有限公司")	5.77%	5.77%
China National Tobacco Corporation Jiangxi Branch ("中國煙草總公司江西省公司")	4.37%	4.37%
Pingxiang Huixiang Construction Development Co., Ltd. ("萍鄉市匯翔建設發展有限公司")	4.00%	4.00%
Nanchang Municipal Bureau of Finance ("南昌市財政局")	3.79%	4.21%

The official names of these related parties are in Chinese. The English translation is for reference only.

(ii) Subsidiaries of the Bank

The detailed information of the Bank's subsidiaries is set out in Note 21.

(iii) Associates of the Bank

The detailed information of the Bank's associates is set out in Note 20.

(iv) Other related parties

Other related parties can be individuals or enterprises, including members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals; entities (and their subsidiaries) controlled or jointly controlled by members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals; and entities controlled or jointly controlled by the major shareholders of the Bank as set out in Note 36(a) or their controlling shareholders.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

36 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(b) Transactions with related parties other than key management personnel

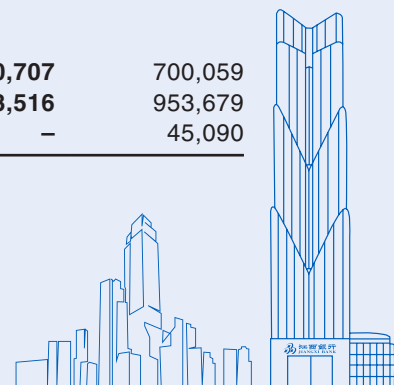
(i) Transactions between the Group and major shareholders

	2020	2019
Transactions during the year:		
Interest income	43,072	54,374
Interest expense	434,449	253,996
	31 December 2020	31 December 2019
Balances as at the year end:		
Loans and advances to customers	2,129,891	939,445
Financial investments	–	1,491,478
Deposits from customers	21,882,924	21,055,232

(ii) Transactions between the Bank and subsidiaries

The subsidiaries of the Bank are its related parties. The transactions between the Bank and its subsidiaries are eliminated on consolidation.

	2020	2019
Transactions during the year:		
Interest income	14,220	12,124
Interest expense	25,870	14,918
Fee and commission income	1	1,346
	31 December 2020	31 December 2019
Balances as at the year end:		
Placements from banks and other financial institutions	1,860,707	700,059
Deposits from banks and other financial institutions	1,353,516	953,679
Bank acceptances	–	45,090



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36 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

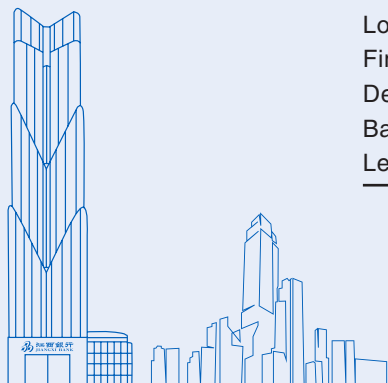
(b) Transactions with related parties other than key management personnel (continued)

(iii) Transactions between the Bank and associates

	2020	2019
Transactions during the year:		
Interest expense	15,652	19,722
Fee and commission income	5	17
	31 December	31 December
	2020	2019
Balances as at the year end:		
Deposits from banks and other financial institutions	429,794	336,681

(iv) Transactions between the Bank and other related parties:

	2020	2019
Transactions during the year:		
Interest income	127,508	68,124
Interest expense	71,299	53,146
	31 December	31 December
	2020	2019
Balances as at the year end:		
Loans and advances to customers	3,264,649	1,817,760
Financial investments	13,218	-
Deposits from customers	3,638,756	3,905,743
Bank acceptances	656,000	741,500
Letters of guarantees	808	800



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

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36 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(c) Key management personnel

The key management personnel are those persons who have the authority and responsibility to plan, direct and control the activities of the Group, directly or indirectly, including members of the Board of Directors, the Board of Supervisors and executive officers.

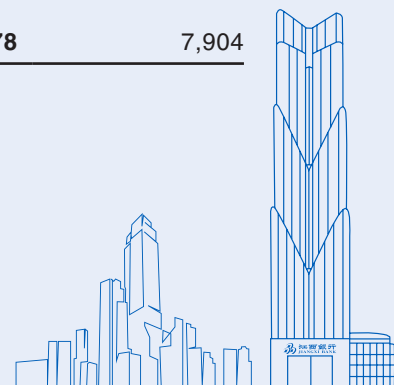
(i) Transactions between the Bank and key management personnel

	2020	2019
Transactions during the year:		
Interest income	98	166
Interest expense	537	83
	31 December	31 December
	2020	2019
Balances as at the year end:		
Deposits from customers	30,023	15,380

(ii) Key management personnel compensation

The aggregate compensation of key management personnel is listed as follows:

	2020	2019
Salaries and other emoluments	13,109	6,842
Contributions by the employer to social insurance and staff welfares, housing fund, etc	790	699
Other welfares	479	363
Total	14,378	7,904



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

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37 FAIR VALUE

(a) Methods and assumptions for measurement of fair value

The Group adopts the following methods and assumptions when evaluating fair values:

(i) *Debt securities and equity investments*

The fair values of debt securities and equity investments that are traded in an active market are based on their quoted market prices in an active market at the end of the reporting period.

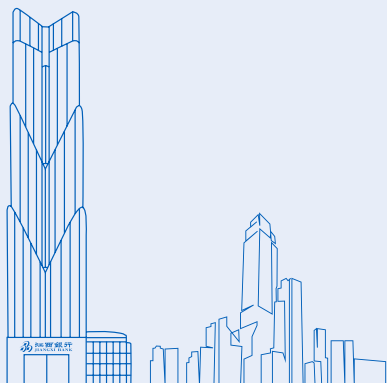
(ii) *Financial investments and other financial assets*

Fair values are estimated as the present value of the future cash flows, discounted at the market interest rates at the end of the reporting period.

(iii) *Debt securities issued and other financial liabilities*

Fair values of debt securities issued are based on their quoted market prices at the end of the reporting period, or the present value of estimated future cash flows. The fair values of other financial liabilities are valued at the present value of estimated future cash flows. The discount rates are based on the market interest rates at the end of the reporting period.

The Group has established policies and internal controls with respect to the measurement of fair values, specified the framework of fair value measurement of financial instruments, fair value measurement methodologies and procedures.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

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37 FAIR VALUE (continued)

(b) Fair value measurement

(i) *Financial assets*

The Group's financial assets mainly consist of cash and deposits with the central bank, receivables with banks and other financial institutions, loans and advances to customers, and financial investments.

Deposits with the central bank and receivables with banks and other financial institutions are mostly priced at market interest rates and due within one year. Accordingly, the carrying amounts approximate the fair values.

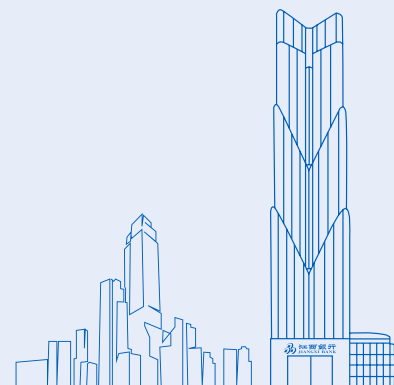
Loans and advances to customers are mostly priced at floating rates close to the PBOC rates. Accordingly, the carrying amounts approximate the fair values. The fair values of loans and advances to customers measured at fair value through other comprehensive income are based on valuation techniques.

Financial investments at fair value through other comprehensive income and financial investments at fair value through profit or loss are stated at fair value. The carrying amounts of financial investments at amortized cost are the reasonable approximations of their fair values because, for example, they are short-term in nature or repriced at current market rates frequently.

(ii) *Financial liabilities*

The Group's financial liabilities mainly include payables to banks and other financial institutions, deposits from customers and debt securities issued.

The book value and the fair value of debt securities issued are presented in Note 37(d). The carrying amounts of other financial liabilities approximate their fair value.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

37 FAIR VALUE (continued)

(c) Fair value hierarchy

The following table presents the fair value of financial instruments measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in IFRS 13, *Fair Value Measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

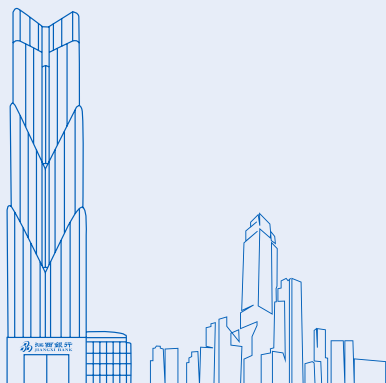
- Level 1: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available; and
- Level 3: Fair value measured using significant unobservable inputs

Financial investments

If there is a reliable market quote for financial instruments, the fair value of financial instruments is based on quoted market prices. If a reliable quoted market price is not available, the fair value of the financial instruments is estimated using valuation techniques. Valuation techniques applied include reference to the fair value of another instrument that is substantially the same and discounted cash flow analysis. The inputs used in valuation techniques include risk-free and benchmark interest rates and credit spreads. Where discounted cash flow analysis is used, estimated cash flows are based on the management's best estimates and the discount rate used is reference to another instrument that is substantially the same.

Loans and advances to customers

Discounted bills and forfeiting in loans and advances to customers are valued by using a discounted cash flow model, the discounted rate is established based on the interbank offered rates and spreads adjusted by credit risk and liquidity.



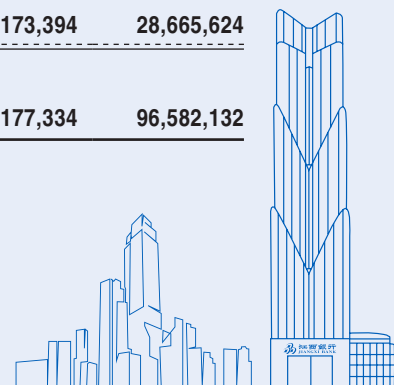
CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

37 FAIR VALUE (continued)

(c) Fair value hierarchy (continued)

	31 December 2020			Total
	Level 1	Level 2	Level 3	
Recurring fair value measurements assets				
<i>Loans and advances to customers</i>				
<i>measured at FVOCI</i>				
– Corporate loans and advances	–	–	2,413,618	2,413,618
– Discounted bills	–	–	24,430,910	24,430,910
Sub-total	–	–	26,844,528	26,844,528
<i>Financial investments at fair value through</i>				
<i>profit or loss</i>				
– Debt securities	–	10,210,830	3,191,760	13,402,590
– Equity instruments	112,597	–	8,946	121,543
– Fund investments	20,589,141	–	–	20,589,141
– Other financial investments	–	–	6,958,706	6,958,706
Sub-total	20,701,738	10,210,830	10,159,412	41,071,980
<i>Financial investments at fair value through</i>				
<i>other comprehensive income</i>				
– Debt securities	–	18,492,230	–	18,492,230
– Equity instruments	–	–	10,250	10,250
– Investment management products managed by securities companies and trust plans	–	–	10,163,144	10,163,144
Sub-total	–	18,492,230	10,173,394	28,665,624
Total	20,701,738	28,703,060	47,177,334	96,582,132



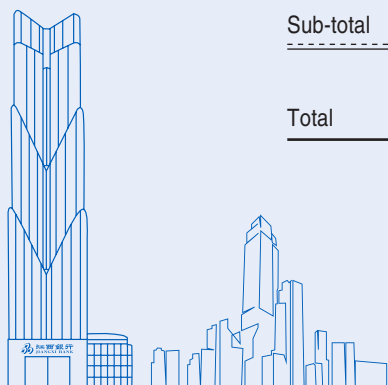
CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

37 FAIR VALUE (continued)

(c) Fair value hierarchy (continued)

	31 December 2019			Total
	Level 1	Level 2	Level 3	
Recurring fair value measurements assets				
<i>Loans and advances to customers</i>				
<i>measured at FVOCI</i>				
– Corporate loans and advances	–	–	1,552,483	1,552,483
– Discounted bills	–	–	15,447,732	15,447,732
Sub-total	–	–	17,000,215	17,000,215
<i>Financial investments at fair value through profit or loss</i>				
– Debt securities	–	3,647,273	3,392,022	7,039,295
– Equity instruments	130,239	–	8,946	139,185
– Fund investments	17,893,984	–	–	17,893,984
– Other financial investments	–	–	9,849,130	9,849,130
Sub-total	18,024,223	3,647,273	13,250,098	34,921,594
<i>Financial investments at fair value through other comprehensive income</i>				
– Debt securities	–	11,383,110	–	11,383,110
– Equity instruments	–	–	10,250	10,250
– Investment management products managed by securities companies and trust plans	–	–	14,682,021	14,682,021
Sub-total	–	11,383,110	14,692,271	26,075,381
Total	18,024,223	15,030,383	44,942,584	77,997,190



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

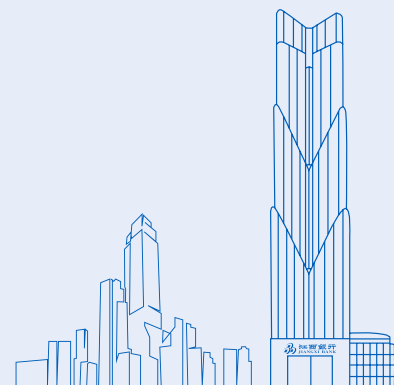
37 FAIR VALUE (continued)

(c) Fair value hierarchy (continued)

During the reporting periods, the Group had no significant transfers among instruments in Level 1, Level 2 and Level 3.

A reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy on an on-going basis is as below:

	Year ended 31 December 2020	
	Loans and advances to customers	Financial investments
As at 1 January 2020	17,000,215	27,942,369
Total gains or (losses)		
– In profit or loss for the current year	642,248	720,237
– In other comprehensive income for the current year	(27,310)	66,663
Purchases	39,367,900	2,094,360
Settlements	(30,138,525)	(10,490,823)
As at 31 December 2020	26,844,528	20,332,806
Total unrealized gains or losses for the year included in profit or loss for assets and liabilities held at the end of the year	(12,638)	(179,726)



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

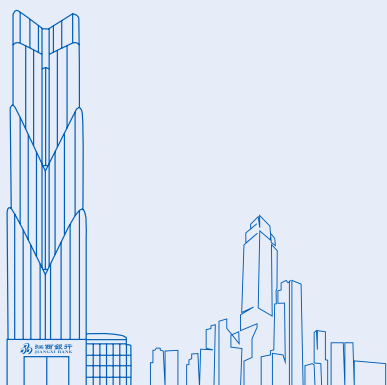
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

37 FAIR VALUE (continued)

(c) Fair value hierarchy (continued)

	Year ended 31 December 2019	
	Loans and advances to customers	Financial investments
As at 1 January 2019	8,500,910	29,863,853
Total gains or (losses)		
– In profit or loss for the current year	443,125	1,651,765
– In other comprehensive income for the current year	(2,863)	202,451
Purchases	16,986,362	13,153,609
Settlements	(8,927,319)	(16,929,309)
As at 31 December 2019	17,000,215	27,942,369
Total unrealized gains or losses for the year included in profit or loss for assets and liabilities held at the end of the year	(43,470)	(352,214)

During the year ended 31 December 2020, there were no significant transfers into or out of Level 3 (year ended 31 December 2019: nil).



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

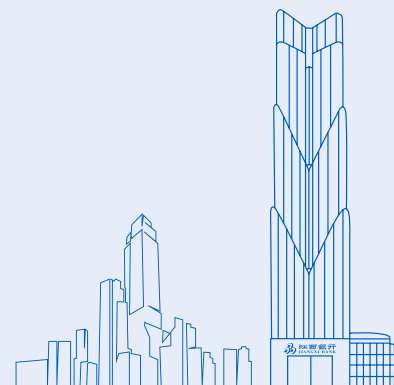
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

37 FAIR VALUE (continued)

(c) Fair value hierarchy (continued)

The valuation techniques used and the qualitative and quantitative information of key parameters for recurring fair value measurements categorized within Level 3. Quantitative information of Level 3 fair value measurement is as below:

	Fair value as at 31 December 2020 The Group	Valuation techniques	Unobservable input
Loans and advances to customers measured at FVOCI			
– Corporate loans and advances	2,413,618	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Discounted bills	24,430,910	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through other comprehensive income			
– Equity instruments	10,250	Market comparison technique	Adjusted market multiple
– Investment management products managed by securities companies and trust plans	10,163,144	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through profit or loss			
– Debt securities	3,191,760	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Other financial investments	6,958,706	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Equity instruments	8,946	Discounted cash flow	Risk-adjusted discount rate, cash flow



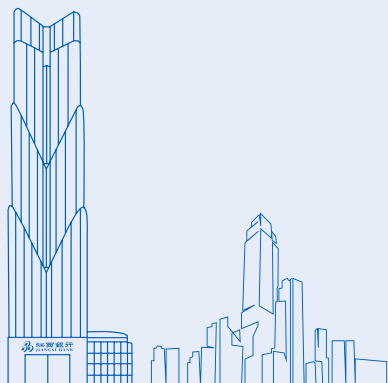
CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

37 FAIR VALUE (continued)

(c) Fair value hierarchy (continued)

	Fair value as at 31 December 2019 The Group	Valuation techniques	Unobservable input
Loans and advances to customers measured at FVOCI			
– Corporate loans and advances	1,552,483	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Discounted bills	15,447,732	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through other comprehensive income			
– Equity instruments	10,250	Market comparison technique	Adjusted market multiple
– Investment management products managed by securities companies and trust plans	14,682,021	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through profit or loss			
– Debt securities	3,392,022	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Other financial investments	9,849,130	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Equity instruments	8,946	Discounted cash flow	Risk-adjusted discount rate, cash flow



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(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

37 FAIR VALUE (continued)

(c) Fair value hierarchy (continued)

During the year ended 31 December 2020, there were no significant change in the valuation techniques (year ended 31 December 2019: nil).

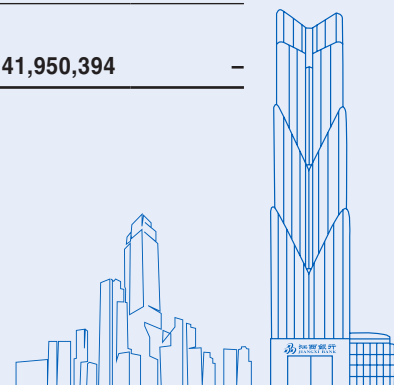
As at 31 December 2020, unobservable inputs such as risk-adjusted discount rate and cash flow were used in the valuation of financial investments at fair value classified as Level 3, which were mainly discounted bills and forfeiting in loans and advances to customers and investment management products managed by securities companies and trust plans. The fair value of these financial investments fluctuates according to the changes in the unobservable inputs.

The sensitivity of the fair value measurement on changes in unobservable inputs for Level 3 financial instruments measured at fair value on an ongoing basis.

(d) Financial instruments carried at other than fair value

As at the end of the reporting period, the carrying amounts and the fair value of the financial assets and the financial liabilities of the Group have no significant difference except following items.

	31 December 2020				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
– Financial investments at amortized cost – debt securities	51,234,743	51,192,256	–	51,192,256	–
Financial liabilities					
– Tier-two capital debts issued	5,996,851	6,078,336	–	6,078,336	–
– Other debt securities issued	2,999,677	3,010,571	–	3,010,571	–
– Certificates of interbank deposits issued	33,271,889	32,861,487	–	32,861,487	–
Total	42,268,417	41,950,394	–	41,950,394	–



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37 FAIR VALUE (continued)

(d) Financial instruments carried at other than fair value (continued)

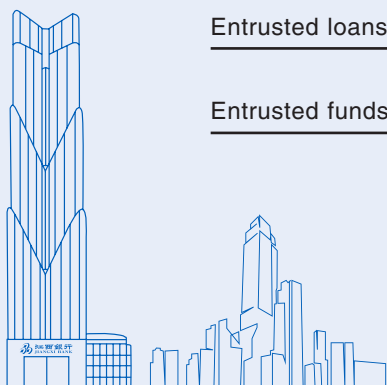
	31 December 2019				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
– Financial investments at amortized cost – debt securities	36,848,415	37,284,346	–	37,284,346	–
Financial liabilities					
– Tier-two capital debts issued	5,995,492	6,163,224	–	6,163,224	–
– Other debt securities issued	2,998,292	3,017,975	–	3,017,975	–
– Certificates of interbank deposits issued	46,014,020	45,500,699	–	45,500,699	–
Total	55,007,804	54,681,898	–	54,681,898	–

38 ENTRUSTED LENDING BUSINESS

The Group provides entrusted lending business services to customers. All entrusted loans are funded by entrusted funds from these customers. The Group does not take any credit risk in relation to these transactions. The Group acts as an agent to hold and manage these assets and liabilities at the direction of the entrustor and receives fee income for the services provided. The entrusted assets are not the assets of the Group and are not recognized in the statements of financial position. Surplus funding is accounted for as deposits from customers.

As at 31 December, the entrusted assets and liabilities were as follows:

	31 December 2020	31 December 2019
Entrusted loans	40,811,848	53,156,681
Entrusted funds	(40,811,848)	(53,156,681)



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39 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Credit commitments

The Group's credit commitments take the form of approved loans with signed contracts, unused credit card commitments, bank acceptances, letters of credit and financial guarantees.

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

	31 December 2020	31 December 2019
Loan commitments		
– Original contractual maturity within one year	5,000	6,000
– Original contractual maturity more than one year (inclusive)	140,000	268,010
Sub-total	145,000	274,010
Unused credit card commitments		
– Original contractual maturity within one year	5,954,494	5,655,793
Sub-total	5,954,494	5,655,793
Bank acceptances	19,748,119	19,365,047
Letters of credit	5,639,163	2,982,121
Letters of guarantees	16,474,205	9,762,586
Total	47,960,981	38,039,557

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



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(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

39 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

(b) Credit risk-weighted amount

	31 December 2020	31 December 2019
Credit risk-weighted amount	20,388,092	18,142,341

The credit risk-weighted amount represents the amount calculated with reference to the guidelines issued by the former CBRC.

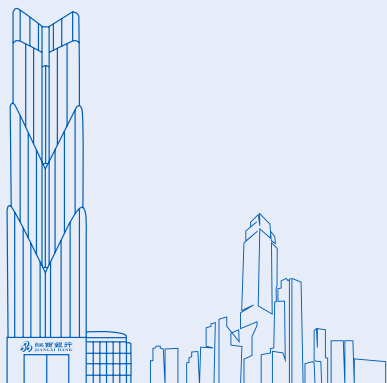
(c) Capital commitments

As at 31 December, the Group's authorized capital commitments are as follows:

	31 December 2020	31 December 2019
Contracted but not paid for	6,241	14,996
Authorized but not contracted for	—	299,083
Total	6,241	314,079

(d) Outstanding litigations and disputes

As at 31 December 2020, there was no outstanding legal proceedings that had a significant impact on the financial statements against the Group (31 December 2019: nil).



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39 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

(e) Pledged assets

(i) Assets pledged as collaterals

Analyzed by type of collateral

	31 December 2020	31 December 2019
Debt securities		
– Government	2,473,000	4,661,000
– Policy banks	9,047,179	15,859,483
Total	11,520,179	20,520,483

Analyzed by type of asset

	31 December 2020	31 December 2019
Financial investment		
– Financial assets at fair value through profit or loss	202,179	351,483
– Financial assets at fair value through other comprehensive income	1,070,000	2,250,000
– Financial assets at amortized cost	10,248,000	17,919,000
Total	11,520,179	20,520,483

Financial assets pledged by the Group as collaterals for liabilities are for repurchase agreements.

(ii) Received pledged assets

As part of the reverse repurchase agreements, the Group has received securities as collateral that allowed to sell or repledge in the absence of default by their owners; the fair value of such collateral accepted by the Group was nil as at 31 December 2020 (31 December 2019: nil).



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(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

39 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

(f) Redemption obligations

As an underwriting agent of PRC government bonds, the Group has the responsibility to buy back its bonds if the holders decide to early redeem the bonds held. The redemption price for the bonds at any time before their maturity date is based on the coupon value plus any interest unpaid and accrued up to the redemption date. Accrued interest payable to the bond holders are calculated in accordance with relevant rules of the MOF and the PBOC. The redemption price may be different from the fair value of similar instruments traded in the markets at the redemption date. The redemption obligations below represent the nominal value of government bonds underwritten and sold by the Group, but not yet matured at the end of the reporting period:

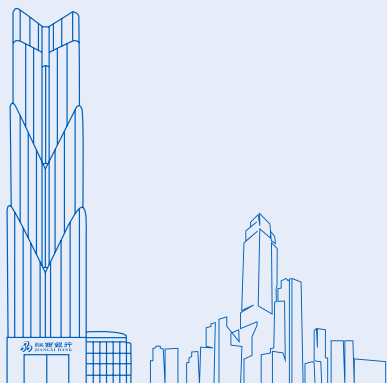
	31 December 2020	31 December 2019
Redemption obligations	1,053	1,244

The Group expects that the amount of redemption before the maturity date of these government bonds through the Group will not be material.

40 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

(a) Structured entities sponsored by third party institutions in which the Group holds an interest

The Group holds interests in certain structured entities sponsored by third party institutions through investments in the units issued by these structured entities. Such structured entities include investment management products managed by securities companies and trust plans and wealth management products issued by financial institutions. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of third party investors. These vehicles are financed through the issue of units to investors.



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40 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

(continued)

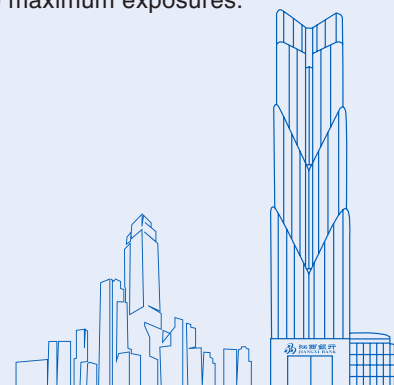
(a) Structured entities sponsored by third party institutions in which the Group holds an interest (continued)

The following table sets out an analysis of the carrying amounts of interests held by the Group in unconsolidated structured entities, as well as an analysis of the line items in the consolidated statement of financial position in which relevant assets are recognized:

	31 December 2020	
	Carrying amount	Maximum exposure
Financial investments at fair value through profit or loss	27,547,847	27,547,847
Financial investments at fair value through other comprehensive income	10,145,360	10,145,360
Financial investments at amortized cost	53,942,056	53,942,056
Total	91,635,263	91,635,263

	31 December 2019	
	Carrying amount	Maximum exposure
Financial investments at fair value through profit or loss	27,743,114	27,743,114
Financial investments at fair value through other comprehensive income	14,619,873	14,619,873
Financial investments at amortized cost	90,583,419	90,583,419
Total	132,946,406	132,946,406

The carrying amounts of the unconsolidated structural entities equal to the maximum exposures.



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40 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

(continued)

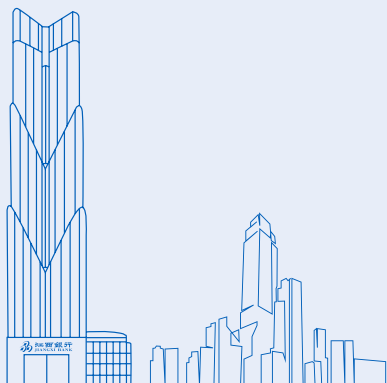
(b) Structured entities sponsored by the Group which the Group does not consolidate but holds an interest in

The types of unconsolidated structured entities sponsored by the Group include non-principal guaranteed wealth management products. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of units to investors. Interest held by the Group includes investments in units issued by these structured entities and fees charged by providing management services.

As at 31 December 2020, the amount of assets held by the unconsolidated non-principal-guaranteed wealth management products, which are sponsored by the Group, was RMB34,088.39 million (31 December 2019: RMB33,201.11 million).

(c) Unconsolidated structure entities sponsored by the Group during the year which the Group does not consolidate and does not have an interest in

During the year ended 31 December 2020, the aggregated amount of the non-principal guaranteed wealth management products sponsored and issued by the Group after 1 January, but matured before 31 December amounted to RMB27,456.54 million (year ended 31 December 2019: RMB36,313.59 million). For the year ended 31 December 2020, the Group recorded commission income as the manager of these wealth management products amounting to RMB10.70 million (year ended 31 December 2019: RMB10.65 million).



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41 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 former CBRC. The capital of the Group is divided into core tier-one capital, other core tier-one capital and tier-two capital.

Capital adequacy ratio management is the key in capital management. The capital adequacy ratio reflects the soundness of the Group's operations and risk management capabilities. The main objective in capital adequacy ratio management is to set an optimal capital adequacy ratio that meets the regulatory requirements by benchmarking against the capital adequacy ratio level of leading peer banks with reference to its own business environment and conditions.

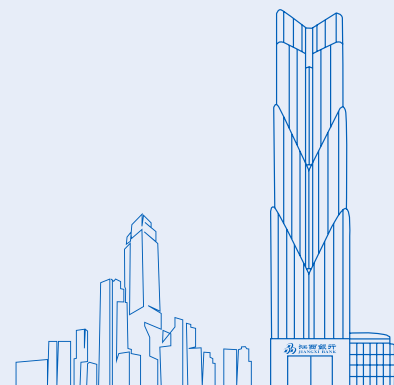
The Group considers its strategic development plans, business expansion plans and risk variables when conducting scenario analysis and stress testing and executing other measures to forecast, plan and manage its capital adequacy ratio.

The Group calculates its capital adequacy ratios in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)" and other relevant regulations promulgated by the CBIRC.

The former CBRC requires commercial banks to meet the requirements of capital adequacy ratios by the end of 2018 in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)". For non-systemically important banks, the minimum ratios for core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio are 7.50%, 8.50% and 10.50%, respectively.

The on-balance sheet risk-weighted assets are measured using different risk weights, which are determined according to the credit, market and other risks associated with each asset and counterparty, taking into account any eligible collaterals or guarantees. Similar practice is adopted for off-balance sheet exposure, with adjustments made to reflect the more contingent nature of any potential losses. Market risk-weighted assets are calculated using the standardized approach. Operational risk-weighted assets are calculated using basic indicator approach.

The capital adequacy ratios and related components of the Group illustrated below are computed based on the Group's statutory financial statements prepared in accordance with PRC GAAP.



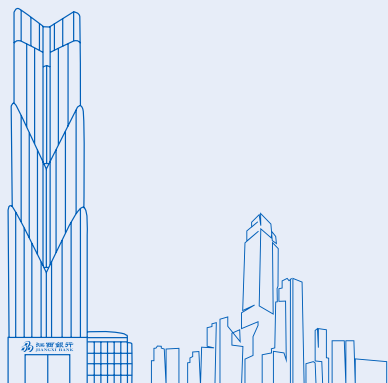
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41 CAPITAL MANAGEMENT (continued)

The Group's capital adequacy ratios calculated in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)" and relevant requirements promulgated by the CBIRC are as follows:

	31 December 2020	31 December 2019
Total core tier-one capital	35,531,620	34,803,626
– Share capital	6,024,277	6,024,277
– Qualifying portion of capital reserve	13,633,755	14,381,671
– Surplus reserve	2,887,970	2,709,402
– General reserve	6,100,641	5,873,807
– Retained earnings	6,620,934	5,467,098
– Qualifying portions of non-controlling interests	264,043	347,371
Core tier-one capital deductions	(346,826)	(231,246)
Net core tier-one capital	35,184,794	34,572,380
Other tier-one capital	35,206	46,316
Net tier-one capital	35,220,000	34,618,696
Tier-two capital	8,839,475	9,205,502
– Qualifying portions of tier-two capital instruments issued	6,000,000	6,000,000
– Surplus allowances for loan impairment	2,769,064	3,112,870
– Qualifying portions of non-controlling interests	70,411	92,632
Net capital base	44,059,475	43,824,198
Total risk weighted assets	341,834,325	347,120,024
Core tier-one capital adequacy ratio	10.29%	9.96%
Tier-one capital adequacy ratio	10.30%	9.97%
Capital adequacy ratio	12.89%	12.63%



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42 SEGMENT REPORTING

(a) Operating segments

The Group manages its business by business lines. Consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group defines reporting segments based on the following operating segments:

Corporate banking

This segment represents the provision of a range of financial products and services to corporations, government agencies and financial institutions. These products and services include corporate loans and advances, trade financing and deposit taking activities, agency services, consulting and advisory services, remittance and settlement services and guarantee services.

Retail banking and credit card

This segment represents the provision of a range of financial products and services to retail customers. These products and services include personal loans and deposit taking activities, bank card business, personal wealth management services and remittance services.

Financial markets business

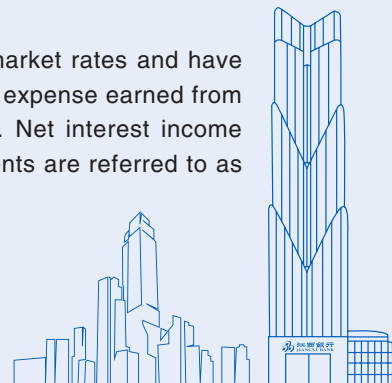
This segment covers the Group's financial markets business operations. The financial markets business includes inter-bank money market transactions, repurchases transactions and investments. It also trades in debt securities. The financial markets business segment also covers management of the Group's overall liquidity position, including the issuance of debts.

Others

These represent assets, liabilities, income and expenses which cannot directly attributable or cannot be allocated to a segment on a reasonable basis.

Measurement of segment assets and liabilities and of segment income, expenses and results is based on the Group's accounting policies.

Internal charges and transfer prices are determined with reference to market rates and have been reflected in the performance of each segment. Interest income and expense earned from third parties are referred to as "external net interest income/expense". Net interest income and expense arising from internal charges and transfer pricing adjustments are referred to as "internal net interest income/expense".



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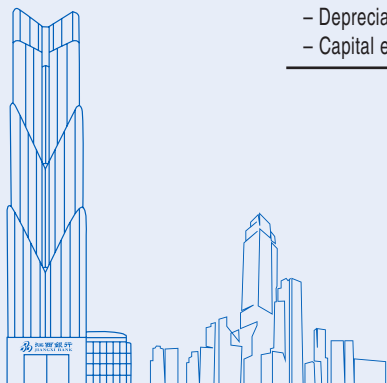
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

42 SEGMENT REPORTING (continued)

(a) Operating segments (continued)

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

	Year ended 31 December 2020				Total
	Corporate banking	Retail banking and credit card	Financial markets business	Others	
External net interest income	2,560,235	1,097,515	5,395,925	-	9,053,675
Internal net interest income/(expense)	2,197,549	1,017,006	(3,009,604)	(204,951)	-
Net interest income	4,757,784	2,114,521	2,386,321	(204,951)	9,053,675
Net fee and commission income/(expense)	301,798	2,902	280,480	(6,384)	578,796
Net trading gains	-	-	96,039	-	96,039
Net gains arising from financial investments	25,701	-	511,040	-	536,741
Other operating income/(expenses)	10,905	1,745	(45,100)	52,644	20,194
Operating income	5,096,188	2,119,168	3,228,780	(158,691)	10,285,445
Operating expenses	(2,456,388)	(993,838)	(76,995)	3,447	(3,523,774)
Impairment losses on assets	(264,894)	(561,271)	(3,411,502)	(46,760)	(4,284,427)
Share of profits of associates	-	-	-	7,455	7,455
Profit/(loss) before taxation	2,374,906	564,059	(259,717)	(194,549)	2,484,699
Segment assets	167,317,517	86,212,022	203,360,270	1,803,001	458,692,810
Segment liabilities	(209,797,391)	(118,665,671)	(93,502,099)	(785,201)	(422,750,362)
Other segment information					
- Credit commitments	42,006,487	5,954,494	-	-	47,960,981
- Depreciation and amortization	358,089	144,881	11,224	-	514,194
- Capital expenditure	452,476	183,069	14,183	-	649,728



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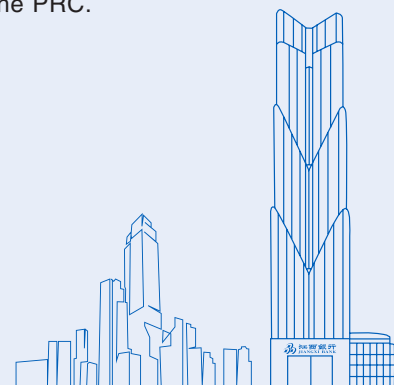
42 SEGMENT REPORTING (continued)

(a) Operating segments (continued)

	Year ended 31 December 2019				Total
	Corporate banking	Retail banking and credit card	Financial markets business	Others	
External net interest income	2,582,232	2,988,244	5,174,337	–	10,744,813
Internal net interest income/(expense)	2,669,633	119,942	(3,100,860)	311,285	–
Net interest income	5,251,865	3,108,186	2,073,477	311,285	10,744,813
Net fee and commission income/(expense)	504,350	(274,776)	319,356	(7,886)	541,044
Net trading gains	–	–	138,544	–	138,544
Net gains arising from financial investments	6,259	–	1,468,394	–	1,474,653
Other operating income/(expenses)	138,360	(385)	(149,431)	65,222	53,766
Operating income	5,900,834	2,833,025	3,850,340	368,621	12,952,820
Operating expenses	(741,756)	(1,253,060)	(1,502,810)	(10,422)	(3,508,048)
Impairment losses on assets	(4,214,878)	(581,419)	(1,645,915)	(47,380)	(6,489,592)
Share of profits of associates	–	–	–	1,985	1,985
Profit before taxation	944,200	998,546	701,615	312,804	2,957,165
Segment assets	121,515,491	93,438,117	239,203,448	1,961,473	456,118,529
Segment liabilities	(212,395,574)	(88,879,076)	(119,557,452)	(198,733)	(421,030,835)
Other segment information					
– Credit commitments	32,383,764	5,655,793	–	–	38,039,557
– Depreciation and amortization	37,516	164,055	315,104	–	516,675
– Capital expenditure	15,720	68,746	132,042	–	216,508

(b) Geographical segments

Geographically, the Group mainly conducts its business in Jiangxi Province of the PRC and majority of its customers and assets are located in Jiangxi Province of the PRC.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

43 RISK MANAGEMENT

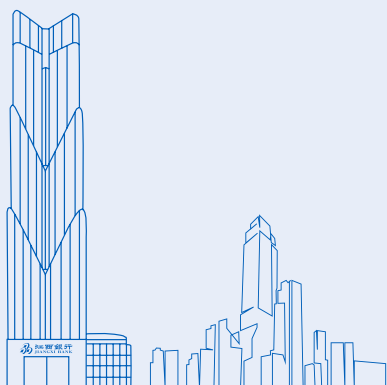
The Group has exposure to the following risks from its use of financial instruments: credit risk, market risk, liquidity risk and operational risk.

This note presents information about the Group's exposure to each of the above risks and their sources, and the Group's objectives, policies and procedures for measuring and managing these risks.

The Group aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and minimize potential adverse effects.

The Board of Directors is the highest decision-making authority within the Group in terms of risk management and oversees the Group's risk management functions through the Risk Management Committee. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Senior management is the highest execution level in the risk management structure and reports directly to the Risk Management Committee of the Board of Directors. Based on the risk management strategies determined by the Board of Directors, senior management is responsible for formulating and implementing risk management policies and systems, as well as supervising, identifying and controlling the risks that various businesses are exposed to.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

43 RISK MANAGEMENT

(a) Credit risk

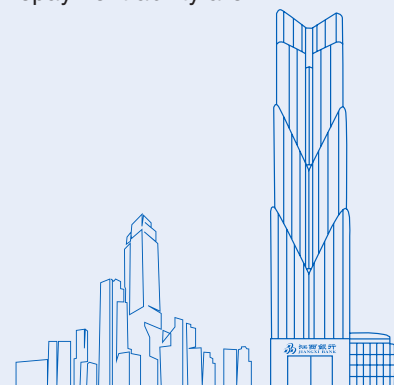
Credit risk represents the potential loss that may arise from the failure of a debtor or counterparty to meet its contractual obligation or commitment to the Group. It arises primarily from credit and bond investment portfolios and guarantees granted.

Credit business

The Board of Directors is responsible for setting the Group's risk management strategy and the overall risk tolerance level. The Board of Directors also monitors the Group's risk management process and regularly assesses the Group's risk position and risk management strategies. The Board of Directors gives advice on internal controls relating to risk management. The responsible departments for credit risk management include the Credit Approval Department and Risk Management Department. The Risk Management Department is responsible for implementing the Group's overall risk management system. Besides risk monitoring and control, the Risk Management Department is also responsible for formulating risk management policies. To ensure the independence of credit approval, the Credit Approval Department is independent from customer relationship and product management departments. Front office departments of branches carry out credit businesses according to the Group's risk management policies and procedures.

The Group continuously improves the internal control mechanism and strengthens the management of the credit business. The Group has established comprehensive assessment and inquiry mechanisms, assigning the credit management accountability to the relevant departments and individuals.

For corporate and institutional businesses, the Group has established industry-specific limits for credit approval. It has put in place continuous monitoring mechanism, with regular reporting of credit exposures to the Board of Directors. The Group's credit risk management covers key operational phases, including pre-lending evaluations, credit approval, and post-lending monitoring. With respect to pre-lending evaluations, the Group assesses customer credit ratings and performs integrated analysis on the risk and return of the loan. In the credit approval phase, all credit applications are approved by designated credit officers. During the post-lending monitoring, the Group continually monitors outstanding loans and other credit related businesses. Any adverse events that may significantly affect a borrower's repayment ability are reported immediately, and actions are taken to mitigate the risks.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

43 RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Credit business (continued)

For personal credit operation business, credit assessment of applicants is used as the basis for loan approval. In the credit assessment, customer relationship managers are required to assess the income level, credit history, and repayment ability of the applicant. The customer relationship managers then forward the application and their recommendations to the loan-approval departments for further approval. The Group monitors borrowers' repayment ability, the status of collaterals and any changes to their value during the post-lending phase. Once a loan becomes overdue, the Group starts the recovery process according to standardized loan recovery procedures.

Treasury Business

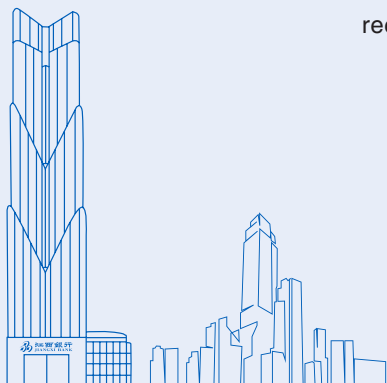
The Group's treasury business are exposed to the credit risk associated with the investment business and interbank business. The Group manages the credit risk exposures by setting up credit on its treasury business and interbank business. Credit risk exposure is closely monitored on a systematic, real-time basis. Credit risk limits are reviewed and updated regularly.

Measurement of ECL

Based on whether there is a significant increase in credit risk and whether the asset has incurred credit impairment, the Group measures allowances for loss of different assets with 12-month ECL or lifetime ECL respectively.

The Group measures loss provision of the financial instruments that meet the following conditions according to the amount of expected credit losses within the next 12 months, and measures loss allowances for other financial instruments in accordance with the amount of lifetime expected credit losses.

- The financial instruments that are determined to have low credit risk at the reporting date; or
- The financial instruments for which credit risk has not increased significantly since initial recognition.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

43 RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Measurement of ECL (continued)

(i) Significant increase in credit risk

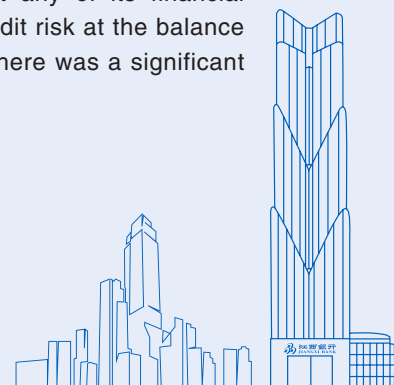
When one or more quantitative, qualitative standards or upper limits are triggered, the Group assumes that credit risk on financial instruments has increased significantly.

If the counterparty is listed in the watch list and one or more of the following criteria are met:

- The credit spread increases significantly;
- Significant changes with an adverse effect that have taken place in the counterparty's business, financial and economic status;
- Application of a grace period or debt-restructuring;
- Significant changes with an adverse effect in the counterparty's operating conditions;
- Less value of the collaterals (for the collateralized loans and pledged loans only);
- Early indicators of problems of cash flow/liquidity, such as late payment of accounts payable/repayment of loans; and
- The payment is more than 30 days past due.

The Group uses watch lists to monitor credit risk of financial instruments related to loans and treasury operations, and conducts regular assessments at the counterparty level. The standards used in determining whether credit risk increases significantly are regularly monitored and reviewed by the management for the appropriateness.

As at 31 December 2020, the Group has not considered that any of its financial instruments has lower credit risk and no longer compared the credit risk at the balance sheet date with that at the initial recognition to identify whether there was a significant increase in credit risk (31 December 2019: nil).



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

43 RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Measurement of ECL (continued)

(ii) *Definition of “default” and “credit-impaired assets”*

When a financial instrument meets one or more of the following conditions, the Group considers the financial asset to be in default, and the criteria are consistent with the definition of credit-impaired assets.

(a) Quantitative criterion

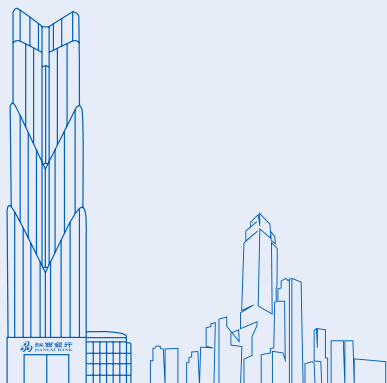
The financial asset is more than 90 days past due.

(b) Qualitative criterion

The counterparty meets the criterion of “having difficulty in repayment”, which indicates that the counterparty has significant financial difficulty, including:

- the counterparty has been in the grace period for a long time;
- the death of the counterparty;
- the counterparty enters bankruptcy;
- the counterparty breaches (one or more) terms of the contract that the debtor shall be subject to;
- the disappearance of an active market for the related financial asset because of financial difficulties faced by the counterparty;
- the creditor makes concessions due to the financial difficulties faced by the counterparty;
- it becomes probable that the counterparty will enter bankruptcy; and
- a higher discount was obtained during the acquisition of assets, and the assets has incurred credit loss when they are acquired.

The above criteria apply to all financial instruments of the Group and they are consistent with the definition of “default” adopted by the internal management of credit risk.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

43 RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Measurement of ECL (continued)

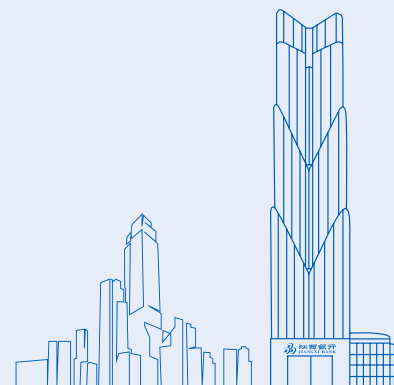
(iii) Notes to the parameters, assumptions and valuation techniques

The ECL is the result of the discounted product of probability of default (PD), exposure at default (EAD) and loss given default (LGD). The definitions of these terms are as follows:

- PD refers to the likelihood that a counterparty will be unable to meet his repayment obligations over the next 12 months or the remaining lifetime of the loan;
- EAD is the amount that the Group should be reimbursed upon default of an obligor over the next 12 months or the remaining lifetime of the loan;
- LGD refers to the expected degree of loss arising from the exposure at default which is predicted by the Group. LGD varies according to different types of counterparties, methods and priority of recovering debts, and the availability of collaterals or other credit support.

The Group determines the expected credit losses by estimating the PD, LGD and EAD of individual exposure or asset portfolios in the future months. The Group multiplies these three parameters and makes adjustments according to the probability of their continuance (i.e. there is no prepayment or default at an earlier period). By adopting this approach, the Group can calculate the expected credit losses for the future months. The results of calculation for each month are then discounted to the balance sheet date and added up. The discount rate used in the calculation of ECL is the initial effective interest rate or its approximate value.

The lifetime PD is deduced from using the maturity model or 12-month probability of default. The maturity model describes the development rule of the defaults of the asset portfolio over its lifetime. The model is developed based on historical observational data and applicable to all assets in the same portfolio with the same credit rating. The above method is supported by empirical analysis.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

43 RISK MANAGEMENT (continued)

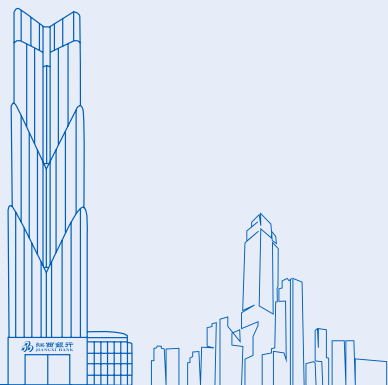
(a) Credit risk (continued)

Measurement of ECL (continued)

(iii) Notes to the parameters, assumptions and valuation techniques (continued)

The 12-month EAD and lifetime EAD are determined based on expected repayment arrangements, which are different according to different types of products.

- In respect of the loans with instalment repayments and bullet repayment, the Group determines 12-month or lifetime EAD according to the repayment schedule agreed in the contract, and makes adjustment based on prediction of over-limit repayment and prepayments/refinancing made by the counterparty;
- In respect of the products of revolving credit agreement, the Group estimates the remaining withdrawal within the limits by using the balance of the loan after previous withdrawals and the “credit conversion factor”, so as to predict the exposure at default. Based on the Group’s analysis on recent default data, these assumptions vary based on differences in product type and utilization rate of the limits;
- The Group determines the 12-month LGD and lifetime LGD based on the factors that affects post-default recovery. LGD for different product types are different;
- As to loans classified as guarantees, the Group determines the LGD according to the types of collaterals and their expected value, the discount rate at the compulsory sale, the recovery time and the estimated recovery cost;
- As to fiduciary loans, the Group usually determines LGD in the product level due to the limited differences in recoverable amounts from different counterparties. The LGD is affected by the recovery strategies, which include the transfer plan and pricing of loans;
- Forward-looking economic information should be considered when determining the 12-month and lifetime PD, EAD and LGD.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

43 RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Measurement of ECL (continued)

(iii) Notes to the parameters, assumptions and valuation techniques (continued)

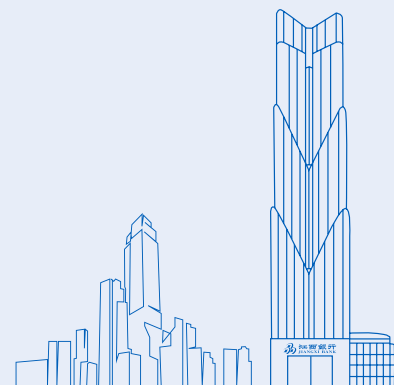
The Group quarterly monitors and reviews assumptions related to the calculation of expected credit losses, including the changes in PD and the value of collaterals under the different time limits.

Both the assessment of the significant increase in credit risk and the measurement of expected credit losses involve forward-looking information. Based on the analysis on historical data, the Group identified critical economic indicators that affect the credit risk and expected credit losses of all asset portfolios, including GDP, increase in RMB loans, PPI, etc.

There has been no significant changes in the valuation techniques and key assumptions during the reporting period. For the year ended 31 December 2020, the Group has fully considered the impact of COVID-19 pandemic on macroeconomic and the banking industry when assessing the forward-looking information used in the expected credit loss model.

(1) Maximum credit risk exposure

The maximum exposure to credit risk is represented by the net carrying amount of each type of financial assets at the end of the reporting period. The maximum exposure to credit risk in respect of those off-balance sheet items as at 31 December is disclosed in Note 39(a).



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

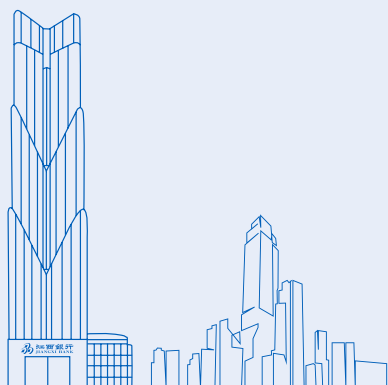
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

43 RISK MANAGEMENT (continued)

(a) Credit risk (continued)

(2) The credit quality of financial assets is analyzed as follows:

	31 December 2020			
	Loans and advances to customers	Deposits/ placements with banks and other financial institutions	Financial assets held under resale agreements	Financial Investments (a)
Balance of financial assets that are assessed for expected credit losses over the next 12 months				
– Overdue but not credit-impaired	–	–	–	–
– Neither overdue nor credit-impaired	204,432,078	10,386,148	3,587,247	129,741,110
Sub-total	204,432,078	10,386,148	3,587,247	129,741,110
Balance of financial assets that are not credit impaired and assessed for lifetime expected credit losses				
– Overdue but not credit-impaired	695,468	–	–	784,265
– Neither overdue nor credit-impaired	13,437,541	–	–	1,485,771
Sub-total	14,133,009	–	–	2,270,036
Balance of credit-impaired financial assets that are assessed for lifetime expected credit losses				
– Overdue and credit-impaired	3,603,787	–	–	6,231,560
– Credit-impaired but not overdue	1,852,671	–	–	1,656,998
Sub-total	5,456,458	–	–	7,888,558
Less: Allowances for impairment losses	(6,572,790)	(2,784)	(30)	(4,888,840)
Total	217,448,755	10,383,364	3,587,217	135,010,864



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

43 RISK MANAGEMENT (continued)

(a) Credit risk (continued)

(2) The credit quality of financial assets is analyzed as follows: (continued)

	31 December 2019			
	Loans and advances to customers	Deposits/ placements with banks and other financial institutions	Financial assets held under resale agreements	Financial Investments (a)
Balance of financial assets that are assessed for expected credit losses over the next 12 months				
– Overdue but not credit-impaired	4,901	–	–	–
– Neither overdue nor credit-impaired	187,953,682	8,300,817	6,833,761	147,981,882
Sub-total	187,958,583	8,300,817	6,833,761	147,981,882
Balance of financial assets that are not credit impaired and assessed for lifetime expected credit losses				
– Overdue but not credit-impaired	4,278,824	–	–	2,813,535
– Neither overdue nor credit-impaired	12,882,085	–	–	1,151,121
Sub-total	17,160,909	–	–	3,964,656
Balance of credit-impaired financial assets that are assessed for lifetime expected credit losses				
– Overdue and credit-impaired	4,859,767	–	–	6,386,932
– Credit-impaired but not overdue	803,473	–	–	1,508,550
Sub-total	5,663,240	–	–	7,895,482
Less: Allowances for impairment losses	(7,793,362)	(1,340)	(18)	(5,196,195)
Total	202,989,370	8,299,477	6,833,743	154,645,825

(a) Financial investments comprise financial investments at amortized cost and financial investments at fair value through other comprehensive income (excluding equity instruments).



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

43 RISK MANAGEMENT (continued)

(a) Credit risk (continued)

- (2) The credit quality of financial assets is analyzed as follows: (continued)

The fair value of collaterals held against loans and advances to customers that are overdue but not credit-impaired at 31 December 2020 amounted to RMB356.91 million (31 December 2019: RMB1,627.93 million).

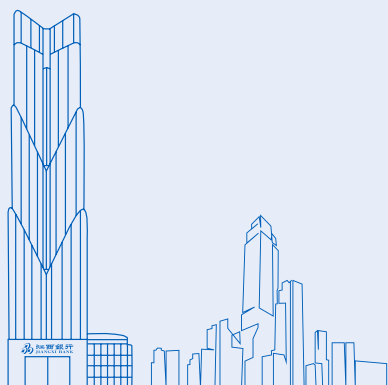
The fair value of collaterals held against loans and advances to customers that are credit-impaired at 31 December 2020 amounted to RMB1,216.54 million (31 December 2019: RMB1,706.78 million). The collaterals mainly include land use rights, buildings, machinery and equipment, etc. The fair value of collaterals were estimated by the Bank based on the latest external valuations available, adjusted in light of disposal experience and current market conditions.

- (3) Rescheduled loans and advances to customers

The Group has formulated a set of loan restructuring policies to reschedule the contractual terms with customers, to maximize the collectability of loans and to manage customer relationships.

The carrying amount of rescheduled loans and advances to customers is as follows:

	31 December 2020	31 December 2019
Rescheduled loans and advances to customers	220,673	278,838
Credit-impaired loans and advances to customers included in above	220,673	278,838



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

43 RISK MANAGEMENT (continued)

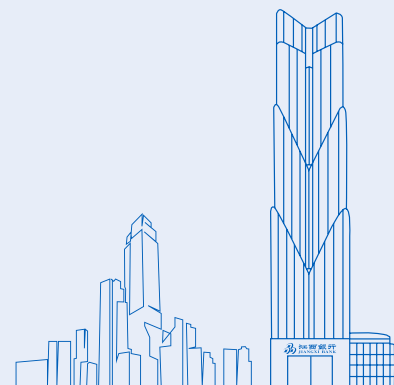
(a) Credit risk (continued)

(4) Credit rating of debt securities

The Group adopts a credit rating approach in managing the credit risk of the debt securities portfolio. Debt securities are rated with reference to major rating agencies where the issuers of the securities are located. The carrying amounts of debt securities investments analyzed by the rating agency designations as at the end of the reporting period are as follows:

	31 December 2020	31 December 2019
Neither overdue nor credit-impaired		
<i>Ratings</i>		
– AAA	66,773,872	52,081,006
– AA- to AA+	13,602,660	440,327
– C	419,292	–
Sub-total	80,795,824	52,521,333
<i>Unrated</i>		
	3,191,760	3,392,022
Sub-total	3,191,760	3,392,022
Total	83,987,584	55,913,355

The above financial investments include debt securities issued by the government and policy banks, which amounted to RMB65.70 billion as at 31 December 2020 (31 December 2019: RMB50.26 billion).



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

43 RISK MANAGEMENT (continued)

(b) Market risk

Market risk is the risk of loss, in respect of the Group's activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, commodity prices, stock prices and other prices.

The Board of Directors is ultimately responsible for monitoring the Group's market risk to ensure that the Group has effectively identified, measured and monitored all types of market risk. The Risk Management Committee monitors the market risk management process within the scope authorized by the Board of Directors, which include review and approval of market risk management strategies, policies and procedures. The Group is primarily exposed to market risk in its financial markets business. The Financial Market Department is responsible for carrying out capital investments and transactions. The Finance Management Department and International Business Department are responsible for monitoring and managing the interest rate risk and foreign exchange risk on a daily basis. The Risk Management Department is responsible for formulating the market risk management policies and procedures, as well as identifying, measuring and monitoring the Group's market risk.

Sensitivity analysis is a technique which assesses the sensitivity of the Group's overall risk profile and its risk profile for each period with reference to the interest rate risks for different maturities.

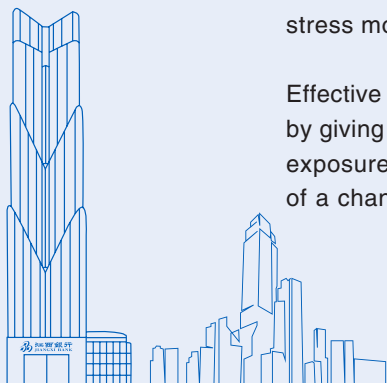
Scenario analysis is a multi-factor analysis method which assesses the impact of multiple factors interacting simultaneously, taking into consideration of the probabilities of various scenarios.

Foreign currency gap analysis is a technique which estimates the impact of foreign exchange rate movements on the Group's current profit or loss. The foreign currency gap mainly arises from the currency mismatch in the Group's on/off-balance sheet items.

Sensitivity gap analysis is a technique which estimates the impact of interest rate movements on the Group's current profit or loss. It is used to work out the gap between future cash inflows and outflows by categorizing each of the Group's interest-bearing assets and interest-taking liabilities into different periods based on repricing dates.

The results of stress testing are assessed against a set of forward-looking scenarios using stress moves in market variables. The results are used to estimate the impact on profit or loss.

Effective duration analysis is a technique which estimates the impact of interest rate movements by giving a weight to each period's exposure according to its sensitivity, calculating the weighted exposure, and summarizing all periods' weighted exposures to estimate the non-linear impact of a change in interest rates on the Group's economic value.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

43 RISK MANAGEMENT (continued)

(b) Market risk (continued)

Interest rate risk

The Group is primarily exposed to interest rate risk arising from repricing risk in its commercial banking business and the risk of financial markets business position.

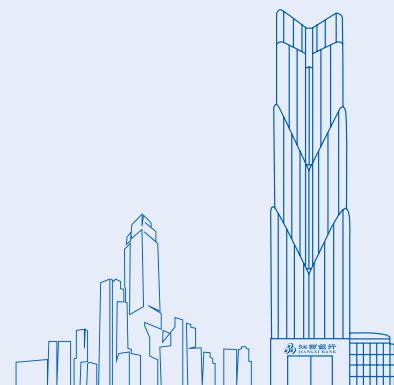
Repricing risk

Repricing risk, which is also known as “maturity mismatch risk”, is the most common form of interest rate risk. It is caused by the differences in timing between the maturities (related to fixed interest instruments) or repricing (related to floating interest instruments) of assets, liabilities and off-balance sheet items. The mismatch of repricing timing causes the Group’s income or its inherent economic value to vary with the movement in interest rates.

The Finance Management Department is responsible for measuring, monitoring and managing interest rate risk. The Group regularly performs assessment on the interest rate repricing gap between the assets and liabilities that are sensitive to changes in interest rates and sensitivity analysis on the net interest income as a result of changes in interest rates. The primary objective of interest rate risk management is to minimize potential adverse effects on its net interest income or its inherent economic value caused by interest rate volatility.

Trading interest rate risk

Trading interest rate risk mainly arises from the financial markets business’ investment portfolios. Interest rate risk is monitored using the effective duration analysis method. The Group employs other supplementary methods to measure its interest rate sensitivity, which is expressed as changes in the investment portfolios’ fair value given a 100 basis points (1%) movement in the interest rates.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

43 RISK MANAGEMENT (continued)

(b) Market risk (continued)

Interest rate risk (continued)

- (i) The following tables indicate the assets and liabilities as at 31 December by the expected next repricing dates or by maturity dates, depending on which is earlier:

	31 December 2020					
	Total	Non-interest bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
Assets						
Cash and deposits with the central bank	40,761,643	947,467	39,814,176	-	-	-
Deposits with banks and other financial institutions	2,151,435	821,238	1,300,216	29,981	-	-
Placements with banks and other financial institutions	8,231,929	2,776	8,098,697	130,456	-	-
Financial assets held under resale agreements	3,587,217	797	3,586,420	-	-	-
Loans and advances to customers (Note (a))	217,448,755	599,487	129,011,938	65,857,304	17,376,682	4,603,344
Financial investments (Note (b))	176,093,094	2,022,490	27,053,918	19,856,649	92,009,472	35,150,565
Others	10,418,737	10,418,737	-	-	-	-
Total assets	458,692,810	14,812,992	208,865,365	85,874,390	109,386,154	39,753,909
Liabilities						
Borrowing from the central bank	15,832,497	93,121	7,911,354	7,828,022	-	-
Deposits from banks and other financial institutions	21,416,586	219,704	12,159,882	8,987,000	50,000	-
Placements from banks and other financial institutions	3,204,098	4,098	2,200,000	1,000,000	-	-
Borrowing from other financial institutions	7,295,742	95,742	1,650,000	5,550,000	-	-
Financial assets sold under repurchase agreements	11,172,749	1,249	11,171,500	-	-	-
Deposits from customers	315,770,816	3,666,044	194,933,371	78,437,143	38,701,429	32,829
Debt securities issued	42,439,819	171,402	11,793,801	24,477,765	-	5,996,851
Others	5,618,055	5,618,055	-	-	-	-
Total liabilities	422,750,362	9,869,415	241,819,908	126,279,930	38,751,429	6,029,680
Asset-liability gap	35,942,448	4,943,577	(32,954,543)	(40,405,540)	70,634,725	33,724,229



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

43 RISK MANAGEMENT (continued)

(b) Market risk (continued)

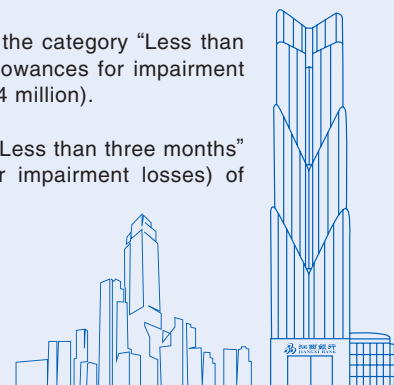
Interest rate risk (continued)

- (i) The following tables indicate the assets and liabilities as at 31 December by the expected next repricing dates or by maturity dates, depending on which is earlier: (continued)

	31 December 2019					
	Total	Non-interest bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
Assets						
Cash and deposits with the central bank	38,810,810	3,929,339	34,881,471	-	-	-
Deposits with banks and other financial institutions	1,997,570	899,903	1,097,667	-	-	-
Placements with banks and other financial institutions	6,301,907	3,019	6,298,888	-	-	-
Financial assets held under resale agreements	6,833,743	491	6,833,252	-	-	-
Loans and advances to customers (Note (a))	202,989,370	765,603	126,862,644	65,634,589	9,694,982	31,552
Financial investments (Note (b))	189,577,669	1,665,776	26,493,580	25,771,801	111,157,549	24,488,963
Others	9,607,460	9,607,460	-	-	-	-
Total assets	456,118,529	16,871,591	202,467,502	91,406,390	120,852,531	24,520,515
Liabilities						
Borrowing from the central bank	7,696,259	98,347	69,607	7,528,305	-	-
Deposits from banks and other financial institutions	31,212,140	355,821	12,794,033	17,512,286	550,000	-
Placements from banks and other financial institutions	2,555,016	5,016	1,750,000	800,000	-	-
Borrowing from other financial institutions	14,863,272	183,272	3,130,000	11,550,000	-	-
Financial assets sold under repurchase agreements	19,704,409	1,549	19,702,860	-	-	-
Deposits from customers	284,548,914	5,644,110	166,537,915	59,372,958	52,982,214	11,717
Debt securities issued	55,178,643	170,839	12,614,004	33,109,104	3,289,204	5,995,492
Others	5,272,182	5,272,182	-	-	-	-
Total liabilities	421,030,835	11,731,136	216,598,419	129,872,653	56,821,418	6,007,209
Asset-liability gap	35,087,694	5,140,455	(14,130,917)	(38,466,263)	64,031,113	18,513,306

- (a) As at 31 December 2020, for loans and advances to customers, the category “Less than three months” of the Group includes overdue amounts (net of allowances for impairment losses) of RMB1,917.94 million (31 December 2019: RMB2,133.94 million).

- (b) As at 31 December 2020, for financial investments, the category “Less than three months” of the Group includes overdue amounts (net of allowances for impairment losses) of RMB1,739.08 million (31 December 2019: RMB2,722.32 million).



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

43 RISK MANAGEMENT (continued)

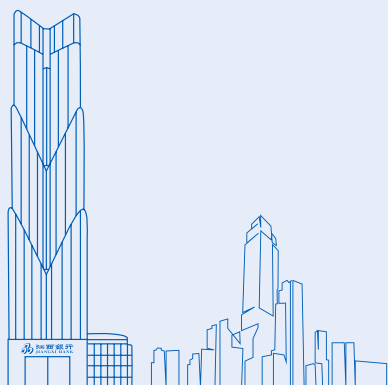
(b) Market risk (continued)

Interest rate risk (continued)

(ii) Interest rate sensitivity analysis

The Group uses sensitivity analysis to measure the impact of changes in interest rate on the Group's net profit and equity. The following table sets forth the results of the Group's interest rate sensitivity analysis on net profit and equity with an assumption that all other variables held constant.

	2020 (decrease)/ increase	2019 (decrease)/ increase
Changes in net profit		
Up 100 bps parallel shift in yield curves	(397,486)	(217,704)
Down 100 bps parallel shift in yield curves	400,615	165,582
	2020 (decrease)/ increase	2019 (decrease)/ increase
Changes in equity		
Up 100 bps parallel shift in yield curves	(346,842)	(284,302)
Down 100 bps parallel shift in yield curves	369,765	299,364



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

43 RISK MANAGEMENT (continued)

(b) Market risk (continued)

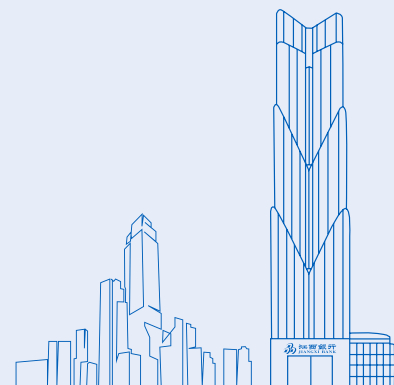
Interest rate risk (continued)

(ii) Interest rate sensitivity analysis (continued)

The sensitivity analysis above is based on a static interest rate risk profile of the Group's assets and liabilities. This analysis measures only the impact of changes in interest rates within one year, showing how annualized net profit or loss and equity would have been affected by repricing of the Group's assets and liabilities within the one-year period. The sensitivity analysis is based on the following assumptions:

- Interest rate movements at the end of each of the reporting period apply to financial instruments of the Group;
- At the end of each of the reporting period, an interest rate movement of 100 basis points is based on the assumption of interest rates movement over the next 12 months;
- There is a parallel shift in the yield curve with the changes in interest rates;
- There are no other changes to the assets and liabilities portfolio;
- Other variables (including exchange rates) remain unchanged; and
- The analysis does not take into account the effect of risk management measures taken by the management.

Due to the adoption of the aforementioned assumptions, the actual changes in the Group's net profit or loss and equity caused by an increase or decrease in interest rates might vary from the estimated results of this sensitivity analysis.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

43 RISK MANAGEMENT (continued)

(b) Market risk (continued)

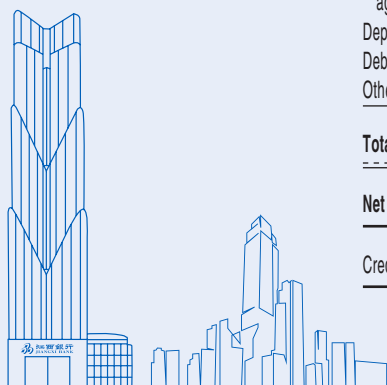
Foreign exchange risk

Foreign currency risk

The Group's currency risk mainly arises from foreign currency deposits with banks and other financial institutions and deposits from customers. The Group manages currency risk by matching its foreign currency denominated assets with corresponding liabilities in the same currencies.

(i) The Group's currency exposures as at 31 December were as follows:

	31 December 2020				Total (RMB equivalent)
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
Assets					
Cash and deposits with the central bank	40,741,913	17,320	2,088	322	40,761,643
Deposits with banks and other financial institutions	1,240,680	841,033	20,456	49,266	2,151,435
Placements with banks and other financial institutions	8,101,239	130,690	-	-	8,231,929
Financial assets held under resale agreements	3,587,217	-	-	-	3,587,217
Loans and advances to customers	217,207,204	241,551	-	-	217,448,755
Financial investments	176,093,094	-	-	-	176,093,094
Others	10,418,737	-	-	-	10,418,737
Total assets	457,390,084	1,230,594	22,544	49,588	458,692,810
Liabilities					
Borrowing from the central bank	15,832,497	-	-	-	15,832,497
Deposits from banks and other financial institutions	21,415,829	330	253	174	21,416,586
Placements from banks and other financial institutions	3,204,098	-	-	-	3,204,098
Borrowing from other financial institutions	7,295,742	-	-	-	7,295,742
Financial assets sold under repurchase agreements	11,172,749	-	-	-	11,172,749
Deposits from customers	315,431,750	314,214	23,995	857	315,770,816
Debt securities issued	42,439,819	-	-	-	42,439,819
Others	5,581,991	36,044	-	20	5,618,055
Total liabilities	422,374,475	350,588	24,248	1,051	422,750,362
Net position	35,015,609	880,006	(1,704)	48,537	35,942,448
Credit commitments	43,947,074	4,004,414	-	9,493	47,960,981



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

43 RISK MANAGEMENT (continued)

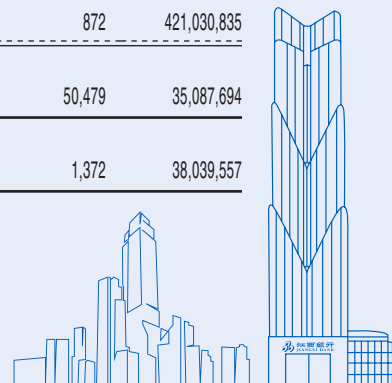
(b) Market risk (continued)

Foreign exchange risk (continued)

Foreign currency risk (continued)

(i) The Group's currency exposures as at 31 December were as follows: (continued)

	31 December 2019				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
Assets					
Cash and deposits with the central bank	38,793,057	14,965	2,461	327	38,810,810
Deposits with banks and other financial institutions	1,021,599	869,198	55,749	51,024	1,997,570
Placements with banks and other financial institutions	6,301,907	-	-	-	6,301,907
Financial assets held under resale agreements	6,833,743	-	-	-	6,833,743
Loans and advances to customers	202,346,362	643,008	-	-	202,989,370
Financial investments	189,577,669	-	-	-	189,577,669
Others	9,604,568	2,892	-	-	9,607,460
Total assets	454,478,905	1,530,063	58,210	51,351	456,118,529
Liabilities					
Borrowing from the central bank	7,696,259	-	-	-	7,696,259
Deposits from banks and other financial institutions	31,002,065	209,636	269	170	31,212,140
Placements from banks and other financial institutions	2,555,016	-	-	-	2,555,016
Borrowing from other financial institutions	14,863,272	-	-	-	14,863,272
Financial assets sold under repurchase agreements	19,704,409	-	-	-	19,704,409
Deposits from customers	284,127,686	393,690	26,838	700	284,548,914
Debt securities issued	55,178,643	-	-	-	55,178,643
Others	5,227,881	28,490	15,809	2	5,272,182
Total liabilities	420,355,231	631,816	42,916	872	421,030,835
Net position	34,123,674	898,247	15,294	50,479	35,087,694
Credit commitments	35,048,375	2,989,810	-	1,372	38,039,557



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

43 RISK MANAGEMENT (continued)

(b) Market risk (continued)

Foreign exchange risk (continued)

Foreign currency risk (continued)

(ii) Exchange rate sensitivity analysis

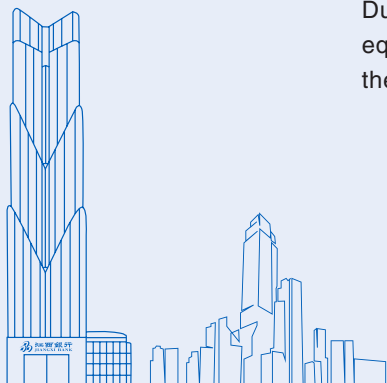
	2020 (decrease)/ increase	2019 (decrease)/ increase
Changes in net profit		
Foreign exchange rates decreases by 100 bps	(6,951)	(7,230)
Foreign exchange rates increases by 100 bps	6,951	7,230

The sensitivity analysis mentioned above is based on a static foreign exchange exposure profile of assets and liabilities and certain simplified assumptions as set out below:

- The foreign exchange sensitivity is the gain and loss recognized as a result of 100 basis points fluctuation in the foreign currency exchange rates against RMB;
- The fluctuation of exchange rates by 100 basis points is based on the assumption of exchange rates movement over the next 12 months;
- The exchange rates against RMB for the US dollars and other foreign currencies change in the same direction simultaneously, and thus other foreign currencies are converted into US dollars for the sensitivity analysis mentioned above to show how net profit or loss and equity would have been affected; and
- Other variables (including interest rates) remain unchanged.

The analysis does not take into account the effect of risk management measures taken by the Group.

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



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

43 RISK MANAGEMENT (continued)

(c) Liquidity risk

Liquidity risk is the risk that a commercial bank is unable to obtain funds on a timely basis or obtain funds at a reasonable cost to sustain its asset business or meet repayment obligations. This risk exists even if a bank's solvency remains strong. In accordance with liquidity policies, the Group monitors the future cash flows and maintains an appropriate level of highly liquid assets.

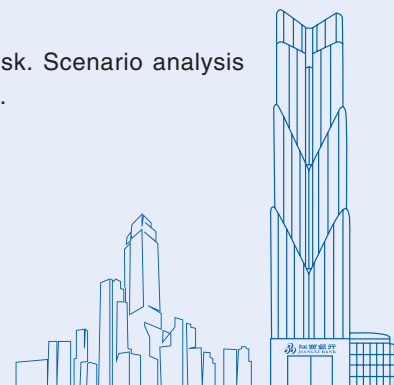
The Asset and Liability Management Committee ("ALMC") is responsible for managing the Group's overall liquidity risk. The ALMC is responsible for the formulation of the liquidity policies in accordance with regulatory requirements and prudential principles. Such policies include:

- Maintaining liquidity at a stable and sufficient level; establishing integrated liquidity risk management system; ensuring the meeting on a timely basis of liquidity requirements and the payment of assets, liabilities, and off-balance sheet business, whether under a normal operating environment or a state of stress; balancing the effectiveness and security of funds in an efficient manner; and
- Making timely and reasonable adjustments to capital structure and scale in response to market changes and business developments; pursuing profit maximization and cost minimization to a modest extent while ensuring appropriate liquidity; achieving the integration of the security, liquidity, and effectiveness of the Bank's funds.

The Finance Management Department takes the lead to execute liquidity management policies and is responsible for formulating and revising the liquidity management strategies, and for identifying, measuring, monitoring and releasing the liquidity risk of the Bank. It is also responsible for managing and forecasting the working capital on a regular basis together with the Finance Market Department, and ensuring the liquidity of working capital meets management requirements based on the liquidity strategies. The Finance Market Department is responsible for performing the operation following the instructions of the Finance Management Department. Significant disbursement or portfolio changes must be reported to the ALMC on a timely basis.

A substantial portion of the Group's assets are funded by deposits from customers. These deposits from customers, which have been growing in recent years, are widely diversified in terms of type and duration and represent a stable source of funds.

The Group principally uses liquidity gap analysis to measure liquidity risk. Scenario analysis and stress testing are also adopted to assess the impact of liquidity risk.



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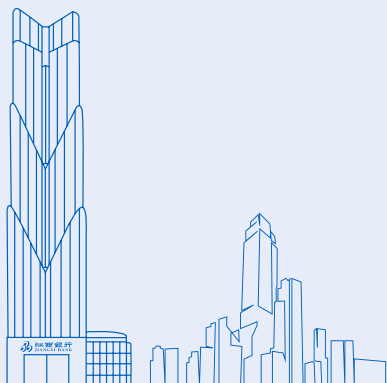
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

43 RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

The following tables provide an analysis of assets and liabilities of the Group into relevant maturity groupings based on the remaining periods to repayment at 31 December:

	Indefinite Note (a)/(b)/(c)	Repayable on demand	Within one month	31 December 2020				Total
				Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
Assets								
Cash and deposits with the central bank	31,774,821	8,986,822	-	-	-	-	-	40,761,643
Deposits with banks and other financial institutions	-	2,121,441	-	-	29,994	-	-	2,151,435
Placements with banks and other financial institutions	-	-	8,101,239	-	130,690	-	-	8,231,929
Financial assets held under resale agreements	-	-	3,587,217	-	-	-	-	3,587,217
Loans and advances to customers	2,376,973	3,719,998	8,435,319	21,040,932	68,051,235	48,804,548	65,019,750	217,448,755
Financial investments	6,495,520	21,316,870	1,401,772	3,540,150	20,083,808	88,109,587	35,145,387	176,093,094
Others	8,253,416	828,389	42,125	27,069	186,266	525,649	555,823	10,418,737
Total assets	48,900,730	36,973,520	21,567,672	24,608,151	88,481,993	137,439,784	100,720,960	458,692,810



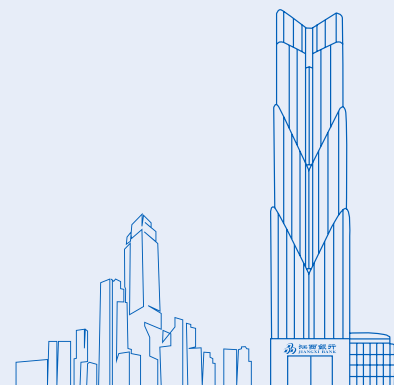
CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

43 RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	Indefinite Note (a)/(b)/(c)	Repayable on demand	Within one month	31 December 2020				Total
				one month and three months	Between three months and one year	Between one year and five years	More than five years	
Liabilities								
Borrowing from the central bank	-	-	1,550,960	6,360,394	7,921,143	-	-	15,832,497
Deposits from banks and other financial institutions	-	2,555,871	3,050,418	6,736,816	9,022,923	50,558	-	21,416,586
Placements from banks and other financial institutions	-	-	200,256	1,301,665	1,702,177	-	-	3,204,098
Borrowing from other financial institutions	-	-	957,411	738,768	5,599,563	-	-	7,295,742
Financial assets sold under repurchase agreements	-	-	11,172,749	-	-	-	-	11,172,749
Deposits from customers	-	152,604,081	16,913,609	27,726,126	79,344,611	39,149,179	33,210	315,770,816
Debt securities issued	-	-	3,044,187	8,750,731	24,648,050	-	5,996,851	42,439,819
Others	1,450,567	136,246	845,562	1,015,759	447,951	953,586	768,384	5,618,055
Total liabilities	1,450,567	155,296,198	37,735,152	52,630,259	128,686,418	40,153,323	6,798,445	422,750,362
Long/(short) position	47,450,163	(118,322,678)	(16,167,480)	(28,022,108)	(40,204,425)	97,286,461	93,922,515	35,942,448



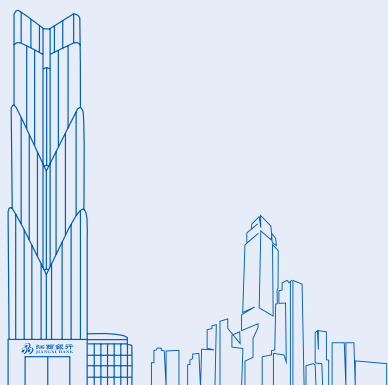
CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

43 RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	Indefinite Note (a)/(b)/(c)	Repayable on demand	Within one month	31 December 2019				Total
				Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
Assets								
Cash and deposits with the central bank	30,290,582	8,520,228	-	-	-	-	-	38,810,810
Deposits with banks and other financial institutions	-	1,997,570	-	-	-	-	-	1,997,570
Placements with banks and other financial institutions	-	-	6,301,907	-	-	-	-	6,301,907
Financial assets held under resale agreements	-	-	6,833,743	-	-	-	-	6,833,743
Loans and advances to customers	1,556,836	4,305,220	6,269,090	11,518,377	69,662,850	51,456,652	58,220,345	202,989,370
Financial investments	4,371,084	18,224,899	1,541,544	4,911,796	25,805,837	109,981,875	24,740,634	189,577,669
Others	7,607,977	421,235	130,297	2,415	86,466	241,478	1,117,592	9,607,460
Total assets	43,826,479	33,469,152	21,076,581	16,432,588	95,555,153	161,680,005	84,078,571	456,118,529



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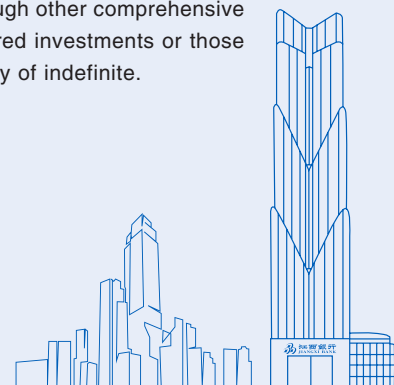
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

43 RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	Indefinite Note (a)/(b)/(c)	Repayable on demand	Within one month	31 December 2019				Total
				Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
Liabilities								
Borrowing from the central bank	-	-	8,332	61,275	7,626,652	-	-	7,696,259
Deposits from banks and other financial institutions	-	2,271,289	4,193,892	6,535,633	17,643,552	567,774	-	31,212,140
Placements from banks and other financial institutions	-	-	-	1,753,442	801,574	-	-	2,555,016
Borrowing from other financial institutions	-	-	580,773	2,603,688	11,678,811	-	-	14,863,272
Financial assets sold under repurchase agreements	-	-	19,704,409	-	-	-	-	19,704,409
Deposits from customers	-	136,775,073	12,867,303	21,250,850	60,053,939	53,589,897	11,852	284,548,914
Debt securities issued	-	-	1,529,214	11,085,344	33,109,105	3,335,790	6,119,190	55,178,643
Others	209,754	475,781	647,304	1,346,508	195,100	1,637,276	760,459	5,272,182
Total liabilities	209,754	139,522,143	39,531,227	44,636,740	131,108,733	59,130,737	6,891,501	421,030,835
Long/(short) position	43,616,725	(106,052,991)	(18,454,646)	(28,204,152)	(35,553,580)	102,549,268	77,187,070	35,087,694

- (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 amortized cost, financial investments at fair value through profit or loss and financial investments at fair value through other comprehensive income. Indefinite amount of financial investments represent credit-impaired investments or those overdue more than one month. Equity investments is listed in the category of indefinite.



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43 RISK MANAGEMENT (continued) (c) Liquidity risk (continued)

The following tables provide an analysis of the Group's contractual undiscounted cash flows and credit commitments as at 31 December:

	31 December 2020								
	Carrying amount	Contractual undiscounted cash flow	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Financial assets									
Cash and deposits with the central bank	40,761,643	40,761,643	31,774,821	8,986,822	-	-	-	-	-
Deposits with banks and other financial institutions	2,151,435	2,152,622	-	2,121,441	-	-	31,181	-	-
Placements with banks and other financial institutions	8,231,929	8,236,941	-	-	8,105,464	-	131,477	-	-
Financial assets held under resale agreements	3,587,217	3,589,471	-	-	3,589,471	-	-	-	-
Loans and advances to customers	217,448,755	264,224,705	2,433,560	3,719,998	8,438,881	21,183,177	69,824,418	57,437,169	101,187,502
Financial investments	176,093,094	203,502,505	7,371,545	21,316,870	1,425,346	3,916,611	26,416,648	102,101,894	40,953,591
Others	2,525,946	2,525,946	1,679,469	827,579	18,898	-	-	-	-
Total financial assets	450,800,019	524,993,833	43,259,395	36,972,710	21,578,060	25,099,788	96,403,724	159,539,063	142,141,093

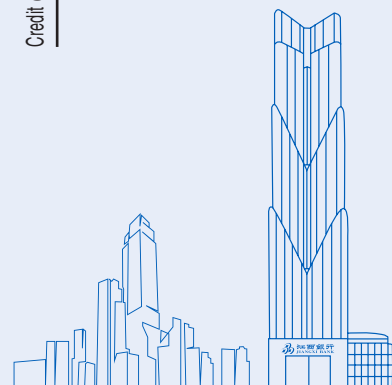
CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

43 RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	31 December 2020								
	Carrying amount	Contractual undiscounted cash flow	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Financial liabilities									
Borrowing from the central bank	15,832,497	16,009,496	-	-	1,645,920	6,380,986	7,982,590	-	-
Deposits from banks and other financial institutions	21,416,586	21,630,849	-	2,555,871	3,068,843	6,770,096	9,180,711	55,328	-
Placements from banks and other financial institutions	3,204,098	3,227,166	-	-	201,734	1,311,668	1,713,764	-	-
Borrowing from other financial institutions	7,295,742	7,447,133	-	-	957,974	744,393	5,744,766	-	-
Financial assets sold under repurchase agreements	11,172,749	11,176,001	-	-	11,176,001	-	-	-	-
Deposits from customers	315,770,816	319,492,524	-	152,604,081	17,191,451	28,201,643	80,619,140	40,839,424	36,785
Debt securities issued	42,439,819	43,475,400	-	-	3,050,000	8,790,000	25,035,400	-	6,600,000
Total financial liabilities	417,132,307	422,458,569	-	155,159,952	37,291,923	52,198,786	130,276,371	40,894,752	6,636,785
Long/short position	33,667,712	102,535,264	43,259,395	(118,187,242)	(15,713,863)	(27,098,998)	(63,872,647)	118,644,311	135,504,308
Credit commitments	47,960,981	47,960,981	-	13,658,439	2,527,249	10,660,908	15,494,347	5,500,038	120,000

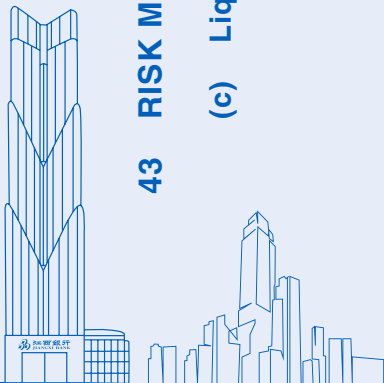


CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

43 RISK MANAGEMENT (continued) (c) Liquidity risk (continued)

	31 December 2019								
	Carrying amount	Contractual undiscounted cash flow	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Financial assets									
Cash and deposits with the central bank	38,810,810	38,810,810	30,290,562	8,520,228	-	-	-	-	-
Deposits with banks and other financial institutions	1,997,570	1,997,570	-	1,997,570	-	-	-	-	-
Placements with banks and other financial institutions	6,301,907	7,003,669	-	-	7,003,669	-	-	-	-
Financial assets held under resale agreements	6,833,743	6,834,709	-	-	6,834,709	-	-	-	-
Loans and advances to customers	202,989,370	253,473,546	3,036,385	4,305,220	6,282,175	11,622,795	71,867,556	60,853,126	95,506,289
Financial investments	189,577,669	212,904,682	4,578,511	18,224,899	1,565,077	5,383,754	32,345,496	122,161,628	28,645,317
Others	3,610,298	3,610,298	3,059,550	421,191	129,517	-	-	-	-
Total financial assets	450,121,367	524,635,284	40,965,068	33,469,108	21,815,147	17,006,549	104,213,052	183,014,754	124,151,606



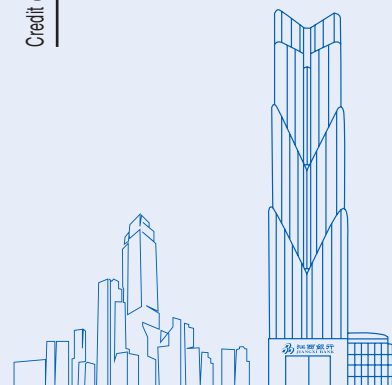
CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

43 RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	31 December 2019								
	Carrying amount	Contractual undiscounted cash flow	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Financial liabilities									
Borrowing from the central bank	7,696,259	7,709,184	-	-	8,333	61,493	7,639,358	-	-
Deposits from banks and other financial institutions	31,212,140	31,664,719	-	2,271,289	4,200,319	6,573,089	17,950,736	669,286	-
Placements from banks and other financial institutions	2,555,016	2,593,057	-	-	-	1,766,715	826,342	-	-
Borrowing from other financial institutions	14,863,272	15,092,130	-	-	586,325	2,623,691	11,882,114	-	-
Financial assets sold under repurchase agreements	19,704,409	19,707,757	-	-	19,707,757	-	-	-	-
Deposits from customers	284,548,914	288,626,309	-	136,775,073	13,104,463	21,667,924	61,316,856	55,748,948	13,045
Debt securities issued	55,178,643	56,565,400	-	-	1,530,000	11,140,000	33,780,000	3,515,400	6,600,000
Total financial liabilities	415,758,653	421,959,556	-	139,046,362	39,137,197	43,832,912	133,395,406	59,933,634	6,613,045
Long/(short) position	34,362,714	102,676,728	40,965,068	(105,577,254)	(17,322,050)	(26,826,363)	(29,182,354)	123,081,120	117,538,561
Credit commitments	38,039,557	38,039,557	-	8,659,672	3,313,500	7,357,305	14,223,564	4,485,516	-



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

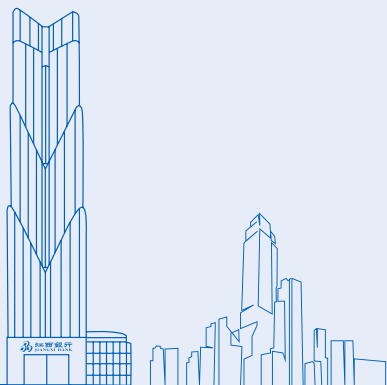
43 RISK MANAGEMENT (continued)

(d) Operational risk

Operational risk refers to the risk of losses associated with internal processes deficiencies, personnel mistakes and information system failures, or impact from other external events.

The Group establishes a framework of policies and procedures to identify, assess, control, manage and report operational risk. The framework covers all business functions ranging from corporate banking, retail banking, trading, corporate finance, settlement, intermediary business, asset management and all supporting functions, including human resource management, financial management, legal affairs, anti-money laundering and administration management. The key elements of the framework are listed as below:

- A multi-level operational risk management framework with segregation of duties between front and back offices under the leadership of senior management;
- A series of operational risk management policies covering all businesses on the basis of core operational risk management policy;
- An emergency plan and a business continuity system designed to deal with emergent and adverse circumstances, including public relation issues, natural disasters, IT system errors, bank runs, robberies, etc.;
- An evaluation system on the operational risk management as well as an inquiry and disciplinary system on the non-compliance issues; and
- An independent risk assessment framework based on the internal audit and the compliance review.

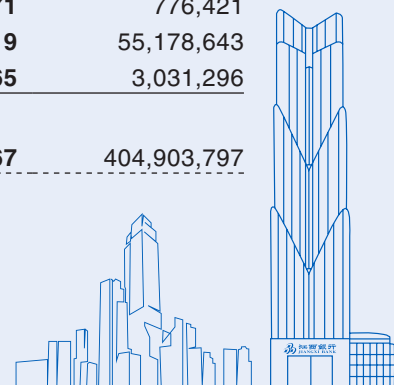


CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

44 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	31 December 2020	31 December 2019
Assets		
Cash and deposits with the central bank	40,741,700	38,810,810
Deposits with banks and other financial institutions	1,809,561	1,560,339
Placements with banks and other financial institutions	10,092,336	7,001,966
Financial assets held under resale agreements	3,587,217	6,833,743
Loans and advances to customers	206,109,851	185,096,020
Financial investments:		
– Financial investments at fair value through profit or loss	41,069,718	34,421,594
– Financial investments at fair value through other comprehensive income	28,665,624	26,075,381
– Financial investments at amortized cost	106,136,078	128,144,618
Interest in associates	179,557	120,707
Investment in subsidiaries	1,734,000	1,734,000
Property and equipment	2,410,702	2,293,036
Deferred tax assets	3,336,926	2,873,136
Other assets	4,153,415	4,111,430
Total assets	450,026,685	439,076,780
Liabilities and equity		
Liabilities		
Borrowing from the central bank	15,831,267	7,696,259
Deposits from banks and other financial institutions	22,770,170	32,165,819
Placements from banks and other financial institutions	3,002,640	1,802,036
Financial assets sold under repurchase agreements	11,172,749	19,704,409
Deposits from customers	315,578,686	284,548,914
Income tax payable	296,671	776,421
Debt securities issued	42,439,819	55,178,643
Other liabilities	4,023,865	3,031,296
Total liabilities	415,115,867	404,903,797



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

44 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (continued)

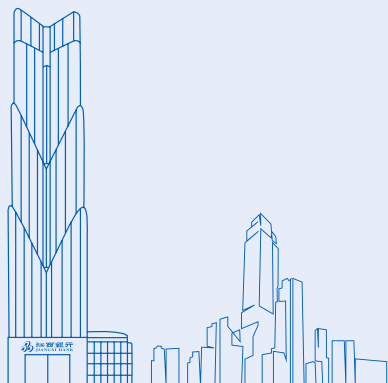
	31 December 2020	31 December 2019
Equity		
Share capital	6,024,277	6,024,277
Capital reserve	13,646,600	14,394,516
Surplus reserve	2,887,970	2,709,402
General reserve	5,923,256	5,698,084
Retained earnings	6,428,715	5,346,704
Total equity	34,910,818	34,172,983
Total liabilities and equity	450,026,685	439,076,780

45 SUBSEQUENT EVENTS

The Bank has no material events for disclosure subsequent to the end of the reporting period.

46 COMPARATIVE FIGURES

For financial statements disclosure purpose, the Bank made reclassification adjustments to some comparative figures.



CHAPTER XIII NOTES TO THE FINANCIAL STATEMENTS

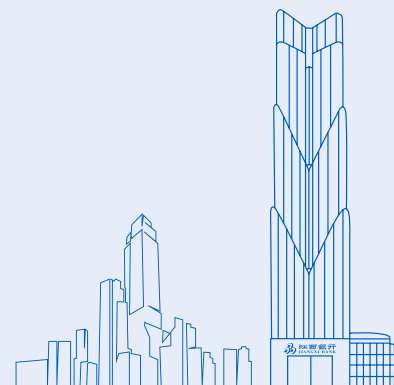
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

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

Up to the date of issue of these financial statements, a number of amendments, new standards and interpretations are issued which are not yet effective for the year ended 31 December 2020 and which have not been adopted in these financial statements. These 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> “ <i>Reference to the conceptual framework</i> ”	1 January 2022
Amendments to IAS 16, <i>Property, Plant and Equipment</i> “ <i>Property, plant and equipment: proceeds before intended Use</i> ”	1 January 2022
Amendments to IAS 37, <i>Provisions, Contingent Liabilities and Contingent Assets</i> “ <i>Onerous contracts – cost of fulfilling a contract</i> ”	1 January 2022
Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Amendments to IFRS 10 and IAS 28, <i>Sale or contribution of assets between an Investor and its associate or joint venture</i>	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.



UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

The information set out below does not form part of the consolidated financial report, and is included herein for information purpose only.

In accordance with the Hong Kong Listing Rules and Banking (Disclosure) Rules, the Bank discloses the unaudited supplementary financial information as follows:

1 LIQUIDITY COVERAGE RATIO AND LEVERAGE RATIO

Liquidity coverage ratio

	31 December 2020	Average for the year ended 31 December 2020
Liquidity coverage ratio (RMB and foreign currency)	429.88%	287.88%

	31 December 2019	Average for the year ended 31 December 2019
Liquidity coverage ratio (RMB and foreign currency)	205.12%	184.01%

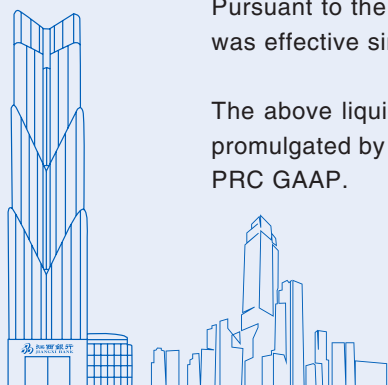
Pursuant to the Administrative Measures for Liquidity Risk Management of Commercial Banks, the liquidity coverage ratio of commercial banks shall reach 100% by the end of 2019.

Leverage Ratio

	31 December 2020	31 December 2019
Leverage Ratio	7.16%	7.20%

Pursuant to the Leverage Ratio Management of Commercial Banks issued by the former CBRC and was effective since 1 April 2015, a minimum leverage ratio 4% is required for commercial banks.

The above liquidity coverage ratio and leverage ratio are calculated in accordance with the formula promulgated by the former CBRC and based on the financial information prepared in accordance with PRC GAAP.



UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

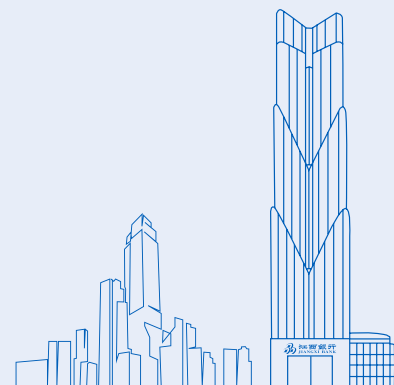
(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

2 CURRENCY CONCENTRATIONS

	31 December 2020			Total
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
Spot assets	1,233,411	22,544	49,588	1,305,543
Spot liabilities	(353,405)	(24,248)	(1,051)	(378,704)
Net position	880,006	(1,704)	48,537	926,839

	31 December 2019			Total
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
Spot assets	686,603	42,916	6,845	736,364
Spot liabilities	(640,834)	(42,916)	(872)	(684,622)
Net position	45,769	–	5,973	51,742

The Group has no structural position as at 31 December.



UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

3 INTERNATIONAL CLAIMS

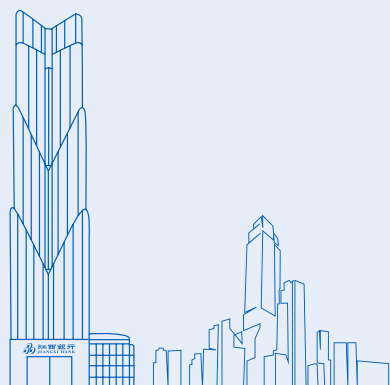
The Group is principally engaged in business operations within Mainland China, and regards all claims on third parties outside Mainland China as international claims.

International claims include loans and advances to customers, balances with the central bank, amounts due from banks and other financial institutions.

A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account all risk transfers. Risk transfers are only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose Head Office is located in another country.

	31 December 2020			
	Banks and other financial institutions	Public sector entities	Others	Total
All regions outside Mainland China	–	–	–	–

	31 December 2019			
	Banks and other financial institutions	Public sector entities	Others	Total
All regions outside Mainland China	–	–	–	–

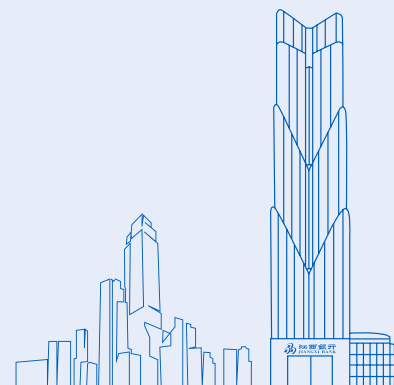


UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(EXPRESSED IN THOUSANDS OF RMB, UNLESS OTHERWISE STATED)

4 GROSS AMOUNT OF OVERDUE LOANS AND ADVANCES

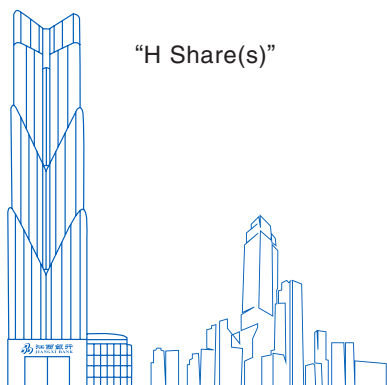
	31 December 2020	31 December 2019
<hr/>		
Gross loans and advances which have been overdue with respect to either principal or interest for years of		
– Between 3 and 6 months (inclusive)	540,041	1,202,233
– Between 6 months and 1 year (inclusive)	980,898	1,657,803
– Over 1 year	1,232,143	1,882,932
<hr/>		
Total	2,753,082	4,742,968
<hr/>		
As a percentage of gross loans and advances		
– Between 3 and 6 months (inclusive)	0.24%	0.57%
– Between 6 months and 1 year (inclusive)	0.44%	0.79%
– Over 1 year	0.55%	0.90%
<hr/>		
Total	1.23%	2.26%
<hr/>		



DEFINITIONS

In this annual report, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Articles of Association”	articles of association of the Bank (as modified from time to time)
“Bank”, “Company” or “Jiangxi Bank”	Jiangxi Bank Co., Ltd.
“Board” or “Board of Directors”	the board of directors of the Bank
“Board of Supervisors”	the board of supervisors of the Bank
“CBIRC”	China Banking and Insurance Regulatory Commission
“CBRC Jiangxi Office”	China Banking Regulatory Commission Jiangxi Office
“CBIRC Jiangxi Office”	China Banking and Insurance Regulatory Commission Jiangxi Office
“China” or “PRC”	the People’s Republic of China, but for the purpose of this annual report only, excluding the Hong Kong and Macau Special Administrative Regions and Taiwan
“Director(s)”	director(s) of the Bank
“Domestic Share(s)”	ordinary share(s) in the share capital of the Bank, with a nominal value of RMB1.00 each, which are subscribed for or credited as fully paid up in RMB
“Domestic Shareholder(s)”	holder(s) of Domestic Shares
“Group”	Jiangxi Bank and its subsidiaries
“HK\$” or “HKD” or “Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Share(s)”	overseas listed foreign shares in the share capital of the Bank, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange



DEFINITIONS

“Listing Date”	the date on which H Shares are listed and traded on the Main Board of the Hong Kong Stock Exchange, which is June 26, 2018
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“PBOC”	the People’s Bank of China (中國人民銀行)
“Prospectus”	the prospectus issued by the Bank on June 13, 2018 for the global public offering
“Reporting Period”	the twelve months from January 1, 2020 to December 31, 2020
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Shareholders”	shareholders of the Bank
“Supervisors”	supervisors of the Bank
“USD”	United States dollars, the lawful currency of the United States

