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Bank of Dongguan
WeChat public account



ANNUAL REPORT
年度報告 2021

Important Notes

- The Board of Directors, Board of Supervisors, Directors, Supervisors and senior management of the Company guarantee that the information presented in the Report is true, accurate and complete, and do not contain false records, misrepresentations or major omissions and bear individual and joint legal liabilities.
- The 2021 Annual Report was approved at the 4th Meeting of the 8th Board of Directors on 10 March 2022. Out of the 15 Directors expected to attend the meeting, 15 were present at the meeting, and eight Supervisors of the Bank were present at the meeting.
- KPMG Huazhen LLP issued an unqualified auditor's report for the Company in accordance with the Chinese Enterprise Accounting Standards.
- The Annual Report is prepared in Simplified Chinese, Traditional Chinese and English versions respectively. In the event of any discrepancies between the Chinese and English versions, the Simplified Chinese version shall prevail.
- Mr. Lu Guofeng, Chairman of the Board of Directors of the Bank, Mr. Cheng Jinsong, President of the Bank, Ms. Sun Weiling, Chief Accountant, and Ms. Wei Sanfang, Head of Finance Department represent that financial reports presented in the Annual Report are true, accurate and complete.
- During its 4th Meeting, the 8th Board of Directors of the Bank reviewed and approved the profit distribution plan for the reporting period: based on the total share capital of 2.18 billion shares as of 31 December 2021, a cash dividend of RMB2.5 (tax included) will be distributed to all shareholders for every 10 shares, with a total of RMB545 million in cash dividends.
- Unless otherwise stated, the accounting and financial data mentioned in the Report are consolidated data.
- The forward-looking descriptions such as future planning and development strategies involved in the Report shall not be regarded as the Bank's substantial commitments to its investors. Investors and relevant parties shall be sufficiently aware of the related risks and understand the distinction among these plans, forecasts and commitments.
- Investors are expected to read the full text of the Report carefully. The details on existing major risks and proposed countermeasures are set out in the Report by the Bank. Please refer to the "Discussion and Analysis on Operating Performance" for information relating to risk management.

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I Interpretation

In the Report, unless otherwise stated, the following terms contain connotations as below:

1. "Bank of Dongguan", the "Bank", our "Bank" and the "Company" refer to Bank of Dongguan Co., Ltd.
2. "Cai Kuai [2018] No. 36" refers to the Notice on Revising and Issuing the Format of Financial Statements of Financial Enterprises for 2018.
3. "Reporting period" refers to the year 2021.
4. "Articles of Association" refer to the "Articles of Association of Bank of Dongguan Co., Ltd."

Chairman's Address

In 2021, in the face of major opportunities and severe risks and challenges, and with the support of governments at all levels and the effective supervision and guidance of regulatory authorities, the Bank adhered to the general principle of seeking progress while maintaining stability, responded calmly to the challenges through coordinated implementation of related policies, and continuously built on the foundation for sustainable development with unremitting efforts of the entire staff and the strong support from all sectors of society.

In the past year, we consistently improved the quality and efficiency of business development operations. We fulfilled all the full-year regulatory targets, continuously improved assets quality, and increased net profit by 15.44% year-on-year, with reductions achieved in both the value of outstanding non-performing loans (NPL) and the NPL ratio.

In the past year, we made considerable headway in strategy-driven development. The Board of Directors, the Board of Supervisors and the senior management have successfully completed their elections for the new term and further improved the corporate governance capacity in the Bank. We have completed the compilation of a new five-year strategic development plan, and started business operations at the Bank's Hong Kong branch.

In the past year, we focused on supporting the real economy and the general public. We resolutely implemented and complied with the strategic arrangements made by the central government and regulatory requirements, focused on our primary businesses and responsibilities, actively supported technological innovations and advanced manufacturing, and consistently expanded green finance and consumer finance while inclusive financial services saw higher business volume, wider market coverage and improved serviced quality.

In the past year, we continued to push ahead with business reforms and transformation. We have carried out a series of reforms of the organisational system, incentive and constraint mechanisms, and the resource allocation mechanism to accelerate digital transformation. Based on an accurate understanding of the key aspects of risk control, we deepened technology applications to empower business operations, and resolutely upheld the bottom-line of risk prevention.

In the past year, we vigorously fulfilled our social responsibilities. We have been actively involved in the poverty alleviation campaign, the fight against the COVID-19 pandemic, protection of consumer rights and other activities, while catering to the needs of our employees for personal and career development, and listening attentively to the voices of our stakeholders to achieve sustainable development.

In 2022, we will implement the new concept of development, adapt ourselves to the new development pattern, adhere to the principle of seeking progress while maintaining stability as the top priority, make every effort to achieve a promising start to the Bank's new five-year strategic development plan, and repay the public for their strong support with high-quality growth!

Chairman: Lu Guofeng

Company Overview

I. COMPANY STATUS

Legal Chinese name	东莞银行股份有限公司
Chinese abbreviation	东莞银行
Legal English name	BANK OF DONGGUAN CO., LTD
English abbreviation	BOD
Legal representative	Lu Guofeng
Date of initial registration	8 September 1999
Unified social credit code	914419007076883717
Financial license No.	B0201H244190001
Registered office address	No., 21 Tiyu Road, Guancheng District, Dongguan, Guangdong

II. CONTACTS

Secretary of Board of Directors	Li Qicong
Contact address	Office of the Board of Directors, Bank of Dongguan, No. 21 Tiyu Road, Guancheng District, Dongguan, Guangdong Province
Tel	0769-22865192
Fax	0769-22116029
E-mail	zhanlb@dongguanbank.cn
Postal code	523000

III. DISCLOSURE AND PREPARATION SITE FOR THE ANNUAL REPORT

Newspapers for publishing a summary of the annual report	<i>Financial News</i>
Website for annual report publishing	Official website of the Bank: http://www.dongguanbank.cn
Site for preparing the annual report	Office of the Board of Directors and branch offices of the Company

IV. OTHER RELEVANT INFORMATION

Certified public accountant engaged	KPMG Huazhen LLP (Special General Partnership)
Office address	8th Floor, KPMG Tower Oriental Plaza, 1 East Chang An Avenue, Beijing
Signing Certified Public Accountants	Huang Aizhou, Ye Yunhui

Summary of Accounting Data and Financial Indicators

I. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

Unit: RMB'000, %

Operating performance	2021	2020	Increase or decrease over the previous year	2019
Operating income	9,510,756	9,157,567	3.86	9,082,673
Operating profit	3,284,063	2,568,137	27.88	2,953,416
Total profits	3,279,749	2,554,984	28.37	2,947,255
Net profits	3,320,152	2,876,031	15.44	2,832,463
Net profit attributable to shareholders of the Company	3,316,334	2,875,584	15.33	2,826,134
Net profit attributable to shareholders of the Company after deducting non-recurring profit and loss	3,309,231	2,877,174	15.02	2,830,921
Net cash flows (used in)/generated from operating activities	-17,855,118	9,680,383	-284.45	6,501,861
Basic earnings per share (RMB/share)	1.48	1.32	12.12	1.30
Diluted earnings per share (RMB/share)	1.48	1.32	12.12	1.30
Basic earnings per share after deducting non-recurring profit and loss (RMB/share)	1.48	1.32	12.12	1.30
Net cash flow from operating activities per share (RMB/share)	-8.19	4.44	-284.46	2.98
Fully diluted return on equity (%)	11.69	11.60	0.09	12.44
Weighted average return on equity (%)	12.36	12.17	0.19	13.20
Fully diluted return on net assets after deducting of non-recurring profit or loss (%)	11.67	11.61	0.06	12.46
Weighted average return on equity after deducting of non-recurring profit or loss (%)	12.33	12.17	0.16	13.22

Note: The indicators relating to the Group's return on equity and earnings per share are calculated in accordance with the provisions of "Notice on Promulgation of Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No.9 – Calculation and Disclosure of Return on Equity and Earnings per Share" (revised in 2010). The Bank issued RMB2.2 billion of written-down unfixed-term capital bonds (the "Perpetual Bonds") in 2020 and paid the interest on the bonds in 2021. When calculating the basic earnings per share and average return on equity disclosed herein, the Bank took into account the effect of the Perpetual Bonds.

Unit: RMB'000, %

Indicators of project scale	2021	2020	Increase or decrease over the end of the previous year	2019
Total assets	482,783,583	416,326,107	15.96	372,007,876
Total disbursement of loans and advances	270,088,026	229,103,304	17.89	190,207,125
Including: Corporate loans	151,907,900	121,453,717	25.07	120,953,082
Personal loans	95,585,147	78,132,581	22.34	67,613,048
Notes discounted	22,594,979	29,517,006	-23.45	1,640,995
Provision for loan impairment	6,612,026	5,890,313	12.25	4,966,160
Total liabilities	452,926,078	389,245,133	16.36	349,199,810
Total principal of deposits	318,832,668	291,694,448	9.30	263,711,462
Including: Corporate deposit	203,690,298	192,071,907	6.05	175,468,582
Personal deposit	101,157,163	87,278,098	15.90	79,926,425
Shareholders' equity	29,857,505	27,080,974	10.25	22,808,066
Including: Equity attributable to shareholders of the Company	29,755,352	26,980,679	10.28	22,717,531
Share capital	2,180,000	2,180,000	0.00	2,180,000
Net assets per share attributable to shareholders of the Company (RMB/share)	12.64	11.37	11.17	10.42

Note 1: According to the Notice on Revising and Issuing the Format of Financial Statements of Financial Enterprises for 2018 of the Ministry of Finance (Cai Kuai [2018] No. 36), the interest of financial instruments based on the effective interest method is included in the book balance of financial instruments. Interest on the financial instruments that have matured and is receivable or payable but have not been received or paid at the balance sheet date is listed under "Other assets" or "Other liabilities". Unless otherwise stated, the "Loans and advances", "Customer Deposits" and their details referred to in the Report are non-interest amounts.

Note 2: The effects of the write-down open-ended bonds ("perpetual bonds") have been reversed for the net assets per share attributable to the Company's ordinary shareholders.

II. MAJOR FINANCIAL INDICATORS BY QUARTER

Unit: RMB'000

	Q1 of 2021	Q2 of 2021	Q3 of 2021	Q4 of 2021
Operating income	2,351,688	2,261,805	2,451,219	2,446,044
Net profit attributable to shareholders of the Company	1,060,882	746,938	845,634	662,880
Net profit attributable to shareholders of the Company after deducting non-recurring profit and loss	1,062,303	731,493	856,907	658,528
Net cash flows (used in)/generated from operating activities	-12,105,479	-10,465,975	2,840,032	1,876,304

III. NON-RECURRING GAINS AND LOSSES AND AMOUNT

Unit: RMB'000, %

Non-recurring gains and losses item	2021	2020	Increase or decrease over the end of the previous year	2019
Net gains and losses from disposal of non-current assets	-10,295	3,036	-439.10	-3,526
Government grants recognised in current gains and losses	24,610	11,002	123.69	3,359
Other items qualified as non-recurring gains and losses	-4,315	-13,153	67.19	-6,161
Net non-recurring gains and losses	10,000	885	1,029.94	-6,328
Effect of income tax	2,798	1,020	174.31	-1,588
Total	7,202	-135	5,434.81	-4,740
Including: non-recurring gains and losses that affect net profit of shareholders of the Company	7,103	-1,590	546.73	-4,787
non-recurring gains and losses that affect minority interests	99	1,455	-93.20	47

IV. SUPPLEMENTARY FINANCIAL AND REGULATORY INDICATORS

Unit: %

Item	Standard value	2021	2020	2019
Capital adequacy ratio	≥10.5	13.32	14.54	14.10
Tier-1 capital adequacy ratio	≥8.5	9.34	10.03	9.30
Core tier-1 capital adequacy ratio	≥7.5	8.64	9.20	9.30
Leverage ratio	≥4	5.53	5.84	5.59
Liquidity ratio	≥25	59.97	58.70	74.78
Liquidity coverage rate	≥100	132.42	145.96	153.68
Non-performing loan ratio	≤5	0.96	1.19	1.27
Provision coverage ratio	≥130	259.48	219.17	208.03
Provision-loan ratio	≥1.8	2.49	2.60	2.63
Loan concentration ratio of a single customer	≤10	3.74	4.54	5.08
Credit concentration ratio of a single group customer	≤15	5.80	7.00	8.03
Migration ratio of pass loans	—	1.48	1.50	2.17
Migration ratio of special-mentioned loans	—	21.68	33.40	25.70
Migration ratio of substandard loans	—	43.20	44.81	83.57
Migration ratio of doubtful loans	—	35.31	16.28	11.97
Return on total assets	≥0.6	0.74	0.73	0.83
Cost-income ratio	≤35	34.55	30.67	28.97
Net interest spread	—	1.82	2.11	2.30
Net interest margin	—	1.79	2.08	2.27

Note 1: Regulatory indicators are calculated and listed in accordance with the regulatory specification.

Note 2: Net interest spread = the difference between the average return on interest-earning assets and average cost rate of interest-paying liabilities.

Note 3: Net interest margin = daily average balance ratio of net interest income to interest-earning assets.

Note 4: In accordance with the provisions in the Circular on Adjusting the Regulatory Requirements for Loan Loss Provision of Commercial Banks (Yin Jian Fa [2018] No. 7), differential dynamic adjustment shall be implemented on the provision regulatory policy for commercial banks.

V. CHANGE IN SHAREHOLDERS' EQUITY

Unit: RMB'000

Item	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profit	Minority equity	Total shareholders' equity
Opening balance	2,180,000	2,197,358	2,089,535	93,241	2,569,315	4,675,715	13,175,515	100,295	27,080,974
Increase in the current period	-	-	-	96,839	331,398	500,274	1,846,162	1,858	2,776,531
Decrease in the current period	-	-	-	-	-	-	-	-	-
Ending balance	2,180,000	2,197,358	2,089,535	190,080	2,900,713	5,175,989	15,021,677	102,153	29,857,505

VI. CAPITAL COMPOSITION AND ITS CHANGE

Unit: RMB'0,000

Item	2021	2020	2019
Net capital in total	4,191,418	3,869,091	3,414,497
Net core tier-1 capital	2,717,266	2,449,587	2,253,599
Net tier-1 capital	2,937,282	2,669,617	2,253,872
Net tier-2 capital	1,254,136	1,199,474	1,160,625
Risk-weighted assets	31,458,554	26,617,593	24,223,300

Corporate Business Overview

I. MAJOR BUSINESSES IN THE REPORTING PERIOD

The main business scope of the Bank includes: Accepting public deposits; offering short-term, mid-term and long-term loans; domestic settlement; discounting bills; issuing, cashing and underwriting government bonds as an agency; trading government bonds; interbank borrowings; issuing financial bonds; providing bank guarantees; collecting and settling payments; safe box service; entrusted deposits and loans service of local fiscal revolving fund; foreign currency deposits; foreign currency loans; foreign currency remittances; foreign currency exchange; international settlement; interbank borrowing of foreign currency; acceptance and discounting of foreign currency bills; foreign currency guarantees; settling and selling foreign currency; foreign currency exchange as an agency; settling foreign credit card payment as an agency; insurance service as an agency (operating by branches with permit); selling securities investment funds as an agency; self-supporting foreign exchange trading; other businesses approved by the China banking regulatory authorities (items subject to official approval according to laws shall not be operated before such approval is granted by the competent authorities).

II. MATERIAL CHANGES IN MAJOR ASSETS

During the reporting period, there were no material changes in the Bank's major assets.

III. CORE COMPETITIVENESS ANALYSIS

(I) Regional development opportunities provide substantial scope for growth. Our business scope covers all the main regional markets in Guangdong and certain other regions such as Hunan and Anhui, including "7 + 1" cities in the "9 + 2" urban agglomeration of the Guangdong-Hong Kong-Macao Greater Bay Area. China has been accelerating the development of the Guangdong-Hong Kong-Macao Greater Bay Area and the Shenzhen Pilot Demonstration Area, as well as the formation of the regional development pattern of "One Core, One Belt, One Area". A new regional economic structure characterized by rational flow of various production factors, efficient agglomeration, and high-quality development in the Greater Bay Area driven by complementary advantages has brought unique opportunities to the Bank. In 2021, Dongguan's GDP and population exceeded RMB1 trillion and 10 million, respectively. The city has accelerated the pace of innovation-driven development focusing on "Technological Innovation, and Advanced Manufacturing", boosting the Bank's high-quality growth by providing a vast marketplace.

(II) Domestic-overseas coordinated development builds on financial service capacities. On 29 September 2021, the Hong Kong Branch, the 13th branch and the first overseas branch of our Bank, officially went into operation. It is the first step for the Bank to accelerate the international development and build a diversified financial conglomerate, creating favourable conditions for driving business development at the Bank with its own characteristics. The Hong Kong Branch gives the Bank direct access to the financial opening and cooperation initiatives in the Guangdong-Hong Kong-Macao Greater Bay Area, as well as improving product innovations leveraging comparative advantages of interconnected resources on the domestic and foreign markets. The aim is to meet the varying financial service needs of customers in the Greater Bay Area and create a new model of integrated services.

(III) Digital transformation improves the quality and Efficiency of customer services. In a bid to accelerate the establishment of a data middle platform, the Bank adopted a new R&D model oriented toward core project groups and applied the component technology to design standard business operating procedures, and create a large enterprise-grade middle platform system for various business lines; and enhanced service capabilities of the middle platform with lightweight and parameterized development technology. In the meantime, the Bank deepened the "smart operations" initiative focusing on "Remote Services", and opened up new efficient and fast channels for delivering financial services, with a view rigorously addressing the financial needs of customers amid the epidemic, and improving the quality and efficiency of customer services on a comprehensive scale.

(IV) Prudent operation ensures sustainable business development. Adhering to the principle of "prudent operation" focusing on tackling risks and challenges, the Bank enhanced the comprehensive risk management system, set up a scientific risk transmission mechanism, and tightened up risk appetite and risk limit management. We constantly enhanced various risk management and process systems, stepped up risk monitoring and early warning management in key sectors, promoted the development of risk management systems and tools to "intelligentize" risk control operations, so as to further improve the quality and efficiency of risk management and lay a solid foundation for high-quality development.

IV. IMPLEMENTATION OF KEY BUSINESSES DURING THE REPORTING PERIOD

(I) Corporate banking

1. Business results

Adhering to the strategic positioning of "being the contractor bank for government affairs and finance" and "being the host bank of small and medium-sized enterprises", we persevered with the lightweight and digital transformation in our pursuit of high-quality and sustainable development oriented toward integrated and internationalised business operations with distinctive competitive differentiation, focusing on the three major business segments - "government affairs and finance", "industrial finance" and "inclusive finance". As of the end of the reporting period, the Company's business deposit balance amounted to RMB203.690 billion, an increase of RMB11.618 billion or 6.05% compared with that at the beginning of the year. The Company's business loan balance (including discounts) reached RMB174.503 billion, an increase of RMB23.532 billion or 15.59% compared with that at the beginning of the year.

2. Features of business development

(1) We continuously built on the competitive advantages of the government affairs and finance business as one of the primary businesses.

Firstly, we stepped up the development of “digital government” providing digital finance services for 38 government agencies, and achieved automated and intensive processing of centralised fiscal payment transactions. **Secondly**, we doubled down on agency qualification and channel acquisition efforts, and obtained 16 new agency qualifications this year. **Thirdly**, thanks to our active development of the “village finance” interbank collection business during the year, both deposits from villages and local communities and our market share have increased. We won the “Excellent Product Award” and “Outstanding Contribution Team Award” in the 2021 Dongguan Rural Revitalization Financial Model Contest.

(2) We explored new approaches to developing industry-specific businesses focusing on industrial finance. **Firstly**, we promoted the upgrading and transformation of regional industries through financial services, successively organized special marketing events for advanced manufacturing in eight local branches in cities such as Dongguan, Hefei, Foshan, Zhongshan, Shenzhen, Guangzhou, Qingyuan and Huizhou – the Dongguan Branch logged a net increase of more than RMB20 billion in the value of credit granted. **Secondly**, we were deeply involved in urban renewal (industrial upgrading and transformation) and other initiatives. An aggregate of RMB8.3 billion of funds were granted to industrial upgrading and transformation projects, RMB500 million to space expansion projects and RMB4.4 billion to urban renewal projects. **Thirdly**, through effective development of the “Blue Ocean” of green financial services, the balance of outstanding green loans rose by 42.11%. Furthermore, we granted the first zero-carbon industrial park construction loan and the first loan collateralized with carbon emission quota in Dongguan.

(3) We further developed the transactional finance business, building on payment and settlement capacities. **Firstly**, by vigorously developing businesses such as Dongguan Yintong and Cloud Order, we increased the number of corporate finance transaction merchants in the Bank by 215% year-on-year and the Yutong transaction amount by 350%. **Secondly**, we further optimised related functions of the finance channel system, upgraded UI designs of the login pages and homepages, and added the feature of net worth currency wealth management transaction in the Corporate Online Banking and Mobile Banking sections. The Bank won the “Enterprise Online Banking Innovation Award” in the 2021 China Digital Finance Gold Awards Contest held by China Financial Certification Center (CFCA) and China Electronic Banking Network.

(4) We optimised product support and continuously promoted iterative innovation. We sought to meet customers’ financial service requirements throughout the “customer journey”, and introduced the “product manager” system covering the entire product life cycle, adhering to the customer-centred principle and the new approach of digital transformation. During the reporting period, we focused on supplying online corporate products, including special online deposit products, e-bidding guarantee and online equipment mortgage to enhance the online customer service experience.

(5) We deepened the business line reform to stimulate new growth drivers for business line-based management. We thoroughly improved asset-liability management, human resources management, business management concerning the “Bank-specific Policymaking” requirements, and prior risk management along the various business lines to comprehensively increase the efficiency of “human, financial and material” resources allocation, and enhanced their decision-making capabilities, execution power and management granularity through the establishment of a flatter and more specialized organisation structure, ultimately improving the overall service standard.

(II) Inclusive finance

1. Business results

Focusing on strategic emerging industries and advanced manufacturing, the Bank continued to ramp up inclusive financial service operations, and increased support for small and micro technology-based enterprises in line with the goal of achieving “Two Increases and Two Controls” and the requirement of the “targeted Required Reserve Ratio (RRR) cut”. As of the end of the reporting period, outstanding unified small and micro loans (including loans granted to small and micro enterprises (SMEs), sole proprietorships, small and micro business owners) came in at RMB98.199 billion, an increase of RMB11.538 billion or 13.31% compared with that at the beginning of the year. Among them, outstanding inclusive finance loans offered by the Bank totaled RMB27.876 billion, an increase of RMB6.635 billion or 29.97% compared with that at the beginning of the year, with the total number of inclusive finance loans rose to 20,244.

2. Features of business development

(1) The organisational structure system was optimised to maximize the number of small and micro enterprises benefitting from the services.

As of the end of the reporting period, the Bank had a total of 167 outlets, including eight community branches and four SME-oriented branches. We succeeded in extending the service radius and expanding the service coverage of small and micro enterprises. In 2021, we set up an Account Manager Team dedicated to promoting the development of inclusive finance in Dongguan, and enhance the professional standard of the inclusive finance services.

(2) We pushed forward the transformation and upgrading of business models through effective technology enablement. In terms of product innovation, we accelerated the transformation and upgrading of SME offline products toward “online + offline” operations applying the big data analysis and decision-making and other emerging technologies, and rolled out some online products such as Dongguan Bank Tax e-loan, Technology e-loan, Housing e-loan and Government Procurement e-loan to make our products and services more user-friendly; in terms of customer outreach, we established a customer evaluation system and formulated a white list for inclusive finance development based on big data, so as to improve the accuracy of targeted customer acquisition, increase customer loan application rate, and promote high-quality and sustainable development of the business.

(3) We lowered corporate financing costs tapping into the full potential of “policy funding”. Striving to optimise policy synergies, we actively aligned our internal policies with the innovative monetary policy tools such as the inclusive SME credit loan support plan and the inclusive loan extension support facility, and accurately provided low-cost funding (such as SME reloan and rediscounts, policy bank sub-loans and SME financial bonds) for small and micro businesses, reducing corporate financing costs and effectively supporting the development of the real economy. In the same year, more than RMB20 billion worth of inclusive loans were granted, with a weighted average interest rate of 4.91%, down 55 BP compared with that in the previous year.

(4) We actively developed fintech businesses, and ranked among the best performers in the “Three integrations” campaign in Dongguan. We continuously optimised and innovated fintech products in line with the government’s call for the “Three Integrations”. In 2021, among the 16 “Three Integrations” technology loan banks designated by the government in Dongguan, we took the top positions in terms of the number of “Three Integrations” loan recipients and the number and total value of loans granted. By the end of the reporting period, the Bank had 2,293 fintech loan clients, with a credit balance of RMB38.756 billion, up RMB9.521 billion or 32.57% compared with that at the beginning of the year.

(III) International business

1. Business results

The Bank attached great importance to supporting the real economy in the foreign trade sector. Combining cross-border clearing and settlement, trade financing, foreign exchange derivatives and other related products, we worked in tandem with our Hong Kong branch to provide integrated RMB and foreign currency trade financing services in China and abroad for enterprises and groups with cross-border transaction needs, and consistently met the complex business needs of our customers. During the reporting period, the Bank granted RMB31.475 billion in RMB and foreign currency trade financing, up 20.99% year-on-year.

2. Features of business development

(1) We further developed integrated international services focusing on cross-border financing. Based on customers’ domestic and foreign trade flow, capital flow and financial service needs throughout the entire processes and life cycles, we developed fully integrated RMB and foreign currency products accordingly in China and overseas, generating traffic through settlement transaction service, and bringing in profits through trade financing and capital transactions. By doing so, we increased total revenue with improved customer stickiness, thereby creating a complete service plan covering the entire process and life cycle to improve international service capabilities.

(2) We scaled up capital-light and asset-light operations focusing on “transactional” products. We increased the asset turnover rate, continuously stepped up interbank cooperation channels, attracted low-cost foreign funding on a more extensive scale, and provided Chinese and foreign enterprises with overseas payment agency service, forfeiting and other trade financing products. It helped reduce the consumption of the Bank’s own economic capital resources, and improve the operating efficiency of capital-light and asset-light operations.

(3) We solidly developed the cross-border payment settlement business, and increase low-cost settlement funds deposits. Leveraging the strengths and advantages of our international business division with respect to cross-border transactions and professional foreign exchange policy-related services, and focusing on cross-border payment and fund settlement, foreign exchange settlement and sales, foreign exchange derivatives and other businesses, we sped up the development and optimisation of online settlement channels to optimise the efficiency of international settlement transactions and increase the proportion of low-cost settlement funds collection and deposit, building on the volume and competitiveness of basic settlement products to provide more efficient financial services for medium, small and micro-sized enterprises (MSMEs).

(IV) Retail banking

1. Business results

Adhering to the positioning of “being the bank for citizens” and the philosophy of “market-oriented and customer-centered business operations”, the Bank leveraged its highly “responsive and flexible” business systems and mechanisms to develop a series of specialized and localized product portfolios and integrated service solutions that dovetail with customers’ actual needs and assist them in precision marketing, boosting the steady development across-the-board. As of the end of the reporting period, the deposit balance reached RMB101.157 billion, up RMB13.879 billion or 15.90%; the balance of individual credit was RMB95.585 billion, up RMB17.453 billion or 22.34% compared with that at the beginning of the year.

2. Features of business development

(1) We made perseverant efforts to promote rural revitalization through finance and develop new channels for delivering user-friendly digital financial services for residents in rural areas. Focusing on solving difficulties of government affairs, financial service bottlenecks and pain points affecting people’s livelihood in rural regions, we collaborated with local governments to set up an agile team for financial innovation revolving around rural revitalization in Dongguan, with the aim of extending the service radius and broadening the social security service coverage to include rural communities, and promoting the integration of government services and financial services with production activities and everyday activities of the rural communities, villagers and social merchants. In 2021, the Bank issued more than 1.14 million third-generation social security cards, ranking the first in Dongguan.

(2) We accelerated wealth management business transformation, and promoted business and income diversification. From the viewpoint of asset and liability management for customers, we worked on wealth preservation and value-added services for customers, and optimised the service workflow to improve customer satisfaction. We innovated deposit products seeking to develop more competitive products, cemented partnerships with various financial institutions to consistently diversify wealth product portfolios, increased support for settlement products, and launched more scenario-based settlement services to promote the growth of the AUM base and wealth for retail customers.

(3) We accelerated digital transformation, and integrated online and offline products. We pushed ahead with the synergistic integration of online and offline channels, optimised the preferential e-loan and developed a purely internet-based business loan product “custodial e-loan” to effectively support the real economy; enhanced the system support and process transformation, and improved mobile banking, online banking, WeChat banking and other electronic banking services through iteration to promote the integration of online and offline products, and enhance service experience for customers.

(V) Direct banking business

1. Business results

Adhering to the “customer-centered” service philosophy, the Bank focused on the target customer group and optimised business processes by leveraging its fintech strengths to constantly accelerate the digitalization of direct-bank loan operation, and drive direct-bank sales steady growth. As of the end of the reporting period, outstanding direct-bank loans reached RMB17.305 billion, with an increase of RMB10.364 billion or 149.32% compared with the beginning of the year.

2. Features of business development

(1) We optimised customer experience and focused on core products. In terms of consumer credit business, through iterative optimisation of product elements, business processes, marketing promotions, etc., the Bank ratcheted up the synergistic integration of online and offline channels for all categories of online end-to-end products covering all customer demographics, thus improving the customer service experience, and supporting direct-banking loan business transformation and upgrade. As regards the payment settlement business, the Bank focused on the construction of Dongguan e-rent business under the renting scenario. Based on the requirements of local villagers and customer groups in industrial parks, we swiftly introduced differentiated and featured versions, such as iterative applet, park versions etc., to simplify the operation process, broaden business functions and improve the rental collection experience for customers.

(2) We reinforced the policy of involving all employees in marketing to drive steady business growth. Through continuous iterative optimisation of functionalities and data display platforms in the “marketing by everyone” supporting systems, such as the customer manager work platform and the digital marketing platform, the Bank assisted marketing staff of local branches in maintaining steady business development in a more targeted and effective manner, with the aim of realizing “walk-in” service mode, and stimulating the growth and structure optimisation of the retail banking business.

(3) We conducted effective risk management and control, and tightened up risk processes management. Adhering to the philosophy of “risk-driven business”, the Bank embed risk management requirements into all lending operations before, during and after the loan disbursement process, further developed the management mechanisms of risk detection, warning, elimination and manual intervention, and improved the standard of digital risk control and management in the entire process to minimize the probability of credit default and improve asset quality in the consumer credit business.

(VI) Financial market business

1. Business results

The Bank has continued to obtain new business qualifications, and strengthened bond issuance to promote business innovation and development. We successfully filed with National Association of Financial Market Institutional Investors (NAFMII) for qualifications as a core dealer of credit risk mitigation and as an issuer of credit risk mitigation warrants, and the Bank carried out standard bond forward transactions, foreign exchange options on behalf of clients, foreign-currency repurchases pledged by domestic bonds and other types of transactions to further diversify business lines. The Bank successfully issued two batches of tier-2 capital bonds totaling 5 billion yuan to replenish the Bank’s capital, and two batches of financial bonds totaling 6 billion yuan to effectively replenish medium and long-term reliable liabilities.

2. Features of business development

(1) We increased the overall profitability of the bond business through strategy optimisation. Adhering to the prudent and flexible investment strategy, the Bank dynamically adjusted and continuously optimised the structure of asset portfolios by using strategies such as coupon, spread, hedging, etc. as market conditions change; and properly applied interest rate swaps and other derivatives to hedge portfolio risks, reduce volatility and improve overall profits.

(2) We promoted the steady development of the commercial paper business through product innovation. Revolving around the Bank’s development strategy, we applied commercial paper product to better support real enterprises. We continuously optimised the commercial paper business process and kept product innovation to enhance customer experience, with the assistance of technology. We also strengthened market research capacity, enhanced trading ability, thereby generating steady growth in the revenue of commercial paper.

(3) We effectively controlled the cost of interbank liabilities based on effective market research and analysis. The Bank ramped up market research and analysis efforts, carried out active liquidity management, and effectively controlled the cost of interbank liabilities taking full advantage of interbank liabilities instruments such as repos and NCDs.

(VII) Asset management business

1. Business results

The Bank actively promoted the transformation of the wealth management business. By diversifying product systems, improving investment and research systems, enhancing risk management, optimising operational processes, and establishing system group at an accelerating pace, the Bank carried out steady transformation of the asset management business. As of the end of the reporting period, all the outstanding wealth management products were operated on the basis of net asset value (NAV), with a combined NAV of RMB49.182 billion, an increase of RMB20.029 billion or 68.70% compared with that at the beginning of the year.

2. Features of business development

(1) We diversified the product system and stepped up the netting transformation of WM products. To accelerate the pace of the netting transformation of WM products, the Bank consistently added new types of products and features. In 2021, we launched new 1-month and 9-month interval WM products, hybrid FOF WM products ("Chuangying" and "Fengying" series), and closed-end renewable and private equity (PE) WM products. They not only offer more options for customers in terms of the maturity of short-term instruments, but also extended the financial product line to cover equity products by means of its investment and research capability for public funds to meet the rights and interests requirements of financial customers.

(2) We built on our investment and research capabilities, and further developed the management system for investment transactions. In 2021, the Bank took various measures to improve the management system for investment transactions, including enhancing the investment decision-making mechanism, developing the management system for assets in major categories, establishing the indexing portfolio management mechanism and optimising the centralised transaction management mechanism. The Bank enriched investment instruments and strategies by developing multiple asset allocation plans and assembling multiple strategic research teams, thereby effectively improving its investment and research capabilities.

(3) Accelerate the planning and construction of system for stronger business support capability. The Bank continued to optimise the operation process for higher efficiency of working and operation, developed the system construction plan and accelerated the construction of system groups to ensure that the asset management business was supported by science and technology.

(VIII) Information technology business

Focusing on deepening the system and mechanism transformation, and Adhering to a new development concept, the Bank took the construction of major project groups as the important starting-point and the overall improvement of science and technology enablement capacity as the main line, so as to strengthen technological governance capacity, implement the specific construction in major business, actively explore new ideas on digital transformation for a clear development direction of financial technology, clarify the prospective development ideas for a new situation of high-quality development through technology enablement.

1. We made perseverant efforts to deepen reforms, and enhance top-level design focusing on building technology enablement capacities

Firstly, the Bank carried out a new round of information technology planning, and compiled the "Information Technology Planning Report of Bank of Dongguan (2022-2026)" to clarify the directions information technology (IT) development at the Bank. **Secondly**, we initiated a special technological governance campaign to ensure satisfactory quality, efficiency and development through effective management, and redoubled core capability and management systems and platform building efforts to improve technology enablement capabilities through management system upgrades. **Thirdly**, the Bank deepened the reform of technological resources allocation, and accelerated IT staff recruitment and training. The investment in information technology reached RMB709 million, accounting for 7.45% of the total annual revenue. The Bank has 311 IT staff members, accounting for 5.92% of the total headcount.

2. We stepped up R&D operations adhering to the strategy-driven development approach, and stimulated business innovation and development through (dual speed) R&D

Firstly, the Bank launched special initiatives focusing on the "five major areas", fully supported IT applications in the Hong Kong branch to guarantee its smooth opening, completed the construction of project groups on financial internet platforms, and promoted the establishment of project groups on the risk management, credit intermediate business platforms, and the unified payment business to facilitate business development. **Secondly**, the Bank implemented the "dual speed" R&D model to integrate technology and business operations, combining traditional and agile development to meet the development needs of differentiated businesses.

3. We set up an automated operation and maintenance platform to drive a shift from reliable operation and maintenance toward high efficiency operation, while adhering to the security operation and maintenance mechanism.

Firstly, the Bank took various measures to reinforce the network safety barriers and improve its proactive security protection capabilities. Relevant efforts include deepening the development of the ISO27001 information security system, tightening technological risk assessment, optimising the structure of security technology, and continuous security monitoring and treatment. **Secondly**, the Bank consolidated its infrastructure and accelerated the integration of infrastructure and application platforms to shorten the time required to make related resources available online, and improve resource utilisation and delivery efficiency. **Thirdly**, the Bank built an automated operation and maintenance platform integrating management and control operations to automate monitoring activities, and set up a visual operation and maintenance system to improve multilateral coordination and collaboration capabilities.

4. We deepened data applications to build on digital operation capabilities, while continuously working on data enablement

Firstly, the Bank built a backup database and a real-time database to ensure business continuity and timeliness of the data application system, and provide data support for real-time business operations. **Secondly**, the Bank took multiple measures to improve data analysis and modeling, and promote the tech-business bimodal modeling mechanism. It applied the data analysis environment to all of its primary business and management lines, and built a number of digital operation applications covering product operation, fund monitoring, marketing for customer groups in the villages and communities, and cockpit for the line business.

V. SOCIAL HONOURS

Honour (extracted)	Evaluation Unit	Time of Evaluation
2020 Active Dealer	National Interbank Funding Center	Feb. 2021
2020 Innovation Pioneer Award	China Central Depository & Clearing Co., Ltd.	Feb. 2021
2020 Dongguan Benefit Contribution Award	Dongguan Committee of the CPC, People's Government of Dongguan Municipality	Feb. 2021
Dongguan top 20 companies with main business income in 2020	Dongguan Committee of the CPC, People's Government of Dongguan Municipality	Feb. 2021
No. 62 in Top 100 China's Banks 2020 (Based on core tier-1 capital)	China Banking Association	Mar. 2021
2021 Excellent Organisation Award in the Dongguan Theoretical Knowledge Contest for Youths of Financial System and Theme Series Activities to celebrate the 100th anniversary of the founding of the Communist Party of China	Dongguan Central Sub-branch of the People's Bank of China, Dongguan Youth Federation of Financial System	Mar. 2021
The Second Prize in the Theoretical Knowledge Contest for Youths of Financial System to celebrate the 100th anniversary of the founding of the Communist Party of China in 2021	Dongguan Central Sub-branch of the People's Bank of China, Dongguan Youth Federation of Financial System	Mar. 2021
2020 Advanced Unit of Financial Consumption Rights and Interests Protection in Dongguan	Dongguan Central Sub-branch of the People's Bank of China, Association of Financial Consumption Rights and Interests of Dongguan	Apr. 2021
2020 "Outstanding Contribution Award" in the "one million enterprises" financing docking activities	The Banking Association of Guangdong	May 2021
2020 "Outstanding Contribution Award" for the promotion of Dongguan Cloud QuickPass APP	Dongguan Central Sub-branch of the People's Bank of China, China Unionpay	May 2021
2020 "Outstanding Contribution Award" for Dongguan Mobile Payment Convenience Project	Dongguan Central Sub-branch of the People's Bank of China, China Unionpay	May 2021
No. 327 in Top 1000 World Banks 2021, an increase of 23	The Banker of the United Kingdom	Sep. 2021
2021 China Golden Tripod Award – Best Corporate Citizen of the Year	China Financial Development Forum	Nov. 2021
2021 China Financial Innovation Award – Top 10 Inclusive Financial Services Innovation Award	The Banker	Dec. 2021

VI. COMPANY'S OUTLOOK FOR FUTURE DEVELOPMENT

(I) Industry competition pattern and development trend

The profound and complex changes in the global situation and the mounting instability and uncertainty have started to weigh on economic development in China, bringing three major challenges – demand contraction, supply chain interruptions and weakening expectations. However, from the long-term perspective, the stable and solid fundamentals of China's economy remain unchanged, and China is still one of the fastest-growing economies in the world today, as the country embarked on a new journey of developing a new development pattern to facilitate domestic circulation and build on economic resilience. The mixed changes have brought new opportunities as well as challenges to the banking industry:

1. Opportunities

China has reached a new stage of high-quality development, and the window of important strategic opportunities has not yet closed for us. The political advantages of the Communist Party leadership and competitive advantages of the socialist market economy are conducive to the long-term development of the Chinese economy and improvement in the country's overall competitiveness. The major regional strategies and the UnionPay urban agglomeration campaign will lead to well-coordinated economic development, and unlock market potential to gather momentum for consumption upgrading. Investment in strategic emerging industries, infrastructure transformation, "new urbanization", etc. have been accelerated to stimulate smoother domestic circulation. Adhering to the general principle of "pursuing progress while ensuring stability", China will actively roll out policies to stabilize economic growth. The ongoing expansion of economic aggregate and the growing volume of the financial market have created significant development opportunities for the banking industry.

2. Challenges

(1) The uncertainty in the external environment has made risk management more challenging for banking institutions. The COVID-19 epidemic has catalyzed the most profound and momentous changes unseen in the past century. As such the international environment has become increasingly complex, severe and volatile, giving rise to market divergence amid the growing complexity and contagiousity of risks. It has also brought unprecedented challenges to risk management in the banking industry.

(2) The comprehensive opening-up of the financial sector to the outside world brings great competition challenges. The new round of financial opening has accelerated, ushering in the era of global competition for banking institutions, and they are under considerable external pressure amid fierce competition resulting from interest rate liberalization.

(3) The advent of the digital age poses significant transformation challenges. The rapid development of the digital economy has seriously affected the traditional operation and management models in the banking industry. Commercial banks have come to a critical turning point of digital transformation, and it is imperative for them to expedite digital transformation.

(II) Corporate development strategy

Medium – and long-term strategic development goals of the Bank: Maintain return on equity (ROE) at a reasonable level and keep steady growth of asset volume to establish the Bank as a comprehensive financial conglomerate with regional competitiveness.

Adhering to the principle of “prudent development” and the strategic positioning of “serving the local economy, the real economy entities and local communities” as well as the philosophy of “market-oriented and customer-centered” business operations, the Bank will further promote digital transformation and the development of asset-light banking, step up the innovation of specialized and localized financial products and services, create new competitive advantages in coordinated development, and continue to promote high-quality and sustainable growth, focusing on business operation integration and internationalisation and competitive differentiation.

(III) Business plan for the year 2022

In 2022, the Bank will adhere to the general principle of “pursuing progress while ensuring stability”, implement the new concept of development and regulatory requirements in a well-targeted fashion and on a comprehensive scale, make every effort to implement high-priority tasks related to pioneering product leadership, efficiency drive, and global operations, and strive to write a new chapter of high-quality development. The following seven areas are our top priorities:

- 1. Tighten up corporate governance and optimally support high-quality development in the new stage.** Further develop the operating mechanism of “three meetings and one level”, step up shareholder equity management, and further refine the working mechanism of related-party transaction management and information disclosure, so as to improve the efficiency of corporate governance on a comprehensive scale.
- 2. Persevere in strategy-driven development and make every effort to develop new growth engines.** Speed up the stock listing efforts, the preparatory work for the establishment of a subsidiary in Hong Kong and the investment and research system focusing on the implementation of the five-year strategic plan, seeking to consistently increase the organic momentum for high-quality development.
- 3. Implement the new development philosophy and build a “moat and base” for driving high-quality development.** Thoroughly implement the new concept of development in a well-targeted fashion and on a comprehensive scale, seize market opportunities to accelerate the transformation of the Bank’s business development model, and create competitive advantages on retail banking products, thus sending the financial asset management business onto a new track of global operation.
- 4. Adhere to the risk-driven development approach, and step up active risk integration and classification-based management.** Strengthen the entire process of products embedded in the risk control, implement a more proactive and multi-faceted risk management policy taking differentiated management and intelligent risk control as the main starting point to make risk management more efficient.
- 5. Pursue innovation-driven development and push forward digital transformation on a comprehensive scale.** Deepen data enablement and smart banking operations, and accelerate the application of all online elements, processes and data business.
- 6. Deepen the resource allocation reform giving priority to efficiency, and comprehensively improve service support capabilities.** Enhance the efficiency of capital, innovate the assets-liabilities service mode, implement cross-border coordinated with a global vision, and set up a sound, flexible, efficient and dynamic performance appraisal mechanism.
- 7. Adhere to the strategy of “promoting the development of the Bank with talents”, with human resources regarded as the principal asset.** Step up team construction of key talent teams, implement the policy “workload quantification, workflow datafication and work practice standardization”, accelerate international financial professional training in the line business, and make every effort to build a loyal, clean, responsible and high-quality talent team.

Discussion and Analysis on Operating Performance

I. OVERVIEW

In 2021, the COVID-19 pandemic continued to affect the global economy, giving rise to considerable uncertainty and instability in economies worldwide. In the face of substantial changes in internal and external business circumstances, under the leadership of the Board of Directors, the Bank continuously deepened reform and innovation efforts which follow the general principle of pursuing progress while ensuring stability, stepped up strategy-driven development on a comprehensive scale, built on its ability to support the real economy, rigorously prevented financial risks, and achieved steady business growth across-the-board, which is illustrated in the following aspects:

First, volume grew steadily. As of the end of the reporting period, the Bank's total assets came in at RMB482.784 billion, an increase of RMB66.457 billion or 15.96% year-on-year. Total liabilities amounted to RMB452.926 billion, an increase of RMB63.681 billion or 16.36% year-on-year. The balance of deposits was RMB318.833 billion, an increase of RMB27.138 billion or 9.30% year-on-year. The rigorously value of outstanding loans totaled RMB270.088 billion, an increase of RMB40.985 billion or 17.89% year-on-year.

Second, profitability improved steadily. During the reporting period, the Bank registered operating income of RMB9.511 billion, up RMB353 million or 3.86% year-on-year, realized a net profit of RMB3.320 billion, up RMB444 million or 15.44% year-on-year. Net profit attributable to shareholders of the parent company was RMB3.316 billion.

Third, the profit structure has been consistently optimised. During the reporting period, the Bank achieved a net non-interest income of RMB2.225 billion, representing a year-on-year increase of RMB624 million, or 38.99%.

Fourth, asset quality has also improved consistently. As of the end of the reporting period, the Bank had an NPL ratio of 0.96%, down 0.23 percentage point from the beginning of the year, and a provision coverage ratio of 259.48%, an increase of 40.31 percentage points over the beginning of the year. The relatively high level of provision coverage further enhanced risk resistance capability.

As of the end of the reporting period, all indicators of the Bank remained good to reach and surpass the regulatory standards. The main regulatory indicators are as follows:

Unit: %		
Type	Item	Percentage
Performance indicator	Return on average assets	0.74
Performance indicator	Return on fully diluted net assets	11.69
Performance indicator	Cost-income ratio	34.55
Asset quality indicator	Non-performing loan ratio	0.96
Prudential operation indicator	Capital adequacy ratio	13.32
Prudential operation indicator	Loan concentration ratio of a single customer	3.74
Prudential operation indicator	Provision coverage ratio	259.48

II. ANALYSIS ON MAJOR BUSINESSES

(I) Income statement analysis

In 2021, the Bank adhered to a prudent business strategy, actively responded to changes in internal and external environment, and further improved its management operations and profitability by optimising the asset-liability structure and tightening up risk management. During the reporting period, the Bank achieved operating income of RMB9.511 billion, an increase of RMB353 million, or 3.86%, over the same period of previous year, and the net profit attributable to shareholders of the Company was RMB3.316 billion, up by RMB441 million or 15.33% year-on-year.

During the reporting period, the changes in the main items of the Bank's profits are shown in the table below:

Unit: RMB'000, %				
Item	2021	2020	Increase/Decrease	Growth rate
Operating income	9,510,756	9,157,567	353,189	3.86
Net interest income	7,285,581	7,556,664	-271,083	-3.59
Interest income	16,991,501	15,817,366	1,174,135	7.42
Interest expense	9,705,920	8,260,702	1,445,218	17.50
Non-interest income	2,225,175	1,600,903	624,272	38.99
Net fee and commission income	881,109	786,519	94,590	12.03
Other non-interest income	1,344,066	814,384	529,682	65.04
Operating expenses	6,226,693	6,589,430	-362,737	-5.50
Taxes and surcharges	110,371	98,362	12,009	12.21
Operating and administrative expenses	3,286,315	2,808,885	477,430	17.00
Credit impairment loss	2,828,171	3,682,183	-854,012	-23.19
Other asset impairment losses	1,836	-	1,836	100.00
Operating profit	3,284,063	2,568,137	715,926	27.88
Net Non-operating income	-4,314	-13,153	8,839	67.20
Total profits	3,279,749	2,554,984	724,765	28.37
Income tax expenses	-40,403	-321,047	280,644	87.42
Net profits	3,320,152	2,876,031	444,121	15.44
Including: Net profit attributable to shareholders of the Company	3,316,334	2,875,584	440,750	15.33
Profit or loss attributable to minority interests	3,818	447	3,371	754.14

1. Net interest income

During the reporting period, the Bank adhered to its strategic positioning, deepened the asset-liability management reform, adjusted the business structure in sync with asset-liability management operations, and further promoted the development and transformation toward "asset-light" and "transaction-oriented" banking operations. During the reporting period, the Bank realized net interest income of RMB7.286 billion, representing a year-on-year decrease of RMB271 million, or 3.59%.

During the reporting period, changes in the Bank's net interest income are summarised as follows:

Unit: RMB'000, %				
Item	2021	2020	Increase/Decrease	Growth rate
Interest income	16,991,501	15,817,366	1,174,135	7.42
Loans and advances to customers	12,437,168	11,391,606	1,045,562	9.18
Investments	3,863,030	3,878,824	-15,794	-0.41
Deposits in the central bank	434,562	405,415	29,147	7.19
Financial assets purchased under resale agreements	217,989	121,732	96,257	79.07
Loans to banks and other financial institutions	23,885	7,198	16,687	231.83
Deposits with banks and other financial institutions	14,867	12,591	2,276	18.08
Interest expense	9,705,920	8,260,702	1,445,218	17.50
Customer deposits	6,531,363	5,670,957	860,406	15.17
Bonds payable	2,023,343	1,800,880	222,463	12.35
Deposits from banks and other financial institutions	83,153	121,935	-38,782	-31.81

Unit: RMB'000, %

Item	2021	2020	Increase/Decrease	Growth rate
Financial assets sold under repurchase agreements	327,935	304,258	23,677	7.78
Deposits from banks and other financial institutions	102,844	111,977	-9,133	-8.16
Borrowings from the central bank	615,092	250,695	364,397	145.35
Lease liabilities	22,190	N/A	N/A	N/A
Net interest income	7,285,581	7,556,664	-271,083	-3.59

The Bank's daily average balance of interest-earning assets and interest-paying liabilities, interest income (expenses) and average return (cost rate) are summarised as follows:

Unit: RMB'000, %

Item	2021			2020		
	Daily average balance	Interest income/Expense	Average return/Cost rate	Daily average balance	Interest income/Expense	Average return/Cost rate
Loans and advances to customers	249,430,772	12,437,168	4.99	213,580,687	11,391,606	5.33
Investments	115,192,590	3,863,030	3.35	113,110,114	3,878,824	3.43
Deposits in the central bank	29,434,050	434,562	1.48	27,606,156	405,415	1.47
Financial assets purchased under resale agreements	10,189,538	217,989	2.14	6,707,569	121,732	1.81
Deposits with banks and other financial institutions	1,852,287	14,867	0.80	1,667,228	12,591	0.76
Loans to banks and other financial institutions	859,718	23,885	2.78	479,209	7,198	1.50
Total interest-earning assets ¹	406,958,956	16,991,501	4.18	363,150,963	15,817,366	4.36
Customer deposits	299,994,301	6,531,363	2.18	270,119,050	5,670,957	2.10
Bonds payable	65,053,357	2,023,343	3.11	61,405,452	1,800,880	2.93
Deposits from banks and other financial institutions	4,127,246	83,153	2.01	5,758,346	121,935	2.12
Financial assets sold under repurchase agreements	14,113,804	327,935	2.32	15,583,873	304,258	1.95
Loans from banks and other financial institutions	4,302,006	102,844	2.39	4,965,344	111,977	2.26
Borrowings from the central bank	23,332,474	615,092	2.64	9,792,132	250,695	2.56
Lease liabilities	515,739	22,190	4.30	N/A	N/A	N/A
Total interest-earning liabilities ¹	411,438,926	9,705,920	2.36	367,624,197	8,260,702	2.25
Net interest income	-	7,285,581	-	-	7,556,664	-
Net interest spread	-	-	1.82	-	-	2.11
Net interest margin	-	-	1.79	-	-	2.08

Note 1: The daily average balance of interest-earning assets and interest-paying liabilities are unaudited data provided by the Bank's management.

(1) Interest income

During the reporting period, the Bank achieved interest income of RMB16.992 billion, representing a year-on-year growth of 7.42%. The continuous increase in interest income of the Bank was mainly due to the continuous increase in the average daily size of the Bank's interest-earning assets.

① Loans and advances interest income

During the reporting period, the Bank achieved loans and advances interest income of RMB12.437 billion, which made up 73.20% of interest income, represented a year-on-year growth of 9.18%. The growth in interest income from loans and advances was mainly attributable to the Bank's consistent increase in the total volume of loans. During the reporting period, the daily average balance of the Bank's loans and advances increased by RMB35.850 billion year-on-year, and the average return from loans and advances witnessed a year-on-year decrease by 34BPs to 4.99% due to the influence of decline in market interest rates.

During the reporting period, the daily average balance, interest income and average return of all components in loans and advances are summarised in the following table:

Unit: RMB'000, %

Item	2021			2020		
	Daily average balance	Interest income	Average return	Daily average balance	Interest income	Average return
Corporate loans	137,896,668	7,218,491	5.23	123,148,647	6,987,839	5.67
Personal loans	86,974,903	4,560,635	5.24	75,581,445	4,020,952	5.32
Discounted bills	24,559,202	658,042	2.68	14,850,595	382,815	2.58
Total	249,430,772	12,437,168	4.99	213,580,687	11,391,606	5.33

② Income from investment interest

During the reporting period, the Bank registered interest income from investments of RMB3.863 billion, which accounted for 22.74% of interest income, representing a year-on-year decrease of 0.41%. The decline was mainly due to the falling return on investment in the market as a whole, and the Bank's flexible adjustment on its financial investment structure based on the business strategy. The average return from investments witnessed a year-on-year decrease by 8BPs to 3.35%.

(2) Interest expenses

During the reporting period, the Bank registered interest expense of RMB9.706 billion, representing a year-on-year growth of 17.50%. This is mainly due to the continuous increase in the average daily size of interest-bearing liabilities and the increase in cost ratio.

① Interest expense on customer deposits

Interest expense on customer deposits is the major component in the Bank's interest expense. During the reporting period, the Bank's interest expense on customer deposits was RMB6.531 billion, accounting for 67.29% of interest expense, with a year-on-year increase of 15.17%. The Bank's average daily balance of customer deposits increased by RMB29.875 billion year-on-year, and the average cost ratio of deposits increased by 8BPs year-on-year to 2.18%.

During the reporting period, due to intensified market competition, growth in the Bank's deposit volume was mainly driven by increases in time deposits, and the cost ratio increased modestly year-on-year.

During the reporting period, the daily average balance, interest expense and average cost rate of all components in customer deposits are summarised in the following table:

Unit: RMB'000, %

Item	2021			2020		
	Daily average balance	Interest expense	Average cost rate	Daily average balance	Interest expense	Average cost rate
Corporation demand deposits	82,240,719	686,501	0.83	85,435,382	720,084	0.84
Corporation time deposits	121,649,481	3,776,873	3.10	99,790,671	3,131,214	3.14
Retail demand deposits	37,447,286	115,837	0.31	32,185,135	99,723	0.31
Retail time deposits	58,656,815	1,952,152	3.33	52,707,862	1,719,936	3.26
Total	299,994,301	6,531,363	2.18	270,119,050	5,670,957	2.10

② Interest expenses on bonds payable

During the reporting period, the Bank's interest expenses on bonds payable amounted to RMB2.023 billion, accounting for 20.85% of interest expenses. During the reporting period, the interest expenses on bonds payable increased by 12.35% year-on-year due to the increases in the total size of bond offerings and in cost ratio.

2. Non-interest income

During the reporting period, the Bank achieved a net non-interest income of RMB2.225 billion, up RMB624 million or 38.99% year-on-year, including net fees and commission income of RMB881 million and other non-interest income of RMB1.344 billion.

The Bank's non-interest income is presented as follows:

Item	Unit: RMB'000, %			
	2021	2020	Increase/decrease	Growth rate
Fee and commission income	984,938	869,296	115,642	13.30
Agency service charges	307,850	288,500	19,350	6.71
Bank card charges	42,653	75,605	-32,952	-43.58
Guarantee service charges	137,306	117,378	19,928	16.98
Settlement charges	80,148	87,687	-7,539	-8.60
Entrusted service charges	121,023	48,144	72,879	151.38
Consulting services charges	80,374	46,413	33,961	73.17
Account management charges	421	2,539	-2,118	-83.42
Security lending service charges	1,536	2,186	-650	-29.73
Custody service charges	1,066	3,232	-2,166	-67.02
Other charges	212,561	197,612	14,949	7.56
Fee and commission expenses	103,829	82,777	21,052	25.43
Net fee and commission income	881,109	786,519	94,590	12.03
Other non-interest income	1,344,066	814,384	529,682	65.04
Investment income	1,156,835	740,764	416,071	56.17
Net (losses)/gains from changes in fair value	133,662	86,757	46,905	54.06
Foreign exchange gains and losses	38,087	-28,836	66,923	232.08
Other operating income	1,167	1,661	-494	-29.74
Net (losses)/gains from disposal of assets	-10,295	3,036	-13,331	-439.10
Other income	24,610	11,002	13,608	123.69
Total	2,225,175	1,600,903	624,272	38.99

(1) Fee and commission income

During the reporting period, the Bank realized a fee and commission income of RMB985 million, representing a year-on-year increase of 13.30%, which was mainly due to the rapid year-on-year growth in entrusted services, consulting services and guarantee business. The components of fee and commission income are summarized as below:

The Bank posted entrusted services fee income of RMB121 million, representing a year-on-year growth of 151.38%, mainly due to acceleration of the transformation toward NAV wealth management products, and the rapid increase in the entrusted investment commission income.

The Bank achieved consulting services fee income of RMB80 million, representing a year-on-year increase of 73.17%, which is mainly attributable to the Bank's effective business transformation drive, the acquisition of new intermediate business income sources, and the substantial increase in consulting fee income.

The Bank achieved guarantee service fee income of RMB137 million, up by 16.98% year-on-year, mainly driven by the Bank's efforts to expand off-balance-sheet related businesses, which led to the continuous growth of guarantee service fee.

(2) Investment income

During the reporting period, the Bank achieved an investment income of RMB1.157 billion, representing a year-on-year increase of 56.17%, mainly due to the fact that the Bank promptly adjusted investment strategy according to its business strategy and market conditions and based on an accurate understanding of the latest market trends, driving investment income growth through mutual funds and bonds operations.

3. Operating and administrative expenses

During the reporting period, the Bank's operating and administrative expenses were RMB3.286 billion, representing a year-on-year increase of 17.00%. The increase in business and management fees was mainly due to a combination of factors such as the Bank's decision to increase input in technology development to support business development, the purchase of properties and the increase in staff headcount. Specifically, depreciation and amortization increased by 121.98% year-on-year, while rental and property management fees decreased by 76.73% year-on-year, mainly due to the fact that the Bank adopted new lease standards in 2021, and most leased properties were measured as right-of-use assets. As of the end of the reporting period, the Bank's cost-to-income ratio was 34.55%, representing a year-on-year increase by 3.88 percentage points.

Unit: RMB'000, %

Item	2021	2020	Increase/decrease	Growth rate
Staff benefits expenses	2,079,932	1,770,591	309,341	17.47
Depreciation and amortisation	448,795	202,181	246,614	121.98
Rent and management fee	43,539	187,140	-143,601	-76.73
Other office and administrative expenses	714,049	648,973	65,076	10.03
Total	3,286,315	2,808,885	477,430	17.00

4. Credit impairment losses

During the reporting period, the Bank made a provision for credit impairment loss of RMB2.828 billion. Detailed composition is summarised as below:

Unit: RMB'000, %

Item	2021	2020	Increase/decrease	Growth rate
Loans and advances to customers	1,519,177	2,379,758	-860,581	-36.16
Debt investment	761,674	1,185,600	-423,926	-35.76
Other debt investments	194,938	75,203	119,735	159.22
Balances with banks and other financial institutions	2,349	1,063	1,286	120.98
Loans to banks and other financial institutions	18,971	-5,517	24,488	443.86
Credit commitments	32,730	25,219	7,511	29.78
Financial assets purchased under resale agreements	-112	112	-224	-200.00
Others	298,444	20,745	277,699	1338.63
Total	2,828,171	3,682,183	-854,012	-23.19

5. Income tax expenses

During the reporting period, the Bank accrued income tax expense of -RMB40 million, representing a year-on-year increase of RMB281 million or 87.42%. During the reporting period, the year-on-year increase in the Bank's income tax expenses was mainly due to the year-on-year increase in pre-tax profits, and the year-on-year decrease in income from investment in tax-exempt assets such as the national bonds, local government bonds and funds.

(II) Balance sheet analysis

1. Assets

As of the end of the reporting period, the Bank's total assets amounted to RMB482.784 billion, representing a year-on-year increase of RMB66.457 billion or 15.96%. The significant increase in the Bank's total assets was mainly due to the substantial increase in loans and advances to customers year-on-year. The distribution of the Bank's asset structure is summarised as below:

Item	Unit: RMB'000, %					
	2021		2020		Changes	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Cash and balances with central bank	33,559,339	6.95	34,092,525	8.19	-533,186	-1.24
Balances with banks and other financial institutions	1,431,470	0.30	1,393,621	0.33	37,849	-0.03
Loans to banks and other financial institutions	3,274,851	0.68	718,544	0.17	2,556,307	0.51
Derivative financial assets	562,220	0.12	353,665	0.08	208,555	0.04
Financial assets purchased under resale agreements	13,161,246	2.73	6,124,068	1.47	7,037,178	1.26
Loans and advances to customers	264,062,688	54.70	223,735,473	53.74	40,327,215	0.96
Financial investments						
Financial assets held for trading	37,765,538	7.82	34,041,580	8.18	3,723,958	-0.36
Debt investment	93,204,370	19.31	90,791,318	21.81	2,413,052	-2.50
Other debt investments	28,002,740	5.80	18,820,080	4.52	9,182,660	1.28
Investments in other equity instruments	23,093	0.00	17,631	0.01	5,462	-0.01
Long-term equity investments	913,080	0.19	882,394	0.21	30,686	-0.02
Fixed assets	1,015,457	0.21	852,494	0.20	162,963	0.01
Construction-in-progress	739,998	0.15	811,729	0.19	-71,731	-0.04
Right-of-use assets	599,168	0.12	N/A	N/A	599,168	0.12
Intangible assets	644,285	0.13	422,340	0.10	221,945	0.03
Deferred tax assets	2,104,045	0.44	2,020,933	0.49	83,112	-0.05
Other assets	1,719,995	0.36	1,247,712	0.30	472,283	0.06
Total assets	482,783,583	100.00	416,326,107	100.00	66,457,476	-

(1) Loans and advances to customers

As of the end of the reporting period, the Bank's balance for loans and advances was RMB270.088 billion, representing a year-on-year growth of 17.89%. In 2021, the Bank actively fulfilled its social responsibilities, kept its credit policy consistent, and supported the development of real economy. Firstly, in order to cope with COVID-19's effects on real economy and help companies win the battle against the epidemic, the Bank launched a series of business products such as "Anti-Epidemic Loan" and "Resumption of Work Loan" to alleviate customers' operational difficulties, reduce corporate financing costs, and assist companies with the resumption of work and production. Secondly, the Bank focused on supporting the real economy as the central priority, and got actively involved in urban renewal, industrial zone transformation and other initiatives while facilitating the development of major projects and urban infrastructure facilities, in line with the government's policy strategies; provided financing support for the development, construction and routine operations of industrial park customers; actively provided support for the development of industries in the fields of education, medical and pharmaceuticals etc. Thirdly, the Bank continuously stepped up fintech promotion efforts, and pushed forward fintech development on a comprehensive scale. Fourthly, the Bank set up an inclusive financial service platform focusing on various business scenarios and customer characteristics, continuously strengthened product innovation and service upgrades, and continued to deepen inclusive financial services.

① As of the end of the reporting period, distribution of the loans and advances issued by the Bank is summarised as below:

Unit: RMB'000, %

Item	31 December 2021		31 December 2020	
	Amount	Percentage	Amount	Percentage
Loans and advances to corporate customers	151,907,900	56.24	121,453,717	53.02
Loans and advances to personal customers	95,585,147	35.39	78,132,581	34.10
Discounted bills	22,594,979	8.37	29,517,006	12.88
Total	270,088,026	100.00	229,103,304	100.00

As of the end of the reporting period, outstanding corporate loans offered by the Bank amounted to RMB151.908 billion, which accounts for 56.24% of loans and advances, while outstanding retail customer loans came in at RMB95.585 billion, which accounts for 35.39% of loans and advances. The Bank continued to optimise and adjust its credit structure taking into account its risk appetite. While driving revenue growth, it also continued to optimise asset quality, and lay a solid foundation for risk prevention and control.

② Balance of top ten loan clients and their percentages

As of the end of the reporting period, the top ten loan clients of the Bank are summarised as below:

Unit: RMB'000, %

No.	Client Name	Balance	Percentage of total loans and advances
1	** Company	1,568,001	0.58
2	** Company	1,294,880	0.48
3	** Company	1,060,915	0.39
4	** Company	1,050,080	0.39
5	** Company	1,039,262	0.38
6	** Company	1,000,000	0.37
7	** Company	961,660	0.36
8	** Company	938,710	0.35
9	** Company	935,379	0.35
10	** Company	900,000	0.33
Total		10,748,887	3.98

③ Top five industries that received the largest amounts of loans from the Bank and their percentages

As of the end of the reporting period, the top five industries that received most loans from the Bank and their corresponding percentage are summarised as below:

Unit: RMB'000, %

Industry	Amount	Percentage of total loans and advances
Lease and commercial services	41,640,596	15.42
Manufacturing	33,220,127	12.30
Wholesale and retail business	21,841,496	8.09
Real estate	17,249,900	6.39
Construction	11,257,213	4.17

④ Breakdown of guarantee by type for the reporting period

As of the end of the reporting period, the guarantee types and their corresponding percentages of the Bank are summarised as below:

Guarantee types	Unit: RMB'000, %	
	31 December 2021	
	Amount	Percentage
Unsecured loans	45,288,877	16.77
Guaranteed loans	55,193,926	20.44
Loans secured by mortgages	144,271,419	53.42
Pledged loans	25,333,804	9.38
Total	270,088,026	100.00

(2) Loan asset quality analysis

① Five-tier loan classification

As of the end of the reporting period, the Bank's five-tier loan classification is summarised as below:

Category	Unit: RMB'000	
	31 December 2021	31 December 2020
Normal	265,586,166	224,734,358
Special mention	1,907,898	1,653,134
Substandard	1,301,544	1,543,612
Doubtful	822,724	779,315
Loss	469,694	392,885
Total	270,088,026	229,103,304

② Debt-expiated assets

As of the end of the reporting period, the carrying balance of the Bank's debt-expiated assets amounted to RMB9,302,300.

(3) Investment

The investment business of the Bank is principally denominated in Renminbi. While maintaining sufficient liquidity, the Bank actively optimised its investment structure and broadened its income sources.

As of the end of the reporting period, investments of the Bank included: ① Financial assets held for trading; ② Debt investments; ③ Other debt investments; ④ Other equity instrument investments; ⑤ Long-term equity investments.

As of the end of the reporting period, the Bank's investment composition is summarised as below:

Item	Unit: RMB'000, %			
	31 December 2021		31 December 2020	
	Amount	Percentage	Amount	Percentage
Financial assets held for trading	37,765,538	23.62	34,041,580	23.55
Debt investment	93,204,370	58.29	90,791,318	62.81
Other debt investments	28,002,740	17.51	18,820,080	13.02
Investments in other equity instruments	23,093	0.01	17,631	0.01
Long-term equity investments	913,080	0.57	882,394	0.61
Total	159,908,821	100.00	144,553,003	100.00

① Financial assets held for trading

As of the end of the reporting period, the carrying balance of the Bank's financial assets held for trading amounted to RMB37.766 billion, accounting for 23.62% of total investments, mainly including funds, bonds, interbank certificates of deposit (CDs), asset management plans and trust schemes.

② Debt Investments

As of the end of the reporting period, the carrying balance of the Bank's debt investments amounted to RMB93.204 billion, accounting for 58.29% of total investments, mainly including bonds, asset management plans and trust schemes.

③ Other debt investments

As of the end of the reporting period, the carrying balance of the Bank's other debt investments amounted to RMB28.003 billion, accounting for 17.51% of total investments, mainly including bonds, interbank CDs, trust schemes and asset management plans.

④ Investments in other equity instruments

As of the end of the reporting period, the carrying balance of the Bank's investments in other equity instruments amounted to RMB23 million, accounting for 0.01% of the total investments, which mostly consisted of the equity investments in China UnionPay Co., Ltd.

⑤ Long-term equity investment

As of the end of the reporting period, the carrying balance of the Bank's long-term equity investment amounted to RMB913 million, accounting for 0.57% of total investments.

(4) Interbank transactions (asset item)

As of the end of the reporting period, the interbank assets of the Bank amounted to RMB17.868 billion, accounting for 3.70% of total assets and representing a year-on-year increase by RMB9.631 billion or 116.94%. The substantial increase in interbank assets of the Bank compared with the end of the previous year was mainly due to the moderate increase in the volume of financial assets purchased under resale agreements and funds from placements with banks and other financial institutions according to the Bank's business strategy and capital position.

As of the end of the reporting period, the composition of the Bank's interbank transactions (asset item) is summarised as below:

Item	Unit: RMB'000, %			
	31 December 2021		31 December 2020	
	Amount	Percentage	Amount	Percentage
Deposit with banks and other financial institutions	1,431,470	8.01	1,393,621	16.92
Loans to banks and other financial institutions	3,274,851	18.33	718,544	8.72
Financial assets purchased under resale agreements	13,161,246	73.66	6,124,068	74.36
Total	17,867,567	100.00	8,236,233	100.00

(5) Cash and balances with central bank

Cash and balances with central bank include cash, statutory reserves, excess reserve, foreign exchange risk reserve, public financial deposit and interest accrued. As of the end of the reporting period, the Bank's cash and balances with central bank amounted to RMB33.559 billion, representing a year-on-year decrease of RMB533 million and accounting for 6.95% of total assets.

As of the end of the reporting period, the composition of the Bank's cash and balances with central bank is summarised as below:

Unit: RMB'000, %

Item	31 December 2021		31 December 2020	
	Amount	Percentage	Amount	Percentage
Cash	997,805	2.97	748,255	2.19
Statutory reserves	25,443,868	75.82	25,625,141	75.16
Excess reserves	7,088,888	21.12	7,580,810	22.24
Foreign exchange risk reserves	–	–	76,031	0.22
Fiscal deposits	15,984	0.05	49,204	0.14
Interest accrued	12,794	0.04	13,084	0.04
Total	33,559,339	100.00	34,092,525	100.00

2. Liabilities

During the reporting period, the Bank stepped up active management and built a liability quality management system that matches the size and complexity of the Bank's liabilities. According to the requirements of the Measures for the Liability Quality Management of Commercial Banks, the Bank formulated the Measures for the Management for the Liability Quality Management of Bank of Dongguan based on the division of functions at all levels within the Bank, and improved the quality of liabilities by further developing the internal control system, reinforcing the liability quality management strategy, setting up a monitoring and reporting mechanism, adopting new limit control measures, and tightening liability quality compliance management, so as to lay a solid foundation for the Bank's high-quality development.

As of the end of the reporting period, the Bank's total liabilities amounted to RMB452.926 billion, representing an increase of RMB63.681 billion or 16.36% compared with the end of the previous year. The significant year-on-year increase in the Bank's total liabilities was mainly due to the increase in deposits and bonds payable year-on-year. The composition of the Bank's liabilities is summarised as below:

Unit: RMB'000, %

Item	31 December 2021		31 December 2020		Changes during the period	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Borrowings from central bank	10,857,913	2.40	27,598,978	7.09	–16,741,065	–4.69
Deposits from banks and other financial institutions	4,094,438	0.90	4,156,208	1.07	–61,770	–0.17
Derivative financial liabilities	629,170	0.14	284,200	0.07	344,970	0.07
Loans from banks and other financial institutions	5,319,360	1.17	3,720,866	0.96	1,598,494	0.21
Financial assets sold under repurchase agreements	20,685,918	4.57	9,825,540	2.52	10,860,378	2.05
Customer deposits	322,651,132	71.24	295,939,082	76.03	26,712,050	–4.79
Staff benefits payable	1,141,308	0.25	1,062,639	0.27	78,669	–0.02
Taxes and surcharges payable	202,675	0.04	164,549	0.04	38,126	0.00
Provisions	248,308	0.05	212,670	0.06	35,638	–0.01
Bonds payable	85,534,540	18.88	44,889,144	11.53	40,645,396	7.35
Lease liabilities	617,794	0.14	N/A	N/A	617,794	0.14
Other liabilities	943,522	0.21	1,391,257	0.36	–447,735	–0.15
Total liabilities	452,926,078	100.00	389,245,133	100.00	63,680,945	–

(1) Customer deposits

Customer deposits are the Bank's main source of funds. During the reporting period, the Bank's deposit increased steadily, providing the most important source of funds for development. As of the end of the reporting period, the Bank's balance of deposits (excluding accrued interest) was RMB318.833 billion, representing a year-on-year increase of RMB27.138 billion or 9.30%, including the corporate deposit balance of RMB203.690 billion, representing a year-on-year increase of 6.05%, and the personal deposit balance of RMB101.157 billion, representing a year-on-year increase of 15.90%.

As of the end of the reporting period, the composition of the Bank's deposits is summarised as below:

Item	Unit: RMB'000, %			
	31 December 2021		31 December 2020	
	Amount	Percentage	Amount	Percentage
Corporate deposits				
Including: demand	80,954,343	25.09	91,895,312	31.05
Time	122,735,955	38.04	100,176,595	33.85
Sub-total of corporate deposits	203,690,298	63.13	192,071,907	64.90
Personal deposits				
Including: demand	41,105,500	12.74	33,646,866	11.37
Time	60,051,663	18.61	53,631,232	18.12
Sub-total of personal deposits	101,157,163	31.35	87,278,098	29.49
Margin deposits	12,403,798	3.84	11,724,180	3.96
Other deposits	1,581,409	0.49	620,263	0.21
Interest accrued	3,818,464	1.18	4,244,634	1.43
Total customer deposits	322,651,132	100.00	295,939,082	100.00

(2) Interbank transactions (liabilities item)

As of the end of the reporting period, the Bank's balance of interbank liabilities was RMB30.100 billion, accounting for 6.65% of the total liabilities, representing a year-on-year increase of RMB12.397 billion or 70.03%. The significant increase in the Bank's interbank liabilities was mainly due to the Bank's moderate increase in the volume of financial assets sold under repurchase agreements according to its business strategy and capital position.

As of the end of the reporting period, the composition of the Bank's interbank transactions (liabilities item) is summarised as below:

Item	Unit: RMB'000, %			
	31 December 2021		31 December 2020	
	Amount	Percentage	Amount	Percentage
Deposits from banks and other financial institutions	4,094,438	13.60	4,156,208	23.48
Loans from banks and other financial institutions	5,319,360	17.67	3,720,866	21.02
Financial assets sold under repurchase agreements	20,685,918	68.72	9,825,540	55.50
Total	30,099,716	100.00	17,702,614	100.00

(3) Bonds payable

As of the end of the reporting period, the Bank's balance of bonds payable was RMB85.535 billion, accounting for 18.88% of the total liabilities, representing a year-on-year increase of RMB40.645 billion or 90.55%. The significant increase in the balance of bonds payable was mainly due to the Bank's moderate increase in the volume of interbank CDs issued according to its business strategy and market conditions.

As of the end of the reporting period, the composition of the Bank's bonds payable is summarised as below:

Unit: RMB'000, %

Item	31 December 2021		31 December 2020	
	Amount	Percentage	Amount	Percentage
Tier-2 capital bonds payable	8,996,005	10.52	8,997,454	20.04
Financial bonds payable	9,997,331	11.69	5,998,991	13.37
Certificates of deposit payable	66,266,069	77.47	29,618,484	65.98
Interest accrued	275,135	0.32	274,215	0.61
Total	85,534,540	100.00	44,889,144	100.00

(4) Borrowings from central bank

As of the end of the reporting period, the balance of the Bank's borrowings from the central bank was RMB10.858 billion, accounting for 2.4% of the total liabilities and representing a year-on-year decrease of RMB16.741 billion or 60.66%. The significant year-on-year decrease in the balance of borrowings from the central bank was mainly due to the Bank's decision not to renew some borrowings from the central bank upon maturity.

(III) Analysis on cash flow statement

1. Net cash flows (used in)/generated from operating activities

Unit: RMB'000

Item	2021	2020
Sub-total of cash inflows from operating activities	54,823,491	62,245,412
Sub-total of cash outflows from operating activities	72,678,609	52,565,029
Net cash flows (used in)/generated from operating activities	-17,855,118	9,680,383

During the reporting period, the net cash flow generated from the Bank's operating activities was -RMB17.855 billion, including cash inflow from operating activities of RMB54.823 billion, representing a year-on-year decrease of RMB7.422 billion, and cash outflow from operating activities of RMB72.679 billion, representing a year-on-year increase of RMB20.114 billion, which was mainly due to the year-on-year decrease in borrowings from the central bank, and the year-on-year increase in placements with banks and other financial institutions and financial assets purchased under resale agreements.

2. Net cash flows used in investing activities

Unit: RMB'000

Item	2021	2020
Sub-total of cash inflows from investing activities	340,994,336	1,154,173,439
Sub-total of cash outflows from investing activities	352,714,681	1,158,529,326
Net cash flows (used in)/generated from investing activities	-11,720,345	-4,355,887

During the reporting period, the net cash flows from operating activities amounted to -RMB11.720 billion. Among which the cash inflows from investing activities amounted to RMB340.994 billion, representing a year-on-year decrease of RMB813.179 billion, mainly due to the decrease in cash inflows received from disposal of investments; the cash outflows from investing activities amounted to RMB352.715 billion, representing a year-on-year decrease of RMB805.815 billion, mainly due to the decrease in cash outflows paid to investments.

3. Net cash flows generated from/(used in) financing activities

Unit: RMB'000

Item	2021	2020
Sub-total of cash inflows generated from financing activities	127,596,454	93,379,458
Sub-total of cash outflows generated from financing activities	89,780,448	103,264,633
Net cash flow generated from/(used in) financing activities	37,816,006	-9,885,175

During the reporting period, the net cash flows generated from financing activities amounted to RMB37.816 billion. Including: cash inflows from financing activities amounted to RMB127.596 billion, representing a year-on-year growth of RMB34.217 billion, which was mainly due to year-on-year increase in interbank CDs and bonds issued; cash outflows in financing activities amounted to RMB89.780 billion with a year-on-year decrease of RMB13.484 billion, which was mainly due to the year-on-year decrease in the value of existing interbank CDs and bonds redeemed upon maturity.

(IV) Analysis on items with over 30% changes

Unit: RMB'000, %

Item	31 December 2021	31 December 2020	Change (%) year-on-year	Major reason
Loans to banks and other financial institutions	3,274,851	718,544	355.76	Mainly due to the moderate increase in the lending business volume, which was made based on the actual market conditions and investment strategy.
Derivative financial assets	562,220	353,665	58.97	Mainly due to year-on-year increase in the nominal principal of the Bank's derivative business driven by the increase in the volume of the structured deposit business
Financial assets purchased under resale agreements	13,161,246	6,124,068	114.91	Mainly due to the increase in financial assets purchased under resale agreements, which was made based on the sources of funding and utilisation of funds.
Other debt investments	28,002,740	18,820,080	48.79	Mainly due to the increase in the investment volume of policy bank bonds and other assets on the asset structure adjustment, which was made based on the investment strategy.
Investments in other equity instruments	23,093	17,631	30.98	Mainly due to the increase in the equity of other companies held from debt payment in shares.
Right of use assets	599,168	NA	100.00	A new item of "right of use assets", which includes leased houses and buildings, office equipment and other equipment that meet the lease requirements, is added to the new lease standards implemented on 1 January 2021, in accordance with the Accounting Standards for Business Enterprises No.21 Leases.
Intangible assets	644,285	422,340	52.55	Mainly due to the increase in payment of the land transfer fee on the land use condition change
Other assets	1,719,995	1,247,712	37.85	Mainly due to an increase in advance payment.
Borrowings from the central bank	10,857,913	27,598,978	-60.66	Mainly due to the utilization Bank's decision not to renew some medium-term loan facilities upon maturity.
Derivative financial liabilities	629,170	284,200	121.38	Mainly due to the increase in the volume of the structured deposit business that led to the year-on-year increase in the Bank's derivative business nominal principal
Loans from banks and other financial institutions	5,319,360	3,720,866	42.96	Mainly due to the Bank's active response to the state's loan policy for small and micro enterprises, resulting in the continuous increase in the value of sub-loans jointed offered with policy banks for small and micro enterprises.
Financial assets sold under repurchase agreements	20,685,918	9,825,540	110.53	Mainly due to the increase in the volume of financial assets sold under repurchase agreements, which was made based on funding needs and regulatory liquidity requirements
Bonds payable	85,534,540	44,889,144	90.55	Mainly due to the increase in the volume of interbank CDs issued.
Lease liabilities	617,794	NA	100.00	A new lease standard was adopted on 1 January 2021 where a new item of "lease liabilities" that reflects the present value of the Bank's unpaid lease payments is added.
Other liabilities	943,522	1,391,257	-32.18	Mainly due to the decrease of funds and other payables in the payment system to be settled year-on-year.
Other comprehensive income	190,080	93,241	103.86	Mainly due to changes in market conditions, which led to the increase in the fair value of other debt investments year-on-year.

Item	2021	2020	Change (%) year-on-year	Major reason
Investment income	1,156,835	740,764	56.17	Mainly due to the increase in the income from financial assets held for trading, in which the Bank invested
Net gains from changes in fair value	133,662	86,757	54.06	Mainly due to the increase in the fair value of the financial assets held for trading resulting from changes in market conditions.
Foreign exchange gains and losses	38,087	-28,836	232.08	Mainly due to the continuous increase in the volume of the derivative business and the impact of exchange rate fluctuations, resulting in a year-on-year increase in exchange gains.
Net (losses)/gains from disposal of assets	-10,295	3,036	-439.10	Mainly due to the increase in the loss on the disposal of fixed assets.
Other income	24,610	11,002	123.69	Mainly due to the year-on-year increase in government subsidies related to routine business activities.
Non-operating expenses	-7,977	-17,002	-53.08	Mainly due to the year-on-year decrease in donation expenditure.
Income tax expenses	40,403	321,047	87.42	Mainly due to the year-on-year increase in pre-tax profits and the year-on-year decrease in tax-exempt income, resulting in the year-on-year increase in the income tax expenses.

(V) Segment analysis

According to business lines, the Bank divides its business into four segments: corporate, retail, capital and other businesses. Segment assets and liabilities and segment revenue, expenses and financial performance are measured in accordance with the Bank's accounting policies. Internal charges and transfer pricing are determined by reference to market prices and are reflected in the performance of each segment.

During the reporting period, the situation in each business segment of the Bank is summarised as below:

Item	Unit: RMB'000			
	2021		2020	
	Operating income	Total profits	Operating income	Total profits
Corporate business	4,710,184	1,673,250	4,794,302	1,507,093
Retail banking	2,959,728	1,120,049	2,620,173	997,747
Capital business	1,825,362	514,723	1,727,393	83,202
Other business	15,482	-28,273	15,699	-33,058
Total	9,510,756	3,279,749	9,157,567	2,554,984

During the reporting period, the Bank's operating income of corporate banking business amounted to RMB4.710 billion, accounting for 49.52% of total operating income; the operating income of retail banking business amounted to RMB2.960 billion, representing a significant year-on-year growth of RMB340 million or 12.96%.

(VI) Other balances of off-balance sheet items that have material impact on earnings results

Please refer to the "Notes to Financial Statements 59. Credit Commitment" in the "Financial Reports".

(VII) Assets and liabilities measured at fair value

Item	Unit: RMB'000				
	Balance at the beginning of the year	Losses/gains from changes of fair value during the year	Fair value changes recognised in equity during the year	Provision for impairment during the year	Balance at the end of the period
Financial assets held for trading	34,041,580	266,087	-	-	37,765,538
Derivative financial instruments	69,465	-132,425	-	-	-66,950
Including: Derivative financial assets	353,665	-	-	-	562,220
Derivative financial liabilities	284,200	-	-	-	629,170
Other debt investments	18,820,080	-	-34,762	194,938	28,002,740
Investments in other equity instruments	17,631	-	-21,707	-	23,093
Loans and advances measured at fair value through other comprehensive income	31,751,633	-	-60,929	57,765	27,898,680
Total	84,700,389	133,662	-117,398	252,703	93,623,101

III. INVESTMENT STATUS ANALYSIS

(I) Overview

1. Information about the subsidiaries during the reporting period

Unit: RMB'000, %

Name of subsidiaries	Investment cost (As at the end of 2021)	Shareholding ratio
Chongqing Kaizhou Taiye Village Bank Co., Ltd.	31,550	63.10
Dongyuan Taiye Village Town Bank Co., Ltd.	51,000	51.00
Zongyang Taiye Village Bank Co., Ltd.	93,000	84.55

2. Acquired subsidiary during the reporting period

The Bank proposed to invest and set up a branch in Hong Kong subsidiary pursuant to the Reply of Guangdong Office of the China Banking and Insurance Regulatory Commission on Bank of Dongguan's Investment and Establishment of the Hong Kong Subsidiary. On 19 August 2021, the Bank subscribed to and invested HKD1 billion in Hong Kong to establish Guanyin International Co., Ltd., a wholly-owned subsidiary, which has no paid-in capital and has not started operation yet. According to the Hong Kong Banking Ordinance, the Bank will put the Hong Kong subsidiary into operation after obtaining the banking license issued by the Hong Kong Monetary Authority.

3. Major joint stock companies during the reporting period

Unit: RMB'000, %

Invested companies	Carrying amount (As at the end of 2021)	Shareholding ratio
Bank of Xingtai Co., Ltd.	738,798	9.79
Dongguan Chang'an Village Bank Co., Ltd.	112,679	20.00
Dongguan Houjie Huaye Village Bank Co., Ltd.	34,806	35.00
Lingshan Taiye Village Bank Co., Ltd.	26,797	30.00

(II) Obtained significant equity investment during the reporting period

During the reporting period, the Bank had no obtained significant equity investment

(III) Ongoing significant non-equity investment during the reporting period

During the reporting period, the Bank had no ongoing significant non-equity investment.

(IV) Sale of major asset and equity

During the reporting period, the Bank had no matters concerning sale of major asset and equity.

(V) Subsidiaries

1. Chongqing Kaizhou Taiye Village Bank Co., Ltd.

Major financial data during the last year and last period:

Unit: RMB'000

Item	As at the end of 2021	As at the end of 2020
Total assets	378,116	442,081
Net assets	80,565	81,248
Operating income	12,831	20,791
Net profits	318	4,699

2. Dongyuan Taiye Village Town Bank Co., Ltd.

Major financial data during the last year and last period:

Item	Unit: RMB'000	
	As at the end of 2021	As at the end of 2020
Total assets	504,109	547,211
Net assets	130,243	126,845
Operating income	23,363	26,928
Net profits	7,397	5,372

3. Zongyang Taiye Village Bank Co., Ltd.

Major financial data during the last year and last period:

Item	Unit: RMB'000	
	As at the end of 2021	As at the end of 2020
Total assets	677,285	628,248
Net assets	55,184	54,689
Operating income	10,108	10,021
Net profits	494	-24,799

(VI) Structured entities controlled by the Bank

1. Structured entities not included in the scope of consolidated financial statements

Structured entities initiated by the Bank but not calculated in the consolidated financial statements mainly include non-principal-guaranteed wealth management products. The nature and purpose of these structured entities are primarily to manage the investors' assets and collect management fees. Its financing method is to issue investment products to investors. Interest in the unconsolidated structured entities held by the Bank mainly lies in administrative fees charged on managing these structured entities.

The Bank owns interests through directly holding structured entities issued by third-party institutions. Such structured entities include trust, wealth management products, asset management plans, funds and asset-backed securities. These structured entities are not included in the Bank's consolidated financial statements. The nature and purpose of these structured entities are primarily to manage the investors' assets and earn management fees. Its financing method is to issue investment products to investors.

For details about structured entities of the Bank, please refer to the "Notes to Financial Statements 65: Interests in structured entities not included in the consolidated financial statements" in the "Financial Reports".

2. Structured entities included in the consolidated financial statements

The structured entities included in the consolidated financial statements are principal-guaranteed wealth management products issued and managed by the Bank. As of the end of the reporting period, all the Bank's principal-guaranteed wealth management products had been settled and the balance is zero.

IV. RISK MANAGEMENT

(I) Risk management overview

During the reporting period, the Bank actively responded to changes in macroeconomic conditions, strictly complied with the regulatory requirements and arrangements on the strategic plans and annual performance targets and adhering to the general principle of steady development, and held firm to the bottom-line of preventing financial risks. We thoroughly implemented comprehensive risk management, stepped up pre-emptive risk intervention, continuously optimised asset structure, promoted the development of the intelligent risk control system, improved the quality and efficiency of risk detection, measurement, monitoring and control operations, and effectively prevented and controlled various financial risks.

(II) Credit risk management

Credit risk refers to the risk that a customer (or transaction partner) is unable or unwilling to perform its contractual obligations toward the Bank. Assets at the Bank that are exposed to credit risks include various loans, call loan to Banks, Buying back the sale of assets due from banks, bond investment, special-purpose vehicle investments, interest receivables, other receivables and off-balance sheet assets. Credit risk management refers to the entire process of active identification, measurement, monitoring, control or resolution and reporting of credit risk.

During the reporting period, the Bank adhered to the overall credit extension principle of "making progress while maintaining stability, optimising structure, controlling risks, and operating in compliance with laws and regulations", continuously deepened the reform of the risk control system, optimised the business process of credit extension, implemented risk monitoring and early warning, improved credit risk management tools, and tightened up asset quality control, reduced credit risk-induced losses, continuously improved the credit risk management system, and enhanced the standard of credit risk management operations.

The first is to establish an efficient policy transmission mechanism. The Bank steps up the assessment and analysis of macroeconomic policies, industry policies and regional economic development activities, and improves the predictiveness of credit policy. According to changes in macroeconomic and market conditions, the Bank promptly optimises and iterates the risk appetite policy, and continuously improves the sensitive, efficient and top-down processing policy transmission mechanism and implementation mechanism. Further, the Bank actively responds to policy guidelines set by the national government, increases credit support for green projects, advanced manufacturing and small and micro enterprises, supports the development of the real economy, and continuously optimises the credit structure.

The second is to improve the entire risk management system of credit process. The Bank establishes an entire risk management system covering credit risk detection, assessment, control, monitoring and disposal, consistently optimises the entire risk management mechanism, proactive intervention of implementation risks, and tightens risk control over high-priority operations. The Bank ensures proper and effective risk control in all operations throughout the entire process, and builds a line of defense for asset quality control across the Bank.

The third is to continuously optimise the risk monitoring mechanism. The Bank further improves the credit risk monitoring system in both breadth and depth terms, and enhances the sensitivity of credit risk detection operations. The Bank establishes a bank-wide early warning management platform, and perform data analysis on the big data mart to improve the timeliness and effectiveness of early warning management, and achieve better credit risk management quality and efficiency. Further, the Bank tightens up the monitoring and investigation of key areas and key customers, and promptly conducts problem-hunting reviews of the credit policy and business management processes.

The fourth is to constantly improve the application of risk management tools. The Bank continues to develop new credit risk detection and evaluation tools while enhancing existing ones, fully taps into the effective application of data, platforms and systems, ramps up technology-enabled risk prevention and control operations employing big data and artificial intelligence, increases intelligent risk control support for business management activities, promotes effective technology-finance integration, and boosts the healthy and sustainable asset business development of the entire bank.

The Bank adopts the weighting method to measure credit risk-weighted assets in accordance with the requirements of the Measures for the Administration of Capital of Commercial Banks (for Trial Implementation). As of the end of the reporting period, credit risk weighted assets amounted to RMB286.392 billion, of which: on-balance sheet credit risk weighted assets amounted to RMB262.502 billion, off-balance sheet credit risk weighted assets amounted to RMB23.588 billion, and counterparty credit Risk weighted assets amounted to RMB0.302 billion.

According to the Administrative Measures for Large-Scale Risk Exposure of Commercial Banks, large risk exposure refers to the commercial bank's exposure to credit risk associated with a single customer or a group of related customers exceeding 2.5% of its net tier-1 capital. The Bank incorporated large risk exposure management into a comprehensive risk management system, monitored changes of large risk exposure, and effectively controlled customer risk concentration. As of the end of the reporting period, other than regulatory exempt customers, the Bank's single non-financial institution customers, non-financial institution group customers, single financial institution customers, financial institution group customers and anonymous clients of large exposure level all met the regulatory requirements.

(III) Market risk management

Market risk refers to the risk that the Bank's on-balance sheet and off-balance sheet businesses suffer losses due to adverse changes in market prices (interest rates, exchange rates, stock prices, and commodity prices). The market risk facing the Bank comes from bank books and transaction books, and the main risks faced are interest rate risk and exchange rate risk. Market risk management refers to the entire process of actively identifying, measuring, monitoring and controlling market risks.

During the reporting period, the Bank actively stepped up market risk management and improved the pertinence and effectiveness of market risk management. **The first** is to formulate market risk management policies and quota systems, push forward the implementation of related policies, and continuously carry out the monitoring, early warning, prevention and control of market risk, based on business planning and risk management needs. **The second** is to ramp up macroeconomic forecasting and national policy analysis efforts, rationalise the allocation of assets and liabilities throughout the Bank, optimise asset structure, and minimize repricing duration mismatches. **The third** is to regularly review and update the stress testing models on market risk, create more stress testing scenarios, optimise stress testing plans, and conduct stress testing on market risk in an orderly manner; work on early detection of major market risk based on the forewarning indicators, improve emergency management work, and regularly organize market risk emergency drills across the Bank. **The fourth** is to vigorously promote the establishment of the market risk management system, accelerate the realization of systematic management for risk factors, valuation measurement, profit and loss attribution, limit monitoring, stress testing, capital measurement and other functions, and make market risk management operations more targeted. **The fifth** is to regularly report on the market risk level and management status to the senior management and its subordinate risk management and internal control committees, the Board of Directors and its subordinate risk management committees, etc.

The Bank adopts the standard method to measure market risk-weighted assets in accordance with the requirements of the Measures for the Administration of Capital of Commercial Banks (for Trial Implementation). The Bank conducts business strictly within the regulatory limits. There are no business overruns and the market risk is generally controllable. As of the end of the reporting period, market risk-weighted assets were RMB10.850 billion.

(IV) Operational risk management

Operational risk refers to the risk of losses caused by deficient or problematic internal procedures, employees and information technology systems, and external events.

During the reporting period, the Bank actively pushed forward the implementation and improvement of its operational risk management system, and prevented and responded to various operational risks to support steady business development. **The first** is to improve the operational risk management system, revise the operational risk management measures, and improve the operational risk management system of newly established overseas branches. **The second** is to promote the optimisation and application of operational risk management tools, and formulate and implement the annual operational risk point and control measures assessment plan; monitor, review and optimise key risk indicators on a regular basis; and conduct continuous event collection. **The third** is to step up employee behavior management, monitor and review employees' practices on a regular basis, actively conduct staff education and training, and constantly improve employees' professional competence and risk management and control skills. **The fourth** is to vigorously develop the information system, duly carry out simulation emergency drills, and ensure the smooth operation of the information system. **The fifth** is to ensure effective risk control before and during service outsourcing operations, tighten outsourcing information security control, regularly conduct bank-wide outsourcing risk assessments, and improve the overall outsourcing risk prevention and control capabilities.

The Bank adopts the basic index method to measure operational risk-weighted assets in accordance with the requirements of the Measures for the Administration of Capital of Commercial Banks (for Trial Implementation). As of the end of the reporting period, the operational risk-weighted assets were approximately RMB17.344 billion.

(V) Liquidity risk management

Liquidity risk refers to the risk of failures to obtain sufficient funds in time at reasonable prices for repaying mature debts, fulfilling other payment obligations, or supporting regular business activities.

During the reporting period, the main measures of the Bank's liquidity management are: **1.** Keeping a close eye on the market, formulating and dynamically adjusting the Bank's financing arrangements on a daily basis, strictly implementing large capital position management and cash management systems, preventing day-to-day liquidity risks, and maintaining adequate cash payment. **2.** Continuously stepping up liquidity risk measurement and monitoring efforts, strictly implementing liquidity risk limit management, and ensuring compliance with the liquidity risk indicator criteria at all times. **3.** Increasing investment in qualified and high-quality liquidity assets, maintaining sufficient liquidity reserves, and further improving liquidity risk mitigation capacity. **4.** Tightening active liability management, expanding diversified financing channels, making coordinated arrangements regarding the volume of funds from various funding sources and the pace of funds supply, and building on market financing capacity. **5.** Regularly conducting liquidity risk stress tests to promptly identify factors that may cause liquidity risk. **6.** Establishing and improving the liquidity risk emergency plan and conducting regular liquidity risk emergency drills.

According to the Measures for the Liquidity Risk Management of Commercial Banks and the Measures for the Disclosure of Information on Liquidity Coverage Ratio by Commercial Banks, as of the end of the reporting period, the Bank's liquidity coverage rate information is as follows:

Unit: RMB'000, %		
Qualified high-quality liquid assets	Net cash outflow in the next 30 days	Liquidity Coverage
56,061,712	42,337,252	132.42

Note: The above indicators are calculated and presented in accordance with the regulatory consolidation standards.

According to the Measures for the Liquidity Risk Management of Commercial Banks and the Measures for the Disclosure of Information on Net Stable Funding Ratio by Commercial Banks, as of the end of the reporting period, the Bank's net stable fund ratio details are as follows:

Unit: RMB'000, %	
Item	31 December 2021
Stable funds available	283,216,397
Stable funds required	269,557,142
Net stable funding ratio	105.07

Note: The above indicators are calculated and presented in accordance with the regulatory consolidation standards

(VI) Risk and compliance

Compliance risk refers to the risk that commercial banks may be subject to legal sanctions, regulatory penalties, major financial losses, and reputation losses due to failure to comply with laws, rules and guidelines.

During the reporting period, the Bank actively carried out compliance risk prevention focusing on ensuring effective legal and regulatory compliance management as the primary goal. **The first** is to continuously strengthen the internal control system management. The Bank paid due attention to external regulatory policies and internal management practices, and constantly improved relevant policies to enhance their rationality and completeness through compliance management operations such as internalisation of external regulatory requirements, multi-dimensional audit of the internal control policy and regular review of existing policies. **The second** is to improve the legal risk management mechanism. The Bank foregrounded the legal service formalities, standardised compliance review practices for contracts and internal rules and regulations, and built on legal compliance risk prevention and control capabilities. **The third** is to tighten up employee behavior management. The Bank enforced the case prevention accountability investigation policy, actively carried out unannounced inspections and intensive promotions of case prevention and control, monitor employees' suspicious transaction, reinforced the use of employee behavior management tools, enhanced employees' risk awareness on a comprehensive scale, and effectively prevented compliance risks. **The fourth** is to improve the compliance inspection management mechanism. The Bank formulated a bank-wide annual inspection plan to ensure the effectiveness of the inspections and rectifications in terms of inspection procedural compliance, inspection result effectiveness, and due diligence in follow-up rectifications. **The fifth** is to deepen compliance culture construction. The Bank sought to create a sound compliance culture and atmosphere, popularised compliance culture, and improved employees' compliance awareness by learning compliance documents, training new employees, promoting the compliance culture, holding lectures on violation cases and compliance knowledge contests, and conducting compliance evaluation and assessment. **The sixth** is to improve the standard of compliance management operations. The Bank organized compliance management personnel to actively participate in internal and external compliance risk management training activities to keep abreast of the latest regulatory requirements, compliance management concepts, internal control points and inspection methods, and improve the compliance management standard. The Bank stepped up compliance specialist teambuilding, gave full play to the leading role of compliance specialists in institutional compliance management, and promoted the effective implementation of compliance management. **The seventh** is to formulate and release the action plan for the "Internal Control and Compliance Management Construction Year" in accordance with the work requirements of the China Banking and Insurance Regulatory Commission regarding the Internal Control and Compliance Management Construction Year campaign. By organizing the "Seven Key Activities" across the Bank, the Bank focused on sorting out related issues, and accurately carried out the centralised rectification of repeated problems and issues discovered in self-inspection, so as to continuously develop the compliance culture at the Bank. The Bank continued to take compliance management as a high priority for risk management. By building an effective compliance risk management mechanism and cultivating an excellent compliance culture, supplemented by corresponding supporting system measures, the Bank effectively identified and managed compliance risks, thoroughly improved the appropriateness and effectiveness of compliance risk management operations, and effectively supported the Company's secure and steady development in compliance with the laws and regulations.

(VII) Reputational risk management

Reputational risk refers to the risk of stakeholders, the public, the media etc. developing a negative assessment of a banking or insurance institution as a result of the behaviors of the banking or insurance institution, the behavior of relevant practitioners, or external events, thereby damaging the institution's brand value to the detriment of its normal operations, and even affecting market stability and social stability. Reputation risk management refers to the entire process of identifying, monitoring and controlling reputational risk and responding to all reputation events. The objective of the Bank's reputational risk management is to realize the identification, monitoring, control and resolution of reputational risk by establishing an active, reasonable and effective reputational risk management mechanism, so as to establish and maintain the Bank's good image and promote the Bank's stable development.

During the reporting period, the Bank adopted the following reputation risk prevention and management measures. **The first** is to improve the reputation risk management system and strengthen end-to-end reputational risk management. The Bank closely monitors public opinion, designates dedicated staff members to follow up on related events, and ensures that negative information is detected and dealt with in time; actively responds to the new reputational risk supervision requirements, revises the reputation risk management policy and system, and duly implements end-to-end and routinised reputational risk management. **The second** is to step up the establishment of the consumer protection mechanism, and improve the customer service quality and efficiency. The Bank implements the "customer-centered" service philosophy, and continuously improves customer service experience by optimising customer service processes, smoothing online processing procedures, and offering remote video banking services; improves customer complaint reception management, unblocks the customer complaint and feedback channels, and handles customer complaints more effectively and efficiently to protect the legitimate rights and interests of consumers, and prevent customer complaints from developing into public opinion incidents. **The third** is to fulfill the Bank's responsibilities as a financial enterprise and foster a positive brand image. The Bank complies with national strategies focusing on the principal business, offers social security card services for the public as well as special financial services for advanced manufacturing, actively fulfills its social responsibilities, and demonstrates corporate responsibility; actively participates in public welfare undertakings such as poverty alleviation, eldercare, education, medical care, entertainment and sports, appropriately secured positive press coverage through mainstream media, strengthens the positive image publicity of financial enterprises, and creates a favourable public opinion environment.

(VIII) Country-specific risk management

Country-specific risk refers to the risk that borrowers or debtors in a country or region may fail or refuse to repay debts owed to banking financial institutions due to economic or political or social changes and events in the country or region, or that banking financial institutions may incur business losses or other types of losses as a result of such events in the country or region.

According to the regulatory requirements, the Bank incorporated country-specific risk management into the comprehensive risk management system, and established a country-specific risk management system that dovetails with the Bank's strategic objectives, country-specific risk exposure level and complexity. During the reporting period, the Bank continued to improve country-specific risk management by identifying, evaluating, monitoring, reporting and mitigating country-specific risks; regularly assessed the country-specific risk level and managed the transaction limits accordingly, regularly and continuously monitored the country-specific risk exposure and the implementation of the transaction limits, and accrued country-specific risk reserves as required.

During the reporting period, the Bank had limited exposure to country-specific risk, with the transaction limits effectively implemented, so the country-specific risk would not have a significant impact on our business operations.

(IX) Anti-money laundering risk management

The Bank strictly abides by the laws and regulations on anti-money laundering and anti-terrorist financing (hereinafter referred to as “anti-money laundering”), actively complies with risk-based anti-money laundering regulatory requirements, duly performs anti-money laundering social responsibilities and legal obligations, and strives to improve the standard of risk management against money laundering and terrorist financing (hereinafter referred to as “money laundering”).

Firstly, the Bank complies with the requirements on money laundering risk control, continuously improves the money laundering risk management mechanism and internal control system, and fully implements anti-money laundering laws, regulations and regulatory requirements. **Secondly**, the Bank forces the relevant anti-money laundering requirements firstly upon its senior management, and promptly reports on money laundering risk management to the Board of Directors and the senior management. **Thirdly**, the Bank ramps up system support, upgrades the anti-money laundering system, optimises the list monitoring system and business system construction, and continuously enhances the technical support capability for anti-money laundering operations. **Fourthly**, the Bank effectively fulfills its statutory obligations of anti-money laundering – focusing on the statutory obligations of anti-money laundering revolving around customer identification, beneficiary owner identification of non-natural person customers, customer identity information and transaction records storage and reporting large transactions and suspicious transactions, the Bank tightens up the control of high-risk customers and high-risk products/businesses. The Bank carries out anti-money laundering publicity and training activities. **Fifthly**, the Bank cracks down on money-laundering-related crimes, investigates, analyses and reports on key suspicious transaction clues, and actively cooperates with the People’s Bank of China in anti-money laundering investigations and research, so as to provide strong support for the People’s Bank and public security authorities to combat money laundering and other illegal criminal activities.

V. CAPITAL MANAGEMENT

(I) Overview of capital management

The Bank’s capital management is centred on the capital adequacy ratio and core capital adequacy ratio. It aims to achieve synergy in external supervision, credit rating, risk compensation and shareholder return, etc., and closely integrates development planning and risk management practices to achieve scale expansion and coordination of profitability, total capital and structural optimisation, optimal capital scale and return on capital.

The Bank regularly monitored the Bank’s capital adequacy ratio and regulatory capital in accordance with the Measures for the Administration of Capital of Commercial Banks (for Trial Implementation) and related regulations, and reported relevant information to the regulatory authorities at the end of the year and on a quarterly basis. During the reporting period, **firstly**, the Bank used methods such as scenario simulation and stress tests to predict, plan and manage the capital adequacy ratio based on factors such as strategic development planning, business expansion and changes in risk factors, ensuring that the capital adequacy ratio conforms to regulatory, rating and risk compensation requirements and shareholders’ expectations for returns on investment at all times. **Secondly**, the Bank maintained healthy and sustainable development of various businesses to create sources of steady streams of profits, and adopted the capital replenishment mechanism relying primarily on endogenous capital accumulation and supplemented by exogenous financing to ensure continuous compliance with the regulatory capital adequacy ratio requirements. In 2021, the Bank successfully issued the Tier-2 capital bonds of RMB5 billion, which effectively replenished the capital and consolidated the capital base. **Thirdly**, the Bank established a set of practical capital management systems based on the overall development strategy. By improving the internal management mechanism, we formulated a series of policies and systems on issues such as capital adequacy ratio management, economic capital management and internal capital adequacy assessment process management to standardise various capital management operations, and tighten up risk portfolio limit management, so as to ensure that the Bank’s capital adequacy matches the major risks it faces and the standard of its risk management operations, and that the capital plan matches the operating conditions, changes in risk factors and long-term development strategies.

(II) Capital adequacy ratio

According to the requirements of the Measures for the Administration of Capital of Commercial Banks (for Trial Implementation), the capital adequacy ratio of the Bank on each balance sheet date is as follows:

Item	Unit: RMB'0,000, %	
	31 December 2021	31 December 2020
Net core tier-1 capital	2,717,266	2,449,587
Net tier-1 capital	2,937,282	2,669,617
Net tier-2 capital	1,254,136	1,199,474
Net capital in total	4,191,418	3,869,091
Total risk-weighted assets	31,458,554	26,617,593
– Credit risk weighted assets	28,639,152	24,193,630
– Market risk weighted assets	1,084,965	815,504
– Operation risk weighted assets	1,734,437	1,608,459
Core tier-1 capital adequacy ratio	8.64	9.20
Tier-1 capital adequacy ratio	9.34	10.03
Capital adequacy ratio	13.32	14.54

Note: For more information on the Bank’s capital measurement, please refer to the “2021 Capital Adequacy Ratio Report of Bank of Dongguan Co., Ltd.” issued by the Bank.

(III) Leverage

Unit: %

Item	31 December 2021	31 December 2020
Leverage	5.53	5.84

Note: The leverage is calculated and presented in accordance with the regulatory consolidation standards.

VI. OVERVIEW OF BRANCHES AND SUB-BRANCHES

As of the end of the reporting period, the Bank had one head office business department and 13 branches (Dongguan Branch, Guangzhou Branch, Shenzhen Branch, Huizhou Branch, Changsha Branch, Foshan Branch, Hefei Branch, Qingyuan Branch, Zhuhai Branch, Shaoguan Branch, Zhongshan Branch, Nansha Branch of Guangdong Pilot Free Trade Zone, and Hong Kong Branch), 61 tier-1 sub-branches, 80 tier-2 sub-branches, eight community sub-branches, and four SME sub-branches.

No.	Institution name	Address	Telephone
1	Bank of Dongguan Co., Ltd.	No.21 Tiyu Road, Guancheng District, Dongguan	0769-22111741
2	Dongguan Branch, Bank of Dongguan Co., Ltd.	Store 101, Office Properties 801 & 901, Building 1, Hyde Square, No.200, Hongfu Road, Nancheng District, Dongguan	0769-23308000
3	Government affairs and Small-and-Micro Sub-branch, Bank of Dongguan Co., Ltd.	Store 102, No. 199 Hongfu Road, Nancheng Street, Dongguan	0769-23660516
4	Central District Sub-branch, Bank of Dongguan Co., Ltd.	Stores 07-12, Floor 1 and Stores 01-10, Floor 2, Building 1, Private Finance Building, No. 111 Guantai Road, Nancheng District, Dongguan	0769-22403905
5	Central District Shidai Sub-branch, Bank of Dongguan Co., Ltd.	Stores 138-141, No. 1 Hongwei Road, Nancheng District, Dongguan	0769-22987866
6	Central District Dongzheng Sub-branch, Bank of Dongguan Co., Ltd.	No.52 Dongzheng Road, Dongguan	0769-22213957
7	Central District Zhenghe Sub-branch, Bank of Dongguan Co., Ltd.	Floor 1, Unicom Building, Shenghe Road, Nancheng District, Dongguan	0769-22412568
8	Central District Renhe Sub-branch, Bank of Dongguan Co., Ltd.	Stores 112, 113 and 115, Dongjun Haoyuan, Dongjun Road, Nancheng District, Dongguan	0769-22902718
9	Central District Hongfu Sub-branch, Bank of Dongguan Co., Ltd.	Store on the 1st Floor of Line 5-8 and Store on the 2nd Floor of Line 6-8, Building A, Sanlian Building, 73, Hongfu West Road, Nancheng District, Dongguan	0769-22427800
10	Central District Xinghua Sub-branch, Bank of Dongguan Co., Ltd.	Store 1001-01, No. 28 Binhe Road, Nancheng Street, Dongguan	0769-22903722
11	Central District Yizhan Sub-branch, Bank of Dongguan Co., Ltd.	Store 116, No. 73 Zhongli Road., Nancheng District, Dongguan	0769-22850355
12	Donghu Sub-branch, Bank of Dongguan Co., Ltd.	No.96 Qifeng Road, Downtown Centre, Dongguan	0769-22389670
13	Wanjiang Sub-branch, Bank of Dongguan Co., Ltd.	No.363 Wantu Road, Wanjiang District, Dongguan	0769-22279348
14	Wanjiang Wansheng Sub-branch, Bank of Dongguan Co., Ltd.	Stores 1 – 2, Building 8, Wantu Road, Wanjiangxue, Wanjiang District, Dongguan	0769-22275686
15	Wanjiang Wangu Sub-branch, Bank of Dongguan Co., Ltd.	Store A121A, Building 20, Phase I, Fenglin Meiliwan, Intersection of Guansui Avenue and Xicheng Road, Wanjiang District, Dongguan	0769-22279350
16	Wanjiang Yangguanghaian Community Sub-branch, Bank of Dongguan Co., Ltd.	Stores 120 and 121, Building 8, Phase I, Yangguang Haian Garden, Wanjiang Xincheng Community, Dongguan	0769-21663367
17	Dongcheng Sub-branch, Bank of Dongguan Co., Ltd.	Stores 135-138, No. 1 Jinhua Road, Zhushan Community, Dongcheng Street, Dongguan	0769-22360826
18	Dongcheng New City District Dongcheng Xincheng District Sub-branch, Bank of Dongguan Co., Ltd.	Store 101D, Donghai Sunshine Apartment, No.65 Dongyuan Road, Dongcheng Street, Dongguan	0769-26626015
19	Dongcheng Chengfeng Sub-branch, Bank of Dongguan Co., Ltd.	Store A112-113, Fenghua Yuan, No. 18, Huajie, Yuxing Road, Qiantou, Dongcheng District, Dongguan	0769-22265890
20	Dongcheng New District Sub-branch, Bank of Dongguan Co., Ltd.	Stores 82, 84, 86 and 88, Jinyuan Garden, Dajingtou Road, Dongcheng District, Dongguan	0769-22264364
21	Dongcheng Woling Sub-branch, Bank of Dongguan Co., Ltd.	Store 1006, Building 1, No. 5, Dongcheng Section, Dongcheng South Road, Dongcheng Street, Dongguan	0769-22336371
22	Dongcheng Taihe Sub-branch, Bank of Dongguan Co., Ltd.	Stores A01-A03, Outside of Youyicheng Shopping Mall, Dongtai Taihe Commercial Street, Dongcheng District, Dongguan	0769-23104533
23	Dongcheng Nianfeng Sub-branch, Bank of Dongguan Co., Ltd.	No. 130-136, New Nianfeng Villa Village, No. 163, Shiyang Street, Wentang Community, Dongcheng District, Dongguan	0769-22478125
24	Dongcheng Xingcheng Sub-branch, Bank of Dongguan Co., Ltd.	Stores 73-75, New Century Star, Dongcheng District, Dongguan	0769-23604013
25	Dongcheng Dongsheng Sub-branch, Bank of Dongguan Co., Ltd.	Stores 124 – 127, Building 10, Kaisheng Jingyuan, No. 33, Dongcheng Section, Dongsheng Road, Dongcheng Street, Dongguan	0769-22299897
26	Dongcheng Tianbao Sub-branch, Bank of Dongguan Co., Ltd.	Stores 1030, 1031, 1032, 1033 and 1036, No. 422, Dongcheng Section, Dongcheng Middle Road, Dongcheng Street, Dongguan	0769-26386220

No.	Institution name	Address	Telephone
27	Dongcheng Wentang Community Sub-branch, Bank of Dongguan Co., Ltd.	No.8, Shiqiaozen Road, Chazhong Council, Wentang Community, Dongcheng District, Dongguan	0769-22015314
28	Shilong Sub-branch, Bank of Dongguan Co., Ltd.	Floors 1-3, Left Side of Building 204-252, Xihu Middle Road, Xihu District, Shilong Town, Dongguan	0769-86113073
29	Shilong Xinglong Sub-branch, Bank of Dongguan Co., Ltd.	Ground Stores B3, B5-B7, Juhao Mansion, Yuxing Road, Huangzhou New City District, Shilong Town, Dongguan	0769-86183722
30	Shilong Lvhu Sub-branch, Bank of Dongguan Co., Ltd.	No. 6, Lvhu West Road, Shilong Village, Shilong Town, Dongguan	0769-86621613
31	Humen Sub-branch, Bank of Dongguan Co., Ltd.	Zone C, Floor 1, Longquan Hotel, Jinzhou Section, Liansheng Road, Humen Town, Dongguan	0769-85116993
32	Humen Yinxiang Road Sub-branch, Bank of Dongguan Co., Ltd.	Stores 112 – 114, Building 24, Yilin Garden, No. 3, Chigang Junma Road, Humen Town, Dongguan	0769-85116733
33	Humen Zexu Sub-branch, Bank of Dongguan Co., Ltd.	No. 7, Gangkou Road, Humen Town, Dongguan	0769-85115922
34	Humen Liansheng Sub-branch, Bank of Dongguan Co., Ltd.	Store A2, Floor 1, A+ Building, No. 399 Liansheng North Road, Humen Town, Dongguan	0769-85011218
35	Humen Shatai Sub-branch, Bank of Dongguan Co., Ltd.	No. 18, Taisha Road, Humen Town, Dongguan	0769-85511740
36	Humen Fumin Sub-branch, Bank of Dongguan Co., Ltd.	Store 1003, No. 8, Humen Yinlong Road, Humen Town, Dongguan	0769-85121998
37	Humen Xinzhou Sub-branch, Bank of Dongguan Co., Ltd.	No.201, Shatai Road, Humen Town, Dongguan	0769-85103678
38	Humen Longquan Sub-branch, Bank of Dongguan Co., Ltd.	No.92, Renmin Road, Humen Town, Dongguan	0769-85113118
39	Humen Beizha Sub-branch, Bank of Dongguan Co., Ltd.	Store 101, No. 159, Humen Section, Taian Road, Humen Town, Dongguan	0769-85551188
40	Humen Bomei Sub-branch, Bank of Dongguan Co., Ltd.	Store A1001, Fumin Fabric Market, Bomei Village, Humen Town, Dongguan	0769-85233128
41	Humen Zhenxing Sub-branch, Bank of Dongguan Co., Ltd.	No. 54, Zhenxing Avenue, Gate of Humen Town, Dongguan	0769-85129288
42	Humen Jinjie Sub-branch, Bank of Dongguan Co., Ltd.	Stores 1106, 1107, 1980, 1981 and 1982, No. 156, Humen Avenue, Humen Town, Dongguan	0769-82709238
43	Humen Weiyuan Sub-branch, Bank of Dongguan Co., Ltd.	Store 102, Building 2, No. 97, Waihuandao Road, Humen Town, Dongguan	0769-82188020
44	Humen Fengtai Community Sub-branch, Bank of Dongguan Co., Ltd.	Store 101, Fengtai District, Baikeng Reservoir, Xinlian Village, Humen Town, Dongguan	0769-85021051
45	Guancheng Sub-branch, Bank of Dongguan Co., Ltd.	Stores 22-26, Right Side of Hongfu Building, No. 39, Dongcheng West Road, Downtown Dongguan	0769-22235295
46	Yunhe Sub-branch, Bank of Dongguan Co., Ltd.	No. 163, Yunhe West 1st Road, Downtown, Dongguan	0769-22235305
47	Yunhe Zhongxin Sub-branch, Bank of Dongguan Co., Ltd.	Stores 101 and 102, Building 19, City Landscape Garden, No. 19, Hongtu Road, Nancheng District, Dongguan	0769-22827701
48	Yunhe Yifeng Sub-branch, Bank of Dongguan Co., Ltd.	Store B39, Yijie, Yifeng Urban Square, Yifeng Road, Dongcheng District, Dongguan	0769-23132911
49	Yunhe Jingu Sub-branch, Bank of Dongguan Co., Ltd.	Stores 106-107, No. 46, Liwuwei Road, Dongcheng Street, Dongguan	0769-22290738
50	Xizheng Sub-branch, Bank of Dongguan Co., Ltd.	Store 2, Floor 1, North Building, Shimin Square, No. 1, Gaodi Street, Guancheng District, Dongguan	0769-22224244
51	Xiping Sub-branch, Bank of Dongguan Co., Ltd.	Stores 138-139 and 150-153, Zone A, Century, Commercial Street, Dongguan Avenue, Dongguan	0769-22809810
52	Dongmen Sub-branch, Bank of Dongguan Co., Ltd.	Store 1012, No. 2, Guancheng Section, Dongzong Road, Guancheng Street, Dongguan	0769-23057680
53	Zhongtang Sub-branch, Bank of Dongguan Co., Ltd.	Stores 135-138 (Floor 1) and Stores 207-209 (Floor 2), Building 4, Juyi Huayuan, Yayuan Road, Zhongtang Town, Dongguan	0769-88811208
54	Zhongtang Zhonghuang Sub-branch, Bank of Dongguan Co., Ltd.	Stores 6-13, Block 1, Phase I, Nongming Apartment, South Side of Commercial Avenue, Huangyong Village, Zhongtang Town	0769-88816376
55	Shipai Sub-branch, Bank of Dongguan Co., Ltd.	Stores 101-116, No. 10, Shipai Park South Road, Shipai Town, Dongguan	0769-86652442
56	Changping Sub-branch, Bank of Dongguan Co., Ltd.	Store 111, Floor 1, Wanye Financial Building, No. 3, Changping Avenue, Changping Town, Dongguan	0769-81087143
57	Changping Jinyang Sub-branch, Bank of Dongguan Co., Ltd.	No. 89-2, Jinmei Road, Changping Town, Dongguan	0769-83335630
58	Changping Jinhua Sub-branch, Bank of Dongguan Co., Ltd.	No. 18, Tutang Section, Changdong Road, Changping Town, Dongguan	0769-83911506
59	Changping Zijing Sub-branch, Bank of Dongguan Co., Ltd.	Store 1-9, Fengrongge, Changfeng Plaza, Zijing Garden, Changping Town, Dongguan	0769-81899003
60	Changping Guangdian Sub-branch, Bank of Dongguan Co., Ltd.	Ground-floor Store, Guangdian Building, Beside Changping Avenue, Changping Town, Dongguan	0769-81173117
61	Changping Lijing Small-and-Micro Sub-branch, Bank of Dongguan Co., Ltd.	Building No. 1-5, Lvhuating Mansion, Section G, Lijing Garden, Licheng Development Zone, Hengjiangxia Village, Changping Town, Dongguan	0769-81182646
62	Wangniudun Sub-branch, Bank of Dongguan Co., Ltd.	Stores 102-108, Building 2, Tiancheng Times Square, No. 11 Zhenzhong Road, Wangniudun Town, Dongguan	0769-88852859
63	Daojiao Sub-branch, Bank of Dongguan Co., Ltd.	No. 197, Zhenxing East Road, Daojiao Town, Dongguan	0769-88310633
64	Daojiao Jichuan Small-and-Micro Sub-branch, Bank of Dongguan Co., Ltd.	Ground-floor Stores 1 and 2, Dao+ Apartment Building, No. 6, Changping Commercial Road, Changping Village, Daojiao Town, Dongguan	0769-88833246

No.	Institution name	Address	Telephone
No.	Institution name	Address	Telephone
65	Machong Sub-branch, Bank of Dongguan Co., Ltd.	Stores 4-6, Building 1, (beside Machong Bridge), Yelin Mansion, Machong Avenue, Machong Town, Dongguan	0769-88822547
66	Machong Ouchong Sub-branch, Bank of Dongguan Co., Ltd.	Stores 5-7, Ouchong Development Zone Building, Machong Town, Dongguan	0769-88825737
67	Machong Zhangpeng Community Sub-branch, Bank of Dongguan Co., Ltd.	Store 11, Ground Floor, Xinguanren Residence Center, Zhangpeng Village, Machong Town, Dongguan	0769-81219131
68	Houjie Sub-branch, Bank of Dongguan Co., Ltd.	No. 73, Dongfeng First Road, Houjie Town, Dongguan	0769-85921666
69	Houjie Hetian Sub-branch, Bank of Dongguan Co., Ltd.	Store 1, Heyang Building, Hetian Village, Houjie Town, Dongguan	0769-85053622
70	Houjie Xincheng Sub-branch, Bank of Dongguan Co., Ltd.	No. 141, Jiaju Avenue, Houjie Town, Dongguan	0769-85913362
71	Houjie Santun Sub-branch, Bank of Dongguan Co., Ltd.	Stores 128, 129 and 130, Building 14, Vanke Jinyu International Garden, Houjie Town, Dongguan	0769-85899161
72	Houjie Xitou Sub-branch, Bank of Dongguan Co., Ltd.	Floor 1, No. 3, Xinwei Estate, Xitou Community, Houjie Town, Dongguan	0769-81520622
73	Chang'an Sub-branch, Bank of Dongguan Co., Ltd.	No. 55, Changsheng Middle Road, Chang'an, Chang'an Town, Dongguan	0769-85310232
74	Chang'an Fuli Sub-branch, Bank of Dongguan Co., Ltd.	Stores E106-E107, Floor 1, No. 222, Dezheng Middle Road, Chang'an Town, Dongguan	0769-85330825
75	Chang'an Fujing Sub-branch, Bank of Dongguan Co., Ltd.	Stores 116-120, Commercial Building, Fuying Shanshui Mansion, Lianfeng North Road, Chang'an Town, Dongguan	0769-85330828
76	Chang'an Fudu Sub-branch, Bank of Dongguan Co., Ltd.	No. 1, Wusha Yuxing Road, Chang'an Town, Dongguan	0769-85545532
77	Chang'an Fuchang Sub-branch, Bank of Dongguan Co., Ltd.	No. 13-21 and 23, Changtu Road, Xiaobian Village, Chang'an Town, Dongguan	0769-85330831
78	Chang'an Fusheng Sub-branch, Bank of Dongguan Co., Ltd.	Store 102, No. 16, Wenshan Road, Chang'an Town, Dongguan	0769-85330833
79	Chang'an Jinsha Sub-branch, Bank of Dongguan Co., Ltd.	No. 38, Jinghai Middle Road, Shatou Village, Chang'an Town, Dongguan	0769-85330823
80	Chang'an Fuxing Sub-branch, Bank of Dongguan Co., Ltd.	Store 103, No. 39-1, Zhongshan North Road, Shangsha Village, Chang'an Town, Dongguan	0769-85397832
81	Chang'an Xifang Sub-branch, Bank of Dongguan Co., Ltd.	Store 101, No. 45, Zhugang Road, Chang'an Town, Dongguan	0769-81882626
82	Chang'an Wusha Community Sub-branch, Bank of Dongguan Co., Ltd.	Store 10, Tongda Garden, Jiangbei Village, Wusha Community, Chang'an Town, Dongguan	0769-85358412
83	Dalingshan Sub-branch, Bank of Dongguan Co., Ltd.	Store 16-18 and 32-33, Building 141, New Century Leading House, Dalingshan Town, Dongguan	0769-85788119
84	Dalingshan Zhenhua Sub-branch, Bank of Dongguan Co., Ltd.	No. 26, Zhenhua Road, Dalingshan Town, Dongguan	0769-82780798
85	Liaobu Sub-branch, Bank of Dongguan Co., Ltd.	No. 20, Qinzhen Road, Liaobu Town, Dongguan	0769-83286208
86	Liaobu Hongtu Sub-branch, Bank of Dongguan Co., Ltd.	Stores 108-111, Commercial Building, No. 22, Zhonghui Songhu City Area 2, Jinxing Road, Liaobu Town, Dongguan	0769-83305875
87	Liaobu Hengkeng Sub-branch, Bank of Dongguan Co., Ltd.	Store 101, No. 191, Liaobu Section, Guanzhang Road, Liaobu Town, Dongguan	0769-83303328
88	Liaobu Songhu Zhigu Sub-branch, Bank of Dongguan Co., Ltd.	Store 110, Building 5, Songhu Zhigu R&D Center, No. 1, Renju Road, Liaobu Town, Dongguan	0769-82586551
89	Zhangmutou Sub-branch, Bank of Dongguan Co., Ltd.	Store 101, No. 2, Zhangmutou Xinxing Street, Zhangmutou Town, Dongguan	0769-87796828
90	Zhangmutou Xiangzhang Sub-branch, Bank of Dongguan Co., Ltd.	Stores 101-105, Building 7, Zhangcheng Mansion, Xicheng Road, Zhangluo Community, Zhangmutou Town, Dongguan	0769-87126618
91	Shijie Sub-branch, Bank of Dongguan Co., Ltd.	Store 101, No. 33, Zhengwen West Road, Shijie Village, Shijie Town, Dongguan	0769-86316766
92	Shijie Dongcheng Sub-branch, Bank of Dongguan Co., Ltd.	Store 104, No. 62, Shijie Mingzhu West Road, Shijie Town, Dongguan	0769-86637708
93	Shijie Dongsheng Sub-branch, Bank of Dongguan Co., Ltd.	Store 26, the third Industrial Park, Juzhou Village, Shijie Town, Dongguan	0769-86637799
94	Chashan Sub-branch, Bank of Dongguan Co., Ltd.	No. 92, Dongyue Road, Chashan Town, Dongguan	0769-86647608
95	Chashan Nanshe Sub-branch, Bank of Dongguan Co., Ltd.	Store 101, Building 1, No. 35, Chashan Jinshan Road, Chashan Town, Dongguan	0769-86414176
96	Hengli Sub-branch, Bank of Dongguan Co., Ltd.	No. 38, Yanjiang South Road, Hengli Town, Dongguan	0769-83727308
97	Hengli Hepan Sub-branch, Bank of Dongguan Co. Ltd.	No. 1, Zhenxing West Road, Hengli Town, Dongguan	0769-83373208
98	Dongkeng Sub-branch, Bank of Dongguan Co., Ltd.	No. 259, Dongxing Road, Dongkeng Town, Dongguan	0769-83383182
99	Dongkeng Country Garden Small-and-Micro Sub - Branch, Bank of Dongguan Co., Ltd.	Stores 110 and 111, Commercial Building, No. 13, Phase II, Dongkeng Country Garden, No. 233, Dongxing East Road, Dongkeng Town, Dongguan	0769-88009962
100	Qishi Sub-branch, Bank of Dongguan Co., Ltd.	No. 28, Zhenhua Road, Qishi Town, Dongguan	0769-86663828
101	Qiaotou Sub-branch, Bank of Dongguan Co., Ltd.	Stores 101, 102, 103, and 104, No. 2, Qiaoguang Avenue (Tianxin Section), Tianxin Community, Qiaotou Town, Dongguan	0769-83343313
102	Qiaotou Lianhu Sub-branch, Bank of Dongguan Co., Ltd.	Stores 106-110, Building 9, Phase I, Kaide Mansion, Bilian Road, Qiaotou Town, Dongguan	0769-83342821

No.	Institution name	Address	Telephone
103	Qiaotou Shizhu Community Sub-branch, Bank of Dongguan Co., Ltd.	Store 102, Building 1, Comprehensive Building, No. 26, Qiaotou Qiaoxin Road, Qiaotou Town, Dongguan	0769-82521286
104	Tangxia Sub-branch, Bank of Dongguan Co., Ltd.	No. 47, Huayuan Street, Tangxia Town, Dongguan	0769-87727089
105	Tangxia Hongye Sub-branch, Bank of Dongguan Co., Ltd.	No. 63, Tanglong Road, Tangxia Town, Dongguan	0769-87728223
106	Tangxia Shigu Sub-branch, Bank of Dongguan Co., Ltd.	No. 3, Shigu Commercial Street, Tangxia Town, Dongguan	0769-87888268
107	Tangxia Lincun Sub-branch, Bank of Dongguan Co., Ltd.	No. 60, Tangxia Hongye North Road, Tangxia Town, Dongguan	0769-87812828
108	Tangxia Yingbin Sub-branch, Bank of Dongguan Co., Ltd.	Stores 122-126, Fukang Mansion, Yingbin Avenue, Tangxia Town, Dongguan	0769-82016922
109	Tangxia Zhufoling Community Sub-branch, Bank of Dongguan Co., Ltd.	South of Building 1, No. 1, Lane 8, Zhufoling New Village, Tangxia Town, Dongguan	0769-81281978
110	Fenggang Sub-branch, Bank of Dongguan Co., Ltd.	Store 105, No. 17, Fenggang Yongsheng Street, Fenggang Town, Dongguan	0769-87502628
111	Fenggang Jinfeng Sub-branch, Bank of Dongguan Co., Ltd.	Stores 103-104, Building 1, Yishanju Commercial Residential Block, Sanzheng Wolongshan Garden, Yongsheng North Street, Fenggang Town, Dongguan	0769-87753326
112	Fenggang Yantian Sub-branch, Bank of Dongguan Co., Ltd.	Stores 24-29, Phase I, Lanshanjin Harbor, Xiangxin East Road, Fenggang Town, Dongguan	0769-87778812
113	Fenggang Guanjiangtou Community Sub-branch, Bank of Dongguan Co., Ltd.	Stores B1038 to B1040, Building 1, Zone B(A/B Block), Jiahui Mansion, Guanjiangtou Section, Longping Road, Fenggang Town, Dongguan	0769-87560289
114	Dalang Sub-branch, Bank of Dongguan Co., Ltd.	Stores 101-104 and Offices 301-309 in Unit 1, Huisheng Fazhan Building, No. 528, Meijing Middle Road, Dalang Town, Dongguan	0769-83012368
115	Dalang Yinlang Sub-branch, Bank of Dongguan Co., Ltd.	Store 8, Annex Building, Shanghai Building, No. 288, Yinlang South Road, Dalang Town, Dongguan	0769-82816188
116	Dalang Xiangtou Sub-branch, Bank of Dongguan Co., Ltd.	Store A5, No. 118, Fukang Road, Xiangtou Community, Dalang Town, Dongguan	0769-81119806
117	Huangjiang Sub-branch, Bank of Dongguan Co., Ltd.	Stores 353, 355, 357 and 359, Huangjiang Avenue, Huangjiang Town, Dongguan	0769-83603777
118	Huangjiang Meitang Sub-branch, Bank of Dongguan Co., Ltd.	Store 1, Floor 1, Meitang Nongmin Apartment (Buildings 6 and 7), Binnong Second Road, Huangjiang Town, Dongguan	0769-83624185
119	Hongmei Sub-branch, Bank of Dongguan Co., Ltd.	Stores A18-20, Hongmei Cultural and Sports Commercial Center, Qiaodong Road, Hongmei Town, Dongguan	0769-88438098
120	Songshan Lake Keji Sub-branch, Bank of Dongguan Co., Ltd.	Floors 1 and 2, Office Building 1, No. 5, Keji Eighth Road, Songshan Lake High-tech Industrial Development Zone, Dongguan	0769-23075229
121	Songshan Lake Zhongji Zhigu Sub-branch, Bank of Dongguan Co., Ltd.	Store 115 and Store 116, Building 1, No. 3, Nanshan Road, Songshan Lake Park, Dongguan	0769-23328382
122	Xiegang Sub-branch, Bank of Dongguan Co., Ltd.	Store 105, Building 1, Yongjiang International Mansion, No. 1, Guangchang Middle Road, Xiegang Town, Dongguan	0769-87760638
123	Shatian Sub-branch, Bank of Dongguan Co., Ltd.	Stores A1-115 to A1-120, A1-215 to A1-220, Building A1, Binhai Center Commercial Street, Shatian Town, Dongguan	0769-88805661
124	Qingxi Sub-branch, Bank of Dongguan Co., Ltd.	Floors 1 and 2, Minghui Building, No. 5, Lucheng West Road, Qingxi Administrative Center, Dongguan	0769-87302618
125	Qingxi Jufu Sub-branch, Bank of Dongguan Co., Ltd.	Store 1, Jufu Shopping Mall, Jumin Jufu Road, Qingxi Town, Dongguan	0769-82098182
126	Gaobu Sub-branch, Bank of Dongguan Co., Ltd.	Two stores in Floor 1 and all stores in Floor 2, Commercial and Office Building 14, Phase III, New Century Yilongwan Estate, No. 2, Yilong East Road, Gaobu Town, Dongguan	0769-88789233
127	Binhaiwan New District Branch, Bank of Dongguan Co., Ltd.	Store 101, Building 1, No. 1, Wanqu Avenue, Binhaiwan New District, Dongguan	0769-85310001
128	Shuixiang Sub-branch, Bank of Dongguan Co., Ltd.	Part of Floor 1 & Floor 2 of Building 1, No. 6, Dazhong Road, Jiuqu Village, Daojiao Town, Dongguan	0769-88319886
129	Guangzhou Branch, Bank of Dongguan Co., Ltd.	Store 126 in Ground Floor, and stores in Floors 27 and 28, Building C, Fengxing Plaza, No. 240, Tianhe Road, Tianhe District, Guangzhou	020-87508528
130	Guangzhou Panyu Sub-branch, Bank of Dongguan Co., Ltd.	Store B101, Floor 1, Building 2, Donghan Garden, No. 71, Guanghua South Road, Shiqi Town, Panyu District, Guangzhou	020-39258785
131	Guangzhou Zengcheng Sub-branch, Bank of Dongguan Co., Ltd.	Store 101, No. 224, Store 101, No. 226, Stores 114 and 115, No. 228, Fenghuang North-cross Road, Yongning Street, Zengcheng District	020-32164036
132	Guangzhou Dongpu Sub-branch, Bank of Dongguan Co., Ltd.	Store 101, Floor 1 and Store 01, Mezzanine, Podium Building, Delida Commercial Building, No. 385, Daguan Middle Road, Tianhe District, Guangzhou	020-32053840
133	Guangzhou Tianhe Sub-branch, Bank of Dongguan Co., Ltd.	Stores in Floors 1 and 2, No. 1023, Zhongshan Avenue, Tianhe District, Guangzhou	020-32232177
134	Guangzhou Luogang Sub-branch, Bank of Dongguan Co., Ltd.	Stores 101-105, Floor 1 and Store 203, Floor 2, Building 2, No. 31, Luolang Road, Huangpu District, Guangzhou	020-22201297
135	Guangzhou Baiyun Sub-branch, Bank of Dongguan Co., Ltd.	Floor 1, No. 20, Xiaoping West Road, Xinshi Street, Baiyun District, Guangzhou	020-36403729
136	China (Guangdong) Pilot Free Trade Zone Nansha Branch, Bank of Dongguan Co., Ltd.	Stores 106, 107, 605 and 606 (Self-numbered Building 1), No. 106, Fengze East Road, Yunshan Poetic Estate, Nansha, Nansha District, Guangzhou	020-39005832
137	Nansha Huangge Sub-branch, Bank of Dongguan Co., Ltd.	Store 115, No. 1, Qilin Second Street, Huangge Town, Nansha District, Guangzhou	020-84687364

No.	Institution name	Address	Telephone
138	Shenzhen Branch, Bank of Dongguan Co., Ltd.	Floors 1&11, Shidai Technology Building, No. 7028, Shennan Avenue, Futian District, Shenzhen	0755-23955635
139	Shenzhen Longgang Sub-branch, Bank of Dongguan Co., Ltd.	Store Unit 01(Mezzanine) and Unit 08 (Floor 1), Zhengzhong Times Square, No. 99, Longcheng Avenue, Longcheng Street, Central, Longgang District, Shenzhen	0755-89613575
140	Shenzhen Bao'an Sub-branch, Bank of Dongguan Co., Ltd.	Stores 105 and 106, Building 1, Huasheng Shenghui Mansion, Xin'an Street, Bao'an District, Shenzhen	0755-29583522
141	Shenzhen Qianhai Sub-branch, Bank of Dongguan Co., Ltd.	Floor 2, Qianhai Enterprise Hall Building, No. 63, Qianwan First Road, Qianhai Shenzhen-Hong Kong Cooperation District, Shenzhen	0755-83183081
142	Shenzhen Nanshan Branch, Bank of Dongguan Co., Ltd.	Store 27 and 28a, Floor G, Building C, Kexing Science Park, No. 15, Keyuan Road, Middle Area, Science Park, Nanshan District, Shenzhen	0755-83616071
143	Huizhou Branch, Bank of Dongguan Co., Ltd.	Stores 07-10, Floor 1, and all stores in Floor 9, Dewei Building, No. 4, Yunshan West Road, Jiangbei, Huizhou	0752-2781888
144	Huizhou Huiyang Sub-branch, Bank of Dongguan Co., Ltd.	All stores in Area A and partial stores in Area B, No. 01, Floor 1, Taixing International Building, Kaicheng Avenue, Danshi Town, Huiyang District, Huizhou	0752-6518687
145	Huizhou Zhongkai Sub-branch, Bank of Dongguan Co., Ltd.	Store 01, Floor 1, Zhongkai Investment Holdings Building, No. 8, West Hechang Fifth Road, Zhongkai High and New Technology Zone, Huizhou	0752-5752188
146	Changsha Branch, Bank of Dongguan Co., Ltd.	Stores 104 on Floor 1 of T1 (Block A) and Floors 26-28 of T3 (Block C), Binjiang Financial Center, No. 112, Chazishan East Road, Yuelu District, Changsha, Hunan Province	0731-88785173
147	Changsha Lushan Sub-branch, Bank of Dongguan Co., Ltd.	Floors 1 and 2, Xiangsuhui Building, Lugu Information Harbour, No. 668, Lugu Avenue, Yuelu District, Changsha, Hunan Province	0731-88197507
148	Changsha Xingsha Sub-branch, Bank of Dongguan Co., Ltd.	Shangcheng Building B (108, 109, 209, 110 and 210), Kaiyuan East Road, Changsha County, Hunan Province	0731-88291906
149	Changsha Tianxin Sub-branch, Bank of Dongguan Co., Ltd.	Store 101-1, Building 18B, Shangxi Garden, No. 31, Xiangfu West Road, Tianxin District, Changsha, Hunan Province	0731-88276672
150	Changsha Fulong Sub-branch, Bank of Dongguan Co., Ltd.	Floor 1, No. 106, Section 2, Fulong Middle Road, Fulong District, Changsha, Hunan Province	0731-88293620
151	Foshan Branch, Bank of Dongguan Co., Ltd.	Stores 901-910, Block A, No. 68 (and No. 9-12, Floor 1, No. 66), Jihua Fourth Road, Chancheng District, Foshan	0757-82903806
152	Foshan Nanhai Branch, Bank of Dongguan Co., Ltd.	Stores 06 and Mezzanine, Chengye Building, No. 13, Nanping West Road, Guicheng, Nanhai District, Foshan	0757-81858112
153	Foshan Sanshui Sub-branch, Bank of Dongguan Co., Ltd.	Stores West 101, 102 of Block 4, Huixin Mansion, No. 3, Jianshe Second Road, Sanshui District, Foshan	0757-87733670
154	Foshan Shunde Sub-branch, Bank of Dongguan Co., Ltd.	Stores 106 and 107, Yiyunjun Garden, No. 1, Xingshun Road, Residents Committee of Dehe Community, Daliang Sub-district Office, Shunde District, Foshan	0757-22339910
155	Hefei Branch, Bank of Dongguan Co., Ltd.	Wanghu Jiayuan Commercial Building, No. 117, Meihe Road, Baohe District, Hefei	0551-62689778
156	Hefei Guangshi Garden Community Sub-branch, Bank of Dongguan Co., Ltd.	South of Building 1, Property Complex Building, Guangshi Garden Community, Ningxia Road, Baohe District, Hefei	0551-63805368
157	Hefei Hi-tech Industry Development Zone Sub-branch, Bank of Dongguan Co., Ltd.	Stores 102 and 201, Tianmao Building, Northwest Corner of the Intersection of Kexue Avenue and Tianbo Road, Hefei	0551-63807265
158	Hefei Science and Technology Sub-branch, Bank of Dongguan Co., Ltd.	Stores 103-105, Floor 1, Building 4, Yindu Xiangshuijun Estate, Feicui East Road, Shimen North Road, Hefei Economic and Technological Development Zone	0551-63812523
159	Hefei Luyang District Sub-branch, Bank of Dongguan Co., Ltd.	Store 101, Building A, New Guanghe Building, No. 7377, Linquan Road, Luyang District, Hefei	0551-63809500
160	Hefei Yaohai Sub-branch, Bank of Dongguan Co., Ltd.	Store H1, Store F5 and Store F6, Floor 1, Building M7, Phase I, Global Center, Bashang Street, No. 2, Wuhu Road, Yaohai District, Hefei	0551-62323366
161	Qingyuan Branch, Bank of Dongguan Co., Ltd.	Store 35, Block 7 and Floor 2&3, Block 5 and 7, Zone A, Wanji Golden Bay Mansion, No. 6, Jinxia Road, New Urban District, Qingyuan	0763-3668867
162	Qingyuan Dongcheng Sub-branch, Bank of Dongguan Co., Ltd.	Stores 1-07, 1-08, 1-09, 1-10, 1-11, 1-12, Floor 1, Qiaoshun Building, Block 1, New Times Garden, No. 6, Dongcheng Avenue, Qingcheng District, Qingyuan	0763-3898313
163	Zhuhai Branch, Bank of Dongguan Co., Ltd.	No. 377, Floor 1, No. 381, Floor 2 and No. 381, Floor 3, Qinglv Middle Road, Xiangzhou District, Zhuhai	0756-2393175
164	Shaoguan Branch, Bank of Dongguan Co., Ltd.	Stores 1-6 of Floor 1 and Floors 2-4, Building E1, Zhixing Garden, No. 1, Yihua Road, Wujiang District, Shaoguan	0751-8606922
165	Shaoguan Fulong New District Sub-branch, Bank of Dongguan Co., Ltd.	Swimming Pool, Commercial Building 1, Taiyangcheng Huadi, Country Garden, No. 8, Danxia Middle Avenue, Wujiang District, Shaoguan	0751-8606030
166	Zhongshan Branch, Bank of Dongguan Co., Ltd.	Stores 105-107, Floors 20-21, Building 1, Xinghuiwan Estate, No. 4, Zhongshan Second Road, Shiqi District, Zhongshan	0760-86996228
167	Hong Kong Branch, Bank of Dongguan Co., Ltd.	Suites 2504-2511, 25/F, Two International Finance Centre, No. 8 Finance Street, Central, Hong Kong	00852-29512600

Significant Matters

I. PROFIT DISTRIBUTION OF ORDINARY SHARES

(I) Formulation, implementation or adjustment of profit distribution policies for ordinary shareholders during the reporting period

Pursuant to the Company Law and the Bank's Articles of Association and relevant regulations, the profit distribution plan was formulated by the Board of Directors and reviewed and approved by the general meeting. The Board of Directors formulates the profit distribution plan, which must be reviewed by Independent Directors to issue confirmed independent opinions, and must be approved by more than two-thirds of the Bank's Directors; the profit distribution plan must be approved with more than half of the voting rights held by shareholders (including shareholder proxies) attending the meeting. After the general meeting of the Bank decides on the profit distribution plan, the Board of Directors of the Bank shall complete the distribution of dividends (or shares) within two months after the annual general meeting is held.

The Bank conducts profit distribution by allocating dividends by cash or shares; however, the shares held by the Bank are excluded from profit distribution. The priority of net profit after tax of the Bank is: making up deficits in previous years, statutory surplus reserve, discretion surplus reserve, general reserve and payments of dividends to shareholders.

(II) Profit distribution plans of the Bank in the past three years (including the reporting period)

1. 2021 Annual profit distribution plan. On 10 March 2022, the Bank held the 4th Meeting of the 8th Board of Directors. The meeting reviewed and approved the "2021 Annual Profit Distribution Plan of Bank of Dongguan Co., Ltd." and agreed on: appropriating 10% of net profit (i.e. RMB331 million) as statutory surplus reserve; appropriating general risk reserve of RMB500 million; distributing cash dividends to all shareholders of the Bank on the basis of RMB2.5 (before tax) for every 10 shares, totaling RMB545 million.

2. 2020 Annual profit distribution plan. On 2 March and 26 March 2021, the Bank held the 19th Meeting of the 7th Board of Directors and its 2020 Annual General Meeting. The meetings reviewed and approved the "2020 Annual Profit Distribution Plan of Bank of Dongguan Co., Ltd." and agreed on: appropriating 10% of net profit (i.e. RMB288 million) as statutory surplus reserve; appropriating general risk reserve of RMB500 million; distributing cash dividends to all shareholders of the Bank on the basis of RMB2.5 (before tax) for every 10 shares, totaling RMB545 million.

3. 2019 Annual profit distribution plan. On 3 March and 26 March 2020, the Bank held the 11th Meeting of the 7th Board of Directors and its 2019 Annual General Meeting. The meetings reviewed and approved the "2019 Annual Profit Distribution Plan of Bank of Dongguan Co., Ltd." and agreed on: appropriating 10% of net profit (i.e. RMB282 million) as statutory surplus reserve; appropriating general risk reserve of RMB130 million; distributing cash dividends to all shareholders of the Bank on the basis of RMB2.5 (before tax) for every 10 shares, totaling RMB545 million.

(III) Cash dividend for ordinary shares in the Company in the past three years (including the reporting period)

Year	Dividend per share (RMB)	Total shares (100 million shares)	Total cash dividend (RMB100 million)	Net profit attributable to the parent Company's ordinary shareholders in the annual consolidated dividend statement (RMB100 million)	Percentage of net profit attributable to the parent Company's ordinary shareholders in the consolidated statement (%)
2021	0.25	21.8	5.45	33.16	16.44
2020	0.25	21.8	5.45	28.76	18.95
2019	0.25	21.8	5.45	28.26	19.28

II. FULFILLMENT OF COMMITMENTS

The Bank had no commitments other than its normal business scope during the reporting period.

III. OCCUPATION OF LISTED COMPANY'S NON-OPERATING FUNDS BY CONTROLLING SHAREHOLDERS AND THEIR RELATED PARTIES

During the reporting period, the Bank had no tie-up of the listed company's non-operating funds by controlling shareholders and their related parties.

IV. AUDIT OPINIONS ISSUED BY THE ACCOUNTING FIRM

The 2021 Annual Financial Report has been audited by KPMG Huazhen LLP and a statements unqualified had been issued.

V. EXPLANATION OF CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND ACCOUNTING METHODS COMPARED TO PREVIOUS YEAR'S FINANCIAL REPORT

For details about changes in accounting policies and accounting estimates, please refer to "Notes to Financial Statements 4. Changes in Major Accounting Policies" in "Financial Reports".

VI. EXPLANATION OF THE SITUATION WHERE THE CORRECTION OF SIGNIFICANT ACCOUNTING ERRORS REQUIRES RETROSPECTIVE RESTATEMENT DURING THE REPORTING PERIOD

During the reporting period, the Bank did not correct major accounting errors, thus there was no need to restate retrospectively.

VII. EXPLANATION ON CHANGES IN THE SCOPE OF CONSOLIDATED STATEMENTS COMPARED WITH FINANCIAL REPORTS OF PREVIOUS YEAR

During the reporting period, the scope of the Bank's consolidated statements remained unchanged.

VIII. APPOINTMENT AND DISMISSAL OF CERTIFIED PUBLIC ACCOUNTANT

(I) Appointment and dismissal of certified public accountant

Certified public accountant engaged	KPMG Huazhen LLP
Consecutive years of providing audit service by certified public accountant	5 years
Signing Certified Public Accountants	Huang Aizhou, Ye Yunhui

(II) Appointment and dismissal of certified public accountant for internal control

Pursuant to the resolution of the Bank's 2020 Annual General Meeting, the Bank engaged KPMG Huazhen LLP to audit and issue an audit report on the 2021 financial statements of the Bank prepared in accordance with the PRC accounting standards.

IX. MATTERS IN CONNECTION WITH BANKRUPTCY OR REORGANISATION

During the reporting period, there was no matter in connection with bankruptcy or reorganisation.

X. SIGNIFICANT LITIGATION AND ARBITRATION

During the reporting period, the Bank had new matters relating to litigations and arbitration, mainly concerning the loans. Principals of newly added significant bad loan litigations (the principal amount involved in a single litigation case is over RMB10 million) amounted to RMB1,600,804,000.

XI. PUNISHMENT IMPOSED ON THE BANK AND ITS DIRECTORS AND OFFICERS BY RELATED REGULATORY AND JUDICIAL BODIES

During the reporting period the Bank's Directors and senior management were not punished by the relevant regulatory authorities or judicial authorities, and the Bank and its branches were not punished by the regulatory authorities.

XII. INTEGRITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS AND ULTIMATE CONTROLLERS

During the reporting period, the Bank had no controlling shareholder or ultimate controller. The Bank and the largest shareholder of the Bank did not have any failure to perform the court's effective judgment, or owe a relatively large amount of debts due and unpaid.

XIII. IMPLEMENTATION OF EQUITY INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP PLANS AND OTHER EMPLOYEE INCENTIVE PLANS

During the reporting period, there was no equity incentive scheme, employee stock ownership plans or other employee incentive plans in place.

XIV. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Bank strictly adhered to the Administrative Measures for Related Party Transactions of Commercial Banks with Insiders and Shareholders¹, the Administrative Measures for Related Party Transactions of Bank of Dongguan Co., Ltd., and the Implementation Rules for the Management of Related Party Transactions of Bank of Dongguan Co., Ltd. and the related requirements issued by the Banking and Insurance Regulatory Commission. Transactions with related parties were generated in normal business activities, and the transaction conditions and interest rates conformed to relevant provisions of regulatory authorities and the Bank, and were determined following the principles of marketisation, which were objective, fair, and reasonable and had no material effect on the Bank's earnings results or financial status. As of the end of the reporting period, the Bank's credit balance in the related party transactions was RMB8,676,661,450.81, with the overall affiliation ratio standing at 20.81%. All related party transaction indicators met regulatory requirements.

In 2021, the Bank had the following significant related party transactions:

On 19 March 2021, a credit of RMB1,203.6 million was granted to Dongguan Financial Holdings Group Co., Ltd., a related party, which accounted for 3.14% of the Bank's net capital at the end of the fourth quarter of 2020. It was classified as a significant related party transaction.

On 19 March 2021, a credit of RMB1,380 million was granted to Dongguan Securities Co., Ltd., a related party, which accounted for 3.59% of the net capital of the Bank at the end of the fourth quarter of 2020. It was classified as a significant related party transaction.

On 1 June 2021, a credit of RMB384.5 million was granted to Da Zhong Investment Group Co., Ltd., a related party, which accounted for 1.02% of the Bank's net capital at the end of the first quarter of 2021. It was classified as a significant related party transaction.

On 6 August 2021, a credit of RMB308 million was granted to Dongguan Humen Water Investment Co., Ltd., a related party, and a total credit of RMB2,194 million was granted to its affiliated Guangdong Humen Fumin Group Co., Ltd. and its affiliated companies, accounting for 5.49% of the Bank's net capital at the end of the second quarter of 2021. It was classified as a significant related party transaction.

On 19 August 2021, a credit of RMB800 million was granted to Dongguan Zhuohe Construction Engineering Co., Ltd., a related party, which accounted for 2.00% of the Bank's net capital at the end of the second quarter of 2021, and a total credit of RMB2,537.42 million was granted to its affiliated Guangdong Kanglian Investment Group Co., Ltd. and its affiliated companies, accounting for 6.35% of the Bank's net capital at the end of the second quarter of 2021. It was classified as a significant related party transaction.

On 29 November 2021, a credit of RMB73 million was granted to Dongguan Jingsheng Landscape Engineering Co., a related party, Ltd., and a total credit of RMB2,527.42 million was granted to its affiliated Guangdong Kanglian Investment Group Co., Ltd. and its affiliates, accounting for 6.17% of the Bank's net capital at the end of the third quarter of 2021. It was classified as a significant related party transaction.

On 29 November 2021, a credit of RMB20 million was granted to Dongguan Shenghui Construction Engineering Co., a related party, Ltd., and a total credit of RMB2,527.42 million was granted to its affiliated Guangdong Kanglian Investment Group Co., Ltd. and its affiliates, accounting for 6.17% of the Bank's net capital at the end of the third quarter of 2021. It was classified as a significant related party transaction.

XV. MAJOR CONTRACTS AND THEIR PERFORMANCES

(I) Significant custody, contracts and leases

During the reporting period, the Bank had no significant custody, contract, lease transactions or other major contract matters.

(II) Significant guarantees

During the reporting period, apart from financial guarantee businesses as approved by the People's Bank of China (PBOC) and the China Banking and Insurance Regulatory Commission (CBIRC), the Bank did not have any significant guarantees that need to be disclosed.

¹ The Administrative Measures for Related Party Transactions of Banking and Insurance Institutions (Order No. 1 [2022], China Banking and Insurance Regulatory Commission) came into force on 1 March 2022, and the Administrative Measures for Related Party Transactions of Commercial Banks with Insiders and Shareholders (Order No.3 [2004], China Banking Regulatory Commission) was repealed in the meantime.

(III) Entrusted cash asset management

1. Entrusted wealth management

During the reporting period, the Bank did not issue entrusted wealth management beyond its normal business scope.

2. Entrusted loan

During the reporting period, the Bank did not issue entrusted loans beyond its normal business scope.

(IV) Other significant contracts

During the reporting period, the Bank is performing other significant contracts as follows:

On 6 December 2021, the Bank and China Resources Land (Dongguan) Co., Ltd. signed the Intentional Agreement on the Headquarters Building Customization of Bank of Dongguan, with an agreed earnest money of RMB300 million.

XVI. SOCIAL RESPONSIBILITIES

(I) Fulfillment of social responsibilities

Adhering to the philosophy of “giving back to society”, the Bank proactively fulfilled its social responsibilities integrating its business practices with social responsibilities. **The first** is to increase support for the real economy via financial services as the primary objective, and help build a new development pattern. The Bank actively implements related national strategies, adheres to the positioning of “serving the local, serving the real economy and serving the citizens”, takes deepening structural reform of financial supply-side as the main theme, and effectively promotes three special campaigns of advanced manufacturing, rural community services and consumer finance, thus building on its ability to serve the real economy. **The second** is to fulfill the Bank’s corporate responsibilities and get actively involved in public welfare undertakings. We enthusiastically participate in activities such as poverty alleviation, the fight against the epidemic, safe production, and consumer protection focusing on fostering the “responsibility culture”, actively fulfill the social responsibilities and give back to society. **The third** is to deepen the perception of green finance, and solidly promote green financial development. The Bank actively promoted the development of water conservancy loans, green bill rediscounting, carbon emission quota mortgage loans, photovoltaic power generation loans and other businesses, made every effort to make green financial services more targeted, broaden the range of entities covered by these services, and continuously pushed forward the high-quality green finance development.

For details, please refer to the 2021 Social Responsibility Report of the Bank of Dongguan on the official website of the Bank.

(II) Targeted poverty alleviation and rural revitalization

1. Targeted poverty alleviation and rural revitalization planning

Taking targeted poverty alleviation and fixed-point poverty alleviation as the political priority, the Bank has set up an inter-departmental leading group for poverty alleviation under the leadership of the Party Committee, with the Party Committee Secretary and Chairman designated to bear the primary responsibility. The Bank resolutely implements the decisions and arrangements made by the CPC Central Committee and the State Council on consolidating and expanding achievements made in poverty alleviation and rural revitalization focusing on the main tasks of the “three phased objectives and tasks” and “five promotions”, and effectively links poverty alleviation with rural revitalization.

2. Summary of annual targeted poverty alleviation and rural revitalization operations

The Bank has set up a poverty alleviation leading group, headed by team leader Lu Guofeng, secretary of the Party Committee, and deputy team leader Ye Haopeng, deputy secretary of the Party Committee, and Zhang Tao, a member of the Party Committee. The Bank has set up a poverty alleviation office tasked with carrying out fixed-point poverty alleviation. The leading group holds regular meeting on the poverty alleviation work, and promptly deepens and accurately assists in poverty alleviation operations taking the latest poverty aid policies into account.

During the reporting period, the Bank successfully fulfilled targets set for targeted poverty alleviation in the villages assigned to it – Caojiadong Village and Huangluo Village in Liangjiang Town, Lechang, Shaoguan. According to the verification results of “Eight Necessities”, all the 316 people in the 108 officially registered poverty-stricken households in the two villages have all been lifted out of poverty. Upon completion of the targeted poverty alleviation campaign, the Bank actively participated in rural revitalization undertakings in townships and villages responding to the call made by the Party and the government, and undertook the task of uniting with Tangxia Town to help Siqian Town in Shixing County, Shaoguan. The Bank’s top-level leaders participated in field investigations, and assigned two business backbone employees to the township and village support team to participate in the rural revitalization and township and village support work.

In addition, the Bank responded to the calls made by government authorities at various levels and actively participated in different types of poverty alleviation initiatives. In particular, the Bank donated RMB1 million on the Guangdong Poverty Alleviation Day & Dongguan Charity Day, granted poverty alleviation funds of RMB2.76 million in total to fund the shopping-based poverty alleviation efforts of the trade union, provided RMB50,000 in financial aid to Chashan Village, Liangshui Town, Sinan County, Tongren, Guizhou Province, and sent a core sales staff member to match resources with the actual funding needs in Tongren, Guizhou Province.

3. Follow-up arrangements for rural revitalization

In 2022, the Bank will continue to actively cooperate with the lead units of rural revitalization task forces stationed in towns in executing the work implementation plan, revolving around the “three phased objectives and tasks” and the “five promotions”; strengthen communications with local authorities in Siqian Town, focusing on the future development of local industries. The Bank will also work with the local town committees and governments to draw up the rural revitalization work plan, and contribute to promoting rural revitalization and developing regional economy.

XVII. PROTECTION OF CONSUMERS' RIGHTS AND INTERESTS

The Bank attaches great importance to the protection of consumer rights and interests, and always regards financial consumer protection as an important aspect of the corporate governance, corporate culture construction and business development strategies, and duly assumes the responsibility of consumer rights and interests protection.

In 2021, the Bank continuously deepened the reform of the consumer rights and interests protection system and mechanism adhering to the “people-oriented” working philosophy, improved complaint management and traceability management practices, enhanced the effectiveness of consumer protection promotion and education activities, and thoroughly disclosed information on financial products and services, tightened up the protection of consumers' personal information etc., taking consumer protection to a new level.

In terms of complaint management, the Bank further improved the entire complaining process management, established and improved the working mechanisms of complaint reception by heads of business units and dispute resolution via third-party mediation, enhanced the quality and efficiency of customer complaint processing allowing the Head Office to play a leading role in complaint management, and avoided major complaint risk incidents. In 2021, the Bank accepted 315 complaints from customers. With a breakdown of the complaints by business category, they mainly involved bank cards, loans, payment and settlement, etc. With a breakdown of the complaints by region, most of them occurred in Dongguan. Overall, the complaints have been promptly and properly handled, and no major complaint risk events occurred during the Year.

In terms of financial knowledge publicity and education, the Bank actively held special themed publicity and routine publicity via both online publicity and offline publicity, innovated the forms and means of publicity and education, and duly fulfilled the social responsibility related to financial knowledge dissemination on the protection of financial consumers' rights and interests. As regards intensive publicity events, the Bank collaborated with regulatory authorities to organize centralised publicity activities such as “15 March Consumer Rights Day”, “Improve the Public's Financial Literacy Against Financial Fraud”, “Financial Joint Publicity and Education Month” and “Financial Knowledge Popularisation Month” to improve consumers' financial literacy. As for routine publicity events, the Bank carried out themed publicity activities on the most popular topics on financial consumer rights protection such as personal information protection, safe bank card use, financial knowledge, telecommunication fraud prevention, etc. through multiple channels such as online publicity, local service outlets and face-to-face events. In the meantime, the Bank stepped up the standardised development of consumer protection facilities, and promoted the construction of public education sections throughout the Bank, so as to lay a solid foundation for routinised financial knowledge dissemination and continuously deepen customer education activities.

Changes in Shares and Shareholders

I. SHARES

The total amount of the Bank's shares was 2.18 billion shares and there was no change in the amount of total shares during the reporting period.

II. SHAREHOLDERS

(I) Amount of shareholders and shareholding

Item	31 December 2021		31 December 2020	
	Number (shares)	Shareholding ratio (%)	Number (shares)	Shareholding ratio (%)
State-owned	787,558,700	36.13	787,558,700	36.13
Social legal person owned	851,666,649	39.06	851,666,649	39.06
Natural person owned	540,774,651	24.81	540,774,651	24.81
Total shares	2,180,000,000	100.00	2,180,000,000	100.00

Note: State shares and state-owned legal person shares are collectively referred to as state-owned shares.

As of the end of the reporting period, the total number of shareholders of the Bank was 5,183 including 80 institutional shareholders and 5,103 natural-person shareholders. The number of shareholders, whose shares were entrusted by the Bank to Guangdong Equity Exchange Co., Ltd. for custody, was 5,183, with 2,180,000,000 shares under custody. Among them, altogether 5,055 shareholders, owning 2,173,587,694 shares in total, personally or entrust others to go through the share confirmation procedures. No third parties raised doubts against the shares held by them. There were 122 natural-person shareholders and six institutional shareholders that did not personally or entrust others to go through the share confirmation procedures, and shares held by them accounted for 0.29% of the Bank's total shares, which will have no adverse impact on the Bank's ownership structure stability.

(II) Controlling shareholders and ultimate controllers of the Company

The Company did not have any controlling shareholders or ultimate controllers during the reporting period.

(III) Shareholding of the Bank's top ten shareholders

No.	Name of shareholder	Number (shares)	Shareholding ratio (%)	Whether there is a mortgage (pledge) or freezing situation
1	Finance Bureau of Dongguan	484,396,000	22.22	None
2	Dongguan Dazhong Industrial Co., Ltd.	108,564,000	4.98	None
3	Humen Town Investment Service Centre of Dongguan	108,128,000	4.96	None
4	Dongguan Hongzhong Investment Co., Ltd.	104,848,708	4.81	None
5	Dongguan Power Grid Development Company	77,732,254	3.57	None
6	Zhaoye Trading Co., Ltd. of Dongguan	76,422,386	3.51	None
7	Dongguan Financial Holdings Group Co., Ltd.	62,623,266	2.87	None
8	Lung Chuen International Hotel of Dongguan	61,800,284	2.83	None
9	Zhongpeng Trading Co., Ltd. of Dongguan	57,535,726	2.64	None
10	Dongguan Ligao Trading Co., Ltd.	56,833,334	2.61	None

During the reporting period, there was no change in the shareholding of the Bank's top ten shareholders.

(IV) Shareholders holding 5% or more of the Bank's equity

The only shareholder directly holding 5% or more of the Bank's equity is the Finance Bureau of Dongguan, which is a government agency. It is the largest shareholder of the Company, holding 22.22% of total shares in the Company.

Dongguan Financial Holdings Group Co., Ltd. and three companies controlled by it hold a total of 10.95% shares in the Company. The details are as follows:

Name of shareholder	Number (shares)	Shareholding (%)
Dongguan Financial Holdings Group Co., Ltd.	62,623,266	2.87
Zhaoye Trading Co., Ltd. of Dongguan	76,422,386	3.51
Zhongpeng Trading Co., Ltd. of Dongguan	57,535,726	2.64
Yinda Trading Co., Ltd. of Dongguan	42,230,796	1.94
Total	238,812,174	10.95

Guanyi Investment Co., Ltd. of Dongguan holds 100.00% of the shares in Zhaoye Trading Co., Ltd. of Dongguan, Zhongpeng Trading Co., Ltd. of Dongguan and Yinda Trading Co., Ltd. of Dongguan, respectively. Dongguan Financial Holdings Group Co., Ltd. holds 100.00% of the shares in Guanyi Investment Co., Ltd. of Dongguan. The State-owned Assets Supervision and Administration Commission of Dongguan Municipal Government holds 100.00% of the shares in Dongguan Financial Holdings Group Co., Ltd. Therefore, the ultimate controller of Dongguan Financial Holdings Group Co., Ltd., Zhaoye Trading Co., Ltd. of Dongguan, Zhongpeng Trading Co., Ltd. of Dongguan, Yinda Trading Co., Ltd. of Dongguan is the State-owned Assets Supervision and Administration Commission of Dongguan Municipal Government.

Directors, Supervisors, Senior Management and Employees

I. BASIC INFORMATION OF MEMBERS OF THE BOARD OF DIRECTORS

No.	Name	Gender	Date of birth	Work entity	Position at the Bank	Position at the work entity	Number of shares
1	Lu Guofeng	Male	Sep. 1969	Bank of Dongguan	Secretary of the Party Committee and Chairman	Secretary of the Party Committee and Chairman	450,000 shares
2	Cheng Jinsong	Male	May 1968	Bank of Dongguan	Deputy Secretary of the Party Committee, Vice Chairman and President of the Bank	Deputy Secretary of the Party Committee, Vice Chairman and President of the Bank	None
3	Wu Jianwen	Male	May 1973	Bank of Dongguan	Member of the Party Committee, Executive Director, Vice President of the Bank	Member of the Party Committee, Executive Director, Vice President of the Bank	None
4	Xie Yongwei	Male	Sep. 1972	Bank of Dongguan	Member of the Party Committee, Executive Director, Vice President of the Bank	Member of the Party Committee, Executive Director, Vice President of the Bank	303,065 shares
5	Zhang Qingwen	Male	Aug. 1968	Dongguan Financial Holdings Group Co., Ltd.	Non-Executive Director	Deputy Secretary of the Party Committee, Director, General Manager	None
6	Lu Yuyan	Female	Jan. 1977	Dongguan Financial Holdings Group Co., Ltd.	Non-Executive Director	General Manager of Accounting Department	None
7	Zhang Foen	Male	Jul. 1953	Dongguan Lung Chuen International Hotel	Non-Executive Director	Chairman of Board of Directors	None
8	Wang Yiren	Male	Nov. 1993	Da Zhong Investment Group Co., Ltd.	Non-Executive Director	Chairman	None
9	Chen Chaohui	Male	Oct. 1969	Guangdong Humen Fumin Group	Non-Executive Director	Chairman of the Board of Supervisors	None
10	Liu Mingchao	Male	Oct. 1980	Dongguan Power Grid Company of Guangdong Jurunda Group Co., Ltd.	Non-Executive Director	General manager	None
11	Wang Yanming	Male	Jun. 1957	Lingnan College of Sun Yat-sen University	Independent Director	Professor, Doctoral Supervisor	None
12	Sun Hui	Female	Nov. 1961	Guangzhou Shengshi Huixi Investment Management Co., Ltd.	Independent Director	Executive Director and General Manager	None
13	Hua Xiuping	Female	Aug. 1978	Nottingham University Business School (China)	Independent Director	Professor, Doctoral Supervisor	None
14	Qian Wei	Male	Sep. 1963	Shanghai Fudan Science and Technology Park Venture Capital Co., Ltd.	Independent Director	Director and General Manager	None
15	Chen Tao	Male	Jun. 1978	Guangdong Pan-China Certified Public Accountant	Independent Director	Department Manager	None

II. BASIC INFORMATION OF MEMBERS OF THE BOARD OF SUPERVISORS

No.	Name	Gender	Date of birth	Work entity	Position at the Bank	Position at the work entity	Number of shares
1	Ye Haopeng	Male	Jul. 1962	Bank of Dongguan	Deputy Secretary of Party Committee, Leader of the Discipline Inspection and Supervision Team in Dongguan bank dispatched by the Municipal Commission for Discipline Inspection and Supervision, Chairman of the Board of Supervisors of the Bank (Chairman of the Board of Supervisors)	Deputy Secretary of Party Committee, Leader of the Discipline Inspection and Supervision Team in Dongguan bank dispatched by the Municipal Commission for Discipline Inspection and Supervision, Chairman of the Board of Supervisors of the Bank (Chairman of the Board of Supervisors)	None
2	Chen Dongbai	Male	Dec. 1984	Dongguan Huichang Industrial Investment Co., Ltd. Dongguan Chengfeng Wool Textile Co., Ltd.	Shareholder Supervisor	Project Manager of General Manager Office, Financial Manager of Finance Department	None
3	Wang Ganchao	Male	Oct. 1988	Dongguan Ligao Trading Co., Ltd.	Shareholder Supervisor	Executive Director, General Manager	None
4	Xiao Jianming	Male	Sep. 1969	Credit Management Department of Dongguan Bank Head Office	Employee Supervisor, General manager	Employee Supervisor, General manager	448,313 shares
5	Cai Jieling	Female	Oct. 1973	Office of Board of Supervisors of Bank of Dongguan	Member of the Trade Union of the Bank, Director of the Female Staff Committee, Branch Secretary of the Third Party, Employee Supervisor, Deputy General Manager	Member of the Trade Union of the Bank, Director of the Female Staff Committee, Branch Secretary of the Third Party, Employee Supervisor, Deputy General Manager	200,000 shares
6	Chen Xikang	Male	Nov. 1969	Guangdong Chen, Liang & Co.	External Supervisor	Partner, lawyer	None
7	Yao Xiaocong	Male	Dec. 1953	None	External Supervisor	None	None
8	Chen Ying	Female	Aug. 1980	Zhongzhixin (Guangdong) Engineering Consulting Co., Ltd., Dongguan Branch of Zhongzhixin (Guangdong) Engineering Consulting Co., Ltd., Guangdong Zhongzhixin Certified Public Accountants Firm (Special General Partnership), Dongguan Branch of Guangdong Zhongzhixin Certified Public Accountants Firm (Special General Partnership)	External Supervisor	Deputy General Manager, Person in Charge, Partner, Branch Director	None

III. BASIC INFORMATION OF SENIOR MANAGEMENT

No.	Name	Gender	Date of Birth	Years of Experience (Financial)	Position	Number of shares
1	Cheng Jinsong	Male	May 1968	29	Deputy Secretary of the Party Committee, Vice Chairman and President of the Bank	None
2	Zhang Tao	Male	Sep. 1962	42	Member of the Party Committee, Vice President of the Bank and Chairman of the Federation of Trade Unions	430,000 shares
3	Wu Jianwen	Male	May 1973	25	Member of the Party Committee, Executive Director, and Vice President of the Bank	None
4	Xie Yongwei	Male	Sep. 1972	22	Member of the Party Committee, Executive Director, and Vice President of the Bank	303,065 shares
5	Li Qicong	Male	Sep. 1972	27	Member of the Party Committee, Vice President, Secretary of the Board of Directors	None
6	Zhong Zhandong	Male	Mar. 1971	28	Chief Information Officer	None
7	Sun Weiling	Female	Jan. 1972	25	Chief Accountant	112,609 shares
8	Ma Yaping	Female	Oct. 1967	32	Risk Director	None

IV. MAIN WORKING EXPERIENCE OF DIRECTORS, SUPERVISORS, SENIOR OFFICERS AND OTHER MANAGEMENT PERSONNEL IN DEPARTMENTS WHICH HAVE A SIGNIFICANT IMPACT ON RISK

(I) Directors

Lu Guofeng, Secretary of Party Committee and Chairman of the Board of Directors, male, born in September 1969, master degree; Intermediate Economist. He formerly served as a Member of the Party Commission and the Vice President of China Construction Bank Dongguan branch and the Deputy Secretary of the Party Committee and President of the Bank. He currently serves as the Secretary of Party Committee and Chairman of the Board of Directors of the Bank.

Cheng Jinsong, Deputy Secretary of the Party Committee, Vice Chairman and President of the Bank, male, born in May 1968, master degree; Senior Economist. He formerly served as the Secretary of the Party Commission and the President of China Construction Bank Shaoguan Branch. He currently serves as the Deputy Secretary of the Party Commission, the Vice Chairman and the President of the Bank.

Wu Jianwen, Member of the Party Committee, Executive Director, Vice President of the Bank, male, born in May 1973, bachelor academic qualification and a master degree; Intermediate Economist and Intermediate accountant. He formerly served as the Manager of the Financial Management Department of Dongguan Trust and Investment Co., Ltd., Member of the Party Committee and Vice President of Dongguan Securities, and Chairman of the Trade Union (concurrently). He currently serves as the Member of the Party Committee, Executive Director, Vice President of the Bank.

Xie Yongwei, Member of the Party Committee, Executive Director, Vice President of the Bank, male, born in September 1972, bachelor academic qualification and a master degree; Senior Certified Financial Planner, Intermediate Economist and Assistant Accountant. He formerly served as the Deputy Department Manager of the Shenzhen Peng Cheng Accounting Firm, and various positions at the Bank including Director and General Manager Assistant of the Auditing Department, General Manager of the Office of the Board of Supervisors, General Manager of the Trade Union Office, General Manager of the President's Office, Director of the Party Committee Office, General Manager of Office of the Board of Directors and the Secretary of the Board of Directors. He currently serves as the Member of the Party Committee, Executive Director, Vice President of the Bank.

Zhang Qingwen, Non-Executive Director, male, born in August 1968, master degree; Senior Electronic Engineer. He formerly served as the Director and General Manager of Dongguan Development Holdings Co., Ltd., Deputy Secretary of the Party Committee, Director and General Manager of Dongguan Communications Investment Group Co., Ltd. He currently serves as the Deputy Secretary of the Party Committee, Director and General Manager of Dongguan Financial Holdings Group Co., Ltd.

Lu Yuyan, Non-Executive Director, female, born in January 1977, bachelor degree; Intermediate Accountant. She worked for Dongguan Branch of the China Construction Bank. She currently serves as the General Manager of Accounting Department of Dongguan Financial Holdings Group Co., Ltd.

Zhang Foen, Non-Executive Director, male, born in July 1953, high school diploma. He started his work in July 1970 and currently is the Executive Director and Manager of the Dongguan Lung Chuen International Hotel and Dongguan Lung Chuen Industrial Co., Ltd.

Wang Yiren, Non-Executive Director, male, born in November 1993, bachelor academic qualification. He formerly served as the Investment Manager of Investment Banking Department of Guangzhou Branch of China Merchants Bank Co., Ltd. He currently serves as the Chairman of Dazhong Investment Group Co., Ltd. the Executive Director and Manager of Kangdi Industrial Co., Ltd.

Chen Chaohui, Non-Executive Director, male, born in October 1969, college diploma. He formerly served as an accountant of the Dongguan Humen Industrial and Trading Corporation, the Manager of the Finance Department of Dongguan Zhujiang Corporation Group, the Audit Manager of the Financial Audit Department of the Dongguan Humen Assets Management Co., Ltd. and the Manager of the Finance and Statistics Department of Guangdong Humen Fumin Group Co., Ltd. He currently serves as the Chairman of the Board of Supervisors of the Guangdong Humen Fumin Group Co., Ltd.

Liu Mingchao, Non-Executive Director, male, born in October 1980, bachelor academic qualification and a master degree. He formerly served as the Director and Deputy General Manager of the General Department of the Headquarter of the Dongguan Power Industrial Corporation, the Deputy General Manager and General Manager of Dongguan Electric Power Development Co., Ltd., and the General Manager of Dongguan Branch of Guangdong Electric Power Industry Development Corporation. He currently serves as the General Manager of Dongguan Guandian Branch of Guangdong Jurunda Group Co., Ltd.

Wang Yanming, Independent Director, male, born in June 1957, doctor degree; professor and doctoral supervisor. He formerly served as the teacher of Bailuzhou Middle School in Ji'an city of the Jiangxi Province, the teacher of the Department of Mathematics of Guangxi University, the post-doctoral researcher and lecturer of the Peking University, the associate professor of the Sun Yat-sen University. He currently serves as the professor and doctoral supervisor of the Lingnan College of the Sun Yat-sen University, and the independent director of Guangdong Nanhai Rural Commercial Bank Company Limited.

Sun Hui, Independent Director, female, born in November 1961, master degree and the qualification of general accountant and tax accountant. She worked for the Personnel Office of the Shanghai Justice Bureau, Shanghai Huaxia Law Office, No. 1 Washington Group, and the Saide Global Pacific. She currently serves as the Executive Director and General Manager of the Guangzhou Shengshi Huixi Investment Management Co., Ltd. Independent Director of Times China Holdings Co., Ltd. and External Supervisor of Guangdong Qingyuan Rural Commercial Bank Co., Ltd.

Hua Xiuping, Independent Director, female, born in August 1978, doctor degree; professor and doctoral supervisor. She formerly served as the Assistant Professor and Doctoral Supervisor of Finance of Nottingham University Business School (China). She currently serves as the Professor and Doctoral Supervisor of Finance of Ningbo Nottingham University Business School (China), the Independent Director of Shenzhen Topband Co., Ltd. and the Independent Director of Ningbo Fubang Jingye Group Co., Ltd.

Qian Wei, Independent Director, male, born in September 1963, master degree. He worked for Shenyang Branch of the Bank of China, Bank of China Shenyang Trust Consulting Company, Shenyang Tiexi District Sub-Branch of Bank of China, China Orient Trust and Consulting Company, Investment Management Department of Bank of China, BOC International Holdings Limited and BOC International (China) Co., Ltd. He currently serves as the Chairman of the Lvsilu Equity Investment Management Limited, the director and General Manager of Shanghai Fudan Science and Technology Park Venture Capital Co., Ltd. and the Independent Director of COFCO Capital Holdings Co., Ltd.

Chen Tao, Independent Director, male, born in June 1978, college diploma; Certified Public Accountant, Intermediate Accountant and Asset Appraiser. He worked for China Kanglianda Industrial Group. He currently serves as a Department Manager of the Pan-China Certified Public Accountants.

(II) Supervisors

Ye Haopeng, Deputy Secretary of Party Commission, Leader of the Discipline Inspection and Supervision Team of the Municipal Commission for Discipline Inspection, and Chairman of the Board of Supervisors, male, born in July 1962, bachelor degree; political worker. He formerly served as the Deputy Director and Director of Dongguan Branch Office of Bank of China, the Deputy Director of Dongguan Local Financial Asset Management Office, the Deputy Director and Director of Dongguan Financial Service Office and the Director of the Finance Bureau of the Dongguan Municipal People's Government, the Secretary of the Disciplinary Committee of the Bank, and Chairman of the Federation of Trade Unions. He currently serves as the Deputy Secretary of Party Commission and the Leader of the Discipline Inspection and Supervision Team of the Municipal Commission for Discipline Inspection, and the Chairman of the Board of Supervisors.

Chen Dongbai, Shareholder Supervisor, male, born in December 1984, bachelor degree. He started his work in July 2008 and he formerly served as a clerk of the Party and Government Office of the People's Government of Dalang Town, Dongguan. He currently serves as the Project Manager of the General Office of Dongguan Huichang Industrial Investment Co., Ltd. and the Financial Manager of Dongguan Chengfeng Wool Textile Co., Ltd.

Wang Ganchao, Shareholder Supervisor, male, born in October 1988, high school diploma. He began to work in 2008, and now serves as the Executive Director and General Manager of Dongguan Ligao Trading Co., Ltd.

Xiao Jianming, Employee Supervisor, male, born in September 1969, doctor degree; senior economist. He began to work in July 1994. He was a member of the Party Committee of the Hunan Provincial Space Administration Bureau, a member of the Comprehensive Office of the National Security Bureau of Changsha, a lecturer of the Law Department of Hunan College of Finance and Economics, the head of the credit department and assistant manager of the Bank, and the Deputy general manager of risk management department, deputy general manager and general manager of the compliance department (to preside over the overall work), deputy head of the preparatory group of Zhuhai branch, and branch president. He now serves as the general manager and Employee Supervisor of the credit management department of the head office of the Bank.

Cai Jieliang, Employee Supervisor, female, born in October 1973, bachelor academic qualification; Assistant Accountant. She started her work in July 1992 and she formerly served as a staff member of the Personnel Department of Dongguan Hardware Co.; a clerk of the HR Department of the Dongguan Finance and Trade Office; and various positions at Head Office of the Bank including employee of Sales Department, the employee, Director and Deputy General Manager of Trade Union Office, Member of Trade Union. She currently serves as the Deputy General Manager of the Office of the Board of Supervisors, Member of the Trade Union, Director of the Female Staff Committee and Employee Supervisor of the Bank.

Chen Xikang, External Supervisor, male, born in November 1969, bachelor degree; third-grade lawyer. He started his work in July 1992 and he formerly served as a lawyer of Dongguan Law Firm, Deputy Director and lawyer of Dongguan Zhongjian Law Firm. He currently serves as the partner and lawyer of Guangdong Chen, Liang & Co.

Yao Xiacong, External Supervisor, male, born in December 1953, bachelor degree; accountant. He began to work in January 1970, and formerly served as the Accountant and Chief Financial Officer of Pingshi Section and Shaoguan Section of Guangzhou Railway (Group) Corporation, the Deputy Finance Director, Finance Director and Finance Branch Chief of Yangcheng Railway Corporation of Guangzhou Railway (Group) Corporation, the Finance Chief of the Guangzhou Railway (Group) Corporation, the Chief Accountant, Secretary of the Board of Directors and the Investigator of the Guangshen Railway Company Limited, and the Independent Director of Shenzhen MTC Co., Ltd.

Chen Ying, External Supervisor, female, born in August 1980, bachelor degree; Certified Public Accountant and senior accountant in China. She started to work in July 2001 and formerly served as the manager of Taxation Department of Dongguan Wabisen Enterprise Management & Consulting Co., Ltd., General Manager of Dongguan Jucheng Enterprise Management Consulting Co., Ltd., and the Director of Dongguan Jucheng Certified Public Accountants. She is the current Deputy General Manager of Zhongzhixin (Guangdong) Engineering Consulting Co., Ltd., the Head of Dongguan branch of Zhongzhixin (Guangdong) Engineering Consulting Co., Ltd., the partner of Guangdong Zhongzhixin Accounting Firm (Special General Partnership), and the Director of Dongguan branch of Guangdong Zhongzhixin Accounting Firm (Special General Partnership).

(III) Senior management

Cheng Jinsong, Deputy Secretary of the Party Committee, Vice Chairman and President of the Bank (See “Directors” for details).

Zhang Tao, Member of the Party Committee, Vice President of the Bank, Chairman of the Federation of Trade Unions, and Secretary of Institutional Party Committee, male, born in September 1962, bachelor academic qualification and a master degree; Senior Political Engineer and Intermediate Economist. He formerly served as the Chief Staff Member of the Planning Department of Dongguan Branch of the People's Bank of China, the Temporary Deputy General Manager of the City Credit Cooperative Centre of Dongguan, the Vice Director of the Organising Office of the Bank, the Secretary of the Discipline Inspection Commission and Chairman of the Trade Union of the Bank. He currently serves as the Vice President, Chairman of the Federation of Trade Unions and Secretary of Institutional Party Committee of the Bank.

Wu Jianwen, Member of the Party Committee, Executive Director, Vice President of the Bank (See “Directors” for details)

Xie Yongwei, Member of the Party Committee, Executive Director, Vice President of the Bank (See “Directors” for details)

Li Qicong, Member of the Party Committee, Vice President of the Bank, Secretary of the Board of Directors, male, born in September 1972, master degree; Certified Public Accountant and Intermediate Accountant. He formerly served as the Deputy Manager and Manager of the Accounting Department, Manager of Customer Department and the Assisting-roles-of-sections level account manager in the Corporate Business Department under the Dongguan Branch International Business Department of China Construction Bank, the Manager of the Marketing Development Department of the Hantang Securities Dongguan Sales Office, Deputy Manager and Manager of the Corporate Department of Dongguan Branch of the Bank of Communications, and various positions at the Bank including Deputy General Manager of the International Business Department, Secretary of the Party branch and President of Songshan Lake Keji Sub-Branch, Secretary of the Party branch, President and General Manager of Corporate Business Department of Foshan Branch. He currently serves as the Member of the Party Committee, Vice President of the Bank, and Secretary of the Board of Directors of the Bank.

Zhong Zhandong, Chief Information Officer, male, born in March 1971, bachelor degree; Senior Electronic Technical Engineer. He formerly served as the Deputy Manager and Manager of the Technology Department, Manager and Deputy General Manager of the Information Technology Department and General Manager of the Data Centre of the Guangdong Development Bank. He currently serves as the Chief Information Officer of the Bank.

Sun Weiling, Chief Accountant, female, born in January 1972, bachelor degree; Senior Accountant and International Certified Public Accountant (ICPA). She formerly served as the Accounting Director of New City Center Development Department of the Dongguan Fucheng District Real Estate Development Company, and various positions at the Bank including Deputy General Manager and General Manager of the Accounting Department, General Manager of the Human Resources Department and General Manager of the Trade Union Office. She currently serves as the Chief Accountant of the Bank.

Ma Yaping, Risk Director, female, born in October 1967, bachelor degree; Intermediate Accountant, Intermediate Economist and Registered Asset Appraiser. She formerly served as Deputy Manager of the Business Department and Manager of Risk Management Department and the Manager of the Corporate Business Department of the China Construction Bank Dongguan Branch, Level Four Approver of Credit Examination of the China Construction Bank Guangdong Branch, the Risk Director of Guangzhou Tianhe Sub-branch, the Deputy Manager of Corporate Business Department, Deputy General Manager of Small and Medium Enterprise Business Department (in charge of overall work) of the Guangdong Branch. She currently serves as the Risk Director of the Bank.

(IV) Management personnel in departments which significant impact on risk

Sun Weiling, Chief Accountant (Chief Financial Director) (See “Senior Management” for details).

Ma Yaping, Chief Risk Director (Chief Risk Officer) (See “Senior Management” for details).

Wei Sanfang, General Manager of the Accounting Department, female, born in August 1973, master degree; Certified Public Accountant and Intermediate Accountant. She held different positions in China Construction Bank Dongguan Branch, including the Deputy General Manager and General Manager of the Credit Card and the Deputy General Manager of the Planning Finance Department, Deputy General Manager of Credit Card and E-banking Department (in charge of the overall work), the Deputy General Manager and General Manager of the Planning Finance Department (in charge of the overall work), General Manager of the Investment Banking Department (Financial Marketing Department), and formerly served as the Deputy General Manager of the Accounting Department of the Bank. She currently serves as the General Manager of the Accounting Department of the Bank.

Yao Xia, General Manager of the Auditing Department, female, born in February 1970, bachelor degree; Certified Public Accountant, Intermediate Accountant and Certified Financial Planner. She formerly served as the Deputy Manager of the City Credit Corporation Centre of Dongguan, Head of the Operation Department of the Dongguan Sub-Branch of CITIC Industrial Bank, Certified Public Accountant of the Zhonglian Accounting Firm of Dongguan, Financial Director, Head of Comprehensive Planning Group, Deputy General Manager of the Bank's Accounting Department (temporary post), the Vice President and General Manager of the Finance Department of the Guangzhou Branch of the Bank. She currently serves as the General Manager of the Auditing Department of the Bank.

Hu Ni, General Manager of Risk Management Department, female, born in September 1983, master degree; Intermediate Economist. She held various positions at the Bank including the Director and Deputy General Manager of the Risk Management Department, the Deputy General Manager of the Corporate Business Department, the Vice President of the Songshan Lake Keji Sub-Branch, Deputy General Manager of the Office of Board of Directors and Deputy General Manager of Risk Management Department (in charge of overall work). She currently serves as the General Manager of Risk Management Department of the Bank.

V. CHANGES IN IMPORTANT PERSONNEL

(I) Directors

On 14 January 2021, Yin Kefei applied to resign as a Shareholder Director of the Bank due to work reasons.

On 2 June 2021, Zhang Mengjun applied to resign as an Executive Director of the Bank due to work reasons.

On 25 June 2021, the 8th Board of Directors was elected at the 1st Extraordinary General Meeting of Shareholders of the Bank in 2021. Zhang Tao and Wang Wencheng no longer served as the Directors of the Bank; Wu Jianwen and Xie Yongwei were new Executive Directors of the Bank; and Zhang Qingwen and Wang Yiren were new Shareholder Directors of the Bank. The qualifications of the above four new Directors had been approved by the Guangdong Regulatory Bureau of the China Banking and Insurance Regulatory Commission.

(II) Supervisors

On 8 June 2021, Ye Haopeng, Xiao Jianming and Cai Jieliang were elected as the Employee Supervisors of the 8th Supervisory Committee of the Bank at the 10th Meeting of the 4th Employee Representative Congress of the Bank.

On 25 June 2021, the 8th Board of Supervisors was elected at the 1st Extraordinary General Meeting of Shareholders of the Bank in 2021. Wang Ganchao and Chen Dongbai were elected as the Shareholder Supervisors of the 8th Board of Supervisors of the Bank; Yao Xiaocong, Chen Ying, and Chen Xikang were elected as the External Supervisors of the 8th Board of Supervisors of the Bank.

(III) Senior management

On 2 June 2021, Zhang Mengjun applied to resign as a Vice President of the Bank due to work reasons.

On 25 June 2021, Wu Jianwen was appointed as the Vice President of the Bank at the 1st Meeting of the 8th Board of Directors of the Bank, and he officially took up office on 11 October 2021 with the approval of the regulatory authorities for his qualifications.

VI. AMOUNT OF REMUNERATION RECEIVED BY DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

In 2021, the total amount of remuneration received by the Directors, Supervisors and senior management of the Bank was RMB21,614,500 (calculated based on the actual cost of the labour cost which includes salaries, subsidies, bonus payment in-arrears, social insurance contributions, contributions to housing provident fund, corporate pension and personal income tax withheld or remitted by individuals and contributions to social insurance, the housing provident fund and annuity withheld or remitted by the Bank).

VII. EMPLOYEES

As of the end of the reporting period, the Bank had 5,253 employees. Among them, 453 employees possess master degrees or higher educational credentials, 4,082 possess bachelor degrees, 587 possess college diplomas, and 131 possess technical secondary education or below background.

VIII. REMUNERATION ASSESSMENT, INCENTIVE AND RESTRAINT SYSTEM

The Bank has established a remuneration management framework based on the actual needs of management decision-making. The supreme decision-making body is the General Meeting of Shareholders of the Bank, which is in charge of remuneration management of the Directors and Supervisors. The Board of Directors and its subordinate Nomination & Remuneration Committee are in charge of the remuneration and assessment of the senior management. In 2021, the Nomination & Remuneration Committee held six meetings in total. The senior management is responsible for the development of remuneration management and performance appraisal policies for employees below the senior management level. The Human Resources Department is responsible for the implementation of the remuneration management and performance appraisal policies, with the Accounting Department tasked with operations related to work performance appraisal.

The Bank has established a remuneration system based on the importance of specific positions, personal competence and qualifications, performance contribution and job responsibilities. The remuneration structure consists of position-based salary, performance-based bonus, additional salary, staff benefits and special rewards (discretionary), among which performance-based bonus is a variable incentive offered when the Bank achieves business targets. This bonus mainly reflects the Bank employees' performance and the contribution to the Bank, and is based on the performance assessment for a specific assessment period. With a view to raising the senior management's awareness of the importance of effective management of staff members holding positions with substantial influences on risk exposure, the Bank adopts the payment in-arrears system for the performance-based bonus.

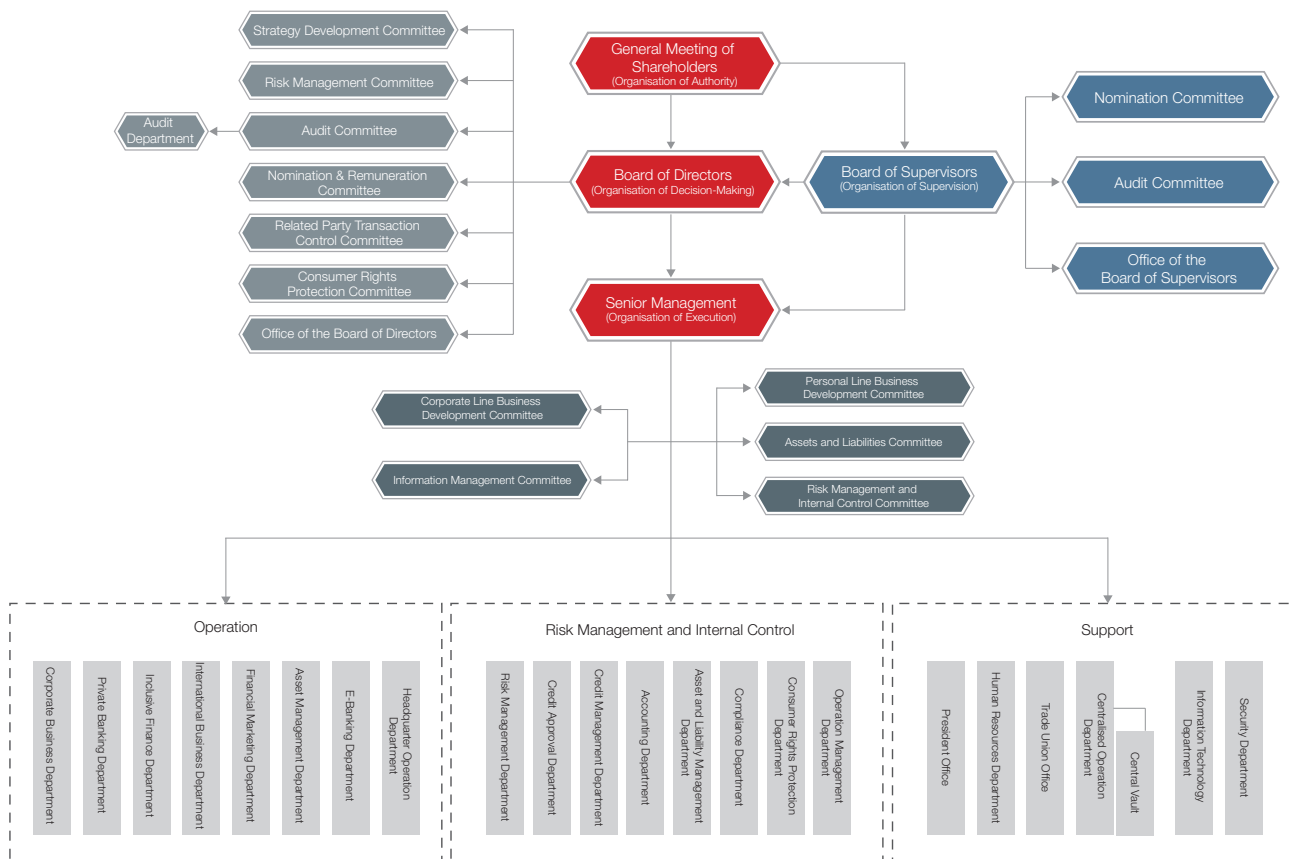
The amount of staff remuneration at the Bank is mainly determined based on the profits and operating income of the Bank. The amount of remuneration paid to employees is linked to the fulfilment of key performance indicators of the respective units and the positions concerned. In order to magnify the restraint effect of the remuneration mechanism, fulfilment of the risk cost control indicators affects the bank-wide performance compensation adjustment.

The Bank has established policies over remuneration allocation and assessment for employees at all levels, which are enforced with the management's approval. In particular, the appraisal of employees holding positions related to risk and compliance management mainly focus on internal management and internal indicators. The senior management achieved targets across key performance indicators regarding business operations, risk management and social responsibility in 2021.

Corporate Governance

I. BASIC SITUATION OF CORPORATE GOVERNANCE

The Bank strictly complies with the *Company Law*, the *Commercial Bank Law*, the *Guidelines on Corporate Governance of Commercial Banks*, the *Interim Administrative Measures of Equity of Commercial Banks* and other laws, regulations, regulatory requirements, and the requirements of the Bank's Articles of Association, so as to continuously improve the standard of corporate governance. The Bank actively promotes the organic integration of party leadership and corporate governance, and strictly complies with the requirements of various initiatives including integrating Party-building into the Articles of Association, Two-way Entry, Cross Appointment and Front Check of Party Committee. The Bank has established an organisational structure for modern corporate governance including the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and senior management. It has also established a complete corporate governance system, clarified the powers and responsibilities of the three boards and one management, and promoted the formation of an operating mechanism of corporate governance featuring independent operation, effective checks and balances, mutual cooperation and coordinated operation. The Bank conducted sound corporate governance overall.



During the reporting period, the Bank continued to implement various regulatory requirements, and consistently improved corporate governance-related policy documents according to the latest regulatory policies, formulated, among others, the administrative measures for major shareholder commitments, and revised the administrative measures for information disclosure and working rules of various special committees of the Board of Directors, so as to further standardise and consolidate the foundation of the corporate governance policy.

During the reporting period, the Bank stepped up active capital management, carried out capital replenishment projects in an orderly manner, organized shareholders' meetings, and meetings of the Board of Directors to review proposals on issuance of capital bonds and various capital planning implementation reports. It actively pushed ahead forward stock listing filing, and actively communicated with the government, regulatory authorities and intermediary agencies. The Bank issued two tier-2 capital bonds in 2021 using capital replenishment tools, and raised a total of RMB5 billion, effectively replenishing the tier-2 capital of the Bank and enabling it to support the real economy more effectively.

During the reporting period, the Bank attached great importance to information disclosure, and disclosed the annual report and quarterly reports, the use of proceeds of green financial bond offerings in 2020, and other important matters in a timely, complete, accurate and faithful manner in strict accordance with the requirements of the regulatory authorities, the Articles of Association and the Administrative Measures for Information Disclosure of Bank of Dongguan Co., Ltd. The Bank mainly uses the following channels to disclose information in its annual report: 1. The summary of the 2020 annual report was disclosed in the Financial News; 2. The 2020 annual report was disclosed on the Bank's website (disclosure URL: www.dongguanbank.cn); 3. The 2020 annual report was disclosed on Chinabond.com and Chinamoney.com (disclosure URL: www.chinabond.com.cn/www.chinamoney.com.cn); 4. The printed annual reports were distributed to shareholders at the annual general meeting; 5. The printed annual reports were made available for inquiries in the office of the Board of Directors of the Bank and all the Bank's branches.

During the reporting period, the Bank focused on communication with investors and continuously improved the investor communication mechanism. Two-way communications with investors were strengthened through letters, telephone calls, dedicated e-mail addresses and the Bank's website. Furthermore, the disclosure of the latest developments in the Bank's business management operations and relevant important information were enhanced, so that investors can understand the Bank's business management in a timely manner, enhancing investors' understanding and identification with the Bank, and drumming up their support for the Bank.

II. WORK OF THE GENERAL MEETING OF SHAREHOLDERS

(I) Responsibilities of the General Meeting of Shareholders

The General Meeting of Shareholders is the supreme authority body of the Bank. The General Meeting of Shareholders exercised its duties and authorities, including amending the Articles of Association of the Bank, reviewing and approving the Bank's profit distribution plan, electing and replacing Directors and Supervisors, and deciding on the Bank's business policies and investment plans, reviewing and approving the reports of the Board of Directors and the Board of Supervisors, etc. in accordance with the Articles of Association and the Rules of Procedures for the General Meeting of Shareholders of Bank of Dongguan Co., Ltd.

(II) General Meetings of Shareholders

The Bank convenes annual or extraordinary general meetings in accordance with the Articles of Association and the Rules of Procedures for the General Meeting of Shareholders of Bank of Dongguan Co., Ltd. In 2021, the General Meeting of Shareholders of the Bank held one annual meeting and 2 extraordinary meetings. The notification, summoning and convening of the General Meetings of Shareholders, voting procedures and resolutions are carried out in compliance with the regulations, ensuring that all shareholders fully and equally enjoy the right to know and participate.

On 26 March 2021, the Bank held the 2020 Annual General Meeting of Shareholders. The meeting was held at the head office of the Bank. The notice of the meeting was published on the Dongguan Daily and the Bank's official website on 6 March 2021. The ratio of participation of investors was 67.41%. The meeting deliberated on and adopted 18 proposals (reports):

Proposal No.	Matters/Contents Deliberated (Heard) at the Meeting
1	Proposal on the <i>2020 Annual Report of Bank of Dongguan Co., Ltd.</i>
2	Proposal on the <i>2020 Annual Audit Report of Bank of Dongguan Co., Ltd.</i>
3	Proposal on the <i>2020 Annual Financial Statements and 2021 Annual Financial Budget Plan of Bank of Dongguan Co., Ltd.</i>
4	Proposal on the <i>2020 Annual Profit Distribution Plan of Bank of Dongguan Co., Ltd.</i>
5	Proposal on the <i>2020 Annual Corporate Social Responsibility Report of Bank of Dongguan Co., Ltd.</i>
6	Proposal on the Confirmation of the Initial Public Offering of RMB Ordinary Shares (A shares) and Relevant Financial Information and the Approval of its Publicity in the Reporting Years (2018, 2019 and 2020)
7	Proposal on the Analysis of Diluting the Immediate Returns of the Initial public Offering of Shares and the Remedial Measures
8	Proposal on Hiring an Accounting Firm to Audit the Operating Results of Bank of Dongguan Co., Ltd. in 2021
9	Proposal on Revising the <i>Articles of Association of Bank of Dongguan Co., Ltd.</i>

Proposal No.	Matters/Contents Deliberated (Heard) at the Meeting
10	Proposal on Confirming the Related Party Transactions of Bank of Dongguan Co., Ltd. for 2018-2020
11	Specialized Report on Related Party Transactions of Bank of Dongguan Co., Ltd. in 2020
12	Report on Work of the Board of Directors of Bank of Dongguan Co., Ltd. in 2020
13	Report on Duty Performance Evaluation of the Directors of Bank of Dongguan Co., Ltd. in 2020
14	Report on Debriefing of Independent Directors of Bank of Dongguan Co., Ltd. in 2020
15	Report on Work of the Board of Supervisors of Bank of Dongguan Co., Ltd. in 2020
16	Report on Duty Performance Evaluation of the Supervisors of Bank of Dongguan Co., Ltd. in 2020
17	Report on Duty Performance Evaluation of the Board of Supervisors on the Directors of Bank of Dongguan Co., Ltd. in 2020
18	Report on Duty Performance Evaluation of the Board of Supervisors on Senior Management of Bank of Dongguan Co., Ltd. in 2020

The lawyer issued a legal opinion on the summoning and convening procedures of the meetings, the qualifications of attendees and conveners, and the voting procedures and voting results.

On 25 June 2021, the Bank held the first extraordinary General Meeting of Shareholders in 2021. The meeting was held at the head office of the Bank. The notice of the meeting was published on 11 June 2021 on Dongguan Daily and the Bank's official website. The participation ratio of investors was 65.92%. Three proposals were deliberated on and adopted at the meeting:

Proposal No.	Matters/Contents Deliberated (Heard) at the Meeting
1	Proposal on the Extension of the Authorization Period in the <i>Proposal on the Issuance of Financial Bonds by Bank of Dongguan Co., Ltd.</i>
2	Proposal on Election of Directors of the Eighth Board of Directors of Bank of Dongguan Co., Ltd.
3	Proposal on Election of Supervisors of the Eighth Board of Supervisors of Bank of Dongguan Co., Ltd.

The lawyer issued a legal opinion on the summoning and convening procedures of the meetings, the qualifications of attendees and conveners, and the voting procedures and voting results.

On 10 September 2021, the Bank held the second extraordinary General Meeting of Shareholders in 2021. The meeting place was at the head office of the Bank. The notice of the meeting was published on 26 August 2021 on Dongguan Daily and the Bank's official website. The participation ratio of investors was 66.15%. Six proposals were deliberated on and adopted at the meeting:

Proposal No.	Matters/Contents Deliberated (Heard) at the Meeting
1	Proposal on Applying for the Extension of the Validity Period in the <i>Proposal on Application for Initial Public Offering and Listing of RMB Common Stocks (A Shares)</i>
2	Proposal on Applying for the Extension of the Authorization Period in the <i>Proposal on the Bank's Application for the Public Issuance of A Shares and the Authorization in the Process of Listing</i>
3	Proposal on the Confirmation of the Initial Public Offering of RMB Ordinary Shares (A shares) and Relevant Financial Information and the Approval of its Publicity in the Reporting Years (2018, 2019, 2020 and the First Half of 2021)
4	Proposal on Confirming Related Party Transactions of Bank of Dongguan Co., Ltd. for 2018 – the First Half of 2021
5	Proposal on Revising the <i>pre-proposal on stabilizing the stock price within three years after the listing</i> of Bank of Dongguan Co., Ltd.
6	Proposal on Purchasing a New Headquarters Building in the Dongguan International Business District

The lawyer issued a legal opinion on the summoning and convening procedures of the meetings, the qualifications of attendees and conveners, and the voting procedures and voting results.

III. WORK OF THE BOARD OF DIRECTORS

(I) Responsibilities of the Board of Directors

The Board of Directors is the Bank's decision-making body and is responsible for the General Meeting of Shareholders. The Board of Directors exercises the duties and authorities of reporting to the General Meeting of Shareholders, implementing the resolutions of the General Meeting of Shareholders, deciding on the business plan and investment plan of the Bank, and inspecting and supervising the work of the senior management in accordance with the provisions of the Articles of Association and the Rules of Procedure for the Board of Directors of Bank of Dongguan Co., Ltd. The Board of Directors consists of a strategic development committee, a risk management committee, an audit committee, a nomination and remuneration committee, a related party transaction control committee, and a consumer rights protection committee.

(II) Meetings of the Board of Directors

In 2021, the Board of Directors convened seven meetings and deliberated on and adopted 134 proposals and reports, covering major issues such as the Company's business objectives, profit distribution, connected transactions, and risk management. The Board of Directors of the Bank strictly complied with laws and regulations, the Bank's Articles of Association and the Rules of Procedures of the Board of Directors in strict compliance with the procedures for holding and voting at the meeting. All Directors actively and diligently performed their duties, attended meetings as required, duly reviewed major issues of the Bank, and actively issued professional opinions, playing an active role in improving the level of corporate governance and promoting sound operations.

On 22 January 2021, the Bank held the 18th Meeting of the 7th Board of Directors. Out of 14 Directors supposed to attend, 14 participated in the meeting with 14 votes cast. 16 proposals (reports) were deliberated on and adopted at the meeting.

Proposal No.	Matters/Contents Deliberated (Heard) at the Meeting
1	Proposal on Establishing the Assets and Liability Management Department of Bank of Dongguan Co., Ltd.
2	Proposal of the Appointment of Mr. Li Qicong as Vice President of Bank of Dongguan Co., Ltd.
3	Proposal on the <i>Development Plan for Internal Audit of Bank of Dongguan Co., Ltd.</i>
4	Proposal on the <i>Work Plan for Internal Audit of Bank of Dongguan Co., Ltd. in 2021</i>
5	Report on Internal Audit Work of Bank of Dongguan Co., Ltd. in 2020
6	Proposal on the <i>Work Plan for the Protection of Consumer Rights and Interests of Bank of Dongguan Co., Ltd. (2021 – 2023)</i>
7	Report on the Protection of Financial Consumers' Rights and Interests of Bank of Dongguan Co., Ltd. in 2020
8	Report on the Implementation of the <i>Work Plan for the Protection of Consumer Rights and Interests of Bank of Dongguan Co., Ltd. (2018 – 2020)</i>
9	Proposal on the <i>Administrative Measures for Emergency Response Financial Services of Bank of Dongguan Co., Ltd.</i>
10	Report on Data Governance Work of Bank of Dongguan Co., Ltd. in 2020
11	Report on the Risk Management of Money Laundering and Terrorist Financing of Bank of Dongguan Co., Ltd. in 2020
12	Report on Case Prevention and Control Work & Specialized Work of Preventing Financial Crimes by Employees of Bank of Dongguan Co., Ltd. in 2020
13	Report on the Assessment of Money Laundering Risk of Bank of Dongguan Co., Ltd.
14	Report on Specialized Audit of Related Party Transactions of Bank of Dongguan Co., Ltd.
15	Report on Specialized Audit of Market Risk Management of Bank of Dongguan Co., Ltd.
16	Report on the External Audit of the Core System Project Teams of Bank of Dongguan Co., Ltd.

On 2 March 2021, the Bank held the 19th Meeting of the 7th Board of Directors. Out of 14 Directors supposed to attend, 14 participated in the meeting with 14 votes cast. 22 proposals (reports) were deliberated on and approved at the meeting.

Proposal No.	Matters/Contents Deliberated (Heard) at the Meeting
1	Proposal on the <i>2020 Annual Report of Bank of Dongguan Co., Ltd.</i>
2	Proposal on the <i>2020 Annual Audit Report of Bank of Dongguan Co., Ltd.</i>
3	Proposal on the <i>2020 Annual Financial Statements and 2021 Annual Financial Budget Plan of Bank of Dongguan Co., Ltd.</i>
4	Proposal on the <i>2020 Annual Profit Distribution Plan of Bank of Dongguan Co., Ltd.</i>
5	Proposal on the <i>2020 Annual Corporate Social Responsibility Report of Bank of Dongguan Co., Ltd.</i>
6	Proposal on the Confirmation of the Initial Public Offering of RMB Ordinary Shares (A shares) and Relevant Financial Information and the Approval of its Publicity in the Reporting Years (2018, 2019 and 2020)
7	Proposal on the Analysis of Diluting the Immediate Returns of the Initial public Offering of Shares and the Remedial Measures
8	Proposal on Hiring an Accounting Firm to Audit the Operating Results of Bank of Dongguan Co., Ltd. in 2021
9	Proposal on Revising the <i>Articles of Association of Bank of Dongguan Co., Ltd.</i>
10	Proposal on the <i>Work Plan for the Protection of Consumer Rights and Interests of Bank of Dongguan Co., Ltd. in 2021</i>
11	Proposal on Confirming the Related Party Transactions of Bank of Dongguan Co., Ltd. for 2018-2020
12	Specialized Report on Related Party Transactions of Bank of Dongguan Co., Ltd. in 2020
13	Report on Operations of Bank of Dongguan Co., Ltd. in 2020
14	Report on Work of the Board of Directors of Bank of Dongguan Co., Ltd. in 2020
15	Report on Duty Performance Evaluation of the Directors of Bank of Dongguan Co., Ltd. in 2020
16	Report on Debriefing of Independent Directors of Bank of Dongguan Co., Ltd. in 2020
17	Report on Duty Performance Evaluation of Senior Management of Bank of Dongguan Co., Ltd. in 2020
18	Report on Duty Performance Evaluation of the Person in Charge of Internal Audit of Bank of Dongguan Co., Ltd. in 2020
19	Report on the Problems Found in the Supervisory Inspection and Internal Audit in 2020 and the Implementation of Rectification of Bank of Dongguan Co., Ltd.
20	Proposal on the <i>Report on Internal Control Evaluation of Bank of Dongguan Co., Ltd. in 2020</i>
21	Proposal on Convening the 2020 Annual General Meeting of Shareholders of Bank of Dongguan Co., Ltd.
22	Report on Rectification of Problems Discovered in the Economic Responsibility Audit on Board Secretary Li Qicong of Bank of Dongguan

On 26 March 2021, the Bank held the 20th Meeting of the 7th Board of Directors. Out of 14 Directors supposed to attend, 14 participated in the meeting with 14 votes cast. 21 proposals (reports) were deliberated on and adopted at the meeting.

Proposal No.	Matters/Contents Deliberated (Heard) at the Meeting
1	Proposal on the <i>Annual Suggestions on Audit Management of Bank of Dongguan Co., Ltd. in 2020</i>
2	Proposal on the <i>Development Strategy and Operation Strategy of Bank of Dongguan Co., Ltd. for Village and Township Branches in 2021</i>
3	Proposal on Revising 10 Regulations Including the <i>Credit Risk Administrative Measures of Bank of Dongguan Co., Ltd.</i>
4	Proposal on the Formulation of the Capital Adequacy Ratio Plan for Bank of Dongguan Co., Ltd. in 2021
5	Report on the Implementation of the <i>Administrative Measures for the Capital of Commercial Banks (for Trial Implementation)</i> by Bank of Dongguan Co., Ltd. in 2020
6	Report on the Implementation of the <i>Capital Management Plan of Bank of Dongguan Co., Ltd. (2019-2021)</i> in 2020
7	Report on the Implementation of the Capital Adequacy Ratio Plan of Bank of Dongguan Co., Ltd. in 2020
8	Report on Stress Test of the Capital Adequacy Ratio of Bank of Dongguan Co., Ltd. in 2020
9	Report on the Capital Adequacy Ratio of Bank of Dongguan Co., Ltd. in 2020

Proposal No.	Matters/Contents Deliberated (Heard) at the Meeting
10	Report on the Implementation of Strategic Planning of Bank of Dongguan Co., Ltd. in 2020
11	Report on the Investment Analysis of Bank of Xingtai and Rural Banks in 2020
12	Report on the Quality Management of Statistical Data of Bank of Dongguan Co., Ltd. in 2020
13	Report on the Management of Compliance Risk in Bank of Dongguan Co., Ltd. in 2020
14	Report on the Authorized Management and Implementation of Senior Management of Bank of Dongguan Co., Ltd. in 2020
15	Report on Self-evaluation of Green Finance of Bank of Dongguan Co., Ltd. in 2020
16	Report on the Management of Large Risk Exposures of Bank of Dongguan Co., Ltd. in 2020
17	Report on Overall Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. in 2020
18	Report on the 2020 Consolidated Management and Operation and Management of Subsidiary Organisations of Bank of Dongguan Co., Ltd.
19	Report on the Implementation of the Resolutions of the General Meeting of Shareholders and Board of Directors of Bank of Dongguan Co., Ltd. in 2020
20	Report on the Implementation of the <i>Information Reporting System for Senior Management of Bank of Dongguan Co., Ltd.</i> in 2020
21	Report on Employee Behavior Assessment of Bank of Dongguan Co., Ltd. in 2020

On 10 June 2021, the Bank held the 21st Meeting of the 7th Board of Directors. Out of 13 Directors supposed to attend, 13 participated in the meeting with 13 votes cast. 13 proposals (reports) were deliberated on and adopted at the meeting.

Proposal No.	Matters/Contents Deliberated (Heard) at the Meeting
1	Proposal on the Extension of the Authorization Period in the <i>Proposal on the Issuance of Financial Bonds by Bank of Dongguan Co., Ltd.</i>
2	Proposal on Election of Directors of the Eighth Board of Directors of Bank of Dongguan Co., Ltd.
3	Proposal on Revising the <i>Administrative Measures for Reputation Risk in Bank of Dongguan Co., Ltd.</i>
4	Proposal on Convening the First Extraordinary General Meeting of Shareholders of Bank of Dongguan Co., Ltd. in 2021
5	Report on the Operations of Bank of Dongguan Co., Ltd. for the First Quarter of 2021
6	Report on Overall Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. for the First Quarter of 2021
7	Report on Internal Audit Work of Bank of Dongguan Co., Ltd. for the First Quarter of 2021
8	Report on Specialized Audit of Liquidity Risk Management of Bank of Dongguan Co., Ltd.
9	Report on Comprehensive Audit of Business Continuity of Bank of Dongguan Co., Ltd.
10	Report on Specialized Audit of Wealth Management and Agency Product Business of Bank of Dongguan Co., Ltd.
11	Report on Specialized Audit of Credit Assets Risk Classification of Bank of Dongguan Co., Ltd.
12	Report on Audit of Wealth Management Products of Bank of Dongguan Co., Ltd. in 2020
13	Report on the Implementation of the Resolutions of the General Meeting of Shareholders and Board of Directors of Bank of Dongguan Co., Ltd. for the First Quarter of 2021

On 25 June 2021, the Bank held the 1st Meeting of the 8th Board of Directors. Out of 15 Directors supposed to attend, 15 participated in the meeting with 11 votes cast. Nine proposals (reports) were deliberated on and adopted at the meeting.

Proposal No.	Matters/Contents Deliberated (Heard) at the Meeting
1	Proposal on Election of Chairman of Bank of Dongguan Co., Ltd.
2	Proposal on Election of Vice Chairman of Bank of Dongguan Co., Ltd.
3	Proposal of the Appointment of the President of Bank of Dongguan Co., Ltd.
4	Proposal of the Appointment of the Senior Management of Bank of Dongguan Co., Ltd.
5	Proposal of the Appointment of the Secretary of the Board of Directors of Bank of Dongguan Co., Ltd.

Proposal No.	Matters/Contents Deliberated (Heard) at the Meeting
6	Proposal of the Appointment of the Head of Finance Department and the Person in Charge of Internal Audit of Bank of Dongguan Co., Ltd.
7	Proposal on the Election of Members of the Committee under the Board of Directors of Bank of Dongguan Co., Ltd.
8	Proposal on Election of Chairman of the Committee under the Eighth Board of Directors of Bank of Dongguan Co., Ltd.
9	Report on 2020 Environmental Information Disclosure of Bank of Dongguan Co., Ltd.

On 26 August 2021, the Bank held the 2nd Meeting of the 8th Board of Directors. Out of 15 Directors supposed to attend, 15 participated in the meeting with 11 votes cast. 22 proposals (reports) were deliberated on and adopted at the meeting.

Proposal No.	Matters/Contents Deliberated (Heard) at the Meeting
1	Proposal on Convening the Second Extraordinary General Meeting of Shareholders of Bank of Dongguan Co., Ltd. in 2021
2	Proposal on Applying for the Extension of the Validity Period in the <i>Proposal on Application for Initial Public Offering and Listing of RMB Common Stocks (A Shares)</i>
3	Proposal on Applying for the Extension of the Authorization Period in the <i>Proposal on the Bank's Application for the Public Issuance of A Shares and the Authorization in the Process of Listing</i>
4	Proposal on the Confirmation of the Initial Public Offering of RMB Ordinary Shares (A shares) and Relevant Financial Information and the Approval of its Publicity in the Reporting Years (2018, 2019, 2020 and the First Half of 2021)
5	Proposal on Confirming Related Party Transactions of Bank of Dongguan Co., Ltd. for 2018 – the First Half of 2021
6	Proposal on Revising the <i>pre-proposal on stabilizing the stock price within three years after the listing</i> of Bank of Dongguan Co., Ltd.
7	Proposal on Purchasing a New Headquarters Building in the Dongguan International Business District
8	Proposal on Formulating the Recovery and Disposal Plan of Bank of Dongguan Co., Ltd.
9	Proposal on Formulating the <i>Administrative Measures for Liabilities Quality of Bank of Dongguan Co., Ltd.</i>
10	Proposal on Revising the <i>Administrative Measures for Liquidity Risk in Bank of Dongguan Co., Ltd.</i>
11	Proposal on Formulating the Performance Appraisal Indicators for Senior Management of Bank of Dongguan Co., Ltd.
12	Proposal on the Proposed Donation to the Dongguan Hospital of Traditional Chinese Medicine
13	Report on the Operations of Bank of Dongguan Co., Ltd. for the First Half of 2021
14	Report on the Implementation of the Capital Adequacy Ratio Plan of Bank of Dongguan Co., Ltd. for the First Half of 2021
15	Report on the Protection of Financial Consumers' Rights and Interests of Bank of Dongguan Co., Ltd. for the First Half of 2021
16	Report on the Risk Management of Money Laundering and Terrorist Financing of Bank of Dongguan Co., Ltd. for the First Half of 2021
17	Report on Internal Control Evaluation of Bank of Dongguan Co., Ltd. for the First Half of 2021
18	Report on Internal Audit Work of Bank of Dongguan Co., Ltd. for the First Half of 2021
19	Report on Specialized Audit of Capital Management of Bank of Dongguan Co., Ltd.
20	Report on Overall Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. for the First Half of 2021
21	Report on Rectification Plan of Cash Management Wealth Management Products of Bank of Dongguan Co., Ltd.
22	Report on the Implementation of the Resolutions of the General Meeting of Shareholders and Board of Directors of Bank of Dongguan Co., Ltd. for the First Half of 2021

On 10 December 2021, the Bank held the 3rd Meeting of the 8th Board of Directors. Out of 15 Directors supposed to attend, 15 participated in the meeting with 15 votes cast. 31 proposals (reports) were deliberated on and adopted at the meeting.

Proposal No.	Matters/Contents Deliberated (Heard) at the Meeting
1	Proposal on Formulating the <i>Five-Year Overall Development Strategy of Dongguan Bank (2022-2026)</i>
2	Proposal on the Construction of Songshan Lake Science and Technology Exchange Platform Project
3	Proposal on Formulating the <i>Capital Management Plan of Bank of Dongguan Co., Ltd. (2022-2024)</i>
4	Proposal on Formulating the <i>Statement on Comprehensive Risk Appetite of Bank of Dongguan Co., Ltd. for 2022</i>
5	Proposal on Formulating the <i>Plan of Overall Market Risk Limit of Bank of Dongguan Co., Ltd. for 2022</i>
6	Proposal on Formulating the <i>Plan of Overall Country-specific risk Limit of Bank of Dongguan Co., Ltd. for 2022</i>
7	Proposal on the Purchase of Properties of the Business Premises for Bank of Dongguan Shenzhen Branch
8	Proposal on Formulating the <i>Administrative Measures for Major Shareholders' Commitments of Bank of Dongguan Co., Ltd.</i>
9	Report on Making and Fulfilling Major Shareholders' Commitments of Bank of Dongguan Co., Ltd.
10	Proposal on Revising the <i>Articles of Association of Bank of Dongguan Co., Ltd.</i>
11	Proposal on Revising the <i>Rules of Procedures for the General Meeting of Shareholders of Bank of Dongguan Co., Ltd.</i>
12	Proposal on Revising the <i>Rules of Procedures for the Board of Directors of Bank of Dongguan Co., Ltd.</i>
13	Proposal on Revising the <i>Independent Director System of Bank of Dongguan Co., Ltd.</i>
14	Proposal on Revising the Working Rules for the Special Committees of Board of Directors of Bank of Dongguan Co., Ltd.
15	Proposal on Revising the <i>Measures for Duty Performance Evaluation of the Board of Directors on the Directors and the Senior Management of Bank of Dongguan Co., Ltd.</i>
16	Proposal on Revising the <i>Working Rules for President of Bank of Dongguan Co., Ltd.</i>
17	Proposal on Revising the <i>Administrative Measures for Information Disclosure of Bank of Dongguan Co., Ltd.</i>
18	Proposal on Revising the <i>Internal Audit Charter of Bank of Dongguan Co., Ltd.</i>
19	Proposal on Revising the <i>Administrative Measures for Money Laundering and Terrorist Financing Risks of Bank of Dongguan Co., Ltd.</i>
20	Proposal on Formulating the <i>Guidelines for Investment Business Development of Bank of Dongguan Co., Ltd.</i>
21	Proposal on the 2020 Performance and Annual Salary Settlement Results and the 2021 Performance and Annual Salary Pre-liquidation Plan for the Senior Management of Bank of Dongguan Co., Ltd.
22	Report on the Evaluation of Legal Performance of Major Shareholders in 2021
23	Report on the Operations of Bank of Dongguan Co., Ltd. for the Third Quarter of 2021
24	Report on Overall Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. for the Third Quarter of 2021
25	Report on Internal Audit Work of Bank of Dongguan Co., Ltd. for the Third Quarter of 2021
26	Report on the Implementation of the Resolutions of the General Meeting of Shareholders and Board of Directors of Bank of Dongguan Co., Ltd. for the Third Quarter of 2021
27	Report on Specialized Audit of Related Party Transactions of Bank of Dongguan Co., Ltd.
28	Report on Specialized Audit of Market Risk Management of Bank of Dongguan Co., Ltd.
29	Report on Specialized Audit of Remuneration Management of Bank of Dongguan Co., Ltd.
30	Report on Strengthening the Implementation of Investment Business Management of Bank of Dongguan Co., Ltd.
31	Report on Special Stress Test of Market Risk in Bank of Dongguan Co., Ltd. for the Second Quarter of 2021

(III) Meetings of Special Committees of the Board of Directors

The structure and composition of the special committees of the Board of Directors of the Bank conform to the relevant regulations of the supervisory authorities and the Articles of Association, and the special committees actively carry out their work within the scope of their respective duties. In 2021, the special committees under the Board of Directors convened 35 meetings. Specifically, the Strategic Development Committee convened six meetings; the Risk Management Committee convened seven meetings; the Nomination and Remuneration Committee convened six meetings; the Audit Committee convened six meetings; the Related Party Transaction Control Committee held seven meetings; the Consumer Rights Protection Committee held three meetings.

1. Strategic Development Committee

During the reporting period, the Strategic Development Committee under the Board of Directors of the Bank convened six meetings:

On 22 January 2021, the first meeting of the Strategic Development Committee in 2021 was held. At the meeting, the Proposal on Establishing the Assets and Liability Management Department of Bank of Dongguan Co., Ltd., the Report on Data Governance Work of Bank of Dongguan Co., Ltd. in 2020 and other proposals were deliberated on and approved.

On 2 March 2021, the second meeting of the Strategic Development Committee in 2021 was held. At the meeting, the Proposal on the *2020 Annual Report of Bank of Dongguan Co., Ltd.*, the Proposal on the *2020 Annual Financial Statements and 2021 Annual Financial Budget Plan of Bank of Dongguan Co., Ltd.* and other proposals were deliberated on and approved.

On 26 March 2021, the third meeting of the Strategic Development Committee in 2021 was held. At the meeting, the Proposal on the *Development Strategy and Operation Strategy of Bank of Dongguan Co., Ltd. for Village and Township Branches in 2021*, the Proposal on the Formulation of the Capital Adequacy Ratio Plan for Bank of Dongguan Co., Ltd. in 2021 and other proposals were deliberated on and approved.

On 10 June 2021, the fourth meeting of the Strategic Development Committee in 2021 was held. At the meeting, the Proposal on the Extension of the Authorization Period in the *Proposal on the Issuance of Financial Bonds by Bank of Dongguan Co., Ltd.*, the Proposal on Revising the *Administrative Measures for Reputation Risk in Bank of Dongguan Co., Ltd.*, and other proposals were deliberated on and approved.

On 26 August 2021, the fifth meeting of the Strategic Development Committee in 2021 was held. At the meeting, the Proposal on Convening the Second Extraordinary General Meeting of Shareholders of Bank of Dongguan Co., Ltd. in 2021, the Proposal on Applying for the Extension of the Validity Period in the *Proposal on Application for Initial Public Offering and Listing of RMB Common Stocks (A Shares)* and other proposals were deliberated on and approved.

On 10 December 2021, the sixth meeting of the Strategic Development Committee in 2021 was held. At the meeting, the Proposal on Formulating the *Five-Year Overall Development Strategy of Dongguan Bank (2022-2026)*, the Proposal on the Construction of Songshan Lake Science and Technology Exchange Platform Project and other proposals were deliberated on and approved.

2. Risk Management Committee

During the reporting period, the Risk Management Committee of the Board of Directors of the Bank convened seven meetings:

On 21 January 2021, the first meeting of the Risk Management Committee in 2021 was held. At the meeting, the Report on Internal Audit Work of Bank of Dongguan Co., Ltd. in 2020, the Proposal on the *Administrative Measures for Emergency Response Financial Services of Bank of Dongguan Co., Ltd.* and other proposals were deliberated on and approved.

On 1 March 2021, the second meeting of the Risk Management Committee in 2021 was held. At the meeting, the Report on the Implementation of the Decisions of the Risk Management Committee of the Board of Directors of Bank of Dongguan Co., Ltd. in 2020, the Report on the Problems Found in the Supervisory Inspection and Internal Audit in 2020 and the Implementation of Rectification of Bank of Dongguan Co., Ltd. and other proposals were deliberated on and approved.

On 25 March 2021, the third meeting of the Risk Management Committee in 2021 was held. At the meeting, the Report on Stress Test of the Capital Adequacy Ratio of Bank of Dongguan Co., Ltd. in 2020, the Report on the Management of Compliance Risk in Bank of Dongguan Co., Ltd. in 2020 and other proposals were deliberated on and approved.

On 9 June 2021, the fourth meeting of the Risk Management Committee in 2021 was held. At the meeting, the Proposal on Revising the *Administrative Measures for Reputation Risk in Bank of Dongguan Co., Ltd.*, the Report on Overall Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. for the First Quarter of 2021 and other proposals were deliberated on and approved.

On 25 June 2021, the fifth meeting of the Risk Management Committee in 2021 was held. At the meeting, the Report on 2020 Environmental Information Disclosure of Bank of Dongguan Co., Ltd. and other proposals were deliberated on and approved.

On 25 August 2021, the sixth meeting of the Risk Management Committee in 2021 was held. At the meeting, the Proposal on Revising the *Administrative Measures for Liquidity Risk in Bank of Dongguan Co., Ltd.*, the Report on the Risk Management of Money Laundering and Terrorist Financing of Bank of Dongguan Co., Ltd. for the First Half of 2021 and other proposals were deliberated on and approved.

On 9 December 2021, the seventh meeting of the Risk Management Committee in 2021 was held. At the meeting, the Proposal on Formulating the *Statement on Comprehensive Risk Appetite of Bank of Dongguan Co., Ltd. for 2022*, the Proposal on Formulating the *Plan of Overall Market Risk Limit of Bank of Dongguan Co., Ltd. for 2022* and other proposals were deliberated on and approved.

3. Nomination and Remuneration Committee

During the reporting period, the Nomination and Remuneration Committee of the Board of Directors of the Bank convened six meetings:

On 22 January 2021, the first meeting of the Nomination and Remuneration Committee in 2021 was held. At the meeting, the Proposal of the Appointment of Mr. Li Qicong as Vice President of Bank of Dongguan Co., Ltd. and other proposals were deliberated on and approved.

On 1 March 2021, the second meeting of the Nomination and Remuneration Committee in 2021 was held. At the meeting, the Proposal on the Report on Duty Performance Evaluation of the Directors of Bank of Dongguan Co., Ltd. in 2020, the Proposal on the Report on Debriefing of Independent Directors of Bank of Dongguan Co., Ltd. in 2020 and other proposals were deliberated on and approved.

On 9 June 2021, the third meeting of the Nomination and Remuneration Committee in 2021 was held. At the meeting, the Proposal on Election of Directors of the Eighth Board of Directors of Bank of Dongguan Co., Ltd., the Proposal on Revising the Administrative Measures for Remuneration of Bank of Dongguan Co., Ltd. and other proposals were deliberated on and approved.

On 25 June 2021, the fourth meeting of the Nomination and Remuneration Committee in 2021 was held. At the meeting, the Proposal of the Appointment of the President of Bank of Dongguan Co., Ltd., the Proposal of the Appointment of the Senior Management of Bank of Dongguan Co., Ltd. and other proposals were deliberated on and approved.

On 26 August 2021, the fifth meeting of the Nomination and Remuneration Committee in 2021 was held. At the meeting, the Proposal on Formulating the Performance Appraisal Indicators for Senior Management of Bank of Dongguan Co., Ltd. was deliberated on and approved.

On 10 December 2021, the sixth meeting of the Nomination and Remuneration Committee in 2021 was held. At the meeting, the Proposal on Revising the Working Rules for the Nomination and Remuneration Committee of Board of Directors of Bank of Dongguan Co., Ltd., the Proposal on Revising the Measures for Duty Performance Evaluation of the Board of Directors on the Directors and the Senior Management of Bank of Dongguan Co., Ltd. and other proposals were deliberated on and approved.

4. Audit Committee

During the reporting period, the Audit Committee of the Board of Directors of the Bank convened six meetings:

On 22 January 2021, the first meeting of the Audit Committee in 2021 was held. At the meeting, the Proposal on the Development Plan for Internal Audit of Bank of Dongguan Co., Ltd., the Proposal on the Work Plan for Internal Audit of Bank of Dongguan Co., Ltd. in 2021 and other proposals were deliberated on and approved.

On 2 March 2021, the second meeting of the Audit Committee in 2021 was held. At the meeting, the Proposal on the 2020 Annual Audit Report of Bank of Dongguan Co., Ltd., the Proposal on the Confirmation of the Initial Public Offering of RMB Ordinary Shares (A shares) and Relevant Financial Information and the Approval of its Publicity in the Reporting Years (2018, 2019 and 2020) and other proposals were deliberated on and approved.

On 26 March 2021, the third meeting of the Audit Committee in 2021 was held. At the meeting, the Proposal on the Annual Suggestions on Audit Management of Bank of Dongguan Co., Ltd. in 2020, the Report on Overall Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. in 2020 and other proposals were deliberated on and approved.

On 8 June 2021, the fourth meeting of the Audit Committee in 2021 was held. At the meeting, the Report on Internal Audit Work of Bank of Dongguan Co., Ltd. for the First Half of 2021, the Report on Specialized Audit of Liquidity Risk Management of Bank of Dongguan Co., Ltd. and other proposals were deliberated on and approved.

On 26 August 2021, the fifth meeting of the Audit Committee in 2021 was held. At the meeting, the Report on Internal Audit Work of Bank of Dongguan Co., Ltd. for the First Half of 2021, the Report on Specialized Audit of Capital Management of Bank of Dongguan Co., Ltd. and other proposals were deliberated on and approved.

On 10 December 2021, the sixth meeting of the Audit Committee in 2021 was held. At the meeting, the Proposal on Revising the Internal Audit Charter of Bank of Dongguan Co., Ltd., the Proposal on Revising the Working Rules for Audit Committee of the Board of Directors of Bank of Dongguan Co., Ltd. and other proposals were deliberated on and approved.

5. Related Party Transaction Control Committee

During the reporting period, the Related Party Transaction Control Committee of the Board of Directors of the Bank convened seven meetings:

On 21 January 2021, the first meeting of the Related Party Transaction Control Committee in 2021 was held. At the meeting, the Status of Related Party Transactions of Bank of Dongguan Co., Ltd. in the Fourth Quarter and the Report on Confirming the List of Related Parties of Bank of Dongguan Co., Ltd. were deliberated on and approved.

On 25 February 2021, the second meeting of the Related Party Transaction Control Committee in 2021 was held. At the meeting, the Specialized Report on Related Party Transactions of Bank of Dongguan Co., Ltd. in 2020, the Proposal on Confirming the Related Party Transactions of Bank of Dongguan Co., Ltd. for 2018-2020 and other proposals were deliberated on and approved.

On 29 April 2021, the third meeting of the Related Party Transaction Control Committee in 2021 was held. At the meeting, the Status of Related Party Transactions of Bank of Dongguan Co., Ltd. in the First Quarter of 2021, the Report on Confirming the List of Related Parties of Bank of Dongguan Co., Ltd. and other proposals were deliberated on and approved.

On 12 July 2021, the fourth meeting of the Related Party Transaction Control Committee in 2021 was held. At the meeting, the Status of Related Party Transactions of Bank of Dongguan Co., Ltd. in the Second Quarter of 2021, the Report on Confirming the List of Related Parties of Bank of Dongguan Co., Ltd. and other proposals were deliberated on and approved.

On 26 August 2021, the fifth meeting of the Related Party Transaction Control Committee in 2021 was held. At the meeting, the Proposal on Confirming Related Party Transactions of Bank of Dongguan Co., Ltd. for 2018 – the First Half of 2021 was deliberated on and approved.

On 18 October 2021, the sixth meeting of the Related Party Transaction Control Committee in 2021 was held. At the meeting, the Status of Related Party Transactions of Bank of Dongguan Co., Ltd. in the Third Quarter of 2021, the Report on Confirming the List of Related Parties of Bank of Dongguan Co., Ltd. and other proposals were deliberated on and approved.

On 6 December 2021, the seventh meeting of the Related Party Transaction Control Committee in 2021 was held. At the meeting, the Proposal on Revising the *Working Rules for the Related Party Transaction Control Committee of Board of Directors of Bank of Dongguan Co., Ltd.* was deliberated on and approved.

6. Consumer Rights Protection Committee

During the reporting period, the Consumer Protection Committee of the Board of Directors of the Bank convened three meetings:

On 22 January 2021, the first meeting of the Consumer Rights Protection Committee of the Board of Directors in 2021 was held. At the meeting, the *Report of the Bank of Dongguan on the 2020 Financial Consumer Rights Protection Work*, the *Work Plan for the Protection of Consumer Rights and Interests of Bank of Dongguan Co., Ltd. in 2021* and other proposals were deliberated on and adopted.

On 26 August 2021, the second meeting of the Consumer Rights Protection Committee of the Board of Directors in 2021 was held. At the meeting, the Report on the Protection of Financial Consumer Rights and Interests of Bank of Dongguan Co., Ltd. in the First Half of 2021 was deliberated on and adopted.

On 10 December 2021, the third meeting of the Consumer Rights Protection Committee of the Board of Directors in 2021 was held. At the meeting, the revised *Working Rules of the Consumer Rights and Interests Protection Committee of the Board of Directors of Dongguan Bank Co., Ltd.* was deliberated on and adopted.

(IV) Attendance of Independent Directors at Board Meetings

Name	Independent director?	Supposed attendance during the reporting period	Attendance in person	Entrusted attendance	Absence	Lack of attendance in person for twice consecutively without entrusted attendance
Wang Yanming	Yes	7	7	0	0	No
Sun Hui	Yes	7	7	0	0	No
Hua Xiuping	Yes	7	7	0	0	No
Qian Wei	Yes	7	7	0	0	No
Chen Tao	Yes	7	7	0	0	No

(V) Independent Directors' Objections to the Company's Related Matters

During the reporting period, the Independent Directors of the Bank did not raise any objections.

(VI) Establishment and Improvement of the Relevant Work Rule for Independent Directors, the Main Content and the Performance of Independent Directors

The Board of Directors currently has five Independent Directors. Independent Directors have strong professional capabilities, covering a broad range of specialties such as economics, accounting, finance, and laws. The Independent Directors serve as the chairman of the Board of Directors' Risk Management Committee, Nomination and Remuneration Committee, Audit Committee, and Related Party Transaction Control Committee. During the reporting period, the Independent Directors duly attended meetings of the Board of Directors and its special committees, issued opinions independently, and diligently performed their duties in accordance with relevant laws and regulations, the Articles of Association, the Independent Director System of Bank of Dongguan Co., Ltd., and the working rules of the special committees, safeguarded the overall interests of the Bank and the legitimate rights and interests of small and medium shareholders, and played a positive role in objective and systematic decision-making of the Board of Directors.

IV. WORK OF THE BOARD OF SUPERVISORS

(I) Duties of the Board of Supervisors

The Board of Supervisors is the supervisory body of the Bank and is responsible to the General Meeting of Shareholders. The Board of Supervisors exercises the functions and powers of inspecting and supervising the financial activities of the Bank, supervising the performance of duties by the Directors and the senior management in accordance with the Articles of Association and the Rules of Procedures for the Board of Supervisors of Bank of Dongguan Co., Ltd. The Nomination Committee and Audit Committee are set up under the Board of Supervisors. In 2021, the Board of Supervisors focused on major business decisions and the execution thereof. Its operations mainly include supervision of the performance of official duties, financial activities, risk management and internal control, which effectively protected the legitimate rights and interests of the Bank, all stakeholders and the related parties, providing effective safeguards for the sustained and steady development of the Bank.

(II) Meetings of the Board of Supervisors

During the reporting period, the Board of Supervisors held nine meetings and deliberated on and adopted 48 proposals. In addition, in accordance with the Articles of Association and the work responsibilities of the Board of Supervisors, the Company's Supervisors monitored the Bank's operating conditions, financial activities, internal control and risk management operations, and the legal and regulatory compliance of Directors and senior managers in performing their duties by attending shareholders' meetings and meetings of the Board of Directors and the senior management, on-site investigations, audits, and reviewing reports.

On 22 January 2021, the Bank held the 17th meeting of the 7th Board of Supervisors. Out of the eight Supervisors supposed to attend, eight participated in the meeting with eight votes cast. Four proposals (reports) were deliberated on and adopted at the meeting.

Proposal No.	Matters/Contents Deliberated (Heard) at the Meeting
1	Report on Internal Audit Work of Bank of Dongguan Co., Ltd. in 2020
2	Report on Specialized Audit of Related Party Transactions of Bank of Dongguan Co., Ltd.
3	Report on the Risk Management of Money Laundering and Terrorist Financing of Bank of Dongguan Co., Ltd. in 2020
4	Proposal on the <i>Administrative Measures for Emergency Response Financial Services of Bank of Dongguan Co., Ltd.</i>

On 9 February 2021, the Bank held the 18th meeting of the 7th Board of Supervisors. Out of the eight Supervisors supposed to attend, eight participated in the meeting with eight votes cast. One proposal was deliberated on and adopted at the meeting.

Proposal No.	Matters/Contents Deliberated (Heard) at the Meeting
1	Proposal on the Audit Report on Economic Responsibility of Board Secretary Li Qicong of Bank of Dongguan Co., Ltd.

On 2 March 2021, the Bank held the 19th meeting of the 7th Board of Supervisors. Out of the eight Supervisors supposed to attend, eight participated in the meeting with eight votes cast. Nine proposals (reports) were deliberated on and adopted at the meeting.

Proposal No.	Matters/Contents Deliberated (Heard) at the Meeting
1	Report on Work of the Board of Supervisors of Bank of Dongguan Co., Ltd. in 2020
2	Report on Duty Performance Evaluation of the Supervisors of Bank of Dongguan Co., Ltd. in 2020
3	Report on Duty Performance Evaluation of the Directors of Bank of Dongguan Co., Ltd. in 2020
4	Report on Duty Performance Evaluation of the Senior Management of Bank of Dongguan Co., Ltd. in 2020
5	Proposal on the <i>2020 Annual Report of Bank of Dongguan Co., Ltd.</i>
6	Proposal on the <i>2020 Annual Audit Report of Bank of Dongguan Co., Ltd.</i>
7	Proposal on the <i>2020 Annual Financial Statements and 2021 Annual Financial Budget Plan of Bank of Dongguan Co., Ltd.</i>
8	Proposal on the <i>2020 Annual Profit Distribution Plan of Bank of Dongguan Co., Ltd.</i>
9	Proposal on the <i>Report on Internal Control Evaluation of Bank of Dongguan Co., Ltd. in 2020</i>

On 26 March 2021, the Bank held the 20th meeting of the 7th Board of Supervisors. Out of the eight Supervisors supposed to attend, eight participated in the meeting with eight votes cast. Two proposals (reports) were deliberated on and adopted at the meeting.

Proposal No.	Matters/Contents Deliberated (Heard) at the Meeting
1	Report on Overall Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. in 2020
2	Evaluation Report on the Implementation of Strategic Planning of Bank of Dongguan Co., Ltd. in 2020

On 10 June 2021, the Bank held the 21st meeting of the 7th Board of Supervisors. Out of the eight Supervisors supposed to attend, eight participated in the meeting with eight votes cast. Five proposals (reports) were deliberated on and adopted at the meeting.

Proposal No.	Matters/Contents Deliberated (Heard) at the Meeting
1	Proposal on Election of Supervisors of the Eighth Board of Supervisors of Bank of Dongguan Co., Ltd.
2	Report on the Operations of Bank of Dongguan Co., Ltd. for the First Quarter of 2021
3	Report on Overall Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. for the First Quarter of 2021
4	Report on Internal Audit Work of Bank of Dongguan Co., Ltd. for the First Quarter of 2021
5	Proposal on the Audit Work Plan of Some Directors and Senior Management

On 25 June 2021, the Bank held the 1st meeting of the 8th Board of Supervisors. Out of the eight Supervisors supposed to attend, eight participated in the meeting with eight votes cast. Six proposals (reports) were deliberated on and adopted at the meeting.

Proposal No.	Matters/Contents Deliberated (Heard) at the Meeting
1	Proposal on the Election of Chairman of the Board of Supervisors of Bank of Dongguan Co., Ltd.
2	Proposal on the Election of Members of the Committee under the Board of Supervisors of Bank of Dongguan Co., Ltd.
3	Proposal on the Election of Chairman of the Committee under the Board of Supervisors of Bank of Dongguan Co., Ltd.
4	Proposal on the Audit Report on Resignation of Mr. Zhang Mengjun During His Tenure as Executive Director and Vice President of Bank of Dongguan Co., Ltd.
5	Proposal on the Audit Report on Economic Responsibility of Vice President Mr. Xie Yongwei of Bank of Dongguan Co., Ltd. in 2020
6	Proposal on the Audit Report on Resignation of Mr. Yin Kefei During His Tenure as Director of Bank of Dongguan Co., Ltd.

On 26 August 2021, the Bank held the 2nd meeting of the 8th Board of Supervisors. Out of the eight Supervisors supposed to attend, eight participated in the meeting with eight votes cast. Nine proposals (reports) were deliberated on and approved at the meeting.

Proposal No.	Matters/Contents Deliberated (Heard) at the Meeting
1	Proposal on the Audit Report on Resignation of Mr. Zhang Tao During His Tenure as Director of Bank of Dongguan Co., Ltd.
2	Proposal on the Audit Report on Resignation of Mr. Wang Wencheng During His Tenure as Director of Bank of Dongguan Co., Ltd.
3	Report on the Operations of Bank of Dongguan Co., Ltd. for the First Half of 2021
4	Report on the Risk Management of Money Laundering and Terrorist Financing of Bank of Dongguan Co., Ltd. for the First Half of 2021
5	Report on Internal Control Evaluation of Bank of Dongguan Co., Ltd. for the First Half of 2021
6	Report on Internal Audit Work of Bank of Dongguan Co., Ltd. for the First Half of 2021
7	Report on Overall Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. for the First Half of 2021
8	Report on Rectification of Problems Suggested in the Audit on Resignation of Mr. Zhang Mengjun During His Tenure as Executive Director and Vice President of Bank of Dongguan Co., Ltd.
9	Report on Rectification of Problems Discovered in the Economic Responsibility Audit on Vice President Mr. Xie Yongwei of Bank of Dongguan Co., Ltd. in 2020

On 30 September 2021, the Bank held the 3rd meeting of the 8th Board of Supervisors. Out of the eight Supervisors supposed to attend, eight participated in the meeting with eight votes cast. 2 proposals (reports) were deliberated on and approved at the meeting.

Proposal No.	Matters/Contents Deliberated (Heard) at the Meeting
1	Proposal on the Suggestions of the Board of Supervisors on the Senior Management's Work
2	Proposal on the Audit Report on Economic Responsibility of Vice President Mr. Xie Yongwei during His Tenure as Vice President of Bank of Dongguan Co., Ltd.

On 10 December 2021, the Bank held the 4th meeting of the 8th Board of Supervisors. Out of the eight Supervisors supposed to attend, eight participated in the meeting with eight votes cast. 10 proposals (reports) were deliberated on and approved at the meeting.

Proposal No.	Matters/Contents Deliberated (Heard) at the Meeting
1	Proposal on Revising the <i>Measures for the Duty Performance Evaluation of the Board of Supervisors on the Directors and the Senior Management of Bank of Dongguan Co., Ltd.</i>
2	Proposal on Revising the <i>Measures for the Duty Performance Evaluation of the Supervisors of Bank of Dongguan Co., Ltd.</i>
3	Proposal on Revising the <i>External Supervisor System of Bank of Dongguan Co., Ltd.</i>
4	Proposal on Revising the <i>Rules of Procedures for the Board of Supervisors of Bank of Dongguan Co., Ltd.</i>
5	Proposal on Revising the <i>Working Rules for the Audit Committee of the Board of Supervisors of Bank of Dongguan Co., Ltd.</i>
6	Proposal on Revising the <i>Working Rules for the Nomination Committee of the Board of Supervisors of Bank of Dongguan Co., Ltd.</i>
7	Report on the Operations of Bank of Dongguan Co., Ltd. for the Third Quarter of 2021
8	Report on Overall Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. for the Third Quarter of 2021
9	Report on Internal Audit Work of Bank of Dongguan Co., Ltd. for the Third Quarter of 2021
10	Report on Rectification of Problems Discovered in the Economic Responsibility Audit on Vice President Mr. Xie Yongwei of Bank of Dongguan Co., Ltd.

(III) Meetings of the Special Committees of the Board of Supervisors

The structure and composition of the special committees of the Board of Supervisors of the Bank conform to the relevant regulations of the regulatory authorities and the Articles of Association of the Bank. The special committees duly carried out their work within the scope of their duties and held 12 meetings throughout the year. Among them, the Nomination Committee held three meetings. The Audit Committee convened nine meetings.

1. Nomination Committee

During the reporting period, the Nomination Committee of the Board of Supervisors convened three meetings:

On 2 March 2021, the first meeting of 2021 was held. At the meeting, the Report on Duty Performance Evaluation of the Supervisors of Bank of Dongguan Co., Ltd. in 2020, the Report on Duty Performance Evaluation of the Directors of Bank of Dongguan Co., Ltd. in 2020, and the Report on Duty Performance Evaluation of the Senior Management of Bank of Dongguan Co., Ltd. in 2020 were deliberated on and approved.

On 10 June 2021, the second meeting of 2021 was held. At the meeting, the *Proposal on Election of Supervisors of the Eighth Board of Supervisors of Bank of Dongguan Co., Ltd.* was deliberated on and approved.

On 25 June 2021, the third meeting of 2021 was held. At the meeting, the Chairman of the Eighth *Nomination Committee of the Board of Supervisors* was elected.

2. Audit Committee

During the reporting period, the Audit Committee of the Board of Supervisors held nine meetings:

On 22 January 2021, the first meeting of 2021 was held. At the meeting, the *Report on Internal Audit Work of Bank of Dongguan Co., Ltd. in 2020*, the *Report on Specialized Audit of Related Party Transactions of Bank of Dongguan Co., Ltd.*, the *Report on the Risk Management of Money Laundering and Terrorist Financing of Bank of Dongguan Co., Ltd. in 2020*, and the *Proposal on the Administrative Measures for Emergency Response Financial Services of Bank of Dongguan Co., Ltd.* were deliberated on and approved.

On 9 February 2021, the second meeting of 2021 was held. At the meeting, the *Proposal on the Audit Report on Economic Responsibility of Board Secretary Li Qicong of Bank of Dongguan Co., Ltd.* was deliberated on and approved.

On 2 March 2021, the third meeting of 2021 was held. At the meeting, the *Proposal on the 2020 Annual Report of Bank of Dongguan Co., Ltd.*, the *Proposal on the 2020 Annual Audit Report of Bank of Dongguan Co., Ltd.*, the *Proposal on the 2020 Annual Financial Statements and 2021 Annual Financial Budget Plan of Bank of Dongguan Co., Ltd.*, the *Proposal on the 2020 Annual Profit Distribution Plan of Bank of Dongguan Co., Ltd.*, and the *Proposal on the Report on Internal Control Evaluation of Bank of Dongguan Co., Ltd. in 2020* were deliberated on and approved.

On 26 March 2021, the fourth meeting of 2021 was held. At the meeting, the *Report on Overall Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. in 2020* was deliberated on and approved.

On 10 June 2021, the fifth meeting of 2021 was held. At the meeting, the *Report on the Operations of Bank of Dongguan Co., Ltd. for the First Quarter of 2021*, the *Report on Overall Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. for the First Quarter of 2021*, the Report on Internal Audit Work of Bank of Dongguan Co., Ltd. for the First Quarter of 2021, and the *Proposal on the Audit Work Plan of Some Directors and Senior Management* were deliberated on and approved.

On 25 June 2021, the sixth meeting of 2021 was held. At the meeting, the Chairman of *Audit Committee of the Eighth Board of Supervisors* was elected, the Proposal on the *Audit Report on Resignation of Mr. Zhang Mengjun During His Tenure as Vice President of Bank of Dongguan Co., Ltd.*, the *Proposal on the Audit Report on Economic Responsibility of Vice President Mr. Xie Yongwei of Bank of Dongguan Co., Ltd. in 2020*, and the *Proposal on the Audit Report on Resignation of Mr. Yin Kefei During His Tenure as Director of Bank of Dongguan Co., Ltd.* were deliberated on and approved.

On 26 August 2021, the seventh meeting of 2021 was held. At the meeting, the *Proposal on the Audit Report on Resignation of Mr. Zhang Tao During His Tenure as Director of Bank of Dongguan Co., Ltd.*, the *Proposal on the Audit Report on Resignation of Mr. Wang Wencheng During His Tenure as Director of Bank of Dongguan Co., Ltd.*, the *Report on the Operations of Bank of Dongguan Co., Ltd. for the First Half of 2021*, the *Report on the Risk Management of Money Laundering and Terrorist Financing of Bank of Dongguan Co., Ltd. for the First Half of 2021*, the *Report on Internal Control Evaluation of Bank of Dongguan Co., Ltd. for the First Half of 2021*, the *Report on Internal Audit Work of Bank of Dongguan Co., Ltd. for the First Half of 2021*, the *Report on Overall Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. for the First Half of 2021*, the *Report on Rectification of Problems Suggested in the Audit on Resignation of Mr. Zhang Mengjun During His Tenure as Executive Director and Vice President of Bank of Dongguan Co., Ltd.*, the *Report on Rectification of Problems Discovered in the Economic Responsibility Audit on Vice President Mr. Xie Yongwei of Bank of Dongguan Co., Ltd. in 2020* were deliberated on and approved.

On 30 September 2021, the eighth meeting of 2021 was held. At the meeting, the Proposal on the Audit Report on Economic Responsibility of Vice President Mr. Xie Yongwei during His Tenure as Vice President of Bank of Dongguan Co., Ltd. was deliberated on and approved.

On 10 December 2021, the ninth meeting of 2021 was held. At the meeting, the *Report on the Operations of Bank of Dongguan Co., Ltd. for the Third Quarter of 2021*, the *Report on Overall Analysis of Comprehensive Risk Management of Bank of Dongguan Co., Ltd. for the Third Quarter of 2021*, the *Report on Internal Audit Work of Bank of Dongguan Co., Ltd. for the Third Quarter of 2021*, the *Report on Rectification of Problems Discovered in the Economic Responsibility Audit on Vice President Mr. Xie Yongwei of Bank of Dongguan Co., Ltd.* were deliberated on and approved.

(IV) Work of External Supervisors

The three External Supervisors fulfilled their duties of loyalty and diligence in accordance with laws, regulations and the Bank's Articles of Association, attended meetings of the Board of Supervisors and special committees, duly reviewed various proposals, and independently and objectively issued professional opinions; and the Supervisors' working hours for the Bank conform to relevant regulations. They diligently and independently performed supervisory duties, playing an active role in improving the Bank's corporate governance and enhancing the standard of its management operations.

(V) Opinions of the Board of Supervisors on Relevant Matters

1. The Bank's operation and management according to law

During the reporting period, the Bank conducted business activities in compliance with laws, regulations and the Bank's Articles of Association; Directors and senior management staff worked diligently and proactively, and no Directors or senior management personnel were found in violation of any laws, regulations, or harmed the interests of the Bank or its shareholders when performing their duties.

2. Audit report

KPMG Huazhen Certified Public Accountants (special general partnership) issued a standard unqualified audit report on the financial status and earnings results of the Bank in 2021. The Board of Supervisors has no objection to the report and believes that the contents of the report are the true, accurate and complete reflection of the status and earnings results of the Bank.

3. Related party transactions

During the reporting period, the Bank implemented related-party transaction decision-making procedures in compliance with laws, regulations and the Bank's Articles of Association, and followed the principles of openness, fairness and impartiality. No related-party transactions that harm the interests of the Company and shareholders were found.

4. Information disclosure

During the reporting period, the Bank actively accepted social supervision and found no false records, misleading statements or major omissions in information disclosure.

5. Implementation of resolutions of the General Meeting of Shareholders

The Board of Supervisors had no objection to the reports and proposals submitted by the Board of Directors to the General Meeting of Shareholders for deliberation during the reporting period. It supervised the implementation of the resolutions of the General Meeting of Shareholders, and believed that the Board of Directors had duly implemented the relevant resolutions of the General Meeting of Shareholders.

6. Internal control

The Bank continued to strengthen and improve internal control, and the Board of Supervisors had no objection to the 2021 Report on Internal Control Evaluation of Bank of Dongguan Co., Ltd. During the reporting period, no major defects were found with regards to the integrity, rationality and effectiveness of the Bank's internal control mechanisms and policies.

V. EVALUATION AND INCENTIVISATION OF SENIOR MANAGEMENT

The Nomination and Remuneration Committee of the Board of Directors is responsible for the evaluation and incentivisation of senior executives. According to the Evaluation Measures of the Performance of Directors and Senior Executives by the Board of Directors of Bank of Dongguan Co., Ltd., the Committee assesses the performance of senior managers during their term of office and reports the evaluation results to the Board of Directors and the General Meeting of Shareholders for deliberation. The Board of Supervisors conducts overall evaluation of the performance of senior management for the year, and formulates the final assessment results, which serve as an effective basis for the Board of Directors to carry out appointments and remuneration review for senior executives.

The remuneration of senior executives is determined and paid in accordance with the relevant regulations of the Bank's administrative measures concerning senior manager remuneration, and the remuneration has been publicly disclosed in accordance with relevant regulations. During the reporting period, the Bank evaluated the annual performance of senior management in accordance with the performance appraisal measures for senior management and the requirements of relevant regulatory authorities.

VI. THE COMPANY'S INDEPENDENT OPERATION

The Bank has no controlling shareholders or ultimate controllers. In accordance with the Company Law and Commercial Bank Law, the Bank has always maintained complete independence, from shareholders holding 5% or more of the shares, in terms of business operations, staffing, assets, organisation and finance. As an independent legal person operating independently and responsible for its own profits and losses, the Bank has independent and complete business and independent operating capabilities. The Board of Directors, Board of Supervisors, senior management and units are capable of operate independently.

VII. HORIZONTAL COMPETITION

The Bank has no controlling shareholders, and there is no horizontal competition with any controlling shareholders, ultimate controllers and other enterprises under its control.

VIII. CONSTRUCTION OF INTERNAL CONTROL

(I) Major deficiencies in internal control

During the reporting period, no major deficiencies in the internal control of the Bank were found.

(II) Internal control work

During the reporting period, the Bank continued to improve the internal control system in accordance with the basic principles for internal control—100% coverage, checks and balances, prudence and alignment: **Firstly**, the Bank comprehensively evaluated the implementation of critical corporate governance operations, stepped up the development of the governance mechanism, and further standardised corporate governance practices. **Secondly**, the Bank improved the adjustment mechanism of functional structure, continuously deepened and improved the reform of the organisational system, and enhanced the efficiency of line management and the standard of internal control management. **Thirdly**, the Bank stepped up risk appetite and risk limit management, consistently improved various risk management policies and process systems, pushed forward the implementation of various reform mechanisms, and promoted strict management of asset quality. **Fourthly**, the Bank organized and carried out the "Internal Control and Compliance Management Construction Year" campaign, further developed the internal control system, improved the efficiency of internal control and reinforced the awareness of compliance by taking measures such as tightening compliance case prevention training and case warning education of employees, conducting self-inspection on compliance of internal control and unannounced case prevention inspections, and driving the rectification of persistent violations and offenses detected in inspections. **Fifthly**, focusing on important businesses, major issues, high-risk areas and staff members holding key positions, the Bank solidly carried out internal audit projects, conducted in-depth special audit investigations, promptly discovered and disclosed existing problems and weaknesses in internal control management, supervised the implementation of comprehensive rectification measures, and strengthened the conversion and application of audit findings, improving the effectiveness of internal management operations throughout the Bank. **Sixthly**, the Bank continuously investigated into abnormal practices of its employees, improved the accountability investigation mechanism for regulatory violations, redoubled employee behavior management and accountability investigation efforts, and effectively strengthened risk prevention.

(III) Internal control audit report or assurance report

The KPMG Huazhen Certified Public Accountants (special general partnership) engaged by the Bank performed the verification work on internal control operations related to the financial reports of the Bank, and issued the Internal Control Assurance Report for Bank of Dongguan Co., Ltd. (KPMG Huazhen Zhuangzi No. 2200092). The report concludes that as of 31 December 2021, the Bank maintained effective internal control in all material aspects related to financial statements established in accordance with the standards of the Guidelines for Internal Control of Commercial Banks promulgated by the former China Banking Regulatory Commission.

| Financial Report

1. Auditor's Report (Attached below)
2. Financial Statements (Attached below)
3. Notes to the Financial Statements (Attached below)

| List of Reference Documents

1. Financial statements affixed with seal of the legal representative, president, chief accountant, and head of accounting department of the Bank.
2. Original audit report affixed with seal of the accounting firm as well as seal and signatures of certified public accountants.
3. Original annual report deliberated on and approved by the Board of Directors of the Company.
4. Articles of Association of the Bank of Dongguan Co., Ltd.

Comments on the 2021 Annual Report by the Directors and Senior Executives of Bank of Dongguan Co., Ltd.

In accordance with relevant regulations and requirement noted in the Administrative Measures on Information Disclosure of Commercial Banks, as Directors and senior executives of Bank of Dongguan Co., Ltd., we offer the following opinions upon a thorough understanding and examination of the 2021 Annual Report and its abstracts:

1. The Company operated in strict compliance with the Accounting Standards for Business Enterprises and relevant regulations, and the 2021 Annual Report and its abstracts fairly reflects the financial standing and operation results of the Company this year.
2. The 2021 Annual Financial Report had been audited by KPMG Huazhen LLP and a standard and unqualified audit report had been issued.
3. We held the view that the 2021 Annual Report and its abstracts contained no false record, misleading statement or material omission, and assumed individual and joint responsibility to the authenticity, accuracy and completeness of the information in this report.

SIGNATURES OF DIRECTORS AND SENIOR OFFICERS

Name	Position	Signature	Name	Position	Signature
Lu Guofeng	Chairman of Board of Directors		Wang Yanming	Independent Director	
Cheng Jinsong	Deputy Chairman of Board of Directors and President		Sun Hui	Independent Director	
Wu Jianwen	Director, Vice President		Hua Xiuping	Independent Director	
Xie Yongwei	Director, Vice President		Qian Wei	Independent Director	
Zhang Qingwen	Non-Executive Director		Chen Tao	Independent Director	
Lu Yuyan	Non-Executive Director		Zhang Tao	Vice President	
Wang Yiren	Non-Executive Director		Li Qicong	Vice President and Secretary of the Board of Directors	
Chen Chaohui	Non-Executive Director		Zhong Zhandong	Chief Information Officer	
Liu Mingchao	Non-Executive Director		Sun Weiling	Chief Accountant	
Zhang Foen	Non-Executive Director		Ma Yaping	Risk Director	

Auditor's Report and Financial Statements

Bank of Dongguan Co., Ltd

Auditors' report and financial statements for the year from 1 January 2021 to 31 December 2021

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Auditor's Report

KPMG Huazhen Shen Zi No. 2201856

To the Board of Directors of Bank of Dongguan Co., Ltd.:

I. OPINION

We have audited the accompanying financial statements of Bank of Dongguan Co., Ltd., ("Bank of Dongguan") on pages 75 to 187, which comprise the consolidated balance sheet and the parent company's balance sheet as at 31 December 2021, the consolidated income statement and the parent company's income statement, the consolidated cash flow statement and the parent company's cash flow statement, the consolidated statement of changes in shareholders' equity and the parent company's statement of changes in shareholders' equity for the year then ended 2021, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial standing of Bank of Dongguan and the parent company's financial standing as at 31 December 2021, as well as the Bank's consolidated financial performance and cash flows and the parent company's financial performance and cash flows for the year then ended 2021 in accordance with Accounting Standards for Business Enterprises ("Accounting Standards for Business Enterprises") issued by MOF of the People's Republic of China.

II. BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants ("CSAs"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of Bank of Dongguan in accordance with the China Code of Ethics for Certified Public Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. OTHER INFORMATION

The management of Bank of Dongguan is responsible for the other information. The other information comprises the information included in Bank of Dongguan's 2021 Annual Report, other than the financial statements and our auditor's report thereon.

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

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

IV. RESPONSIBILITIES OF MANAGEMENT AND THOSE TASKED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to ensure that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing Bank of Dongguan's ability to continue as a going concern, disclosing, where applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate Bank of Dongguan or to cease operations, or has no realistic alternative but to do so.

Those tasked with governance are responsible for overseeing the financial reporting process at Bank of Dongguan.

V. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect any 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 financial statements.

As part of an audit conducted in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. At the same time, we perform the following tasks:

(1) Identify and assess the risk of material misstatements contained in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to such risk, 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

(2) 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 Bank of Dongguan's internal control.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

(4) Conclude on the appropriateness of the management's 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 Bank of Dongguan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw the readers' attention in our auditor's report to the related disclosures in the financial statements; and if such disclosures are inadequate, we are required to express a non-unqualified 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 Bank of Dongguan to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Bank of Dongguan to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with those tasked with governance 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.

KPMG Huazhen LLP

Beijing, China



Chinese Certified Public Accountants

Huang Aizhou



Ye Yunhui



Date:

2022年3月1日

Consolidated Balance Sheet

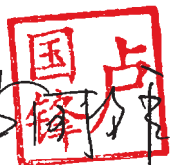
31 December 2021
(Expressed in Renminbi unless otherwise indicated)

	Note	2021	2020
Assets			
Cash and deposits in the central bank	7	33,559,339,047.39	34,092,525,456.53
Deposits with banks and other financial institutions	8	1,431,470,014.39	1,393,620,903.47
Loans to banks and other financial institutions	9	3,274,851,388.49	718,543,631.95
Derivative financial assets	10	562,219,591.40	353,664,858.22
Financial assets purchased under resale agreements	11	13,161,246,095.20	6,124,067,622.06
Loans and advances to customers	12	264,062,688,372.73	223,735,473,339.39
Financial investment			
Financial assets held for trading	13	37,765,538,249.25	34,041,579,698.33
Debt investments	14	93,204,370,428.03	90,791,318,347.80
Other debt investments	15	28,002,739,818.30	18,820,079,940.43
Investments in other equity instruments	16	23,092,583.94	17,630,546.29
Long-term equity investments	17	913,079,894.99	882,393,628.39
Fixed assets	18	1,015,456,770.12	852,494,329.06
Construction-in-progress	19	739,998,421.48	811,729,390.10
Right-of-use asset	20	599,168,035.68	N/A
Intangible assets	21	644,284,545.80	422,339,869.79
Deferred tax assets	22	2,104,044,774.62	2,020,932,619.86
Other assets	23	1,719,995,463.69	1,247,712,877.74
Total assets		482,783,583,495.50	416,326,107,059.41
Liabilities and owners' equity			
Liabilities			
Borrowings from central bank	24	10,857,912,923.74	27,598,977,607.90
Deposits from banks and other financial institutions	25	4,094,438,128.09	4,156,208,145.57
Derivative financial liabilities	10	629,169,933.37	284,199,665.03
Loans from banks and other financial institutions	26	5,319,360,334.80	3,720,865,696.15
Financial assets sold under repurchase agreements	27	20,685,917,896.04	9,825,540,205.44
Customer deposits	28	322,651,132,471.42	295,939,082,153.30
Staff benefits payable	29	1,141,308,032.80	1,062,638,604.29
Taxes and surcharges payable	5(3)	202,674,848.27	164,549,159.46
Provisions	30	248,308,405.41	212,670,215.80
Bonds payable	31	85,534,540,020.45	44,889,143,553.23
Lease liabilities	32	617,793,775.72	N/A
Other liabilities	33	943,520,819.51	1,391,256,925.99
Total liabilities		452,926,077,589.62	389,245,131,932.16

	Note	2021	2020
Shareholders' equity			
Share capital	34	2,180,000,000.00	2,180,000,000.00
Capital reserve	35	2,089,535,131.41	2,089,535,131.41
Other equity instruments	36	2,197,358,490.57	2,197,358,490.57
Other comprehensive income	37	190,080,309.80	93,241,155.75
Surplus reserve	38	2,900,713,599.82	2,569,315,378.08
General risk reserve	39	5,175,989,165.07	4,675,715,190.43
Undistributed profit	40	15,021,676,217.78	13,175,515,147.27
Total equity attributable to shareholders of the parent company		29,755,352,914.45	26,980,680,493.51
Minority interests		102,152,991.43	100,294,633.74
Total shareholders' equity		29,857,505,905.88	27,080,975,127.25
Total liabilities and shareholders' equity		482,783,583,495.50	416,326,107,059.41

The financial statements were approved by the Board of Directors of the Bank on 10 March 2022.

Lu Guofeng
Legal Representative:



Cheng Jinsong
President



Sun Weiling
Accounting Principal:



Wei Sanfang
Head of the
Finance
Department:



Bank of Dongguan Co., Ltd.



The notes on pages 91 to 187 form an integral part of these financial statements.

Parent Company's Balance Sheet

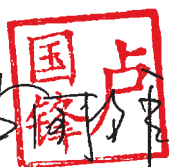
31 December 2021
(Expressed in Renminbi unless otherwise indicated)

	Note	2021	2020
Assets			
Cash and deposits in the central bank	7	33,365,386,945.77	33,931,659,960.37
Deposits with banks and other financial institutions	8	1,298,214,804.24	1,201,850,313.40
Loans to banks and other financial institutions	9	3,274,851,388.49	718,543,631.95
Derivative financial assets	10	562,219,591.40	353,664,858.22
Financial assets purchased under resale agreements	11	13,161,246,095.20	6,124,067,622.06
Loans and advances to customers	12	263,152,516,761.27	222,821,599,383.05
Financial investment			
Financial assets held for trading	13	37,765,538,249.25	34,041,579,698.33
Debt investments	14	93,204,370,428.03	90,791,318,347.80
Other debt investments	15	28,002,739,818.30	18,820,079,940.43
Investments in other equity instruments	16	23,092,583.94	17,630,546.29
Long-term equity investments	17	1,076,650,077.24	1,045,963,810.64
Fixed assets	18	992,823,628.05	838,715,272.34
Construction-in-progress	19	739,998,421.48	806,649,397.45
Right-of-use asset	20	596,112,462.80	N/A
Intangible assets	21	644,284,545.80	422,339,869.79
Deferred tax assets	22	2,086,855,349.94	2,003,782,830.72
Other assets	23	1,711,496,001.50	1,236,903,416.04
Total assets		481,658,397,152.70	415,176,348,898.88
Liabilities and shareholders' equity			
Liabilities			
Borrowings from central bank	24	10,831,890,955.09	27,561,860,475.64
Deposits from banks and other financial institutions	25	4,355,141,171.20	4,430,368,703.23
Derivative financial liabilities	10	629,169,933.37	284,199,665.03
Loans from banks and other financial institutions	26	5,319,360,334.80	3,720,865,696.15
Financial assets sold under repurchase agreements	27	20,685,917,896.04	9,825,540,205.44
Customer deposits	28	321,409,535,923.25	294,663,455,759.50
Staff benefits payable	29	1,130,907,294.34	1,053,415,255.63

	Note	2021	2020
Taxes payable	5(3)	202,391,692.76	162,838,707.49
Provisions	30	248,308,405.41	212,670,215.80
Bonds payable	31	85,534,540,020.45	44,889,143,553.23
Lease liabilities	32	615,598,170.75	N/A
Other liabilities	33	940,551,081.05	1,389,227,758.96
Total liabilities		451,903,312,878.51	388,193,585,996.10
Shareholders' equity			
Share capital	34	2,180,000,000.00	2,180,000,000.00
Capital reserve	35	2,088,785,229.52	2,088,785,229.52
Other equity instruments	36	2,197,358,490.57	2,197,358,490.57
Other comprehensive income	37	190,080,309.80	93,241,155.75
Surplus reserve	38	2,900,713,599.82	2,569,315,378.08
General risk reserve	39	5,163,268,266.88	4,663,268,266.88
Undistributed profit	40	15,034,878,377.60	13,190,794,381.98
Total shareholders' equity		29,755,084,274.19	26,982,762,902.78
Total liabilities and shareholders' equity		481,658,397,152.70	415,176,348,898.88

The financial statements were approved by the Board of Directors of the Bank on 10 March 2022.

Lu Guofeng
Legal
Representative:



Cheng Jinsong
President:



Sun Weiling
Accounting Principal:



Wei Sanfang
Head of the
Finance
Department:



Bank of Dongguan Co., Ltd.



The notes on pages 91 to 187 form an integral part of these financial statements.

Consolidated Income Statement

Year 2021
(Expressed in Renminbi unless otherwise indicated)

	Note	2021	2020
Operating income			
Interest income		16,991,501,155.04	15,817,365,565.99
Interest expense		(9,705,920,099.34)	(8,260,701,550.73)
Net interest income	41	7,285,581,055.70	7,556,664,015.26
Fee and commission income		984,937,634.02	869,296,340.30
Fee and commission expenses		(103,829,239.52)	(82,777,172.61)
Net fee and commission income	42	881,108,394.50	786,519,167.69
Investment income	43	1,156,835,446.22	740,764,052.74
(Including: Income from investment in associates		33,498,533.94	26,407,041.58
Income arising from derecognition of financial assets measured at amortised cost)		4,853,238.46	12,390,458.72
Net gains from changes in fair value	44	133,662,014.00	86,756,893.19
Foreign exchange gains and losses		38,087,022.57	(28,836,295.41)
Income from other business		1,167,015.41	1,661,343.94
Net (losses)/gains from disposal of assets	45	(10,295,172.46)	3,035,553.33
Other income	46	24,609,645.50	11,001,782.87
Operating income		9,510,755,421.44	9,157,566,513.61
Operating expenses			
Taxes and surcharges	47	(110,370,633.69)	(98,362,125.28)
Operating and administrative expenses	48	(3,286,315,145.38)	(2,808,884,920.71)
Credit impairment losses	49	(2,828,170,908.97)	(3,682,183,069.85)
Impairment loss of other assets		(1,836,201.40)	—
Total operating expenses		(6,226,692,889.44)	(6,589,430,115.84)
Operating profit		3,284,062,532.00	2,568,136,397.77
Non-operating income	50(1)	3,663,396.79	3,849,409.81
Non-operating expenses	50(2)	(7,977,394.99)	(17,002,144.56)
Total profit		3,279,748,533.80	2,554,983,663.02
Income tax expenses	51	40,403,090.78	321,047,089.11
Net profit		3,320,151,624.58	2,876,030,752.13
(1) Net profit classified by continuity of operations:			
1. Net profit from continuing operations		3,320,151,624.58	2,876,030,752.13
2. Net profit from discontinued operations		—	—

	Note	2021	2020
(2) Net profit classified by ownership			
1. Net profit attributable to shareholders of the parent company		3,316,333,266.89	2,875,583,926.46
2. Minority interests profit or loss		3,818,357.69	446,825.67
Net profit		3,320,151,624.58	2,876,030,752.13
Other comprehensive income, net of tax	52		
(1) Other comprehensive income, net of tax, to shareholders of the parent company			
1. Items that will not be reclassified into profit or loss			
a. Changes in fair value of investments in other equity instruments		(21,707,332.35)	(1,283,840.69)
2. Items that may be reclassified into profit or loss			
a. Changes in fair value of debt instruments measured at FVOCI		(71,768,330.20)	(279,279,760.33)
b. Losses of debt instruments measured at FVOCI		189,527,083.64	71,153,527.46
c. Other comprehensive income that can be reclassified into profit or loss under equity method		787,732.96	194,058.34
(2) Other comprehensive income, net of tax, to minority interests		—	—
Total comprehensive income		3,416,990,778.63	2,666,814,736.91
Total comprehensive income attributable to shareholders of the parent company		3,413,172,420.94	2,666,367,911.24
Total comprehensive income attributable to minority interests		3,818,357.69	446,825.67
Basic and diluted earnings per share (RMB)		1.48	1.32

The notes on pages 91 to 187 form an integral part of these financial statements.

Parent Company's Income Statement

Year 2021

(Expressed in Renminbi unless otherwise indicated)

	Note	2021	2020
Operating income			
Interest income		16,921,048,879.07	15,755,371,194.01
Interest expense		(9,681,123,597.49)	(8,245,313,246.97)
Net interest income	41	7,239,925,281.58	7,510,057,947.04
Fee and commission income		986,178,532.16	869,272,319.60
Fee and commission expenses		(103,763,437.38)	(82,602,018.14)
Net fee and commission income	42	882,415,094.78	786,670,301.46
Investment income	43	1,158,875,446.22	731,981,562.72
(Including: Income from investment in associates		33,498,533.94	26,407,041.58
Income arising from derecognition of financial assets measured at amortised cost)		4,853,238.46	12,390,458.72
Net gains from changes in fair value	44	133,662,014.00	86,756,893.19
Foreign exchange gains or losses		38,087,022.57	(28,836,295.41)
Income from other business		1,032,491.60	1,621,343.94
Net losses from disposal of assets	45	(10,306,269.40)	(1,256,634.00)
Other income	46	23,984,409.16	10,722,259.87
Operating income		9,467,675,490.51	9,097,717,378.81
Operating expenses			
Taxes and surcharges	47	(110,013,359.76)	(98,026,751.54)
Operating and administrative expenses	48	(3,246,695,785.72)	(2,776,691,971.21)
Credit impairment losses	49	(2,835,470,486.28)	(3,653,417,564.86)
Total Operating expenses		(6,192,179,631.76)	(6,528,136,287.61)
Operating profit		3,275,495,858.75	2,569,581,091.20
Non-operating income	50(1)	3,653,930.53	3,716,158.58
Non-operating expenses	50(2)	(7,580,312.15)	(16,913,893.35)
Total profit		3,271,569,477.13	2,556,383,356.43

	Note	2021	2020
Income tax expenses	51	42,412,740.23	326,154,929.88
Net profit		3,313,982,217.36	2,882,538,286.31
Net profit		3,313,982,217.36	2,882,538,286.31
Net profit from continuing operations		3,313,982,217.36	2,882,538,286.31
Net profit from discontinued operations		–	–
Other comprehensive income, net of tax	52		
(1) Items that will not be reclassified into profit or loss			
1. Changes in fair value of investments in other equity instruments		(21,707,332.35)	(1,283,840.69)
(2) Items that may be reclassified into profit or loss			
1. Changes in fair value of debt instruments measured at FVOCI		(71,768,330.20)	(279,279,760.33)
2. Losses of debt instruments measured at FVOCI		189,527,083.64	71,153,527.46
3. Other comprehensive income that can be reclassified into profit or loss under equity method		787,732.96	194,058.34
Total comprehensive income		3,410,821,371.41	2,673,322,271.09

The notes on pages 91 to 187 form an integral part of these financial statements.

Consolidated Cash Flow Statement

Year 2021

(Expressed in Renminbi unless otherwise indicated)

	Note	2021	2020
Cash flows from operating activities			
Net increase in customer deposits and placement from banks and other financial institutions		27,018,447,923.72	24,514,689,965.40
Net increase in borrowings from central bank		—	24,158,291,042.17
Net increase in loans from banks and other financial institutions and financial assets sold under repurchase agreements		12,507,280,644.38	—
Net decrease in deposits with central banks and interbanks and other financial institutions		359,524,641.71	—
Net decrease in loans to banks and other financial institutions and financial assets purchased under resale agreements		—	104,954,153.96
Proceeds from interests, fee and commission income		14,811,862,914.43	13,447,959,338.22
Proceeds from other operating activities		126,373,623.42	19,519,036.19
Sub-total of cash inflows of operating activities		54,823,489,747.66	62,245,413,535.94
Net increase in loans and advances to customers		(41,769,478,117.52)	(39,932,977,698.84)
Net increase in deposits with central bank and with banks and other financial institutions		—	(1,995,918,265.20)
Net increase in loans to banks and other financial institutions and financial assets purchased under resale agreements		(1,192,897,804.36)	—
Net decrease in borrowings from central bank		(16,681,808,397.08)	—
Net decrease in loans from banks and other financial institutions and financial assets sold under repurchase agreements		—	(418,384,908.15)
Payment for interests, fee and commissions		(8,313,108,582.19)	(6,275,932,330.42)
Payments to and for employees		(1,994,909,201.73)	(1,621,932,137.36)
Payment of various taxes		(876,459,796.98)	(1,410,171,873.67)
Payment for other operating activities		(1,849,944,626.84)	(909,707,923.38)
Sub-total of cash outflows of operating activities		(72,678,606,526.70)	(52,565,025,137.02)
Net cash flows (used in)/generated from operating activities	53(1)	(17,855,116,779.04)	9,680,388,398.92
Cash flows from investing activities			
Proceeds from disposal of investments		336,195,947,683.63	1,149,714,114,202.41
Investment returns received		4,797,200,280.71	4,312,620,537.87
Net proceeds from disposal of fixed assets, intangible assets and other assets		1,187,738.76	5,627,676.39
Other proceeds related to investing activities		—	141,076,377.86
Sub-total of cash inflows of investing activities		340,994,335,703.10	1,154,173,438,794.53
Payment for investments		(352,046,424,998.92)	(1,157,656,093,575.47)
Cash paid for the acquisition of the subsidiaries	53(3)	—	(18,000,000.00)
Payment for acquisition of fixed assets, intangible assets and other assets		(668,255,771.17)	(855,238,514.08)
Sub-total of cash outflows of investing activities		(352,714,680,770.09)	(1,158,529,332,089.55)
Net cash flows used in investing activities		(11,720,345,066.99)	(4,355,893,295.02)

	Note	2021	2020
Cash flows from financing activities			
Proceeds from issuance of bonds		127,596,453,575.47	91,171,100,300.00
Proceeds from issuance of other equity instruments		–	2,197,358,490.57
Cash received from capital contributions		–	11,000,000.00
Sub-total of cash inflows of financing activities		127,596,453,575.47	93,379,458,790.57
Payment for distribution of dividends and profits		(553,367,004.11)	(546,077,574.13)
Including: profits paid to minority interests of subsidiaries		(1,960,000.00)	(3,136,000.00)
Cash paid for allocating perpetual bond interest payments		(93,500,000.00)	–
Cash paid to repay bond principal		(87,785,513,930.00)	(100,869,473,200.00)
Cash paid to repay bond interest		(1,188,886,070.00)	(1,849,081,516.98)
Cash paid to repay lease liability		(159,181,344.44)	N/A
Sub-total of cash outflows of financing activities		(89,780,448,348.55)	(103,264,632,291.11)
Net cash flows ((used in)/generated from financing activities		37,816,005,226.92	(9,885,173,500.54)
Effect of changes in foreign exchange rate on cash and cash equivalents		(50,471,271.14)	(51,474,140.76)
Net increase/(decrease) in cash and cash equivalents	53(2)	8,190,072,109.75	(4,612,152,537.40)
Add: Cash and cash equivalents at the beginning of the year		15,991,315,794.20	20,603,468,331.60
Cash and cash equivalents at the end of the year	53(4)	24,181,387,903.95	15,991,315,794.20

The notes on pages 91 to 187 form an integral part of these financial statements.

Parent Company's Cash Flow Statement

Year 2021

(Expressed in Renminbi unless otherwise indicated)

	Note	2021	2020
Cash flows from operating activities			
Net increase in customer deposits and placement from banks and other financial institutions		27,106,463,758.64	24,979,752,256.21
Net increase in borrowings from central bank		—	24,149,596,042.17
Net increase in loans from banks and other financial institutions and financial assets sold under repurchase agreements		12,507,280,644.38	—
Net decrease in deposits with central banks and interbanks and other financial institutions		321,628,076.83	—
Net decrease in loans to banks and other financial institutions and financial assets purchased under resale agreements		—	104,954,153.96
Proceeds from interests, fee and commission income		14,740,825,452.82	13,385,357,125.77
Proceeds from other operating activities		124,470,516.16	19,237,507.10
Sub-total of cash inflows of operating activities		54,800,668,448.83	62,638,897,085.21
Net increase in loans and advances to customers		(41,779,219,722.33)	(39,911,620,064.91)
Net increase in deposits with central bank and with banks and other financial institutions		—	(2,097,674,975.90)
Net increase in loans to banks and other financial institutions and financial assets purchased under resale agreements		(1,192,897,804.36)	—
Net decrease in borrowings from central bank		(16,670,718,397.08)	—
Net decrease in loans from banks and other financial institutions and financial assets sold under repurchase agreements		—	(418,384,908.15)
Payment for interests, fee and commissions		(8,288,932,132.99)	(6,265,223,534.54)
Payments to and for employees		(1,972,284,321.88)	(1,606,032,023.88)
Payment of various taxes		(870,901,115.70)	(1,406,282,095.48)
Payment for other operating activities		(1,835,379,345.05)	(894,659,431.14)
Sub-total of cash outflows of operating activities		(72,610,332,839.39)	(52,599,877,034.00)
Net cash flows (used in)/generated from operating activities	53(1)	(17,809,664,390.56)	10,039,020,051.21
Cash flows from investing activities			
Proceeds from disposal of investments		336,195,947,683.63	1,149,714,114,202.41
Investment returns received		4,797,200,280.71	4,312,620,537.87
Dividend from subsidiaries		2,040,000.00	3,264,000.00
Net proceeds from disposal of fixed assets, intangible assets and other assets		1,121,613.61	1,294,853.40
Sub-total of cash inflows of investing activities		340,996,309,577.95	1,154,031,293,593.68
Payment for investments		(352,046,424,998.92)	(1,157,656,093,575.47)
Cash paid for the acquisition of the subsidiaries		—	(77,000,000.00)
Payment for acquisition of fixed assets, intangible assets and other assets		(664,014,534.44)	(854,757,717.01)
Sub-total of cash outflows of investing activities		(352,710,439,533.36)	(1,158,587,851,292.48)
Net cash flows used in investing activities		(11,714,129,955.41)	(4,556,557,698.80)

	Note	2021	2020
Cash flows from financing activities			
Proceeds from issuance of bonds		127,596,453,575.47	91,171,100,300.00
Proceeds from issuance of other equity instruments		–	2,197,358,490.57
Sub-total of cash inflows of financing activities		127,596,453,575.47	93,368,458,790.57
Payment for distribution of dividends and profits		(551,407,004.11)	(542,941,574.13)
Cash paid for allocating perpetual bond interest payments		(93,500,000.00)	–
Cash paid to repay bond principal		(87,785,513,930.00)	(100,869,473,200.00)
Cash paid to repay bond interest		(1,188,886,070.00)	(1,849,081,516.98)
Cash paid to repay lease liability		(157,865,444.25)	N/A
Sub-total of cash outflows of financing activities		(89,777,172,448.36)	(103,261,496,291.11)
Net cash flows generated from/(used in) from financing activities		37,819,281,127.11	(9,893,037,500.54)
Effect of changes in foreign exchange rate on cash and cash equivalents		(50,471,271.14)	(51,474,140.76)
Net (decrease)/increase in cash and cash equivalents	53(2)	8,245,015,510.00	(4,462,049,288.89)
Add: Cash and cash equivalents at the beginning of the year		15,793,264,616.76	20,255,313,905.65
Cash and cash equivalents at the end of the year	53(4)	24,038,280,126.76	15,793,264,616.76

The notes on pages 91 to 187 form an integral part of these financial statements.

Consolidated Statement of Changes in Shareholders' Equity

Year 2021
(Expressed in Renminbi unless otherwise indicated)

Note	Equity attributable to shareholders of the Bank								Total Share capital shareholders' equity	
	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained earnings	Sub-total		Minority interests
Balance as of 1 January 2021										
Changes in equity during the year:	2,180,000,000.00	2,197,358,490.57	2,089,535,131.41	93,241,155.75	2,569,315,378.08	4,675,715,190.43	13,175,515,147.27	26,980,680,493.51	100,294,633.74	27,080,975,127.25
1. Total comprehensive income for the year	-	-	-	96,839,154.05	-	-	-	3,413,172,420.94	3,816,357.69	3,416,990,778.63
2. Appropriation of profits										
40										
- Appropriation of surplus reserves	-	-	-	-	331,398,221.74	-	(331,398,221.74)	-	-	-
- Appropriation of general risk reserve	-	-	-	-	-	500,273,974.64	(500,273,974.64)	-	-	-
- Dividend distribution	-	-	-	-	-	-	(545,000,000.00)	(545,000,000.00)	(1,960,000.00)	(546,960,000.00)
- Appropriation of perpetual bond interest	-	-	-	-	-	-	(93,500,000.00)	(93,500,000.00)	-	(93,500,000.00)
Sub-total of 1 to 2	-	-	-	96,839,154.05	331,398,221.74	500,273,974.64	1,846,161,070.51	2,774,672,420.94	1,858,357.69	2,776,530,778.63
Balance as at 31 December 2021	2,180,000,000.00	2,197,358,490.57	2,089,535,131.41	190,080,309.80	2,900,713,599.82	5,175,989,165.07	15,021,676,217.78	29,755,352,914.45	102,152,991.43	29,857,505,905.88

The notes on pages 91 to 187 form an integral part of these financial statements.

Note	Share capital	Other equity instruments	Equity attributable to shareholders of the Bank					Sub-total	Minority interests	Total shareholders' equity
			Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained earnings			
Balance as of 1 January 2020	2,180,000,000.00	-	2,089,535,131.41	302,457,170.97	2,281,061,549.45	4,533,268,266.88	11,331,208,628.82	22,717,530,747.53	90,535,387.88	22,808,066,135.41
Changes in equity during the year:										
1. Total comprehensive income for the year	-	-	-	(209,216,015.22)	-	-	2,875,583,926.46	2,666,367,911.24	446,825.67	2,666,814,736.91
2. Capital contributed by shareholders	-	-	-	-	-	-	-	-	-	-
- Ordinary shares invested by shareholders	-	-	-	-	-	-	-	-	16,854,672.72	16,854,672.72
- Capital contributed by the holders of other equity instruments	-	2,197,358,490.57	-	-	-	-	-	2,197,358,490.57	-	2,197,358,490.57
3. Appropriation of profits	40	-	-	-	-	-	-	-	-	-
- Appropriation of surplus reserves	-	-	-	-	288,253,828.63	-	(288,253,828.63)	-	-	-
- Appropriation of general risk reserve	-	-	-	-	-	142,446,923.55	(142,446,923.55)	-	-	-
- Dividend distribution	-	-	-	-	-	-	(545,000,000.00)	(545,000,000.00)	(3,136,000.00)	(548,136,000.00)
4. Transfer from disposal of other equity instruments	-	-	-	-	-	-	(30,112,019.73)	(30,112,019.73)	-	(30,112,019.73)
5. Other	-	-	-	-	-	-	(25,464,636.10)	(25,464,636.10)	(4,406,252.53)	(29,870,888.63)
Sub-total of 1 to 5	-	2,197,358,490.57	-	(209,216,015.22)	288,253,828.63	142,446,923.55	1,844,306,518.45	4,263,149,745.98	9,759,245.86	4,272,908,991.84
Balance as at 31 December 2020	2,180,000,000.00	2,197,358,490.57	2,089,535,131.41	93,241,155.75	2,569,315,378.08	4,675,715,190.43	13,175,515,147.27	26,980,680,493.51	100,294,633.74	27,080,975,127.25

The notes on pages 91 to 187 form an integral part of these financial statements.

Parent Company's Statement of Changes in Shareholders' Equity

Year 2021
(Expressed in Renminbi unless otherwise indicated)

	Note	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained earnings	Total
Balance as of 1 January 2021		2,180,000,000.00	2,197,358,490.57	2,088,785,229.52	93,241,155.75	2,569,315,378.08	4,663,268,266.88	13,190,794,381.98	26,982,762,902.78
Changes in equity during the year:									
1. Total comprehensive income for the year		-	-	-	96,839,154.05	-	-	3,313,982,217.36	3,410,821,371.41
2. Appropriation of profits	40								
- Appropriation of surplus reserves		-	-	-	-	331,398,221.74	-	(331,398,221.74)	-
- Appropriation of general risk reserve		-	-	-	-	-	500,000,000.00	(500,000,000.00)	-
- Dividend distribution		-	-	-	-	-	-	(545,000,000.00)	(545,000,000.00)
- Appropriation of perpetual bond interest		-	-	-	-	-	-	(93,500,000.00)	(93,500,000.00)
Sub-total of 1 to 2		-	-	-	96,839,154.05	331,398,221.74	500,000,000.00	1,844,083,995.62	2,772,321,371.41
Balance as at 31 December 2021		2,180,000,000.00	2,197,358,490.57	2,088,785,229.52	190,080,309.80	2,900,713,599.82	5,163,268,266.88	15,034,878,377.60	29,755,084,274.19

The notes on pages 91 to 187 form an integral part of these financial statements.

	Note	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained earnings	Total
Balance as of 1 January 2020		2,180,000,000.00	-	2,088,785,229.52	302,457,170.97	2,281,061,549.45	4,533,268,266.88	11,301,621,944.04	22,687,194,160.86
Changes in equity during the year:									
1. Total comprehensive income for the year		-	-	-	(209,216,015.22)	-	-	2,882,538,286.31	2,673,322,271.09
2. Capital contributed by shareholders		-	-	-	-	-	-	-	-
- Capital contributed by the holders of other equity instruments		-	2,197,358,490.57	-	-	-	-	-	2,197,358,490.57
3. Appropriation of profits	40								
- Appropriation of surplus reserves		-	-	-	-	288,253,828.63	-	(288,253,828.63)	-
- Appropriation of general risk reserve		-	-	-	-	-	130,000,000.00	(130,000,000.00)	-
- Dividend distribution		-	-	-	-	-	-	(545,000,000.00)	(545,000,000.00)
4. Transfer from disposal of other equity instruments		-	-	-	-	-	-	(30,112,019.74)	(30,112,019.74)
Sub-total of 1 to 4		-	2,197,358,490.57	-	(209,216,015.22)	288,253,828.63	130,000,000.00	1,889,172,437.94	4,295,568,741.92
Balance as at 31 December 2020		2,180,000,000.00	2,197,358,490.57	2,088,785,229.52	93,241,155.75	2,569,315,378.08	4,663,268,266.88	13,190,794,381.98	26,982,762,902.78

The notes on pages 91 to 187 form an integral part of these financial statements.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1 BASIC INFORMATION

The Bank of Dongguan Co., Ltd. (hereinafter referred to as the "Bank"), formerly known as Dongguan Commercial Bank Co., Ltd., is a joint-stock commercial bank incorporated and established on 8 September 1999 in accordance with the Notice on Incorporation of Urban Cooperative Bank (GF [1995] No. 25), Reply on Preparation of Commercial Banks in Dongguan (DRYF (1999) No.51) issued by Dongguan Central Branch of the People's Bank of China, Reply on Preparation of Commercial Banks in Dongguan (GZYF (1999) No. 156) issued by Guangzhou Branch of the People's Bank of China and the Reply on Opening of Dongguan Commercial Bank Co., Ltd. (GZYF (1999) No.383) issued by Guangzhou Branch of the People's Bank of China based on assets and capital verification as well as restructuring of 14 former urban credit cooperatives and 19 independent accounting business departments. On 14 February 2008, upon approval under Reply of the China Banking Regulatory Commission on Rename of Dongguan Commercial Bank (YJF (2008) No.74) issued by the former China Banking Regulatory Commission (hereinafter referred to as the "former CBRC"), the Bank was renamed Bank of Dongguan Co., Ltd. As at 31 December 2021, the Bank's registered capital is RMB2,180,000,000.

As at 31 December 2021, the unified social credit code/registration number of the Bank is 914419007076883717, and the number of the Financial Institution Permit is B0201H244190001. The Legal Representative is Lu Guofeng, and the registered address is at No. 21, Tiyu Road, Guancheng District, Dongguan.

As at 31 December 2021, the Bank had one head office and 13 branches (Dongguan Branch, Guangzhou Branch, Shenzhen Branch, Huizhou Branch, Changsha Branch, Foshan Branch, Hefei Branch, Qingyuan Branch, Zhuhai Branch, Shaoguan Branch, Zhongshan Branch and Nansha Branch of Guangdong Pilot Free Trade Zone, Hong Kong Branch).

The scope of business of the Bank and its subsidiaries ("the Group") includes: attracting deposits from enterprises and individuals; lending loans; payment and settlement; treasury business and other commercial bank business approved by the former CBRC.

2 BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on the going concern basis.

The Group has implemented the "Accounting Standards for Business Enterprises No. 14-Revenue: New Revenue Standards" revised in 2017 by MOF ("MOF") since 1 January 2020. (See Note 3(14)).

The Group has implemented the "Accounting Standards for Business Enterprises No.21 – Leases: New Lease Standards" revised by MOF in 2018 since 1 January 2021. (See Note 3(19)).

(1) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises issued by the MOF ("MOF"). These financial statements present truly and completely the consolidated financial standing and financial standing of the Bank as at 31 December 2021, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Bank for the year then ended.

(2) Accounting year

The accounting year is from 1 January to 31 December.

(3) Functional currency and presentation currency

The functional currencies of the Bank and its subsidiaries are Renminbi (RMB) and these financial statements are presented in Renminbi. The functional currency is determined by the Bank and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled.

3 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) Business combinations and consolidated financial statements

(a) Business combinations not involving entities under common control

A business combination that does not involve any entities under common control is a business combination in which all of the combining entities or businesses are not ultimately controlled by the same party or parties before and after the business combination. Where (1) the aggregate of the acquisition-date fair value of assets transferred (including the equity interest previously held by the Group (the acquirer) in the acquiree), liabilities incurred or borne, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (2) the acquirer's interest in the acquisition-date fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill. If (1) is less than (2), the difference is recognised in profit or loss for the current period. Other acquisition-related costs are expensed when incurred. The acquiree's identifiable assets, liabilities and contingent liabilities, if the recognition criteria are met, are recognised by the Group at their acquisition-date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

In case of a business combination that does not involve entities under common control made through multiple transactions, the Group remeasures its previously-held equity interest in the acquiree to its acquisition-date fair value and recognises any resulting difference between the fair value and the carrying amount as investment income or other comprehensive income for the current period. In addition, any amount recognised in other comprehensive income and other changes in the owners' equity under equity accounting in prior reporting periods relating to the previously-held equity interest that may be reclassified into profit or loss are transferred to investment income at the date of acquisition; any previously-held equity interest that is designated as equity investment at fair value through other comprehensive income, the other comprehensive income recognised in prior reporting periods is transferred to retained earnings and surplus reserve at the date of acquisition.

(b) Consolidated financial statements

(i) General principles

The scope of the consolidated financial statements is determined on the basis of control, and the consolidated financial statements cover the Bank and its subsidiaries. "Control" exists when the investor has power over the invested entities, and is entitled to receive variable returns through participation in activities related to the invested entities, and has the ability to use its powers over the invested entities and affect the amount of returns on investment. When determining whether the Group has powers over an invested entity, the Group shall only consider the substantive rights associated with the entity, including its own substantive rights and the substantive rights of other parties. The financial standing, earnings results and cash flows of its subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

A structured entity is the entity that has not been designed with voting rights or similar rights as a determining factor when determining its controlling party. The basis for dominating the relevant activities of the entity is usually a contractual arrangement or other types of arrangements.

Minority interests of the subsidiary are presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to non-controlling shareholders of the subsidiary is presented separately in the consolidated income statement below the net profit line item. Total comprehensive income attributable to non-controlling shareholders of the subsidiary is presented separately in the consolidated income statement below the total comprehensive income line item.

When the amount of loss for the current period attributable to minority shareholders of a subsidiary exceeds the minority shareholders' share of the opening owners' equity of the subsidiary, the excess is still offset against the minority interests.

When the accounting period or accounting policies of a subsidiary are different from those of the Bank, the Bank makes necessary adjustments to the financial statements of the subsidiary based on the Bank's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, unless they represent impairment losses that are recognised in the financial statements.

(ii) Merger and acquisition of subsidiaries

Where a subsidiary was acquired during the reporting period, through a business combination involving entities under common control, the financial statements of the subsidiary are included in the consolidated financial statements based on the carrying amounts of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated.

Where a subsidiary was acquired during the reporting period, through a business combination not involving entities under common control, the identifiable assets and liabilities of the acquired subsidiary are included in the scope of consolidation from the date that the acquisition commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

(iii) Disposal of subsidiaries

When the Group loses control over a subsidiary, any resulting disposal gains or losses are recognised as investment income for the current period. For the remaining equity investment, the Group re-measures it according to its fair value on the date of loss of control, and any gains or losses arising therefrom are also recognised in the investment income for the period in which control is lost.

(iv) Changes in minority interests

Where the Bank acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the proportion interests of the subsidiary's net assets being acquired or disposed of and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet, with any excess adjusted to retained earnings.

(2) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily withdrawn on demand, short-term deposits with banks and other financial institutions and short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

(3) Foreign currency business and conversion of foreign currency statements

When the Group receives the capital in foreign currencies from investors, the capital is converted to Renminbi at the spot exchange rate at the date of receipt. Other foreign currency transactions are, on initial recognition, converted to Renminbi at the spot exchange rates.

Monetary items denominated in foreign currencies are converted to Renminbi at the spot exchange rate at the balance sheet date. For monetary item denominated in foreign currencies, classified as financial assets at fair value through other comprehensive income, the resulting exchange differences are decomposed into exchange differences arising from changes in amortised costs and changes in other carrying amounts of such items. The exchange differences arising from changes in amortised costs are recognised in current profit and loss, and exchange differences arising from changes in other carrying amounts are recognised in other comprehensive income. The exchange differences of other monetary items denominated in foreign currencies are recognised in current profit and loss.

Non-monetary items that are measured at historical cost in foreign currencies are converted to Renminbi using the spot exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are converted using the exchange rate at the date the fair value is determined. The resulting exchange differences are recognised in profit or loss, except for the differences arising from the re-conversion of equity investments at fair value through other comprehensive income, which are recognised in other comprehensive income.

When converting the financial statements of overseas operations, the assets and liabilities items in the balance sheet are converted at the spot exchange rate on the balance sheet date. The shareholders' equity items are converted at the spot exchange rate at the time of occurrence, except for items of exchange differences recorded in foreign currency financial statements in undistributed profits and other comprehensive income. The income and expense items in the income statement are converted at the spot exchange rate on the transaction date. The exchange differences recorded in foreign currency financial statements arising from the above conversion are presented in other comprehensive income. When disposing of overseas operations, the relevant exchange differences recorded in foreign currency financial statements are transferred from other comprehensive income to the current profit and loss of disposal.

(4) Financial instruments

Financial instruments refer to contracts that form financial assets for a given party and financial liabilities or equity instruments for other parties.

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

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

A financial asset (unless it is a trade receivable without a significant financing component) 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 transaction costs are included in their initial costs. A trade receivable without a significant financing component or that does not consider the financing component in a contract not exceed one year is initially measured at the transaction price determined in accordance with the accounting policy as set out in Note 3(14).

(b) Classification and subsequent measurement of financial assets

(i) Classification of financial assets

The Group typically classifies financial assets into different categories at initial recognition based on the business model for managing the financial assets and the contractual cash flow characteristics of financial assets: Financial assets measured at amortised cost, financial assets at fair value through other comprehensive income (FVOCI), and financial assets at fair value through profit or loss (FVTPL).

Financial assets shall not be 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 changes in its business model.

As for financial assets that meet both of the following conditions and are not designated at fair value through profit or loss, the Group classifies them as financial assets measured at amortized cost:

- The Group's objective of business model for managing the financial assets is to collect contractual cash flows;
- The contractual terms for the financial assets provide that, the cash flows generated on a specified date are solely the payments for the principal as well as the interests based on its outstanding principal amount.

As for financial assets that meet both of the following conditions and are not designated at fair value through profit or loss, the Group classifies them as financial assets measured at fair value through other comprehensive income:

- The Group's objective of business model for managing the financial assets is to both collect contractual cash flows and sell such financial assets
- The contractual terms for the financial assets provide that, the cash flows generated on a specified date are solely the payments for the principal as well as the interests based on its outstanding principal amount.

As for non-trading equity instrument investments, the Group can irrevocably designate them as financial assets at fair value through other comprehensive income at initial recognition. The designation is made on an individual investment basis, and the relevant investment meets the definition of an equity instrument from the issuer's perspective.

Except for the above-mentioned financial assets measured at amortised cost and at fair value through other comprehensive income, the Group classifies all other financial assets as those measured at fair value through profit or loss. At initial recognition, if accounting mismatches can be eliminated or significantly reduced, the Group can irrevocably designate the financial investments that should be measured at amortised cost or at fair value through other comprehensive income as financial assets that are measured at fair value through profit or loss.

The business model for managing financial assets defines how the Group manages financial assets for the purpose of generating cash flows. The business model determines as to whether the source of cash flows from financial assets managed by the Group is contractual cash flows collected or the sale of financial assets, or both. The Group determines the business model for managing financial assets on the basis of objective facts and the specific business objectives of managing 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.

(ii) Subsequent measurement of financial assets

Financial assets at FVTPL

After initial recognition, such financial assets are subsequently measured at fair value. The resulting gains and losses (including any interest or dividend income) are recognised in current profit and loss unless the financial assets are part of a hedging relationship.

Financial assets at amortised cost

After initial recognition, such assets are subsequently measured at amortised cost using the effective interest method. The gain or loss on financial assets that are measured at amortised cost and are not part of a hedging relationship shall be included in current profit and loss when the financial assets are derecognised, reclassified, amortised in accordance with the effective interest method or recognised as impairment.

Financial assets at FVOCI

After initial recognition, such assets are subsequently measured at fair value. The interests, impairment gains/losses, and foreign exchange gains/losses calculated using the effective interest method are recognised in current profit and loss. Other gains or losses are recognised in other comprehensive income. Upon derecognition, the accumulated gains or losses previously included in other comprehensive income shall be transferred out of other comprehensive income and included in current profit and loss.

Investments in equity instruments designated as FVOCI

After initial recognition, such assets are subsequently measured at fair value. The dividend income is recognised in profit or loss, and other gains/losses are recognised in other comprehensive income. Upon derecognition, the accumulated gains or losses previously included in other comprehensive income shall be transferred out of other comprehensive income and included in retained earnings.

(c) Classification and subsequent measurement of financial liabilities

Financial liabilities at FVTPL

Such financial liabilities include financial liabilities held for trading (including derivatives that belong to financial liabilities) and financial liabilities designated at fair value through profit or loss.

After initial recognition, financial liabilities at FVTPL are subsequently measured at fair value, and the resulting gains or losses, including any interest expense, are recognised in current profit or loss, unless:

- The financial liability is part of a hedging relationship
- The financial liability is designated as a financial liability at fair value through profit or loss, and the changes in fair value caused by changes in the Group's own credit risk are recognised in other comprehensive income.

Other financial liabilities

Other financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities and loan commitments (See Note 3(4)(d)) arising from the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets.

(d) Financial guarantee contracts and loan commitments

Financial guarantee contracts

A financial guarantee contract refers to a contract that requires the Group to pay a specific amount to the contract holder who sustains losses when a specific debtor fails to repay the debt in accordance with the original or revised terms of the debt instrument.

Financial guarantee contracts are initially recognised at fair value on the date of guarantee provision. After the initial recognition, the relevant income of the financial guarantee contract is amortised and recognised in current profit and loss according to the provisions of the accounting policies stated in Note 3(17). The financial guarantee liabilities are subsequently measured at the loss provision amount determined in accordance with the impairment principle (See Note 3(4)(g)) of financial instruments or the balance after deducting the accumulated amortisation of the income related to the financial guarantee contract from the initial recognised amount, whichever is higher.

Loan commitments

A loan commitment is a definite commitment to provide credit in accordance with pre-specified terms and conditions.

Loan commitments provided by the Group are assessed for impairment based on expected credit losses (ECLs). The Group has neither undertaken to grant loans at any price below market interest rates, nor to pay cash or issue other financial instruments as a net settlement of loan commitments.

The Group presents the provisions for loss for loan commitments and financial guarantee contracts in estimated liabilities. However, where an instrument contains both loans and unused commitments, and the Group cannot distinguish the ECLs arising from the loan and the unused commitment, the provision for loss of both is presented in provisions for loan loss, but the provision for loss is presented in estimated liabilities when the total provision for loss of the two exceeds the book balance of the loan.

(e) Offsetting

Financial assets and financial liabilities are presented separately in the balance sheet without offsetting each other. However, the net amount after offsetting each other is presented in the balance sheet when both of the following conditions are satisfied:

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

(f) Derecognition of financial assets and financial liabilities

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

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

Where the financial asset has been transferred, and the Group neither transfers nor retains substantially all of the risks and rewards attached to the ownership of the financial asset, but the Group retains control over the transferred asset, the relevant financial assets and corresponding liabilities are recognised according to the degree of continued involvement in the transferred financial assets.

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

- The carrying amount of the financial asset transferred at the date of derecognition;
- The sum of the consideration received for the transfer of the financial asset, and the amount corresponding to the derecognised portion of the cumulative amount of changes in fair value which is originally recognised in other comprehensive income (the financial assets involved in the transfer are debt investments measured at fair value through other comprehensive income).

The Group derecognises a financial liability (or part of it) when the current obligation (or part of it) of a financial liability has been discharged.

(g) Impairment

The Group performs impairment accounting disposal and recognises loss allowances based on expected credit loss (ECL):

- Financial assets measured at amortised cost;
- Debt investments measured at FVOCI;
- Credit commitments not measured at FVTPL.

The ECL model does not apply to other financial assets at fair value held by the Group, including debt investments or equity instrument investments at FVTPL, which are designated as equity instrument investments at FVOCI and derivative financial assets.

(i) Measurement of ECLs

ECLs are a probability-weighted average 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 Group's method of measuring ECLs of financial instruments reflects the following elements: (i) An unbiased probability-weighted average amount determined by evaluating a range of possible outcomes; (ii) Time value of money; (iii) Reasonable and supportable information that is related to past events, current conditions and forecasts of future economic conditions and available at the balance sheet date without undue cost or effort.

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).

The Group divides each business into three risk stages and accrues provisions for ECLs based on whether the credit risk associated with financial instruments has increased significantly since the initial recognition.

The main definitions of the three risk stages of financial instruments are as follows:

The first stage: For financial instruments whose credit risk has not increased significantly since the initial recognition, the provision for loss is measured according to the 12-month ECLs.

The second stage: For financial instruments whose credit risk has increased significantly since the initial recognition but has not yet suffered credit impairment, the provision for loss is measured according to the lifetime ECLs.

The third stage: For financial instruments with credit impairment after initial recognition, the provision for loss is measured according to the lifetime ECLs.

Financial instruments that have low credit risk

The credit risk associated with 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 fulfill its contractual cash flow obligations.

Significant increases in credit risk

The Group determines the relative change in the risk of default associated with a financial instrument during the expected duration of its existence and whether the credit risk of a financial instrument has increased significantly since initial recognition, by comparing the risk of default associated with the financial instrument on the balance sheet date with the risk of default on the date of initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is available without undue cost or effort, including forward-looking information. The information considered by the Group includes:

- The debtor fails to pay the principal and interest on the due date of the contract;
- Serious deterioration in the external or internal credit rating (if any) of the financial instrument that has occurred or is expected;
- Serious deterioration in the debtor's earnings results that has occurred or is expected;
- Existing or expected changes in the technological, market, economic or legal environment that have a material adverse effect on the debtor's ability to repay the Group.

Depending on the nature of the financial instruments, the Group assesses whether there is a significant increase in credit risk based on individual financial instruments or a combination of financial instruments. When the assessment is performed based on a combination of financial instruments, the financial instruments are grouped based on common credit risk characteristics, such as overdue status and credit risk ratings.

The Group determines that the credit risk associated with a financial asset has increased significantly if the overdue period is more than 30 days.

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay in full what it owes the Group, the assessment does not take into account the Group's recourse actions such as realisation of collateral (if held); or
- The financial asset is more than 90 days past due.

Credit-impaired financial assets

At each balance sheet date, the Group assesses whether financial assets measured at amortised cost, loans and advances to customers and debt investments 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 has/have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the debtor or issuer;
- A breach of contract of the debtor, such as a default or overdue payment of interest or principal;
- For economic or contractual reasons relating to the debtor's financial difficulty, the Group has granted to the debtor a concession that would not have made under any other circumstances;
- It is highly likely that the debtor will go into bankruptcy or another form of financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties.

(ii) Presentation of allowance for ECL

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk exposure since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. For financial investments that are measured at amortised cost, the loss allowance is used to offset the carrying amount of the financial assets listed in the balance sheet; for debt investments that are measured at FVOCI, the Group recognises its loss allowance in other comprehensive income and does not offset the carrying amount of the financial asset. For credit commitments that are not measured at fair value through profit or loss, the Group recognised provisions for loss in estimated liabilities (see Note 30).

(iii) Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(h) Modification of financial asset contracts

Under certain circumstances, such as restructuring loans, the Group will modify or renegotiate financial asset contracts. The Group will assess whether there is a substantial change in the revised or renegotiated contract terms.

Where there is a substantial change in the terms of the revised contract, the Group will derecognise the original financial asset and at the same time recognise a new financial asset in accordance with the revised terms.

Where there is no substantial change in the revised contract terms, but the contractual cash flow changes, the Group recalculates the book balance of the financial asset and recognises the relevant gain or loss in current profit and loss. The recalculated book balance of the financial asset shall be determined in accordance with the present value of the revised or renegotiated contractual cash flow discounted at the original effective interest rate of the financial assets (or at the credit-adjusted effective interest rate of purchased or originated credit-impaired financial assets). For all costs or expenses incurred in modifying or renegotiating contracts, the Group adjusts the book value of the modified financial assets and amortises them over the remaining term of the modified financial assets. When assessing whether the credit risk associated with relevant financial instruments has increased significantly, the Group compares the risk of default at the balance sheet date based on the changed contract terms with the risk of default on initial recognition based on the original contract terms.

(i) Equity instruments

The consideration received from the issuance of equity instruments net of transaction costs is recognised in shareholders' equity. Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from shareholders' equity.

(j) Perpetual bonds

Based on the contractual terms of perpetual bonds issued and the economic substance they reflect, the Group classifies these financial instruments or their components as financial liabilities or equity instruments at the time of initial recognition, taking into account the definitions of financial liabilities and equity instruments.

The perpetual bonds issued by the Group that should be classified as equity instruments are included in equity based on the amount actually received. If dividends or interest are distributed during the existence period, it shall be treated as a profit distribution. When the Group redeems perpetual bonds, the equity is written off at the redemption price.

(k) Asset-backed securitisation

During asset-backed securitisation, credit assets are sold to special-purpose entities which then issue asset-backed securities to investors. Interests in securitised financial assets are presented in the form of interests in prime asset-backed securities or subprime asset-backed securities or in other residual interests ("retained interests"). Retained interests are recognised at fair value in the Group's balance sheet. Gain or loss from securitisation depends on the carrying amount of the financial asset transferred, and is allocated at fair value at the date of transfer between the derecognised financial asset and retained interests.

When applying asset-based securitisation policies, the Group considers the degree at which the risk and rewards associated with the asset are transferred to another entity, as well as the extent to which the Group exercises control over the entity.

(l) Financial assets purchased under resale agreements and financial assets sold under repurchase agreements

Financial assets purchased under resale agreements represents the funds raised by the Group according to the resale agreement to buy and then resell financial assets at fixed prices. Financial assets sold under repurchase agreements represent the funds raised by the Group according to the repurchase agreement to sell and then repurchase financial assets at fixed prices.

The cash advanced or received is recognised as amounts purchased under resale or sold under repurchase agreements in the balance sheet. Underlying assets purchased under resale agreements are reported not as purchase of the assets but recorded off-balance sheet. Underlying assets sold under repurchase agreement are retained in the balance sheet.

Interest earned on resale agreements and interest incurred on repurchase agreements are recognised as interest income and interest expenses respectively, over the life of each agreement using the effective interest method.

(5) Derivative financial instruments

Derivative financial instruments are initially recognised at the fair value of the day when the derivative transaction contract is signed, and measured at their fair value thereafter. Derivative financial instruments with a positive fair value are recognised as an asset, and those with a negative fair value are recognised as liabilities.

Where the main contract contained in a hybrid contract is an asset within the scope of financial instrument standards, the embedded derivative is no longer separated from the main contract of the financial asset, but the hybrid financial instrument, as a whole, is subject to the relevant provisions on the classification of financial assets. Where the main contract contained in the hybrid contract is not an asset within the scope of financial instrument standards, and some embedded derivative financial instruments are not closely related to the economic characteristics and risks of the main contract, a separate instrument with the same terms and conditions as the embedded derivative matches the definition of derivative financial instruments, if the hybrid instrument is not measured at fair value and its changes are recognised in current profit and loss, the embedded derivative financial instrument shall be separated from the hybrid contract and treated as an independent derivative financial instrument. These embedded derivative financial instruments are measured at fair value and changes in fair value are recognised in current profit and loss.

Profits and losses derived from changes in the fair value of derivative financial instruments should be directly included in profit or loss if they do not meet the requirements of hedge accounting.

The fair value of derivative financial instruments is typically calculated based on valuation models commonly used in the market. The data of the valuation model uses observable market information as much as possible, including the forward foreign exchange rate and market yield curve.

(6) Long-term equity investments**(a) Investments in subsidiaries**

In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the principles set out in Note 3(1)(b).

In the Bank's separate financial statements, costs of long-term equity investments in subsidiaries are initially measured as follows:

- The initial cost of a long-term equity investment acquired through a business combination not involving entities under common control comprises the aggregate of the fair value of assets transferred, liabilities incurred or borne, and equity securities issued by the Bank, in exchange for control of the acquirees.
- A long-term equity investment in a subsidiary acquired through means other than a business combination is initially recognised in accordance with the principles set out in Note 3(6)(b). A long-term equity investment in an associate is initially recognised at the amount of cash paid if the Group acquires the investment by cash.

In the Bank's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method unless the investment is classified as held for sale. Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Bank recognises its share of the cash dividends or profit distributions declared by the subsidiary as investment income in the current period. The investments in subsidiaries are stated in the balance sheet at cost less allowance for impairment losses (see Note 3(11)).

(b) Investment in associates

An associate is an entity over which the Group has significant influence.

A long-term equity investment in an associate is initially recognised at the amount of cash paid if the Group acquires the investment by cash.

A long-term equity investment in an associate is accounted for using the equity method, unless the investment is classified as held for sale.

The accounting treatments under the equity method adopted by the Group are as follows:

- Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.
- After the acquisition of the investment in associates, the Group recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the long-term equity investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the long-term equity investment is reduced by the amount attributable to the Bank. Changes in the Group's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution ("other changes in owners' equity"), are recognised directly in the Group's equity, and the carrying amount of the investment is adjusted accordingly.
- In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated upon accounting under the equity method to the extent of the Group's interest in the associates. Unrealised losses resulting from transactions between the Group and its associates are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.
- The Group discontinues recognising its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the associate achieves net profit thereafter, the Group resumes recognising the revenue share after using its revenue share to make up the share of the unrecognised loss.

The Bank accrues impairment allowance of long-term equity investments in associates in accordance with the principles set out in Note 3(12)(b).

(c) Criteria for determining joint control and significant influence over the investee

Joint control refers to the common control over an arrangement in accordance with relevant agreements, and the relevant activities of the arrangement (namely, activities that have a significant influence on the return on investment concerning the arrangement) must be decided with the unanimous consent of the participants sharing the control right.

When determining whether there is joint control over the investee, the Group usually considers the following matters:

- Whether any of the participant cannot independently control the relevant activities of the investee;
- Whether the decisions involving the relevant activities of the investee require the unanimous consent of the parties sharing control right.

Significant influence means that the Group has the power to participate in the decision-making of the financial and operating policies of the investee, but cannot control or jointly control the formulation of these policies with other parties.

(7) Fixed assets and construction in progress

Fixed assets represent tangible assets held by the Group for administrative purposes with useful lives over one accounting year.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and allowance for impairment losses (see Note 3(11)). Construction in progress is stated in the balance sheet at cost less allowance for impairment losses (see Note 3(11)).

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use.

Construction in progress is transferred to fixed assets, etc. when it is ready for its intended use. No depreciation is provided against construction in progress.

Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in different patterns, thus necessitating the use of different depreciation rates or methods, each part is recognised as a separate fixed asset.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognised as assets when it is highly likely that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognised. The costs of day-to-day maintenance of fixed assets are recognised in profit or loss as incurred.

The carrying amount of a fixed asset is derecognised:

- When the fixed asset is held for disposal;
- When no future economic benefit is expected to be generated from its use or disposal.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the fixed asset is classified as held for sale. The useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

Category of assets	Useful life	Residual value rate	Annual depreciation rate
Buildings and constructions	20 years	4%	4.80%
Machinery equipment	5 years	4%	19.20%
Electronic equipment	5 years	4%	19.20%
Decoration of fixed assets	5 years	0%	20.00%
Motor vehicles and others	5 years	4%	19.20%

The useful lives, residual values and depreciation methods are reviewed at least once at the end of every year.

(8) Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the useful life is finite) and impairment allowance (see Note 3(11)). For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortised using the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale. The respective amortisation periods for such intangible assets are as follows:

	Amortisation period
Software	5 years
Land use right	20 – 50 years

The Group reviews the useful life and amortisation method of intangible assets with limited useful lives at least once at the end of each year.

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. At the balance sheet date, the Group does not have any intangible assets with indefinite useful lives.

(9) Debt-expiated assets

Debt-expiated assets refer to physical assets and property rights provided to the Bank by debtors, guarantors or third parties in compensation for the Bank's creditor's rights or security interests exercised.

For financial debt-expiated assets that are transferred to the Group, the Group conducts initial measurement at their fair value, and conducts classification and subsequent measurement according to the accounting policies set out in Note 3(11).

For the non-financial debt-expiated assets that are transferred to the Group, the Group conducts initial measurement based on the fair value of the relinquished creditor's rights and other costs such as taxes directly attributable to the asset, and performs subsequent measurement based on the carrying amount of the debt-expiated assets or the recoverable amount, whichever is lower. For the impairment test and provision for impairment allowance of the debt-expiated assets of the Group, please refer to Note 3(11).

(10) Long-term deferred expenses

Long-term deferred expense refers to all expenses which have been paid with a benefit period of over one year (excluding one year), such as expenditures of improvement of fixed assets rented through operating lease. Expenditures of improvement of fixed assets rented through operating lease shall be evenly amortised over the remaining lease period or the useful years of rented assets, whichever is the shorter. And other long-term deferred expenses are equally amortised over the benefit period.

Long-term deferred expenses are equally amortised over the benefit period. The respective amortisation periods for long-term deferred expenses are as follows:

Item	Amortisation period
Expenditures of improvement of fixed assets rented through operating lease	3 – 5 years
Others	3 – 5 years

(11) Provision for impairment of non-financial assets

The following non-financial assets are reviewed at each balance sheet date based on internal and external sources of information to determine whether there is any indication of impairment:

- Fixed assets
- Construction in progress
- Right-of-use assets
- Intangible assets
- Long-term equity investments
- Long-term deferred expenses
- Non-financial debt-expiated assets, etc.

If such indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of intangible assets not ready for use at least once at the end of every year, irrespective of whether there is any indication of impairment.

The recoverable amount of an asset (or asset group or set of asset groups) shall be its fair value (see Note 3(12)) less costs to sell or its present value of expected future cash flows, whichever is higher.

An asset group is composed of assets directly related to cash generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from the continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

An impairment loss is recognised in profit or loss if the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, the carrying amount thus reduced shall not be less than the fair value of the asset less costs to sell (if measurable), its present value of expected future cash flows (if determinable) or zero, whichever is higher.

Once an impairment loss of the Group's non-financial assets is recognised, it cannot reversed in a subsequent period.

(12) Fair value measurement

Unless otherwise specified, the Group measures fair value as follows:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

(13) Provisions and contingent liabilities

Contingent liabilities refer to potential obligations arising from past transactions or events, the existence of which must be confirmed by the occurrence or non-occurrence of uncertain future events; or current obligations arising from past transactions or events, and the performance of such obligations is not likely to result in an outflow of economic benefits from the Group or the amount of such obligations cannot be reliably measured, the Group will disclose the potential or current obligations as contingent liabilities.

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is highly likely that settling the obligations will entail an outflow of economic benefits.

A provision shall be initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. All the factors pertaining to a contingency such as the risks, uncertainties and time value of money shall be taken into account in reaching the best estimate. Where there is a continuous range of the expenditure required, and all the possible outcomes are equally likely, the best estimate shall be the mid-point of that range. In other cases, the best estimate is determined as follows:

- Where the contingency involves a single item, the best estimate shall be the most likely outcome.
- Where the contingency involves multiple items, the best estimate shall be determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate.

(14) Revenue

Revenue is the gross inflow of economic benefits arising in the course of the Group's ordinary activities when those inflows result in increases in shareholders' equity, other than increases relating to contributions from shareholders.

The specific accounting policies related to the main activities in which the Group obtains revenue are described as follows:

(a) Interest income

The interest income of financial instruments is calculated employing the effective interest rate method and included in profit and loss. Interest income includes the amortisation of any discount or premium or differences between the initial carrying amount of an interest-bearing asset and its amount at maturity calculated using the effective interest method.

The effective interest rate method refers to the method of calculating the amortised cost, interest income or interest expense according to the actual interest rates of financial assets or financial liabilities. 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 instruments. In calculating the effective interest rate, the future cash flows will be estimated based on all contractual terms of financial instruments (such as prepayment facility, similar options, etc., but excluding future credit losses). The calculation includes all fees 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.

(b) Fee and commission income

The Group collects handling fees and commissions on the various services provided for customers. The handling fees and commissions recognised by the Group reflect the amount of consideration that it is expected to be entitled to receive for providing services to customers, and the revenue is recognised when the performance obligations in the contract are fulfilled.

When one of the following conditions is met, the Group recognises revenue according to the performance progress within the period:

- A customer obtains and consumes the economic benefits brought by the Group's performance of the contract during the performance period;
- The customer is able to control the services performed by the Group during the performance of the contract;
- The services provided by the Group during the performance of the contract have irreplaceable purposes, and the Group has the right to collect payment for the cumulative performance part that has been completed so far during the entire contract period.

In other cases, the revenue is recognised by the Group when the customer obtains control of relevant service

(15) Expenses

(a) Interest expense

The interest expense of financial liabilities is calculated by the effective interest rate method and based on the amortised cost of financial liabilities and the time when funds are tied up, and is recognised in the corresponding period.

(b) Other expenses

Other expenses are recognised on an accrual basis.

(16) Staff benefits

(a) Short-term staff benefits

The Group recognises employee wages or salaries, bonuses, social security contributions (such as medical insurance, work injury insurance, maternity insurance) and housing provident fund contributions that are actually accrued, during the period when employees provide services, according to the prescribed benchmarks and proportions as liabilities, and recognises them in current profit and loss or related asset costs.

(b) Post-employment benefits – defined contribution plans

The defined contribution plans that the Group participates in include:

Pursuant to the relevant laws and regulations of the People's Republic of China, the Group participates in a defined contribution basic pension insurance plan in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions payable are recognised as a liability during the period when employees provide services, and are presented in profit or loss or cost of assets where appropriate.

In addition to the participation in the social basic endowment insurance, the Group's employees participate in the annuity plan established by the Group in accordance with the relevant policies of the national enterprise annuity system. The Group pays a certain proportion of the total salary of the employees as contributions to the annuity plan, and the corresponding expenditures are included in current profits and losses.

(c) Termination benefits

When the Group terminates the employment with an employee prior to the expiration of the employment contract, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at either the following dates, whichever is earlier:

- When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;
- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

(d) Other long-term staff benefits

Deferred benefits payable to senior management and employees holding positions with substantial influences on risk exposure are recognised as a liability during the period when employees provide services, and are presented in profit or loss or cost of assets where appropriate.

(17) Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contributions from the government in the capacity as an investor in the Group.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attached to the grant.

If a government grant is in the form of a transfer of monetary asset, it is measured at the amount received or receivable. If a government grant is offered in the form of a transfer of a non-monetary asset, it is measured at fair value.

Government grants related to assets are the grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets. A government grant related to an asset is recognised as deferred income and amortised over the useful life of the related asset on a reasonable and systematic manner as other income or non-operating income. A grant that compensates the Group for expenses or losses to be incurred in the future is recognised as deferred income, and included in other income or non-operating income or offset against related expenses in the periods in which the expenses or losses are recognised; or included in other income or non-operating income or offset against related expenses directly.

(18) Income tax

Current income tax and deferred income tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in shareholders' equity (including other comprehensive income).

Current income tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible tax losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss).

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates enacted at the reporting date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilised. Such reduction is reversed to the extent that it is highly likely that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and liabilities are offset if all of the following conditions are met:

- The taxable entity has a legally enforceable right to offset current tax liabilities and assets;
- They relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities which intend either to settle the current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(19) Leases

(i) The following lease-related accounting policies apply to 2020

A lease is classified as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease. All the leases of the Group are operating leases.

(a) Operating lease charges

Rental payments under operating leases are recognised as part of the cost of another related asset or as expenses on a straight-line basis over the lease term. Variable lease payments are recognised as income as they are earned.

(b) Assets leased out under operating leases

The fixed assets leased out via operating leases are depreciated according to the depreciation policy set out in Note 3(7), and depreciation provisions are made according to the accounting policy set out in Note 3(11). Income derived from operating leases is recognised in profit or loss using the straight-line method over the lease term. If a substantial amount of initial direct costs is incurred on the assets leased out, such costs are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Otherwise, the costs are recognised in profit or loss immediately. Variable lease payments are recognised as income as they are earned.

(ii) The following lease-related accounting policies apply to 2021

A lease is a contract whereby the lessor transfers the right to use the asset to the lessee for consideration within a certain period of time.

On the commencement date of the contract, the Group assesses whether the contract is a lease or contains a lease. Where a party to a contract transfers its right to control the use of one or more identified assets for a certain period in exchange for consideration, the contract is or contains a lease.

To determine whether a contract transfers the right to control the use of an identified asset for a certain period, the Group conducts the following assessments:

- Whether the contract involves the use of an identified asset. An identified asset may be specified explicitly in the contract or implicitly when the asset is made available to the customer and the asset is physically distinguishable, or when some part of the capacity or other part of the asset is physically indistinguishable but substantially represents the full capacity of the asset, so that the customer obtains almost all the economic benefits arising from the use of the asset. An asset is not an identified asset when the supplier of the asset has a substantial right to substitute the asset throughout the period of use;
- Whether the lessee is entitled to substantially all of the economic benefits arising from the use of the identified asset during the period of use;
- Whether the lessee has the right to control the use of the identified asset during the period of use.

Where the contract simultaneously contains multiple separate leases, the lessee and the lessor shall separate the contract and conduct accounting treatment for each separate lease. Where the contract contains both lease and non-lease parts, the lessee and the lessor shall separate the lease and non-lease parts. When the lease and non-lease parts included in the contract are separated, the lessee shall allocate the contract consideration according to the relative proportion of the sum of the stand-alone prices of the lease parts and the stand-alone prices of the non-lease parts.

(a) The Group as the lessee

On the commencement date of the lease term, the Group recognises a right-of-use asset and a lease liability for the lease. The right-of-use asset is initially measured at cost, including the initial measurement amount of the lease liability, initial direct costs arising from lease payments (after deducting the amount(s) related to the lease incentives to which the Group is entitled) made on or before the commencement date of the lease term, and the estimated costs to dismantle and remove the leased asset, restore the site on which the leased asset is located, or restore the leased asset to the condition agreed upon in the terms of the lease.

The Group uses the straight-line method to depreciate right-of-use assets. If the acquisition of the ownership of a right-of-use asset can be reasonably determined upon the expiration of the lease term, the Group accrues depreciation over the remaining lifetime of the leased asset. Otherwise, the leased asset is depreciated over the shorter of the lease term and the remaining lifetime of the leased asset. Right-of-use assets are provided for impairment in accordance with the accounting policies set out in Note 3(11).

The lease liability is initially measured at the present value of the unpaid lease payments at the commencement date of the lease term and discounted at the interest rate implicit in the lease. When the interest rate implicit in the lease cannot be determined, the incremental borrowing rate of the Group is used as the discount rate.

The Group calculates the interest expense of the lease liability in each period of the lease term at a fixed periodic interest rate, and recognises it in current profit and loss or the cost of related assets. Variable lease payments that are not included in the measurement of lease liabilities are recognised in current profit and loss or the cost of related assets when they are actually incurred.

After the commencement date of the lease term, the Group re-measures the lease liability at the present value of the changed lease payments in the event of any:

- Changes in the estimated payable amount based on the residual value of the guarantee;
- Changes in the index or rate used to determine lease payments;
- Changes in the Group's assessment results of the purchase option, lease renewal option or lease termination option, or discrepancy between the actual exercise and original assessment result of lease renewal option or lease termination option.

When the lease liability is remeasured, the Group adjusts the carrying amount of the right-of-use asset accordingly. Where the carrying amount of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the Group will recognise the excessive amount in current profit and loss.

The Group has chosen not to recognise right-of-use assets and lease liabilities for short-term leases (leases with a lease term not exceeding 12 months) and low-value asset leases, and has recognised the relevant lease payments in current profit and loss or the cost of relevant assets on a straight-line basis over each period of the lease term.

(b) The Group as the lessor

On the lease commencement date, the Group classifies leases into finance leases and operating leases. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

Lease receipts from operating leases are recognised as rental income on a straight-line basis over the lease term. The Group capitalises the initial direct costs incurred in relation to operating leases, amortises them on the same basis as rental income recognition during the lease term, and recognises them in current profit and loss in installments. Variable lease payments not included in lease receipts are recognised in profit or loss for the period when they are actually incurred.

(20) Fiduciary activities

The Group acts as manager, trustee or agent of the client in the course of fiduciary activities. The Group's balance sheet does not include any assets held by the Group for fiduciary business and the commitment to return these assets to customers, as the risks and profits of such assets are borne by the customers.

The entrusted loans services refer to services where the Group signs entrusted loans agreements with clients, and the clients provide funds ("entrusted loan funds") to the Group, and the Group grants loans ("entrusted loans") to the third parties according to the instructions of clients. As the Group does not undertake the risks or rewards of entrusted loans and related entrusted funds, the Group's entrusted loans and funds are recognised as off-balance sheet items based on their principal, and no provision for impairment is made for these entrusted loans.

(21) Profit distributions

Distributions of profit proposed in the profit distribution plan to be approved after the balance sheet date are not recognised as a liability at the balance sheet date but are disclosed in the notes separately.

(22) Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Bank is under common control only from the State and that have no other related party relationships are not regarded as related parties.

In addition, the Bank also determines the related parties of the Group or the Bank in accordance with the Administrative Measures for Related Party Transactions of Commercial Banks with Insiders and Shareholders and Interim Administrative Measures of Equity of Commercial Banks.

(23) Reporting by segment

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system after taking materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics and are same or similar in respect of the nature of products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

The Group measures each segment item for the purpose of allocating resources to the segment and evaluating segment performance. The accounting policies used in the preparation of reports by segment are consistent with the accounting policies used in the preparation of the Group's financial statements.

(24) Significant accounting estimates and judgments

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

Except for accounting estimates relating to depreciation and amortisation of assets such as fixed assets and intangible assets (see Notes 3(7) and 3(8)) and provision for impairment of various types of assets (see Notes 8, 9, 11, 12, 14, 15 and 23). Other significant accounting estimates are as follows:

- (i) Note 22 – Recognition of deferred tax assets; and
- (ii) Note 56 – Fair value

The Group made the following important judgments in the application of accounting policies:

- (i) Note 65 – Disclosure of material judgments and assumptions that exercise control over other subjects and have a common control or significant impact.

4 CHANGES IN ACCOUNTING POLICIES

In 2021, the Group has adopted the following revised accounting standards issued by the MOF recently:

- Accounting Standards for Business Enterprises No.21 – Leases (revised) (NO.35 [2018] of the Ministry of Finance)) (New Lease Standards)
- Accounting Treatment of the COVID-19 Pandemic-related Rental Concessions (No. 10 [2020] of the Ministry of Finance) and Notice on Adjusting the Application Scope of the Accounting Treatment of COVID-19 Pandemic-related Rental Concessions (No. 9 [2021] of the Ministry of Finance)
- Interpretation of Accounting Standards for Business Enterprises No. 14 (No. 1 [2021] of the Ministry of Finance) ("Interpretation No. 14")
- Regulations on "Presentation of Centralised Management of Funds" in Interpretation of Accounting Standards for Business Enterprises No. 15 (No.35 [2021] of the Ministry of Finance) ("Interpretation No. 15")

(1) New lease standards

In the new lease standards, the Accounting Standards for Business Enterprises No.21 – Leases (referred to as the "Original Lease Standards") promulgated by MOF in 2006 are revised. The Group implemented the new lease standards since 1 January 2021, and adjusted the relevant accounting policies accordingly.

The new lease standards improve the definition of lease. The Group assesses whether a contract is a lease or contains a lease according to the definition of lease under the new lease standards. For contracts that exists before the date of initial implementation, the Group chose not to reassess whether a contract is a lease or contains a lease on the date of initial implementation.

• The Group as the lessee

Under the Original Lease Standards, the Group classified leases into finance leases and operating leases based on whether the lease substantially transfers all risks and rewards related to asset ownership to the Group.

Under the new lease standards, the Group no longer distinguishes between finance leases and operating leases. The Group recognises right-of-use assets and lease liabilities for all leases (except for short-term leases and leases of low-value assets for which the simplified treatment method is selected).

When separating the lease and non-lease parts included in the contract, the Group allocates the contract consideration according to the relative proportion of the sum of the stand-alone price of each lease part and the stand-alone price of the non-lease part.

The Group chooses to adjust the amount of retained earnings and other related items in the financial statements at the beginning of the year in which the new lease standards are first implemented based on the cumulative effects of the initial implementation of the new lease standards, without adjusting the comparable period information.

For operating leases prior to the date of initial implementation, the Group measures the lease liability on the date of initial implementation based on the present value of the remaining lease payments discounted at the Group's incremental borrowing rate on the date of initial implementation, and measures the right-of-use asset as follows:

- An amount equal to the lease liability, which is adjusted as necessary for the prepaid rent – the Group applies this method to all leases.

For operating leases prior to the date of initial implementation, the Group adopts the following simplified treatments when applying the above method:

- Treat leases that will be completed within 12 months after the date of initial implementation as short-term leases;
- Use the same discount rate for leases with similar characteristics when measuring lease liabilities,;
- The measurement of the right-of-use asset does not include initial direct costs;
- Where there is a lease renewal option or lease termination option, the lease term is determined according to the actual exercise of the option before the date of initial implementation and other latest information;
- For lease changes that occur before the beginning of the year in which the new lease standards are first implemented, no retrospective adjustment will be made, and accounting treatment will be carried out in accordance with the new lease standards and based on the final arrangements for lease changes.

• The Group as the lessor

As regards leases for which the Group acts as the lessor, the Group does not need to adjust the retained earnings or the amounts of other related items in the financial statements at the beginning of the year in which the new lease standards are first implemented. The Group conducts accounting treatment in accordance with the new lease standards from the date of initial implementation.

Under the new lease standards, the Group allocates the contract consideration between each lease part and non-lease part in accordance with the new revenue standard on transaction price allocation.

• Impact on the financial statements of the implementation of the new lease standards on 1 January 2021

When measuring the lease liability, the Group discounts the lease payments using the incremental borrowing rate effective on 1 January 2021. The weighted average interest rate used by the Group and the Bank is 3.43%.

Reconciliation statement of outstanding minimum lease payments for significant operating leases disclosed on 31 December 2020 and lease liabilities on 1 January 2021:

	The Group	The Bank
Outstanding minimum lease payments for significant operating leases disclosed in the Group's and the Bank's financial statements as at 31 December 2020	552,536,185.52	548,895,532.35
Present value discounted at the incremental borrowing rate on 1 January 2021	520,300,370.50	517,786,633.06
Lease liabilities under the new leases standard on 1 January 2021	499,688,577.74	497,174,840.30
The difference between the above discounted present value and the lease liabilities	20,611,792.76	20,611,792.76

Note: The difference between the above discounted present value and the lease liabilities consists of the present value of the lease contract payments treated in a simplified manner.

The impact of the implementation of the new lease standards on the consolidated balance sheet of the Group and the items of the balance sheet of the Bank on 1 January 2021 is summarized as follows:

	31 December 2020	The Group	
		1 January 2021	Adjusted figures
Right-of-use asset	–	500,670,701.45	500,670,701.45
Lease liability	–	499,688,577.74	499,688,577.74
Other assets	1,247,712,877.74	1,246,730,754.03	(982,123.71)

	31 December 2020	The Bank	Adjusted figures
		1 January 2021	
Right-of-use asset	–	497,887,797.27	497,887,797.27
Lease liability	–	497,174,840.30	497,174,840.30
Other assets	1,236,903,416.04	1,236,190,459.07	(712,956.97)

(2) Interpretation No. 14

Interpretation No. 14 clarifies the characteristics and conditions of public-private-partnership (PPP) project contracts, and specifies the specific accounting treatment and disclosure requirements of private partners for PPP project contracts. Interpretation No. 14 sets out the relevant accounting treatment and disclosure requirements for modifications made to financial instruments and lease liabilities resulting from the benchmark interest rate reform. Interpretation No. 14 has come into force on 26 January 2021 ("Date of implementation").

The adoption of this interpretation has not had a material impact on the Group's financial standing and earnings results.

(3) Regulations on "Presentation of Centralised Management of Funds" in Interpretation No. 15

Interpretation No. 15 clarifies the presentation and disclosure requirements for funds subject to centralised and unified management through internal settlement centres, financial companies, etc. Interpretation No. 15 has come into force since 30 December 2021.

The adoption of this interpretation has not had a material impact on the Group's financial standing and earnings results.

(4) No. 10 [2020] of the Ministry of Finance and No. 9 [2021] of the Ministry of Finance

No. 10 [2020] of the Ministry of Finance provides a simplified method for rent reduction directly triggered by the COVID-19 epidemic that meets certain conditions. If the company chooses to adopt the simplified method, it does not need to assess whether there is a lease change, nor does it need to re-evaluate the lease classification. Combined with the provisions of No.9 [2021] of the Ministry of Finance, the rent reduction period for this simplified method is for lease payments payable prior to 30 June 2022. The Group will adjust the retained earnings and other related financial statement items at the beginning of 2021 in accordance with the above-mentioned cumulative effects, and will not adjust the comparative financial statement data in the previous period.

The adoption of this interpretation has not had a material impact on the Group's financial standing and earnings results.

5 TAXATION

(1) The types of taxes applicable to the Group's rendering of services include value added tax (VAT), surcharges, etc.

Tax Name	Tax basis and applicable rate
	Output VAT for financial services is 6% of its income, while output VAT for others is 17% of product sales and taxable services prior to 1 May 2018, 16% between 1 May 2018 and 31 March 2019 and 13% on or after 1 April 2019 based on tax laws. The remaining balance of output VAT, after subtracting the deductible input VAT of the period, is VAT payable.
VAT	According to Provisions on Issues Concerning Value-Added Tax on Asset Management Products (CS [2017] No. 56) issued by MOF and the State Taxation Administration, managers of asset management products shall calculate and pay value-added tax for taxable income at a levying rate of 3% from 1 January 2018.
	According to the Notice on Further Clarifying Policies Concerning the Financial Industry during the Comprehensive Promotion of the Pilot Program of Replacing Business Tax with Value-Added Tax (CS [2016] No. 46) issued by MOF and the State Taxation Administration, the subsidiaries of the Bank, namely Chongqing Kaizhou Taiye Village Bank Co., Ltd., Dongyuan Taiye Village Town Bank Co., Ltd. and Zongyang Taiye Village Bank Co, Ltd. calculated and paid value-added tax at 3% for the income from the financial services provided.
City maintenance and construction tax	Subject to 7% or 5% of the VAT actually paid.
Education surcharges	Subject to 5% of the VAT actually paid.

(2) Income tax

The statutory income tax rate of the Bank and its subsidiaries Dongyuan Taiye Village Town Bank Co., Ltd. and Zongyang Taiye Village Bank Co., Ltd. is 25%. The applicable income tax rate for the year is the statutory rate (2020: 25%).

According to the Circular of the Ministry of Finance, General Administration of Customs and State Taxation Administration on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies (CS [2011] No. 58) and the Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Corporate Income Tax Policies for the Large-Scale Development of Western China (Announcement No. 23 [2020] of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission), the corporate income tax is levied on qualified enterprises operating in Western China at a rate of 15% from 1 January 2011 to 31 December 2030. The corporate income tax is levied on the Bank's subsidiary Chongqing Kaizhou Taiye Village Bank Co., Ltd. at a rate of 15% from 1 January 2011 to 31 December 2018, as approved annually by the Kaizhou Tax Bureau (former Kaixian Tax Bureau), and no approval or filing is required from 2019. The tax incentives were effective in both 2020 and 2021.

(3) Taxes payable

	The Group		The Bank	
	2021	2020	2021	2020
VAT payable	162,307,310.32	130,414,850.78	162,084,804.80	130,139,427.78
Income tax payable	–	1,361,207.39	–	–
Urban maintenance and construction tax payable	11,203,574.08	10,261,761.32	11,189,757.13	10,245,046.92
Educational surcharges payable	8,016,041.81	7,339,330.54	8,004,917.49	7,325,716.90
Others	21,147,922.06	15,172,009.43	21,112,213.34	15,128,515.89
Total	202,674,848.27	164,549,159.46	202,391,692.76	162,838,707.49

6 BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2021, the consolidated financial statements included the following subsidiaries:

Name of subsidiaries	Principal place of business	Registration place	Business nature	Registered capital (RMB)	Shareholding percentage of the Bank direct/indirect (or percentage of similar equity)	Voting rights of the Bank direct/indirect
Chongqing Kaizhou Taiye Village Bank Co., Ltd.	Kaizhou, Chongqing	Kaizhou, Chongqing	Banking industry	50 million	63.10%	63.10%
Dongyuan Taiye Village Town Bank Co., Ltd.	Dongyuan, Guangdong	Heyuan, Guangdong	Banking industry	100 million	51.00%	51.00%
Zongyang Taiye Village Bank Co., Ltd.	Zongyang, Anhui	Tongling, Anhui	Banking industry	110 million	84.55%	84.55%

Note 1: As of 31 December 2021, the Bank has established a subsidiary, i.e. Guanyin International Co., Ltd. in Hong Kong according to the Reply of Guangdong Office of the China Banking and Insurance Regulatory Commission on Bank of Dongguan's Investment and Establishment of the Hong Kong Subsidiary (YYBJF [2020] No.659) and Hong Kong Banking Ordinance, and obtained the Business Registration Certificate. The Bank has not yet paid up its capital contribution, and its Hong Kong subsidiary needs to obtain a banking license issued by the Hong Kong Monetary Authority before it can start operations in the name of a bank.

7 CASH AND DEPOSITS IN THE CENTRAL BANK

	Note	The Group		The Bank	
		2021	2020	2021	2020
Cash		997,805,369.71	748,254,734.30	991,121,849.39	738,772,845.02
Deposits in the central bank					
– Statutory reserves	(i)	25,443,868,071.12	25,625,141,225.08	25,376,249,223.69	25,558,625,812.77
– Excess reserves	(ii)	7,088,887,813.29	7,580,810,221.74	6,969,268,801.57	7,495,970,536.19
– Foreign-exchange risk reserves	(iii)	–	76,031,487.75	–	76,031,487.75
– Fiscal deposits in central bank	(iv)	15,984,000.00	49,204,000.00	15,984,000.00	49,204,000.00
Sub-total		32,548,739,884.41	33,331,186,934.57	32,361,502,025.26	33,179,831,836.71
Accrued interest		12,793,793.27	13,083,787.66	12,763,071.12	13,055,278.64
Total		33,559,339,047.39	34,092,525,456.53	33,365,386,945.77	33,931,659,960.37

- (i) The Group places deposit reserves for general deposits with the People's Bank of China (or "PBOC"), including RMB deposit reserves and foreign currency deposit reserves, in accordance with related regulations. Without approval from the PBOC, these statutory deposit reserves must not be used in the regular operation of the Group. The PBOC pays no interest for the placed foreign currency deposit reserves.

As at each balance sheet date, the Bank was subject to the following statutory deposit reserve ratios:

	2021	2020
RMB deposit reserve ratio	8.00%	9.00%
Foreign currency deposit reserve ratio	9.00%	5.00%

The three subsidiaries of the Bank were subject to a statutory RMB reserve ratio set by the PBOC.

- (ii) Excess reserves with the central bank are mainly used in fund settlement and transfers, etc.
- (iii) Foreign-exchange risk reserves with the central bank are reserves deposited with the PBOC in a prescribed proportion for the Group engaging in forward exchange business on behalf of clients.
- (iv) Fiscal deposits in the central bank are fiscal deposits the Group collects under agency services for the central national treasury or the local national treasury, which are placed with the PBOC at a percentage of 100%. No interest is paid on the fiscal deposits, and they cannot be withdrawn without permission. The Bank does not recognise them as cash equivalents.

8 DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of institutions

	The Group		The Bank	
	2021	2020	2021	2020
Deposits with domestic				
– Banks and other financial institutions	482,941,503.09	928,532,281.33	350,136,257.94	737,767,126.81
– Other financial institutions	122,456,228.60	–	122,456,228.60	–
Deposits with overseas				
– Banks and other financial institutions	829,998,989.26	466,105,108.74	829,998,989.26	466,105,108.74
Accrued interest	651,744.17	1,212,915.69	191,209.89	205,620.95
Sub-total	1,436,048,465.12	1,395,850,305.76	1,302,782,685.69	1,204,077,856.50
Less: Provision for impairment	(4,578,450.73)	(2,229,402.29)	(4,567,881.45)	(2,227,543.10)
Total	1,431,470,014.39	1,393,620,903.47	1,298,214,804.24	1,201,850,313.40

9 LOANS TO BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of institutions

	The Group and the Bank	
	2021	2020
Banks operating in Mainland China	1,121,763,000.00	737,777,676.83
Other financial institutions operating in Mainland China	2,150,000,000.00	–
Accrued interest	22,616,624.62	903,408.61
Sub-total	3,294,379,624.62	738,681,085.44
Less: Provision for impairment	(19,528,236.13)	(20,137,453.49)
Total	3,274,851,388.49	718,543,631.95

10 DERIVATIVE FINANCIAL INSTRUMENTS

The Group and the Bank:

	2021		
	Notional amount	Fair value	
		Assets	Liabilities
Foreign currency derivatives instruments			
– Forward contracts	2,179,524,953.48	10,127,835.43	(3,037,388.37)
– Swap contracts	7,780,431,050.51	81,494,575.25	(67,414,777.92)
– Option contracts	31,241,912,000.00	209,812,554.42	(209,814,185.49)
Interest rate derivatives instruments			
– Interest rate swap	31,464,000,000.00	260,784,626.30	(348,903,581.59)
Total	72,665,868,003.99	562,219,591.40	(629,169,933.37)

	2020		
	Notional amount	Fair value	
		Assets	Liabilities
Foreign currency derivatives instruments			
– Forward contracts	1,295,904,109.27	28,528,222.02	(15,362,853.17)
– Swap contracts	6,548,578,092.50	115,131,599.40	(61,945,941.51)
– Option contracts	6,675,960,000.00	23,502,064.55	(23,502,064.55)
Interest rate derivatives instruments			
– Interest rate swap	33,715,670,000.00	186,502,972.25	(183,388,805.80)
Total	48,236,112,201.77	353,664,858.22	(284,199,665.03)

11 FINANCIAL ASSETS PURCHASED UNDER RESALE AGREEMENTS

(1) Analysed by type and location of counterparties

	The Group and the Bank	
	2021	2020
Banks operating in Mainland China	–	4,900,000,000.00
Other financial institutions operating in Mainland China	13,153,535,000.00	1,223,653,000.00
Accrued interest	7,711,095.20	527,117.63
Sub-total	13,161,246,095.20	6,124,180,117.63
Less: Provision for impairment	–	(112,495.57)
Total	13,161,246,095.20	6,124,067,622.06

(2) Analysed by classification of collateral

	The Group and the Bank	
	2021	2020
Bonds		
– Bonds issued by the Chinese government	1,991,558,000.00	2,700,000,000.00
– Policy bank bonds	11,161,977,000.00	2,200,000,000.00
– Bonds issued by commercial banks and other financial institutions	–	150,914,090.91
– Corporate bonds	–	872,788,909.09
– Interbank negotiable certificate of deposit	–	199,950,000.00
Accrued interest	7,711,095.20	527,117.63
Sub-total	13,161,246,095.20	6,124,180,117.63
Less: Provision for impairment	–	(112,495.57)
Total	13,161,246,095.20	6,124,067,622.06

12 LOANS AND ADVANCES TO CUSTOMERS

(1) Analysed by nature

	The Group		The Bank	
	2021	2020	2021	2020
Loans and advances at amortised cost:				
Loans and advances to corporate customers	146,604,199,257.84	119,219,090,213.58	146,459,589,790.56	119,083,228,935.14
Personal mortgage loans	51,992,291,944.87	50,438,879,655.58	51,635,952,987.73	50,262,548,801.80
Personal business loan	23,155,488,052.06	16,880,257,219.84	22,799,308,308.41	16,505,189,216.79
Personal consumption loan	16,084,029,726.01	6,960,369,842.17	15,989,239,858.83	6,682,040,150.43
Credit card loan	4,352,432,327.81	3,851,594,482.69	4,352,432,327.81	3,851,594,482.69
Other personal loans	904,710.62	1,479,003.83	904,710.62	1,479,003.83
Loans and advances to retail customers	95,585,146,761.37	78,132,580,204.11	94,777,838,193.40	77,302,851,655.54
Principal of loans and advances at amortised cost:	242,189,346,019.21	197,351,670,417.69	241,237,427,983.96	196,386,080,590.68
Accrued interest	586,687,697.74	522,482,542.17	584,323,254.31	519,801,090.51
Total loans and advances at amortised cost:	242,776,033,716.95	197,874,152,959.86	241,821,751,238.27	196,905,881,681.19
Less: Provision for losses on loans and advances at amortised cost				
– 12-month expected credit loss	(4,127,583,542.82)	(3,517,933,583.42)	(4,108,663,130.18)	(3,495,752,026.13)
– Lifetime expected credit loss				
– Not credit-impaired loans and advances	(501,345,376.44)	(559,165,568.65)	(496,230,431.45)	(548,689,843.16)
– Credit-impaired loans and advances	(1,983,096,588.92)	(1,813,213,629.64)	(1,963,021,079.33)	(1,791,473,590.09)
Provision for losses on loans and advances at amortised cost	(6,612,025,508.18)	(5,890,312,781.71)	(6,567,914,640.96)	(5,835,915,459.38)
Net loans and advances to customers issued at amortised cost	236,164,008,208.77	191,983,840,178.15	235,253,836,597.31	191,069,966,221.81
Loans and advances at fair value through other comprehensive income:				
Discounted bills	22,594,978,860.81	29,517,006,453.64	22,594,978,860.81	29,517,006,453.64
Loans and advances to corporate customers – Forfeiting	5,303,701,303.15	2,234,626,707.60	5,303,701,303.15	2,234,626,707.60
Principal of loans and advances at fair value through other comprehensive income	27,898,680,163.96	31,751,633,161.24	27,898,680,163.96	31,751,633,161.24
Net loans and advances issued	264,062,688,372.73	223,735,473,339.39	263,152,516,761.27	222,821,599,383.05

(2) Analysed by collateral

	The Group		The Bank	
	2021	2020	2021	2020
Loans secured by mortgages	144,271,418,945.40	123,190,801,167.89	143,472,918,077.18	122,382,547,729.62
Guaranteed loans	55,193,925,742.11	61,004,489,183.54	55,077,912,330.74	60,884,013,442.68
Pledged loans	25,333,804,120.31	23,813,376,113.76	25,318,451,585.54	23,806,799,813.56
Unsecured loans	45,288,877,375.35	21,094,637,113.74	45,266,826,154.46	21,064,352,766.06
Carrying amount of loans and advances issued	270,088,026,183.17	229,103,303,578.93	269,136,108,147.92	228,137,713,751.92

(3) Analysed by industry distribution**The Group**

	2021		2020	
	Total loans	Percentage	Total loans	Percentage
		%		%
Loans and advances to corporate customers				
– Leasing and commercial services	41,640,595,744.20	15.42	27,708,634,821.36	12.10
– Manufacturing	33,220,127,423.03	12.30	25,132,362,133.10	10.97
– Wholesale and retail	21,841,496,208.16	8.09	18,695,626,575.45	8.16
– Real estate	17,249,899,889.12	6.39	15,389,448,392.06	6.72
– Construction	11,257,212,542.45	4.17	8,937,537,002.22	3.90
– Education	4,558,854,118.87	1.69	5,302,247,559.37	2.31
– Transportation, storage and postal services	4,212,088,451.43	1.56	4,738,530,950.66	2.07
– Production and supply of electricity, heating, gas and water	3,248,769,714.89	1.20	2,384,958,091.42	1.04
– Water, environment and public utility management	2,092,770,181.09	0.77	2,266,488,502.17	0.99
– Others	12,586,086,287.75	4.65	10,897,882,893.37	4.76
Total loans and advances to corporate customers	151,907,900,560.99	56.24	121,453,716,921.18	53.02
Total loans and advances to retail customers	95,585,146,761.37	35.39	78,132,580,204.11	34.10
Discounted bills	22,594,978,860.81	8.37	29,517,006,453.64	12.88
Carrying amount of loans and advances issued	270,088,026,183.17	100.00	229,103,303,578.93	100.00

The Bank

	2021		2020	
	Total loans	Percentage	Total loans	Percentage
		%		%
Loans and advances to corporate customers				
– Leasing and commercial services	41,634,145,744.20	15.47	27,707,134,821.36	12.15
– Manufacturing	33,196,127,423.03	12.33	25,109,952,133.10	11.02
– Wholesale and retail	21,811,052,006.22	8.10	18,670,282,155.16	8.18
– Real estate	17,249,899,889.12	6.41	15,389,448,392.06	6.75
– Construction	11,242,250,920.67	4.18	8,924,105,889.69	3.91
– Education	4,558,854,118.87	1.69	5,302,247,559.37	2.32
– Transportation, storage and postal services	4,206,388,905.54	1.56	4,731,087,302.09	2.07
– Production and supply of electricity, heating, gas and water	3,246,505,617.04	1.21	2,381,325,993.57	1.04
– Water, environment and public utility management	2,092,770,181.09	0.78	2,266,488,502.17	0.99
– Others	12,525,296,287.93	4.65	10,835,782,894.17	4.74
Total loans and advances to corporate customers	151,763,291,093.71	56.38	121,317,855,642.74	53.17
Total loans and advances to retail customers	94,777,838,193.40	35.22	77,302,851,655.54	33.89
Discounted bills	22,594,978,860.81	8.40	29,517,006,453.64	12.94
Total loans and advances to customers	269,136,108,147.92	100.00	228,137,713,751.92	100.00

(4) Analysed by geographic distribution**The Group**

	2021		2020	
	Total loans	Percentage	Total loans	Percentage
		%		%
Dongguan	157,706,999,204.50	58.39	138,130,801,887.54	60.30
Guangdong province (excluding Dongguan)	57,061,543,167.95	21.13	47,729,103,019.75	20.83
Outside Guangdong province	22,360,286,020.45	8.28	18,289,595,341.33	7.98
Head Office	32,959,197,790.27	12.20	24,953,803,330.31	10.89
Carrying amount of loans and advances issued	270,088,026,183.17	100.00	229,103,303,578.93	100.00

The Bank

	2021		2020	
	Total loans	Percentage	Total loans	Percentage
		%		%
Dongguan	157,706,999,204.50	58.60	138,130,801,887.54	60.55
Guangdong province (excluding Dongguan)	56,719,535,698.61	21.07	47,369,558,576.84	20.76
Outside Guangdong province	21,750,375,454.54	8.08	17,683,549,957.23	7.75
Head Office	32,959,197,790.27	12.25	24,953,803,330.31	10.94
Carrying amount of loans and advances issued	269,136,108,147.92	100.00	228,137,713,751.92	100.00

(5) Analysis of overdue loans by collateral and overdue term**The Group**

	2021				
	Overdue for within 3 months (inclusive)	Overdue for 3 months to 1 year (inclusive)	Overdue for 1 year to 3 years (inclusive)	Overdue for more than 3 years	Total
Pledged loans	268,270,000.00	47,122,068.50	5,043,664.27	27,168,216.73	347,603,949.50
Loans secured by mortgages	274,231,939.92	597,457,085.98	188,128,860.01	55,850,408.81	1,115,668,294.72
Guaranteed loans	18,888,980.77	862,177,521.75	51,486,446.26	53,754,205.32	986,307,154.10
Unsecured loans	123,507,567.54	152,315,584.61	210,822,645.36	139,888,194.04	626,533,991.55
Total	684,898,488.23	1,659,072,260.84	455,481,615.90	276,661,024.90	3,076,113,389.87
Percentage of carrying amount of loans and advances issued	0.25%	0.61%	0.17%	0.10%	1.13%

	2020				
	Overdue for within 3 months (inclusive)	Overdue for 3 months to 1 year (inclusive)	Overdue for 1 year to 3 years (inclusive)	Overdue for more than 3 years	Total
Pledged loans	38,671,772.06	237,754,145.06	6,371,770.43	56,106,275.87	338,903,963.42
Loans secured by mortgages	396,823,616.72	458,609,847.67	196,267,889.01	104,864,153.40	1,156,565,506.80
Guaranteed loans	290,546,369.90	158,920,566.97	136,538,659.07	38,711,614.51	624,717,210.45
Unsecured loans	86,069,877.78	146,525,198.25	119,549,593.68	128,098,710.36	480,243,380.07
Total	812,111,636.46	1,001,809,757.95	458,727,912.19	327,780,754.14	2,600,430,060.74
Percentage of carrying amount of loans and advances issued	0.35%	0.44%	0.20%	0.14%	1.13%

The Bank

	2021				
	Overdue for within 3 months (inclusive)	Overdue for 3 months to 1 year (inclusive)	Overdue for 1 year to 3 years (inclusive)	Overdue for more than 3 years	Total
Pledged loans	268,270,000.00	47,122,068.50	5,043,664.27	27,168,216.73	347,603,949.50
Loans secured by mortgages	266,881,585.94	593,895,808.14	181,382,802.42	51,809,274.84	1,093,969,471.34
Guaranteed loans	16,491,724.91	861,951,315.61	49,867,197.22	53,063,010.31	981,373,248.05
Unsecured loans	123,208,637.56	151,832,795.88	210,096,782.76	139,888,194.04	625,026,410.24
Total	674,851,948.41	1,654,801,988.13	446,390,446.67	271,928,695.92	3,047,973,079.13
Percentage of carrying amount of loans and advances issued	0.25%	0.61%	0.17%	0.10%	1.13%

	2020				
	Overdue for within 3 months (inclusive)	Overdue for 3 months to 1 year (inclusive)	Overdue for 1 year to 3 years (inclusive)	Overdue for more than 3 years	Total
Pledged loans	38,671,772.06	237,754,145.06	6,371,770.43	56,106,275.87	338,903,963.42
Loans secured by mortgages	390,381,508.13	454,406,460.74	193,944,178.76	99,077,166.54	1,137,809,314.17
Guaranteed loans	287,888,519.68	156,441,692.42	134,656,899.86	34,488,634.78	613,475,746.74
Unsecured loans	82,362,113.73	145,778,063.63	119,298,885.53	128,098,710.36	475,537,773.25
Total	799,303,913.60	994,380,361.85	454,271,734.58	317,770,787.55	2,565,726,797.58
Percentage of carrying amount of loans and advances issued	0.35%	0.44%	0.20%	0.14%	1.13%

Overdue loans refer to all loans granted by the Group to customers whose principals or interests are completely or partially overdue for one day or above.

(6) Analysis of loans and advances to customers and provision for losses on loans**The Group**

(a) Loans and advances to customers and provision for losses on loans at amortised cost:

	2021			
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	Total
Total loans and advances issued at amortised cost	238,271,391,230.83	1,910,396,910.39	2,594,245,575.73	242,776,033,716.95
Less: Provision for losses on loans	(4,127,583,542.82)	(501,345,376.44)	(1,983,096,588.92)	(6,612,025,508.18)
Net loans and advances to customers issued at amortised	234,143,807,688.01	1,409,051,533.95	611,148,986.81	236,164,008,208.77

	2020			
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	Total
Total loans and advances issued at amortised cost	193,542,364,348.28	1,615,129,830.99	2,716,658,780.59	197,874,152,959.86
Less: Provision for losses on loans	(3,517,933,583.42)	(559,165,568.65)	(1,813,213,629.64)	(5,890,312,781.71)
Net loans and advances to customers issued at amortised	190,024,430,764.86	1,055,964,262.34	903,445,150.95	191,983,840,178.15

(b) Loans and advances to customers and provision for losses on loans at fair value through other comprehensive income:

	2021			
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	Total
Carrying amount of loans and advances to customers at fair value through other comprehensive income	27,898,680,163.96	–	–	27,898,680,163.96
Provision for impairment included in other comprehensive income	(119,567,273.74)	–	–	(119,567,273.74)

	2020			
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	Total
Carrying amount of loans and advances to customers at fair value through other comprehensive income	31,751,633,161.24	–	–	31,751,633,161.24
Provision for impairment included in other comprehensive income	(61,802,479.83)	–	–	(61,802,479.83)

Provision for loans and advances that are measured at FVOCI is recognised in other comprehensive income and the impairment gain or loss is recognised in profit or loss without making corresponding adjustment to financial asset's carrying amount presented in the balance sheet.

The Bank

(a) Loans and advances to customers and provision for losses on loans at amortised cost:

	2021			
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	Total
Carrying amount of loans and advances issued at amortised cost	237,366,388,920.75	1,881,487,493.26	2,573,874,824.26	241,821,751,238.27
Less: Provision for losses on loans	(4,108,663,130.18)	(496,230,431.45)	(1,963,021,079.33)	(6,567,914,640.96)
Carrying amount of loans and advances issued at amortised	233,257,725,790.57	1,385,257,061.81	610,853,744.93	235,253,836,597.31

	2020			
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	Total
Carrying amount of loans and advances issued at amortised cost	192,642,862,362.12	1,572,681,361.44	2,690,337,957.63	196,905,881,681.19
Less: Provision for losses on loans	(3,495,752,026.13)	(548,689,843.16)	(1,791,473,590.09)	(5,835,915,459.38)
Net loans and advances to customers issued at amortised	189,147,110,335.99	1,023,991,518.28	898,864,367.54	191,069,966,221.81

(b) Loans and advances to customers and provision for losses on loans at fair value through other comprehensive income:

	2021			
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	Total
Carrying amount of loans and advances to customers at fair value through other comprehensive income	27,898,680,163.96	–	–	27,898,680,163.96
Provision for impairment included in other comprehensive income	(119,567,273.74)	–	–	(119,567,273.74)

	2020			
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	Total
Carrying amount of loans and advances to customers at fair value through other comprehensive income	31,751,633,161.24	–	–	31,751,633,161.24
Provision for impairment included in other comprehensive income	(61,802,479.83)	–	–	(61,802,479.83)

Provision for loans and advances that are measured at FVOCI is recognised in other comprehensive income and the impairment gain or loss is recognised in profit or loss without making corresponding adjustment to financial asset's carrying amount presented in the balance sheet.

(7) Changes in provision for losses on loans

The Group

(a) Changes in provision for losses on loans and advances to customers at amortised cost

	2021			
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	Total
Balance at the beginning of the year	3,517,933,583.42	559,165,568.65	1,813,213,629.64	5,890,312,781.71
Transfer to:				
– 12-month expected credit loss	150,149,081.36	(148,862,005.10)	(1,287,076.26)	–
– Lifetime expected credit loss				
– Not credit-impaired loans and advances	(12,641,159.68)	79,721,594.13	(67,080,434.45)	–
– Credit-impaired loans and advances	(22,986,660.25)	(65,737,329.22)	88,723,989.47	–
Provision for the year	495,128,697.97	77,057,547.98	889,224,428.17	1,461,410,674.12
Written off during the year	–	–	(744,511,030.85)	(744,511,030.85)
Recovery during the year	–	–	21,642,162.68	21,642,162.68
Other	–	–	(16,829,079.48)	(16,829,079.48)
Balance at the end of the year	4,127,583,542.82	501,345,376.44	1,983,096,588.92	6,612,025,508.18

	2020			Total
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	
Balance at the beginning of the year	2,417,846,607.81	719,830,958.83	1,828,480,038.69	4,966,157,605.33
Transfer to:				
– 12-month expected credit loss	56,252,813.81	(55,405,719.70)	(847,094.11)	–
– Lifetime expected credit loss				
– Not credit-impaired loans and advances	(10,340,333.05)	11,434,410.94	(1,094,077.89)	–
– Credit-impaired loans and advances	(14,711,299.06)	(117,007,343.95)	131,718,643.01	–
Provision for the year	1,068,885,793.91	313,262.53	1,336,846,762.85	2,406,045,819.29
Written off during the year	–	–	(1,489,854,061.70)	(1,489,854,061.70)
Recovery during the year	–	–	8,669,912.99	8,669,912.99
Other	–	–	(706,494.20)	(706,494.20)
Balance at the end of the year	3,517,933,583.42	559,165,568.65	1,813,213,629.64	5,890,312,781.71

(b) Changes in provision for losses on loans and advances at fair value through other comprehensive income

	2021			Total
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	
Balance at the beginning of the year	61,802,479.83	–	–	61,802,479.83
Provision for the year	57,764,793.91	–	–	57,764,793.91
Balance at the end of the year	119,567,273.74	–	–	119,567,273.74

	2020			Total
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	
Balance at the beginning of the year	2,331,890.37	–	39,802,095.25	42,133,985.62
Provision/(reversal) for the year	59,470,589.46	–	(39,802,095.25)	19,668,494.21
Balance at the end of the year	61,802,479.83	–	–	61,802,479.83

The Bank

(a) Changes in provision for losses on loans and advances at amortised cost

	2021			Total
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	
Balance at the beginning of the year	3,495,752,026.13	548,689,843.16	1,791,473,590.09	5,835,915,459.38
Transfer to:				
– 12-month expected credit loss	149,808,986.29	(148,521,910.03)	(1,287,076.26)	–
– Lifetime expected credit loss				
– Not credit-impaired loans and advances	(11,791,760.77)	78,706,012.91	(66,914,252.14)	–
– Credit-impaired loans and advances	(22,923,627.54)	(62,881,800.49)	85,805,428.03	–
Provision for the year	497,817,506.07	80,238,285.90	890,668,848.47	1,468,724,640.44
Written off during the year	–	–	(737,480,987.55)	(737,480,987.55)
Recovery during the year	–	–	17,584,608.17	17,584,608.17
Other	–	–	(16,829,079.48)	(16,829,079.48)
Balance at the end of the year	4,108,663,130.18	496,230,431.45	1,963,021,079.33	6,567,914,640.96

	2020			Total
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	
Balance at the beginning of the year	2,399,076,450.16	716,237,749.30	1,816,153,381.46	4,931,467,580.92
Transfer to:				
– 12-month expected credit loss	56,030,368.80	(55,372,963.19)	(657,405.61)	–
– Lifetime expected credit loss				
– Not credit-impaired loans and advances	(9,428,890.49)	10,522,968.38	(1,094,077.89)	–
– Credit-impaired loans and advances	(14,361,197.56)	(116,627,356.61)	130,988,554.17	–
Provision/(reversal) for the year	1,064,435,295.22	(6,070,554.72)	1,273,777,131.58	2,332,141,872.08
Written off during the year	–	–	(1,435,657,412.41)	(1,435,657,412.41)
Recovery during the year	–	–	8,669,912.99	8,669,912.99
Other	–	–	(706,494.20)	(706,494.20)
Balance at the end of the year	3,495,752,026.13	548,689,843.16	1,791,473,590.09	5,835,915,459.38

(b) Changes in provision for losses on loans and advances at fair value through other comprehensive income

	2021			Total
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	
Balance at the beginning of the year	61,802,479.83	–	–	61,802,479.83
Provision for the year	57,764,793.91	–	–	57,764,793.91
Balance at the end of the year	119,567,273.74	–	–	119,567,273.74

	2020			Total
	12-month ECL loans and advances	Lifetime ECL – not credit-impaired loans and advances	Lifetime ECL – credit impaired loans and advances	
Balance at the beginning of the year	2,331,890.37	–	39,802,095.25	42,133,985.62
Provision/(reversal) for the year	59,470,589.46	–	(39,802,095.25)	19,668,494.21
Balance at the end of the year	61,802,479.83	–	–	61,802,479.83

13 FINANCIAL INVESTMENT – FINANCIAL ASSETS HELD FOR TRADING

	The Group and the Bank	
	2021	2020
Bond investment		
Unlisted in China		
– Bonds issued by local government	10,136,281.52	62,628,666.99
– Policy bank bonds	–	132,033,933.51
– Bonds issued by commercial banks and other financial institutions	3,060,549,168.99	1,930,920,332.80
– Corporate bonds	832,998,577.70	177,608,053.27
Sub-total	3,903,684,028.21	2,303,190,986.57
Listed in China		
– Bonds issued by commercial banks and other financial institutions	131,034,814.39	–
– Corporate bonds	1,846,977,326.82	226,334,240.52
Sub-total	1,978,012,141.21	226,334,240.52
Interbank certificates of deposit	684,393,960.55	512,513,509.44
Trust schemes	304,420,459.97	292,739,346.86
Asset management plans	5,901,595,622.33	186,745,050.56
Funds	24,993,432,036.98	30,520,056,564.38
Total	37,765,538,249.25	34,041,579,698.33

14 FINANCIAL INVESTMENTS – DEBT INVESTMENTS

	Note	The Group and the Bank	
		2021	2020
Bond investment			
– Bonds issued by the Chinese government		18,659,413,251.29	17,936,461,446.45
– Bonds issued by local government		50,678,968,940.07	54,667,243,109.80
– Policy bank bonds		5,696,211,857.41	70,000,337.73
– Government-backed agency bonds		842,590,248.02	–
– Bonds issued by commercial banks and other financial institutions		1,226,564,676.89	467,707,537.95
– Corporate bonds		2,292,738,170.11	781,332,137.66
Sub-total of bond investment		79,396,487,143.79	73,922,744,569.59
Income certificate		600,000,000.00	–
Trust schemes		762,465,876.78	3,622,079,402.76
Asset management plans		14,488,654,379.26	15,623,239,509.92
Accrued interest		1,185,237,217.43	1,213,825,356.46
Less: Provision for impairment	(1)	(3,228,474,189.23)	(3,590,570,490.93)
Total		93,204,370,428.03	90,791,318,347.80

(1) Movements of provisions for impairment of debt investment are as follows:

	2021			
	12-month ECL	Lifetime ECL – Not credit-impaired	Lifetime ECL – Credit-impaired	Total
Balance at the beginning of the year	189,947,626.54	282,764,692.68	3,117,858,171.71	3,590,570,490.93
Transfer to:				
– Lifetime ECL				
– Not credit-impaired	(4,624,298.68)	4,624,298.68	–	–
– Credit-impaired	(200,269.04)	(181,739,695.76)	181,939,964.80	–
Provision/(reversal) for the year	(31,582,473.74)	300,311,203.57	492,944,968.47	761,673,698.30
Written off during the year	–	–	(1,123,770,000.00)	(1,123,770,000.00)
Balance at the end of the year	153,540,585.08	405,960,499.17	2,668,973,104.98	3,228,474,189.23

	2020			
	12-month ECL	Lifetime ECL – Not credit-impaired	Lifetime ECL – Credit-impaired	Total
Balance at the beginning of the year	157,814,164.67	499,377,519.20	2,087,777,871.39	2,744,969,555.26
Transfer to:				
– Lifetime ECL				
– Not credit-impaired	(3,880,516.15)	3,880,516.15	–	–
– Credit-impaired	(4,049,367.73)	(355,517,947.01)	359,567,314.74	–
Provision for the year	40,063,345.75	135,024,604.34	1,010,512,985.58	1,185,600,935.67
Written off during the year	–	–	(340,000,000.00)	(340,000,000.00)
Balance at the end of the year	189,947,626.54	282,764,692.68	3,117,858,171.71	3,590,570,490.93

15 FINANCIAL INVESTMENTS – OTHER DEBT INVESTMENTS

	The Group and the Bank	
	2021	2020
Bond investment		
Unlisted in China and overseas		
– Bonds issued by the Chinese government	6,597,019,259.06	10,334,541,758.02
– Bonds issued by local government	324,813,240.00	6,237,302,270.00
– Policy bank bonds	12,473,372,895.11	20,001,540.00
– Government-backed agency bonds	132,234,730.00	–
– Bonds issued by commercial banks and other financial institutions	2,180,008,700.00	460,755,780.00
– Corporate bonds	406,833,330.00	503,100,655.10
– Bonds issued by foreign government	29,330,054.03	–
Sub-total	22,143,612,208.20	17,555,702,003.12
Listed in China and overseas		
– Bonds issued by commercial banks and other financial institutions	174,724,313.36	–
– Corporate bonds	428,920,993.23	147,622,363.52
Sub-total of bond investment	22,747,257,514.79	17,703,324,366.64
Interbank certificates of deposit	4,067,376,516.38	147,551,663.01
Trust schemes	746,381,222.33	152,524,651.83
Asset management plans	39,479,597.23	554,986,617.49
Accrued interest	402,244,967.57	261,692,641.46
Total	28,002,739,818.30	18,820,079,940.43
Provision for impairment recognised in other comprehensive income	425,770,691.22	230,832,706.95

(1) Movements of provisions for impairment of other debt investment are as follows:

	2021			
	Estimated 12-month ECL	Lifetime ECL – Not credit-impaired	Lifetime ECL – Credit-impaired	Total
Balance at the beginning of the year	6,208,452.23	15,235,844.72	209,388,410.00	230,832,706.95
Transfer to:				
– Lifetime ECL				
– Credit-impaired	–	(15,235,844.72)	15,235,844.72	–
Provision for the year	8,079,663.79	–	186,858,320.48	194,937,984.27
Balance at the end of the year	14,288,116.02	–	411,482,575.20	425,770,691.22

	2020			
	Estimated 12-month ECL	Lifetime ECL – Not credit-impaired	Lifetime ECL – Credit-impaired	Total
Balance at the beginning of the year	19,445,441.22	–	136,184,390.00	155,629,831.22
Transfer to:				
– Lifetime ECL				
– Credit-impaired	(19,185.35)	–	19,185.35	–
(Reversal)/Provision for the year	(13,217,803.64)	15,235,844.72	73,184,834.65	75,202,875.73
Balance at the end of the year	6,208,452.23	15,235,844.72	209,388,410.00	230,832,706.95

- (i) provisions for impairment of other debt investments are recognised in other comprehensive income, and impairment gains or losses are recognised in profit or loss, without decreasing the carrying amount of the financial assets presented in the balance sheet.

16 FINANCIAL INVESTMENTS – INVESTMENTS IN OTHER EQUITY INSTRUMENTS

	The Group and the Bank	
	2021	2020
Unlisted equity investment	14,697,248.61	17,630,546.29
Listed equity	8,395,335.33	–
Total	23,092,583.94	17,630,546.29

17 LONG-TERM EQUITY INVESTMENTS

	Note	The Group		The Bank	
		2021	2020	2021	2020
Investment in subsidiaries	(1)	–	–	163,570,182.25	163,570,182.25
Investment in associates	(2)	913,079,894.99	882,393,628.39	913,079,894.99	882,393,628.39
Total		913,079,894.99	882,393,628.39	1,076,650,077.24	1,045,963,810.64

(1) The Bank's investments in its subsidiaries are analysed as follows:

	The Bank	
	2021	2020
Chongqing Kaizhou Taiye Village Bank Co., Ltd.	31,550,000.00	31,550,000.00
Dongyuan Taiye Village Town Bank Co., Ltd.	51,000,000.00	51,000,000.00
Zongyang Taiye Village Bank Co., Ltd.	81,020,182.25	81,020,182.25
Total	163,570,182.25	163,570,182.25

Please refer to Note 6 for information about our subsidiaries.

(2) The Group and the Bank's investments in its associates are analysed as follows:

	The Group and the Bank	
	2021	2020
Bank of Xingtai Co., Ltd.	738,798,972.23	714,778,933.29
Dongguan Chang'an Village Bank Co., Ltd.	112,677,932.33	107,726,302.19
Lingshan Taiye Village Bank Co., Ltd.	26,797,193.08	26,256,246.92
Dongguan Houjie Huaye Village Bank Co., Ltd.	34,805,797.35	33,632,145.99
Total	913,079,894.99	882,393,628.39

(3) Details of immaterial associates accounted for using the equity method are summarised as follows:

	The Group and the Bank	
	2021	2020
Aggregate carrying amount of investments	913,079,894.99	882,393,628.39
Aggregate amount of the following items by shareholding ratio		
– Net profits	33,498,533.94	26,407,041.58
– Other comprehensive income	787,732.96	194,058.34
Total comprehensive income	34,286,266.90	26,601,099.92

18 FIXED ASSETS

The Group

	Buildings	Transportation and others	Electronic and machinery equipment	Total
Cost				
Balance as of 1 January 2020	946,044,600.46	139,737,577.03	530,025,976.26	1,615,808,153.75
Additions during the year	5,372,319.45	14,077,974.35	131,864,120.61	151,314,414.41
Transfers from construction in progress	228,666,520.37	589,631.20	9,341,638.76	238,597,790.33
Disposal during the year	–	(10,925,550.34)	(24,988,233.67)	(35,913,784.01)
Balance as at 31 December 2020	1,180,083,440.28	143,479,632.24	646,243,501.96	1,969,806,574.48
Additions during the year	1,690,082.57	13,025,473.26	143,907,226.00	158,622,781.83
Transfers from construction in progress	143,217,114.81	4,391,632.42	2,931,494.13	150,540,241.36
Disposal during the year	(24,550,000.00)	(9,909,652.84)	(53,941,886.72)	(88,401,539.56)
Balance as at 31 December 2021	1,300,440,637.66	150,987,085.08	739,140,335.37	2,190,568,058.11
Accumulated depreciation				
Balance as of 1 January 2020	(593,167,155.87)	(110,221,127.24)	(342,897,147.98)	(1,046,285,431.09)
Provision for depreciation during the year	(31,251,594.00)	(10,576,040.46)	(62,518,672.82)	(104,346,307.28)
Depreciation write-off	–	10,385,737.92	22,933,755.03	33,319,492.95
Balance as at 31 December 2020	(624,418,749.87)	(110,411,429.78)	(382,482,065.77)	(1,117,312,245.42)
Provision for depreciation during the year	(47,587,628.82)	(10,077,018.66)	(76,642,056.88)	(134,306,704.36)
Depreciation write-off	16,104,800.00	9,449,807.63	50,953,054.16	76,507,661.79
Balance as at 31 December 2021	(655,901,578.69)	(111,038,640.81)	(408,171,068.49)	(1,175,111,287.99)
Carrying amounts				
As at 31 December 2021	644,539,058.97	39,948,444.27	330,969,266.88	1,015,456,770.12
As at 31 December 2020	555,664,690.41	33,068,202.46	263,761,436.19	852,494,329.06

The Bank

	Buildings	Transportation and others	Electronic and machinery equipment	Total
Cost				
Balance as of 1 January 2020	929,375,181.27	136,715,965.04	527,822,601.58	1,593,913,747.89
Additions during the year	615,004.19	12,175,925.42	130,497,298.73	143,288,228.34
Transfers from construction in progress	228,666,520.37	589,631.20	9,341,638.76	238,597,790.33
Disposal during the year	–	(10,829,734.84)	(24,782,489.67)	(35,612,224.51)
Balance as at 31 December 2020	1,158,656,705.83	138,651,786.82	642,879,049.40	1,940,187,542.05
Additions during the year	1,690,082.57	12,638,711.97	143,108,346.00	157,437,140.54
Transfers from construction in progress	134,213,488.87	4,391,632.42	2,392,117.13	140,997,238.42
Disposal during the year	(24,550,000.00)	(9,200,597.34)	(53,474,215.52)	(87,224,812.86)
Balance as at 31 December 2021	1,270,010,277.27	146,481,533.87	734,905,297.01	2,151,397,108.15
Accumulated depreciation				
Balance as of 1 January 2020	(585,672,373.73)	(107,629,616.67)	(341,293,592.70)	(1,034,595,583.10)
Provision for depreciation during the year	(29,875,838.23)	(8,682,719.83)	(61,378,865.66)	(99,937,423.72)
Depreciation write-off	–	10,319,553.76	22,741,183.35	33,060,737.11
Balance as at 31 December 2020	(615,548,211.96)	(105,992,782.74)	(379,931,275.01)	(1,101,472,269.71)
Provision for depreciation during the year	(46,259,035.23)	(9,927,574.24)	(76,316,159.48)	(132,502,768.95)
Depreciation write-off	16,104,800.00	8,791,693.55	50,505,065.01	75,401,558.56
Balance as at 31 December 2021	(645,702,447.19)	(107,128,663.43)	(405,742,369.48)	(1,158,573,480.10)
Carrying amounts				
As at 31 December 2021	624,307,830.08	39,352,870.44	329,162,927.53	992,823,628.05
As at 31 December 2020	543,108,493.87	32,659,004.08	262,947,774.39	838,715,272.34

Note:

- (i) As at 31 December 2021, the Bank had houses and buildings with defects of title, with a carrying amount of RMB13,529,400 (RMB25,895,100 as at 31 December 2020). In the opinion of the Bank's management, the Bank has the right to legally and effectively occupy or use these buildings.
- (ii) As at 31 December 2021, the carrying amount of the buildings leased out by the Group for operating leases was RMB2,560,000 (RMB12,429,800 as at 31 December 2020).
- (iii) As of 31 December 2021, the Group had no temporarily idle assets of significant amount (31 December 2020: None).

19 CONSTRUCTION IN PROGRESS

The Group

	Total
Cost	
Balance as of 1 January 2020	591,374,713.55
Additions during the year	537,297,216.10
Transfers to fixed assets for the year	(238,597,790.33)
Transfers to long-term deferred expenses for the year	(78,344,749.22)
Balance as at 31 December 2020	811,729,390.10
Additions during the year	282,514,811.21
Transfers to fixed assets for the year	(150,540,241.36)
Transfers to intangible assets, long-term deferred expenses and others for the year	(203,705,538.47)
Balance as at 31 December 2021	739,998,421.48
Carrying amounts	
As at 31 December 2021	739,998,421.48
As at 31 December 2020	811,729,390.10

The Bank

	Total
Cost	
Balance as of 1 January 2020	582,579,302.28
Additions during the year	537,175,541.10
Transfers to fixed assets for the year	(238,597,790.33)
Transfers to long-term deferred expenses for the year	(74,507,655.60)
Balance as at 31 December 2020	806,649,397.45
Additions during the year	278,051,800.92
Transfers to fixed assets for the year	(140,997,238.42)
Transfers to intangible assets, long-term deferred expenses and others for the year	(203,705,538.47)
Balance as at 31 December 2021	739,998,421.48
Carrying amounts	
As at 31 December 2021	739,998,421.48
As at 31 December 2020	806,649,397.45

20 RIGHT-OF-USE ASSETS

The Group

	Buildings	Office equipment and other equipment	Others	Total
Cost				
Balance as of 1 January 2021	499,028,454.69	217,449.55	1,424,797.21	500,670,701.45
Additions during the year	267,130,082.33	11,824.18	366,196.86	267,508,103.37
Reductions during the year	(10,566,973.22)	(87,357.64)	(41,500.01)	(10,695,830.87)
Balance as at 31 December 2021	755,591,563.80	141,916.09	1,749,494.06	757,482,973.95
Accumulated depreciation				
Balance as of 1 January 2021	—	—	—	—
Provision for the year	(159,154,814.93)	(72,128.43)	(659,070.78)	(159,886,014.14)
Reductions during the year	1,542,905.33	18,578.75	9,591.79	1,571,075.87
Balance as at 31 December 2021	(157,611,909.60)	(53,549.68)	(649,478.99)	(158,314,938.27)
Carrying amounts				
Balance as of 1 January 2021	499,028,454.69	217,449.55	1,424,797.21	500,670,701.45
Balance as at 31 December 2021	597,979,654.20	88,366.41	1,100,015.07	599,168,035.68

The Bank

	Buildings	Office equipment and other equipment	Others	Total
Cost				
Balance as of 1 January 2021	496,245,550.51	217,449.55	1,424,797.21	497,887,797.27
Additions during the year	266,053,763.14	11,824.18	366,196.86	266,431,784.18
Reductions during the year	(10,391,525.80)	(87,357.64)	(41,500.01)	(10,520,383.45)
Balance as at 31 December 2021	751,907,787.85	141,916.09	1,749,494.06	753,799,198.00
Accumulated depreciation				
Balance as of 1 January 2021	—	—	—	—
Provision for the year	(158,517,377.78)	(72,128.43)	(659,070.78)	(159,248,576.99)
Reductions during the year	1,533,671.25	18,578.75	9,591.79	1,561,841.79
Balance as at 31 December 2021	(156,983,706.53)	(53,549.68)	(649,478.99)	(157,686,735.20)
Carrying amounts				
Balance as of 1 January 2021	496,245,550.51	217,449.55	1,424,797.21	497,887,797.27
Balance as at 31 December 2021	594,924,081.32	88,366.41	1,100,015.07	596,112,462.80

21 INTANGIBLE ASSETS

	The Group and the Bank		
	Software	Land use right	Total
Cost			
As of 1 January 2020	345,342,176.49	166,671,121.00	512,013,297.49
Additions during the year	170,513,392.32	–	170,513,392.32
Reductions during the year	–	–	–
As at 31 December 2020	515,855,568.81	166,671,121.00	682,526,689.81
Additions during the year	202,931,286.71	131,264,867.42	334,196,154.13
Reductions during the year	–	–	–
As at 31 December 2021	718,786,855.52	297,935,988.42	1,016,722,843.94
Accumulated amortisation			
As of 1 January 2020	(143,280,977.74)	(49,450,705.82)	(192,731,683.56)
Additions during the year	(63,029,084.54)	(4,426,051.92)	(67,455,136.46)
Reductions during the year	–	–	–
As at 31 December 2020	(206,310,062.28)	(53,876,757.74)	(260,186,820.02)
Additions during the year	(106,158,570.82)	(6,092,907.30)	(112,251,478.12)
Reductions during the year	–	–	–
As at 31 December 2021	(312,468,633.10)	(59,969,665.04)	(372,438,298.14)
Carrying amounts			
As at 31 December 2021	406,318,222.42	237,966,323.38	644,284,545.80
As at 31 December 2020	309,545,506.53	112,794,363.26	422,339,869.79

22 DEFERRED INCOME TAX ASSETS

(1) Analysed by nature

Item	The Group			
	2021		2020	
	Deductible/(taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/(taxable) temporary differences	Deferred tax assets/ (liabilities)
Provisions for impairment of loans and advances to customers and other assets	7,862,941,651.49	1,964,978,456.98	7,674,559,096.28	1,917,376,628.44
Staff benefits payable	591,871,144.05	147,751,888.08	495,804,773.26	123,859,366.86
Provisions	245,401,109.48	61,350,277.37	212,670,215.80	53,167,553.95
Lease-related deductible and taxable temporary differences	24,588,608.83	5,406,526.71	N/A	N/A
Changes in fair value of financial instruments	(162,122,662.44)	(40,530,665.61)	(124,151,645.44)	(31,037,911.36)
Others	(138,855,333.54)	(34,911,708.91)	(169,331,865.53)	(42,433,018.03)
Total	8,423,824,517.87	2,104,044,774.62	8,089,550,574.37	2,020,932,619.86

Item	The Bank			
	2021		2020	
	Deductible/(taxable) temporary differences	Deferred tax assets/(liabilities)	Deductible/(taxable) temporary differences	Deferred tax assets/(liabilities)
Provisions for impairment of loans and advances to customers and other assets	7,799,162,644.60	1,949,790,661.15	7,606,136,329.52	1,901,534,082.38
Staff benefits payable	584,804,309.72	146,201,077.43	490,934,026.36	122,733,506.59
Provisions	245,401,109.48	61,350,277.37	212,670,215.80	53,167,553.95
Lease-related deductible and taxable temporary differences	22,393,003.88	5,598,250.97	N/A	N/A
Changes in fair value of financial instruments	(162,122,662.44)	(40,530,665.61)	(124,151,645.44)	(31,037,911.36)
Others	(142,217,005.48)	(35,554,251.37)	(170,457,603.36)	(42,614,400.84)
Total	8,347,421,399.76	2,086,855,349.94	8,015,131,322.88	2,003,782,830.72

The deferred income tax assets mentioned above are the tax implications of the difference between the related pre-tax accounting profits estimated by the management of the Group to be able to bring tax profits for the Group and the taxable income. The management's estimate was based on the principle of prudence with consideration of the related requirements and realities of prevailing tax regulations.

(2) Analysed by change

Item	The Group			
	2021			
	Balance at the beginning of the year	Current year increase/decrease recognised in profit or loss	Current year increase/decrease recognised in equity	Balance at the end of the year
Provisions for impairment of loans and advances to customers and other assets	1,917,376,628.44	110,777,523.08	(63,175,694.54)	1,964,978,456.98
Staff benefits payable	123,859,366.86	23,892,521.22	–	147,751,888.08
Provisions	53,167,553.95	8,182,723.42	–	61,350,277.37
Lease-related deductible and taxable temporary differences	–	5,406,526.71	–	5,406,526.71
Changes in fair value of financial instruments	(31,037,911.36)	(33,415,530.98)	23,922,776.73	(40,530,665.61)
Others	(42,433,018.03)	7,521,309.12	–	(34,911,708.91)
Total	2,020,932,619.86	122,365,072.57	(39,252,917.81)	2,104,044,774.62

Item	The Group				
	2020				
	Balance at the beginning of the year	Consolidated by consolidated subsidiaries	Current year increase/decrease recognised in profit or loss	Current year increase/decrease recognised in equity	Balance at the end of the year
Provisions for impairment of loans and advances to customers and other assets	1,475,405,726.42	11,308,588.23	454,380,156.27	(23,717,842.48)	1,917,376,628.44
Staff benefits payable	104,043,633.37	145,372.65	19,670,360.84	–	123,859,366.86
Provisions	46,862,790.49	–	6,304,763.46	–	53,167,553.95
Changes in fair value of financial instruments	(102,448,286.19)	–	(21,682,878.61)	93,093,253.44	(31,037,911.36)
Others	(20,564,837.98)	4,508.75	(21,872,688.80)	–	(42,433,018.03)
Total	1,503,299,026.11	11,458,469.63	436,799,713.16	69,375,410.96	2,020,932,619.86

Item	The Bank			
	2021			
	Balance at the end of the previous year	Current year increase/decrease recognised in profit or loss	Current year increase/decrease recognised in equity	Balance at the end of the year
Provisions for impairment of loans and advances to customers and other assets	1,901,534,082.38	111,432,273.32	(63,175,694.55)	1,949,790,661.15
Staff benefits payable	122,733,506.59	23,467,570.84	–	146,201,077.43
Provisions	53,167,553.95	8,182,723.42	–	61,350,277.37
Lease-related deductible and taxable temporary differences	–	5,598,250.97	–	5,598,250.97
Changes in fair value of financial instruments	(31,037,911.36)	(33,415,530.98)	23,922,776.73	(40,530,665.61)
Others	(42,614,400.84)	7,060,149.47	–	(35,554,251.37)
Total	2,003,782,830.72	122,325,437.04	(39,252,917.82)	2,086,855,349.94

Item	The Bank			
	2020			
	Balance at the end of the previous year	Current year increase/decrease recognised in profit or loss	Current year increase/decrease recognised in equity	Balance at the end of the year
Provisions for impairment of loans and advances to customers and other assets	1,469,818,598.59	455,433,326.27	(23,717,842.48)	1,901,534,082.38
Staff benefits payable	103,129,804.71	19,603,701.88	–	122,733,506.59
Provisions	46,862,790.49	6,304,763.46	–	53,167,553.95
Changes in fair value of financial instruments	(102,448,286.19)	(21,682,878.61)	93,093,253.44	(31,037,911.36)
Others	(21,337,096.09)	(21,277,304.75)	–	(42,614,400.84)
Total	1,496,025,811.51	438,381,608.25	69,375,410.96	2,003,782,830.72

23 OTHER ASSETS

	Note	The Group		The Bank	
		2021	2020	2021	2020
Other receivables		1,031,341,282.69	523,771,302.58	1,030,070,121.20	523,123,539.03
Interest receivable	(1)	312,872,131.22	142,465,481.03	312,746,835.41	142,369,539.68
Long-term deferred expenses	(2)	167,472,613.73	112,289,233.84	167,176,603.41	111,757,042.46
Debt-expiated assets	(3)	14,837,528.00	14,837,528.00	6,165,000.00	6,165,000.00
Deferred expenses		113,333.36	1,710,707.01	–	712,956.97
Continuously involved assets	(4)	557,024,393.82	557,024,393.82	557,024,393.82	557,024,393.82
Others		1,106,694.27	1,106,694.27	1,022,138.00	1,022,138.00
Sub-total		2,084,767,977.09	1,353,205,340.55	2,074,205,091.84	1,342,174,609.96
Provision for impairment losses	(5)	(364,772,513.40)	(105,492,462.81)	(362,709,090.34)	(105,271,193.92)
Total		1,719,995,463.69	1,247,712,877.74	1,711,496,001.50	1,236,903,416.04

(1) Interest receivable presented in other assets includes interest that is due and receivable but has not been received on the balance sheet date.

(2) Long-term deferred expenses

The Group

	1 January 2021	Additions during the year	Amortisation during the year	31 December 2021
Expenditures of improvement of fixed assets rented through operating lease	40,439,111.22	47,252,089.04	(15,476,285.47)	72,214,914.79
Other long-term deferred expenses	71,850,122.62	50,282,326.63	(26,874,750.31)	95,257,698.94
Total	112,289,233.84	97,534,415.67	(42,351,035.78)	167,472,613.73

	1 January 2020	Additions during the year	Amortisation during the year	31 December 2020
Expenditures of improvement of lease-in fixed assets	30,430,044.43	25,035,664.49	(15,026,597.70)	40,439,111.22
Other long-term deferred expenses	40,474,461.79	49,895,494.56	(18,519,833.73)	71,850,122.62
Total	70,904,506.22	74,931,159.05	(33,546,431.43)	112,289,233.84

The Bank

	1 January 2021	Additions during the year	Amortisation during the year	31 December 2021
Expenditures of improvement of fixed assets rented through operating lease	40,333,717.79	47,252,089.04	(15,374,848.88)	72,210,957.95
Other long-term deferred expenses	71,423,324.67	50,282,326.63	(26,740,005.84)	94,965,645.46
Total	111,757,042.46	97,534,415.67	(42,114,854.72)	167,176,603.41

	1 January 2020	Additions during the year	Amortisation during the year	31 December 2020
Expenditures of improvement of lease-in fixed assets	30,028,974.27	24,562,022.39	(14,257,278.87)	40,333,717.79
Other long-term deferred expenses	39,967,219.01	49,820,294.76	(18,364,189.10)	71,423,324.67
Total	69,996,193.28	74,382,317.15	(32,621,467.97)	111,757,042.46

(3) Debt-expiated assets

Analysed by category of debt-expiated assets

	The Group		The Bank	
	2021	2020	2021	2020
Land and buildings	14,837,528.00	14,837,528.00	6,165,000.00	6,165,000.00
Less: Provision for impairment losses	(5,535,201.40)	(3,699,000.00)	(3,699,000.00)	(3,699,000.00)
Total	9,302,326.60	11,138,528.00	2,466,000.00	2,466,000.00

The Group did not dispose of any debt-expiated assets in 2021 (2020: None)

The Group plans to dispose of the debt-expiated assets as of 31 December 2021 through auctions, bids and transfers in the future.

(4) Continuously involved assets

Regarding the first-phase property rights trust project between Guangdong Finance Trust Co., Ltd. and Bank Dongguan for 2020 and Guanxin's first-phase personal housing mortgage securitisation project for 2020 issued by the Bank in 2020, the Bank neither transferred nor retained the ownership of the underlying credit assets. For all risks and rewards, the Bank still retains control over the transferred underlying credit assets together with the consolidated asset securitisation trust, and shall continue to recognise the relevant financial assets according to the degree of continued involvement in the transferred underlying credit assets, and recognise relevant debts accordingly. Changes in the value of financial assets have caused the Bank to face risks mainly due to the inability to recover the funds invested in the secondary asset-backed securities and trust beneficiary rights. Therefore, the Bank recognised its continuously involved assets and continuously involved liabilities of RMB557,024,400.00 on 31 December 2021. (2020: RMB557,024,400.00)

(5) The changes in provisions for impairment of other assets are as follows:

	The Group		The Bank	
	2021	2020	2021	2020
Balance at the beginning of the year	105,492,462.81	89,423,692.61	105,271,193.92	89,300,132.16
Provision for the year	300,281,263.16	20,761,442.93	298,439,382.84	19,916,917.99
Written off during the year	(41,424,837.27)	(5,319,053.24)	(41,338,988.77)	(4,572,236.74)
Recovery during the year	423,624.70	626,380.51	337,502.35	626,380.51
Total	364,772,513.40	105,492,462.81	362,709,090.34	105,271,193.92

24 BORROWINGS FROM CENTRAL BANK

	The Group		The Bank	
	2021	2020	2021	2020
Borrowings from central bank	9,691,033,900.00	25,306,430,200.00	9,665,028,900.00	25,269,335,200.00
Re-discounted bills	1,147,282,530.83	2,213,694,627.91	1,147,282,530.83	2,213,694,627.91
Accrued interest	19,596,492.91	78,852,779.99	19,579,524.26	78,830,647.73
Total	10,857,912,923.74	27,598,977,607.90	10,831,890,955.09	27,561,860,475.64

25 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS**Analysed by type and location of institutions**

	The Group		The Bank	
	2021	2020	2021	2020
Banks operating in Mainland China	1,483,019,917.22	1,934,701,494.03	1,743,607,148.55	2,208,556,951.64
Other financial institutions operating in Mainland China	2,600,327,278.13	2,200,453,166.65	2,600,327,278.13	2,200,453,166.65
Accrued interest	11,090,932.74	21,053,484.89	11,206,744.52	21,358,584.94
Total	4,094,438,128.09	4,156,208,145.57	4,355,141,171.20	4,430,368,703.23

26 LOANS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS**Analysed by type and location of institutions**

	The Group and the Bank	
	2021	2020
Banks operating in Mainland China	5,237,672,664.54	3,445,747,000.00
Banks operating outside Mainland China	76,508,400.00	269,883,988.19
Accrued interest	5,179,270.26	5,234,707.96
Total	5,319,360,334.80	3,720,865,696.15

27 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(1) Analysed by category of financial assets sold under repurchase agreements

	The Group and the Bank	
	2021	2020
Bills	2,264,107,844.57	9,758,877,276.54
Bonds		
– Bonds issued by the Chinese government	12,037,570,000.00	–
– Policy bank bonds	6,365,930,000.00	–
Accrued interest	18,310,051.47	66,662,928.90
Total	20,685,917,896.04	9,825,540,205.44

(2) Analysed by type of counter-parties

	The Group and the Bank	
	2021	2020
Banks operating in Mainland China	20,667,607,844.57	9,758,877,276.54
Accrued interest	18,310,051.47	66,662,928.90
Total	20,685,917,896.04	9,825,540,205.44

28 CUSTOMER DEPOSITS

	Note	The Group		The Bank	
		2021	2020	2021	2020
Demand deposits					
– Corporate customers		80,954,343,616.99	91,895,312,370.04	80,587,276,900.77	91,389,756,357.94
– Retail customers		41,105,499,035.02	33,646,865,564.64	41,043,818,617.77	33,595,670,002.69
Sub-total		122,059,842,652.01	125,542,177,934.68	121,631,095,518.54	124,985,426,360.63
Time deposits(Notes)					
– Corporate customers		122,735,954,603.04	100,176,595,013.92	122,644,692,616.26	100,083,533,027.14
– Retail customers		60,051,662,235.72	53,631,231,976.38	59,388,244,614.54	53,069,742,961.77
Sub-total		182,787,616,838.76	153,807,826,990.30	182,032,937,230.80	153,153,275,988.91
Fiscal deposits		524,658,338.18	263,526,376.51	524,658,338.18	263,526,376.51
Remittances outstanding and outward remittances		1,056,752,422.87	356,736,501.06	1,056,747,439.92	356,731,535.75
Margin deposits	(1)	12,403,797,593.16	11,724,180,205.29	12,376,825,626.85	11,691,764,442.24
Accrued interest		3,818,464,626.44	4,244,634,145.46	3,787,271,768.96	4,212,731,055.46
Total		322,651,132,471.42	295,939,082,153.30	321,409,535,923.25	294,663,455,759.50

Note: Time deposits of the Group and the Bank include notice deposits, structured deposits and wealth management deposits.

(1) Customer deposits include deposits for guarantees received as indicated below:

	The Group		The Bank	
	2021	2020	2021	2020
– Deposits for acceptance bills	7,990,916,630.27	8,664,363,530.09	7,990,916,630.27	8,664,363,530.09
– Deposits for secured loans	1,716,015,231.84	1,130,722,261.95	1,693,561,533.47	1,103,727,334.10
– Deposits for letters of guarantee	993,241,597.43	703,623,192.43	993,241,597.43	703,623,192.43
– Deposits for letters of credit	1,527,524,845.37	1,022,561,036.93	1,527,524,845.37	1,022,561,036.93
– Others	176,099,288.25	202,910,183.89	171,581,020.31	197,489,348.69
Total	12,403,797,593.16	11,724,180,205.29	12,376,825,626.85	11,691,764,442.24

29 STAFF BENEFITS PAYABLE

	Notes	The Group		The Bank	
		2021	2020	2021	2020
Short-term staff benefits	(1)	795,061,245.66	762,907,612.58	788,825,920.55	758,209,277.77
Post-employment benefits					
– Defined contribution plan	(2)	127,608,795.29	117,319,538.10	127,605,704.06	117,301,786.83
Termination benefits	(3)	883,449.77	917,599.17	883,449.77	917,599.17
Other long-term staff benefits	(4)	217,754,542.08	181,493,854.44	213,592,219.96	176,986,591.86
Total		1,141,308,032.80	1,062,638,604.29	1,130,907,294.34	1,053,415,255.63

(1) Short-term staff benefits

	The Group			
	1 January 2021	Accrued during the year	Decrease during the year	31 December 2021
Salaries, bonuses, allowances and subsidies	752,095,510.89	1,398,063,607.96	(1,365,311,135.69)	784,847,983.16
Staff welfare	–	83,094,809.62	(83,045,753.62)	49,056.00
Social insurance				
– Medical insurance	–	40,649,042.23	(40,649,042.23)	–
– Work-related injury insurance	–	999,456.09	(999,456.09)	–
– Maternity insurance	–	5,197,765.69	(5,197,765.69)	–
Housing fund	2,944,312.32	111,613,126.46	(114,557,438.78)	–
Labor union fee, staff and workers' education fee	7,851,550.87	43,742,586.98	(41,447,198.01)	10,146,939.84
Other short-term staff benefits	16,238.50	17,276,167.02	(17,275,138.86)	17,266.66
Total	762,907,612.58	1,700,636,562.05	(1,668,482,928.97)	795,061,245.66

	The Group			
	1 January 2020	Accrued during the year	Decrease during the year	31 December 2020
Salaries, bonuses, allowances and subsidies	664,038,988.54	1,280,585,537.70	(1,192,529,015.35)	752,095,510.89
Staff welfare	–	70,278,186.61	(70,278,186.61)	–
Social insurance				
– Medical insurance	–	33,196,558.25	(33,196,558.25)	–
– Work-related injury insurance	–	63,969.62	(63,969.62)	–
– Maternity insurance	–	4,655,112.62	(4,655,112.62)	–
Housing fund	34,924.00	100,960,529.80	(98,051,141.48)	2,944,312.32
Labor union fee, staff and workers' education fee	7,419,338.26	39,569,073.53	(39,136,860.92)	7,851,550.87
Other short-term staff benefits	23,000.49	14,877,901.71	(14,884,663.70)	16,238.50
Total	671,516,251.29	1,544,186,869.84	(1,452,795,508.55)	762,907,612.58

	The Bank			
	1 January 2021	Accrued during the year	Decrease during the year	31 December 2021
Salaries, bonuses, allowances and subsidies	747,508,098.20	1,381,169,914.72	(1,349,928,379.93)	778,749,632.99
Staff welfare	–	82,136,613.39	(82,087,557.39)	49,056.00
Social insurance				
– Medical insurance	–	39,733,535.69	(39,733,535.69)	–
– Work-related injury insurance	–	971,049.47	(971,049.47)	–
– Maternity insurance	–	5,190,633.57	(5,190,633.57)	–
Housing fund	2,944,312.32	110,056,433.46	(113,000,745.78)	–
Labor union fee, staff and workers' education fee	7,740,628.75	43,287,611.41	(41,018,275.26)	10,009,964.90
Other short-term staff benefits	16,238.50	17,055,044.03	(17,054,015.87)	17,266.66
Total	758,209,277.77	1,679,600,835.74	(1,648,984,192.96)	788,825,920.55

	The Bank			
	1 January 2020	Accrued during the year	Decrease during the year	31 December 2020
Salaries, bonuses, allowances and subsidies	660,607,906.59	1,267,782,600.80	(1,180,882,409.19)	747,508,098.20
Staff welfare	–	69,494,704.94	(69,494,704.94)	–
Social insurance				
– Medical insurance	–	32,447,929.88	(32,447,929.88)	–
– Work-related injury insurance	–	58,117.97	(58,117.97)	–
– Maternity insurance	–	4,637,923.84	(4,637,923.84)	–
Housing fund	–	99,664,727.80	(96,720,415.48)	2,944,312.32
Labor union fee, staff and workers' education fee	7,295,138.17	39,306,011.30	(38,860,520.72)	7,740,628.75
Other short-term staff benefits	23,000.49	14,779,311.71	(14,786,073.70)	16,238.50
Total	667,926,045.25	1,528,171,328.24	(1,437,888,095.72)	758,209,277.77

(2) Post-employment benefits – Defined contribution plans

	The Group			
	1 January 2021	Accrued during the year	Decrease during the year	31 December 2021
Basic pension insurance	–	124,881,892.53	(124,595,691.40)	286,201.13
Unemployment insurance	17,751.27	2,893,780.00	(2,908,440.04)	3,091.23
Enterprise annuity contributions	2,254,627.11	102,948,331.90	(105,202,959.01)	–
Retirement benefits	115,047,159.72	20,109,033.49	(7,836,690.28)	127,319,502.93
Total	117,319,538.10	250,833,037.92	(240,543,780.73)	127,608,795.29

The Group				
	1 January 2020	Accrued during the year	Decrease during the year	31 December 2020
Basic pension insurance	–	7,855,210.35	(7,855,210.35)	–
Unemployment insurance	–	214,070.88	(196,319.61)	17,751.27
Enterprise annuity contributions	–	68,070,483.49	(65,815,856.38)	2,254,627.11
Retirement benefits	81,131,300.60	41,604,889.37	(7,689,030.25)	115,047,159.72
Total	81,131,300.60	117,744,654.09	(81,556,416.59)	117,319,538.10

The Bank				
	1 January 2021	Accrued during the year	Decrease during the year	31 December 2021
Basic pension insurance	–	123,019,616.11	(122,733,414.98)	286,201.13
Unemployment insurance	–	2,855,310.39	(2,855,310.39)	–
Enterprise annuity contributions	2,254,627.11	102,948,331.90	(105,202,959.01)	–
Retirement benefits	115,047,159.72	20,109,033.49	(7,836,690.28)	127,319,502.93
Total	117,301,786.83	248,932,291.89	(238,628,374.66)	127,605,704.06

The Bank				
	1 January 2020	Accrued during the year	Decrease during the year	31 December 2020
Basic pension insurance	–	7,603,200.22	(7,603,200.22)	–
Unemployment insurance	–	191,324.17	(191,324.17)	–
Enterprise annuity contributions	–	68,070,483.49	(65,815,856.38)	2,254,627.11
Retirement benefits	81,131,300.60	41,604,889.37	(7,689,030.25)	115,047,159.72
Total	81,131,300.60	117,469,897.25	(81,299,411.02)	117,301,786.83

(i) Social insurance

Social insurance includes basic pension insurance, medical insurance, maternity insurance, work-related injury insurance and unemployment insurance. The Group pays contributions to the above-mentioned social insurance for the benefits of its employees in accordance with related laws, regulations and policies of the Chinese authorities in charge of labor and social insurance. The Group pays the above-mentioned social insurance contributions to related authorities in a certain proportion of the contribution base.

(ii) Annuity plan

In addition to basic endowment insurance, the Bank also set up an annuity plan for qualified employees in accordance with the Labor Law of the People's Republic of China, the Measures for Enterprise Annuity (Decree No. 36 of the Ministry of Labor and Social Security), the Administrative Measures on Enterprise Annuity Funds (Decree No. 24 of the Ministry of Human Resources and Social Security), the Notification of Guangdong Province on Establishing Enterprise Annuity System (YFB [2004] No. 81), the Opinions on Implementation of Enterprise Annuity in Guangdong Province (YLS [2005] No. 98), and the Notification on Establishing Enterprise Annuity System in Dongguan (DFB [2007] No. 82). The Bank started to operate the annuity plan in 2006 and paid annuity based on the actual performance of the Bank and individual employees.

(3) Termination benefits

The Group and the Bank				
	Balance as at 1 January 2021	Accrued during the year	Paid during the year	Balance as at 31 December 2021
Internal retirement benefits	917,599.17	6,870,844.00	(6,904,993.40)	883,449.77

The Group and the Bank				
	Balance as at 1 January 2020	Accrued during the year	Paid during the year	Balance as at 31 December 2020
Internal retirement benefits	1,068,990.63	436,482.40	(587,873.86)	917,599.17

(4) Other long-term staff benefits

	The Group			
	Balance as at 1 January 2021	Accrued during the year	Paid during the year	Balance as at 31 December 2021
Deferred payment for compensation	181,493,854.44	121,591,627.16	(85,330,939.52)	217,754,542.08

	The Group			
	Balance as at 1 January 2020	Accrued during the year	Paid during the year	Balance as at 31 December 2020
Deferred payment for compensation	146,315,023.50	109,060,850.47	(73,882,019.53)	181,493,854.44

	The Bank			
	Balance as at 1 January 2021	Accrued during the year	Paid during the year	Balance as at 31 December 2021
Deferred payment for compensation	176,986,591.86	120,499,042.70	(83,893,414.60)	213,592,219.96

	The Bank			
	Balance as at 1 January 2020	Accrued during the year	Paid during the year	Balance as at 31 December 2020
Deferred payment for compensation	143,831,880.05	106,325,638.04	(73,170,926.23)	176,986,591.86

Note: Other long-term staff benefits are mainly in-arrears payment of remuneration accrued in accordance with the requirements of regulatory authorities and relevant regulations of the Group. The deferred payment period is three years.

30 PROVISIONS**The Group and the Bank**

	Note	31 December 2021	31 December 2020
Expected credit losses of off-balance sheet credit operations	(i)	245,401,109.48	212,670,215.80
Other		2,907,295.93	–
Total		248,308,405.41	212,670,215.80

(i) Expected credit losses of off-balance sheet credit operations

The Group and the Bank

	2021			
	12-month ECL	Lifetime ECL – Not credit-impaired	Lifetime ECL – Credit-impaired	Total
Balance at the beginning of the year	192,719,621.83	399,159.46	19,551,434.51	212,670,215.80
Transfer to:				
– 12-month expected credit loss	–	–	–	–
– Lifetime expected credit loss	–	–	–	–
– Not credit-impaired	–	–	–	–
Provision/(reversal) for the year	51,914,030.65	(399,159.46)	(18,783,977.51)	32,730,893.68
Balance at the end of the year	244,633,652.48	–	767,457.00	245,401,109.48

	2020			Total
	12-month ECL	Lifetime ECL – Not credit-impaired	Lifetime ECL – Credit-impaired	
Balance at the beginning of the year	175,648,896.18	11,772,655.76	29,610.00	187,451,161.94
Transfer to:				
– 12-month expected credit loss	5,387.02	(5,387.02)	–	–
– Lifetime expected credit loss				
– Not credit-impaired	(3,017.51)	32,627.51	(29,610.00)	–
Provision/(reversal) for the year	17,068,356.14	(11,400,736.79)	19,551,434.51	25,219,053.86
Balance at the end of the year	192,719,621.83	399,159.46	19,551,434.51	212,670,215.80

31 BONDS PAYABLE

	Notes	The Group and the Bank	
		2021	2020
Tier-2 capital bonds payable	(ii)	8,996,004,782.02	8,997,453,859.55
Financial bonds payable	(iii)	9,997,331,080.72	5,998,991,181.05
Interbank certificates of deposit payable	(iv)	66,266,068,815.22	29,618,484,266.05
Accrued interest		275,135,342.49	274,214,246.58
Total		85,534,540,020.45	44,889,143,553.23

(i) Changes in bonds payable do not include accrued interest.

(ii) Approved by the “Decision on Administrative Approval from the People’s Bank of China” (YSCXZY [2016] No. 15) issued by the People’s Bank of China, the Bank issued tier-2 capital bonds of RMB5 billion in total on 2 March 2016, of which the term is 10 years. The Bank has an option to redeem all or part of the tier-2 capital bonds as per the nominal value at the end of the 5th year. If the Bank exercises such option, the term of the bonds is then reduced to five years. The bond interest is paid once a year at a fixed interest rate using the simple interest method. The annual interest rate is fixed at 4.30%, and the value date is 4 March 2016. The bond was due and paid on 4 March 2021.

Approved by the “Decision on Administrative Approval from the People’s Bank of China” (YXZYJZ [2021] No. 15) issued by the People’s Bank of China, the Bank issued tier-2 capital bonds of RMB2 billion in total on 27 April 2021, of which the term is 10 years. The Bank has an option to redeem all or part of the tier-2 capital bonds as per the nominal value at the end of the 5th year. If the Bank exercises such option, the term of the bonds is then reduced to five years. The bond interest is paid once a year at a fixed interest rate using the simple interest method. The annual interest rate is fixed at 4.75%, and the value date is 29 April 2021.

Approved by the “Decision on Administrative Approval from the People’s Bank of China” (YXZYJZ [2021] No. 15) issued by the People’s Bank of China, the Bank issued tier-2 capital bonds of RMB3 billion in total on 25 March 2021, of which the term is 10 years. The Bank has an option to redeem all or part of the tier-2 capital bonds as per the nominal value at the end of the 5th year. If the Bank exercises such option, the term of the bonds is then reduced to five years. The bond interest is paid once a year at a fixed interest rate using the simple interest method. The annual interest rate is fixed at 4.80%, and the value date is 29 March 2021.

(iii) The Bank issued financial bonds of RMB2 billion in total on 22 August 2018, of which the term is three years. The bond interest is paid once a year at a fixed interest rate using the simple interest method. The annual interest rate is fixed at 4.39%, and the value date is 24 August 2018. The bond was due and paid on 24 August 2021.

The Bank issued financial bonds of RMB3 billion in total on 5 November 2021, of which the term is three years. The bond interest is paid once a year at a fixed interest rate using the simple interest method. The annual interest rate is fixed at 3.10%, and the value date is 9 November 2021.

The Bank issued financial bonds of RMB3 billion in total on 23 September 2021, of which the term is three years. The bond interest is paid once a year at a fixed interest rate using the simple interest method. The annual interest rate is fixed at 3.09%, and the value date is 27 September 2021.

The Bank issued financial bonds of RMB4 billion in total on 9 September 2020, of which the term is three years. The bond interest is paid once a year at a fixed interest rate using the simple interest method. The annual interest rate is fixed at 3.79%, and the value date is 11 September 2020.

The Bank issued green financial bonds of RMB2 billion in total on 8 September 2017, of which the term is three years. The bond interest is paid once a year at a fixed interest rate using the simple interest method. The annual interest rate is fixed at 4.75%, and the value date is 12 September 2017. The bond was due and paid on 12 September 2020.

- (iv) During 2021, the Bank accumulatively issued to the national interbank bond market 250 interbank CDs with a total face value of RMB118.5 billion and a coupon rate ranging from 2.35% to 3.22%.

During 2020, the Bank accumulatively issued to the national interbank bond market 235 interbank CDs with a total face value of RMB88.2 billion and a coupon rate ranging from 1.05% to 3.4%.

32 LEASE LIABILITY

Analysis of lease liabilities by maturity date – Undiscounted analysis:

	The Group		The Bank	
	31 December 2021		31 December 2021	
Within a year	178,546,763.64		177,840,193.44	
One to two years	150,371,596.57		149,665,726.37	
Two to three years	92,876,387.49		92,358,517.29	
Three to five years	114,937,082.38		114,664,354.98	
Over five years	153,845,084.96		153,690,323.08	
Total undiscounted lease liabilities	690,576,915.04		688,219,115.16	
Lease liabilities on the balance sheet	617,793,775.72		615,598,170.75	

33 OTHER LIABILITIES

	Notes	The Group		The Bank	
		2021	2020	2021	2020
Other payables	(1)	269,324,607.85	578,104,832.50	266,577,492.91	577,696,228.24
Payables for fund settlement		73,097,762.62	212,830,450.48	72,875,139.10	211,209,887.71
Deferred income		39,483,513.05	29,707,144.14	39,483,513.05	29,707,144.14
Dividends payable		4,255,341.47	10,662,345.58	4,255,341.47	10,662,345.58
Accrued expenses		10,642.00	2,366,980.24	10,642.00	2,366,980.24
Continuously involved debt	23(4)	557,024,393.82	557,024,393.82	557,024,393.82	557,024,393.82
Others		324,558.70	560,779.23	324,558.70	560,779.23
Total		943,520,819.51	1,391,256,925.99	940,551,081.05	1,389,227,758.96

(1) Other payables

	The Group		The Bank	
	2021	2020	2021	2020
Asset-backed securitisation payments to be transferred	61,832,531.12	338,090,288.74	61,832,531.12	338,090,288.74
Pending accounts for wealth management product subscription	14,027,951.16	30,869,824.30	14,027,951.16	30,869,824.30
Amounts to be transferred	13,122,591.43	13,044,145.90	13,058,035.42	13,044,145.90
Long-suspended and pending customers' deposits	5,756,456.38	7,348,153.03	5,720,234.88	7,312,450.90
Temporary receipt of risk reserve for wealth management as an agency	16,416,897.36	6,642,602.52	16,416,897.36	6,642,602.52
Others	158,168,180.40	182,109,818.01	155,521,842.97	181,736,915.88
Total	269,324,607.85	578,104,832.50	266,577,492.91	577,696,228.24

34 SHARE CAPITAL

The share capital structures of the Bank as at each balance sheet date are as follows:

	Number of shares	Amount
Registered capital and share capital (ordinary share with a face value of RMB1 per share)		
As at 31 December 2021 and 31 December 2020	2,180,000,000.00	2,180,000,000.00

Historical verification results of the Bank's share capital:

According to the Capital Verification Report (DSSYZ [1999] No. 0355) issued on 26 July 1999 by Dongguan Auditing Firm, the Bank had share capital of RMB1,089,218,723.

According to the Capital Verification Report (SPSYZ [2006] No. 033) issued on 29 April 2006 by Shenzhen Pengcheng Accounting Firm Co., Ltd. (former Shenzhen Pengcheng Accounting Firm Co., Ltd.), the Bank increased its share capital by RMB547,581,277 to RMB1,636,800,000.

According to the Capital Verification Report (XKSBZ [2011] No. 300019) issued on 13 December 2011 by BDO China Shu Lun Pan Certified Public Accountants LLP, the Bank increased its share capital by RMB343,200,000 to RMB1,980,000,000, and increased the capital reserve (share premium) by RMB1,201,200,000.

According to the Capital Verification Report (XKSBZ [2014] No. 130015) issued on 21 January 2014 by BDO China Shu Lun Pan Certified Public Accountants LLP, the Bank increased its share capital by RMB200,000,000 to RMB2,180,000,000, and increased the capital reserve (share premium) by RMB866,000,000.

35 CAPITAL RESERVE

Changes in capital reserve are as follows:

	The Group			
	Balance as at 1 January 2021	Additions during the year	Reductions during the year	Balance as at 31 December 2021
Share premium	2,102,221,024.35	–	–	2,102,221,024.35
Other capital reserve	(12,685,892.94)	–	–	(12,685,892.94)
Total	2,089,535,131.41	–	–	2,089,535,131.41

	The Group			
	Balance as at 1 January 2020	Additions during the year	Reductions during the year	Balance as at 31 December 2020
Share premium	2,102,221,024.35	–	–	2,102,221,024.35
Other capital reserve	(12,685,892.94)	–	–	(12,685,892.94)
Total	2,089,535,131.41	–	–	2,089,535,131.41

	The Bank			
	Balance as at 1 January 2021	Additions during the year	Reductions during the year	Balance as at 31 December 2021
Share premium	2,101,471,122.46	–	–	2,101,471,122.46
Other capital reserve	(12,685,892.94)	–	–	(12,685,892.94)
Total	2,088,785,229.52	–	–	2,088,785,229.52

	The Bank			
	Balance as at 1 January 2020	Additions during the year	Reductions during the year	Balance as at 31 December 2020
Share premium	2,101,471,122.46	–	–	2,101,471,122.46
Other capital reserve	(12,685,892.94)	–	–	(12,685,892.94)
Total	2,088,785,229.52	–	–	2,088,785,229.52

36 OTHER EQUITY INSTRUMENTS

(1) Table of other equity instruments issued at the end of the year

Issuing perpetual bonds	Issue date	Accounting classification	Initial interest rate	Offering price	Number (shares)	Amount	Maturity date	Share transfer conditions	Transfer situation
Open-ended capital bonds	20 May 2020	Equity instrument	4.25%	RMB100/piece	22,000,000.00	2,200,000,000.00	Permanent	None	None
Less: issue expenses						2,641,509.43			
Carrying value						2,197,358,490.57			

(2) Main terms

Approved by the People's Bank of China with the Decision of the People's Bank of China on Approving Administrative Licensing (YSCXZY [2020] No. 72), the Bank issued a total of RMB2.2 billion of write-down open-ended bonds ("perpetual bonds") in the national interbank bond market on 20 May 2020. The unit face value of the bond is RMB100, and the coupon rate for the first five years is 4.25%, with every five years thereafter set as a coupon rate adjustment period. During a coupon rate adjustment period, interest is paid at the same coupon rate as agreed.

The duration of the bonds is consistent with the duration of the Bank's continuing operations. The bond issuance sets the Bank's conditional redemption clause. The Bank has the right to redeem the bonds in full or in part on the payment date of annual interest (including the interest payment date in the fifth year after the issuance date) five years after the issuance date. The Bank must exercise the redemption rights subject to the approval of the China Banking Regulatory Commission and the following conditions: Replace the redeemed instruments with equivalent or higher quality capital instruments, only if the income capacity is sustainable; or after the exercise of the redemption rights, the capital level is still significantly higher than the regulatory capital requirements stipulated by the China Banking Regulatory Commission.

The Bank has the right to cancel part or all of the bond dividends, which shall not constitute a default event. If the Bank completely or partially cancels the dividend distribution of these bonds, the Bank will not make any income to ordinary shareholders from the day after the resolution of the general meeting of shareholders is passed until it decides to restart the full dividend payment to the bondholders. The non-cumulative interest payment method – that is, the difference of the full amount of interest not paid to the bondholders will not accumulate to the next interest accrual year – is adopted for the bonds.

After deducting the issuance costs, the proceeds from the bond offering will be used to supplement other Tier-1 capital of the Bank in accordance with applicable laws and the approval of the competent authorities.

(3) Changes

	Balance as of 1 January 2021		Additions during the year		Reductions during the year		Balance as at 31 December 2021	
	Number (shares)	Carrying value	Number (shares)	Carrying value	Number (shares)	Carrying value	Number (shares)	Carrying value
Issuing perpetual bonds								
Open-ended bonds	22,000,000	2,197,358,490.57	-	-	-	-	22,000,000	2,197,358,490.57

	Balance as of 1 January 2020		Additions during the year		Reductions during the year		Balance as at 31 December 2020	
	Number (shares)	Carrying value	Number (shares)	Carrying value	Number (shares)	Carrying value	Number (shares)	Carrying value
Issuing perpetual bonds								
Open-ended bonds	-	-	22,000,000	2,197,358,490.57	-	-	22,000,000	2,197,358,490.57

37 OTHER COMPREHENSIVE INCOME

	The Group and the Bank	
	2021	2020
Balance at the beginning of the year	93,241,155.75	302,457,170.97
Items that will not be reclassified into profit or loss		
– Changes in fair value of investments in other equity instruments	(21,707,332.35)	(1,283,840.69)
Items that may be reclassified into profit or loss		
– Changes in fair value of debt instruments measured at FVOCI	19,045,150.16	(224,546,822.04)
– Losses of debt instruments in FVOCI	252,702,778.18	94,871,369.94
– Net amount of reclassifications from previous other comprehensive income to current profit or loss	(114,736,257.09)	(147,826,191.73)
– Other comprehensive income recognised under equity method	787,732.96	194,058.34
Income tax implications	(39,252,917.81)	69,375,410.96
Balance at the end of the year	190,080,309.80	93,241,155.75

38 SURPLUS RESERVE

	The Group and the Bank Statutory surplus reserve
Balance as of 1 January 2020	2,281,061,549.45
Provision for the year	288,253,828.63
Balance as at 31 December 2020	2,569,315,378.08
Provision for the year	331,398,221.74
Balance as at 31 December 2021	2,900,713,599.82

In accordance with the Articles of Association, the Bank needs to appropriate 10% of the net profit to the statutory surplus reserve after making up the losses sustained in the previous years. When the accumulated amount of the statutory surplus reserve reaches 50% of the registered capital of the Bank, it can no longer be appropriated. The Bank's statutory surplus reserve has reached 50% of the Bank's registered capital.

The bank has not appropriated discretionary surplus reserve.

39 GENERAL RISK RESERVE

	The Group	The Bank
Balance as of 1 January 2020	4,533,268,266.88	4,533,268,266.88
Provision for the year	142,446,923.55	130,000,000.00
Balance as at 31 December 2020	4,675,715,190.43	4,663,268,266.88
Provision for the year	500,273,974.64	500,000,000.00
Balance as at 31 December 2021	5,175,989,165.07	5,163,268,266.88

In accordance with the Administrative Measures on Accrual of Provisions by Financial Enterprises (CJ [2012] No. 20) issued by MOF, apart from provisions for impairment of assets, the Bank accrued general risk reserves to compensate for potential losses in association with risk assets yet to be identified by the Bank. Such general risk reserves are treated as appropriation of profits, forms part of owners' equity, and in principle should not be less than 1.5% of the closing balance of risk assets.

40 APPROPRIATION OF PROFITS

(1) Appropriation to surplus reserve and general risk reserves

- (i) In accordance with the Articles of Association, the Bank made an appropriation of RMB331,398,221.74 to its statutory surplus reserve for 2021 (2020: RMB288,253,828.63).
- (ii) The Bank's profit distribution plan for the year ended 31 December 2020 approved by the Annual General Meeting of Shareholders for the Year 2020 held on 26 March 2021 is as follows:
- Appropriate 10% of the net profit as statutory surplus reserve
 - Appropriate RMB500 million as general risk reserve

(2) Appropriation of profits to investors

- (i) As approved by the Annual General Meeting of Shareholders held on 26 March 2021, based on the retained earnings at the end of 2020, the Bank distributed a cash dividend totaling RMB545,000,000 to all shareholders of 2,180,000,000 capital shares.
- (ii) As approved by the Annual General Meeting of Shareholders for the Year 2020 held on 16 April 2021, Dongyuan Taiye Village Town Bank Co., Ltd., a subsidiary of the Bank distributed a total cash dividend of RMB4,000,000 out of the 2020 profit distribution to its investors, among which the Bank received a cash dividend of RMB2,040,000.
- (iii) The Bank paid the interest of RMB93,500,000 for the perpetual bond during the interest-bearing period in May 2021 according to the relevant provisions of the 2021 Interest Payment Announcement for 2020 Open-ended Capital Bonds on 11 May 2021.

(3) Undistributed profit at the end of the year

As at 31 December 2021, the undistributed profit attributable to the parent company included an appropriation of RMB10,838,504.41 (As at 31 December 2020: RMB10,066,989.60) to surplus reserve made by the Bank's subsidiaries.

41 NET INTEREST INCOME

	The Group		The Bank	
	2021	2020	2021	2020
Interest income				
Loans and advances to customers	12,437,169,282.80	11,391,605,423.12	12,376,564,462.75	11,337,030,929.91
– Corporate loans and advances	7,218,491,470.85	6,987,838,485.96	7,204,500,824.68	6,968,502,075.21
– Individual loans and advances	4,560,635,470.77	4,020,951,533.30	4,514,021,296.89	3,985,713,450.84
– Discounted bills	658,042,341.18	382,815,403.86	658,042,341.18	382,815,403.86
Financial investment	3,863,030,196.73	3,878,823,954.61	3,863,030,196.73	3,878,823,954.61
Deposits in the central bank	434,562,017.20	405,415,340.45	433,338,469.33	404,029,722.73
Financial assets purchased under resale agreements	217,988,656.41	121,731,898.55	217,988,656.41	121,731,898.55
Loans to banks and other financial institutions	23,884,648.33	7,198,096.47	23,884,648.33	7,198,096.47
Deposits with banks and other financial institutions	14,866,353.57	12,590,852.79	6,242,445.52	6,556,591.74
Total of interest revenue	16,991,501,155.04	15,817,365,565.99	16,921,048,879.07	15,755,371,194.01
Interest expense				
Customer deposits	(6,531,362,885.59)	(5,670,957,183.24)	(6,503,519,397.84)	(5,651,578,724.40)
Bonds payable	(2,023,342,891.75)	(1,800,879,640.83)	(2,023,342,891.75)	(1,800,879,640.83)
Deposits from banks and other financial institutions	(83,153,071.99)	(121,934,425.92)	(87,000,524.86)	(126,778,119.32)
Financial assets sold under repurchase agreements	(327,934,655.77)	(304,257,542.95)	(327,934,655.77)	(304,257,542.95)
Loans from banks and other financial institutions	(102,844,466.81)	(111,977,393.41)	(102,844,466.81)	(111,977,393.41)
Interest expense on lease liability	(22,189,639.02)	N/A	(22,108,381.89)	N/A
Borrowings from central bank	(615,092,488.41)	(250,695,364.38)	(614,373,278.57)	(249,841,826.06)
Total of interest expenses	(9,705,920,099.34)	(8,260,701,550.73)	(9,681,123,597.49)	(8,245,313,246.97)
Net interest income	7,285,581,055.70	7,556,664,015.26	7,239,925,281.58	7,510,057,947.04

42 NET FEE AND COMMISSION INCOME

	The Group		The Bank	
	2021	2020	2021	2020
Fee and commission income				
Agency service charges	307,850,018.11	288,500,726.86	309,004,088.17	288,551,155.26
Guarantee service charges	137,305,519.39	117,377,704.80	137,305,519.39	117,377,704.80
Settlement charges	80,147,729.83	87,686,803.52	80,142,371.32	87,680,822.44
Bank card charges	42,652,705.32	75,605,235.61	42,647,721.02	75,598,244.67
Entrusted service charges	121,022,568.79	48,144,121.57	121,022,568.79	48,144,121.57
Consulting service charges	80,374,008.18	46,413,336.96	80,364,493.69	46,404,016.61
Account management charges	421,299.03	2,538,538.11	421,299.03	2,538,538.11
Security lending service charges	1,536,391.16	2,186,252.24	1,536,391.16	2,186,252.24
Custody service charges	1,066,087.76	3,231,988.73	1,066,087.76	3,230,046.99
Other charges	212,561,306.45	197,611,631.90	212,667,991.83	197,561,416.91
Sub-total	984,937,634.02	869,296,340.30	986,178,532.16	869,272,319.60
Fee and commission expenses				
Settlement charges	(68,334,130.13)	(46,076,201.19)	(68,203,365.47)	(45,968,341.52)
Agency service charges	(9,694,170.20)	(18,386,610.73)	(9,694,170.20)	(18,386,610.73)
Security lending service charges	–	(4,048,904.14)	–	(4,048,904.14)
Bank card charges	(8,856,533.66)	(5,110,969.39)	(8,819,943.72)	(5,053,225.64)
Other charges	(16,944,405.53)	(9,154,487.16)	(17,045,957.99)	(9,144,936.11)
Sub-total	(103,829,239.52)	(82,777,172.61)	(103,763,437.38)	(82,602,018.14)
Net fee and commission income	881,108,394.50	786,519,167.69	882,415,094.78	786,670,301.46

43 INVESTMENT INCOME

	The Group		The Bank	
	2021	2020	2021	2020
Realised profits/losses from disposal of investment				
– Financial assets held for trading	34,826,952.30	(430,421,586.78)	34,826,952.30	(430,421,586.78)
– Debt investments	4,853,238.46	12,390,458.72	4,853,238.46	12,390,458.72
– Other debt investments	113,926,895.81	138,492,291.59	113,926,895.81	138,492,291.59
– Derivative financial instruments	11,499,455.13	(10,153,620.13)	11,499,455.13	(10,153,620.13)
Profits realised during the period				
– Interest income from financial investments	193,581,699.69	215,127,521.02	193,581,699.69	215,127,521.02
– Fund dividends	762,424,227.89	775,305,950.71	762,424,227.89	775,305,950.71
– Dividend income	2,203,531.41	1,542,515.03	2,203,531.41	1,542,515.03
– Dividend from subsidiaries	–	–	2,040,000.00	3,264,000.00
– Income from investment in associates	33,498,533.94	26,407,041.58	33,498,533.94	26,407,041.58
– Equity method to cost method	–	12,046,490.02	–	–
Others	20,911.59	26,990.98	20,911.59	26,990.98
Total	1,156,835,446.22	740,764,052.74	1,158,875,446.22	731,981,562.72

44 NET GAINS FROM CHANGES IN FAIR VALUE

	The Group and the Bank	
	2021	2020
Financial assets held for trading	266,087,348.99	26,885,470.98
Derivative financial instruments	(132,425,334.99)	59,871,422.21
Total	133,662,014.00	86,756,893.19

45 NET (LOSSES)/GAINS FROM DISPOSAL OF ASSETS

	The Group		The Bank	
	2021	2020	2021	2020
Net gains and losses from the disposal of fixed assets and other long-term assets	(10,295,172.46)	3,035,553.33	(10,306,269.40)	(1,256,634.00)
Total	(10,295,172.46)	3,035,553.33	(10,306,269.40)	(1,256,634.00)

46 OTHER INCOME

Government Grants

	The Group		The Bank	
	2021	2020	2021	2020
Government grants related to income	24,609,645.50	11,001,782.87	23,984,409.16	10,722,259.87

In 2021, government subsidies received by the Group totaled RMB24,609,600, of which the Bank received RMB10,487,400 for loan extension support, RMB9,427,200 of industry support funds, RMB2,563,200 in job stabilization subsidies, RMB786,800 for office leasing support, RMB400,000 in financing innovation evaluation bonus, RMB315,800 of special funding support for enterprise and employment stabilization initiatives, and RMB4,000 in outstanding residential enterprise award; the subsidiary Dongyuan Taiye Village Bank Co., Ltd. received RMB385,100 for loan extension support and RMB233,000 for guaranteed loan subsidy for start-up business; and the subsidiary Zongyang Taiye Village Bank Co., Ltd. received RMB7,100 for loan interest subsidy.

In 2020, government subsidies received by the Group totaled RMB11,001,800, of which the Bank received RMB3,501,500 in financial development incentive award, RMB3,491,000 of job stabilization subsidies, RMB2,469,100 for office leasing support, RMB419,300 of burden reduction subsidies for enterprises during the Songshan Lake COVID-19 epidemic, RMB400,000 in enterprise support award, RMB150,000 of service subsidies, RMB146,600 in unemployment insurance refund, RMB100,000 for the 2017 industry economy top 30 award, and RMB44,700 in high-enterprise loan interest discount income; the subsidiary Chongqing Kaizhou Taiye Village Bank Co., Ltd. received RMB243,800 for loan extension support and RMB27,600 for job stabilization subsidies; and the subsidiary Zongyang Taiye Village Bank Co., Ltd. received RMB8,200 for 2020 Modern Service Award supplement.

47 TAXES AND SURCHARGES

	The Group		The Bank	
	2021	2020	2021	2020
City maintenance and construction tax	48,181,079.75	44,978,149.01	48,122,538.15	44,913,544.13
Education surcharges	34,463,648.05	32,169,088.92	34,416,487.18	32,116,861.51
Others	27,725,905.89	21,214,887.35	27,474,334.43	20,996,345.90
Total	110,370,633.69	98,362,125.28	110,013,359.76	98,026,751.54

48 OPERATING AND ADMINISTRATIVE EXPENSES

	The Group		The Bank	
	2021	2020	2021	2020
Staff benefits expenses				
– Short-term staff benefits	1,700,636,562.05	1,543,973,178.16	1,679,600,835.74	1,528,171,328.24
– Post-employment benefits – Defined contribution plan	250,833,037.92	117,726,902.82	248,932,291.89	117,469,897.25
– Termination benefits	6,870,844.00	436,482.40	6,870,844.00	436,482.40
– Other long-term staff benefits	121,591,627.16	108,455,203.10	120,499,042.70	106,325,638.04
Sub-total	2,079,932,071.13	1,770,591,766.48	2,055,903,014.33	1,752,403,345.93
Depreciation and amortisation	448,795,232.40	202,181,172.86	446,117,678.78	200,014,028.15
Lease and property management fees	43,538,722.37	187,139,798.35	42,053,294.24	185,196,031.21
Other office and administrative expenses	714,049,119.48	648,972,183.02	702,621,798.37	639,078,565.92
Total	3,286,315,145.38	2,808,884,920.71	3,246,695,785.72	2,776,691,971.21

49 CREDIT LOSSES

	The Group		The Bank	
	2021	2020	2021	2020
Loans and advances to customers	1,519,175,468.03	2,379,758,160.36	1,526,489,434.35	2,351,810,366.29
Debt investments	761,673,698.30	1,185,600,935.67	761,673,698.30	1,185,600,935.67
Other debt investments	194,937,984.27	75,202,875.73	194,937,984.27	75,202,875.73
Deposits with banks and other financial institutions	2,349,048.44	1,063,264.08	2,340,338.35	1,072,043.10
Loans to banks and other financial institutions	18,971,250.06	(5,517,123.35)	18,971,250.06	(5,517,123.35)
Credit commitments	32,730,893.68	25,219,053.86	32,730,893.68	25,219,053.86
Financial assets purchased under resale agreements	(112,495.57)	112,495.57	(112,495.57)	112,495.57
Others	298,445,061.76	20,743,407.93	298,439,382.84	19,916,917.99
Total	2,828,170,908.97	3,682,183,069.85	2,835,470,486.28	3,653,417,564.86

50 NON-OPERATING INCOME AND EXPENSES

(1) Non-operating income

	The Group		The Bank	
	2021	2020	2021	2020
Income from long-suspended and pending customers' deposits	1,141,643.90	1,338,343.24	1,141,643.90	1,338,343.24
Income from cash overage	433,799.10	244,358.30	433,799.10	244,358.30
Others	2,087,953.79	2,266,708.27	2,078,487.53	2,133,457.04
Total	3,663,396.79	3,849,409.81	3,653,930.53	3,716,158.58

(2) Non-operating expenses

	The Group		The Bank	
	2021	2020	2021	2020
Fines and overdue fines	323,536.45	661,879.63	11,536.45	661,879.63
Donation expenses	4,927,414.40	14,190,842.36	4,865,334.40	14,128,842.36
Others	2,726,444.14	2,149,422.57	2,703,441.30	2,123,171.36
Total	7,977,394.99	17,002,144.56	7,580,312.15	16,913,893.35

51 INCOME TAX EXPENSE

(1) Income tax expense for the year represents:

	The Group		The Bank	
	2021	2020	2021	2020
Current income tax measured in accordance with tax laws and relevant regulations	78,633,169.65	121,426,612.56	76,255,112.68	118,128,984.31
Adjustment of differences in final settlement	3,328,812.14	(5,673,988.51)	3,657,584.13	(5,902,305.94)
Changes in deferred income tax	(122,365,072.57)	(436,799,713.16)	(122,325,437.04)	(438,381,608.25)
Total	(40,403,090.78)	(321,047,089.11)	(42,412,740.23)	(326,154,929.88)

(2) Reconciliation between income tax expense and income tax calculated based on statutory tax rates:

	Notes	The Group		The Bank	
		2021	2020	2021	2020
Profit before tax		3,279,748,533.80	2,554,983,663.02	3,271,569,477.13	2,556,383,356.43
Expected income tax at statutory rate		819,937,133.45	638,745,915.76	817,892,369.28	639,095,839.11
Effect of different tax rates applied by subsidiaries		(44,700.21)	(554,686.26)	–	–
Tax implications of the following items:					
Income from non-taxable items	(i)	(885,528,266.37)	(978,323,386.38)	(886,038,266.37)	(976,187,568.13)
Non-tax-deductible expenses	(ii)	22,260,451.25	16,938,041.94	22,075,572.73	16,839,105.08
Differences in final settlement		3,328,812.14	(5,673,988.51)	3,657,584.13	(5,902,305.94)
Others		(356,521.04)	7,821,014.34	–	–
Income tax expenses		(40,403,090.78)	(321,047,089.11)	(42,412,740.23)	(326,154,929.88)

- (i) This mainly includes interest income from bonds issued by the Chinese government, income from equity investment between qualified resident enterprises, and income from distributions by security investment funds.
- (ii) This mainly refers to the hospitality expenses, donation expenses and other expenses irrelevant to the obtained income, which cannot be fully deducted before tax according to the tax law or exceed the deduction standard stipulated by the tax law.

52 OTHER COMPREHENSIVE INCOME, NET OF TAX

	The Group and the Bank	
	2021	2020
Items that will not be reclassified into profit or loss		
– Changes in fair value of investments in other equity instruments	(21,707,332.35)	(1,283,840.69)
Other comprehensive income to be reclassified into profit/loss		
– Changes in fair value of debt instruments in FVOCI	271,747,928.34	(129,675,452.10)
– Net amount of reclassifications from previous other comprehensive income to current profit or loss	(114,736,257.09)	(147,826,191.73)
– Other comprehensive income that can be reclassified into profit or loss under equity method	787,732.96	194,058.34
Income tax implications	(39,252,917.81)	69,375,410.96
Total	96,839,154.05	(209,216,015.22)

53 SUPPLEMENT TO CASH FLOW STATEMENT

(1) Reconciliation of net profit to cash flows from operating activities:

	The Group		The Bank	
	2021	2020	2021	2020
Net profit	3,320,151,624.58	2,876,030,752.13	3,313,982,217.36	2,882,538,286.31
Add: Credit impairment losses	2,828,170,908.97	3,682,183,069.85	2,835,470,486.28	3,653,417,564.86
Impairment loss of other assets	1,836,201.40	—	—	—
Depreciation of fixed assets	134,306,704.36	101,179,604.97	132,502,768.95	99,937,423.72
Amortisation of intangible assets	112,251,478.12	67,455,136.46	112,251,478.12	67,455,136.46
Depreciation of right-of-use assets	159,886,014.14	N/A	159,248,576.99	N/A
Amortisation of long-term deferred expenses	42,351,035.78	33,546,431.43	42,114,854.72	32,621,467.97
Interest expense on lease liability	22,189,639.02	N/A	22,108,381.89	N/A
Interest income from credit-impaired loans	(16,829,079.48)	(6,385,314.86)	(16,829,079.48)	(6,385,314.86)
Losses/(gains) from disposal of fixed assets, intangible assets and other long-term assets	10,295,172.46	(3,034,565.33)	10,306,269.40	1,256,634.00
Net income from changes in fair value	(133,662,014.00)	(86,756,893.19)	(133,662,014.00)	(86,756,893.19)
Interest income from financial investments	(3,863,030,196.73)	(3,878,823,954.61)	(3,863,030,196.73)	(3,878,823,954.61)
Investment income	(1,156,835,446.22)	(740,764,052.74)	(1,158,875,446.22)	(731,981,562.72)
Unrealised foreign exchange gains and losses	(5,968,000.00)	(18,052,000.00)	(5,968,000.00)	(18,052,000.00)
Bond interest expense payable	2,023,342,891.75	1,800,879,640.83	2,023,342,891.75	1,800,879,640.83
Net increase in deferred tax	(122,365,072.57)	(436,799,713.16)	(122,325,437.04)	(438,381,608.25)
Increase in operating receivables	(43,243,042,412.05)	(42,157,653,790.23)	(43,291,272,204.31)	(42,187,211,996.37)
Increase in operating payables	22,031,833,771.43	48,447,384,047.37	22,130,970,061.76	48,848,507,227.06
Net cash flow (used in)/generated from operating activities	(17,855,116,779.04)	9,680,388,398.92	(17,809,664,390.56)	10,039,020,051.21

(2) Net change in cash and cash equivalents:

	The Group		The Bank	
	2021	2020	2021	2020
Cash at the end of the year	997,805,369.71	748,254,734.30	991,121,849.39	738,772,845.02
Less: Cash at the beginning of the year	(748,254,734.30)	(941,869,645.72)	(738,772,845.02)	(930,693,576.30)
Add: Cash equivalents at the end of the year	23,183,582,534.24	15,243,061,059.90	23,047,158,277.37	15,054,491,771.74
Less: Cash equivalents at the beginning of the year	(15,243,061,059.90)	(19,661,598,685.88)	(15,054,491,771.74)	(19,324,620,329.35)
Net increase/(decrease) in cash and cash equivalents	8,190,072,109.75	(4,612,152,537.40)	8,245,015,510.00	(4,462,049,288.89)

(3) Relevant information of subsidiaries acquired this year

Relevant information of subsidiaries acquired:

The Group

	2020
Price of the subsidiary acquired	18,000,000.00
The cash or cash equivalents paid by the subsidiary this year	18,000,000.00
Less: cash and cash equivalents held by the subsidiary	—
Add: Cash or cash equivalents paid this year by the subsidiaries acquired in the previous years	—
Net cash paid for acquisition of subsidiaries	18,000,000.00

(4) Cash and cash equivalents are as follows:

	The Group		The Bank	
	2021	2020	2021	2020
Cash on hand	997,805,369.71	748,254,734.30	991,121,849.39	738,772,845.02
Excess reserves with central bank	7,088,887,813.29	7,580,810,221.74	6,969,268,801.57	7,495,970,536.19
With an original maturity of three months or less				
– Deposits with banks and other financial institutions	1,319,396,720.95	1,277,601,838.16	1,302,591,475.80	1,173,872,235.55
– Loans to banks and other financial institutions	1,621,763,000.00	260,996,000.00	1,621,763,000.00	260,996,000.00
– Financial assets purchased under resale agreements	13,153,535,000.00	6,123,653,000.00	13,153,535,000.00	6,123,653,000.00
Total of cash and cash equivalents	24,181,387,903.95	15,991,315,794.20	24,038,280,126.76	15,793,264,616.76

54 CHANGE IN CONSOLIDATION SCOPE**Consolidation of enterprises not under common control****(1) Consolidation of enterprises not under common control for the 2020**

	Time point of equity acquisition	Equity acquisition cost	Proportion after equity acquisition (%)	Method of obtaining equity	Purchase date	Basis for determining the purchase date	The purchased party from the date of purchase to 31 December 2021	
							Revenue	Net profit
Zongyang Taiye Village Bank Co., Ltd.	7 September 2020	18,000,000.00	85.00%	Equity transfer	7 September 2020	Gaining control rights	10,108,099.70	494,259.19

Zongyang Taiye Village Bank Co., Ltd. was incorporated on 17 March 2011, and its main business is financial services. The Bank made a contribution of RMB16 million with a 40.00% shareholding ratio. In September 2020, the Bank contributed RMB18 million to purchase 18 million shares in Zongyang Taiye Village Bank Co., Ltd. through equity transfer. The Bank's shareholding ratio increased from 40.00% to 85.00%, and the Bank has acquired the ultimate control over Zongyang Taiye Village Bank Co., Ltd., so it was included in the scope of the consolidated financial statements. In December 2020, Zongyang Taiye Village Bank Co., Ltd. carried out a capital increase with pre-determined investors. The Bank contributed RMB59 million, and totally held its 93 million shares after the capital increase, with the shareholding ratio changed to 84.55%.

(2) Combined cost

	Zongyang Taiye Village Bank Co., Ltd.
Cash	18,000,000.00
Cost of equity held before the purchase date	16,066,671.57
Total of combined cost	34,066,671.57
Less: the fair value share of identifiable net assets obtained	34,066,671.57
Amount obtained by reducing the amount of the fair value share of identifiable net assets from goodwill/combined cost	–

55 RISK MANAGEMENT

The Group has exposure to the following main risks from its use of financial instruments:

- Credit risk
- Market risk
- Liquidity risk
- Operational risk

This note presents the information about the Group's exposure to each of the above risks and their sources, and their changes during the year, as well as the Group's objectives, policies and processes for measuring and managing risks, and their changes during the year.

The Board of Directors is the top decision maker with regards to the Bank's risk management policy, and supervises the Group's risk management functions through the risk management committee. The Group aims to seek appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyse risks facing the Group, to set appropriate risk limits and controls, and to monitor risks and compliance with the limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Senior management is the supreme implementer of our risk management framework and reports directly to the Board of Directors according to the risk management preferences established by the Board of Directors. Senior management is responsible for establishing and implementing risk management policies and systems, and for monitoring, identifying and controlling risks confronting different businesses

(1) Credit risk

Credit risk refers to the risk that a customer or counterparty is unable or unwilling to perform contractual obligations. Changes in the economic environment or the quality of credit assets in a particular industry in the Group's asset portfolio will result in possible losses to the Group. The credit risk exposures in the balance sheet include customer loans, securities investment and interbank transactions, and there are also off-balance-sheet credit risk exposures, such as loan commitments. The Group's main business operations are currently concentrated in Guangdong Province, which indicates that there is a concentration risk in the Group's credit portfolio and it is relatively vulnerable to changes in regional economic conditions. Therefore, the management cautiously manages its exposure to credit risks. The risk management department at the head office is responsible for managing the overall credit risk associated with the Bank (including loans, securities investment and interbank transactions), and reports regularly to the senior management of the Group. The Group has established relevant mechanisms to set relevant credit risk limits, and regularly monitors the above credit risk limits and conducts audits at least once a year.

Based on the Guidelines for Loan Risk Classification issued by the China Banking Regulatory Commission, the Group has developed a risk classification and management system to measure and manage the quality of credit assets at the Bank. According to the Guidelines for Loan Risk Classification, the Group classifies on-balance sheet and off-balance sheet credit assets into five categories: pass, special mention, substandard, doubtful and loss. Loans in the latter three categories are considered non-performing credit assets.

The core definitions of five categories of loans are as follows:

Pass: Borrowers can honor the terms of the contracts. There is no reason to doubt their ability to repay the principals and interests of loans in full and on time.

Special Mention: Borrowers are able to service their loans at present, although repayment may be adversely affected by specific factors.

Substandard: Borrowers' abilities to service their loans are questionable. Borrowers cannot depend on their normal business revenues to pay back the principals and interests. Losses may ensue, even when guarantees are invoked.

Doubtful: Borrowers are unable repay the principals and interests of the loans in full, and significant losses will incur, even when guarantees are invoked.

Loss: Principals and interests of loans cannot be recovered or only a small portion can be recovered after taking all possible measures and resorting to necessary legal procedures.

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.

(i) Significant increase in credit risk

When one or more quantitative, qualitative standards or upper limits are triggered, the Group assumes that credit risk associated with 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;
- Depreciation of the value of the collateral (applicable to collateralised loans only);
- Early signs of problems in cash flow/liquidity, such as late payment of accounts payable/repayment of guarantees;
- The payment is more than 30 days past due.

The Group uses an early warning list to monitor credit risk in financial instruments related to loans and advances and capital operations, and conducts regular assessments at the counterparty level. The standards used in determining whether credit risk increases significantly and the appropriateness thereof are regularly monitored and reviewed by the management.

As at 31 December 2021, the Group has not considered that any of its financial instruments has lower credit risk and no longer compared the credit risk at the balance sheet date with that at the initial recognition to identify whether there was a significant increase in credit risk.

(ii) Definitions 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 borrower has not paid more than 90 days after the contract payment date.

(b) Qualitative criterion.

The borrower meets the criterion of "having debt-servicing difficulties", which indicates that the borrower has significant financial difficulty, including:

- The loan has been in the grace period for a long time;
- The borrower is deceased;
- The borrower goes into bankruptcy;
- The borrower 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 facing the borrower;
- The creditor makes concessions due to the financial difficulties facing the borrower;
- It is highly likely that the borrower will go into bankruptcy;
- A higher discount was obtained during the acquisition of assets, and the assets have incurred credit loss when they are acquired.

The above criteria apply to all financial instruments of the Bank and they are consistent with the definition of "default" adopted for internal credit risk management.

(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 guarantee;
- 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 guarantee;
- LGD refers to the Group's prediction as to the degree of loss arising from the exposure at default. LGD varies according to different types of counterparties, methods and priority of recovering debts, and the availability of collateral 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 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 is applicable to all assets in the same portfolio with the same credit rating. The above method is supported by empirical analysis.

The Group quarterly monitors and reviews assumptions related to the calculation of expected credit losses, including the changes in PD and the value of collateral 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 industrial added value, CPI, etc.

The credit risk facing the Group's capital business is generated by the investment business and the interbank business. The group implements the access management of interbank credit for the business of banks and non-bank financial institutions, and verifies the interbank credit line; and the credit extension and control model of corporate clients for non-financial institutions

(a) Maximum credit risk exposure

Regardless of collateral and other credit enhancements, the maximum exposure to credit risk at the Group and the Bank is the sum of the carrying amount of each financial asset and the contract amount of each credit commitment. Except for the credit commitments given by the Group and the Bank as set out in Note 59, the Group and the Bank do not provide any other guarantees which would expose the Group or the Bank to credit risk. The maximum exposure to credit risk in respect of these credit commitments at the end of the period is disclosed in Note 59.

The carrying amounts of financial instruments on the balance sheet have reflected their maximum credit risks.

(b) Credit quality analysis of financial assets:

	As at 31 December 2021						
	Book balance			The Group			
	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL - credit-impaired)	Total	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL - credit-impaired)
Loan	266,170,071,394.79	1,910,396,910.39	2,594,245,575.73	270,674,713,880.91	(4,127,593,542.82)	(501,345,376.44)	(1,993,096,588.92)
Investment (ii)	116,140,130,202.51	2,384,640,104.95	5,910,814,128.10	124,435,584,435.56	(153,540,585.08)	(405,960,499.18)	(2,668,973,104.97)
Others (iii)	19,691,495,206.52	-	291,171,820.40	19,982,667,026.92	(106,215,372.73)	-	(291,171,820.40)
			</				

	As at 31 December 2020						
	The Group			Provisions for ECL			
	Book balance						
	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL – credit-impaired)	Total	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL – credit-impaired)
Loan	225,293,997,509.52	1,615,129,830.99	2,716,658,780.59	229,625,786,121.10	(3,517,933,583.42)	(559,165,588.65)	(1,813,213,629.64)
Investment (ii)	105,998,791,166.57	1,492,202,236.43	5,710,975,376.16	113,201,968,779.16	(189,947,626.54)	(282,764,692.68)	(3,117,858,171.71)
Others (iii)	8,861,220,305.33	-	63,727,987.11	8,924,948,292.44	(60,544,827.05)	-	(63,727,987.11)
							(124,272,814.16)
							(5,890,312,781.71)
							(3,590,570,490.93)

	As at 31 December 2021						
	Book balance			The Bank			
	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL – credit-impaired)	Total	Stage I (12-month ECL)	Stage II (Lifetime ECL)	Stage III (Lifetime ECL – credit-impaired)
Loan	265,265,089,084.71	1,881,487,493.26	2,573,874,824.26	269,720,431,402.23	(4,108,663,130.18)	(496,230,431.45)	(1,983,021,079.33)
Investment (ii)	116,140,130,202.51	2,384,640,104.95	5,910,814,128.10	124,435,584,435.56	(153,540,585.08)	(405,960,499.18)	(2,668,973,104.97)
Others (iii)	19,547,671,959.85	-	291,171,820.40	19,838,843,780.25	(104,141,380.39)	-	(291,171,820.40)
							(395,313,200.79)

- i) Overdue loans refer to all loans owed by loan customers to the Bank, for which the full or partial amount of the principal or interest has been overdue for one day or above.
- ii) As at 31 December 2021 and 31 December 2020, investments include debt investments and other debt investments.
- iii) Others include deposit with banks and other financial institutions, loans to banks and other financial institutions, financial assets purchased under resale agreements, interests receivable, and other receivables.
- iv) Credit quality of bond investments

The Group adopts the credit rating method to monitor the credit risk status of the debt instrument investment portfolio held by the Group. The debt instrument investment rating refers to the rating of the rating agency recognised by the People's Bank of China. On the balance sheet date, the analysis of the Group's bond investment according to the debt rating is as follows:

The Group and the Bank

	The Group and the Bank	
	2021	2020
Credit-impaired financial assets		
Carrying value	56,179,151.61	41,925,376.16
Provision for impairment	(230,029,910.43)	(209,388,410.00)
Overdue		
Carrying value	–	35,462,825.10
Provision for loss	–	(15,235,844.72)
Financial assets neither overdue nor credit-impaired (including accrued interest)		
AAA	33,105,581,190.19	35,253,121,208.84
AA – to AA+	974,751,813.63	418,116,797.72
A – to A+	384,243,892.97	95,081,438.59
A3 to A1	477,709,408.09	198,403,897.39
BBB – to BBB+	1,002,342,592.23	159,159,452.37
Baa3 to Baa1	504,057,798.34	270,503,400.78
BB – to BB+	–	33,224,700.17
Not rated	67,131,835,010.41	56,449,417,061.98
Sub-total of carrying value	103,489,270,445.01	92,825,750,663.91
Total	103,545,449,596.62	92,903,138,865.17

Overdue means that all or part of the principal or interest is overdue for one day or more.

(d) Credit risk concentration analysis of financial assets

The credit risk concentration of loans and advances granted by the Bank refers to the fact that borrowers are concentrated in a certain industry or region, or share certain economic characteristics, which usually increases the credit risk accordingly. Please refer to Note 12 for the industry concentration analysis of loans and advances granted by the Bank.

(2) Market risk

Market risk refers to the risk of loss of on – and off-balance-sheet businesses of the Group due to adverse changes in market prices (interest rates, exchange rates, product prices, stock prices, and other prices). The market risk facing the Group mainly comes from the interest rate risk and exchange rate risk associated with various asset-liability businesses and products involved in market operations.

The Group establishes a market risk management system based on the “Guidelines for Market Risk Management of Commercial Banks” promulgated by the former CBRC. The Board of Directors of the Bank assumes the ultimate responsibility for monitoring market risk management, is responsible for approving market risk management policies and procedures, and determines the tolerable level of market risk. The senior management is responsible for implementing the market risk management policy and market risk appetite decided by the Board of Directors, and for coordinating efforts to align the total risk with business objectives. The risk management department is responsible for the identification, measurement, monitoring, controlling, and reporting of market risk at the company level. Business departments are responsible for monitoring and reporting market risks associated with the businesses managed by them respectively.

The Group’s risk monitoring techniques include risk detection measurement and monitoring management of market risks in each business by means of long-term monitoring exposure analysis, sensitivity analysis, scenario analysis, etc. The financial market department has set up the trading limit, stop loss limit, derivatives risk limit and other market risk limit systems and monitored the use of market risk limit. The stress test of market risk has been carried out under prudent conditions according to the requirements of the former CBRC.

(a) Interest rate risk

Interest rate risk refers to the possibility of losses caused by changes in factors such as interest rate level and term structure to the overall return and economic value of bank accounts. With respect to the Bank’s exposure to interest rate risk, the Group determines the future interest rate trend by investigating various macroeconomic indicators. It also forecasts the future trends for changes in Group’s funding activities based on factors such as the Group’s capital cost, capital adequacy ratio, and the growth of deposits and loans to analyse the Group’s tolerance towards interest rate risk.

The Group manages interest rate risk mainly through asset portfolio construction and adjustment. The purpose of the portfolio is to diversify risk and increase profitability through asset diversification.

The Group's interest rate risk management mainly involves:

- (i) The Group stepping up the analysis and prediction of interest rate fluctuations, predicting the future interest rate trends taking into account the interest rate trends for SHIBOR, treasury bonds and policy financial bonds, and using the internal fund transfer pricing (FTP) system to concentrate interest rate risk to "Treasurer" conducts unified management, guiding business structure optimisation and improving the pricing level by formulating scientific and reasonable FTP price transmission policy guidance;
- (ii) Using the asset-liability management (ALM) system to measure and manage interest rate risk exposure, through scenario simulations, stress tests and repricing gap analysis to simulate the Group's net interest income and economic value under different interest rate scenarios – this way, reasonable management suggestions are made, and timely strategic adjustments are made to avoid the negative impact of interest rate fluctuations on the Group's financial standing.

The Group uses sensitivity analysis to measure the possible impact of changes in interest rates on the Group's net profit and equity. The following table shows the sensitivity of the Group's net profit and equity to possible and reasonable changes in interest rates when other variables are fixed.

	Net profit sensitivity			
	The Group		The Bank	
	2021 (Decrease)/Increase	2020 (Decrease)/Increase	2021 (Decrease)/Increase	2020 (Decrease)/Increase
Interest rate change (basis point)				
+100	151,442,229.06	(183,234,006.35)	149,996,424.47	(183,544,825.53)
-100	(151,442,229.06)	183,234,006.35	(149,996,424.47)	183,544,825.53

	Equity sensitivity			
	The Group		The Bank	
	2021 (Decrease)/Increase	2020 (Decrease)/Increase	2021 (Decrease)/Increase	2020 (Decrease)/Increase
Interest rate change (basis point)				
+100	(579,307,685.14)	(465,519,627.06)	(580,753,489.73)	(465,830,446.24)
-100	593,720,536.99	475,556,741.40	595,166,341.58	475,867,560.58

The above sensitivity analysis is based on the static interest rate risk structure of assets and liabilities. The relevant analysis only measures changes in interest rates within one year and reflects the impact of re-pricing of the Group's assets and liabilities on the Group's annualised net profit and equity within one year based on the following assumptions:

- (i) All assets and liabilities re-priced or due within one year are assumed to be re-priced or expire at the beginning of the relevant period;
- (ii) The yield curve moves parallel to the changes in interest rates;
- (iii) There is no other change in the portfolio of assets and liabilities.

The sensitivity of net profit is based on the impact of certain interest rate changes on the net interest income from financial assets and liabilities held at the end of the year and whose interest rate is expected to be redefined within the next year.

Equity sensitivity is calculated based on the effect of revaluation of all financial instruments held at the end of the year when a certain interest rate changes.

The sensitivity analysis on above interest rate is provided only as an example, based on the simplification of the scenario. The analysis shows the estimated changes in net profit and equity under each expected revenue curve and the current interest rate risk facing the Group. However, the analysis of the impact does not consider the risk management activities that the management may take to reduce interest rate risk. The above estimation assumes that the interest rates for all the years will change at the same rate. Therefore, it does not reflect the potential impact on net profit or equity if some interest rates change while others remain unchanged.

Based on the above assumptions, the actual change in the net profit and equity of the Group due to the increase or decrease in interest rates may differ from the findings of this sensitivity analysis.

The table below presents the distribution of the effective interest rates of assets and liabilities for the relevant year and by the next expected repricing date (or maturity date, whichever is earlier) at the end of the reporting period.

	The Group					
	2021					
	Total	3 months or below	3 months to 1 year	1 to 5 years	More than 5 years	Interest not accounted for
Assets						
Cash and deposits in the central bank	33,559,339,047.39	32,548,756,835.01	-	-	-	1,010,582,212.38
Deposits with and loans to banks and other financial institutions	4,706,321,402.88	2,746,415,217.92	1,645,097,149.95	-	-	314,809,035.01
Financial assets purchased under resale agreements	13,161,246,095.20	13,153,535,000.00	-	-	-	7,711,095.20
Loans and advances to customers	264,062,688,372.73	101,645,791,599.37	119,393,245,150.01	33,704,306,335.62	8,732,657,589.99	586,687,697.74
Investments (i)	158,995,741,079.52	27,550,456,982.69	22,218,957,688.28	77,935,181,824.49	29,568,431,336.93	1,722,713,247.13
Derivative financial assets	562,219,591.40	2,820,280.33	3,254,169.61	163,489,481.30	1,084,723.20	391,570,936.96
Other assets	7,736,027,906.38	-	-	-	-	7,736,027,906.38
Total assets	482,783,583,495.50	177,647,775,915.32	143,260,554,157.85	111,802,977,641.41	38,302,173,650.12	11,770,102,130.80
Liabilities						
Borrowings from central bank	(10,857,912,923.74)	(2,089,315,417.77)	(8,749,001,013.06)	-	-	(19,596,492.91)
Deposits and loans from banks and other financial institutions	(9,413,798,462.89)	(150,937,583.78)	(2,275,076,974.54)	(4,034,000,000.00)	-	(2,953,783,904.57)
Financial assets sold under repurchase agreements	(20,685,917,896.04)	(20,383,688,872.06)	(283,918,972.51)	-	-	(18,310,051.47)
Customer deposits	(322,651,132,471.42)	(177,267,000,606.68)	(56,794,133,703.60)	(84,613,263,509.52)	(33,611,687.00)	(3,943,122,964.62)
Bonds payable	(85,534,540,020.45)	(30,339,232,701.04)	(35,926,836,114.18)	(18,993,335,862.74)	-	(275,135,342.49)
Derivative financial liabilities	(629,169,933.37)	(4,220,723.28)	(4,870,065.32)	(244,672,081.71)	(1,623,355.11)	(373,783,707.95)
Lease liability	(617,793,775.72)	(47,881,405.25)	(127,215,484.18)	(324,944,894.32)	(117,751,991.97)	-
Other liabilities	(2,535,812,105.99)	-	-	-	-	(2,535,812,105.99)
Total liabilities	(452,926,077,589.62)	(230,282,277,309.86)	(104,161,052,327.39)	(108,210,216,348.29)	(152,987,034.08)	(10,119,544,570.00)
Exposure to assets and liabilities	29,857,505,905.88	(52,634,501,394.54)	39,099,501,830.46	3,592,761,293.12	38,149,186,616.04	1,650,557,560.80
Notional amount of derivative financial instruments	72,665,868,004.04	520,000,000.00	600,000,000.00	30,144,000,000.00	200,000,000.00	41,201,868,004.04

The Group						
2020						
	Total	3 months or below	3 months to 1 year	1 to 5 years	More than 5 years	Interest not accounted for
Assets						
Cash and deposits in the central bank	34,092,525,456.53	33,281,999,052.26	-	-	-	810,526,404.27
Deposits with and loans to banks and other financial institutions	2,112,164,535.42	1,561,349,858.33	260,905,364.94	-	-	289,909,312.15
Financial assets purchased under resale agreements	6,124,067,622.06	6,123,540,504.43	-	-	-	527,117.63
Loans and advances to customers	223,735,473,339.39	89,663,286,239.34	98,012,006,066.09	25,053,744,791.89	10,483,953,699.90	522,482,542.17
Investments (i)	143,670,608,532.85	27,659,686,478.92	20,489,202,146.18	75,786,550,634.67	18,190,728,952.16	1,544,440,320.92
Derivative financial assets	353,664,858.22	9,765,994.00	28,273,001.00	50,952,093.00	-	264,673,770.22
Other assets	6,237,602,714.94	-	-	-	-	6,237,602,714.94
Total assets	416,326,107,059.41	158,299,628,127.28	118,790,386,578.21	100,891,247,519.56	28,674,682,652.06	9,670,162,182.30
Liabilities						
Borrowings from central bank	(27,598,977,607.90)	(5,098,915,647.18)	(22,421,209,180.73)	-	-	(78,852,779.99)
Deposits and loans from banks and other financial institutions	(7,877,073,841.72)	(268,545,930.54)	(4,597,873,499.99)	(250,000,000.00)	-	(2,760,654,411.19)
Financial assets sold under repurchase agreements	(9,825,540,205.44)	(6,181,318,596.99)	(3,577,558,679.55)	-	-	(66,662,928.90)
Customer deposits	(295,939,082,153.30)	(169,691,252,644.15)	(51,331,121,710.39)	(70,408,278,321.66)	(288,955.13)	(4,508,160,521.97)
Bonds payable	(44,889,143,553.23)	(16,741,049,012.14)	(19,876,967,617.60)	(7,996,912,676.91)	-	(274,214,246.58)
Derivative financial liabilities	(284,199,665.03)	(9,491,054.00)	(27,477,036.00)	(49,517,648.00)	-	(197,713,927.03)
Other liabilities	(2,831,114,905.54)	-	-	-	-	(2,831,114,905.54)
Total liabilities	(389,245,131,932.16)	(197,990,572,885.00)	(101,832,207,724.26)	(78,704,708,646.57)	(288,955.13)	(10,717,373,721.20)
Exposure to assets and liabilities	27,080,975,127.25	(39,690,944,757.72)	16,958,178,853.95	22,186,538,872.99	28,674,413,696.93	(1,047,211,538.90)
Notional amount of derivative financial instruments	48,236,112,201.81	3,700,000,000.00	10,711,670,000.00	19,304,000,000.00	-	14,520,442,201.81

The Bank						
2021						
	Total	3 months or below	3 months to 1 year	1 to 5 years	More than 5 years	Interest not accounted for
Assets						
Cash and deposits in the central bank	33,365,386,945.77	32,361,502,025.26	-	-	-	1,003,884,920.51
Deposits with and loans to banks and other financial institutions	4,573,066,192.73	2,363,197,168.73	1,635,099,798.16	-	-	574,769,225.84
Financial assets purchased under resale agreements	13,161,246,095.20	13,153,535,000.00	-	-	-	7,711,095.20
Loans and advances to customers	263,152,516,761.27	101,580,960,666.35	119,005,196,897.54	33,588,255,107.75	8,393,780,835.32	584,323,254.31
Investments (i)	158,995,741,079.52	27,550,456,982.69	22,218,957,688.28	77,935,181,824.49	29,568,431,336.93	1,722,713,247.13
Derivative financial assets	562,219,591.40	2,820,280.33	3,254,169.61	163,489,481.30	1,084,723.20	391,570,936.96
Other assets	7,848,220,486.81	-	-	-	-	7,848,220,486.81
Total assets	481,658,397,152.70	177,012,472,123.36	142,862,508,553.59	111,686,926,413.54	37,963,296,895.45	12,133,193,166.76
Liabilities						
Borrowings from central bank	(10,831,890,955.09)	(2,088,755,417.77)	(8,723,556,013.06)	-	-	(19,579,524.26)
Deposits and loans from banks and other financial institutions	(9,674,501,506.00)	(151,104,090.00)	(2,275,076,974.54)	(4,034,000,000.00)	-	(3,214,320,441.46)
Financial assets sold under repurchase agreements	(20,685,917,896.04)	(20,383,688,872.06)	(283,918,972.51)	-	-	(18,310,051.47)
Customer deposits	(321,409,535,923.25)	(176,777,348,735.32)	(56,597,395,034.50)	(84,089,250,359.29)	(33,611,687.00)	(3,911,930,107.14)
Bonds payable	(85,534,540,020.45)	(30,339,232,701.04)	(35,926,836,114.18)	(18,993,335,862.74)	-	(275,135,342.49)
Derivative financial liabilities	(629,169,933.37)	(4,220,723.28)	(4,870,065.32)	(244,672,081.71)	(1,623,355.11)	(373,783,707.95)
Lease liability	(615,598,170.75)	(47,848,331.04)	(126,558,249.62)	(323,567,674.27)	(117,623,915.82)	-
Other liabilities	(2,522,158,473.56)	-	-	-	-	(2,522,158,473.56)
Total liabilities	(451,903,312,878.51)	(229,792,198,870.51)	(103,938,211,423.73)	(107,684,825,978.01)	(152,858,957.93)	(10,335,217,648.33)
Exposure to assets and liabilities	29,755,084,274.19	(52,779,726,747.15)	38,924,297,129.86	4,002,100,435.53	37,810,437,937.52	1,797,975,518.43
Notional amount of derivative financial instruments	72,665,868,004.04	520,000,000.00	600,000,000.00	30,144,000,000.00	200,000,000.00	41,201,868,004.04

	The Bank					
	2020					
	Total	3 months or below	3 months to 1 year	1 to 5 years	More than 5 years	Interest not accounted for
Assets						
Cash and deposits in the central bank	33,931,659,960.37	33,130,627,836.71	-	-	-	801,032,123.66
Deposits with and loans to banks and other financial institutions	1,920,393,945.35	1,370,942,663.05	260,905,364.94	-	-	288,545,917.36
Financial assets purchased under resale agreements	6,124,067,622.06	6,123,540,504.43	-	-	-	527,117.63
Loans and advances to customers	222,821,599,383.05	89,592,393,790.08	97,609,206,603.65	24,933,089,538.63	10,167,108,360.18	519,801,090.51
Investments (i)	143,670,688,532.85	27,659,686,478.92	20,489,202,146.18	75,786,550,634.67	18,190,728,952.16	1,544,440,320.92
Derivative financial assets	353,664,858.22	9,765,994.00	28,273,001.00	50,952,093.00	-	264,673,770.22
Other assets	6,354,354,596.98	-	-	-	-	6,354,354,596.98
Total assets	415,176,348,898.88	157,886,957,267.19	118,387,587,115.77	100,770,592,266.30	28,357,837,312.34	9,773,374,937.28
Liabilities						
Borrowings from central bank	(27,561,860,475.64)	(5,094,905,647.18)	(22,388,124,180.73)	-	-	(78,830,647.73)
Deposits and loans from banks and other financial institutions	(8,151,234,399.38)	(542,757,488.20)	(4,597,873,499.99)	(250,000,000.00)	-	(2,760,603,411.19)
Financial assets sold under repurchase agreements	(9,825,540,205.44)	(6,181,318,596.99)	(3,577,558,679.55)	-	-	(66,662,928.90)
Customer deposits	(294,663,455,759.50)	(168,981,057,985.83)	(51,135,672,629.33)	(70,070,198,757.24)	(288,955.13)	(4,476,257,431.97)
Bonds payable	(44,889,143,553.23)	(16,741,049,012.14)	(19,876,967,617.60)	(7,996,912,676.91)	-	(274,214,246.58)
Derivative financial liabilities	(284,199,665.03)	(9,491,054.00)	(27,477,036.00)	(49,517,648.00)	-	(197,713,927.03)
Other liabilities	(2,818,151,937.88)	-	-	-	-	(2,818,151,937.88)
Total liabilities	(388,193,585,996.10)	(197,550,579,784.34)	(101,603,673,643.20)	(78,366,629,082.15)	(288,955.13)	(10,672,434,531.28)
Exposure to assets and liabilities	26,982,762,902.78	(39,663,622,517.15)	16,783,913,472.57	22,403,963,184.15	28,357,568,357.21	(899,059,594.00)
Notional amount of derivative financial instruments	48,236,112,201.81	3,700,000,000.00	10,711,670,000.00	19,304,000,000.00	-	14,520,442,201.81

(i) As at 31 December 2021 and 31 December 2020, the investments include financial assets held for trading, debt investments, other debt investments and other equity instruments investments.

(b) Exchange rate risk

The Group is mainly engaged in Renminbi business. Some transactions involve US dollar or Hong Kong dollar, while few transactions involve other currencies. The Group's exchange rate risks include the transactional foreign currency exposure risk resulting from the routine capital transaction business, and the non-RMB-denominated loans and advances to customers, interbank payments and customer deposits, etc. held by the Group.

The exchange rate risk facing the Group mainly arises from the foreign exchange purchase and sale transactions provided by the Group for customers, when it has not been able to immediately hedge the exposure risk posed by the overall position of purchase and sale of foreign exchange. This type of the foreign exchange position may be subject to exchange rate fluctuations resulting in losses or profits. As the Group mainly manages the foreign exchange position, closely monitors foreign exchange market prices, and implements real-time position squaring for large-scale transactions, the impact of exchange rate changes on the Group's financial standing and cash flow is limited, and the exchange rate risk is not significant. For this type of risks, measures taken by the Group include: strict implementation of overall position management of foreign exchange purchases and sales, and ensuring that the overall position reserved on a daily basis conform to relevant requirements set by the State Administration of Foreign Exchange (SAFE).

The non-transactional risks mainly refer to the risks arising from mismatches between foreign currency assets and liabilities, which are difficult to avoid in the Group's operations. For this type of risks, the Group measures the value in use, the purpose of clearing, and the risk bearing capacity of each currency, and tries to match the assets and liabilities of each currency in terms of currency and maturity, so as to prevent foreign currency and maturity mismatch from causing losses to the Group due to exchange rate fluctuations.

	Net profit sensitivity	
	The Group and the Bank	
	2021	2020
	Increase/(decrease)	Increase/(decrease)
Exchange rate change		
Appreciation against Renminbi by 1%	(392,670.37)	6,123,327.75
Depreciation against Renminbi by 1%	392,670.37	(6,123,327.75)

The analysis is based on the following assumptions:

- (i) The exchange rate sensitivity of all currencies refers to the exchange gains and losses resulting from the 1% fluctuation in the closing exchange rates (middle prices) of all currencies against Renminbi on the reporting date;
- (ii) Changes in exchange rate of all currencies refer to the simultaneous fluctuations in the same direction in the exchange rates of all currencies against Renminbi;
- (iii) The calculation of foreign exchange exposure includes spot foreign exchange exposure and forward foreign exchange exposure.

The above sensitivity analysis is based on the static exchange rate risk structure of assets and liabilities, and has not considered the measures that the Group may take to eliminate the negative impact of foreign exchange exposure on profits. Therefore, the above impact may be different from the actual situation.

The exchange rate risk exposure of the Group on each balance sheet date is as follows:

	The Group				
	2021				
	Equivalent in Renminbi				
	RMB	USD	HKD	Others	Total
Assets					
Cash and deposits in the central bank	33,220,015,098.83	314,684,621.56	24,639,327.00	-	33,559,339,047.39
Deposits with and loans to banks and other financial institutions	2,724,986,937.45	1,556,884,833.61	393,452,737.60	30,996,894.22	4,706,321,402.88
Financial assets purchased under resale agreements	13,161,246,095.20	-	-	-	13,161,246,095.20
Loans and advances to customers	262,119,629,391.81	1,499,110,713.80	363,243,897.15	80,704,369.97	264,062,688,372.73
Investments (i)	156,057,055,972.75	2,672,172,688.85	266,512,417.92	-	158,995,741,079.52
Derivative financial assets	562,219,591.40	-	-	-	562,219,591.40
Other assets	7,721,077,275.64	638,835.32	14,311,795.42	-	7,736,027,906.38
Total assets	475,566,230,363.08	6,043,491,693.14	1,062,160,175.09	111,701,264.19	482,783,583,495.50
Liabilities					
Borrowings from central bank	(10,857,912,923.74)	-	-	-	(10,857,912,923.74)
Deposits and loans from banks and other financial institutions	(8,428,790,649.26)	(862,348,297.14)	(122,659,516.49)	-	(9,413,798,462.89)
Financial assets sold under repurchase agreements	(20,685,917,896.04)	-	-	-	(20,685,917,896.04)
Customer deposits	(318,929,049,935.86)	(3,335,135,991.73)	(348,404,708.41)	(38,541,835.42)	(322,651,132,471.42)
Bonds payable	(85,534,540,020.45)	-	-	-	(85,534,540,020.45)
Derivative financial liabilities	(629,169,933.37)	-	-	-	(629,169,933.37)
Lease liability	(586,557,588.43)	-	(31,236,187.29)	-	(617,793,775.72)
Other liabilities	(4,429,460.34)	(1,798,348,690.70)	(659,244,106.61)	(73,789,848.34)	(2,535,812,105.99)
Total liabilities	(445,656,368,407.49)	(5,995,832,979.57)	(1,161,544,518.80)	(112,331,683.76)	(452,926,077,589.62)
Net position of assets and liabilities	29,909,861,955.59	47,658,713.57	(99,384,343.71)	(630,419.57)	29,857,505,905.88

	The Group				
	2020				
	Equivalent in Renminbi				
	RMB	USD	HKD	Others	Total
Assets					
Cash and deposits in the central bank	33,891,197,388.54	176,456,223.65	24,871,864.34	-	34,092,525,456.53
Deposits with and loans to banks and other financial institutions	909,612,642.42	1,151,194,119.71	34,991,788.13	16,365,985.16	2,112,164,535.42
Financial assets purchased under resale agreements	6,124,067,622.06	-	-	-	6,124,067,622.06
Loans and advances to customers	221,921,292,410.97	1,752,904,046.55	34,011,429.26	27,265,452.61	223,735,473,339.39
Investments (I)	142,824,383,188.28	804,506,535.33	41,718,809.24	-	143,670,608,532.85
Derivative financial assets	353,664,858.22	-	-	-	353,664,858.22
Other assets	6,236,949,284.11	653,430.83	-	-	6,237,602,714.94
Total assets	412,261,167,374.60	3,885,714,356.07	135,593,890.97	43,631,437.77	416,326,107,059.41
Liabilities					
Borrowings from central bank	(27,598,977,607.90)	-	-	-	(27,598,977,607.90)
Deposits and loans from banks and other financial institutions	(7,407,538,763.63)	(469,535,078.09)	-	-	(7,877,073,841.72)
Financial assets sold under repurchase agreements	(9,825,540,205.44)	-	-	-	(9,825,540,205.44)
Customer deposits	(292,816,503,297.81)	(2,909,200,877.65)	(205,176,788.66)	(8,201,189.18)	(295,939,082,153.30)
Bonds payable	(44,889,143,553.23)	-	-	-	(44,889,143,553.23)
Derivative financial liabilities	(284,199,665.03)	-	-	-	(284,199,665.03)
Other liabilities	(3,174,732,854.90)	404,464,351.47	(68,531,341.19)	7,684,939.08	(2,831,114,905.54)
Total liabilities	(385,996,635,947.94)	(2,974,271,604.27)	(273,708,129.85)	(516,250.10)	(389,245,131,932.16)
Net position of assets and liabilities	26,264,531,426.66	911,442,751.80	(138,114,238.88)	43,115,187.67	27,080,975,127.25

	The Bank				
	2021				
	Equivalent in Renminbi				
	RMB	USD	HKD	Others	Total
Assets					
Cash and deposits in the central bank	33,026,062,997.21	314,684,621.56	24,639,327.00	-	33,365,386,945.77
Deposits with and loans to banks and other financial institutions	2,591,731,727.30	1,556,884,833.61	393,452,737.60	30,996,894.22	4,573,066,192.73
Financial assets purchased under resale agreements	13,161,246,095.20	-	-	-	13,161,246,095.20
Loans and advances to customers	261,209,457,780.35	1,499,110,713.80	363,243,897.15	80,704,369.97	263,152,516,761.27
Investments (I)	156,057,055,972.75	2,672,172,688.85	266,512,417.92	-	158,995,741,079.52
Derivative financial assets	562,219,591.40	-	-	-	562,219,591.40
Other assets	7,833,269,856.07	638,835.32	14,311,795.42	-	7,848,220,486.81
Total assets	474,441,044,020.28	6,043,491,693.14	1,062,160,175.09	111,701,264.19	481,658,397,152.70
Liabilities					
Borrowings from central bank	(10,831,890,955.09)	-	-	-	(10,831,890,955.09)
Deposits and loans from banks and other financial institutions	(8,689,493,692.37)	(862,348,297.14)	(122,659,516.49)	-	(9,674,501,506.00)
Financial assets sold under repurchase agreements	(20,685,917,896.04)	-	-	-	(20,685,917,896.04)
Customer deposits	(317,687,453,387.69)	(3,335,135,991.73)	(348,404,708.41)	(38,541,835.42)	(321,409,535,923.25)
Bonds payable	(85,534,540,020.45)	-	-	-	(85,534,540,020.45)
Derivative financial liabilities	(629,169,933.37)	-	-	-	(629,169,933.37)
Lease liability	(584,361,983.46)	-	(31,236,187.29)	-	(615,598,170.75)
Other liabilities	9,224,172.09	(1,798,348,690.70)	(659,244,106.61)	(73,789,848.34)	(2,522,158,473.56)
Total liabilities	(444,633,603,696.38)	(5,995,832,979.57)	(1,161,544,518.80)	(112,331,683.76)	(451,903,312,878.51)
Net position of assets and liabilities	29,807,440,323.90	47,658,713.57	(99,384,343.71)	(630,419.57)	29,755,084,274.19

	The Bank 2020				
	Equivalent in Renminbi				
	RMB	USD	HKD	Others	Total
Assets					
Cash and deposits in the central bank	33,730,331,872.38	176,456,223.65	24,871,864.34	-	33,931,659,960.37
Deposits with and loans to banks and other financial institutions	717,842,052.35	1,151,194,119.71	34,991,788.13	16,365,985.16	1,920,393,945.35
Financial assets purchased under resale agreements	6,124,067,622.06	-	-	-	6,124,067,622.06
Loans and advances to customers	221,007,418,454.63	1,752,904,046.55	34,011,429.26	27,265,452.61	222,821,599,383.05
Investments (i)	142,824,383,188.28	804,506,535.33	41,718,809.24	-	143,670,608,532.85
Derivative financial assets	353,664,858.22	-	-	-	353,664,858.22
Other assets	6,353,701,166.15	653,430.83	-	-	6,354,354,596.98
Total assets	411,111,409,214.07	3,885,714,356.07	135,593,890.97	43,631,437.77	415,176,348,898.88
Liabilities					
Borrowings from central bank	(27,561,860,475.64)	-	-	-	(27,561,860,475.64)
Deposits and loans from banks and other financial institutions	(7,681,699,321.29)	(469,535,078.09)	-	-	(8,151,234,399.38)
Financial assets sold under repurchase agreements	(9,825,540,205.44)	-	-	-	(9,825,540,205.44)
Customer deposits	(291,540,876,904.01)	(2,909,200,877.65)	(205,176,788.66)	(8,201,189.18)	(294,663,455,759.50)
Bonds payable	(44,889,143,553.23)	-	-	-	(44,889,143,553.23)
Derivative financial liabilities	(284,199,665.03)	-	-	-	(284,199,665.03)
Other liabilities	(3,161,769,887.24)	404,464,351.47	(68,531,341.19)	7,684,939.08	(2,818,151,937.88)
Total liabilities	(384,945,090,011.88)	(2,974,271,604.27)	(273,708,129.85)	(516,250.10)	(388,193,585,996.10)
Net position of assets and liabilities	26,166,319,202.19	911,442,751.80	(138,114,238.88)	43,115,187.67	26,982,762,902.78

(i) As at 31 December 2021 and 31 December 2020, investments include financial assets held for trading, debt investments, other debt investments and other equity instruments investments.

(3) Liquidity risk

Liquidity risk refers to the risk of failures to obtain sufficient funds in a timely manner at reasonable prices for repaying mature debts, honoring other payment obligations, or supporting regular business activities.

The Group applies liquidity management principles of comprehensive coverage, dynamic prevention, cost-effectiveness, and scientific management. At the head office level, the Board of Directors is the supreme governing body for liquidity risk management, and assumes the ultimate responsibility for liquidity risk management, and reviews and approves liquidity risk management preferences, policies and procedures. It is the Headquarters' Asset and Liability Committee that implements liquidity management, formulates liquidity management policies and strategies, coordinates the fulfillment of management objectives, and ensures the effective implementation of the policy objectives; the head office's accounting department is responsible for liquidity risk management throughout the Bank, and implements specific liquidity risk management policies according to the resolution of the Asset and Liability Committee, issues various liquidity indicators, specialises in risk detection, measurement, monitoring and controlling to ensure the Bank's liquidity safety.

The main measures of the Group's liquidity management are: Closely tracking market trends, formulating and dynamically adjusting the Bank's financing arrangements on a daily basis, strictly implementing large capital position management and cash management systems, preventing day-to-day liquidity risks, and maintaining adequate payment; continuously monitoring changes in the ratio of asset-liability structure and the increasing size of high-liquidity assets to ensure that the Group's liquidity needs are met; conducting liquidity risk limit management to ensure that the indicators are in good quality and meet management requirements; establishing multi-level liquidity guarantees; consolidating liabilities Business foundation, increasing the ratio of core liabilities, and maintaining good market financing capabilities; establishing a liquidity risk early warning mechanism and emergency plan; regularly carrying out liquidity risk stress tests to identify factors that may trigger liquidity risk in a timely manner.

(a) Remaining maturity analysis

An analysis of the assets and liabilities based on the remaining maturities is as follows:

The Group

2021								
	Late repayment/ repayment on demand	Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years	No maturity	Total
Assets								
Cash and deposits in the central bank	1,130,218,174.70	-	-	-	-	-	32,429,120,872.69	33,559,339,047.39
Deposits with and loans to banks and other financial institutions	1,324,828,839.50	1,451,705,027.77	264,697,491.73	1,665,090,043.88	-	-	-	4,706,321,402.88
Financial assets purchased under resale agreements	-	13,161,246,095.20	-	-	-	-	-	13,161,246,095.20
Loans and advances to customers (i)	4,106,765,174.85	7,926,874,687.32	18,585,949,210.63	65,093,009,550.06	53,222,974,395.09	114,171,179,530.18	956,035,824.60	264,062,688,372.73
Investments (ii)	17,065,490,847.69	6,573,900,126.35	4,581,610,897.79	23,159,565,551.01	77,961,103,084.97	29,610,977,987.77	23,092,583.94	158,995,741,079.52
Derivative financial assets	-	45,817,869.64	58,586,148.42	223,042,470.77	233,225,692.19	1,547,410.38	-	562,219,591.40
Other assets	746,278,519.58	2,896,809.29	148,157,486.65	16,048,825.91	318,632,515.50	2,521,881.01	6,501,492,088.44	7,736,027,906.38
Total assets	24,393,581,556.32	29,162,440,615.57	23,638,901,235.22	90,156,756,441.63	131,735,935,687.75	143,786,226,609.34	39,909,741,349.67	482,783,583,495.50
Liabilities								
Borrowings from central bank	-	(959,934,521.58)	(1,134,058,030.86)	(8,763,920,371.30)	-	-	-	(10,857,912,923.74)
Deposits with and loans to banks and other financial institutions	(2,937,347,195.35)	(74,641,630.20)	(81,909,628.14)	(2,283,194,842.87)	(4,036,705,166.33)	-	-	(9,413,798,462.89)
Financial assets sold under repurchase agreements	-	(18,407,899,234.11)	(1,993,840,218.77)	(284,178,443.16)	-	-	-	(20,685,917,896.04)
Customer deposits	(137,911,769,769.76)	(23,484,303,991.60)	(17,021,826,868.65)	(57,913,689,885.90)	(86,285,270,105.79)	(34,271,849.72)	-	(322,651,132,471.42)
Bonds payable	-	(6,589,366,383.10)	(23,859,543,030.29)	(36,092,294,744.32)	(18,993,335,862.74)	-	-	(85,534,540,020.45)
Derivative financial liabilities	-	(51,273,962.04)	(65,562,715.46)	(249,602,857.35)	(260,998,719.12)	(1,731,679.40)	-	(629,169,933.37)
Lease liability	-	(7,248,618.22)	(40,632,787.03)	(127,215,484.18)	(324,944,894.32)	(117,751,991.97)	-	(617,793,775.72)
Other liabilities	(755,154,876.87)	(4,403,441.56)	(216,921,965.99)	(928,349,013.04)	(248,503,447.76)	(130,978.63)	(382,348,382.14)	(2,535,812,105.99)
Total liabilities	(141,604,271,841.98)	(49,579,071,782.41)	(44,414,295,245.19)	(106,642,445,642.12)	(110,149,758,196.06)	(153,886,499.72)	(382,348,382.14)	(452,926,077,589.62)
Exposure to assets and liabilities	(117,210,690,285.66)	(20,416,631,166.84)	(20,775,394,009.97)	(16,485,689,200.49)	21,586,177,491.69	143,632,340,109.62	39,527,392,967.53	29,857,505,905.88
Nominal amounts of derivative financial instruments	-	-	5,921,877,071.50	7,572,154,172.98	28,827,836,759.56	30,144,000,000.00	200,000,000.00	72,665,888,004.04

		2020							
Late repayment/ repayment on demand		Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years	No maturity	Total	
Assets									
Cash and deposits in the central bank	846,178,207.51	-	-	-	-	-	33,246,347,249.02	34,092,525,456.53	
Deposits with and loans to banks and other financial institutions	1,217,166,190.01	462,476,206.35	171,021,232.04	261,500,907.02	-	-	-	2,112,164,535.42	
Financial assets purchased under resale agreements	-	6,124,067,622.06	-	-	-	-	-	6,124,067,622.06	
Loans and advances to customers (i)	3,513,105,935.21	8,686,943,351.51	14,291,495,266.86	58,313,051,520.41	42,777,778,666.73	95,207,074,016.46	946,024,582.21	223,735,473,339.39	
Investments (ii)	21,309,547,926.10	2,074,724,789.76	4,883,936,864.03	21,407,488,819.84	75,786,550,634.67	18,190,728,952.16	17,630,546.29	143,670,608,532.85	
Derivative financial assets	-	27,616,362.00	51,891,245.00	129,717,240.00	144,440,011.22	-	-	353,664,858.22	
Other assets	617,195,871.96	2,747,784.26	149,773,171.97	1,253,547.94	15,480,259.11	1,757,061.88	5,449,395,017.82	6,237,602,714.94	
Total assets	27,503,194,130.79	17,378,576,115.94	19,548,117,779.90	80,113,012,035.21	118,724,249,571.73	113,399,560,030.50	39,659,397,395.34	416,326,107,059.41	
Liabilities									
Borrowings from central bank	-	(524,430,506.54)	(4,590,961,851.92)	(22,483,585,249.44)	-	-	-	(27,598,977,607.90)	
Deposits with and loans to banks and other financial institutions	(2,484,849,560.62)	(420,690,477.52)	(103,446,902.44)	(4,618,086,901.14)	(250,000,000.00)	-	-	(7,877,073,841.72)	
Financial assets sold under repurchase agreements	-	(3,047,777,134.25)	(3,177,945,852.85)	(3,599,817,218.34)	-	-	-	(9,825,540,205.44)	
Customer deposits	(135,546,082,488.92)	(22,394,248,707.35)	(13,053,726,543.79)	(52,682,326,776.62)	(72,262,421,623.50)	(276,013.12)	-	(295,939,082,153.30)	
Bonds payable	-	(4,463,155,230.00)	(12,457,551,316.39)	(19,971,524,329.93)	(7,996,912,676.91)	-	-	(44,889,143,553.23)	
Derivative financial liabilities	-	(22,192,085.03)	(41,699,010.00)	(104,238,788.00)	(116,069,782.00)	-	-	(284,199,665.03)	
Other liabilities	(866,519,422.29)	(15,348,430.13)	(181,006,030.02)	(160,326,983.32)	(21,827,660.49)	(137,398.82)	(1,585,948,980.47)	(2,831,114,905.54)	
Total liabilities	(138,897,451,471.83)	(30,887,842,570.82)	(33,606,337,507.41)	(103,619,906,246.79)	(80,647,231,742.90)	(413,411.94)	(1,585,948,980.47)	(389,245,131,932.16)	
Exposure to assets and liabilities	(111,394,257,341.04)	(13,509,266,454.88)	(14,058,219,727.51)	(23,506,894,211.58)	38,077,017,828.83	113,399,146,618.56	38,073,448,414.87	27,080,975,127.25	
Nominal amounts of derivative financial instruments	-	3,766,577,422.01	7,077,411,597.20	17,692,047,182.60	19,700,076,000.00	-	-	48,236,112,201.81	

The Bank

2021								
	Late repayment/ repayment on demand	Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years	No maturity	Total
Assets								
Cash and deposits in the central bank	1,003,884,920.51	-	-	-	-	-	32,361,502,025.26	33,365,386,945.77
Deposits with and loans to banks and other financial institutions	1,298,023,594.35	1,421,131,112.27	198,818,794.02	1,655,092,692.09	-	-	-	4,573,066,192.73
Financial assets purchased under resale agreements	-	13,161,246,095.20	-	-	-	-	-	13,161,246,095.20
Loans and advances to customers (i)	4,106,765,174.85	7,900,107,421.12	18,551,707,646.99	64,869,002,593.82	53,019,397,425.24	113,750,024,559.36	955,511,949.89	263,152,516,761.27
Investments (ii)	17,095,490,847.69	6,573,900,126.35	4,581,610,897.79	23,159,565,551.01	77,961,103,084.97	29,610,977,987.77	23,092,583.94	158,995,741,079.52
Derivative financial assets	45,817,869.64	58,586,148.42	223,042,470.77	233,225,692.19	1,547,410.38	562,219,591.40	-	-
Other assets	746,278,519.58	2,896,809.29	148,157,486.65	16,048,825.91	318,632,515.50	2,521,681.01	6,613,684,648.87	7,848,220,486.81
Total assets	24,240,443,056.98	29,105,099,433.87	23,538,880,973.87	89,922,752,123.60	131,532,358,717.90	143,365,071,638.52	39,953,791,207.96	481,668,397,152.70
Liabilities								
Borrowings from central bank	-	(959,434,521.58)	(1,133,998,030.86)	(8,738,458,402.65)	-	-	-	(10,831,890,955.09)
Deposits with and loans to banks and other financial institutions	(3,197,934,426.68)	(74,641,630.20)	(82,025,439.92)	(2,283,194,842.87)	(4,036,705,166.33)	-	-	(9,674,501,506.00)
Financial assets sold under repurchase agreements	-	(18,407,899,234.11)	(1,993,840,218.77)	(284,178,443.16)	-	-	-	(20,685,917,896.04)
Customer deposits	(137,454,410,726.43)	(23,457,665,725.06)	(17,013,334,355.78)	(57,709,017,015.98)	(85,740,836,250.28)	(34,271,849.72)	-	(321,409,535,923.25)
Bonds payable	-	(6,589,366,383.10)	(23,859,543,030.29)	(36,092,294,744.32)	(18,993,335,862.74)	-	-	(85,534,540,020.45)
Derivative financial liabilities	-	(51,273,962.04)	(65,562,715.46)	(249,602,857.35)	(260,998,719.12)	(1,731,679.40)	-	(629,169,933.37)
Lease liability	-	(7,248,618.22)	(40,599,712.82)	(126,558,249.62)	(323,567,674.27)	(117,623,916.82)	-	(615,598,170.75)
Other liabilities	(755,154,877.17)	(4,403,441.56)	(216,638,810.48)	(922,113,687.93)	(244,341,125.64)	(130,978.63)	(379,375,552.15)	(2,522,158,473.56)
Total liabilities	(141,407,500,030.28)	(49,551,933,515.87)	(44,405,542,314.38)	(106,405,418,243.88)	(109,599,784,798.38)	(153,758,423.57)	(379,375,552.15)	(451,903,312,876.51)
Exposure to assets and liabilities	(117,167,056,973.30)	(20,446,834,092.00)	(20,866,661,340.51)	(16,482,666,120.28)	21,932,573,919.52	143,211,313,214.95	39,574,415,655.81	29,755,084,274.19
Nominal amounts of derivative financial instruments	-	-	5,921,877,071.50	7,572,154,172.98	28,827,836,759.56	30,144,000,000.00	200,000,000.00	72,665,888,004.04

	2020						
	Late repayment/ repayment on demand	Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years	No maturity
Assets							
Cash and deposits in the central bank	751,828,123.66	-	-	-	-	-	33,179,831,836.71
Deposits with and loans to banks and other financial institutions	1,171,706,135.54	326,522,975.27	160,663,927.52	261,500,907.02	-	-	-
Financial assets purchased under resale	-	6,124,067,622.06	-	-	-	-	-
Loans and advances to customers (i)	3,509,704,246.33	8,657,980,734.63	14,255,703,729.73	58,124,761,117.86	42,544,174,718.61	94,789,402,205.45	939,866,530.54
Investments (ii)	21,309,547,926.10	2,074,724,789.76	4,883,936,864.03	21,407,488,819.84	75,786,550,634.67	18,190,728,952.16	17,830,546.29
Derivative financial assets	27,616,362.00	51,891,245.00	129,717,240.00	144,440,011.22	-	353,664,858.22	-
Other assets	780,766,054.21	2,747,784.26	149,773,171.97	1,253,547.94	15,480,259.11	1,757,061.88	5,402,576,717.61
Total assets	27,523,552,485.84	17,213,660,267.88	19,501,974,938.25	79,924,721,632.66	118,490,645,623.61	112,981,888,219.49	39,539,005,631.15
Liabilities							
Borrowings from central bank	-	(524,430,506.54)	(4,586,949,872.63)	(22,450,480,096.47)	-	-	-
Deposits with and loans to banks and other financial institutions	(2,734,010,118.28)	(445,690,477.52)	(103,446,902.44)	(4,618,086,901.14)	(250,000,000.00)	-	-
Financial assets sold under repurchase	-	(3,047,777,134.25)	(3,177,945,852.85)	(3,589,817,218.34)	-	-	-
Customer deposits	(134,842,163,107.98)	(22,390,984,634.60)	(13,043,444,987.67)	(52,477,568,083.49)	(71,908,998,922.64)	(276,013.12)	-
Bonds payable	-	(4,463,155,230.00)	(12,457,551,316.39)	(19,971,524,329.93)	(7,996,912,676.91)	-	-
Derivative financial liabilities	-	(22,192,085.03)	(41,699,010.00)	(104,238,788.00)	(116,069,782.00)	-	-
Other liabilities	(866,519,422.29)	(15,348,430.13)	(181,006,030.02)	(160,326,983.32)	(21,827,660.49)	(137,398.82)	(1,572,986,012.61)
Total liabilities	(138,442,692,646.55)	(30,909,578,498.07)	(33,592,043,972.00)	(103,382,062,410.69)	(80,293,809,042.04)	(413,411.94)	(1,572,986,012.61)
Exposure to assets and liabilities	(110,919,140,162.71)	(13,695,918,230.19)	(14,090,069,033.75)	(23,457,340,778.03)	38,196,836,581.57	112,981,474,907.55	37,966,919,618.34
Nominal amounts of derivative financial instruments	-	3,766,577,422.01	7,077,411,597.20	17,692,047,182.60	19,700,076,000.00	-	-
							48,236,112,201.81

(i) The “no maturity” category under loans and advances refers to the granted loans and advances to customers that have been credit-impaired/impaired, or the loans that have been overdue by more than one month. For the loans that are neither credit-impaired nor impaired even under the overdue-status of no more than one month, they shall be included in the “Late repayment/repayment on demand” category. Such amount is stated after deducting the appropriate provision for impairment loss.

(ii) As at 31 December 2021 and 31 December 2020, investments include financial assets held for trading, debt investments, other debt investments and other equity instruments investments.

(b) Analysis of undiscounted contractual cash flow

The following table shows an analysis of the undiscounted contractual cash flow of its financial liabilities and credit commitments on balance sheet dates. The actual cash flow of these financial instruments may be significantly different from this analysis.

The Group

2021									
	Carrying amount	Undiscounted contractual cash flow	No maturity	Overdue/Repay immediately	Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years
Non-derivative financial liabilities									
Borrowings from central bank	10,857,912,923.74	10,974,379,481.61	-	-	977,015,008.06	1,161,730,635.90	8,835,633,837.65	-	-
Deposits and bans from banks and other financial institutions	9,413,798,462.89	9,700,791,612.69	-	2,937,347,195.35	88,351,404.35	104,246,829.86	2,376,477,559.16	4,194,366,623.97	-
Financial assets sold under repurchase agreements	20,685,917,886.04	20,686,686,265.55	-	-	18,413,873,336.90	1,987,567,704.50	285,245,224.15	-	-
Customer deposits	322,651,132,471.42	331,144,472,518.10	-	137,911,769,769.76	23,492,161,267.24	17,109,022,721.65	58,930,584,189.13	93,659,876,821.62	41,057,748.70
Bonds payable	85,534,540,020.45	88,588,635,862.74	-	-	6,664,233,698.63	24,174,089,589.07	37,193,112,054.79	20,557,200,520.25	-
Lease liability	617,793,775.72	690,576,915.04	-	-	7,246,487.68	40,868,455.13	130,431,820.84	355,247,538.60	156,782,612.79
Other liabilities	2,045,334,697.26	2,045,334,697.26	382,348,382.18	630,472,532.17	334,786.84	15,415.10	814,348,352.25	217,815,228.72	-
Total	451,806,430,247.52	463,830,877,352.99	382,348,382.18	141,479,589,497.28	49,643,215,989.70	44,577,541,351.21	108,565,833,037.97	118,984,506,733.16	197,840,361.49
Credit commitments	50,794,523,983.38	50,794,523,983.38	-	15,380,529,937.84	4,794,308,937.43	7,821,261,211.15	19,131,454,449.63	3,427,674,020.12	239,295,427.21
2020									
Non-derivative financial liabilities									
Borrowings from central bank	27,598,977,607.90	28,120,131,864.79	-	-	580,525,455.04	4,700,815,769.46	22,838,790,640.29	-	-
Deposits and bans from banks and other financial institutions	7,877,073,841.72	7,939,864,403.88	-	2,484,849,560.62	424,491,279.91	114,094,700.34	4,658,613,109.59	256,815,753.42	-
Financial assets sold under repurchase agreements	9,825,540,205.44	9,890,853,280.06	-	-	3,066,864,333.82	3,202,691,142.26	3,621,297,803.98	-	-
Customer deposits	295,939,082,153.30	303,053,573,308.51	-	135,546,082,488.92	22,421,116,691.50	13,240,699,536.67	53,836,247,807.63	78,009,103,004.48	323,779.31
Bonds payable	44,889,143,553.23	46,315,523,407.72	-	-	4,470,000,000.00	12,525,000,000.00	20,478,154,092.65	8,842,369,315.07	-
Other liabilities	2,421,821,405.90	2,421,821,405.90	1,572,986,012.81	782,863,865.12	14,132,190.92	5,927,170.43	43,264,710.59	2,555,009.82	92,446.21
Total	388,551,638,767.49	397,740,767,670.66	1,572,986,012.81	138,813,795,914.66	30,977,129,951.19	33,789,228,319.16	105,476,368,164.73	87,110,843,082.79	416,225.52
Credit commitments	45,932,795,033.35	45,932,795,033.35	-	11,558,907,079.57	4,718,259,953.45	8,265,640,851.67	17,546,303,326.96	3,781,180,413.80	62,503,407.90

The Bank

2021									
	Carrying amount	Undiscounted contractual cash flow	No maturity	Overdue/Repay immediately	Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years
Non-derivative financial liabilities									
Borrowings from central bank	10,831,890,955.09	10,947,806,300.46	-	-	976,458,694.79	1,161,579,706.21	8,809,767,899.46	-	-
Deposits and loans from banks and other financial institutions	9,674,501,506.00	9,961,480,957.17	-	3,197,934,426.68	88,337,705.72	104,362,641.64	2,376,477,559.16	4,194,368,623.97	-
Financial assets sold under repurchase agreements	20,685,917,896.04	20,686,686,265.55	-	-	18,413,873,336.90	1,987,567,704.50	285,245,224.15	-	-
Customer deposits	321,409,535,923.25	329,837,552,377.31	-	137,454,410,726.43	23,465,513,565.40	17,100,499,853.77	58,721,704,617.25	93,054,365,865.76	41,057,748.70
Bonds payable	85,534,540,020.45	88,588,635,862.74	-	-	6,664,233,698.63	24,174,089,589.07	37,193,112,054.79	20,557,200,520.25	-
Lease liability	615,598,170.75	688,219,115.16	-	-	7,246,487.68	40,835,287.58	129,758,418.19	353,751,070.80	156,627,850.91
Other liabilities	2,031,964,220.34	2,031,964,220.34	379,375,552.15	630,472,532.51	334,786.84	15,415.10	808,113,027.14	213,652,906.60	-
Total	450,783,948,691.92	462,742,345,098.73	379,375,552.15	141,282,817,685.62	49,615,998,275.96	44,568,950,197.87	108,324,178,800.14	118,373,338,987.38	197,685,599.61
Credit commitments	50,794,523,983.38	50,794,523,983.38	-	15,380,529,937.84	4,794,308,937.43	7,821,261,211.15	19,131,454,449.63	3,427,674,020.12	239,295,427.21
2020									
Non-derivative financial liabilities									
Borrowings from central bank	27,561,860,475.64	28,082,927,010.81	-	-	580,509,085.72	4,696,773,524.71	22,805,644,400.38	-	-
Deposits and loans from banks and other financial institutions	8,151,234,399.38	8,212,733,961.54	-	2,734,010,118.28	449,401,279.91	113,893,700.34	4,658,613,109.59	256,815,753.42	-
Financial assets sold under repurchase agreements	9,825,540,205.44	9,890,853,280.06	-	-	3,066,864,333.82	3,202,691,142.26	3,621,297,803.98	-	-
Customer deposits	294,663,455,759.50	301,538,893,156.08	-	134,842,163,107.98	22,414,833,906.70	13,099,308,714.93	53,467,549,288.08	77,714,714,379.08	323,779.31
Bonds payable	44,889,143,553.23	46,315,523,407.72	-	-	4,470,000,000.00	12,525,000,000.00	20,478,154,092.65	8,842,369,315.07	-
Other liabilities	2,410,568,890.21	2,410,568,890.21	1,572,986,012.81	771,611,349.43	14,132,190.92	5,927,170.43	43,264,710.59	2,555,009.82	92,446.21
Total	387,501,803,283.40	396,451,499,706.42	1,572,986,012.81	138,347,784,575.69	30,995,740,797.07	33,643,594,252.67	105,074,523,385.27	86,816,454,457.39	416,225.52
Credit commitments	45,932,795,033.35	45,932,795,033.35	-	11,558,907,079.57	4,718,259,953.45	8,265,640,851.67	17,546,303,326.96	3,781,180,413.80	62,503,407.90

(4) Operational risk

Operational risk refers to the risk of losses caused by incomplete or problematic internal procedures, employees and information technology systems, and external events, including legal risks, but excluding strategic risks and reputational risks.

The Group has developed a series of policies and procedures to identify, evaluate, control, manage and report risks focusing on internal control measures. This set of mechanisms cover all aspects of business ranging from finance, credit, accounting, settlement, savings, fund, intermediate business, application and management of computer systems and asset preservation to legal affairs. The Group relies on these mechanisms to identify and monitor the inherent operational risks in all major products, activities, processes and systems.

56 FAIR VALUE OF FINANCIAL INSTRUMENTS

(1) Determination method of the fair value of financial instruments

The following table presents the fair value information and the fair value hierarchy as of the end of the current reporting period of the Group's assets and liabilities which are measured at fair value at each balance sheet date on recurring and non-recurring basis. The level in which fair value measurement is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The three levels of inputs are defined as follows:

Level 1 inputs: Unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;

Level 2 inputs: Inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities;

Level 3 inputs: Inputs that are unobservable for underlying assets or liabilities.

The Group has established relevant policies and internal monitoring mechanisms for the measurement of fair value, and standardised the fair value measurement methods and procedures of the fair value measurement framework of financial instruments.

The following summarises the major methods and assumptions used in estimating the fair value of financial instruments.

(i) Bond investments

Fair value is based on quoted market prices at the balance sheet date for bonds if there is an active market.

(ii) Other financial investments and other non-derivative financial assets

The fair value is estimated as the present value of the future cash flows, discounted at the market interest rates at the balance sheet date.

(iii) Debentures payable and other non-derivative financial liabilities

The fair value of debentures payable is based on quoted market prices at the balance sheet date or estimated as the present value of the future cash flows. The fair value of other non-derivative financial liabilities is estimated as the present value of the future cash flows. It is discounted at the market interest rates at the balance sheet date.

(iv) Derivative financial instruments

Derivative financial instruments that are valued using valuation techniques that only include observable market data mainly include interest rate swaps, currency forwards, and swaps. The most common valuation techniques include discounted cash flow models. Model parameters include forward foreign exchange rate, foreign exchange rate volatility, and interest rate curve.

(a) Financial assets measured at fair value

The following table presents the analysis of financial instruments measured at fair value by fair value levels:

The Group and the Bank

	2021			
	Level 1 fair value measurements	Level 2 fair value measurements	Level 3 fair value measurements	Total
Assets				
Loans and advances at fair value through other comprehensive income	–	–	27,898,680,163.96	27,898,680,163.96
Financial assets held for trading	–	31,559,522,166.95	6,206,016,082.30	37,765,538,249.25
Other debt investments	–	27,215,092,351.36	787,647,466.94	28,002,739,818.30
Investments in other equity instruments	8,395,335.33	–	14,697,248.61	23,092,583.94
Derivative financial assets	–	352,407,036.98	209,812,554.42	562,219,591.40
Total assets measured at fair value on a recurring basis	8,395,335.33	59,127,021,555.29	35,116,853,516.23	94,252,270,406.85
Liabilities				
Derivative financial liabilities	–	(419,355,747.88)	(209,814,185.49)	(629,169,933.37)

	2020			
	Level 1 fair value measurements	Level 2 fair value measurements	Level 3 fair value measurements	Total
Assets				
Loans and advances at fair value through other comprehensive income	–	–	31,751,633,161.24	31,751,633,161.24
Financial assets held for trading	–	33,562,095,300.91	479,484,397.42	34,041,579,698.33
Other debt investments	–	18,105,865,774.96	714,214,165.47	18,820,079,940.43
Investments in other equity instruments	–	–	17,630,546.29	17,630,546.29
Derivative financial assets	–	330,162,793.67	23,502,064.55	353,664,858.22
Total assets measured at fair value on a recurring basis	–	51,998,123,869.54	32,986,464,334.97	84,984,588,204.51
Liabilities				
Derivative financial liabilities	–	(260,697,600.48)	(23,502,064.55)	(284,199,665.03)

(i) There is no significant transfer, between Level 1 and Level 2, of the Bank's financial instruments measured at fair value.

(b) Level 2 fair value measurement

Most of the financial assets classified onto Level 2 are investments in RMB-denominated bonds. The fair value of these bonds is determined based on the results of valuation conducted by China Central Depository & Clearing Co., Ltd., and all significant valuation parameters adopted in its valuation techniques are observable market information.

As at 31 December 2021, there was no change in the valuation techniques used by the Group for the recurring Level 2 fair value measurements.

(c) Level 3 fair value measurement

The Group has a dedicated team performing valuation of assets and liabilities for Level 3 fair value measurements. The significant and unobservable inputs and valuation adjustments are reviewed regularly by the valuation team. If third-party information (such as broker quotes or pricing service) is applied in fair value measurement, the valuation team will assess the evidence obtained from third parties to support the conclusion that the related valuation conforms to the provisions of the Accounting Standards for Business Enterprises, including the requirement that the related valuation has been classified onto the appropriate level of the fair value hierarchy.

Quantitative information about Level 3 fair value measurements is as follows:

The Group and the Bank

	Fair value in 2021	Valuation techniques	Unobservable inputs
Loans and advances at fair value through other comprehensive income	27,898,680,163.96	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount
Financial assets held for trading	6,206,016,082.30	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount
Other debt investments	787,647,466.94	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount
Investments in other equity instruments	14,697,248.61	Comparison of listed companies	Market data calibration
Derivative financial assets	209,812,554.42	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount
Derivative financial liabilities	(209,814,185.49)	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount

	Fair value in 2020	Valuation techniques	Unobservable inputs
Loans and advances at fair value through other comprehensive income	31,751,633,161.24	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount
Financial assets held for trading	479,484,397.42	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount
Other debt investments	714,214,165.47	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount
Investments in other equity instruments	17,630,546.29	Comparison of listed companies	Market data calibration
Derivative financial assets	23,502,064.55	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount
Derivative financial liabilities	(23,502,064.55)	Discounted cash flow	Risk-adjusted discount rates/ Liquidity discount

Reconciliation between the opening and closing balances of the assets and liabilities under the recurring Level 3 fair value measurements is as follows:

The Group and the Bank

	As of 1 January 2021	Total gains or losses for the year	Purchases, issues, sales and settlements			As at 31 December 2021	Unrealised gains or losses for the year included in profit or loss for the above assets held at the reporting day
		Included in profit or loss	Included in other comprehensive income	Purchases	Issues	Sales and Settlements	
Loans and advances at fair value through other comprehensive income	31,751,633,161.24	757,030,936.00	(60,928,946.95)	81,536,883,672.76	-	(88,086,038,719.09)	27,898,680,163.96 (100,529,506.73)
Financial assets held for trading	479,484,397.42	60,605,602.93	-	5,859,744,408.58	-	(193,818,226.63)	6,206,016,082.30 26,295,724.09
Other debt investments	714,214,165.47	54,844,608.99	(193,234,588.13)	1,135,866,224.43	-	(924,162,942.82)	787,687,466.94 (181,840,834.43)
Investments in other equity instruments	17,680,546.29	-	(2,933,297.69)	-	-	-	14,687,248.61 -
Derivative financial assets	23,502,064.55	186,310,489.87	-	-	-	-	209,812,554.42 209,812,554.42
Total financial assets	32,986,464,334.97	1,058,791,637.79	(257,036,833.76)	88,532,714,305.77	-	(87,204,019,988.54)	33,116,863,516.23 (46,262,062.65)
Derivative financial liabilities	(23,502,064.55)	(186,312,120.94)	-	-	-	-	(209,814,185.49) (209,814,185.49)

	As of 1 January 2020	Total gains or losses for the year	Purchases, issues, sales and settlements			As at 31 December 2020	Unrealised gains or losses for the year included in profit or loss for the above assets held at the reporting day
		Included in profit or loss	Included in other comprehensive income	Purchases	Issues	Sales and Settlements	
Loans and advances at fair value through other comprehensive income	1,716,228,241.66	406,531,524.75	100,332,200.34	30,263,264,968.29	-	(734,723,793.80)	31,751,633,161.24 (45,045,369.35)
Financial assets held for trading	3,195,323,544.76	(113,935,282.65)	-	280,377,630.21	-	(2,862,781,494.90)	479,484,397.42 (80,598,866.73)
Other debt investments	3,031,161,081.41	(24,380,233.85)	(62,805,661.79)	150,000,000.00	-	(2,379,760,960.31)	714,214,165.47 857,661.90
Investments in other equity instruments	18,914,386.99	-	(1,283,840.70)	-	-	-	17,680,546.29 -
Derivative financial assets	-	23,502,064.55	-	-	-	-	23,502,064.55 23,502,064.55
Total financial assets	7,961,627,254.82	291,716,012.80	36,242,697.86	30,694,142,618.50	-	(5,997,266,249.01)	32,986,464,334.97 (101,284,499.63)
Derivative financial liabilities	-	(23,502,064.55)	-	-	-	-	(23,502,064.55) (23,502,064.55)

(2) Reasons for transfers between different levels, and the policy about the timing of those transfers for recurring fair value measurements

During 2021, there were no transfers between different levels of the Group's above assets and liabilities which are measured at fair value on a recurring basis. The Group recognises transfers between different levels at the end of the current reporting period during which such transfers are made.

(3) Current changes in valuation techniques and the reasons

During 2021, there were no changes in valuation techniques used to measure the recurring and non-recurring fair value.

(4) Financial instruments not measured at fair value

The following table presents the bond financial investments measured at amortised cost, carrying amount and fair value of held-to-maturity investments and bonds payable, and disclosure of fair value hierarchy. Except for the following items, there is no significant difference between the carrying amount and fair value of the Group's other financial assets and financial liabilities not measured at fair value on each balance sheet date.

The Group and the Bank

	2021				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Bond investments	80,408,629,336.66	81,726,928,731.79	–	81,726,928,731.79	–
Financial liabilities					
Bonds payable	(85,534,540,020.45)	86,019,165,940.00	–	86,019,165,940.00	–

	2020				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Bond investments	74,944,824,753.21	74,533,948,452.68	–	74,533,948,452.68	–
Financial liabilities					
Bonds payable	(44,889,143,553.23)	44,780,894,180.00	–	44,780,894,180.00	–

57 REPORTING BY SEGMENT

Based on the business lines, the Group divides its businesses into different operating groups to perform business management. The assets and liabilities, revenues, expenses and earnings results of the various segments are measured in accordance with the Group's accounting policies. The transfer pricing of transactions between segments is determined by reference to the market price and has been reflected in the performance of each segment. The net interest income and expense generated by internal charges and transfer pricing adjustments are presented as "net interest income/expense between segments".

The operating segments have presented information in a manner consistent with that of internal information submission, and this internal reporting information is provided to the management of the Group for the purpose of allocating resources and assessing segment performance. In this financial report, the following reportable segments are determined based on operating segments in the Group:

Corporate banking

The segment provides corporate clients, government offices and financial institutions with various financial products and services, including corporate loans and other credit services, entrusted loans, deposit services, agency services, cash management services, financial advisory and consulting services, remittance and settlement services, custody and guarantee services, etc.

Retail banking

The segment provides retail customers with various financial products and services, including services of loans and deposit, wealth management service, remittance, securities agency service, etc.

Capital business

Capital business includes interbank borrowing trading, repurchase trade, bonds investment and transaction, equity investments and foreign exchange trading in the interbank market. This segment also manages the liquidity level of the Group, including the issuance of bonds.

Other business

This segment includes the business that is not directly attributable to or cannot be reasonably allocated to the above-mentioned segments.

Segment accounting policies are consistent with those for the consolidated financial statements of the Group.

The income, expenses, assets and liabilities of the segments include the items managed directly by the segments and allocated to the segments based on appropriate benchmark criteria. Capital expenditures of the segments refer to the total amount of the acquisition of fixed assets, intangible assets and other long-term assets as well as the expenses incurred in new construction in progress during the accounting period.

The Group

Item	2021				
	Capital business	Corporate banking	Retail banking	Other business	Total
Interest income	4,554,331,872.24	7,876,533,812.03	4,560,635,470.77	–	16,991,501,155.04
Interest expense	(3,165,794,659.83)	(4,467,126,310.75)	(2,072,999,128.76)	–	(9,705,920,099.34)
Net interest (expense)/income between segments	(927,903,764.06)	776,216,776.49	151,686,987.57	–	–
Net interest income	460,633,448.35	4,185,624,277.77	2,639,323,329.58	–	7,285,581,055.70
Net fee and commission income	80,200,085.39	480,503,733.08	320,404,576.03	–	881,108,394.50
Net gains arising from investment	1,156,835,446.22	–	–	–	1,156,835,446.22
(Including: Income from investment in associates	33,498,533.94	–	–	–	33,498,533.94
Income arising from derecognition of financial assets measured at amortised cost)	4,853,238.46	–	–	–	4,853,238.46
Net gains from changes in fair value	133,662,014.00	–	–	–	133,662,014.00
Foreign exchange gains and losses	(5,967,999.95)	44,055,022.52	–	–	38,087,022.57
Income from other business	–	–	–	1,167,015.41	1,167,015.41
Net losses from disposal of assets	–	–	–	(10,295,172.46)	(10,295,172.46)
Other income	–	–	–	24,609,645.50	24,609,645.50
Operating income	1,825,362,994.01	4,710,183,033.37	2,959,727,905.61	15,481,488.45	9,510,755,421.44
Taxes and surcharges	(1,762,913.12)	(52,381,957.98)	(28,499,856.70)	(27,725,905.89)	(110,370,633.69)
Operating and administrative expenses	(297,086,227.72)	(1,819,250,486.04)	(1,169,978,431.62)	–	(3,286,315,145.38)
Credit impairment losses	(1,011,789,598.52)	(1,165,301,969.07)	(641,200,177.44)	(9,879,163.94)	(2,828,170,908.97)
Impairment loss of other assets	–	–	–	(1,836,201.40)	(1,836,201.40)
Operating expenses	(1,310,638,739.36)	(3,036,934,413.09)	(1,839,678,465.76)	(39,441,271.23)	(6,226,692,889.44)
Operating profit/(loss)	514,724,254.65	1,673,248,620.28	1,120,049,439.85	(23,959,782.78)	3,284,062,532.00
Add: non-operating income	–	–	–	3,663,396.79	3,663,396.79
Less: non-operating expenses	–	–	–	(7,977,394.99)	(7,977,394.99)
Total profit/(losses)	514,724,254.65	1,673,248,620.28	1,120,049,439.85	(28,273,780.98)	3,279,748,533.80
Assets of segment	212,785,605,871.12	173,796,042,111.57	95,216,381,925.10	985,553,587.71	482,783,583,495.50
Liabilities of segment	(127,656,898,625.15)	(221,805,904,083.22)	(103,457,126,099.26)	(6,148,781.99)	(452,926,077,589.62)
Other information of segments:					
Depreciation and amortisation expenses	(86,135,556.31)	(222,264,961.66)	(139,664,171.18)	(730,543.25)	(448,795,232.40)
Capital expenditure					
Including: Expenses on construction in progress	(54,221,989.61)	(139,914,908.07)	(87,918,039.47)	(459,874.06)	(282,514,811.21)
Expenses on acquisition of fixed assets	(30,443,865.20)	(78,557,622.67)	(49,363,089.79)	(258,204.17)	(158,622,781.83)
Expenses on acquisition of intangible assets	(41,971,529.20)	(108,303,710.20)	(68,054,576.88)	(355,973.99)	(218,685,790.27)
Expenses on acquisition of right-of-use assets	(51,341,809.44)	(132,482,865.34)	(83,247,982.25)	(435,446.34)	(267,508,103.37)
New long-term deferred expenses	(1,893,026.95)	(4,880,957.89)	(3,050,529.04)	(15,288.84)	(9,839,802.72)
Total	(179,872,220.40)	(464,140,064.17)	(291,634,217.43)	(1,524,787.40)	(937,171,289.40)

The Group

Item	2020				
	Capital business	Corporate banking	Retail banking	Other business	Total
Interest income	4,425,760,142.87	7,370,653,889.82	4,020,951,533.30	–	15,817,365,565.99
Interest expense	(2,658,067,135.08)	(3,804,679,663.28)	(1,797,954,752.37)	–	(8,260,701,550.73)
Net interest (expense)/income between segments	(1,014,221,385.40)	866,333,193.27	147,888,192.13	–	–
Net interest income	753,471,622.39	4,432,307,419.81	2,370,884,973.06	–	7,556,664,015.26
Net fee and commission income	164,451,987.04	372,778,720.14	249,288,460.51	–	786,519,167.69
Net gains arising from investment	740,764,052.74	–	–	–	740,764,052.74
(Including: Income from investment in associates	26,407,041.58	–	–	–	26,407,041.58
Income arising from derecognition of financial assets measured at amortised cost)	12,390,458.72	–	–	–	12,390,458.72
Net gains from changes in fair value	86,756,893.19	–	–	–	86,756,893.19
Foreign exchange gains and losses	(18,051,999.86)	(10,784,295.55)	–	–	(28,836,295.41)
Income from other business	–	–	–	1,661,343.94	1,661,343.94
Net losses from disposal of assets	–	–	–	3,035,553.33	3,035,553.33
Other income	–	–	–	11,001,782.87	11,001,782.87
Operating income	1,727,392,555.50	4,794,301,844.40	2,620,173,433.57	15,698,680.14	9,157,566,513.61
Taxes and surcharges	(3,018,122.99)	(49,135,765.45)	(24,993,349.49)	(21,214,887.35)	(98,362,125.28)
Operating and administrative expenses	(378,356,090.30)	(1,565,829,057.29)	(864,699,773.12)	–	(2,808,884,920.71)
Credit losses	(1,262,816,698.76)	(1,672,243,601.64)	(732,733,612.58)	(14,389,156.87)	(3,682,183,069.85)
Operating expenses	(1,644,190,912.05)	(3,287,208,424.38)	(1,622,426,735.19)	(35,604,044.22)	(6,589,430,115.84)
Operating profit/(loss)	83,201,643.45	1,507,093,420.02	997,746,698.38	(19,905,364.08)	2,568,136,397.77
Add: non-operating income	–	–	–	3,849,409.81	3,849,409.81
Less: non-operating expenses	–	–	–	(17,002,144.56)	(17,002,144.56)
Total profit/(losses)	83,201,643.45	1,507,093,420.02	997,746,698.38	(33,058,098.83)	2,554,983,663.02
Assets of segment	188,044,030,245.92	149,739,427,411.33	77,670,556,980.49	872,092,421.67	416,326,107,059.41
Liabilities of segment	(92,731,025,744.80)	(207,488,631,791.42)	(89,020,560,650.72)	(4,913,745.22)	(389,245,131,932.16)
Other information of segments:					
Depreciation and amortisation expenses	(38,137,451.95)	(105,848,815.68)	(57,848,309.06)	(346,596.17)	(202,181,172.86)
Capital expenditure					
Including: Expenses on construction in progress	(101,350,419.87)	(281,293,619.91)	(153,732,095.68)	(921,080.64)	(537,297,216.10)
Expenses on acquisition of fixed assets	(28,537,620.69)	(79,204,907.47)	(43,286,927.09)	(259,352.16)	(151,288,807.41)
Expenses on acquisition of intangible assets	(32,877,082.25)	(91,248,891.62)	(49,869,184.17)	(298,789.53)	(174,293,947.57)
Total	(162,765,122.81)	(451,747,419.00)	(246,888,206.94)	(1,479,222.33)	(862,879,971.08)

The Bank

Item	2021				
	Capital business	Corporate banking	Retail banking	Other business	Total
Interest income	4,544,484,416.32	7,862,543,165.86	4,514,021,296.89	–	16,921,048,879.07
Interest expense	(3,168,912,325.70)	(4,459,971,643.14)	(2,052,239,628.65)	–	(9,681,123,597.49)
Net interest (expense)/income between segments	(920,906,247.60)	767,961,689.45	152,944,558.15	–	–
Net interest income	454,665,843.02	4,170,533,212.17	2,614,726,226.39	–	7,239,925,281.58
Net fee and commission income	80,200,085.39	481,778,827.72	320,436,181.67	–	882,415,094.78
Net gains arising from investment	1,158,875,446.22	–	–	–	1,158,875,446.22
(Including: Income from investment in associates	33,498,533.94	–	–	–	33,498,533.94
Income arising from derecognition of financial assets measured at amortised cost)	4,853,238.46	–	–	–	4,853,238.46
Net gains from changes in fair value	133,662,014.00	–	–	–	133,662,014.00
Foreign exchange gains and losses	(5,967,999.95)	44,055,022.52	–	–	38,087,022.57
Income from other business	–	–	–	1,032,491.60	1,032,491.60
Net losses from disposal of assets	–	–	–	(10,306,269.40)	(10,306,269.40)
Other income	–	–	–	23,984,409.16	23,984,409.16
Operating income	1,821,435,388.68	4,696,367,062.41	2,935,162,408.06	14,710,631.36	9,467,675,490.51
Taxes and surcharges	(1,762,913.12)	(52,362,211.98)	(28,413,900.23)	(27,474,334.43)	(110,013,359.76)
Operating and administrative expenses	(284,399,952.60)	(1,816,352,023.94)	(1,145,943,809.18)	–	(3,246,695,785.72)
Credit impairment losses	(1,011,763,384.68)	(1,169,383,922.96)	(644,436,918.87)	(9,886,259.77)	(2,835,470,486.28)
Operating expenses	(1,297,926,250.40)	(3,038,098,158.88)	(1,818,794,628.28)	(37,360,594.20)	(6,192,179,631.76)
Operating profit/(loss)	523,509,138.28	1,658,268,903.53	1,116,367,779.78	(22,649,962.84)	3,275,495,858.75
Add: non-operating income	–	–	–	3,653,930.53	3,653,930.53
Less: non-operating expenses	–	–	–	(7,580,312.15)	(7,580,312.15)
Total profit/(losses)	523,509,138.28	1,658,268,903.53	1,116,367,779.78	(26,576,344.46)	3,271,569,477.13
Assets of segment	212,453,763,161.30	173,643,495,050.69	94,413,401,487.39	1,147,737,453.32	481,658,397,152.70
Liabilities of segment	(127,889,800,523.49)	(221,297,636,830.83)	(102,709,953,402.09)	(5,922,122.10)	(451,903,312,878.51)
Other information of segments:					
Depreciation and amortisation expenses	(85,826,191.28)	(221,293,217.61)	(138,305,103.68)	(693,166.21)	(446,117,678.78)
Capital expenditure					
Including: Expenses on construction in progress	(53,492,897.03)	(137,925,441.23)	(86,201,432.90)	(432,029.76)	(278,051,800.92)
Expenses on acquisition of fixed assets	(30,288,488.40)	(78,095,473.59)	(48,808,556.76)	(244,621.79)	(157,437,140.54)
Expenses on acquisition of intangible assets	(42,071,788.14)	(108,477,391.68)	(67,796,822.08)	(339,788.37)	(218,685,790.27)
Expenses on acquisition of right-of-use assets	(51,257,384.23)	(132,161,421.97)	(82,599,003.10)	(413,974.88)	(266,431,784.18)
New long-term deferred expenses	(1,893,026.95)	(4,880,957.89)	(3,050,529.04)	(15,288.84)	(9,839,802.72)
Total	(179,003,584.75)	(461,540,686.36)	(288,456,343.88)	(1,445,703.64)	(930,446,318.63)

The Bank

Item	2020				
	Capital business	Corporate banking	Retail banking	Other business	Total
Interest income	4,418,340,264.10	7,351,317,479.07	3,985,713,450.84	–	15,755,371,194.01
Interest expense	(2,662,057,290.16)	(3,797,500,649.37)	(1,785,755,307.44)	–	(8,245,313,246.97)
Net interest (expense)/income between segments	(1,004,315,924.99)	854,906,055.39	149,409,869.60	–	–
Net interest income	751,967,048.95	4,408,722,885.09	2,349,368,013.00	–	7,510,057,947.04
Net fee and commission income	164,450,045.30	372,881,042.84	249,339,213.32	–	786,670,301.46
Net gains arising from investment	731,981,562.72	–	–	–	731,981,562.72
(Including: Income from investment in associates	26,407,041.58	–	–	–	26,407,041.58
Income arising from derecognition of financial assets measured at amortised cost)	12,390,458.72	–	–	–	12,390,458.72
Net gains from changes in fair value	86,756,893.19	–	–	–	86,756,893.19
Foreign exchange gains and losses	(18,051,999.86)	(10,784,295.55)	–	–	(28,836,295.41)
Income from other business	–	–	–	1,621,343.94	1,621,343.94
Net losses from disposal of assets	–	–	–	(1,256,634.00)	(1,256,634.00)
Other income	–	–	–	10,722,259.87	10,722,259.87
Operating income	1,717,103,550.30	4,770,819,632.38	2,598,707,226.32	11,086,969.81	9,097,717,378.81
Taxes and surcharges	(3,018,122.99)	(49,102,369.58)	(24,909,913.07)	(20,996,345.90)	(98,026,751.54)
Operating and administrative expenses	(369,126,420.06)	(1,559,829,207.13)	(847,736,344.02)	–	(2,776,691,971.21)
Credit impairment losses	(1,262,825,477.78)	(1,651,816,982.08)	(725,212,438.06)	(13,562,666.94)	(3,653,417,564.86)
Operating expenses	(1,634,970,020.83)	(3,260,748,558.79)	(1,597,858,695.15)	(34,559,012.84)	(6,528,136,287.61)
Operating profit/(loss)	82,133,529.47	1,510,071,073.59	1,000,848,531.17	(23,472,043.03)	2,569,581,091.20
Add: non-operating income	–	–	–	3,716,158.58	3,716,158.58
Less: non-operating expenses	–	–	–	(16,913,893.35)	(16,913,893.35)
Total profit/(losses)	82,133,529.47	1,510,071,073.59	1,000,848,531.17	(36,669,777.80)	2,556,383,356.43
Assets of segment	187,685,969,051.34	149,599,214,795.67	76,857,441,357.22	1,033,723,694.65	415,176,348,898.88
Liabilities of segment	(92,966,105,119.60)	(206,833,940,094.70)	(88,389,864,326.31)	(3,676,455.49)	(388,193,585,996.10)
Other information of segments:					
Depreciation and amortisation expenses	(37,750,655.86)	(104,886,842.77)	(57,132,781.63)	(243,747.89)	(200,014,028.15)
Capital expenditure					
Including: Expenses on construction in progress	(101,386,533.61)	(281,693,474.40)	(153,440,901.97)	(654,631.12)	(537,175,541.10)
Expenses on acquisition of fixed assets	(27,044,226.08)	(75,139,979.01)	(40,929,404.48)	(174,618.77)	(143,288,228.34)
Expenses on acquisition of intangible assets	(32,896,246.80)	(91,399,298.55)	(49,785,998.20)	(212,404.02)	(174,293,947.57)
Total	(161,327,006.49)	(448,232,751.96)	(244,156,304.65)	(1,041,653.91)	(854,757,717.01)

58 CAPITAL MANAGEMENT

The Group's capital management takes capital adequacy ratio and core capital adequacy ratio at the core, with the aim of ensuring compliance with the requirements for external supervision, credit rating, risk compensation and shareholder returns, as well as facilitating the Group's risk management and striking a balance between business scale expansion and profitability, total capital and structure optimisation, and optimal capital scale and capital returns while taking the development plan into account.

In accordance with the requirements of the Measures for Capital Management of Commercial Banks (For Trial Implementation) (Order of the former CBRC, [2012] No. 1) and other relevant laws and regulations, the Group monitors the capital adequacy ratio on a regular basis, and submits information required by the former CBRC at the end of each year and each quarter. Moreover, the Group forecasts, plans and manages the capital adequacy ratio by scenario simulation and stress testing according to factors such as strategic development planning, business expansion and risk trends.

The former CBRC requires commercial banks to meet requirements of capital adequacy ratio prescribed in the Measures for Capital Management of Commercial Banks (For Trial Implementation) by the end of 2018. As to the systemically important banks, the former CBRC requires that core tier-1 capital adequacy ratio, tier-1 capital adequacy ratio and capital adequacy ratio shall not be less than 8.50%, 9.50% and 11.50%, respectively. As to non-systemically important banks, the former CBRC requires that their core tier-1 capital adequacy ratio, tier-1 capital adequacy ratio and capital adequacy ratio shall not be less than 7.50%, 8.50% and 10.50%, respectively. The Group complies with all relevant regulatory requirements.

Credit risk weighted assets include on-balance sheet credit risk weighted assets, off-balance sheet credit risk weighted assets and counterparty credit risk weighted assets from OTC derivatives. The on-balance sheet credit risk weighted assets are calculated adopting different risk weightings, which are determined by credit risks of each asset and counterparty, market risk and other relevant risk, while taking the effects of qualified mortgages and guarantees into consideration. The off-balance sheet exposures are calculated using the same method, and adjusted according to characteristics of the contingent loss. Market risk weighted assets are measured by adopting standard method. Operational risk weighted assets are measured based on the basic indicator method.

According to the Measures on Capital Adequacy Ratio Management of Commercial Banks (For Trial Implementation) promulgated by the former CBRC and other relevant regulations, the Group's capital adequacy ratios are measured as follows:

RMB10 thousand	2021	2020
Net amount of core tier-1 capital	2,717,266.08	2,449,586.75
Net amount of tier-1 capital	2,937,281.73	2,669,617.14
Net amount of tier-2 capital	1,254,135.76	1,199,473.79
Total net capital	4,191,417.48	3,869,090.94
Total risk-weighted assets	31,458,554.38	26,617,592.91
– Credit risk weighted assets	28,639,152.43	24,193,629.95
– Market risk weighted assets	1,084,964.75	815,504.13
– Operational risk weighted assets	1,734,437.20	1,608,458.84
Core tier-1 capital adequacy ratio	8.64%	9.20%
Tier-1 capital adequacy ratio	9.34%	10.03%
Capital adequacy ratio	13.32%	14.54%

59 CREDIT COMMITMENTS

Credit commitments of the Group include the approved and contracted irrevocable loan commitments, financial guarantees and letters of credit. The Group assesses its contingent losses of credit commitments regularly and makes provisions when necessary.

The Group provides financial guarantees and letters of credit so as to guarantee the performance of customers toward third parties. The contract amount for letters of guarantee and letters of credit represents the maximum loss incurred if counterparties default. Acceptance bills comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

As the facilities may expire without being used, the following contractual amount is not indicative of expected future cash outflows.

	The Group and the Bank	
	2021	2020
Loan commitments	6,288,296,805.96	7,321,268,713.84
Unused overdraft limit of credit cards	7,798,568,698.27	5,421,027,889.24
Sub-total	14,086,865,504.23	12,742,296,603.08
Bank acceptance bill	27,383,626,356.83	25,068,096,052.86
Letters of credit	9,066,125,155.85	7,404,146,082.29
Financial guarantees	257,906,966.47	718,256,295.12
Sub-total	36,707,658,479.15	33,190,498,430.27
Total	50,794,523,983.38	45,932,795,033.35

Credit risk weighted amount

	The Group and the Bank	
	2021	2020
Credit risk weighted amount of credit commitments	1,365,737,682.65	980,709,425.77

The credit risk weighted amounts of credit commitments are calculated in accordance with the Measures on Capital Management of Commercial Banks (For Trial Implementation) issued by the former CBRC. The risk weights are determined based on credit conditions of counterparties, term to maturity and other factors. The risk weights of credit commitments range from 0% to 100%.

60 COMMITMENTS

(1) Capital commitments

As at the balance sheet date, the capital commitments of the Group and the Bank are summarised as follows:

	The Group and the Bank	
	2021	2020
Agreement of capital expenditure		
Contracted but unpaid	242,431,244.46	173,998,860.50

The Group has no capital expenditure commitments which are approved but not yet contracted.

(2) Operating lease commitments

As at balance sheet date, the future minimum lease payments after 31 December under non-cancellable operating leases of properties of the Group and the Bank were as follows:

	The Group	The Bank
	2020	2020
Within 1 year (inclusive)	152,109,525.65	150,704,722.57
Between 1 year and 2 years (inclusive)	129,296,736.66	128,778,116.46
Between 2 years and 3 years (inclusive)	105,569,496.21	105,051,626.01
Over 3 years	165,560,427.00	164,361,067.31
Total	552,536,185.52	548,895,532.35

61 CONTINGENCIES

As at 31 December 2021, there are no contingent assets and liabilities for the Group (As at 31 December 2020: Nil).

62 TRANSACTIONS ON BEHALF OF CUSTOMERS

(1) Entrusted lending business

The Group's entrusted lending business refers to activities where the Group accepts the entrustment of government departments, business entities and individuals, and grants entrustment loans with the funds provided by them. In the Group's entrusted lending business, the Group does not need to bear any bank credit risk, and only manages the assets and liabilities as instructed by clients and charges commission fees as an agent. Entrusted lending are not assets of the Group and are not recognised in the balance sheet. Excess funds are reflected in accepted deposit.

As at the balance sheet date, the entrusted loans and their funds for the Group and the Bank were as follows:

	The Group and the Bank	
	2021	2020
Entrusted loans	4,176,072,968.97	4,512,113,233.22
Funds for entrusted loans	4,176,072,968.97	4,512,113,233.22

(2) Wealth management services

The Bank's wealth management services to customers mainly represent sales of wealth management products to corporate and retail banking customers. The proceeds obtained from wealth management services are invested in investment products, including national bonds, central bank bills, bonds issued by policy banks, short-term corporate financing bills, etc. The investment risk associated with these products is borne by the customers who invest in these products. The Bank earns commission which represents the charges on customers in relation to the provision of sales and management services. The income is recognised in income statement as fee and commission income.

Non-principal guaranteed wealth management products and their proceeds obtained are not assets and liabilities of the Bank and are not recognised in the balance sheet.

As at the balance sheet date, funds received from customers under non-principal guaranteed wealth management services were as follows:

	The Group and the Bank	
	2021	2020
Funds received from non-principal guaranteed wealth management services	46,356,026,631.60	48,288,455,711.92

63 ASSETS USED AS PLEDGE

	The Group and the Bank	
	2021	2020
Classified by the types of collateral:		
Chinese government bonds	12,694,100,000.00	—
Bonds issued by local government	9,993,444,700.00	—
Policy-based bank bonds	6,744,100,000.00	—
Corporate bonds	11,111,200.00	—
Bank acceptance bills	1,147,508,941.61	11,972,571,903.56
Total	30,590,264,841.61	11,972,571,903.56
Classified by item of asset:		
Other debt investments	6,838,313,643.68	—
Debt investments	22,604,442,256.32	—
Loans	1,147,508,941.61	11,972,571,903.56
Total	30,590,264,841.61	11,972,571,903.56

64 TRANSACTIONS WITH RELATED PARTIES

(1) Major related parties of the Bank

(a) Related parties as the principal shareholders of the Bank

Since the Bank does not have a controlling shareholder, the related parties as principal shareholders refer to shareholders holding more than 5% shares of the Bank. The names of the principal shareholders and the information on shareholding are as follows:

Name of shareholders	2021 and 2020	
	Number of shares	Ratio %
Dongguan Municipal Finance Bureau	484,396,000.00	22.22%
Dongguan Financial Holdings Group Co., Ltd.	238,812,174.00	10.95%

(b) Other related parties

Other related parties include key management personnel (Directors, Supervisors and senior executives) and the enterprises controlled or jointly controlled by key management personnel or their intimate family members.

Key management personnel of the Group and the Bank refer to persons who have power and responsibilities to directly and indirectly plan, instruct and control activities of the Group and the Bank, including Directors, Supervisors and senior executives.

(2) Transactions between key management personnel and the Group

	The Group and the Bank	
	2021	2020
Remuneration of key management personnel	21,614,468.60	23,117,187.63

- (i) The Directors, Supervisors and senior executives did not receive any incentive payment or termination compensation for joining the Group in 2021 and 2020.

(3) Transactions with related parties of the Group and the Bank

Gains and losses arising from transactions with related parties during the year:

	2021	2020
Interest income	155,785,678.24	101,115,521.32
Interest expense	1,434,361,596.14	1,247,578,662.54
Fee and commission income	16,947,798.87	236,007.33

The balances of transactions with related parties as at the balance sheet date are as follows:

	2021	2020
Loans and advances to customers	3,250,239,784.36	2,325,345,547.45
Customer deposits	46,042,019,464.38	38,092,201,330.33
Deposits from banks and other financial institutions	2,621,873,541.63	281,139,328.24

- (i) According to the requirements of Cai Kuai [2018] No. 36, as at 31 December 2021, the interest of the financial instrument calculated based on the effective interest rate method is reflected in the book balance of the corresponding financial instruments. The interest due but not received on the balance sheet date is listed in other assets. The interest due but not paid on the balance sheet date is listed in other liabilities.

(4) Transactions between the Bank and its subsidiaries

The significant inter-company balances and transactions with subsidiaries are eliminated on the consolidated financial statement.

Gains and losses arising from transactions with subsidiaries during the year:

	2021	2020
Interest income	324,416.85	51,000.00
Interest expense	4,341,675.09	4,621,809.13
Fee and commission income	1,348,228.65	7,944.80

The balances of transactions with subsidiaries as at the balance sheet date are as follows:

	2021	2020
Deposits with banks and other financial institutions	–	30,051,000.00
Deposits from banks and other financial institutions	260,703,043.11	274,137,056.25

65 INTERESTS IN STRUCTURED ENTITIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Interest in the structured entities sponsored by third-party institutions

The Group directly holds interests in some structured entities sponsored by third-party institutions through investments in the notes issued by these structured entities. Such structured entities include asset management plans, trust schemes, funds and asset-backed securities, and the Group does not consolidate these structured entities. The nature and purpose of these structured entities are to manage assets on behalf of investors and earn management fees. These structured entities are financed through the issuance of investment products to investors.

The following table sets out the carrying amounts of interests directly held by the Group as at 31 December 2021 and 31 December 2020 in the structured entities sponsored by third-party institutions, and the line items in the balance sheet in which assets are recognised relating to the interests of the Group and the Bank in structured entities sponsored by third parties:

The Group and the Bank

	2021				Maximum exposure to loss
	Financial assets held for trading	Debt investments	Other debt investments	Total	
Asset management plans	5,901,595,622.33	11,556,761,945.34	39,479,597.23	17,497,837,164.90	17,497,837,164.90
Trust schemes	304,420,459.97	635,536,408.59	748,167,869.71	1,688,124,738.27	1,688,124,738.27
Funds	24,993,432,036.98	–	–	24,993,432,036.98	24,993,432,036.98
Asset-backed securities	3,020,407,157.07	–	–	3,020,407,157.07	3,020,407,157.07
Total	34,219,855,276.35	12,192,298,353.93	787,647,466.94	47,199,801,097.22	47,199,801,097.22

	2020				Maximum exposure to loss
	Financial assets held for trading	Debt investments	Other debt investments	Total	
Wealth management products	–	–	–	–	–
Asset management plans	186,745,050.56	12,253,431,182.42	561,533,906.88	13,001,710,139.86	13,001,710,139.86
Trust schemes	292,739,346.86	3,593,062,412.18	152,680,258.58	4,038,482,017.62	4,038,482,017.62
Funds	30,520,056,564.38	–	–	30,520,056,564.38	30,520,056,564.38
Asset-backed securities	421,033,842.08	–	217,935,947.13	638,969,789.21	638,969,789.21
Total	31,420,574,803.88	15,846,493,594.60	932,150,112.59	48,199,218,511.07	48,199,218,511.07

The maximum exposures to loss in the asset management plans, trust schemes, investment funds and asset-backed securities are the amortised cost or fair value of assets at the reporting date.

(2) Interest in the unconsolidated structured entities sponsored by the Group

The unconsolidated structured entities sponsored by the Group include non-principal guaranteed wealth management products issued by the Group. The nature and purposes of these structured entities are to charge management fees from managing assets on behalf of investors. These structured entities are financed through the issuance of investment products to investors. Interest in the unconsolidated structured entities held by the Group mainly represents management fees charged on managing these structured entities.

As at 31 December 2021, the balance of the unconsolidated non-principal guaranteed wealth management products, which are sponsored by the Group, was RMB46.356 billion (as at 31 December 2020: RMB48.288 billion).

(3) Unconsolidated structure entities in which the Group holds no interest at period ends

In 2021, the fee and commission earned by the Group from such non-principal guaranteed wealth management products were RMB115 million (in 2020: RMB39 million).

The Group's non-principal guaranteed wealth management products due in 2021 amounted to RMB142.708 billion (in 2020: RMB111.341 billion).

66 TRANSFER OF FINANCIAL ASSETS

During routine business operations, the Group conducts certain transactions in which recognised financial assets are transferred to third parties or special-purpose trust schemes. When the transfer of these financial assets meets the derecognition conditions set out in the Accounting Standards for Business Enterprises, the relevant financial assets are derecognised in full or in part. When the Group retains most of the risks and rewards of the transferred assets, the transfer of related financial assets do not meet the conditions for derecognition, and the Group will continue to recognise the above assets in the balance sheet.

(i) Credit asset securitisation

In the securitisation of credit assets, the Group sells credit assets to special-purpose trusts which then issue asset-backed securities to investors. During this process, the Group may hold some senior asset-backed securities or subordinate asset-backed securities, retaining certain risk and return on the transferred credit assets. The Group determines, based on the extent of the retained risk and return, whether to derecognise related credit assets.

In 2020, the Group initiated two credit asset transfer businesses, namely Guanxin's first phase of personal housing mortgage securitisation project for 2020 in the interbank market, for which the trust was established on 15 December 2020, with a total size of RMB2 billion; and the first phase of property rights trust between Guangdong Finance Trust Co., Ltd. and Bank Dongguan for 2020 in Yindeng Center, for which the trust was established on 2 December 2020, with a total size of RMB2.001 billion. The Group confirmed its continued involvement in assets and continued involvement in liabilities based on the amount of self-owned inferior assets. (The volume of credit asset securitisation in 2019: Nil. The credit assets transferred by the Group in this project meet the requirements for derecognition, and all are derecognised when the business occurs.) The carrying value of the asset-backed securities or trust beneficiary rights invested by the Group on 31 December 2021 in these credit asset securitisation and circulation transactions was RMB595 million (as at 31 December 2020: RMB557 million), and its maximum exposure to losses is similar to the carrying value.

(ii) Securities lending transactions

The transferred financial assets not derecognised mainly included securities under securities lending transactions, and the counterparties may sell the securities or use them as collateral as long as the Group does not default, but it shall return the securities to the Group upon the maturity dates set forth in the related agreements. For the above-mentioned transactions, the Group did not derecognise the securities as it believes that it has retained most risks and returns thereon.

As at 31 December 2021, no securities were lent in such lending transactions (As at 31 December 2020: RMB1.297 billion).

67 POST-BALANCE SHEET DATE EVENTS

(i) Description of significant non-adjusting events after the balance sheet date

The Bank issued financial bonds of RMB4 billion in total on 25 February 2022, of which the term is three years. The bond interest is paid once a year at a fixed interest rate using the simple interest method. The annual interest rate is fixed at 2.88%.

(ii) Description of profit distribution after the balance sheet date

According to the resolution made by the Board of Directors of the Bank on 10 March 2022, the profit distribution plan of the Bank in 2021 is as follows:

- (1) Appropriate 10% of net profit as statutory surplus reserve in 2021;
- (2) In accordance with the Administrative Measures on Accrual of Provisions by Financial Enterprises (CJ [2012] No. 20) issued by MOF, appropriate a general risk reserve of RMB500 million based on the difference of 1.5% of the balance of risk assets;
- (3) Based on the retained earnings at the end of 2021, distribute a cash dividend totaling RMB545,000,000.00 to all shareholders of 2,180,000,000 capital shares.

The profit distribution plan is pending approval of the General Meeting of Shareholders.

Except for the above events, the Group has no other major post-balance sheet date events that should be disclosed.

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