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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any content of this circular or as to the action to be taken, you should consult licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

If you have sold or transferred all your shares in Jinshang Bank Co., Ltd., you should at once hand this circular, the proxy form and the reply slip to the purchaser or transferee or to a licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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*(A joint stock company incorporated in the People's Republic of China with limited liability)*  
(stock code: 2558)

- (1) WORK REPORT OF THE BOARD OF DIRECTORS FOR 2020
- (2) WORK REPORT OF THE BOARD OF SUPERVISORS FOR 2020
- (3) PROFIT DISTRIBUTION PLAN FOR 2020
- (4) REPORT OF FINAL FINANCIAL ACCOUNTS FOR 2020
- (5) FINANCIAL BUDGET FOR 2021
- (6) REPORT OF THE BOARD OF SUPERVISORS ON SUPERVISION AND ASSESSMENT ON THE PERFORMANCE OF DUTIES BY DIRECTORS DURING 2020
- (7) REPORT OF THE BOARD OF SUPERVISORS ON ASSESSMENT ON THE PERFORMANCE OF DUTIES BY SUPERVISORS DURING 2020
- (8) REPORT OF THE BOARD OF SUPERVISORS ON SUPERVISION AND ASSESSMENT ON THE PERFORMANCE OF DUTIES BY SENIOR MANAGEMENT DURING 2020
- (9) DETERMINATION OF THE WRITE-OFF AMOUNT FOR NON-PERFORMING LOANS AND BAD DEBTS FOR 2021
- (10) AMENDMENTS TO THE ADMINISTRATIVE MEASURES ON WRITE-OFF OF BAD DEBTS
- (11) ISSUANCE OF FINANCIAL BONDS
- (12) ISSUANCE OF NON-FIXED TERM CAPITAL BONDS
- (13) APPOINTMENT OF AUDITORS TO AUDIT FINANCIAL STATEMENTS FOR 2021
- (14) APPOINTMENT OF EXECUTIVE DIRECTORS
- (15) REPORT ON RELATED PARTY TRANSACTIONS FOR 2020  
AND
- (16) REVISED NOTICE OF THE 2020 ANNUAL GENERAL MEETING

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The letter from the Board is set out on pages 3 to 12 of this circular.

The Bank will convene the AGM at the Conference Room, 22nd Floor, No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC at 10:00 a.m. on Thursday, June 10, 2021. The revised notice of the AGM is set out on pages 80 to 84 of this circular and were despatched by the Bank on Thursday, May 20, 2021.

Whether or not you intend to attend and/or vote at the AGM in person, you are requested to complete the revised proxy form in accordance with the instructions printed thereon and return the revised proxy form to our Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (in case of H Shareholders), or to the office of the Board of the Bank ("Office of the Board") (in case of Domestic Shareholders) as soon as possible and in any event, not later than 24 hours before the scheduled time (10:00 a.m. on Wednesday, June 9, 2021) for holding the AGM or any adjournment thereof (as the case may be). Completion and return of the revised proxy form will not preclude you from attending in person and voting at the AGM should you so wish, in this case, the instrument appointing the proxy should be deemed withdrawn. The revised proxy forms for the AGM were despatched on Thursday, May 20, 2021.

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

May 20, 2021

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“AGM” or “2020 AGM” or “Annual General Meeting”	the annual general meeting of the Bank to be held at the Conference Room, 22nd Floor, No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC at 10:00 a.m. on Thursday, June 10, 2021, or any adjournment thereof
“Articles of Association”	the Articles of Association of the Bank, as amended, modified or otherwise supplemented from time to time
“Associate(s)”	has the same meaning ascribed to it under the Hong Kong Listing Rules
“Bank” or “our Bank”	Jinshang Bank Co., Ltd.* (晉商銀行股份有限公司), a joint stock company established on October 16, 1998 in the PRC with limited liability pursuant to the relevant PRC laws and regulations, and, if the context requires, includes its predecessors, branches and sub-branches, excluding its subsidiary
“Board” or “Board of Directors”	the Board of Directors of the Bank
“Board of Supervisors”	the Board of Supervisors of the Bank
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會), a regulatory authority formed via the merger of the CBRC and CIRC according to the Notice of the State Council regarding the Establishment of Organizations (Guo Fa [2018] No. 6) (《國務院關於機構設置的通知》(國發[2018]6號)) issued by the State Council on March 24, 2018, and, if the context requires, includes its predecessors, namely the CBRC and CIRC
“CBIRC Shanxi Office”	China Banking and Insurance Regulatory Commission Shanxi Office
“China” or “PRC”	the People’s Republic of China, for the purpose of this circular, unless the context otherwise requires, excluding the regions of Hong Kong, the Macau Special Administrative Region and Taiwan
“connected person(s)”	has the same meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Bank

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## DEFINITIONS

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“Domestic Shares”	the ordinary shares issued by the Bank with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in Renminbi
“Group”	the Bank together with its subsidiaries
“H Shares”	the ordinary shares issued by the Bank with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed and traded on the Hong Kong Stock Exchange
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“HK\$” or “HKD” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	May 18, 2021, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
“Reporting Period”	the year ended December 31, 2020
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shareholder(s)”	the holder(s) of the Shares
“Shares”	the Domestic Share(s) and H Share(s) of the Bank
“substantial shareholder(s)”	has the same meaning ascribed to it under the Hong Kong Listing Rules
“Supervisor(s)”	the supervisor(s) of the Bank
“%”	per cent

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LETTER FROM THE BOARD

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**JINSHANG BANK CO., LTD.\***  
**晉商銀行股份有限公司\***

*(A joint stock company incorporated in the People's Republic of China with limited liability)*  
**(stock code: 2558)**

*Non-executive Directors:*

Mr. LI Shishan (李世山)  
Mr. XIANG Lijun (相立軍)  
*(Vice Chairman)*<sup>Δ</sup>  
Mr. LIU Chenhang (劉晨行)  
Mr. LI Yang (李楊)<sup>#</sup>  
Mr. WANG Jianjun (王建軍)

*Independent Non-executive Directors:*

Mr. JIN Haiteng (金海騰)  
Mr. SUN Shihu (孫試虎)  
Mr. WANG Liyan (王立彥)  
Mr. DUAN Qingshan (段青山)<sup>#</sup>  
Mr. SAI Zhiyi (賽志毅)  
Mr. YE Xiang (葉翔)

*Registered Address and Address of Head Office:*

No. 59 Changfeng Street  
Xiaodian District  
Taiyuan  
Shanxi Province, the PRC

*Principal Place of Business in Hong Kong:*

40th Floor, Dah Sing Financial Centre  
No. 248 Queen's Road East  
Wanchai  
Hong Kong

Δ Subject to the approval of vice chairman qualification by the regulatory authorities for the banking industry.

# Subject to the approval of director qualification by the relevant regulatory authorities for the banking industry.

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## LETTER FROM THE BOARD

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May 20, 2021

*To the Shareholders,*

Dear Sir/Madam,

- (1) WORK REPORT OF THE BOARD OF DIRECTORS FOR 2020
- (2) WORK REPORT OF THE BOARD OF SUPERVISORS FOR 2020
- (3) PROFIT DISTRIBUTION PLAN FOR 2020
- (4) REPORT OF FINAL FINANCIAL ACCOUNTS FOR 2020
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- (6) REPORT OF THE BOARD OF SUPERVISORS ON SUPERVISION AND ASSESSMENT ON THE PERFORMANCE OF DUTIES BY DIRECTORS DURING 2020
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- (14) APPOINTMENT OF EXECUTIVE DIRECTORS
- (15) REPORT ON RELATED PARTY TRANSACTIONS FOR 2020 AND
- (16) REVISED NOTICE OF THE 2020 ANNUAL GENERAL MEETING

### I. INTRODUCTION

The AGM will be held at the Conference Room, 22nd Floor, No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC at 10:00 a.m. on Thursday, June 10, 2021. The following resolutions will be proposed at the AGM for the Shareholders to consider and, if thought fit, to approve: (1) the Work Report of the Board of Directors for 2020; (2) the Work Report of the Board of Supervisors for 2020; (3) the Profit Distribution Plan for 2020; (4) the Report of Final Financial Accounts for 2020; (5) the Financial Budget for 2021; (6) the Report of the Board of Supervisors on Supervision and Assessment on the Performance of Duties by Directors during 2020; (7) the Report of the Board of Supervisors on Assessment on the Performance of Duties by Supervisors during 2020; (8) the Report of the Board of Supervisors on Supervision and Assessment on the Performance of Duties by Senior Management during 2020; (9) the Determination of the Write-off Amount for Non-performing Loans and Bad Debts for 2021; (10) Amendments to the Administrative Measures on Write-off of Bad Debts; (11) Issuance of Financial Bonds; (12) Issuance of Non-fixed Term Capital Bonds; (13) the Appointment of Auditors to Audit Financial Statements for 2021; and (14) the Appointment of Executive Directors. In the meantime, Shareholders will listen to the Report on Related Party Transactions for 2020. The revised notice of the AGM is set out on pages 80 to 84 of this circular.

The purpose of this circular is to provide you with further details of these proposed matters to enable you to make an informed voting decision on the proposed resolutions at the AGM.

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## LETTER FROM THE BOARD

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### II. MATTERS TO BE RESOLVED AT THE AGM

#### 1. Work Report of the Board of Directors for 2020

For the Work Report of the Board of Directors for 2020, please refer to Appendix I to this circular.

#### 2. Work Report of the Board of Supervisors for 2020

For the Work Report of the Board of Supervisors for 2020, please refer to Appendix II to this circular.

#### 3. Profit Distribution Plan for 2020

On March 26, 2021, the Board resolved to submit to the Shareholders for their consideration and approval of the following profit distribution plan for the year ended December 31, 2020:

- (i) Appropriation of statutory surplus reserve. 10% of the net profit for 2020 amounting to RMB156,290,017.95 will be appropriated to the statutory surplus reserve;
- (ii) Appropriation to general risk reserve. RMB20,936,060.39 will be appropriated to the general reserve pursuant to the requirements of the Administrative Measures for the Provision of Reserves of Financial Enterprises (Cai Jin [2012] No. 20) (《金融企業準備金計提管理辦法》(財金[2012]20號)) and the Articles of Association of the Bank;
- (iii) Based on 5,838,650,000 paid-up shares, including 4,868,000,000 Domestic Shares and 970,650,000 H Shares, at the end of 2020, a cash dividend of RMB10 (tax inclusive) for every 100 Shares for 2020 will be distributed to all Shareholders, amounting to RMB583,865,000 in aggregate. Dividends for H Shares will be paid in Hong Kong dollars, applicable to the average middle exchange rate of RMB to HKD as announced by the People's Bank of China prevailing five business days preceding the date of declaration of such dividends at the AGM (including the date thereof).
- (iv) The balance of RMB1,586,887,764.12 will be carried forward to the subsequent year.

The final dividends, if approved by the 2020 AGM, are expected to be paid on July 30, 2021.

The Bank's register of members of H shares will be closed from Thursday, June 17, 2021 to Tuesday, June 22, 2021 (both days inclusive). Shareholders whose names appear on the H share register of members and domestic share register of members of the Bank on Tuesday, June 22, 2021 will be entitled to receive the final dividends. The holders of H Shares who

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## LETTER FROM THE BOARD

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qualify for receiving the final dividends shall lodge all transfer documents accompanied by the relevant H share certificates with the H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong to process the registration no later than 4:30 p.m. on Wednesday, June 16, 2021.

#### **4. Report of Final Financial Accounts for 2020**

For details of the audited final financial accounts for the year ended December 31, 2020 prepared in accordance with the International Financial Reporting Standards, please refer to the financial statements in the annual results announcement of the Bank for the year ended December 31, 2020 dated March 26, 2021 and the annual report of the Bank for the year ended December 31, 2020.

#### **5. Financial Budget for 2021**

Based on the demands for the Bank's strategic development and business expansion, the Bank plans to arrange capital expenditure of approximately RMB667.92 million in 2021, details of which are as follows:

1. Purchases, construction and renovation of business premises of approximately RMB289.88 million, mainly used for expenditure on projects such as purchases, decoration and renovation and optimization of layout of new outlets and original properties for business and office, etc.;
2. Purchases of equipment of approximately RMB159.46 million, mainly used for construction of science and technology such as the expansion of database and purchases of electronic equipment for business and office and machinery equipment; and
3. Investment in IT construction of approximately RMB218.58 million, mainly used for expenditure on construction-based, demand development-based and auxiliary tool-based IT projects and others.

#### **6. Report of the Board of Supervisors on Supervision and Assessment on the Performance of Duties by Directors during 2020**

For the Report of the Board of Supervisors on Supervision and Assessment on the Performance of Duties by Directors during 2020, please refer to Appendix III to this circular.

#### **7. Report of the Board of Supervisors on Assessment on the Performance of Duties by Supervisors during 2020**

For the Report of the Board of Supervisors on Assessment on the Performance of Duties by Supervisors during 2020, please refer to Appendix IV to this circular.

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## LETTER FROM THE BOARD

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### **8. Report of the Board of Supervisors on Supervision and Assessment on the Performance of Duties by Senior Management during 2020**

For the Report of the Board of Supervisors on Supervision and Assessment on the Performance of Duties by senior management during 2020, please refer to Appendix V to this circular.

### **9. Determination of the Write-off Amount for Non-performing Loans and Bad Debts for 2021**

On February 24, 2021, the Board resolved to submit to the Shareholders for their consideration and approval of a plan on the write-off amount of non-performing loans and bad debts for 2021 as follows:

The Bank's write-off amount for 2021 will be RMB1.5 billion.

### **10. Amendments to the Administrative Measures on Write-off of Bad Debts**

In order to further enhance the disposal efficiency of non-performing assets, the Board of the Bank proposes the amendments to the administrative measures on write-off of bad debts, which (i) further improved the responsibilities of relevant functional departments and business departments; (ii) optimized the procedures for write-off of bad debts of non-performing assets according to the actual circumstances. For the revised Administrative Measures on Write-off of Bad Debts, please refer to Appendix VI to this circular.

### **11. Issuance of Financial Bonds**

On March 26, 2021, the Board resolved to submit to the Shareholders for their consideration and approval of a plan on the issuance of financial bonds:

**(1) *Size of issuance***

Not more than RMB10 billion in aggregate.

**(2) *Duration of bonds***

The duration of bonds will not exceed 5 years in principle, subject to the Bank's capital requirements, investors' subscriptions and market conditions within the planned issuance size.

**(3) *Face value of bonds***

RMB One Hundred (RMB100).

**(4) *Issue price***

The bonds will be issued at market price.

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## LETTER FROM THE BOARD

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**(5) *Method of issuance***

The leading underwriter will form an underwriting syndicate for the bonds, which will be placed through book-building by bookrunners and issued in the national inter-bank bond market.

**(6) *Coupon rate***

The coupon rate of the bonds will be determined through the book-building process in placing or by the result of public tender.

**(7) *Target subscribers***

The bonds will be issued to members of the national inter-bank bond market.

**(8) *Use of proceeds***

The proceeds are mainly used for loans to customers, investment in the debt securities and other businesses.

**(9) *Nature of bonds***

The order of repayment of the principal and interest is equivalent to the general liabilities of commercial banks, and has priority over commercial banks' long-term subordinated debts, tier-2 capital instruments, hybrid capital bonds, other tier-1 capital instruments and unsecured commercial bank financial bonds of equity capital.

**(10) *Authorization to the Board***

It is proposed to authorize the Board and then the Board delegates the senior management to handle the above-mentioned matters relating to the issuance of financial bonds; to authorize the senior management to, as per the specific requirements of regulatory authorities, make appropriate adjustments to the terms of issuance within the scope of the issuance plan determined by the Board (including, but not limited to, the determination of the amount of issuance of each tranche, duration and coupon rate, retention arrangements) in accordance with the national policies, in light of market conditions and the Bank's needs for assets and liabilities management; to authorize the senior management to take other actions required to complete the above-mentioned issuance of financial bonds (including, but not limited to, the engagement of necessary bond underwriters, credit rating agencies, law firms, accounting firms, third-party assessment and certification agencies or other professionals). The authorization will be valid for 36 months since the date of approval at the Annual General Meeting.

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## LETTER FROM THE BOARD

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### 12. Issuance of Non-fixed Term Capital Bonds

On March 26, 2021, the Board resolved to submit to the Shareholders for their consideration and approval of a plan on the issuance of non-fixed term capital bonds:

(1) *Size of issuance*

Not more than RMB4 billion in aggregate.

(2) *Type of instruments*

Write-down non-fixed term capital bonds, which are in compliance with the Capital Administrative Measures for Commercial Banks (Provisional) (《商業銀行資本管理辦法(試行)》) and other relevant regulations, can be used to replenish the Additional Tier 1 Capital of the commercial banks.

(3) *Market of issuance*

Domestic inter-bank bond markets or exchange markets.

(4) *Duration of bonds*

The bonds will remain outstanding as long as the Bank remains in operation.

(5) *Means of loss absorption*

Upon the occurrence of the triggering event as specified in the issuance document, the loss shall be absorbed through write-down mechanism.

(6) *Coupon rate*

To be determined with reference to market interest rates.

(7) *Use of Proceeds*

To replenish the Additional Tier 1 Capital of the Bank.

(8) *Authorization to the Board*

It is proposed to authorize the Board and then the Board delegates the senior management to handle the above-mentioned matters relating to the issuance of non-fixed term capital bonds; to authorize the senior management to, as per the specific requirements of regulatory authorities, make appropriate adjustments to the terms of issuance within the scope of the issuance plan determined by the Board (including, but not limited to, the determination of the amount of issuance of each tranche, duration and

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## LETTER FROM THE BOARD

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coupon rate, retention arrangements) in accordance with the national policies, in light of market conditions and the Bank's needs for assets and liabilities management; to authorize the senior management to take other actions required to complete the above-mentioned issuance of non-fixed term capital bonds (including, but not limited to, the engagement of necessary bond underwriters, credit rating agencies, law firms, accounting firms, third-party assessment and certification agencies or other professionals). The authorization will be valid for 36 months since the date of approval at the Annual General Meeting.

### 13. Appointment of Auditors to Audit Financial Statements for 2021

An ordinary resolution will be proposed at the 2020 AGM to consider and, where appropriate, approve the appointment of Ernst & Young Hua Ming LLP as the domestic auditor of the Bank for the year 2021, and the appointment of Ernst & Young as the international auditor of the Bank for the year 2021, to hold office until the conclusion of the next annual general meeting of the Bank. The audit fees for the domestic and international financial statements for 2021 and the review fee for the international half-yearly financial statements are expected to be approximately RMB3.98 million.

### 14. Appointment of Executive Directors

Reference is made to the Bank's announcement dated April 30, 2021 (the "**Announcement**") in relation to the Proposed Appointment of Executive Directors.

In accordance with the articles of association of the Bank, the Directors proposed appointed by the Board of Directors are as follows:

- (i) Ms. HAO Qiang (郝強) ("**Ms. Hao**") as an executive Director of the Bank; and
- (ii) Mr. ZHANG Yunfei (張雲飛) ("**Mr. Zhang**") as an executive Director of the Bank.

The appointment of Ms. Hao and Mr. Zhang as our Executive Directors is subject to the Shareholders' approval at Annual General Meeting of the Bank. In the event that each of Ms. Hao and Mr. Zhang is appointed as an executive Director of the Bank, her/his qualification of directorship shall be subject to the approval by CBIRC Shanxi Office, and her/his term shall be effective from the date of approval by CBIRC Shanxi Office to the date of expiration of the term of office of the fifth session of the Board of the Bank, which may be terminated by the Directors with a written notice submitted to the Board, provided that she/he shall retire from office and offer herself/himself for re-election at the shareholders' general meeting in accordance with the articles of association of the Bank under any circumstances.

Biographical details of Ms. Hao and Mr. Zhang are set out in Appendix VII to this circular.

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## LETTER FROM THE BOARD

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Upon approval of the appointment of each of Ms. Hao and Mr. Zhang as an executive Director by the Shareholders at the Annual General Meeting and by CBIRC Shanxi Office, the Bank will enter into a service contract with each of Ms. Hao and Mr. Zhang. The Bank will determine each of Ms. Hao and Mr. Zhang's remuneration in accordance with the relevant provisions of the articles of association of the Bank and the Interim Measures for the Remuneration Administration of Persons in Charge of Provincial State-owned Local Financial Enterprises in Shanxi Province (《山西省省屬國有地方金融企業負責人薪酬管理暫行辦法》) issued by Shanxi Provincial Department of Finance as well as her/his position and performance, whose remuneration are mainly comprised of base salary, performance-based remuneration, term incentive income, staff benefits, enterprise annuity, social insurance and housing provident fund contributed by the Bank.

Save as disclosed in this circular and to the best knowledge of the Bank, each of Ms. Hao and Mr. Zhang has confirmed that she/he (i) has not held any directorship or supervisorship in other public companies during the last three years; (ii) has no any other major appointments and qualifications, nor held any position in the Bank or its subsidiaries; and (iii) does not have any interest in the shares of the Bank which are within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, there are no other matters in relation to the proposed appointment of each of Ms. Hao and Mr. Zhang as an executive Director that need to be brought to the attention of the shareholders of the Bank or any other information that needs to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Hong Kong Listing Rules.

### III. OTHERS

In addition, the Shareholders will listen to the report on related party transactions of the Bank for 2020 at the 2020 AGM, the text of which is set out in Appendix VIII to this circular.

### IV. THE AGM

The AGM will be held at the Conference Room, 22nd Floor, No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC at 10:00 a.m. on Thursday, June 10, 2021, to consider and, if thought fit, approve the resolutions relating to the matters set out in the revised notice of the AGM. The revised proxy form will be despatched to the Shareholders on Thursday, May 20, 2021. The revised notice of the AGM is set out on pages 80 to 84 of this circular.

The Bank's register of members will be closed from Monday, May 10, 2021 to Thursday, June 10, 2021 (both days inclusive), during which no transfer of Shares will be effected. The Shareholder(s) whose name(s) appear(s) in the Bank's register of Shareholders as at the close of business on Friday, May 7, 2021 shall be entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer documents together with relevant share certificates and other appropriate documents shall be sent for registration to the H Share Registrar of the Bank, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (in case of H Shareholders) or to the Office of the Board at No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC (in case of Domestic Shareholders) by 4:30 p.m. on Friday, May 7, 2021.

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## LETTER FROM THE BOARD

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If the instrument appointing the proxy is signed by a person authorized by the appointer, the power of attorney or other authorization documents under which the instrument is signed must be notarized and shall be deposited together and at the same time with the instrument appointing the proxy. To be valid, the revised proxy form together with a copy of the notarized power of attorney or other authorization documents must be delivered to the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (in case of H Shareholders) or the Office of the Board (in case of Domestic Shareholders) at No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC not later than 24 hours before the scheduled time for the commencement of the AGM (i.e. 10:00 a.m. on Wednesday, June 9, 2021) or any adjournment thereof (as the case may be). Completion and return of the revised proxy form will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish, only in such event, the revised instrument appointing a proxy will be deemed to be revoked.

Pursuant to the Hong Kong Listing Rules, all resolutions at the AGM will be voted by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands). The voting results will be published on the websites of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Bank (<http://www.jshbank.com/>) in accordance with the Hong Kong Listing Rules.

### V. RECOMMENDATIONS

The Board (including independent non-executive Directors) is of the opinion that all resolutions proposed at the AGM are in the interests of the Bank and the Shareholders as a whole. Thus, the Board recommends that the Shareholders should vote in favor of all the relevant resolutions proposed at the AGM (if applicable).

### VI. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices I to VIII to this circular.

By order of the Board  
**Jinshang Bank Co., Ltd.\***  
**LI Weiqiang**  
*Joint Company Secretary*

Taiyuan, May 20, 2021

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

In 2020, facing a complex and severe situation in economic and financial markets at home and abroad, especially the severe impact of the COVID-19, the Board of the Bank, under the leadership of the Party Committee and the guidance of “Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era”, firmly upheld the overall keynote of seeking improvement while maintaining stability, conscientiously implemented national policies and the decision-making and arrangement of the provincial government. The Bank has actively fulfilled its social responsibilities to fight against the epidemic and facilitate the resumption of work and production, continuously promoting the improvement of corporate governance, deepening the transformation and development as well as reform and innovation. The Bank continued to strengthen overall risk management, steadily pushed forward the operation and development, and achieved better operating results. The Board hereby reports its work performance in 2020 as follows:

### **I.    Operating Results Achieved in 2020**

As of the end of 2020, the Bank’s total assets (in terms of the Group, the same below) reached RMB270.944 billion, increased by 9.44% as compared to that of previous year, while the deposits from customers reached RMB176.782 billion, increased by 13.82% as compared to that of previous year; and the balance of loans reached RMB136.105 billion, increased by 17.86% as compared to that of previous year. In 2020, the Bank realized net profit of RMB1.571 billion, representing a year-on-year increase of RMB89 million or 5.97%, with non-performing loans rate of 1.84%, return on net assets of 7.63%, capital adequacy ratio of 11.72%, core tier-one capital adequacy ratio of 10.72%, and allowance coverage ratio of 194.06%. All the main regulatory indicators were in line with the regulatory requirements. The Bank ranked 378th in the “2020 Global Top 1000 Banks” released by The British Banker in terms of tier-one capital, having moved up 43 places from our ranking in the previous year. In the regulatory ratings by the CBIRC, the regulatory rating of the Bank continued to maintain at 2C, the regulatory rating on information technology maintained at 2B, and the corporate credit rating was raised to AAA from AA. The Bank achieved new accomplishments for various tasks, and maintained a good momentum with sustained, steady and healthy development as a whole.

### **II.   Main Work Performed by the Board in 2020**

#### **(I)   Strengthening the principles of strategy driving and developing strategic planning in a rational manner**

2020 was the year in which the 2016-2020 Development Strategic Plan of the Bank was completed. The Board actively organized a comprehensive and in-depth evaluation and conclusion on the implementation of the last five-year development strategic plan. In the past five years, the Board, under the leadership of the Party Committee, has effectively promoted the implementation of the strategies, made remarkable progress in business development and operation management, continuously improved its competitiveness, successfully issued and listed the H shares and realized the objectives of the five-year plan. Combining the formulation of new five-year strategic plan and

adhering to the strategic goal and requirements of “Comprehensive Development, Four Modernizations and Four-Efficiency” of the Bank, the Board profoundly analyzed, researched and judged the future development trend. Based on the actual situation of its internal and external resource endowment, the Board engaged an intermediate advisor to assist in scientific planning, and made great efforts to maintain its strategic planning in a forward-looking, scientific, continuous, stable and practical manner, so as to ensure that the new strategic development plan can provide effective scientific guidance and strategic direction for the development in the next five years.

**(II) Enhancing the corporate governance and improving the level of standardized operation**

In 2020, the Board continued to strengthen self-construction, the management of shareholders' equity, the function of special committees, continuously improved the level of standardized operation and the effectiveness of corporate governance. Firstly, the Board conducted corporate governance assessment and self-examination in accordance with regulatory arrangements, focusing on key points, plugging loopholes, improving shortcomings and strengthening points of weakness in light of the regulatory assessment results to further improve corporate governance. Secondly, the Board convened and held general meetings and Board meetings in accordance with the law and regulations. A total of 4 general meetings and 14 Board meetings were convened throughout 2020, in which 60 proposals were considered, and 31 reports were debriefed. The role of strategic decision-maker was effectively leveraged, and senior management was urged to effectively implement the resolutions of the Shareholders' general meeting and the Board, thus promoting the sound and steady development of various businesses. Thirdly, the functions of the special committees of the Board were actively brought in play. A total of 16 meetings were convened throughout 2020, in which major issues such as the financial budget and final accounts, related transaction, risk management and disposal of assets of the Company were considered, professional opinions and suggestions were put forward to the board, and the functions of professionalized decision-making support were effectively leveraged.

**(III) Strengthening the management of the Group and enhancing the ability to manage consolidated statements**

In 2020, the Board actively explored diversified development paths in accordance with diversified development strategies and the policy guideline for group management strategies. It also worked on comprehensive operation layout in combination with diversified development strategies and the needs to prevent and control systemic risks. It further intensified group management philosophies, formulated management systems for its controlling subsidiaries and associates, enhanced management and oversight on them in all respects. It also closely monitored operations and development of all subsidiaries and associates and performed its duties as the initiator. It achieved coordinated development while preventing and controlling risks effectively, continuously improved our consolidated management capacity.

**(IV) Strengthening capital management to spur steady and sustainable development**

In 2020, the Board earnestly fulfilled its capital management obligations, balanced the relationship between business development and capital replenishment, hence maintaining the capital adequacy ratio at a reasonable level. Firstly, it made annual capital management plans, reviewed and formulated plans for annual capital adequacy ratio management, and heard reports on capital adequacy ratio management and internal capital adequacy assessment on a regular basis, guided the reasonable distribution and development of business assets. Secondly, it stuck to the philosophy of saving capital, and urged senior management to raise the awareness of capital constraint, and guided them to actively adjust and optimize the on- and off-balance sheet asset structure, prioritized the development of operations with higher comprehensive income and less specific capital, continuously boosted the development of capital-lite business, and improved the efficiency of capital uses. Thirdly, it proactively planned and promoted external capital replenishment, closely monitored refinancing capital replenishment policies, enhanced policy research and feasibility analysis, utilized external capital replenishment tools when appropriate, redeemed previous tier 2 capital bonds during the year, and formulated an issuance plan for new tier 2 capital bonds to maximize the role of external capital replenishment.

**(V) Enhancing risk control compliance to cement the foundation for operation and development**

In 2020, the Board held firm to the operation & development concept of “prudent compliance and stable operation”. The Board strengthened overall risk management and internal control compliance, gave full play to the role of audit and supervision, continuously improved the effectiveness of risk prevention and control, and cemented the foundation for operation and development. Firstly, it continuously enhanced the overall risk management system, optimized the management system for non-credit assets, formulated the Guidelines of Jinshang Bank on Risk Management for 2020 (《晉商銀行2020年度風險管理指導意見》), heard senior management’s reports on overall risk management, information technology risk management, operational risk management and liquidity risk management on a regular basis, and kept informed of overall management of all risks, while utilizing digital risk control tools to improve risk prevention and control ability. Secondly, it actively promoted the liquidation and disposal of non-performing assets, reasonably utilized non-performing assets disposal approaches, thus reducing existing non-performing assets. “100-Day Campaign” to clear debts and collections achieved significant results, effectively improving asset quality. Thirdly, it continuously enhanced internal control compliance, timely reported regulatory problems and urged effective rectification. It launched assessment on internal control to improve internal control compliance management; it performed anti-money laundering and anti-terrorism financing obligations, strictly sticking to compliance operation. Fourthly, it continuously enhanced oversight over audit by engaging external auditors to audit the effectiveness of financial reports and issue audit reports. It formulated sound annual internal audit plan, heard reports on internal audit regularly, and highlighted problems and rectification spotted during internal audit, and continuously enhancing the independence, objectivity and effectiveness of internal audit.

**(VI) Strengthening the information disclosure and safeguarding the legitimate rights and interests of shareholders**

In 2020, the Board strictly complied with the regulatory stipulations, and information disclosure was implemented in a compliant and efficient manner; the Board paid attention to providing shareholders with better investment return, effectively safeguarding the legitimate rights and interests of shareholders. 49 announcements were issued on the Hong Kong Stock Exchange throughout the year, including periodic reports, interim announcements, monthly returns on movements in securities and corporate governance documents and so on. The Board faithfully, accurately, promptly and completely fulfill its obligation of information disclosure, to ensure that investors understand the major matters of the Bank in a timely manner and protect the information right of investors, especially small and medium-sized investors, to the possible maximum extent. During the year, the general meeting of the Bank considered and approved 2019 Annual Profit Distribution Plan promoted by the Board; a cash dividend of RMB11 (tax inclusive) for every 100 Shares was distributed to Shareholders, actively providing shareholders with better investment returns.

**(VII) Taking on more responsibilities and actively fulfilling social responsibility**

In 2020, the Board continuously implemented the philosophy of social responsibility, integrating the sustainable development into the implementation of macro-economic policies of China, serving local strategies of China and supporting the development of real economy; the Board carried out epidemic prevention and control based on financial support, so as to fully support the enterprises in resumption of work and production; the Board strengthened the inclusive finance service, actively supporting private businesses, small and micro enterprises and public consumption; the Board continuously optimized online service and provided more convenient product service with greater experience; the Board developed green finance, supported green credit and promoted the construction of “green bank”; the Board carried out targeted poverty elimination, supported social welfare, efficiently fulfilled the corporate social responsibility.

**III. Plan for Major Work to be Performed by the Board in 2021**

The year 2021 will be the very beginning year of the “14th Five-Year Plan” and the next five-year development strategic plan of the Bank. Under the leadership of the Party Committee, the Board of the Bank will hold high the banner of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully implement the spirit of the fifth plenary sessions of the 19th CPC Central Committee and the Central Economic Work Conference; in accordance with the requirements of the spirit of the 11th plenary sessions of the 11th Shanxi Provincial Committee and the economic work conference as well as the provincial Two Sessions, the Board will focus on strategic goals and requirements of “Comprehensive Development, Four Modernizations and Four-Efficiency”, put the political building of the Party into the foremost place, firmly uphold the overall keynote of seeking improvement while maintaining stability,

anchor to the new development stage, implement the new development philosophy, and integrate into the new development paradigm; themed by comprehensively promoting the high-quality development and based on serving real economy, the Board will carry out its duties of forestalling and defusing risks, improve quality and efficiency in deepening the reform and development; the Board will pull together, strive to fulfill its responsibility, overcome difficulties and pursue victory in order to polish the “brand of Jinshang Bank”, making new and greater contributions to embryonic form of the transformation of “14th Five-Year Plan” of Shanxi province and celebrating the Party’s centenary with outstanding achievements!

- (I) The implementation of the strategic planning will be promoted in order to improve the strategic management ability. Guided by the strategy, the Board will regard the new development strategic plan as the program of action and development guidance for the Bank’s next five-year development; in its efforts to realize the Bank’s strategy of “Comprehensive Development, Four Modernizations and Four-Efficiency”, the Board will, gradually form a strategic vision of “corporate business with industry advantages, retail business driven by digitalization and intelligence, professional and acute financial market business, small and micro business capabilities system with characteristic innovation; leveraging accurate and efficient marketing of obtaining customers, the comprehensive risk quantitative management, efficient and agile technology guidance, centralized and flexible operational support and talent system with profession and management so as to build a National Brand listed regional bank with strong competitiveness and influence”, fully promote the implementation of the strategic planning and establish a review and evaluation mechanism to ensure that the strategic plan adapts to market changes and its own actual conditions, improving the strategic management ability.
  
- (II) Insist on the theme of high-quality development in all aspects to enhance the quality and efficiency of development. The Bank shall adhere to uphold the main responsibility and main business and serve local economic development. Pursuing high-quality development in all aspects as the theme, the Bank adheres “systems thinking” to strengthen forward-looking thinking, global planning, strategic layout and overall promotion. By “taking resource allocation as the basis to strive a trade-off between assets and liabilities; taking customer service as the center to promote mutual support between products and channels; taking revenue generation as the goal to support coordinated development of structure and quality; taking risk management as the guarantee to promote mutual reliance on development and safety; taking performance assessment as the mean to encourage mutual promotion of incentives and constraints; taking image building as the core to make the branding and culture complement each other”, the Bank can enhance the quality and efficiency of development and lay a solid foundation for achieving high-quality development.

- (III) Continue to enhance the construction of governance mechanism to improve corporate governance. Under the leadership of the Party in all aspects, the Board will continue to promote the organic combination of the Party's leadership and corporate governance, give full play to the core political leading role of the Party, strategic decision-making of the Board, supervisory function in accordance with the laws of the Board of Supervisors and the authorized operation and management of senior management to promote the scientific, stable and coordinated operation of each governance subject; according to the requirements of the regulatory policies and the latest changes in listing companies governance, the Board will improve the corporate governance system and operation mechanism to enhance the effectiveness of performance of the Board; the Board will optimize and improve the operation mechanism of special committees of the Board and give full play to the professional expertise and experience advantage of Directors to improve the efficiency of its decision-making in an effective manner; the Board will improve the construction of management system and mechanism for consolidated financial statements of the Group and enhance the effective management on controlled companies and associates to improve management capacity for consolidated financial statements of group.
- (IV) Continue to strengthen the management of Shareholders and equity and establish good investor relations. In strict compliance with the regulatory requirements, the Board will strengthen the management of Shareholders and equity, enhance the verification and penetrating recognition of Shareholders, regulate Shareholders' behavior, exert rigorous control over related party transactions to safeguard legal interests of the Bank and its stakeholders. The Board will strengthen the investor relation management, continue to regulate information disclosure, guarantee investors' access to relevant information, actively organize diversified investor communication and convey the correct corporate image and investment values to the investors, develop well-established investor relations and maintain good brand reputation in the capital market.
- (V) Comprehensive risk management system will be continually optimized to improve the risk control capacity. The risk decision-making system centering on the Board and its Risk Management Committee will be further improved so that the philosophy of "prudent compliance and stable operation" will be firmly embedded. The Bank will promote the improvement of the formulation and implementation mechanism of risk management policies and processes by applying digitalized and intelligentized new thinking, new models and new methods, strengthening the monitoring, identification and pre-warning of various risks and forming a dynamic balance between business development and risk control, so that the Bank will keep improving the capacity to control risks, thus laying solid foundation for the sound and sustainable development of the Bank.

The year 2020 is decisive year for China to finish the building of a moderately prosperous society in all respects and a critical year for China to win the fight against poverty. It is also a year for the Bank to take extraordinary measures to cope with extraordinary times, make extraordinary efforts to promote extraordinary progress, and move steadily and solidly towards transformation and development. Throughout the year, guided by the spirit of the 19th CPC National Congress, the Board of Supervisors thoroughly implemented as the spirit of the second, third, fourth and fifth plenary sessions of the 19th CPC Central Committee, strictly implemented the decisions and arrangements of the Party Committee of the Head Office under the firm leadership of the Provincial Party Committee and the Provincial Government, fully implemented the resolutions of the Shareholders' general meeting, thoroughly implemented the development requirements of "Comprehensive Development, Four Modernizations and Four-Efficiency" of the Bank. Centering on the key work of the Bank and the main work objective of the Board of Supervisors, and in accordance with laws and regulations such as the Company Law, the Commercial Banking Law as well as the relevant provisions of the Articles of Association of the Bank, the Board of Supervisors fully performed its duties scrupulously and diligently, constantly enhanced its self-building, continuously improved its work quality and service efficiency, and properly supervised the standardized operation of the Bank via the objective of continuous promotion and improvement of the corporate governance level of the Bank, which gave a full play to the functions of the Board of Supervisors. The Board of Supervisors hereby reports its work performance in 2020 and key work in 2021 as follows:

#### **I. ASSESSMENT ON THE WORK OF THE BANK IN 2020**

In 2020, under the leadership of the Party Committee of the Head Office, the Bank has coordinated and promoted all tasks, proposed and practiced the concept of "Green Banking" led by the working concept of "multi-license operation, group management and comprehensive development", and initially established the "Four Beams and Eight Columns" to support the high-quality development of the Bank. During the year, the Bank made joint efforts to tackle challenges and accomplished the annual business objectives and tasks. The Directors, Supervisors and senior management members of the Bank all worked diligently and fulfilled their duties, which promoted the steady improvement of all work of the Bank and contributed to the high-quality transformation and development of the Bank.

The Bank tackled challenges with one heart and mind and the spirit of "Time and tide wait for no man", and achieved new growth in business indicators. Facing the impact of dual pressure of COVID-19 and economic downturn, the Bank coordinated and promoted epidemic prevention and control and business development, and accomplished the annual business objectives and tasks. As at the end of 2020, the Bank's total assets (in terms of the Group, the same below) reached RMB270.944 billion, 9.44% higher than that of the previous year, while the deposits from customers reached RMB176.782 billion, 13.82% higher than that of the previous year; and the balance of loans amounted RMB136.105 billion, 17.86% higher than that of the previous year. In 2020, a net profit of RMB1.571 billion was realized, an increase of RMB89 million or 5.97%, with a non-performing loans ratio of 1.84%, return on net assets of 7.63%, capital adequacy ratio of 11.72%, core tier-one capital adequacy ratio of 10.72%, and allowance coverage ratio of 194.06%. All key regulatory indicators satisfied the regulatory requirements. The Bank ranked 378th among the "Top 1000 World Banks 2020" published by

*The Banker*, moving up 43 places compared with its ranking in the previous year; it ranked 68th in the list of “Top 100 Chinese Banks in 2019” published by the China Banking Association; it ranked 27th in the national top 100 list and 9th among the regional commercial banks for its comprehensive ability of wealth management; its regulatory rating remains 2C, its information technology regulatory rating remains 2B, its long-term credit rating is upgraded to AAA, its rating outlook is stable, and its core competence and sustainable development are continuously enhanced.

Strengthen the responsibility, and promote the self-governance ability to a new level with strong stewardship. In the face of the sudden outbreak of COVID-19, the Bank firmly adopted the people-centric concept, gave priority to financial stability, optimized online and offline integrated financial services, offered fee return and profits to the small and medium-sized enterprises, fully supported enterprises in the province to resume work, production, operation and business, jointly established the “Charity Relief Fund of Jinshang Bank for Epidemic Prevention and Control” with the Provincial Red Cross Society, and made concerted efforts to fight against COVID-19. With the arduous task of the special “100-day action” for debt collection, the Bank resolutely shouldered its political responsibilities, implemented hard and effective moves, focused on clearing the old debts and controlling the new debts, while seeking temporary and permanent solutions, achieved win-win results in “political debts and economic debts”, and firmly held the bottom line against systemic financial risks.

Deepen reform and innovation, progress with courage to live to the fullest and make new breakthroughs in business reform and transformation. The Bank always kept in mind General Secretary Xi Jinping’s instruction of “blazing a new trail in transformation and development”, earnestly implemented the requirements of the provincial financial reform, seized the policy opportunity of pilot programs, and fully implemented the strategic thinking of “Comprehensive Development, Four Modernizations and Four-Efficiency”. Focusing on serving the real economy and taking charge of the main business, the Bank emphasized on the layout of deepening reform and economic development in the whole province, identified the opportunity for bank-government-enterprise cooperation in economic transformation, structural reform and major project development in the province, timely followed up and supported the major strategies and projects such as comprehensive reform of transformation, energy revolution, “six new” breakthroughs and reform of state-owned enterprises, and spared no efforts to support local governments in preventing and defusing major financial risks. Thanks to the persistent efforts of all members of the Bank, the corporate governance system has been improved gradually, the new core system has been put into operation, the internal management reform has been implemented and has taken effect, the financial service has been continuously improved, and the competitiveness of outlets has been continuously enhanced, which fully demonstrate the responsibility of “most directly serving the local economy and reflecting the local characteristics”.

In the past year, the Bank managed to overcome difficulties with solidarity, and made extraordinary achievements in this extraordinary year. The Board of Supervisors fully recognized the fruitful achievements made by the Board of Directors, senior management and the whole Bank.

**II. MAIN WORK OF THE BOARD OF SUPERVISORS FOR 2020*****(I) Reinforcing Supervision through Meetings, and Continuously Improving the Procedural Quality of Meeting of the Board of Supervisors via Improvement of the Forward Planning and Timeliness of Supervision through Meeting***

In 2020, the Board of Supervisors emphasized enhancing the forward planning and effectiveness of supervision through meeting, and further strengthened the quality of supervision through meeting according to the meeting frequency, meeting proceedings, meeting questions and other aspects and based on the general supervision principle of “front-line defense, prospective governance, front-end control and early-stage processing”, to achieve precise supervision, sound supervision and pragmatic supervision and to continuously enhance the quality and effect of meetings of the Board of Supervisors.

During the year, the Board of Supervisors convened a total of 18 meetings, including 11 meetings of the Board of Supervisors, 4 meetings of the Supervisory Committee and 3 meetings of the Nomination Committee. In terms of financial supervision, risk management, internal control supervision and performance supervision, the Board of Supervisors reviewed and voted on 72 issues, referred to 29 proposals, and submitted 4 report proposals to the shareholders’ general meeting. On the basis of improving the quality of supervision through meeting, the Board of Supervisors comprehensively sorted out and summarized the opinions and suggestions formed at the meeting, and formed a feedback form for the meeting of the Board of Supervisors, which was delivered to the Board of Directors, senior management and relevant levels. In the whole year, the Board of Supervisors has formed a total of 9 meeting feedback forms, and continuously followed up the implementation of the feedback contents, earnestly implemented the supervision opinions, and contributed its own efforts to the high-quality transformation and development of the Bank.

***(II) Adhering to Main Targets of System Building, Address the System Barriers with Perseverance, and Comprehensively Improve the Standardization of Supervision and Inspection***

The Board of Supervisors paid close attention to the improvement and optimization of its own institutional system building, adhered to the guiding thinking of “observing the system, innovating in the reform and increasing the management efficiency”, summed up while studying and working, and promptly included the experience and practices that had achieved good results during duty performance into the normative system, so as to further improve the internal control system, strengthen supervision, enhance services and boost work, as well as to continuously improve the duty performance and the compliance of work. In 2020, the Board of Supervisors drafted the Measures for Supervision and Inspection of the Board of Supervisors of Jinshang Bank Co., Ltd. The Measures further stipulated the key points, procedures and measures of supervision and inspection, which effectively improved the seriousness, standardization and synergy of the supervision work of the Board of Supervisors, consolidated the basis for the duty performance of the Board of Supervisors and Supervisors, and further improved the quality and efficiency of supervision and inspection conducted by the Board of Supervisors.

***(III) Strict Implementing Performance Assessment Regulations, and Promoting Directors, Supervisors and Senior Management to Encourage More Diligent Duty Performance via Improvement of the Quality of Daily Duty Performance Supervision***

The Board of Supervisors has made continuous efforts to improve the duty performance assessment and supervision system, made comprehensive improvement and optimization in terms of the performance files establishment, performance materials collection and arrangement, system improvement and optimization of duty performance assessment procedures, and effectively promoted the continuous improvement of duty performance assessment quality of the Board of Supervisors. Firstly, it gradually carried out detailed daily supervision of duty performance. The Board of Supervisors strengthened the duty performance supervision of Directors and senior management by attending various meetings convened by the Board of Directors and senior management, consulting the meeting minutes, and making work enquiries and inquiries to relevant functional departments. On this basis, the Board of Supervisors further performed its duties, timely sorted out and summarized key issues such as social hot-spots, supervision priorities and horizontal risk events, and formed prompt opinions for feedback to relevant functional departments to well ensure risk control prompt. In 2020, the Board of Supervisors issued 4 kinds (times) of written prompts, which effectively helped to improve the operation management level of the Bank. Secondly, it continued to refine duty performance assessment. The Board of Supervisors has continuously strengthened on-site inspection and off-site supervision on the duty performance of the Board of Directors and senior management, conducted 2 performance inspections and 6 inquiries on procedural compliance, and tried to integrate supervision into daily work. Meanwhile, the Board of Supervisors assessed the Bank's Directors, Supervisors and senior management one by one with "one form for each personnel", recorded their duty performance in the year in detail, strictly reviewed the duty performance reports, evaluation report on the Directors by the Board of Directors, work reports of the Board of Directors, duty performance reports of senior management and senior management members, formed the comprehensive evaluation results of the Board of Supervisors on Directors, Supervisors and senior management, and ensured the duty performance at each link. Thirdly, it continuously strengthened communication and feedback. The Board of Supervisors strengthened the work related to feedback on duty performance, comprehensively strengthened the notification of Supervisors' duty performance requirements, and timely fed back the supervision opinions of the Board of Supervisors to promote the effective and compliant performance of duties by the Board of Directors, senior management and itself.

***(IV) Performing Duty in a Pragmatic Manner, and Strengthen Supervision Service through Various Means of Supervision***

In 2020, the Board of Supervisors focused on the close relationship between supervision and service, made overall coordination, took precautions, promoted various tasks based on the actual development of the Bank, highlighted the forward planning, sound consideration and timeliness of supervision, continuously expanded the depth and breadth of supervision, promoted the Bank's corporate governance to a higher level with high-quality supervision, helped the Bank to gain greater progress in its operation management with high-level suggestions, helped the branches address practical problems in production and operation with their own capabilities, and performed its duties with high efficiency to gain lessons from good

experience and practices. Firstly, the Board of Supervisors continued to strengthen its supervisory function, further strengthened the top-level design from the height of promoting corporate governance based on the external regulatory requirements and the actual situation of the Bank's risk management, carried out supervision work through multiple channels, formed a standardized and effective supervision system, and integrated the supervision of the Board of Supervisors into all work of the Bank's development. Secondly, the Board of Supervisors continuously improved the fit between the investigation inspection and the actual operation management, made careful arrangement and deployment, highlighted the key points of supervision, focused on key issues and improvement, and pooled wisdom and strength to implement the supervisory objectives of the Board of Supervisors according to the professional expertise and work experience of Supervisors. By organizing symposiums, interviews and on-site inquiries, the Board of Supervisors carried out special investigation inspection on financial management and other aspects of the Bank, and formed a special investigation report, which put forward specific opinions and suggestions on 6 major aspects and fed them back to the Board of Directors, senior management and relevant departments, effectively supporting the decision-making of the Board of Directors and senior management. Thirdly, the Board of Supervisors strengthened the transmission of supervision opinions, and facilitate the feedback channels. It timely fed back the supervision opinions and suggestions to the Board of Directors, senior management and relevant levels through Supervision Opinions, Supervision Reminder Letters and Work Proposals, so as to convey the supervision opinions accurately and quickly. During the year, the Board of Supervisors issued 13 kinds (times) of proposals (letters) based on risk management, equity interest management, risk early warning, financial system building, bank-wide audit, social hot-spot issues, etc., highlighting the timeliness and forward planning of supervision, and further giving play to the daily supervision function of the Board of Supervisors. Fourthly, the Board of Supervisors gave full play to the functions of the Office of the Board of Supervisors, further strengthened the Office's efforts to track and supervise the implementation of the resolutions and opinions of the Board of Supervisors, strengthened the communication between the Office of the Board of Supervisors and all functional departments, made more than 30 work contacts and communications throughout the year, implemented all requirements in a timely manner and effectively ensured the smooth implementation of work tasks. Meanwhile, it strengthened the supervision and handling efforts of the Office of the Board of Supervisors in an all-round way, and continuously performed its supervision and inspection functions. The Office inspected and supervised related matters according to the supervision requirements for feedback and supervision reminder letters of the meeting of the Board of Supervisors throughout the year, which helped to improve the supervision and inspection effect of the Board of Supervisors. In 2020, the Board of Supervisors received a total of 12 feedback reports (explanations) on rectification, which effectively "implemented" the supervision opinions and further strengthened the transmission mechanism of supervision requirements. Fifthly, it built a supervision service platform. In May 2020, the Board of Supervisors established the column "My suggestions for Jinshang" on the bank office system, and facilitated the information collection channels for strategic development, operation management, etc. It further strengthened the supervision and service work for the whole bank, effectively gathered people's strength and wisdom, and addressed practical problems. In this year, it coordinated all functional departments to effectively improve and implement more than 40 opinions and suggestions collected, and gradually formed the synergy of collaborative services.

***(V) Carrying Out Capacity Building via Multiple Forms, and Comprehensively Improving Its Work Efficiency to Continuously Enhancing the Service Awareness and Work Quality of All Employees***

The Board of Supervisors persevered in self-improvement in an all-round way as a vital and fundamental work, encouraged all staff to learn, and effectively carried out training via online and offline learning platforms. During this year, the Board of Supervisors expanded the working ideas of all staff, improved their working ability, enriched their knowledge, and continuously improved itself by multiple means such as two special trainings, meetings in lieu of training, industrial exchanges and formulation of electronic publications.

**III. REPORT ON DUTY PERFORMANCE SUPERVISION AND ASSESSMENT IN 2020**

***(I) Assessment on Performance of Duties of Directors in 2020***

In 2020, all Directors of the Bank resolutely implemented the resolutions of the shareholders' general meeting in accordance with the Company Law and other laws and regulations and the requirements of the Articles of Association of the Bank, strictly fulfilled their obligations of loyalty and diligence to the Bank, and fully protected the interests of the Bank. Directors of the Bank performed their duties professionally and efficiently with the required expertise, work experience and professional ethics, expressed their opinions independently and objectively, and contributed to the high-quality transformation and development of the Bank. After deliberation by the Board of Supervisors, the assessment results on 11 Directors' duty performance of the Bank in 2020 were all "Competent", and the assessment results on the duty performance of the former Vice Chairman and Executive Director TANG Yiping and former Executive Director RONG Changqing in 2020 were all "Competent".

***(II) Assessment on Performance of Duties of Supervisors in 2020***

In 2020, all Supervisors resolutely implemented the resolutions of the shareholders' general meeting in accordance with the Company Law and other laws and regulations and the requirements of the Bank's Articles of Association, and strictly fulfilled their loyalty and diligence obligations to the Bank, so as to effectively supervise and comprehensively protect the interests of the Bank. Supervisors of the Bank actively attended meetings of the Board of Supervisors and special committees according to laws, attended relevant meetings of the Board of Directors and senior management as required by the Board of Supervisors, actively participated in all work of the Board of Supervisors, paid close attention to major issues of the Bank, expressed independent opinions earnestly and continuously strengthened self-development. After deliberation by the Board of Supervisors, the assessment results on the 9 Supervisors' duty performance in 2020 were all "Competent".

***(III) Assessment on Performance of Duties of Senior management in 2020***

In 2020, the senior management of the Bank thoroughly implemented the prudent operation rules, adhered to the problem orientation, actively responded to the impact of the COVID-19 by considering the overall situation, brainstorming and coordination and rising to the challenge, promoted continuous and steady improvement of the Bank, and completed the business tasks assigned by the Board of Directors in early 2020. The senior management of the Bank performed their duties diligently, strictly abode by relevant laws, regulations and the Articles of Association of the Bank, exercised their rights granted by the Articles of Association honestly and faithfully, strictly implemented the resolutions of the shareholders' general meeting, the Board of Directors and the Board of Supervisors, and performed their business duties within their authorities. After deliberation by the Board of Supervisors, the assessment results on the 9 members of current senior management's duty performance in 2020 were all "Competent", and the assessment results on the duty performance of former President TANG Yiping and former Vice President RONG Changqing in the Bank during 2020 were all "Competent".

**IV. THE INDEPENDENT OPINIONS EXPRESSED BY THE BOARD OF SUPERVISORS ON RELEVANT MATTERS*****(I) Legal Compliance Operation***

During the Reporting Period, the Bank's operations were in compliance with the Company Law, the Commercial Bank Law and the Articles of Association of Jinshang Bank Co., Ltd., and the decision-making procedures were legal and effective. Directors, Supervisors and senior management of the Bank performed their duties diligently and faithfully, with no violation of laws and regulations or damage to the interests of the Company.

***(II) The Authenticity of the Financial Report***

During the Reporting Period, the Board of Supervisors reviewed the Annual Financial Report 2020 of the Bank in detail. The Board of Supervisors believes that the procedure of compiling the Annual Financial Report 2020 by the Board of Directors complies with the provisions of laws, administrative regulations and rules and systems, and the Annual Financial Report 2020 has been audited by Ernst & Young Hua Ming LLP and Ernst & Young appointed by the Board of Directors of the Bank, and an unqualified audit report has been issued. The contents of the report truly, accurately and completely reflect the condition of the Bank, and there are no false records, misleading statements or major omissions.

***(III) Development of Asset Transactions of the Bank***

During the Reporting Period, the asset transactions of the Bank were in compliance with laws and regulations, and the Board of Supervisors did not find any insider trading or damage to shareholders' equity.

***(IV) Related Party Transactions***

During the Reporting Period, the Board of Supervisors was found no violations of the principles of fairness or damage to the interests of the Bank and shareholders.

***(V) Implementation of Resolutions of Shareholders' General Meeting***

During the Reporting Period, the Board of Supervisors had no objection to the reports and proposals submitted by the Board of Directors to the shareholders' general meeting for deliberation, supervised the implementation of the resolutions of the shareholders' general meeting, and believed that the Board of Directors had carefully implemented the resolutions of the shareholders' general meeting.

***(VI) Protection of Consumers' Rights and Interests***

The Board of Directors and senior management attached great importance to the protection of consumers' rights and interests, took active and effective measures to upgrade the protection of consumers' rights and interests to the strategic level of corporate governance and operation management, and effectively ensured the protection of consumers' rights and interests by improving the management system, facilitating the operation mechanism and enhancing the team building.

**V. WORK PRIORITIES IN 2021**

2021 is the first year of China's "14th Five-Year Plan" period and also the first year of the "Third Five-Year Plan" of Jinshang Bank. The world is experiencing great changes unseen in a century. The Board of Supervisors will further perform its duties comprehensively and properly, aim at further improving the corporate governance mechanism of the Bank while ensuring the main work, adhere to the new development concept and systematic thinking, and achieve greater progress in all work of the Bank through its quality duty performance.

***(I) Further Enhance the Supervision Position and Promote the Continuous Improvement of Corporate Governance***

In the future work, the Board of Supervisors will further enhance its political position and ability, further strengthen its ability to identify macro risks, perform its supervisory responsibilities with higher standards, and enhance the Bank's corporate governance capacity. Firstly, it will aim at improving the corporate level and help improve the Bank's corporate governance to a new level through supervision. It will further focus on supervision responsibilities, fully implement the working idea of "focusing on key points and discussing major issues", guarantee the "one body with two wings" deliberation and decision-making procedures of the Board of Supervisors, form more valuable supervision suggestions on the macro risk regulation strategy, further enhance the deliberation effect, strengthen responsibility and put forward high-level supervision opinions. Secondly, it will aim at steady development of the Bank, supervise and serve the high-quality transformation and development of the Bank.

It will further improve the quality of duty performance, integrate supervision into the important links of operation management, and form a three-dimensional and matrix supervision mode to support the steady development of the Bank. Thirdly, it will take the Bank's implementation of strategic planning as an important supervision task, and comprehensively help improve the Bank's ability to implement strategic planning. The Board of Supervisors will take the profound connotation of the Bank's implementation of the new five-year strategic plan as the core of supervision, take into account both short-term goals and long-term goals, and support the Bank's strategic implementation with high-quality supervision. Fourthly, it will take the continuous improvement of the Bank's risk management and internal control mechanism as its mission, so as to supervise and promote the further improvement of the quality and efficiency of the "three lines of defense" in front, middle and back offices. The Board of Supervisors shall further strengthen the performance of supervision responsibilities on the improvement of the risk system of the Bank, further optimize the operation mode of the "three lines of defense" across the Bank, and adopt strong supervision to promote the performance of their duties across all businesses to realize balance and coordination of operation.

***(II) Further Expanding the Vision and Depth of Supervision, and Effectively Improving the Quality and Effectiveness of Supervision***

At present, as the central government is steadily expanding the two-way opening of the financial market, the Board of Supervisors, as an important part of corporate governance, must further comply with the development requirements of the times, adhere to integrity and innovation, continue to coordinate the efficient development and risk prevention and control of the Bank, expand the vision and depth of supervision from macro, middle and microscopic views, and put forward sound and practical opinions and suggestions from different angles. The first is macro governance. The Board of Supervisors shall continue to strictly implement the decision-making and deployment of the Party Committee of the head office, carefully refine the "service and efficiency" into all aspects of supervision, and give full play to its strength to assist the implementation of various decisions and deployments of the Bank. The second is middle-view risk supervision. The Board of Supervisors shall continue to strengthen the supervision of risks from the middle view, continue to expand the scope of supervision in terms of equity management and related-party transactions, conduct more thorough supervision of shareholders' equity interest based on the depth and breadth of supervision, and comprehensively enhance the Bank's ability to prevent corporate governance risks. The third is continuously strengthening on micro-risk supervision. The Board of Supervisors shall continue to deepen the supervision and inspection, further strengthen the "joint operations" between the office of the Board of Supervisors and the supervision functional departments in the Bank, realize the sharing of supervision data, and further improve the timeliness and accuracy of supervision.

***(III) Further Improving the Quality of Proceedings of Meetings and Deepening the Effect of Supervision through Meeting***

Supervision through meeting is one of the important ways for the Board of Supervisors to fulfill its supervisory responsibilities. The Board of Supervisors shall make further efforts on the effectiveness of meetings and continuously strengthen the quality of the proceedings of meetings. Firstly, the Board of Supervisors shall further improve the quality of proposals at the meetings, strengthen the preliminary screening and improvement of proposals, and ensure that the proposals submitted to the meetings for discussion are completed, so as to lay a solid foundation for the improvement of the effect of discussions at the meetings. Secondly, the Board of Supervisors shall further strengthen the performance effectiveness of supervisors in meetings, further improve the performance quality of supervisors, continue to improve the quality of supervisors' review of proposals before meetings, and effectively understand the overall situation and relevant background of the proposals. Thirdly, the Board of Supervisors shall further improve the transmission and implementation mechanism to ensure that the supervision opinions can be effectively implemented. In the future, the Board of Supervisors shall further facilitate the communication and feedback mechanism of "three meetings and one level", especially the communication and feedback mechanism with the Board of Directors and senior management, effectively implement the supervisory opinions, and deepen the effectiveness of the meetings of the Board of Supervisors. Fourthly, the Board of Supervisors shall further actively play the professional role of the two special committees, give full play to the role and advantages of the two special committees in daily supervision, and further strengthen the relationship between the Board of Supervisors and the professional committees in responsibilities and the effectiveness of the proceedings, so as to provide support for the Board of Supervisors to review proposals and improve the overall effectiveness of proceedings of the Board of Supervisors.

***(IV) Further Performing the Supervision Function and Comprehensively Improving the Supervision Effect***

As an important part of corporate governance, the Board of Supervisors shall continue to improve its awareness and position, strengthen top-level design, provide sound advice on clarifying market positioning, highlighting differentiation and conducting characteristic operations, and continue to carry out supervision and inspection of matters related to strategic implementation to maintain the stability of the development strategy of the Bank, and fundamentally escort the steady development of the Bank. In 2021, the Board of Supervisors shall continue to adhere to the problem-oriented and goal-oriented approach, grasp the emphases of supervision, continuously improve the mechanism, deepen the financial supervision, risk supervision, internal control supervision and due diligence supervision, and further deepen the supervision efficiency of the Board of Supervisors.

*(V) Further Optimizing the Supervision Model and Continuously Improving the Quality and Efficiency of Supervision*

In the future work, the Board of Supervisors shall further establish and improve its supervisory “toolkit”, make good use of the supervision and inspection experience, form a process-oriented and institutionalized supervision model, and perform the functions of the Board of Supervisors efficiently and properly. Firstly, the Board of Supervisors shall further deepen research, supervision and inspection. It shall continue to improve the effectiveness of supervision and inspection and strengthen the joint integration with functional departments to make it an effective means of service operation management; further summarize the research experience and propose supervision suggestions more suitable for actual conditions for different lines and regions. On this basis, the Board of Supervisors shall trace the source of problems discovered according to the overall situation of the investigation, and propose forward-looking high-level strategic supervision suggestions to solve the problems. Secondly, the Board of Supervisors shall further deepen the daily supervision. The Board of Supervisors shall strengthen the combination of supervision and big data analysis, continue to innovate in risk reminders, supervision inquiries, supervision feedback, etc., enrich the connotation of supervision, identify key points of supervision, improve supervision pertinence, effectively form supervision transmission, and do a good job in risk prevention, so as to constantly refine daily supervision. Thirdly, the Board of Supervisors shall further strengthen supervision and inspection. To promote the continuous improvement of corporate governance, the Board of Supervisors shall strengthen the service awareness and work efficiency of the Board of Supervisors, strengthen the supervision and inspection of key areas such as major decisions and important strategic deployments in the industry, implement supervision through the entire work, and promote the normalization, institutionalization and standardization of the supervision of the Board of Supervisors. Fourthly, the Board of Supervisors shall further carry out the joint supervision and inspection. The Board of Supervisors shall further integrate and give full play to the supervision resources of the Bank, make overall plans and take all factors into consideration to form a combined supervision force. Fifthly, the Board of Supervisors shall further build a digital and intelligent supervision system and further increase the proportion of “off-site” inspections. The Board of Supervisors shall further implement the requirements of “service and efficiency”, continue to play the role of the column “I offer a comment for Jinshang” established in the collaborative office system, establish a link between the head office and the grassroots, collect opinions and suggestions, make interactive feedback channels smooth, effectively make up for shortcomings and improve weaknesses to promote efficient development. Sixthly, the Board of Supervisors shall further strengthen the functioning of the office of the Board of Supervisors. The Board of Supervisors shall continue to strengthen real-time risk supervision, further strengthen the establishment of information exchange mechanisms between the Office of the Board of Supervisors and various departments in terms of finance, risk, compliance, auditing, etc., and continuously deepen the “joint operations” capabilities between the Office of the Board of Supervisors and the supervisory functional departments in the industry to realize data sharing and give full play to the reasonable supervision.

***(VI) Further Strengthening Self-Construction and Improve the Performance of the Board of Supervisors***

In the face of changes in the internal and external environments and the new requirements of supervision for the level of corporate governance, the Board of Supervisors, as an important part of corporate governance, needs to continuously improve the abilities of all Supervisors and office staff to provide better services for the work of the Bank. In the future work, the Board of Supervisors shall focus on strengthening the sense of responsibility, ensure the efficiency of performance of duties, and be diligent. The Board of Supervisors shall further strengthen exchanges with institutions such as the China Banking Association and the AFCA Finance Academy, fully carry out benchmarking learning, pay attention to peer exchanges and training, pay attention to interbank communications and training continue to deeply implement the “going out, bringing in” working method, and continuously broaden vision and thinking; strive to improve the sensitivity, forward-looking and effectiveness of supervision, continue to improve the ability of all employees to perform their duties, and improve the performance of the Board of Supervisors.

As a listed public bank, it is of great significance to ensure sound performance in all the work of the Board of Supervisors. The Board of Supervisors must stay true to its original mission, and adhere to “Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era”; thoroughly implement the requirements of the provincial party committee and the provincial government, strictly implement the decisions and plans of the Party committee of the head office, and resolutely implement the resolutions of the shareholders’ general meeting; continuously strengthen the effectiveness of supervision, continue to improve service quality and efficiency, and fulfill the duties and tasks of the Board of Supervisors with a more responsible spirit and a more diligent and pragmatic work style; effectively promote the Bank to steadily improve the quality and efficiency of corporate governance with high-quality performance of duties, “blazing a new trail” in the transformation and development of Jinshang Bank to contribute to the power of the Board of Supervisors and pay tribute to the 100th anniversary of the founding of the CPC with outstanding job performance.

According to the Company Law, the Commercial Banking Law, the Guidelines on Corporate Governance of Commercial Banks (《商業銀行公司治理指引》), the Work Guidelines on the Board of Supervisors of Commercial Banks (《商業銀行監事會工作指引》), the Measures on Assessment on the Performance of the Directors of Commercial Banks (《商業銀行董事履職評價辦法》) and other laws and regulations, as well as the Articles of Association of Jinshang Bank Co., Ltd., the Measures on Assessment on the Performance of Duties by Directors of the Board of Supervisors of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司監事會對董事履職評價辦法》) and other rules, the Board of Supervisors comprehensively assessed the performance of Directors in 2020 from multiple dimensions based on the principles of compliance, fairness and objectivity by attending meetings, hearing reports, reviewing work report of the Board, making surveys and interviews, carrying out supervision on performance of duties, reviewing the minutes of Board meetings, collating and summarizing the performance information of Directors, combining the assessment results of Directors' self-evaluation and mutual evaluation. The assessment is now reported as follows:

## I. BASIC REVIEW OF THE BOARD OF DIRECTORS

In 2020, the number of Directors of the Bank decreased from 15 at the beginning of 2020 to 13 at the end of the year. The specific changes are as follows: Mr. TANG Yiping resigned as vice chairman and director on December 9, 2020; Mr. RONG Changqing resigned as director on November 20, 2020. During the Reporting Period, the Board consisted of thirteen Directors, including two executive Directors, five non-executive Directors and six independent Directors. Neither the qualifications of directorship of LI Yang for non-executive Director nor DUAN Qingshan for independent Director was approved by CBIRC Shanxi Office. The Board convened four general meetings throughout the year, in which 22 proposals and one reporting matter were considered; held 14 meetings of the Board, in which 60 proposals were considered and 31 reporting items were listened to or reviewed. In these meetings, all the Directors conducted sufficient research and demonstration on each proposal and made scientific decision.

## II. PROFESSIONAL QUALITY OF DIRECTORS

In 2020, the Bank's Directors performed their duties with due diligence, strictly kept the Bank's business secrets and actively accepted the supervision of the Board of Supervisors. In its proposal consideration, various investigations and daily supervision it conducted this year, the Board of Supervisors found that no Directors acted to the detriment of the Bank's interests; no conflicts of interest existed between full-time or part-time positions of the Directors and their positions with the Bank; and that no Directors used their position and authorities in the Bank to seek for personal gains, used their connected relationships with the Bank to harm the interests of the Bank, accepted improper interests, disclosed secrets of the Bank or committed other acts violating fiduciary duty as stipulated in the laws and regulations, as well as Articles of Association of the Bank. Directors of the Bank demonstrated professional quality and actively contributed to the high-quality transformation of the Bank.

**III. DUE DILIGENCE OF PERFORMANCE OF DIRECTORS**

In 2020, all Directors, in the principle of compliance with the laws and regulations, performed their duties dedicatedly and diligently while keeping the interests of shareholders, depositors, employees and the Bank in mind. The Directors performed their duties with honesty and integrity by implementing the relevant resolutions of the general meeting in strict accordance with the relevant laws, regulations and Articles of Association of the Bank. The Directors effectively exercised their power by carefully considering the relevant resolutions of the Board of Directors, and actively giving their recommendations regarding those resolutions. Directors of the Bank continuously understood and analyzed operation of the Bank, regularly read the operation reports, financial reports and risk management reports of the Bank to get a comprehensive knowledge of comments of regulatory authorities, external auditors and the public on the Bank, to promptly report changes in its own affiliations in accordance with regulatory requirements and to make independent, professional and objective judgments on the situation of the Bank, thus presenting their own opinions and suggestions through legal channels.

**IV. PERFORMANCE OF DUTIES OF DIRECTORS**

In 2020, executive Directors, non-executive Directors and independent non-executive Directors of the Bank attended the general meeting, meetings of the Board of Directors and meetings of special committees in accordance with the provisions, in which they effectively performed the duties of Director by expressing their opinions reasonably and voted in strict accordance with the procedures. The Directors continued to focus on the building of the Bank's corporate governance capabilities, strengthen functional roles, and promote the effective corporate governance; continued to focus on the implementation of strategies, study and listen to senior management's reports on the implementation of the strategy of the Board of Directors, and promote the transformation and upgrading across the Bank; continued to pay attention to the capital management of the Bank to lay an important foundation for the stable business development; continued to pay attention to the overall risks, actively play a functional role in face of the impact of the epidemic and the development trend of the economy, promote the continuous improvement of risk management system, and effectively prevent and resolve risks; continued to focus on the building of the Bank's technology support system, and effectively promote the launch and operation of new core system; continued to focus on the prevention of compliance risks, enhance compliance culture, and ensure the internal control and compliance construction across the Bank; continued to promote the implementation of the Bank's social responsibilities, positively support local economic development and prevent the impact of epidemic, and enhance the Bank's brand image. In addition, the Directors truthfully reported to the Board of Directors and the Board of Supervisors the connected relationship, and promptly reported any change in the above matters in accordance with the relevant requirements.

*(I) Performance of Duties of Executive Directors*

To fully respond to decisions and plans of the CPC Central Committee and the CPC Committee and government, the executive Directors, in strict compliance with the regulatory requirements, thoroughly implemented the development requirements of “Comprehensive Development, Four Modernizations and Four-Efficiency” of the Bank, performed their duties in accordance with the Articles of Association, and conscientiously implemented the resolutions of the Board of Directors. Under the concept of prudence, the executive Directors enhanced the fintech-oriented risk management and compliance control system of the Bank, actively promoted the transformation of the Bank, and improved the Bank’s brand image in order to keep improving the intrinsic value, asset quality and core competence of the Bank. Following closely the changes of the times, the clear-minded, considerate and legal-compliance executive Directors earnestly did a great deal of productive work in developing Jinshang Bank into a stronger bank, while they imposed more stringent self-discipline on themselves. Under the leadership of the executive Directors, the Bank ranked 378th among the “Top 1000 World Banks” published by The Banker, moving up 43 places compared with its ranking in the previous year; ranked 68th among the “Top 100 Chinese Banks 2019” released by China Banking Association; ranked 27th in the national top 100 list and 9th among the regional commercial banks in terms of its comprehensive ability of wealth management. The Bank remained at 2C in the regulatory rating, remained at 2B in the information technology regulatory rating, raised to AAA in the main long-term credit rating. The Bank’s rating outlook is stable, and its core competitiveness and sustainable development ability are continuously enhanced.

*(II) Performance of Duties of Non-executive Directors*

All non-executive Directors are experienced, and they actively participated in and provided coordination in the relevant work of the Bank. Seeing a big picture and bearing in mind the long-term interest of the Bank, the non-executive Directors served well as a bridge between the Bank and the Shareholders, allowing for smooth communications between them. Non-executive Directors primarily paid their attention to the implementation of resolutions of the Board of Directors by the senior management, strengthened their communications with the senior management and performed duties of non-executive Director.

*(III) Performance of Duties of Independent Directors*

All independent Directors are experienced, clear-minded, dedicated and responsible. They devoted enough time and energy to perform their duties in strict accordance with the relevant laws and regulations. In particular, as the heads of the special committees of the Board of Directors, the independent Directors fully performed their duties, earnestly prepared for and organized the work of those committees, and attached importance to compliance of procedures. Throughout the year, all independent Directors held a total of

sixteen meetings of special committees, including three meetings of the Development and Strategy Committee, three meetings of Audit Committee, three meetings of Related Party Transactions Control Committee, four meetings of Risk Management Committee, two meetings of the Nomination, Remuneration and HR Committee and one meeting of the Consumer Rights Protection Committee. Each independent Director performed his/her duty of independent Director by expressing objective and impartial independent opinions on matters discussed by the Board of Directors, safeguarding the rights and interests of depositors and small and medium shareholders, and keeping abreast of the risk management level, internal control, and audit supervision of the Bank, with a focus on the legality and fairness of the related party transactions, annual profit distribution plan, integrity and authenticity of information disclosure, and gave full play to the duties of independent Directors.

#### **V. OVERALL ASSESSMENT ON PERFORMANCE OF DUTIES BY DIRECTORS FOR 2020**

In 2020, all Directors fully implemented the various decisions and arrangements of the CPC Central Committee, the provincial party committee and the provincial government, resolutely implemented the development requirements of the Bank's party committee of "Comprehensive Development, Four Modernizations and Four-Efficiency", actively responded to the effects of the epidemic, continued to improve the quality and efficiency of governance and led the high-quality development of the Bank. The Directors strictly implemented the requirements of the situation and policies, actively led and supported the credit extension to the real economy, and supported various arrangements for the resumption of work and production. Following the principle of prudence, the Directors acted under the compliance concept by strengthening the bottom line of risk prevention and control, continuously paying attention to risk evolution and risk prevention and control in key areas throughout the Bank, and continuously improving the Bank's risk management level. The Directors continuously understood and analyzed the operation of the Bank, regularly read its operation reports, financial reports, capital management reports, audit reports and other relevant reports, and strengthened the capital management to enhance the sustainable development capabilities of the Bank. The Directors, in accordance with the requirements for the information disclosure of the listed companies, made right work arrangements, improved the coordinated management across the Bank, and promptly, accurately and completely disclosed material information such as announcements, resolutions, and financial position of the Bank, promoting the fulfillment of responsibility of the Bank as a listed company. The Directors kept the business secrets of the Bank. In their performance of duties, no Directors were found to accept improper interests, seek for personal gains by taking advantage of their directorship, or concurrently serve as director of any financial institution which may be in conflict of interest with the Bank by the Board of Supervisors. On the basis of effective performance of duties, the Directors brought the role of the Board in corporate governance by actively serving the strategic transformation of the Bank, serving the business development of the Bank and continuously improving effectiveness of service.

To sum up, in accordance with the Work Guidelines on the Board of Supervisors of Commercial Banks (《商業銀行監事會工作指引》) and the Measures on Assessment on the Performance of Duties by Directors of the Board of Supervisors of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司監事會對董事履職評價辦法》), the Board of Supervisors assessed the performance of duties by the Directors of the Bank as follows:

1. The Board of Supervisors assessed 11 incumbent Directors during the Reporting Period (2 executive Directors: WANG Junbiao and WANG Peiming; 4 non-executive Directors: LI Shishan, LIU Chenhang, WANG Jianjun and XIANG Lijun; 5 independent Directors: JIN Haiteng, SUN Shihu, WANG Liyan, SAI Zhiyi and YE Xiang) as “Competent” for performance of their duties, and, TANG Yiping (the former vice chairman and executive Director) and, RONG Changqing (a former executive Director) were assessed as “Competent” for the performance of their duties in the Bank in 2020.
2. During the Reporting Period, the qualifications of LI Yang as a non-executive Director and DUAN Qingshan as an independent Director have not been approved by CBIRC Shanxi Office. The Board of Supervisors did not evaluate the performance of the above two Directors who did not fully perform their duties in the Bank. Regarding the matters on qualifications of Directors to perform their duties, the Board of Supervisors has provided feedback to the Board of Directors in the early stage, urging the work related to qualifications to be completed as soon as possible to ensure the legality of the performance of their duties.

In 2021, the Board of Supervisors proposes to the Board of Directors to continue to pay attention to the following issues:

It is recommended to further enhance the corporate governance capabilities, and continuously strengthen the Bank’s ability and level of serving the new pattern of transformation and development in the province with its financial services, playing a leading role in seeking for the improvement of corporate governance efficiency.

The first is to strengthen strategic planning and set a good direction for the long-term development of the Bank. This year marks the first year of the “14th Five-Year Plan” and the Bank’s “Third Five-Year Development Plan”. The main business shall be highlighted, and the professional business shall be refined to enhance the ability of sustainable development and core competitiveness based on the strategic positioning of the “main force” in local corporate banks serving the real economy. In accordance with the strategic arrangements of “Comprehensive Development, Four Modernizations and Four-Efficiency” proposed by the Party Committee of the head office, the Board will integrate into the development trend of financial services and science and technology to continuously improve financial services and enhance operating capabilities.

The second is to continuously optimize risk management and build a strong internal control mechanism. The Board will further strengthen the building of a comprehensive risk management system, strengthen the top-level design for preventing and resolving risks, and insist on considering risk management as “a game of chess” to enhance the Bank’s ability to resist risks and ensure safe operation. The Board will strengthen the establishment of a long-term mechanism for compliance management in the Bank, further establish and improve compliance risk alert and emergency mechanisms, thus building a sound atmosphere of stable operation, compliance and discipline.

The third is to further strengthen the management of equity and shareholders. The Board should strictly implement the normative management constraints on equity management and shareholder behavior imposed by regulatory authorities, further refine shareholder governance and equity management, and meanwhile safeguard the legitimate rights and interests of small and medium shareholders to improve the timeliness construction of corporate governance.

The fourth is to further enhance the functional role of professional committees and their members. The Board should give full play to the professional and leading role of professional committees, the functional role of independent Directors, and the role in professional consulting, independent supervision, and service decision-making.

The fifth is to further standardize the performance of Directors. According to the relevant regulatory regulations, “directors shall personally attend more than two-thirds of the board meetings each year. If a Director is unable to attend for some reason, he/she shall entrust another Director in writing to attend on his/her behalf. The letter of authorization shall specify the scope of authorization” and relevant requirements: “independent Directors and chairmen of special committees of the Board of Directors shall work at the Bank for not less than 15 working days each year. The Directors serving as the principals of the Audit Committee, Related Party Transactions Control Committee and Risk Management Committee shall work in commercial banks for not less than 25 working days each year”. The Board of Directors shall attach great importance to the performance of Directors and further strengthen the concept of performance in compliance with provisions, strengthen the management of Directors, and use effective measures to continuously standardize Directors’ performance and improve their performance efficiency.

The six is during the Reporting Period, the qualifications of some Directors had not been approved by the CBIRC Shanxi Office. The Board of Supervisors requested relevant Directors to obtain the qualifications of Directors as soon as possible in accordance with the requirements of the regulatory authorities and fully perform their duties as Directors.

In addition, the Board of Directors is requested to continue to pay close attention to the relevant requirements of supervision on listed banks. The Board shall continuously strengthen the information disclosure of the Bank in strict accordance with the requirements of relevant laws and regulations, especially pay attention to the completeness, authenticity and timeliness

of the disclosed information. The Board shall further strengthen communication and contact with investors, effectively manage insider information and insiders, eliminate insider trading, continuously improve the performance of the Bank, establish a good public reputation, effectively protect the interests of all shareholders, and actively practice responsibilities of listed companies. Meanwhile, all Directors shall strictly keep the Bank's trade secrets, prevent insider trading, truthfully report the relationship between them to the Board of Directors, and perform their duties as Directors in compliance with laws and regulations, being fully responsible for the Bank.

According to the Company Law, the Commercial Banking Law, the Guidelines on Corporate Governance of Commercial Banks (《商業銀行公司治理指引》), the Work Guidelines on the Board of Supervisors of Commercial Banks (《商業銀行監事會工作指引》) and other laws and regulations, as well as the Articles of Association of Jinshang Bank Co., Ltd., the Measures on Assessment on the Performance of Duties by Supervisors of the Board of Supervisors of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司監事會對監事履職評價辦法》) and other rules, the Board of Supervisors carried out the assessment on the performance of all the Supervisors in 2020 from multiple dimensions based on the principles of compliance, fairness and objectivity by arranging the annual performance files of the Supervisors, checking the minutes of the meeting, reviewing the performance information of the Supervisors, summarizing the presentations of Supervisors at the meeting, conducting self-evaluation and mutual evaluation of the Supervisors, etc. The assessment is now reported as follows:

## **I. THE GENERAL SITUATION OF THE BOARD OF SUPERVISORS IN 2020**

In 2020, there was no change in the members of the fifth session of the Board of Supervisors of the Bank. During the reporting period, the fifth Board of Supervisors consisted of three employee Supervisors, three shareholder Supervisors and three external Supervisors, with a total of nine Supervisors. The proportion of employee Supervisors and external Supervisors and the total number of Supervisors all met the regulatory requirements, which complied with the provisions of Articles of Association of the Bank.

This year, the Board of Supervisors made four reports to the general meeting; held 11 meetings of the Board of Supervisors, four meetings of the Supervisory Committee, and three meetings of the nomination committee; considered 72 resolutions throughout the year, and listened to or reviewed 29 reporting matters. All Supervisors conducted thorough research and discussion and scientific deliberation and decision-making on all resolutions, and put forward professional opinions and suggestions on related resolutions.

## **II. PROFESSIONAL QUALITY OF SUPERVISORS**

In 2020, all Supervisors of the Bank performed their duties in accordance with the laws, administrative regulations and the Bank's Articles of Association, performed their duties in compliance with regulatory requirements, and report changes in their related relationships in a timely manner. The Board of Supervisors has not found that any Supervisor of the Bank used their authority to seek illegal gains for himself/herself or any other person, disclosed the business secrets related to the Bank, concealed any discovered problem, and engaged in any act causing major losses in violation of the fiduciary duty. All Supervisors kept the business secrets of the Bank, gave full play to their professional strengths, actively communicated and cooperated with each other, and were committed to the Board of Supervisors, demonstrating good professional quality and properly performing their duties.

**III. PERFORMANCE OF DUTIES OF SUPERVISORS**

In 2020, all Supervisors, taking the interests of the Bank, depositors, shareholders and employees as the core, conscientiously and diligently performed their supervision duties, carefully considered various resolutions of the Board of Supervisors, the Supervision Committee and the Nomination Committee, actively issued advice and truthfully submitted relevant reports to the Shareholders' general meeting according to regulations. Supervisors attended the Shareholders' general meeting, presented at Board meetings as required, and actively participated in the supervision and research of the Board of Supervisors.

At the level of corporate governance, Supervisors paid attention to the supervision of the Board of Directors and senior management to comply with laws and regulations, comply with the Articles of Association of the Bank, implement the resolutions of the Shareholders' general meeting and continuously improve the corporate governance, and urged the responsible subjects to perform their duties; at the operational level, all Supervisors paid attention to more detailed and practical supervision of comprehensive risk management, and ensured that risk management, financial management and compliance management are not biased and implemented effectively. At the level of re-supervision, all Supervisors actively guided the internal audit department of the Bank to independently perform audit supervision, carefully reviewed various audit reports, and promoted the "second-half" of audit problem rectification to be detailed and practical. All the Supervisors of the Bank completed various work of the Board of Supervisors with a highly responsible manner and fulfilled their diligence obligations.

**IV. PERFORMANCE OF DUTIES BY SUPERVISORS**

All Supervisors have high legal literacy and good ethics, and are highly capable and experienced. They are familiar with the relevant laws and regulations and regulatory requirements of regulators, and with strong awareness of the bottom line, and fully performed Supervisors' duties with a highly responsible attitude towards the Bank. They actively and timely understood the new trends and regulatory requirements of the Bank, practiced new development concepts at all times, continuously improved self-construction, deepened the performance methods and continuously improved the performance efficiency. All Supervisors are familiar with the Bank's Articles of Association, the Procedure Rules of the Board of Supervisors and other internal system requirements, and strictly implement them, with the goal of continuously improving the Bank's corporate governance level, and proactively put forward reasonable and effective constructive suggestions.

**V. OVERVIEW OF WORK PERFORMED BY SUPERVISORS IN 2020**

In 2020, all Supervisors of the Bank participated in the Shareholder's general meeting, meetings of the Board of Supervisors and other meetings as required, and attended meetings of the Board of Directors without vote. In these meetings, the Supervisors expressed their reasonable opinions and suggestions, and voted in strict accordance with the procedures. They

effectively fulfilled the responsibilities of Supervisors and continuously deepened the “supervision and service”. All Supervisors carried out their work with a highly responsible attitude towards the Bank, and devoted enough time and energy into the development of the Bank. They were committed to performing their duties of Supervisor. In this year, each Supervisor of the Bank performed his/her duty of Supervisor for more than fifteen working days as provided in the regulatory requirements. All Supervisors performed their duties professionally and efficiently in accordance with the relevant laws, regulations, and Articles of Association of the Bank, effectively safeguarded the interests of the Bank, and expressed their views independently and objectively on the basis of the expertise, working experience and professional ethics necessary for the performance of their duties.

***(I) Attendance at Relevant Meetings***

In 2020, the Supervisors of the Bank participated in the Board of Supervisors and its special committees as required. The attendance rate of all Supervisors participating in the Board of Supervisors and its special committees in person exceeded two-thirds, and the written entrustment and personal attendance rate both complied with the relevant requirements. In 2020, the Supervisors have been able to carefully review the meeting materials, objectively and responsibly express opinions and vote on resolutions of financial supervision, risk management, internal control supervision and performance supervision. With the joint efforts of all Supervisors, the procedures for discussion of the Board of Supervisors and its special committee meetings were standardized, with emphasis on efficiency and the key points, which gave a full play to the functions of discussion, decision-making and supervision of the Board of Supervisors.

***(II) Participation in Special Investigations of the Board of Supervisors***

The Board of Supervisors focused on the comprehensive and in-depth implementation of the development requirements of “Comprehensive Development, Four Modernizations and Four-Efficiency”, and focused on the work deployment of the Board of Supervisors in 2020, so as to enhance the service quality and efficiency. By organizing symposiums, interviews and on-site inquiries, the Board of Supervisors carried out special investigation and inspection on the financial management of the Bank, formed a wide-ranging and forward-looking investigation report, put forward independent and valuable opinions and suggestions, and fed them back to the Board of Directors and senior management, effectively supporting the decision-making of the Board of Directors and senior management. In the investigation, all Supervisors gave full play to their professional advantages, performed their duties with due diligence, helped the grassroots to solve practical problems, and provided reasonable and scientific suggestions.

*(III) Participation in Improving the System of the Board of Supervisors*

The Board of Supervisors adhered to the idea of “observing the integrity of the system, creating innovation in reform and enhancing the efficiency of management”, and paid close attention to the improvement and optimization of its own system. In 2020, the Board of Supervisors formulated and implemented the Measures for Supervision and Inspection of the Board of Supervisors of Jinshang Bank Co., Ltd., which further strengthened the construction of the supervisory system of the Board of Supervisors and provided a more solid institutional guarantee for the Board of Supervisors and Supervisors to perform their duties. The Supervisors of the Bank actively participated in the amendment of the system. In the discussions related to the amendment, the Supervisors expressed their opinions responsibly, and they also deliberated on the provisions of the system to make the system sounder, more practicable and feasible, laying solid foundation for the Board of Supervisors to conduct its work in compliance with the laws and regulations.

*(IV) Implementation of Performance Evaluation*

In 2020, all the Supervisors of the Board of Supervisors seriously participated in and cooperated with the Board of Supervisors to complete the performance supervision and evaluation of the Directors, the Supervisors and senior management members. Supervisors understood the legal compliance and due diligence of the Directors, Supervisors and senior management by attending the meetings of the Board of Directors and senior management, organizing relevant personnel to review the performance records of the Directors, Supervisors and senior management, etc. Based on fully collating and analyzing the performance information, the Board of Supervisors’ evaluation report on the performance of the Directors, Supervisors and senior management in 2020 was completed. All Supervisors put forward constructive suggestions in the work report according to the actual situation, which helped the Bank to achieve greater results in high-quality transformation and development. At the end of 2020, the Supervisors participated in and completed the preparation of the 2020 performance evaluation of the Directors, Supervisors and senior management, laying a good foundation for the successful performance evaluation in early 2021.

*(V) Participation in the Training of the Board of Supervisors*

In 2020, all the Supervisors actively participated in the special training and exchanges organized by the Board of Supervisors, strengthened theoretical study, and continued to make practical actions and great efforts in learning and understanding, effectively improving their performance ability and supervision ability. First is to actively participate in the special training of the Board of Supervisors. In 2020, the Supervisors participated in two special trainings organized by the Board of Supervisors. Through special trainings, the Supervisors conducted in-depth study and research on supervision concepts, supervision methods and supervision examples of the Board of Supervisors, which further improved their work concepts and practical operation ability, enriched their performance means and strengthened their

supervision skills. Second is to pay attention to interbank exchange and learning, and strengthen the first-class benchmarking. During the year, the Supervisors conducted exchanges and discussions with a number of advanced peers to learn good experiences and practices, which effectively pushed the work of Board of Supervisors to a new level. Third is to attend the meeting training of the Board of Supervisors. The learning of professional knowledge was integrated into the regular meetings of the Board of Supervisors, which strengthened the construction of a learning-oriented Board of Supervisors. Fourth is to regularly review the development materials of the Bank. In 2020, the Board of Supervisors further strengthened the construction of information exchange, and prepared the e-newsletter of Directors and Supervisors as its internal work magazine on a monthly basis, which timely conveyed the latest business conditions and business development, etc. of the Bank to all Supervisors, so that the Supervisors could effectively keep abreast of the development of the Bank, and further opened up the channels for Supervisors to obtain the information on development of the Bank.

## **VI. OVERALL EVALUATION ON THE PERFORMANCE OF THE SUPERVISORS IN 2020**

In 2020, all the Supervisors fully implemented the various decisions and arrangements of the Party Central Committee and the Provincial Party Committee and Government, resolutely implemented the resolutions of the Shareholders' general meeting, thoroughly implemented the requirements of "Comprehensive Development, Four Modernizations and Four-Efficiency", grasped the supervision positioning according to market requirements, scientifically performed supervisory responsibilities, and improved the work efficiency and service quality. All the Supervisors attended the Shareholders' general meeting, and the meetings of Board of Supervisors and the special committees in accordance with the provisions of the Company Law and the Work Guidelines on the Board of Supervisors of Commercial Banks (《商業銀行監事會工作指引》) and other laws and regulations, as well as the Articles of Association of the Bank, and attended the meetings of the Board of Directors and senior management as required by the Board of Supervisors, actively participating in the various work of the Board of Supervisors. They actively participated in the work of the Board of Supervisors, continuously strengthened self-construction with performance ability and performance further improved, and made active contributions to the Bank's continued and healthy development and improvement of corporate governance. All the Supervisors paid close attention to major issues of the Bank, earnestly expressed independent opinions, invested enough time and energy to perform their duties for the Bank's related work, and faithfully and diligently fulfilled their duties. Throughout the year, all Supervisors devoted themselves to their duties, effectively performed their supervisory duties, and helped improve the work efficiency of the Board of Supervisors by high-quality duty performance. To sum up, in accordance with the provisions of the Measures on Assessment on the Performance of Duties by Supervisors of the Board of Supervisors of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司監事會對監事履職評價辦法》), the Board of Supervisors assessed the performance of duties by 9 Supervisors of the Bank in 2020 and the results were all "Competent".

In 2021, all Supervisors shall pay continuous attention to the following issues:

First is to continuously improve forward-looking supervision. Based on the new development stage, and given the on-going comprehensive, systematic and profound changes in the development environment and requirements of the banking industry, the Supervisors should always uphold the new development concept, strengthen the scientific research and judgment on the economic situation, enhance the understanding of the regulatory spirit such as the Three-Year Action Plan for Improving Banking Sector and Insurance Sector Corporate Governance (2020-2022), keep up with the development requirements of policies, regulations and situations, and carry out forward-looking supervision to improve the quality and efficiency of supervisory governance.

Second is to continuously improve coordinated supervision. All special committees should strengthen coordination in their work, give full play to their supervisory expertise, advocate coordination in their work and strengthen interaction in their communication to maximize the synergistic effect from the perspective of improving the overall risk management efficiency of the Bank.

Third is to continuously improve rigorous supervision. To understand the requirements of regulatory policies more accurately, it is necessary to accurately detail the key points of supervision. As an important part of supervision at the corporate governance level, it is necessary to keep adhering to the combination of problem-oriented and goal-oriented supervision. The Supervisors should further perform their duties with due diligence, strictly implement supervision responsibilities in terms of performance supervision, risk supervision, financial supervision and compliance supervision, and conduct rigorous supervision in all links of risk prevention.

Fourth is to continuously improve service-focused supervision. The Supervisors should keep in mind the concept of risk prevention by supervision and development by service and put it into practice. They should do their best in predicting risks, urging improvement, and promoting the steady development of the Bank through services, and fully make plans and efforts and share experiences together, so as to continuously improve the performance of duties and contribute to the high-quality development of the Bank.

Fifth is to continuously improve compliance supervision. In 2021, all Supervisors should continue to strengthen their duty performance and help raise the supervision ability and effectiveness of the Board of Supervisors to a new level. In terms of attending meetings, the Supervisors should strictly follow the regulatory requirements and the Bank's system requirements, ensure that the personal attendance rate meets the regulatory requirements, actively express their supervisory opinions and perform their supervisory duties. In terms of

working time, all Supervisors should actively participate in various work arrangements of the Board of Supervisors, and work for the Bank for no less than 15 working days every year, strictly implement the work arrangements of the Board of Supervisors of the Bank, and carry out supervision efficiently.

Given that the Bank is a listed bank, all Supervisors should perform their supervisory duties with higher standards, pay more attention to the supervision and maintenance of complete, authentic and timely information disclosure to assist the Bank in further establishing a good social image. Meanwhile, all Supervisors are required to keep in strict confidence the Bank's trade secrets, eradicate insider trading, truthfully report the related relationship to the Board of Supervisors, and perform their duties in accordance with laws and regulations while maintaining a high sense of responsibility to the Bank.

In accordance with the Company Law (《公司法》), the Guidelines on Corporate Governance of Commercial Banks (《商業銀行公司治理指引》), the Work Guidelines on the Board of Supervisors of Commercial Banks (《商業銀行監事會工作指引》) and other laws and regulations, as well as the Articles of Association of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司章程》) and the Measures of the Board of Supervisors of Jinshang Bank Co., Ltd. for Supervision and Assessment on Performance of Duties of Senior Management Members (《晉商銀行股份有限公司監事會對高級管理層成員履職監督評價辦法》), the Board of Supervisors assessed the performance of duties of senior management members in 2020 from multiple dimensions based on the principles of compliance, fairness and objectivity by reviewing various reports submitted by the senior management, referring to the 2020 debriefing report of senior management members, conducting extensive investigations in branches, consulting staff from relevant internal departments and institutions, collecting and aggregating the annual performance records of senior management members, verifying the performance-related documents and information of senior management members, attending senior management meetings and various business meetings, reviewing work reports of the senior management and its members, and conducting self-evaluation and mutual evaluation of senior management members. The assessment is now reported as follows:

## I. CHANGES IN SENIOR MANAGEMENT MEMBERS

In 2020, the number of senior management members of the Bank decreased from eleven in early 2020 to nine in late 2020. As of the end of 2020, the senior management of the Bank consisted of nine members, including two Vice Presidents, the Chief Risk Officer, the Chief Financial Officer, the Chief Human Resources Officer, the Marketing Director, the Chief Operation Officer and two Assistants to the President. Mr. RONG Changqing resigned as Vice President on November 20, 2020, and Mr. TANG Yiping resigned as President on December 9, 2020.

## II. PROFESSIONAL QUALITY OF SENIOR MANAGEMENT MEMBERS

In 2020, bearing the overall interests of shareholders, depositors, employees and the Bank in mind, all the current senior management members of the Bank performed their duties diligently in strict accordance with the laws and regulations and Articles of Association of the Bank. They continuously improved their own quality, earnestly implemented the resolutions of the Shareholders' general meeting and the Board of Directors, and actively accepted the supervision of the Board of Supervisors. During the Reporting Period, no senior management member was found to commit any act in violation of the fiduciary duty provided in the laws, regulations and the Articles of Association of the Bank, took advantage of his/her position and power in the Bank to seek personal gains for himself/herself or engage in any other act to the detriment of the interests of the Bank and shareholders. All senior management members of the Bank followed the principle of good faith and conduct business activities prudently, conscientiously and diligently.

**III. FULFILLMENT OF DUTY OF DILIGENCE BY SENIOR MANAGEMENT MEMBERS**

In 2020, senior management members performed their duties diligently and conscientiously, overcame difficulties and worked hard. No senior management member was found to engage in any act in violation of the duty of diligence provided in the laws, regulations and the Articles of Association of the Bank. As authorized by the Articles of Association and the Board of Directors of the Bank, senior management members effectively carried out management. Acting around the annual business objective approved by the Board of Directors and in the principle of prudence, senior management members conducted extensive and in-depth investigations in branches and sub-branches through meetings such as the executive meeting of the president, meeting of risk management committee, and the joint meeting on asset and liability management so as to understand and grasp the real-time operation of the Bank, fully improve the weakness existing in business development and production and operation activities of the Bank, continuously deepen “service and efficiency” actions and to effectively hold the bottom line of non-occurrence of systemic financial risks. The senior management members steadily pushed forward various tasks, realizing the continuous improvement in the operating performance of the Bank.

**IV. PERFORMANCE OF DUTIES BY SENIOR MANAGEMENT MEMBERS**

The senior management members of the Bank are outstanding in management, rich in working experience, clear in thinking and strong in coordination. They acted on a big picture basis. They made remarkable achievements thanks to their efforts to advance their tasks in a scientific, comprehensive and collaborative manner. All the senior management members conscientiously implemented the macro-control policies and financial regulatory requirements of China. They earnestly implemented the resolutions, objectives and tasks of the Board of Directors and continuously enhanced “three lines of defense”, which allowed for rapid growth in various businesses, stable improvement in profitability and good momentum of steady improvement in asset quality. The quality of senior management members of the Bank in terms of conduct, reputation, knowledge, experience, ability and independence was fully recognized by the Board of Supervisors.

**V. OVERVIEW OF WORK PERFORMED BY SENIOR MANAGEMENT MEMBERS  
IN 2020**

In 2020, the senior management forged ahead in the face of various difficulties and challenges, consolidating and enhancing the benign landscape contributing to steady development of the Bank.

***(I) Securing Continuous Increase in the Operating Results under Joint Efforts to Overcome Difficulties***

Firstly, the scale index continued to grow. The Bank's total assets (in terms of the Group, the same below) reached RMB270.944 billion, 9.44% higher than that of the previous year, while the deposits from customers reached RMB176.782 billion, 13.82% higher than that of the previous year; and the balance of loans amounted to RMB136.105 billion, 17.86% higher than that of the previous year. Secondly, profitability continued to improve. In 2020, a net profit of RMB1.571 billion was realized, an increase of RMB89 million or 5.97% year on year. Thirdly, asset quality improved amid stability. As at the end of 2020, the Bank achieved non-performing loans ratio of 1.84%, return on net assets of 7.63%, capital adequacy ratio of 11.72%, core tier-one capital adequacy ratio of 10.72%, and allowance coverage ratio of 194.06%. All key regulatory indicators satisfied the regulatory requirements.

***(II) Fulfilling the Social Responsibility and Achieving Notable Results in Serving the Real Economy***

In 2020, senior management members united as one and took various measures to fight against the epidemic and support enterprises to resume work and production, which was highly recognized by the provincial Party committee, the provincial government and all sectors of society. Firstly, the Bank achieved a new breakthrough in serving the province's high-quality economic transformation. The Bank successively issued the Jinshang Bank's Action Plan for Supporting the Province's Strategic Goal of Building A "Demonstration Zone, "Vanguard" and "New Highland" (《晉商銀行支持我省打造「示範區」「排頭兵」「新高地」戰略目標的行動方案》), the Jinshang Bank's Action Plan for Green Finance (《晉商銀行綠色金融行動方案》) and other measures to coordinate the resources of the whole Bank, gather strength of the staff, actively supported the fields such as Comprehensive Reform Demonstration Zone, energy revolution, major projects, basic industries, reform of state-owned assets and enterprises, and Breakthrough of "Six New", and precisely met the capital needs of major projects and key enterprises by providing diversified financing services, which made a positive contribution to promoting the high-quality development of the economy in the province. Secondly, the Bank undertook new responsibilities in the overall promotion of resumption of work during the ongoing fight against the epidemic. Centering on the province's general policy for epidemic prevention and control and the Bank's responsibilities as a financial enterprise in the province, the senior management issued action plans immediately and spared no effort to conduct the work that provided financial support for epidemic prevention and control by continuously

providing credit support for key enterprises for epidemic prevention, handling extension, renewal and delayed repayment of principal and interest for small and micro enterprises seriously affected by the epidemic, and actively taking measures to reduce the interest rate of new loans and return the interest over cost, effectively giving play to the key role of a corporate financial institution in providing assistance and support for the enterprises. Thirdly, new achievements were made in effectively strengthening inclusive finance. The senior management continued to focus on the difficulty in and high interest rate of financing for small and micro enterprises, and the Bank successfully increased the balance and the number of accounts in terms of the inclusive loans to small and micro enterprises, and improved the quality and efficiency of inclusive finance by practical measures benefiting enterprises.

***(III) Continuously Deepening the Reform and Innovation to Powerfully Demonstrate Brand Features***

In 2020, the senior management continued to adapt to the trend of new financial business and rapid development of fintech, accelerated business reform and transformation, strengthened independent innovation of products, and steadily promoted the high-quality development of the Bank. Firstly, the reform of retail business continued to be deepened. Constant improvement was made to the reform of retail business in respect of product structure optimization, channel efficiency improvement, business extension promotion, typical experience promotion and professional ability improvement, with the main indicators rising to a new level. Secondly, the corporate business has been improved in both quality and efficiency. According to the requirements of “efficiently meeting market demand and providing financial products efficiently”, the Bank took a forward-looking and practical attitude in formulating action plans and strengthening product innovation, and a sound beginning of comprehensive portfolios and coordinated development in the corporate business was formed in response to major deployment such as supporting energy revolution, Breakthrough of “Six New” and the reform of state-owned assets and enterprises. Thirdly, the emerging business enjoyed a growing development. The Bank increased revenue through business innovation based on the philosophy of seeking benefits from innovation. The Bank launched digital credit cards, LoveBuy cards (愛購聯盟卡) and other products, strengthened the construction of financial ecosystem and built up its credit card brand influence; adhered to develop scenario-based finance, continuously optimized electronic channels and promoted the steady development of network financial business; gave full play to the role of lead underwriter with type-B license to complete bond underwriting for key state-owned enterprises in the province. Fourthly, the transformation gradually showed its advantages. The green and innovation investment business completed its first deal, representing a solid progress in green finance business, and differentiated our “Green Bank” brand from other city commercial banks in northern region. The Bank continued to develop the connotation of “intelligence” and improved the intensive operation, business efficiency and risk control, which created favorable conditions for the construction of “Smart Bank”. The Bank deepened the “customer-centric” principle, vigorously improved service efficiency and customer experience, and made efforts to offer more convenient, comfortable and intelligent experience for customers in respect of business, products, functions and channels, all of which translated into a solid step towards the construction of “Warm Bank”.

*(IV) Strengthening Service Efficiency and Continuously Improving Management Ability*

In 2020, focusing on “service and efficiency”, the Bank highlighted the reform in key areas, strengthened the improvement of management efficiency, and comprehensively enhanced basic management and special governance to further improve refined, normalized and standardized management. Firstly, great efforts were made in strategic planning. Focusing on the overall strategy of “Comprehensive Development, Four Modernizations and Four-Efficiency” of the Bank, senior management members launched the new five-year strategic development plan of Jinshang Bank. In the light of the economic and financial conditions inside and outside the province, and paying close attention to the pain points, blockages, difficulties and bottlenecks of the Bank, senior management members put forward feasible, operable and relatively advanced strategic measures during the “14th Five-Year Plan” period, and made overall planning, special planning and implementation planning to develop a scientific plan for the Bank’s development in the next five years. Secondly, the line of defense against risks was consolidated. Senior management members strengthened the construction of various risk management systems, pushed forward the practical work of management and optimized the management process to keep improving refined risk management. Under unified leadership and careful deployment, senior management members focused efforts on the “100-Day Campaign” to clear debts and collections, and achieved remarkable results, further strengthening the foundation of asset quality management. Senior management members continued to carry out knowledge trainings on laws and regulations, case prevention compliance, and safety production, and organized various supervision, inspection, auditing, and rectification and clear-up work to further strengthen the risk awareness of the staff, establish the concept of compliance, and build a strong line of defense for safety production. Thirdly, the technology ability was improved. Senior management members strengthened top-level IT design and coordinated the development of technology and business to promote the work with technology. Fourthly, team building was strengthened. Senior management members established a market-based recruitment mechanism and actively conducted the selection and cultivation of management staff, business backbones and junior staff, building up a strong talent team for the Bank’s high-quality development.

**VI. OVERALL ASSESSMENT ON THE PERFORMANCE OF DUTIES BY SENIOR MANAGEMENT MEMBERS IN 2020**

In 2020, all senior management members, in strict accordance with the relevant laws and regulations of China, as well as the Articles of Association of the Bank, fully implemented various financial policies and regulatory requirements of China, and fully accomplished the operation objectives set by the Board of Directors in early 2020 in adherence to the principle of prudent operation. The senior management members performed their duties with due diligence, strictly complied with the relevant laws, regulations and the Articles of Association of the Bank, exercised the rights conferred by the Articles of Association of the Bank in a good-faith and honest manner, strictly implemented the resolutions of the Shareholders’ general meeting and the Board of Directors, accepted the supervision of the Board of

Supervisors, and performed their operational duties within their authority. All senior management members conducted in-depth reform and innovation. As a result, remarkable results were achieved in key tasks including accelerating the adjustment and optimization of the Bank's business structure, improving the Bank's risk management capability, enhancing internal control and management, optimizing the system and mechanism, promoting the steady operation of the Bank and practicing social responsibility. The senior management members took proper actions in formulating the business plan, capital management, annual financial budget, asset purchase and disposal, etc., exercised strict control over the liquidity risk and compliance of related party transactions of the Bank, and truthfully reported to the Board of Directors and the Board of Supervisors the operating results, financial position, risk profile, operating prospects and major events of the Bank. During the Reporting Period, the Board of Supervisors did not identify any senior management member of the Bank who had violated the laws, regulations and the Articles of Association of the Bank, exercised power beyond authority, or acted to the detriment of the interests of the Bank during performance of duties.

To sum up, in accordance with the Measures of the Board of Supervisors of Jinshang Bank Co., Ltd. for Supervision and Assessment on Performance of Duties of Senior Management Members (《晉商銀行股份有限公司監事會對高級管理層成員履職監督評價辦法》), the Board of Supervisors assessed the performance of duties by 11 senior management members of the Bank in 2020 and the results were all "Competent".

In 2021, senior management members should continue to focus on the following issues:

Firstly, senior management members should consistently pay attention to the improvement of the corporate governance quality, further study and deploy the important regulatory documents such as the Three-Year Action Plan for Improving Banking Sector and Insurance Sector Corporate Governance (2020-2022) (《健全銀行業保險業公司治理三年行動方案(2020-2022年)》), and pay attention to improving the integrity and coordination of all aspects of corporate governance, and help to build a scientific, stable and effective corporate governance structure of the Bank. On this basis, senior management members should adhere to the principle of prudence, take more responsibility, actively explore, effectively and practically strengthen the corporate governance level of the Bank, further normalize the performance of the senior management, further deepen reform and innovation, strengthen scientific and technological innovation, enhance the ability of scientific and technological support, optimize the business structure of the Bank, strengthen the comprehensive financial service capability of the Bank, continuously make efforts in the building of talent team, further strengthen the service concept, firmly build the line of defense in compliance, and make contributions to "blazing a new trail" in the transformation and development of Jinshang Bank.

Secondly, senior management members should continue to strengthen the implementation of the strategic plan formulated by the Board of Directors, provide solid foundations for basic business, improve basic products and services, integrate the business philosophy of “focusing on customers” and the concept of “creating value for customers” into service culture, marketing culture, risk culture and compliance culture, to meet the diversified financial needs of customers, fulfill social responsibilities, and further polish “Jinshang brand”.

Thirdly, senior management members should continue to shape the core competitiveness of compliance operation. With “compliance operation as the foundation of the Bank”, senior management members should continue to lead the Bank in firmly establishing the concept of “compliance operation creates value”, adhere to the development of business in accordance with the laws and regulations, tighten the constraint on behavior, strengthen compliance responsibility management for the first, second and third lines of defense, lay a solid foundation of internal control, effectively integrate the concept of compliance operation throughout all aspects of operation and development of the Bank, and adhere to steady and sustainable development.

Fourthly, senior management members should continue to improve the construction capacity of comprehensive risk management. While paying attention to business risks such as credit risk, market risk, liquidity risk, operational risk, reputation risk, strategic risk and information technology risk, senior management members should also deeply explore the trend of deferred development in risk, and continuously strengthen the prevention of special risks such as risk transmission and related party transactions. Senior management members should further promote the optimization and promotion of the comprehensive risk management system, form a controlling index system covering various important risks, effectively improve the ability of identification, measurement, monitoring and control of comprehensive risks, continuously ensure the execution of relevant systems of the Bank, further strengthen the dynamic monitoring and early warning capabilities for all kinds of risks, and redouble efforts to forestall and defuse all kinds of risks.

## CHAPTER I GENERAL PROVISIONS

Article 1 These Measures are formulated in order to strengthen the administration of the write-off of bad debts, dispose of asset losses in time and promote the healthy operational development according to the Administrative Measures for the Write-off of Bad Debts of Financial Enterprises (2017 Revision) (Cai Jin [2017] No. 90) (《金融企業呆賬核銷管理辦法(2017年修訂版)》(財金[2017]90號)), the Administrative Measures for the Pre-tax Deduction of Enterprise Property Losses (Announcement No. 25, 2011 of the State Administration of Taxation) (《企業資產損失所得稅稅前扣除管理辦法》(國家稅務總局公告2011年第25號)) and the Articles of Association of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司公司章程》) and in combination with the actual situation of the Bank.

Article 2 The “bad debts” as mentioned in these Measures include credit assets and non-credit assets, and refer to the creditor’s rights and equity assets that the Bank bears risks and takes losses, meets the conditions for recognition, and can be written off according to the prescribed procedures.

Article 3 The “write-off of bad debts” as mentioned in these Measures refers to the Bank’s internal procedures for handling losses. It refers to the accounting treatment method in which the Bank recognizes bad debts, offsets the provision for impairment of assets or directly adjusts profits and losses, and moves assets in-balance sheet into off-balance sheet.

Article 4 The Bank shall follow the basic principles of “meeting the identification conditions, providing effective evidence, writing off the account and putting it on file, and urging debt recovery with force” in writing off the bad debts. After the write-off of bad debts, the Bank shall continue to seek recourse with due diligence and maximize the recovery value as far as possible. The Bank implements the management principles of “hierarchical management, centralized examination and approval, territorial cancellation after verification and timely disposal” for the write-off of bad debts.

For hierarchical management, the preliminary verification of bad debts is conducted by branches (including sub-branches directly administered by our headquarters, the same below), business line management departments (including Corporate Finance Department, Small Business Finance Department, Personal Credit Loan Assets Management Department and other business line management departments, the same below) in accordance with the provisions of these Measures, Business Line Management Department in the Head Office and the Credit Risk Management Department in the Head Office exercise the audit function, and the Legal and Compliance Department exercises the legal review function, the Risk Management Committee in the Head Office performs the review function.

For centralized examination and approval, the Risk Management Department in the Head Office centrally reviews the data of credit assets or non-credit assets to be written off reported by each branch, and reports the data meeting the conditions for writing off to the Credit Risk Management Committee in the Head Office for deliberation, which will be approved by the competent person or authority.

For territorial cancellation after verification, after the information of credit assets or non-credit assets to be written off has been approved by the competent person, the Accounting Institutions of each branch shall, in accordance with the Cancellation Notice jointly issued by the Credit Risk Management Department in the Head Office and the Financial Accounting Department in the Head Office to each branch, carry out accounting treatment on the bad debts, transfer the written-off bad debts off the balance sheet for registration, accounting and management, and provide relevant business archives. The relevant business archives and declaration data shall be kept by the original management bank, and the management account shall be established.

Timely disposal refers to the timely write-off of all bad debts incurred, which truly reflects the quality of assets. All branches and business management departments shall timely report and write off the bad debts that meet the conditions for writing off, and shall not conceal, run up or cover up non-performing assets for a long time.

Article 5 The Shareholders' general meeting is the highest authority of the Bank in the administration of the write-off of bad debts. The annual plan for the write-off of bad debts and the write-off of bad debts beyond the plan must be submitted to the Shareholders' general meeting for consideration and approval. The Board of Directors and the President will approve to write off the bad debts in the plan according to the authorization.

Article 6 The Risk Committee in the Head Office is the deliberative body for the Bank to write off bad debts, and all relevant departments carry out the write-off of bad debts under the leadership and decision-making of the Risk Management Committee in the Head Office.

The office of the Risk Management Committee in the Head Office is set up in the Risk Management Department in the Head Office, which is responsible for proposing the write-off amount of annual bad debts. The Assets and Liabilities Management Department is responsible for preparing the annual plan for the write-off of bad debts according to the write-off amount of bad debts proposed by the Risk Management Department, incorporating it into the draft annual financial budget, and submitting it to the Board of Directors for consideration and the Shareholders' general meeting for approval.

Each branch is responsible for providing the verification materials of bad debts and tax approval certification materials; each business line management department of the Head Office is responsible for reviewing the verification materials of bad debts; the Risk Management Department in the Head Office is responsible for reviewing the verification materials of bad debts; the Legal and Compliance Department in the Head Office is responsible for reviewing the proposed verification materials of bad debts and issuing compliance opinions; the Financial Accounting Department in the Head Office is responsible for formulating the accounting and audit rules of bad debts and taking the lead in reporting the pre-tax deduction of bad debts to the tax authorities.

## CHAPTER II RECOGNITION OF BAD DEBTS

Article 7 The creditor's rights or equity interest that meet one of the following conditions can be recognized as bad debts to be written off after the Bank takes necessary measures and implements necessary procedures:

(I) The remaining creditor's rights that cannot be recovered after the Bank has paid off the property of the borrower and has sought recourse against the guarantor in case that the borrower have legally declared bankrupt, closed down, dissolved or deregistered, and the relevant procedures have been terminated; the remaining creditor's rights that cannot be recovered after the Bank has sought recourse against the borrower and the guarantor and the court or bankrupt manager issues a certificate or an internal settlement report in case that the bankruptcy procedure has not been terminated for more than 180 days after the court declares the borrower bankrupt in accordance with the law;

(II) The remaining creditor's rights that cannot be recovered after the Bank has recovered the property or inheritance according to law and has sought recourse against the guarantor in case that the borrower dies, or declares missing or dead in accordance with the relevant provisions of the civil law, or loses full capacity for civil conduct or labor;

(III) The remaining creditor's rights that cannot be recovered after the Bank has paid off the property and has sought recourse against the guarantor in case that the borrower suffers from natural disasters or accidents and is unable to obtain insurance compensation for his losses, or he is really unable to repay part or all of his debts after insurance compensation;

(IV) The remaining creditor's rights that cannot be recovered after the Bank has sought recourse against the borrower and the guarantor in case that the borrower has completely ceased business activities, whose business license has been canceled or revoked by the administrative department for industry and commerce at or above the county level in accordance with the law;

(V) The remaining creditor's rights that cannot be recovered after the Bank has sought recourse against the borrower and the guarantor in case that the borrower, who has completely ceased operating activities or whose whereabouts are unknown, has not fulfilled the obligation of publicizing the annual report of the enterprise for more than three years<sup>1</sup>;

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<sup>1</sup> Reform Plan of Registered Capital Registration System (Guo Fa [2014] No. 7) (《註冊資本登記制度改革方案》(國發[2014]7號)) of the State Council : Reform the annual inspection and certification system: change the annual inspection system of enterprises into the annual report publicity system of enterprises. For enterprises that fail to publicize the annual report within the prescribed time limit, the administrative department for industry and commerce shall record them in the list of business exception on the credit information publicity system of market entities, and remind them to fulfill the obligation of publicizing the annual report. If an enterprise fulfills its obligation of publicizing the annual report within three years, it may apply to the administrative department for industry and commerce for restoring the normal record status; otherwise, the administrative department for industry and commerce shall permanently record it in the list of business exception, and shall not return it to the normal record state, and include such enterprise in the list of serious illegal enterprises (the "blacklist").

(VI) The remaining creditor's rights that cannot be recovered after the Bank has sought recourse in case that the borrower violates the criminal law and is sentenced to penalty according to law, resulting in the loss of repayment ability, the property of the borrower is insufficient to repay the borrowed debt, and there is no other debt undertaker;

(VII) The remaining creditor's rights that cannot be recovered after they have been enforced by law for more than 180 days in case that the borrower and the guarantor are unable to repay the debts due, even though the Bank appeals to law, the borrower and the guarantor have property; or the creditor's rights in case that although the borrower and the guarantor have property, after entering the compulsory execution procedure, the court decided to terminate (suspend) the execution or terminate the execution procedure due to difficulties in execution and other reasons; or the creditor's rights in case that the borrower and the guarantor have no property to be enforced, the court decided to terminate (suspend) the execution or terminate the execution procedure;

(VIII) The remaining creditor's rights that cannot be recovered after the Bank has sought recourse against the guarantor in accordance with the bankruptcy reorganization agreement or the bankruptcy reconciliation agreement passed by the court in case that the borrower and the guarantor enter into the reorganization or reconciliation procedure in accordance with the relevant provisions of the Bankruptcy Laws after the Bank resorts to the law against the borrower and the guarantor;

(IX) The remaining creditor's rights that cannot be recovered after the Bank has sought recourse against the guarantor according to the settlement agreement or the conciliation statement issued under the auspices of the court and it is recorded in the execution records, after the Bank resorts to the law against the borrower and the guarantor;

(X) The remaining creditor's rights that cannot be recovered after the Bank has sought recourse after appealing to the law against the borrower and the guarantor, the lawsuit is rejected by the court or the borrower and the guarantor are judged not to bear (or partially bear) the responsibility due to the disqualification or extinction of the borrower and the guarantor; or because the loan contract, guarantee contract and other right certificates are lost or exceed the statute of limitations;

(XI) The remaining creditor's rights that cannot be recovered after seeking recourse in case that the Bank has acquired the assets for debt repayment in accordance with the law, and the balance between the amount of debt repayment and the principal and interest of the loan conforms to the reasons mentioned in (I) to (X) above;

(XII) The advance payment that cannot be recovered by the Bank after seeking recourse in case that the business applicants and guarantors are unable to repay the advance payment incurred in the process of opening letters of credit, handling acceptance bill, issuing letters of guarantees, etc. due to the above reasons (I) to (XI);

(XIII) The difference between the recovered funds and the balance of the creditor's rights or equity interest in accordance with the transfer agreement or debt relief agreement after the Bank disposes of the creditor's rights or equity interest by means of package sale, public auction, transfer, debt relief, debt to equity swap, credit asset securitization and other market means;

(XIV) The remaining creditor's rights that cannot be recovered after more than 180 days of recourse for corporate loans with a single loan balance of RMB5 million or less;

(XV) The remaining creditor's rights that the Bank still fails to recover after seeking recourse against the borrower, guarantor or other repayment obligors due to the fact that the borrower, guarantor or its legal representative or actual controller is suspected of committing crimes, or due to the Bank's internal cases, which have been formally put on file for more than one year by the public security organs or procuratorial organs for investigation;

(XVI) The Bank can write off the loans of small and medium-sized enterprises and agriculture related loans with a single loan balance of RMB60 million or less, which cannot be recovered after more than 180 days of recourse, according to the principle of writing off the account and putting it on file; for the loans of farmers with a single loan balance of RMB50,000 or less, the Bank can write off them using list approach. Among them, the standards for small and medium-sized enterprises are the enterprises whose annual sales and total assets are not more than RMB200 million, and the agriculture related loans are the loans for farmers and loans for rural enterprises and all kinds of organizations according to the Notice of the People's Bank of China and the China Banking Regulatory Commission on the Establishment of Special Statistical System for Agricultural Loans (Yin Fa [2007] No. 246) (《中國人民銀行中國銀行業監督管理委員會關於建立〈涉農貸款專項統計制度〉的通知》(銀發[2007]246號)), future changes should be made according to the regulations);

(XVII) The Bank can independently write off the individual business loans with a single loan balance of RMB10 million or less that cannot be recovered after more than 180 days of recourse according to the principle of writing off the account and putting it on file; the personal business loans are the operational loans issued by the Bank in accordance with the Interim Measures for the Administration of Personal Loans (Decree No. 2 of CBRC in 2010) (《個人貸款管理暫行辦法》(銀監會令2010年第2號)), the flow of its funds can be effectively monitored by the Bank and which can be proved to meet the requirements for the purpose agreed in the contract;

(XVIII) The remaining creditor's rights that cannot be recovered after recourse for more than 180 days for individual non-mortgage (pledge) loan with single loan balance of RMB300,000 or less, invalid mortgage (pledge) loan or loans that collaterals (pledges) have been disposed of. Among them, if the balance of a single enterprise is less than RMB50,000, it can be written off in the form of list;

(XIX) The Bank's overseas equity interest invested in accordance with national laws and regulations or approved by regulatory authorities that meet one of the following conditions:

1. The equity interest that cannot be recovered by the Bank after liquidation and recourse in case that the invested enterprise is declared bankrupt, closed down, dissolved or canceled according to law;
2. The equity interest that cannot be recovered by the Bank after recourse in case that the invested enterprise which has completely ceased its business activities and whose business license has been canceled or revoked by the administrative department for industry and commerce at or above the county level in accordance with the law;
3. The equity interest that cannot be recovered by the Bank in case that the financial condition of the invested enterprise seriously deteriorates and the invested enterprise has accumulated losses, and has ceased operation for more than 3 consecutive years, and it has no plan to resume operation and reorganize; or in case that the financial condition of the invested enterprise seriously deteriorates and the invested enterprise has accumulated losses, and has completed bankruptcy liquidation or liquidation period for more than 2 years;
4. The equity interest that cannot be recovered by the Bank in case that the Bank has no control over the invested enterprise, and the investment period expires or exceeds 10 years, and the invested enterprise is insolvent.

(XX) The loss of debt securities investment or fund investment that has lost liquidity and cannot be traded in the market can be regarded as bad debt; among them, in case that the structured products invested by financial enterprises, the principal of guaranteed debt certificates and asset securitization products cannot be paid due to the liquidation of structured products or the loss of assets in the relevant asset pool, and they cannot be disposed by market-oriented means, the loss of debt securities investment or fund investment can be regarded as bad debt;

(XXI) The remaining creditor's rights and equity interest that have formed non-performing assets for more than 8 years and have not been recovered after due diligence;

(XXII) The creditor's rights written off as per the special approval of the State Council.

Article 8 After taking necessary measures and implementing necessary procedures, the bank card overdraft, overdraft interest and handling charges that meet one of the following conditions can be identified as bad debts:

(I) The remaining creditor's rights that cannot be recovered after the Bank paid off his property and has sought recourse against the guarantor in case that the cardholder is declared bankrupt in accordance with the law;

(II) The remaining creditor's rights that cannot be recovered after the Bank recovers his property or heritage and has sought recourse against the guarantor in case that the cardholder dies, or is declared missing or dead in accordance with relevant civil laws, or loses full capacity for civil conduct or labor;

(III) The remaining creditor's rights that cannot be recovered after the Bank has paid off his property and has sought recourse against the guarantor in case that the cardholder suffers from natural disasters or accidents and is unable to obtain insurance compensation for his losses, or he is really unable to repay part or all of his debts after insurance compensation;

(IV) The remaining creditor's rights that cannot be recovered after the Bank has claimed compensation from the cardholder and the guarantor in case that the cardholder is closed with the approval of relevant authorities due to poor operation management and insolvency, and the business license is canceled or revoked by the administrative department for industry and commerce at or above the county level according to law, or fails to fulfill the obligation of publicizing the annual report of the enterprise for more than three years;

(V) The remaining creditor's rights that cannot be recovered after the Bank has claimed compensation in case that the cardholder violates the criminal law and is sentenced to punishment according to law, resulting in his loss of repayment ability, and his property is insufficient to repay the overdrawn money, and there is no other debt bearer;

(VI) The remaining creditor's rights that cannot be recovered after more than 180 days the cardholder and guarantor have been in compulsory execution in case that the cardholder and guarantor cannot repay their due debts, the Bank has resorted to the law, after court judgment or arbitration and the compulsory execution procedure, and although the cardholder and guarantor have enough property; or the surplus value in case that although the cardholder and guarantor have enough property, after entering the compulsory execution procedure, due to difficulties in execution and other reasons, the court decided to terminate (suspend) the execution or terminate the execution procedure; or the remaining creditor's rights in case that the cardholder and guarantor have no property, the court decided to terminate (suspend) the execution or terminate the execution procedure; the remaining creditor's rights that cannot be recovered according to the settlement agreement reached through mediation by the court;

(VII) The remaining creditor's rights that cannot be recovered after the Bank has claimed compensation after resorting to the law against the cardholder and the guarantor, the court rejected the lawsuit or sentenced the borrower not to bear (or partially bear) the responsibility because of the inconsistency or demise of the cardholder and the guarantor, or because the loan contract, guarantee contract and other right certificates are lost or exceed the statute of limitations;

(VIII) The remaining creditor's rights that cannot be recovered in case of suspected credit card fraud (excluding merchant fraud) against which the public security organs or procuratorial organs formally filed for investigation for more than 180 days;

(IX) The difference between the recovered funds from its disposal and the balance of creditor's rights according to the transfer agreement after the Bank has disposed the creditor's rights by market-oriented means such as securitization of credit assets;

(X) The remaining creditor's rights that cannot be recovered after seeking compensation for more than 1 year and not less than 6 times for the loan principal of a single account less than RMB100,000 (or equivalent in foreign currency);

(XI) The remaining creditor's rights that cannot be recovered after seeking compensation for more than 180 days and not less than 6 times for the loan principal of a single account less than RMB50,000 (or equivalent in foreign currency).

Article 9 After the Bank takes necessary measures and implements necessary procedures, student loans (including unsecured national student loans) that meet one of the following conditions can be recognized as bad debts:

(I) The loan with collateral (pledge) and guarantors that cannot be recovered after the Bank has disposed the collateral (pledge) of student loans according to law and sought recourse against guarantors for joint and several liabilities within the effective recourse period determined by the Bank after loans overdue, or the loan without collateral (pledge) and guarantors that cannot be recovered after the Bank has claimed compensation according to law;

(II) The student loan that cannot be recovered after the Bank has resorted to the law, disposed the collateral (pledge) of the student loan according to law and sought recourse against the guarantor for joint and several liability as the borrower and the guarantor cannot repay the debts due; the student loan that cannot be recovered after the borrower and guarantor have been subjected to compulsory execution for more than 180 days although they have enough property; or the student loan that cannot be recovered in case that the borrower and guarantor have enough property, but after entering the compulsory execution procedure, due to difficulties in execution and other reasons, the court determined to terminate (suspend) the execution or terminate the execution procedure; or the student loan that cannot be recovered in case that the borrower and guarantor have no property to execute and the court decided to terminate (suspend) the execution or terminate the execution procedure;

(III) If the borrower dies, the Bank may write off the student loan without recourse to the borrower.

**CHAPTER III APPROVAL PROCEDURES FOR BAD DEBT WRITE-OFF**

Article 10 The conditions must be strictly identified for bad debt write-off, so as to provide conclusive evidence, seriously investigate the responsibility, report, review and approve step by step, keep it confidential to the public, and save the accounts after write-off.

Article 11 Procedures for bad debt write-off are as follows:

**(I) Report**

1. Each reporting unit shall prepare the data of bad debts to be written off as required, and submit it to the competent department of the business lines of the Head Office for review. Specific responsibilities are as follows:

(1) Collect and sort out the data of bad debts to be written off, and be responsible for the authenticity, integrity and legality of the declared data;

(2) Issue the Investigation Report of Jinshang Bank on Bad Debt Write-off of XX (or Personal Name) (《晉商銀行關於\*\*公司(或個人名稱)呆賬核銷的調查報告》) by account. The content of the investigation report includes but is not limited to: the basic situation of bad debt business; guarantee situation; accountability; causes of bad debts; collection and recovery; necessity and basis of write-off; conclusion.

(3) Issue a request document of bad debt write-off according to the institution;

(4) Fill in the Application for Bad Debt Write-off of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司呆賬核銷申報表》) by account (hereinafter referred to as the Application);

(5) Prepare the data catalog for reporting bad debt write-off by account.

2. The competent department of the business lines of the Head Office shall examine the data of bad debts to be written off submitted by the reporting unit, and after passing the examination, transfer the data of bad debts to be written off to the Risk Management Department of the Head Office for review. Specific responsibilities are as follows:

(1) Review the authenticity, integrity and legality of the application data, and return the data that do not meet the conditions for write-off of bad debts to the original applicant;

(2) For businesses that meet the conditions for write-off of bad debts, after issuing an examination report by account, sign opinions in the Application;

(3) Transfer the qualified data of bad debts to be written off to the Risk Management Department of the Head Office for review.

**(II) Review**

The Risk Management Department of the Head Office shall review the data of bad debts to be written off transferred by the competent departments of business lines, and after passing the review, transfer the data of bad debts to be written off to the Legal and Compliance Department of the Head Office for compliance review. Specific responsibilities are as follows:

1. Review whether the data of bad debts to be written off conform to the conditions and standards for writing off bad debts stipulated in these Measures;
2. For businesses that meet the conditions for write-off of bad debts, after issuing a review report by account, sign opinions in the Application;
3. The data of bad debts to be written off shall be transferred to the Legal and Compliance Department of the Head Office for compliance review.

**(III) Compliance review**

The Legal and Compliance Department of the Head Office shall conduct compliance review on the data of bad debts to be written off transferred by the Risk Management Department, and return the data of bad debts to be written off to the Risk Management Department of the Head Office after passing the review. Specific responsibilities are as follows:

1. Ensure that the accountability institution has identified and investigated the responsibilities of the responsible persons according to the accountability methods and standards stipulated by the Bank;
2. Review the compliance of loan write-off, and find out whether the reporting, examination and review of bad debt write-off meet the requirements of the bad debt write-off procedure.
3. Issue a compliance review report and return it to the Risk Management Department of the Head Office together with the data of bad debts to be written off.

**(IV) Approval**

The Risk Management Department of the Head Office shall summarize and sort out the bad debt data that meet the requirements for write-off of bad debts and are approved for write-off after compliance review, and submit them to the Risk Management Committee of the Head Office for deliberation. After deliberation, the data shall be submitted to the competent approver (or approval authority) for approval.

**(V) Accounting treatment**

The Risk Management Department and the Financial Accounting Department of the Head Office jointly prepared the Notice of Bad Debt Write-off of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司呆賬核銷通知書》) according to the approval results of the authorized approver, and notified the reporting units of the bad debts that were approved for write-off, and the corresponding operating departments carried out accounting treatment.

**(VI) Tax deduction**

Each reporting unit shall, in conjunction with the financial departments at all levels, provide relevant supporting evidence as required by the tax authorities, and timely report the pre-tax deduction of bad debt losses.

**CHAPTER IV ACCOUNTING TREATMENT OF BAD DEBT WRITE-OFF**

Article 12 The Operational Management Department of the accounting institution shall conduct accounting treatment for the write-off of bad debts according to the Notice of Resolution on Write-off of Bad Debts (《呆賬核銷決議通知書》) and the verified list of write-off of bad debts. When writing off bad debts, it is necessary to confirm the provision for asset impairment of bad debts to be written off, and offset the book balance of bad debts to be written off together with the provision for asset impairment. When a loan is written off, the corresponding off-balance sheet interest and off-balance sheet uncollected investment income shall be accounted for together with its principal, and the balance of interest and uncollected investment income shall be accounted for according to the balance during accounting treatment.

Article 13 The principal and interest arrears of bad debts that have been written off shall be registered and accounted for off-balance sheet in accounting institutions.

Article 14 The Bank still reserves the right of recourse for bad debts that have been written off.

**CHAPTER V MANAGEMENT OF WRITE-OFF OF BAD DEBTS**

Article 15 The Bank implements the system of identifying and investigating the liability for bad debts, the responsible person shall be held accountable according to the Administrative Measures for the Accountability of Jinshang Bank for Its Violations according to the amount and the nature of violations.

Article 16 In the write-off of bad debts, if there is no conclusive evidence, or if the write-off is reported by fraud, the responsible person shall be investigated for responsibility according to the Administrative Measures for the Accountability of Jinshang Bank for Its Violations.

Article 17 Banks and departments at all levels must keep confidential. Except for the following relationship between creditor's rights and debts or investment and investee has completely ended as specified by laws and regulations, the bad debts that have been written off shall be "saved for the accounts after write-off", and a bad debt write-off ledger and off-balance sheet registration shall be established, with separate account for management and accounting. The file management of bad debt write-off shall be strengthened according to the relevant provisions on file management. Relevant information shall not be disclosed to borrowers and guarantors.

The completely end of the relationship between creditor's rights and debts or between investment and investee as specified by laws and regulations includes:

1. The loan included in the national merger and bankruptcy plan to write off;
2. The creditor's rights written off as per the special approval of the State Council;
3. The creditor's rights that the court decides to terminate the execution or are judged by the court (or the arbitration institution decides) that the borrower does not bear (or partially bears) the responsibility and settles all the creditor's rights and debts;
4. The creditor's rights written off according to the reorganization agreement or settlement agreement ruled by the court after the implementation of the reorganization agreement or settlement agreement is completed;
5. The creditor's rights that have been more than 2 years since the court ruled that the bankruptcy case ended;
6. The difference between the recovered funds and the balance of creditor's rights or equity interest after the transferee or borrower performs relevant obligations in accordance with the transfer agreement or debt relief agreement after the Bank has disposed the creditor's rights or equity interest by market means such as packaged sale, public auction, transfer, debt relief, debt-to-equity swap and credit asset securitization according to regulations;
7. The creditor's rights that have been rejected by the court, or have exceeded the limitation of litigation (or the limitation of arbitration) and failed to be remedied for more than 2 years.
8. Other situations in which debt relations or investment relations are terminated according to law.

In case of any violation of these Measures by colluding internally and externally to give up bad debts to the debtor, the relevant responsible person shall be dealt with severely.

Article 18 Except for the situation that the relationship between creditor's rights and debts or investment and investee has completely ended as stipulated by laws and regulations, the Bank continues to reserve the right of recourse for the bad debts that have been written off, and the off-balance sheet interest is still accrued for the bad debts that have been written off. Each bad debt write-off application institution appoints a special person to continue to collect the principal and interest owed. After the write-off, the data related to the write-off shall be provided to the impairment valuation personnel, and the branches involved shall make a supplementary record of non-performing assets.

The accounting institution shall specify a special person to manage and collect the written-off creditor's rights and equity, and the Asset Preservation Department of the Head Office shall establish a detailed account of the written-off creditor's rights or equity interest, and urge relevant departments and branches to keep proper management and collection after the write-off.

Article 19 The Audit Department of the Head Office shall, in accordance with the internal audit requirements, conduct regular or irregular audits on the write-off system, write-off conditions and procedures, asset management after write-off, responsibility determination and investigation, conduct special audits on the write-off of bad debts in the previous year and this year, and issue special audit reports within 5 months after the end of the year.

Article 20 The Bank shall, within 6 months after the end of each fiscal year, submit to the Shanxi Finance Bureau the write-off of bad debts in the previous year and the special audit report.

#### **CHAPTER VI FILE MANAGEMENT**

Article 21 The Bank shall handle the written-off bad debts in accordance with the principle of "saving the accounts after write-off, and vigorously collecting as long as there is still the right", establish a bad debt write-off ledger and off-balance sheet registration, set up a separate account for management and accounting, and strengthen the file management of the write-off of bad debts in accordance with the national file management regulations.

#### **CHAPTER VII SUPPLEMENTARY PROVISIONS**

Article 22 The Measures shall be submitted to the Board of Directors for deliberation and to the Shareholders' general meeting for approval, and the Risk Management Committee of the Head Office shall be responsible for interpretation.

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## APPENDIX VII BIOGRAPHICAL DETAILS OF PROPOSED EXECUTIVE DIRECTORS

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The biographical details of the two Executive Directors are as follows:

**Ms. HAO Qiang (郝強)**, aged 48, was a vice president of the Bank from November 2017 to April 2021. Ms. Hao has over 25 years of experience in banking industry. She joined the Bank in September 2008 and worked at the preparatory team of the Bank from September 2008 to May 2009, and served as the general manager of the credit review department (授信審查部) of the Bank from May 2009 to May 2013, as the principal (負責人) and then the president of Jinyang sub-branch of the Bank from May 2013 to January 2015, as the assistant to the president of the Bank and the general manager of the corporate finance department (公司金融部) from January 2015 to November 2017, during which period she was also the general manager of the investment banking department (投資銀行部) of the Bank from April 2015 to January 2017 and as the secretary to the Board of Directors from June 2017 to April 2019. Prior to joining the Bank, Ms. Hao successively worked at the Taiyuan branch and Shanxi branch of Industrial and Commercial Bank of China Limited (中國工商銀行股份有限公司) (“ICBC”) (a company listed on the Shanghai Stock Exchange with stock code 601398, and on The Stock Exchange of Hong Kong Limited with stock code 1398) from December 1993 to September 2008.

Ms. Hao obtained a bachelor’s degree in English from Shanxi Normal University (山西師範大學) in Shanxi Province, the PRC, in June 1993. She completed the on-the-job postgraduate study in finance of Shanxi University of Finance and Economics (山西財經大學) in Shanxi Province, the PRC, in July 2003. Ms. Hao completed the EMBA core courses training program of ICBC and obtained the training certificate in November 2005.

As of the date of this circular, to the best knowledge of the Bank, Ms. Hao has not been subject to sanction by the PRC banking regulatory authorities, PRC securities regulatory authorities or other relevant authorities or to disciplinary action by stock exchange.

**Mr. ZHANG Yunfei (張雲飛)**, aged 50, has been appointed as the vice president of the Bank since April 2021, subject to the approval from CBIRC Shanxi Office, taking up duties and responsibilities of the president of the Bank and being responsible for the daily operation and management of the Bank. Mr. Zhang has more than 25 years of experience in banking industry. Mr. Zhang joined the Bank in September 2009 and worked at the Bank’s risk management department from September 2009 to January 2014 and served as the general manager of the risk management department of the Bank from May 2013 to January 2014, and as the chief risk officer of the Bank from May 2011 to April 2021. Prior to joining the Bank, Mr. Zhang successively worked at the Taiyuan branch and Shanxi branch of ICBC (a company listed on the Shanghai Stock Exchange with stock code 601398, and on The Stock Exchange of Hong Kong Limited with stock code 1398) from December 2006 to August 2009.

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## APPENDIX VII BIOGRAPHICAL DETAILS OF PROPOSED EXECUTIVE DIRECTORS

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Mr. Zhang obtained a bachelor's degree in international trade from Shanxi Economics Management College (山西經濟管理學院) (currently known as Shanxi University of Finance and Economics (山西財經大學)) in Shanxi Province, the PRC, in July 1994. Mr. Zhang is a middle level economist granted by ICBC in July 1999. For the details of the warning Mr. Zhang received from CBIRC Shanxi Office as our chief risk officer in March 2018, please refer to the 2020 annual report of the Bank.

Save as disclosed above and to the knowledge of the Bank, as of the date of this circular, Mr. Zhang has not been subject to sanction by the PRC banking regulatory authorities, PRC securities regulatory authorities or other relevant authorities or to disciplinary action by stock exchange.

Since 2020, the Bank has continued to attach great importance to related party transaction management, further optimize the review procedure of related party transactions, promote the fine management of related party transactions, improve the daily monitoring, statistics analysis and reporting of related party transactions, enhance the training on related party transaction management and spare no efforts to improve the management of related party transactions so as to ensure the continuous and effective operation of the related party transaction management mechanism and support the rapid business development of the Bank. The details of related party transaction management across the Bank during 2020 are reported as follows:

## **I. WORK PERFORMED BY RELATED PARTY TRANSACTIONS CONTROL COMMITTEE**

The Related Party Transaction Control Committee held two meetings in 2020, in which the Committee mainly approved proposals such as credit for material related party transactions, confirmation of the cap of the related party transactions during the past three years, report on related party transactions for the first half of 2020 and the list of related parties, and reported to the Board of Directors and the Board of Supervisors.

## **II. IMPLEMENTATIONS OF RELATED PARTY TRANSACTION MANAGEMENT SYSTEM**

### **(I) Implementation of the regulatory requirements to improve the quality of related party transaction management**

To further regulate the related party transaction management and implement the requirements of regulatory laws and regulations, the Bank submitted the Administrative Measures of Jinshang Bank Co., Ltd. for Related Party (Connected) Transactions (《晉商銀行股份有限公司關聯(連)交易管理辦法》) and the Detailed Rules for the Implementation of Management of Related Party (Connected) Transactions of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司關聯(連)交易管理實施細則》) to the regulatory authorities for filing in April 2020.

Pursuant to the regulatory requirements, the Bank further strengthened the internal audit of related party transactions, explicitly required the Audit Department to conduct special audits of related party transactions for the previous year across the Bank at the beginning of each year and report the audit results to the Board of Directors and the Board of Supervisors. The Board of Directors of the Bank reported the implementation of the related party transaction management system and the special report on related party transactions for the previous year to the general meeting on an annual basis. In the first half of 2020, the Bank has completed the special report on related party transactions for 2019 and submitted it to the general meeting for consideration and approval. The Audit Department of the Bank has completed the special audit of related party transactions for 2019.

**(II) Optimizing management of the related parties to lay solid foundation for related party transaction management**

Since 2020, the Bank has further strengthened the internal identification and penetrating capacity for related party transactions to improve the related party management of the Bank. The Bank managed the list of related parties on a dynamic basis. The Bank identified the list of related parties again in 2020 to ensure the integrity, accuracy and timeliness of related party information. In August 2020, the Board of Directors determined 691 related natural persons and 2,599 related legal persons in terms of CBIRC; 273 connected natural persons and 6,760 connected legal persons in terms of listing.

In order to improve the timeliness and effectiveness of collection of the related party information, the Bank actively optimized the related party management mechanism. The list of related parties was distributed throughout the Bank after being reviewed by the Board of Directors. The related party transaction management was conducted on the basis of that list. At the same time, the Bank supervised the related party management department to update the list of related parties in real time, actively collect related customer information and add such information into the credit management system to ensure that the related party ID information in the system is consistent with the account opening information, thus realizing effective collection of related party transaction data. In addition, the Bank identified the connected relationship of its shareholders in various ways. In addition to relying on the list provided by shareholders, the Bank also identified related parties through third-party platforms (Qichacha (企查查), Qixinbao (啟信寶) and Tianyancha (天眼查)).

**(III) Strengthening daily monitoring of related party transactions to strictly control risks of related party transactions**

In strict accordance with the requirements of the Administrative Measures of Jinshang Bank Co., Ltd. for Related Party (Connected) Transactions (《晉商銀行股份有限公司關聯(連)交易管理辦法》) and the Detailed Rules for the Implementation of Management of Related Party (Connected) Transactions of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司關聯(連)交易管理實施細則》), the Bank identified related party transactions, regularly monitored related party transactions including both single related party transactions and continuous transactions to satisfy the external laws, regulations and regulatory requirements on pricing, approval and regulatory indicators of related party transactions and ensure that the Bank's related party credit limit does not exceed the regulatory limit.

#### **(IV) Strictly implementing the regulatory stipulations to ensure the compliance of related party transactions**

According to the regulations of CBIRC, the credit balance of a commercial bank to a related party shall not exceed 10% of the net capital of that commercial bank. The total credit balance of a commercial bank to the group customers of a related legal person or other organization shall not exceed 15% of the net capital of that commercial bank. The credit balance of a commercial bank to all related parties shall not exceed 50% of the net capital of that commercial bank. As of the end of 2020, related party transaction indicators of the Bank met the regulatory requirements of CBIRC. The related party credit balance to the largest single customer was RMB1.2 billion, accounting for 5.27% of the net capital of the Bank. The related party credit balance to the largest single group customer was RMB2.394 billion, accounting for 10.52% of the net capital of the Bank. The total related party credit balance amounted to RMB5.893 billion, accounting for 25.90% of the net capital of the Bank, satisfying the regulatory requirements.

In 2020, the related party transaction management mechanisms of the Bank operated smoothly and all related party transactions operated in a standardized manner, ensuring the compliance of related party transactions.

### **III. OVERVIEW OF RELATED PARTY TRANSACTIONS DURING 2020**

#### **(I) Overview of Related Party Transactions in Terms of the CBIRC**

##### ***1. Overall related party transactions***

Currently, the Bank conducts its related party transactions in the form of granting credit to major non-natural person shareholder customers. According to the Administrative Measures for the Related Party Transactions between the Commercial Banks and their Insiders or Shareholders (《商業銀行與內部人和股東關聯交易管理辦法》) of the CBIRC and the Administrative Measures of Jinshang Bank Co., Ltd. for Related Party (Connected) Transactions (《晉商銀行股份有限公司關聯(連)交易管理辦法》), major non-natural person shareholder means any non-natural person shareholders who directly, indirectly, jointly hold or control more than 5% of the shares or voting rights of a commercial bank.

As at the end of 2020, the balance of related party transactions between the Bank and its related parties was RMB5.893 billion, accounting for 25.90% of the net capital of the Bank, meeting the regulatory requirements. Moreover, our credit business to related shareholders and related credit risk exposure were normal loans with good business quality. In terms of quantity, structure and quality of transaction, the related party transactions did not have material effects on the normal operation of the Bank. The non-performing loan ratio of related party loans of our shareholders is zero, and the quality of related party credit is better than the average credit level of the Bank as a whole.

**Credit of related group in terms of CBIRC at the end of 2020***Unit: RMB0'000 Yuan*

No.	Name of related groups	Credit balance	Credit concentration
1	Shanxi Coking Coal Group Co., Ltd. (山西焦煤集團有限責任公司)	239,373.63	10.52%
2	Shanxi Lu'an Mining (Group) Co., Ltd. (山西潞安礦業(集團)有限責任公司)	129,041.40	5.67%
3	Jinneng Group Co., Ltd. (晉能集團有限公司)	112,254.85	4.93%
4	Jinneng Holding Equipment Manufacturing Group Co., Ltd. (晉能控股裝備製造集團有限公司)	84,259.55	3.70%
5	Changzhi Nanye Industry Group Co., Ltd. (長治市南燁實業集團有限公司)	15,400.00	0.68%
6	Shanxi Financial Investment Holding Group Co., Ltd. (山西金融投資控股集團有限公司)	8,959.48	0.39%
	Total	<u>589,288.92</u>	<u>25.90%</u>

**2 Pricing of related party transactions**

Since 2020, the related party transactions between the Bank and its related parties have been priced objectively and fairly. Prices and charges of all related party transactions were determined on normal commercial principles and in a market-oriented manner. The related party transactions were conducted on terms no superior to the terms available to similar transactions with non-related parties. The relevant transaction terms are reasonable and are in the overall interests of the Bank and shareholders. According to the Administrative Measures of Jinshang Bank Co., Ltd. for Related Party (Connected) Transactions (《晉商銀行股份有限公司關聯(連)交易管理辦法》), for related party transactions that is a credit granting, the corresponding price was determined in accordance with the relevant credit pricing management measures and considering the ratings and risks of related party customers so as to ensure the legality and fairness of the pricing of related party transactions of the Bank. The Bank has strictly implemented the regulations of CBIRC on forbidding the issuance of unsecured loans to related parties, forbidding the provision of guarantees for financing activities of related parties, and forbidding the acceptance of the Bank's equity as pledge to provide credit.

**(II) Overview of Related Party Transactions in Terms of Listing**

According to the Hong Kong Listing Rules, the term of written agreement for continuing connected transactions must be fixed and reflect the normal commercial terms or better. The agreement term shall not exceed three years except in special circumstances.

According to various business conducted by the Bank with related groups and reasonable growth in future, it is expected that the annual caps of related party transactions by the Bank with connected persons will exceed the relevant proportion requirements specified in the Hong Kong Listing Rules in the forthcoming three years. Thus, at the beginning of 2020 the Bank submitted applications regarding the caps of related party transactions for 2020-2022 conducted by the Bank with Financial Holding Group and Nanye Group; and the caps of transactions for 2020-2021 conducted by the Bank with SSCO Group (國投集團) and Huaneng Group.

In the first quarter of 2020, the general meeting of the Bank considered and approved resolutions regarding caps of related party transactions conducted by the Bank with connected persons Shanxi State-owned Capital Operation Co., Ltd (山西省國有資本運營有限公司) and its associates (“SSCO Group”) and Huaneng Capital Service Co., Ltd. (華能資本服務有限公司) and its associates (“Huaneng Group”) to raise limits of fees and volume of each transaction for 2020-2021 conducted by the Bank with SSCO Group and Huaneng Group.

In the first quarter of 2020, the Board of the Bank considered and approved resolutions regarding caps of related party transactions between the Bank and connected persons Shanxi Financial Investment Holdings Co., Ltd. (山西金融投資控股集團有限公司) and its associates (“Financial Holding Group”) and Changzhi Nanye Industry Group Co., Ltd. (長治市南燁實業集團有限公司) and its associates (“Nanye Group”) to raise limits of fees of transactions for 2020-2022 conducted by the Bank with Financial Holding Group and Nanye Group.

**Caps of related party transaction disclosed by the Bank in 2020***Unit: RMB0'000 Yuan*

No.	Transaction year	Type of transaction (caps)	SSCO Group	Huaneng Group	Financial	
					Holding Group	Nanye Group
1	2020	Fee income	21,500	46,000	4,500	3,500
		Fee expense	0	4,000	1,100	0
		Transaction volume	0	970,000	0	0
2	2021	Fee income	28,500	57,000	7,300	6,000
		Fee expense	0	5,400	1,200	0
		Transaction volume	0	1,234,000	0	0
3	2022	Fee income	0	0	11,000	8,600
		Fee expense	0	0	1,300	0

As of the end of 2020, the fee income, fee expense and transaction volume in terms of listing conducted by the Bank with SSCO Group, Huaneng Group, Financial Holding Group and Nanye Group were set out in below table:

		Each transaction limit of related groups at the end of 2020							
		SSCO Group		Huaneng Group		Financial Holding Group		Nanye Group	
Type of transaction		Actual		Actual		Actual		Actual	
No.	in 2020	Caps	situation	Caps	situation	Caps	situation	Caps	situation
1	Fee income	21,500.00	18,115.48	46,000.00	11,179.62	4,500.00	355.17	3,500.00	836.34
2	Fee expense	0	0	4,000.00	618.9	1,100.00	506.94	0	0
3	Transaction volume	0	0	970,000.00	369,937.53	0	0	0	0

Unit: RMB0'000 Yuan

As a local corporate financial organization, the Bank is duty-bound to take serving and supporting the economic development in Shanxi Province as its responsibilities and missions. The Bank will support the business development of each related party and make its due contribution to facilitate the state-owned enterprises reform and support the economic transformation in Shanxi Province while strictly controlling each indicator of related party transactions in order to meet the regulatory requirements.

**I. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Bank. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**II. SHARE CAPITAL**

As at the Latest Practicable Date, the total number of issued shares of the Bank was 5,838,650,000 Shares comprising 4,868,000,000 Domestic Shares and 970,650,000 H Shares.

**III. DISCLOSURE OF INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE**

As at the Latest Practicable Date, none of the Directors, Supervisors or chief executive of the Bank had any interest or short position in the Shares, underlying Shares and debentures of the Bank or any of its associated corporation(s) (within the meaning of Part XV of the SFO), which were required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or were deemed to have under such provisions of the SFO), or was a director or employee of a company which had an interest or short position in the Shares and underlying Shares of the Bank which would fall to be disclosed to the Bank under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO, to be entered in the register of members of the Bank, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Bank and the Hong Kong Stock Exchange. For this purpose, the relevant provisions of the SFO shall be interpreted as if they are applicable to the Supervisors.

## IV. SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as at the Latest Practicable Date, the following persons other than the Directors, Supervisors and chief executives had interests and/or short positions in the Shares and underlying Shares of the Bank which were required to be disclosed to the Bank pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept pursuant to Section 336 of the SFO are as follows:

Name of Shareholder	Nature of interest	Class of Shares	Number of Shares directly or indirectly held (long position)	Number of Shares directly or indirectly held (short positions)	Approximate % of interest in our Bank	Approximate % of the relevant class of Shares of our Bank
Shanxi State-owned Capital Operation Co., Ltd. (山西省國有資本運營有限公司) <sup>(1)</sup> (“SSCIO”)	Interest in controlled corporations	Domestic Shares	1,206,430,741		20.66%	24.78%
Shanxi Financial Investment Holdings Co., Ltd. (山西金融投資控股集團有限公司)	Beneficial owner	Domestic Shares	715,109,200		12.25%	14.69%
China Huaneng Group Co., Ltd. (中國華能集團有限公司) <sup>(2)</sup>	Interest in controlled corporations	Domestic Shares	600,000,000		10.28%	12.33%
Huaneng Capital Services Co., Ltd. (華能資本服務有限公司)	Beneficial owner	Domestic Shares	600,000,000		10.28%	12.33%
Taiyuan Municipal Finance Bureau (太原市財政局)	Beneficial owner	Domestic Shares	466,142,486		7.98%	9.58%
	Interest in controlled corporations	H Shares	102,400,000		1.75%	10.54%
Taiyuan State-owned Investment Group Limited (太原國有投資集團有限公司)	Beneficial owner	H Shares	102,400,000		1.75%	10.54%
Changzhi Nanye <sup>(3)</sup>	Beneficial owner	Domestic Shares	450,657,435		7.72%	9.26%
	Interest in controlled corporations	Domestic Shares	234,569,820		4.02%	4.82%
Mr. LI Jianming <sup>(3)</sup>	Interest in controlled corporations	Domestic Shares	685,227,255		11.74%	9.26%

Name of Shareholder	Nature of interest	Class of Shares	Number of Shares directly or indirectly held (long position)	Number of Shares directly or indirectly held (short positions)	Approximate % of interest in our Bank	Approximate % of the relevant class of Shares of our Bank
Ms. WANG Yanli <sup>(3)</sup>	Interest in controlled corporations	Domestic Shares	685,227,255		11.74%	9.26%
Changzhi Huashengyuan <sup>(3)</sup>	Beneficial owner	Domestic Shares	234,569,820		4.02%	4.82%
	Interest in controlled corporations	Domestic Shares	450,657,435		7.72%	9.26%
Shanxi Lu'an Mining (Group) Co., Ltd.	Beneficial owner	Domestic Shares	359,091,687		6.15%	7.38%
Jinneng Holding Group Co. Ltd. (晉能控股集團有限公司) <sup>(4)</sup>	Interest in controlled corporations	Domestic Shares	500,000,000		8.56%	10.27%
Jinneng Group Co., Ltd. (晉能控股電力集團有限公司) <sup>(4)</sup>	Interest in controlled corporations	Domestic Shares	300,000,000		5.14%	6.16%
Shanxi International Electricity Group Limited Company	Beneficial owner	Domestic Shares	300,000,000		5.14%	6.16%
Shanxi Coking Coal Group Co., Ltd.	Beneficial owner	Domestic Shares	291,339,054		4.99%	5.98%
Shanxi Qinxin Energy Group Co., Ltd. (山西沁新能源集團股份有限公司)	Beneficial owner	H Shares	102,297,000		1.75%	10.54%
Taiyuan Industrial Park Investment Holdings Co., Ltd. (太原工業園區投資控股有限公司)	Beneficial owner	H Shares	102,297,000		1.75%	10.54%
China Credit Trust Co., Ltd. (中誠信託有限責任公司) <sup>(5)</sup>	Interest in controlled corporations	H Shares	102,297,000		1.75%	10.54%
Harvest Fund Management Co., Ltd (嘉實基金管理有限公司) <sup>(5)</sup>	Investment manager	H Shares	102,297,000		1.75%	10.54%
Orient Fund Management Co., Ltd. (東方基金管理有限責任公司)	Trustee	H Shares	102,430,000		1.75%	10.55%
China Foreign Economy and Trade Trust Co., Ltd. (中國對外經濟貿易信託有限公司)	Trustee	H Shares	102,297,000		1.75%	10.54%

Name of Shareholder	Nature of interest	Class of Shares	Number of Shares directly or indirectly held (long position)	Number of Shares directly or indirectly held (short positions)	Approximate % of interest in our Bank	Approximate % of the relevant class of Shares of our Bank
Guotai Asset Management Co., Ltd. (國泰基金管理有限公司)	Investment manager	H Shares	62,044,000		1.06%	6.39%
Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司) <sup>(6)</sup>	Interest in controlled corporations	H Shares	61,300,000		1.05%	6.32%
	Interest in controlled corporations	H Shares		61,300,000	1.05%	6.32%
Guotai Junan Financial Holdings Limited (國泰君安金融控股有限公司) <sup>(6)</sup>	Interest in controlled corporations	H Shares	61,300,000		1.05%	6.32%
	Interest in controlled corporations	H Shares		61,300,000	1.05%	6.32%
Guotai Junan Holdings Limited (國泰君安控股有限公司) <sup>(6)</sup>	Interest in controlled corporations	H Shares	61,300,000		1.05%	6.32%
	Interest in controlled corporations	H Shares		61,300,000	1.05%	6.32%
Guotai Junan International Holdings Limited (國泰君安國際控股有限公司) <sup>(6)</sup>	Interest in controlled corporations	H Shares	61,300,000		1.05%	6.32%
	Interest in controlled corporations	H Shares		61,300,000	1.05%	6.32%
Guotai Junan (Hong Kong) Limited (國泰君安(香港)有限公司) <sup>(6)</sup>	Interest in controlled corporations	H Shares	61,300,000		1.05%	6.32%
	Interest in controlled corporations	H Shares		61,300,000	1.05%	6.32%
Guotai Junan Financial Products Limited (國泰君安金融產品有限公司) <sup>(6)</sup>	Beneficial owner	H Shares	61,300,000		1.05%	6.32%
	Beneficial owner	H Shares		61,300,000	1.05%	6.32%
GF Asset Management-Xumao Single Investment Asset Management Plan (廣發資管-旭茂投資單一資產管理計劃)	Trustee	H Shares	57,830,000		0.99%	5.95%

*Notes:*

- (1) The former name of SSCIO was Shanxi State-owned Capital Investment and Operation Co., Ltd. SSCIO indirectly held 1,206,430,741 Domestic Shares, representing 20.66% equity interest in our Bank. SSCIO's shareholding in our Bank was held through several subsidiaries, including (i) Shanxi Lu'an Mining (Group) Co., Ltd. (山西潞安礦業(集團)有限責任公司) with 6.15% equity interest in our Bank; (ii) Shanxi Coking Coal Group Co., Ltd. (山西焦煤集團有限責任公司) with 4.99% equity interest in our Bank; (iii) Shanxi International Electricity Group Limited Company (山西國際電力集團有限公司) with 5.14% equity interest in our Bank; (iv) Jinneng Holding Equipment Manufacturing Group Co., Ltd. (晉能控股裝備製造集團有限公司) with 3.43% equity interest in our Bank; and (v) Shanxi Investment Group Co., Ltd. (山西省投資集團有限公司) with 0.96% equity interest in our Bank.
- (2) China Huaneng Group Co., Ltd. indirectly held 600,000,000 Domestic Shares, representing 10.28% equity interest in our Bank through Huaneng Capital Services Co., Ltd. in which China Huaneng Group Co., Ltd. held 61.22% equity interest. By virtue of SFO, China Huaneng Group Co., Ltd. is deemed to be interested in the Domestic Shares held by Huaneng Capital Services Co., Ltd.
- (3) Mr. LI Jianming held 90% equity interest in Changzhi Nanye, and Ms. WANG Yanli held 70% equity interest in Changzhi Huashengyuan. In January 2021, Mr. LI Yang, the non-executive Director of the Bank, transferred his 90% equity interest in Changzhi Nanye to Mr. LI Jianming who is father of Mr. LI Yang.  
  
Changzhi Nanye and Changzhi Huashengyuan are parties acting-in-concert according to their respective confirmation. Therefore, Mr. LI Jianming, Ms. WANG Yanli, Changzhi Nanye and Changzhi Huashengyuan will be deemed to be interested in 685,227,255 Domestic Shares, approximately representing 11.74% equity interest in our Bank. By virtue of SFO, Mr. LI Jianming and Ms. WANG Yanli are deemed to be interested in the Domestic Shares held by both Changzhi Nanye and Changzhi Huashengyuan, while Changzhi Nanye and Changzhi Huashengyuan are deemed to be interested in the Domestic Shares held by each other.
- (4) Jinneng Group Co., Ltd., a subsidiary of Jinneng Holding Group Co. Ltd. with 64% equity interest, indirectly held 300,000,000 Domestic Shares, representing 5.14% equity interest in our Bank through its wholly-owned subsidiary, Shanxi International Electricity Group Limited Company. By virtue of SFO, Jinneng Holding Group Co. Ltd. and Jinneng Group Co., Ltd. is deemed to be interested in the Domestic Shares held by Shanxi International Electricity Group Limited Company.
- (5) China Credit Trust Co., Ltd. was interested in the long position of 102,297,000 H Shares, representing 1.75% equity interest in our Bank through its wholly-owned subsidiary Harvest Fund Management Co., Ltd. By virtue of SFO, China Credit Trust Co., Ltd. is deemed to be interested in the H Shares held by Harvest Fund Management Co., Ltd.
- (6) Guotai Junan Securities Co., Ltd. was indirectly interested in the long position of 61,300,000 H Shares, representing 1.05% equity interest in our Bank, and 61,300,000 short positions in H Shares, representing 1.05% equity interest in our Bank through its wholly-owned subsidiary Guotai Junan Financial Holdings Limited, Guotai Junan Holdings Limited, Guotai Junan International Holdings Limited (Guotai Junan Securities Co., Ltd. indirectly holding 68.10% equity interest in it), its wholly-owned subsidiaries Guotai Junan (Hong Kong) Limited and Guotai Junan Financial Products Limited. By virtue of SFO, Guotai Junan Securities Co., Ltd., Guotai Junan Financial Holdings Limited, Guotai Junan Holdings Limited, Guotai Junan International Holdings Limited and Guotai Junan (Hong Kong) Limited are deemed to be interested in the H Shares held by Guotai Junan Financial Products Limited.

As at the Latest Practicable Date, so far as the Directors are aware, save as disclosed above, no person (other than a Director, Supervisor or senior management of the Bank) had an interest or short position in the Shares of the Bank according to the register of interests in shares and short positions kept by the Bank pursuant to Section 336 of the SFO.

## V. INTEREST OF DIRECTORS AND SUPERVISORS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors, the Supervisors or their close Associates had interested in any business, which competes or is likely to compete, either directly or indirectly, with the Group's business which would fall to be disclosed under the Hong Kong Listing Rules.

**VI. DIRECTORS AND SUPERVISORS' INTEREST IN ASSET**

As at the Latest Practicable Date, none of the Directors and Supervisors had: (i) any direct or indirect interests in any asset which had been, since December 31, 2020, being the date on which the latest audited accounts of the Bank were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or lease to any member of the Group; and (ii) any subsisting material interest in any contract or arrangement as at the Latest Practicable Date which is significant in relation to the business of the Group.

**VII. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS**

Each of the Directors has entered into a service contract with the Bank on June 21, 2019. The principal particulars of these service contracts are: (a) effective from their appointment as a Director of the Bank to the expiration of the term of the fifth session of the Board and can be renewed for a term of three years upon expiry; and (b) subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations.

Each of the Supervisors has entered into a service contract with the Bank on June 21, 2019, in respect of, among others, compliance with relevant laws and regulations, observations of the Articles of Association and arbitration provisions.

Save as disclosed above, none of the Directors or Supervisors has or is proposed to enter into a service contract with any member of the Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

**VIII. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors and Supervisors were not aware of any material adverse change in relation to the Group's financial or trading positions since December 31, 2020, being the date on which the latest audited consolidated financial statements of the Group were made up.

**IX. GENERAL INFORMATION**

- A. The secretary to the Board is Mr. LI Weiqiang.
- B. The legal address, registered address and address of headquarter of the Bank is at No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC.
- C. The address of the H Share Registrar is at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- D. In the event of inconsistency, the Chinese language text of this circular shall prevail over the English language text.

**X. DOCUMENTS FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours on any weekday (except public holidays) in Hong Kong at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong, from the date of this circular up to and including June 10, 2021, being the date of the Annual General Meeting:

1. this circular; and
2. the service contracts of all the incumbent Directors and Supervisors.

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## REVISED NOTICE OF THE 2020 ANNUAL GENERAL MEETING

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**JINSHANG BANK CO., LTD.\***  
**晉商銀行股份有限公司\***

*(A joint stock company incorporated in the People's Republic of China with limited liability)*  
**(stock code: 2558)**

### REVISED NOTICE OF THE 2020 ANNUAL GENERAL MEETING

Reference is made to the notice of the 2020 annual general meeting (the “**AGM**”) of Jinshang Bank Co., Ltd.\* (the “**Bank**”) to be held on June 10, 2021 (the “**Original AGM Notice**”) and the proxy form of the AGM (the “**Original AGM Proxy Form**”), both dated April 23, 2021, and the announcement of the Bank dated April 30, 2021 in relation to the proposed appointment of executive Directors.

Pursuant to the requirements of the Company Law of the People’s Republic of China, the Articles of Association of the Bank and the Rules of Procedures of the Shareholders’ General Meeting of the Bank, shareholders separately or jointly holding more than 3% of the total shares of the Bank with voting rights can propose extraordinary resolutions 10 days before holding the general meeting. On May 19, 2021, Shanxi Financial Investment Holding Group Co., Ltd. (山西金融投資控股集團有限公司), a shareholder separately holding approximately 12.25% of the total shares with voting rights, requested in writing for the inclusion of the following resolutions (the “**New Resolutions**”) to be considered at the AGM pursuant to the applicable PRC laws and regulations: To consider and approve the appointment Ms. HAO Qiang and Mr. ZHANG Yunfei as executive Directors of the Bank. The Board of Directors of the Bank agreed to submit the new resolutions to the AGM for consideration. Accordingly, the Bank hereby revises the Original AGM Notice as follows to incorporate the New Resolutions, printed copies of the revised notice of the AGM (the “**Revised AGM Notice**”) and the revised proxy form of the AGM (the “**Revised AGM Proxy Form**”) will be dispatched to the shareholders of the Bank on May 20, 2020. The Revised AGM Notice and the Revised AGM Proxy Form will also be available on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Bank (<http://www.jshbank.com/>). The date, time and address for holding the AGM remain unchanged.

REVISED NOTICE IS HEREBY GIVEN that the annual general meeting of the Bank will be held at Conference Room, 22nd Floor, No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC at 10:00 a.m. on June 10, 2021 (Thursday).

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## REVISED NOTICE OF THE 2020 ANNUAL GENERAL MEETING

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The following resolutions will be considered and, if thought fit, approved by the shareholders of the Bank at the AGM:

### ORDINARY RESOLUTIONS

1. To consider and approve the Work Report of the Board of Directors for 2020;
2. To consider and approve the Work Report of the Board of Supervisors for 2020;
3. To consider and approve the Profit Distribution Plan for 2020;
4. To consider and approve the Report of Final Financial Accounts for 2020;
5. To consider and approve the Financial Budget for 2021;
6. To consider and approve the Report of the Board of Supervisors on Supervision and Assessment on the Performance of Duties by Directors during 2020;
7. To consider and approve the Report of the Board of Supervisors on Assessment on the Performance of Duties by Supervisors during 2020;
8. To consider and approve the Report of the Board of Supervisors on Supervision and Assessment on the Performance of Duties by Senior Management during 2020;
9. To consider and approve the Determination of the Write-off Amount for Non-performing Loans and Bad Debts for 2021;
10. To consider and approve the Amendments to the Administrative Measures on Write-off of Bad Debts;
11. To consider and approve the Appointment of Auditors to Audit Financial Statements for 2021;
12. To consider and approve the Appointment of Ms. HAO Qiang as an Executive Director of the Bank;
13. To consider and approve the Appointment of Mr. ZHANG Yunfei as an Executive Director of the Bank;

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### SPECIAL RESOLUTIONS

14. To consider and approve the Issuance of Financial Bonds; and
15. To consider and approve the Issuance of Non-fixed Term Capital Bonds.

By order of the Board of Directors  
**Jinshang Bank Co., Ltd.\***  
**LI Weiqiang**  
*Joint Company Secretary*

Taiyuan, the PRC

May 20, 2021

*As of the date of this notice, the board of directors comprises Mr. LI Shishan, Mr. XIANG Lijun, Mr. LIU Chenhang, Mr. LI Yang and Mr. WANG Jianjun as non-executive directors; and Mr. JIN Haiteng, Mr. SUN Shihu, Mr. WANG Liyan, Mr. DUAN Qingshan, Mr. SAI Zhiyi and Mr. YE Xiang as independent non-executive directors.*

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

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*Notes:*

1. The details about the aforesaid resolutions proposed for consideration and approval at the AGM will be set out in the circular of the AGM to be despatched by the Bank as at May 20, 2021.

2. **Registration Procedures for Attending the AGM**

Individual shareholders who wish to attend the meeting in person shall produce their identity cards or other effective document(s) or proof of identity and stock account cards. Proxies of individual shareholders shall produce their effective document of identity and proxy form. A corporate shareholder should attend the meeting by its legal representative or proxy appointed by the legal representative. A legal representative who wishes to attend the meeting should produce his/her identity card or other valid document(s) evidencing his/her capacity as a legal representative. If being appointed to attend the meeting, the proxy should produce his/her identity card and an authorization instrument duly signed by the legal representative of the corporate shareholder.

3. **Reply Slip**

The shareholders who intend to attend and vote at the AGM (in person or by proxy) shall complete the reply slip for the AGM, and return it in person, by post or by facsimile to the H share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for the H shareholders), or the office of the board of directors of the Bank (the "Office of the Board") at No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC (for the domestic shareholders), on or before May 21, 2021 (Friday).

In the event that, according to the reply slips received by the Bank, the number of shares with voting rights represented by those shareholders intending to attend the AGM fails to reach more than half of the total number of shares with rights to vote at the AGM, the AGM may be postponed.

4. **Proxy**

Any shareholder entitled to attend and vote at the AGM is entitled to appoint one or more person(s) (if the shareholder holds two or more issued shares), whether (each of) such person(s) is a shareholder of the Bank or not, as his/her/its proxy or proxies to attend and vote on his/her/its behalf at the AGM. The instrument appointing a proxy must be signed by the shareholder or his/her attorney duly authorized in writing. For a corporate shareholder, the proxy instrument must be affixed with the common seal or signed by its director or attorney duly authorized in writing. If the power of attorney of the proxy is signed by the authorized person of the appointer under a power of attorney or other authorization document(s) given by the appointer, such power of attorney or other authorization document(s) shall be notarized and served at the same time as the power of attorney. To be valid, the form of proxy, together with a notarially certified copy of the power of attorney or other authorization document(s) must be delivered to the Bank's H share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for the H shareholders), or to the Office of the Board at No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC (for the domestic shareholders) no later than 24 hours before the scheduled time for the holding of the AGM (i.e. 10:00 a.m. on June 9, 2021 (Wednesday) (the "**Closing Time**") or any adjournment thereof (as the case may be). In case of registered joint holders of any shares, any one of the registered joint holders can vote on such shares at the AGM in person or by proxy as if he/she is the only holder entitled to vote. If more than one registered joint holders attend the AGM in person or by proxy, only the vote of the person whose name appears first in the register of members of the Bank relating to such shares (in person or by proxy) will be accepted as the sole and exclusive vote of the joint holders. After the completion and return of the form of proxy and the power of attorney, you can attend and vote in person at the AGM or any adjournment thereof should you so wish. In this case, the power of attorney will be deemed to have been revoked.

Since the Original AGM Proxy Form sent together with the Original AGM Notice dated April 23, 2021 have been revised, the Revised AGM Proxy Form will be sent to the holders of H Shares. Any holder of H Shares who intends to appoint a proxy to attend the AGM but has not yet lodged the Original AGM Proxy Form is required to complete and return the enclosed Revised AGM Proxy Form in accordance with the instructions printed thereon. In such case, the Original AGM Proxy Form should not be lodged with the Bank. Any holder of H Shares who has already lodged the Original AGM Proxy Form with the Bank should also complete and return the enclosed Revised AGM Proxy Form in accordance with the instructions printed thereon.

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If a holder of H Shares has already lodged the Original AGM Proxy Form despatched by the Bank on April 23, 2021, he/she/it should note that:

- (i) if no Revised AGM Proxy Form is lodged by the holder of H Shares, the Original AGM Proxy Form will be treated as a valid proxy form lodged by the holder of H Shares if duly completed. The proxy appointed under the Original AGM Proxy Form will also be entitled to vote in accordance with the instructions previously given by the holder of H Shares or at his/her/its discretion (if no such instructions are given) on any resolution properly put to the AGM;
- (ii) if the Revised AGM Proxy Form is lodged by the holder of H Shares before the Closing Time, the Revised AGM Proxy Form will be treated as a valid proxy form lodged by such holder of H Shares if duly completed, and the Original AGM Proxy Form will be revoked and superseded by the Revised AGM Proxy Form; and
- (iii) if the Revised AGM Proxy Form is lodged by the holder of H Shares after the Closing Time, or if lodged before the Closing Time but is incorrectly completed, the Revised AGM Proxy Form will be deemed invalid. It will not revoke the Original AGM Proxy Form previously lodged by the holder of H Shares. The Original AGM Proxy Form will be treated as a valid proxy form if duly completed. The proxy appointed under the Original AGM Proxy Form will also be entitled to vote in accordance with the instructions previously given by the holder of H Shares or at his/her/its discretion (if no such instructions are given) on any resolution properly put to the AGM.

### 5. Closure of Register of Members

The Bank's register of members was closed from May 10, 2021 (Monday) to June 10, 2021 (Thursday), both days inclusive. The shareholders whose names appear in the Bank's register of members as at the close of business on May 7, 2021 (Friday) shall be entitled to attend and vote at the AGM. For a shareholder to be eligible for attending and voting at the AGM, all transfer document(s) together with the relevant share certificates and other appropriate document(s) shall be delivered to our Bank's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for the H shareholders) or the Office of the Board at No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC (for the domestic shareholders) no later than 4:30 p.m. on May 7, 2021 (Friday).

The Bank's register of members will be closed from June 17, 2021 (Thursday) to June 22, 2021 (Tuesday), both days inclusive, during which period no transfer of the shares will be effected. The shareholders whose names appear in the Bank's register of members on June 22, 2021 (Tuesday) shall be entitled to receive the 2020 final dividend.

For a shareholder to be eligible for receiving the 2020 final dividend, all transfer documents together with the relevant share certificates and other appropriate documents must be delivered to the H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for the H shareholders) or the Office of the Board at No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC (for the domestic shareholders) no later than 4:30 p.m., on June 16, 2021 (Wednesday).

### 6. Publication of Poll Results

Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), all resolutions at the AGM will be voted by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands). The results of poll will be published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Bank (<http://www.jshbank.com/>) in accordance with the Listing Rules.

### 7. Miscellaneous

The AGM is expected to last for no more than half a day. Shareholders who attend the meeting in person or by proxy shall bear their own traveling, dining and accommodation expenses.