2021 Annual Report

Australia and New Zealand Bank (China) Company Limited

ANZ 澳新银行

Table of Contents

I. Company Profile & Milestones in 2021

Opened in October 2010, Australia and New Zealand Bank (China) Company Limited ("ANZ China" or the "Bank") is a wholly owned subsidiary by Australia and New Zealand Banking Group Company Limited ("ANZ Group"). ANZ Group has more than 30 years' presence in China and now is the only Australian bank locally incorporated in China. As one of the largest Australian investors, ANZ China is wellpositioned to support customers' increasing financial needs and growing business opportunities across the region.

As of end of 2021, ANZ China has branches in Beijing, Shanghai, Guangzhou, Chongqing, Chengdu, Hangzhou and Qingdao.

Key Milestones of ANZ China in 2021:

- ANZ China ranked No. 1 for 'Quality in Relationship' for the fifth consecutive year in 2021 Coalition Greenwich Asian Large Corporate Banking Study.
- ANZ China won the Leading Foreign Bank Award of the year in China in 2021 by Pengpai Top Financial Institutional Award for the fifth consecutive year.

As of the end of 2021, ANZ Group ranked top ten-listed company on the Australian Stock Exchange by market capitalization. ANZ Group's network covers 32 markets globally. ANZ Group remains No. 1 for 'Quality in Relationship' and No. 1 for 'Ease of Doing Business', No. 1 for 'Provision of Advice' and No. 1 for 'Ability to Streamline KYC Processes' in Coalition Greenwich Asian Large Corporate Banking Study.

II. Basic Information of the Company (as of 31 December 2021)

1. **Legal Name:** Australia and New Zealand Bank (China) Company Limited
2. **Legal Representative:** Farhan Faruqui
3. **Registered Address:** Unit D,E,F 17th Floor, Unit A,B,C,D2,E,F 15th Floor and Unit B1 12th Floor, Mirae Asset Tower, 166 Lujiazui Ring Road, Pudong, Shanghai.

   Post Code：200120

   Telephone: +86 21 6169 6001

   Complaint Hotline：4008218030/ 4006519920

   Website：www.anz.com.cn

4. Other Information

Date of Incorporation: 16 September 2010

Registered with: Shanghai Administration for Market Regulation

Centralized Social Credit Code: 91310000561913643B

Registered Capital : RMB 6,225,000,000

Shareholder : Australia and New Zealand Banking Group Limited

Shareholding : 100%

Type of Company : Limited Liability Company (Wholly Foreign-owned)

Business Scope : To provide all kinds of foreign exchange services and Renminbi services to all types of customers within the following scope: taking deposits from the public; extending short-term, medium-term and long-term loans; acceptance and discounting of negotiable instruments; issuance, redemption, and underwriting of government bonds; trading of treasury bonds, financial bonds and other foreign currency denominated securities (other than stocks); provision of letter of credit services and guarantees; domestic or international settlements; sales and purchase of foreign exchange and acting as an agent for selling and purchasing foreign exchange; receipt and payment agency and insurance agency business; inter-bank lending; bank card business; safety box services; creditability investigations and consultancy services; such other businesses as approved by the banking regulatory authority of the State Council.(Business operation that involves administrative permit shall run with the permit).

Auditor: KPMG Huazhen (Special General Partnership) Shanghai Branch

III. Summary of Financial Statements

As at 31 December 2021, ANZ China's total assets is RMB 39.83 billion which includes loans & advances (gross amount excluding accrued interest receivable) amounting to RMB 7.55 billion, the Bank's total liabilities is RMB 32.44 billion which includes total deposit (gross amount excluding accrued interest payable) amounting to RMB 16.37 billion. In terms of financial performance in 2021, the Bank reported RMB 562.98 million total operating income and RMB 62.41 million net profit after tax (NPAT). In 2021, the bank keeps all prudential ratios well within regulatory requirements, with its capital adequacy ratio at 25.57%, liquidity ratio at 68.43% and non-performing-loan ratio at zero.

	Y2021	**Y2020**	
	RMB million	**RMB million**	**Change Rate**
Business Performance			
Total Operating Incomes	562.98	551.67	2.05%
Net Profit after Tax	62.41	63.87	-2.29%
Balance Sheet			
Loans & Advances (gross amount excluding accrued interest receivable)	7,547.79	7,393.64	2.08%
Total Assets	39,833.90	37,477.00	6.29%
Total Deposits (gross amount excluding accrued interest payable)	16,370.50	11,685.74	40.09%
Total Owners' Equity	7,393.25	7,363.27	0.41%
Tier 1 capital	7,393.25	7,359.96	0.45%
Total On Balance Sheet & Off Balance Sheet Assets	40,518.12	34,312.18	18.09%

Main Ratio			
Cost Income Ratio*Note 1	93.49%	101.36%	
Liquidity Ratio	68.43%	101.33%	
High Quality Liquidity Asset Adequacy Ratio	159.81%	420.40%	
Capital Adequacy Ratio	25.57%	24.08%	
Leverage Ratio	14.50%	14.87%	
Provision Coverage Ratio*Note 2	Not applicable	Not applicable	
Loan/Provision Ratio*Note 3	1.50%	2.50%	

* Note 1: Total On Balance Sheet & Off Balance Sheet Assets is quoted from CBIRC 1104 offsite Regulatory Report G44 Leverage Ratio denominator

* Note 2: Cost Income Ratio = Business and administrative expenses / Operation Income X 100%

* Note 3: As of 31st Dec 2020 and 31st Dec 2021, non-performing loan balance were both zero.

* Note 4: For 2021, the minimum regulatory requirement for Provision Coverage Ratio and Loan/Provision Ratio is 120% and 1.5% respectively

IV. Risk Management

A. Credit Risk

1. Oversight by the Board of Directors, two-level Risk Management Committee and the Senior Management

The Board of Directors of ANZ China is responsible for overall risk appetite of the bank, reviewing and approving the bank's risk management targets and strategies. The Board of Directors approves the Credit Approval Discretion (CAD) schedule and delegates the credit authority down to CRO, who will further delegate to relevant personnel in credit risk management roles to ensure the independence of the daily credit decision-making framework at ANZ China.

Under the Board of Directors, there are two levels of Risk Management Committees (Board Level Risk Management Committee -- BL RMC; and Management Level Risk Management Committee -- ML RMC) responsible for assisting the Board and senior management in managing and monitoring credit risks, markets risk, operational risk, compliance risk, liquidity risk, legal risk and reputation risk; setting up and maintaining the independent and robust risk management framework. ML RMC has been split into ML RMC-CMRC (Credit and Markets Risk Committee) and ML RMC-ORCC (Operational Risk and Compliance Committee).

The key risk management officers of ANZ China include Chief Risk Officer, Head of Credit Risk, wholesale credit approvers, credit portfolio monitoring and risk governance managers, Head of Market Risk, market risk managers, and operational risk manager. As one of the senior executives, China CRO reports directly to China CEO. CRO undertakes supervision responsibilities through engagement in formulating the risk management strategy and policies, and daily management of all risk areas including credit risk, market risk and operational risk etc. CRO will, via ML RMC and BL RMC, update the bank's senior management and the Board of Directors on the implementation of the risk management strategies and the overall status of the risk management. New credit risk management policies or major changes to the policies are recommended by CRO and ML RMC-CMRC to the Board or BL RMC for approval, to ensure an independent credit risk management framework in ANZ China. In addition, CRO will maintain smooth communication with the regulatory authorities to ensure they are well informed of the risk management status of ANZ China, which will provide ANZ China with timely guidance.

2. Credit Risk Management Policies, Procedures and Risk Limit Management

Credit risk management policies/procedures of ANZ China outlines the detailed credit application, approval, and monitoring process and defines roles and responsibilities to ensure that the Bank complies with Banking Law, the ANZ Group policies/procedures and the local regulatory requirements. According to the requirements outlined in the CBIRC regulations for credit risk management, the Bank has developed and implemented the following internal credit risk management policies, procedures and processes: Wholesale Judgmental Credit Requirements, CBIRC Risk-based 5-Grade Categorization Guideline and Procedure, Implementation Measures for Working Capital Loan Management, Implementation Measures for Fixed Asset Loans Management, Implementation Measures for Project Finance, Country

Risk Management Procedure and Process, Credit Asset Transfer Business Guideline, Implementation Measures for Property Loan Management, Syndication Management Guideline, Green Credit Guide, Large-amount Risk Exposure Guideline and Joint Credit Procedure, etc.

The regulatory ratios required by the CBIRC and the Credit Risk Management Principles issued by the Basel Committee are well understood by the Bank, of which the importance to the risk management has been fully acknowledged. The Bank ensures that all regulatory ratios are complied with in the process of credit risk management.

As an important part of credit risk management policy, limits management policies of ANZ China have established provisions in detail as follows: limit management, transfer of limit between customers, change of product type and reinstatement of revolving limits, limits recording, documentation, credit approval discretion delegation, limit excess management, country limits, optimizing risk return, business writing strategy, industry concentration caps, large-amount risk exposure caps and single group/customer concentration limits etc. Daily limit excess report is generated by risk system to monitor limit excess constantly.

3. Risk Measurement, Monitoring and Management Reporting Systems

The Bank uses the global risk information system of ANZ Group to provide complete and timely information management reports to senior management, Risk and Operations departments.

To improve system capability for end-to-end credit approval process through more automated system support to ensure accurate and complete records of all approval terms and conditions set out throughout credit chain, we have rolled out OCP system to replace the old system Risk Origin since Dec 2019, i.e. consolidate the Customer Financial Statement Entry System and the Electronic Platform for Credit Application and Approval, and implement the Credit Risk Assessment Template through the system to create, submit and approve the credit application.

Under the support of ANZ Group, ANZ China has completed the 2021 regular credit stress testing and presented the results to the Senior Management and the Board. There were three levels of stressed scenarios applied, namely Mild, Severe and Extreme. Stressed factors include slow-down in China GDP growth, and the impact of US-China Trade War and COVID-19. EAD growth and default rate migration under stress scenarios were simulated based on internal PD/LGD and Monte Carlo models, with provisions calculated for stressed portfolios. The stress test results are summarized as follows:

Loss rate of credit assets given customer downgrades under stress are:

- 1.64% of the book is defaulted by year 2 in the Extreme scenario;
- 1.06% of the book is defaulted by year 2 in the Severe scenario;
- 0.05% of the book is defaulted by year 2 in the Mild scenario.

Provisioning impacts simulated based on the stressed portfolios exerting higher loss rates are:

- Individual Provision Charges peak in year 2 at CNY 20M, CNY405M and CNY565M for the Mild, Severe and Extreme Scenarios respectively.

- Collective Provision Charges peak in year 2 at CNY37M, CNY36M, and CNY37M for the Mild, Severe and Extreme Scenarios respectively.
- Total Provision Charges peak in year 2 at CNY57M, CNY441M and CNY602M for the Mild, Severe and Extreme Scenarios respectively.

The testing results indicate that our current credit profile exhibits manageable level of assets quality deterioration and provision impacts under stress scenarios.

ANZ China also performed country risk stress test in 2020. The impact on provisioning and capital adequacy is limited under all stress scenarios and all country risk exposure at the time of stress testing is booked at low-risk countries.

4. Internal Control

The principle of independence has been embedded in the bank's end-to-end credit process from customer acquisition, credit approval, loan disbursement, post-credit monitoring activities carried out by frontline, middle office and back office to achieve segregation of duties.

ICG and Research & Analysis (R&A) at the frontline are responsible for business development, due diligence, evaluating customers' comprehensive banking needs, developing account strategies, and submitting credit risk assessment and credit application report to Risk for approval. They are also accountable for monitoring risk profile of the customers after facility drawdown, and taking prompt actions in the case of any emerging risk events.

Risk, as middle office, is in charge of wholesale credit risk management, and management of non-performing assets based on the expert and technical support of Lending Services of ANZ Group.

The back office is operation divisions, which include payment operations, trade operations, credit administration, lending operations, market operations, accounts and customer services, finance, and operations divisions in branches/sub-branches.

The Bank set up New Product Forum for reviewing and approving new and major variation products. The forum is chaired by CRO and joined by CEO, COO, Head of Business units, Compliance and Legal to formalize new product approval process and ensure the compliance of new product launch with local market conditions and legal and regulatory requirements and comprehensive assessment of the associated product and credit and markets risks etc. through proper evaluation of technology support, resource allocation and internal process.

5. Collection / Recovery of Non-performing Assets

In accordance with the related policies of ANZ China, Guidelines for Disposal of Non-performing Financial Assets and Interim Procedures in Non-performing Assets Monitoring and Assessment of Commercial Banking issued by CBIRC and other relevant laws and regulations, the Bank has established procedures for problem loan management and incorporated into our

China Judgmental Credit Requirements, which are strictly followed for managing and collection of non-performing assets.

Collection/recovery of non-performing assets is currently outsourced to Lending Services North East Asia of ANZ Group. They are responsible for providing expert opinion and technical support for high risk account management i.e. mainly collection for non-performing assets. BL RMC under the delegation of ANZ China Board holds the final authority to decide and approve for bad debt write-off. Through entering into Statement of Work (SOW) between ANZ China and Lending Services North East Asia, detailed roles and responsibilities of ANZ China and ANZ Group are defined and the local accountability of supervision and final decision making are highlighted.

6. Green Credit Business

According to ANZ China Green Credit Guide, the bank will support industries and projects ("Preferred") focusing on energy saving and environmental protection and in line with the State Government's Industry Development Guideline, with reference to environmental protection laws and regulations, industry access policy and the credit guidance of ANC China. Priority will be given to industries and customers involving environment and eco-system protection, environment treatment, sewage and waste treatment and recycling, public services, and in particular energy-saving projects. Preferential consideration will be given to industries including advanced information technology, advanced manufacturing, biology, renewable energy (including renewable-energy automobile), and renewable material, subject to meeting ANZ's normal credit underwriting standards.

Report on lending to customers exposed to high environmental risk (if any) is provided to CBIRC on regular basis.

7. Large-amount Risk Exposure

In order to better implement the requirements of the "Large-amount Risk Exposure Management Measures of Commercial Banks" announced by the CBIRC. In the area of management system, according to the regulation requirements from CBIRC on large-amount risk exposure monitoring and our internal management and statistical requirements, the Bank has constantly updated and improved the "ANZ China Large-amount Risk Exposure Management Guideline" and "Large-amount Risk Exposure Monitoring Procedure". The Bank has completed the annual review "ANZ China Large-amount Risk Exposure Management Guideline" in Sep 2021, and updated the "Large-amount Risk Exposure Monitoring Procedure" in July 2021.

Since 2019, the Bank has implemented the large-amount risk exposure monitoring metrics in the updated RAS (Risk Appetite Statement) Dashboard to be presented at BL-RMC and CMRC, continuously track the movement and management situation, and regularly report to the senior management. As of 31 Dec 2020, all of the large-amount risk exposures were well within the caps required by CBIRC.

Our large-amount risk exposure index as of 31 Dec 2020:

Metrics for Large-amount Risk Exposures	Regulatory Caps	ANZ Internal Threshold (RAS trigger)	Top 1 Customer/Customer Group %
Top onshore single corporate customer loan outstanding (% of China net Capital)	<10%	<9%	8.40%
Top onshore single corporate customer risk exposure (% of China Tier 1 net Capital)	<15%	<13.5%	9.34%
Top onshore corporate customer group risk exposure (% of China Tier 1 net Capital)	<20%	<18%	9.87%
Top single interbank customer/group customer risk exposure (% of China Tier 1 net Capital)	<25%	<22.5%	20.24%
Onshore Exposure of ANZBGL (% of China Tier 1 Net Capital)	-	<150%	134.69%
Top onshore single unqualified Central Counter-Party clearing/non-clearing risk exposure (% of China Tier 1 net Capital)	<25%	<22.5%	N/A

8. Retail Credit Risk

After ANZ China sold the Retail Business in July 2017, and as of the end of Dec 2020, there was nil non-performing retail loan. The Bank will not grant any new retail mortgage loan, and continue to strictly implement the CBIRC's post-loan verification requirements on existing retail mortgage loans, and prudently review the income and collateral of borrowers, so as to maintain the NPL rate of the Bank at a reasonable and controllable level.

B. Liquidity Risk

The major business which impacts the Bank’s liquidity is traditional business such as customer deposit, interbank borrowing and lending, bond & investment products and customer loans.

Currently ANZ China uses the mode of centralized fund management, where funding needs of the branches and business operation units are arranged by Markets, to manage the funds of ANZ China effectively and control the liquidity risk at a low level.

Overall, the Bank’s current liquidity management framework, policy and procedure can meet the needs of our current business development.

The relevant policies and procedures include China Liquidity Guideline, China Liquidity Crisis Contingency Plan, Liquidity Metrics Management Procedure, RMB Deposit Reserve Management Procedure and Intra Day Liquidity Management Procedure.

The main components of liquidity management are as follows:

1. Regular update to guidelines and internal limits structure to meet requirement of risk monitoring;
2. Sound internal reporting mechanism with corresponding departments, personnel and committees, such as Risk Management Committee, Asset and Liability Committee, CRO, Market Risk Function and Treasurer. The Board undertakes ultimate oversight responsibility of the adequacy of liquidity risk management;
3. Specific risk monitoring system to ensure timely and accurate measurement, monitoring and reporting about liquidity risk and management;
4. Regular stress test based on the different scenario settings;
5. Independent internal audit of liquidity risk management.

ANZ China Asset and Liability Committee ('ALCO') is responsible for monitoring the liquidity conditions. ALCO holds regular meetings to discuss major decisions on funding, and reviews the Bank's asset & liability structure. ALCO is responsible for ensuring effective implementation and execution of liquidity management framework. At the regular meeting, senior management participates in the Bank's liquidity management evaluation, oversees movement and liquidity situation in the balance sheet and discusses relevant risk management.

In 2021, the Bank's liquidity risk-related ratios and limits are in line with the current regulations and policies. As of 31 December 2021, the Bank's High Quality Liquid Asset Adequacy Ratio was at 159.81%, high quality liquid assets reached RMB3.926bn, and the net cash outflow for the future 30-day was expected at RMB2.456bn.

Specifically speaking, the Bank's liquidity management mainly includes the following measures:

1. Liquidity Stress Testing

The Bank's cash flow model assumption setting of all the liquidity stress testing scenarios is based on the combination of external data and professional judgment and ANZ Group standard associated with China market actual liquidity status. Relevant parameters adjustment has been made to accommodate China market actual situation.

ANZ China establishes following liquidity stress testing scenarios:

a. Bank LCR and Bank LCR (Regulatory)

Scenario "Bank LCR" (Bank LCR) is a severe crisis scenario and incorporates a combination of both ANZ-specific and market stress factors, including deposit outflows, deterioration of whole funding, increased collateral requirement and credit or liquidity facilities being drawn by customers. The objective of the Bank LCR is to ensure that ANZ China maintains an adequate level of unencumbered High Quality Liquid Assets ('HQLA') that can be converted into cash to meet its liquidity needs for a 30-calendar-day period under a severe liquidity stress scenario. Bank LCR (Regulatory) is based on Bank LCR, and considers the default rate for 30-day FI loan cash inflow and Group's funding capacity changes, i.e. 100% cash outflow for 30-day intragroup liabilities and 70% cash inflow for 30-day intra group assets.

b. Mild LCR and Moderate LCR

Mild LCR and Moderate LCR are based on Bank LCR, which:

- Moderate LCR with the assumption to exclude intragroup outflows - assuming the liquidity stress only exists in China onshore market, ANZ Group can rollover their lending to ANZ China

- Mild LCR with the assumption to exclude the 5% outflow of revocable undrawn commitments and intragroup outflow - assuming the bank can manage not to lend under cancellable commitments

The framework of liquidity metrics is outlined as below:

Liquidity Scenarios	Limit	Survival Horizon	Compliance Frequency
Mild LCR	>0	30(calendar days)	Quarterly
Moderate LCR	>0	30(calendar days)	Quarterly
Bank LCR (Regulatory)	>0	30(calendar days)	Quarterly
Bank LCR	>0	30(calendar days)	Daily

2. Liquidity Risk Metrics

The Bank also take into consideration relevant liquidity risk regulatory and monitoring ratios upon setting business development planning, mainly including liquidity ratio, HQLA adequacy ratio, liquidity matching ratio, deposit concentration and loan and deposit ratio etc.

3. Liquidity Crisis Contingency Plan

To ensure effective collaboration among each department during the liquidity crisis, ALCO regularly reviews LCCP and conduct annual rehearsal.

C. Market Risk

Markets Risk is a risk management unit independent of the business that is responsible for measuring, monitoring and controlling market risk. China Markets Risk have implemented policies and procedures to ensure that ANZ China's market risk exposures are managed within the appetite and limit framework set by China Board. China Markets Risk reports results of limits utilizations and stress testing to China ML-RMC/ALCO on a regular basis and China BL-RMC on a quarterly basis.

Market Risk Structure

- Market Risk is a functional area that operates under the Group Market Risk framework, which ensures an effective and efficient approach to capture and monitor all Market Risk arising from Global Markets.
- Group Market Risk is responsible for all market risk systems and models, and

supports China Market Risk Management.

- Group and China Market Risk work closely on all aspects of Market Risk.

China Market Risk performs an annual review and any major changes of the guideline have to be approved by BL- RMC, noted by China Board; otherwise minor changes have to be approved by China CRO, noted by ML-RMC.

1. Market Risk Structure & Management Principles

- Based on Group policies, China Market Risk develops and maintains China Market Risk Guideline to ensure its adaptation to local relevant regulatory requirements and the relevant personnel/committees fully understand their respective responsibilities and powers granted by Risk Committees, and proposes to senior management and Board and/or its delegated committees for review, approval and implementation.
- Conduct risk exposure monitoring, analysis, control and provide timely risk reporting to the business and senior management.
- Carry out regular limit review, manage the market risk limit approval process and limit excess process and report them to management level RMC and ALCO.
- Collaborate with China New Product Forum to identify and assess market risk arising from new products.
- Provide regular market risk reporting to Risk Committees and ALCO.

Key Policies, Processes and Procedures:

- Traded Market Risk China Guideline
- China IRRBB and FTP Guideline
- China Markets Risk Modelling Management Guideline

Currently the major products of China Markets are 1) FX and Rates, including Spot, Forward, FXS, RMB bond and Repo, IRS; 2) Shanghai Gold Exchange and Shanghai Futures Exchange trading; 3) FX Option Trading; 4) Credit Bond Trading; and 5) Bank's Asset and Liability Management. Based on different business purpose, Market Risk is managed on trading book and banking book separately.

2. Market Risk Quantification Methodologies

ANZ China adopts same market risk quantification methodologies as ANZ Group. Any major changes to the methodologies are subject to the approval from board level RMC with support from management level RMC and ALCO. China Market Risk applies Value at Risk (VaR) and stress test on trading and banking book, and additionally Earning at Risk (EaR) on banking book. Detail market risk sensitivity limits are also imposed at each desk level including interest rate risk (DV01), FX (NPV) and optionality risk and credit spread (CR01).

- VaR is expressed to a 99.0% level of statistical confidence and using a one-day holding period. A 500-day historical simulation methodology is used in which overnight changes in the yield curve and/or other market price of each currency are applied to calculate the change in market value that would be observed had the current profile been subject to these historical outcomes. VaR is a statistical risk measurement of maximum expected loss (within the level of confidence) on a specific portfolio of financial assets during the holding period.

Back testing is the process to identify the number of times that actual or hypothetical daily trading results (gains or losses) are greater than the calculated VaR exposure. ANZ China Market Risk conducts back testing for the major trading desks on daily basis.

-EaR is an estimate of the amount of the next 12 months' income that is at risk from interest rate movements over a one-month holding period, expressed to a 97.5% level of statistical confidence. This is earning-based measures for IRRBB management. It is calculated by applying a statistically derived interest rate shock to static repricing gaps. The volatility measure is based on the antithetic 97.5% confidence of monthly changes in the one-month interest rate over the past 6 years.

-Stress test

Trading Book: the Bank's stress testing results reflect the potential loss impact from applying the largest shocks occurring during recent history and incorporates both price movements and liquidity associated with these events. Data from 2008 is used (to encapsulate the GFC period) to capture severe historical price movements and liquidity shocks.

Banking Book: The 26 directions for the yield curve are applied as shocks at the 99.97% confidence level based on a 3-month (or 60-business-day) holding period to be commensurate with the nature of non-traded risk at the Bank.

ANZ China adopts Group Market Risk's historical stress test and also adopt extraordinary stress test that relate to China including China Hard Landing and CNY/HKD depeg scenarios, and sets corresponding stress test triggers for both trading and banking books.

3. Limits Setting, Approval and Excess management

Market Risk limit setting and excess reporting are key components of market risk management framework. With consideration of bank's business strategy and business development requirements, the Bank's Market Risk performs markets risk limits review regularly. The Board has ultimate responsibility for market risk management. The board level RMC with delegation from the Board is responsible for Market Risk Appetite approval i.e. VaR, EaR and Loss Limit. Limit excess will be reported to management level RMC and ALCO and tabled to board level RMC for noting on a quarterly basis.

4. Market Risk Quantification Analysis (in '000 RMB) as of 31 December 2020

VaR and EaR Overall	as of 31 Dec 2021	Average	Max	Min
Trading Book VaR*	6,220	8,597	15,401	4,951
(1) Local Market	5,195	7,347	14,470	3,845
(2) SGE	3,569	4,120	10,262	1,034

(3) FXO	1,173	1,028	3,054	217
(4) Credit	176	32	198	0
Banking Book VaR	5,635	6,744	8,380	5,635
Banking Book EaR	4,915	4,503	12,916	1,480

*In 2021, trading book back testing results are within expectation.

Stress Test (Overall Trading Book –IR, FX and Credit and Banking Book):

Stress Test	Stress Scenario	Outcome
Trading Book - IR	Yield Flatten	-38,080
Trading Book - FX	SpotUp VolUp	-6,685
Trading Book - Credit	Credit Spread Widening	-1,270
Banking Book	Interes rate curve Twist	-78,763

Sensitivity Analysis over NII:

	Y2021	Y2020
Impact of 1% rate shock on the next 12 months' net interest income margin	6.8%	8.4%

D. Operational Risk

1. Operational risk management structure

ANZ China has a comprehensive risk management structure. The Bank implemented three lines of defense on risk management:

- First line of defense: All business teams and enablement teams

The main responsibilities are the implementation of operational risk control and monitoring during daily operations.

- Second line of defense: management level Risk Management Committee – Operational Risk & Compliance Committee chaired by CRO of the Bank, Operational Risk governance role under risk team

The main responsibilities are to supervise the first line of defense performance and to provide guidance on risk management.

- Third line of defense: Internal Audit team

The main responsibilities (specific for Operational Risk) are to independently assess and evaluate the execution of operational risk management of the Bank by business teams and enablement team.

The Board and board level Risk Management Committee are responsible for the overall risk management of the Bank. As the first line of defense, Operational Risk team reports to COO of the Bank. Head of Operational Risk is leading operational risk management team and quality assurance team. To further enhance operational risk control, there is a role of risk champion set up in each business team and enablement team and all branches. They are responsible for coordinating operational risk management between business team/enablement team/branches and operational risk team, so that operational risk could be properly identified, assessed, managed and controlled. ANZ China categorizes operational risk in line with the following seven loss event categories, as defined by local regulator or group policy:

- Internal Fraud
- External Fraud
- Employment practices and workplace safety
- Clients, products and business practices
- Damage to physical assets
- Business disruption
- Execution, delivery and process management

2. Risk management platform

ANZ China Operational Risk Management Policy sets out the operational risk requirements under the ANZ Operational Risk Approach and Operational Risk Identify-Act-Monitor ("I.AM") Framework. It is part of the ANZ China's Risk Management Strategy for material risks and in particular the management of operational risks.

Each business team has its Risk Forum on a regular basis. The forum is held by business head, with attendance from operational risk team, compliance, operation support team. During the meeting, the business head will summarize the recent risk matters. The medium and low risk matters would be discussed and expected to be resolved at the forum; the high risk matters or significant medium risk matters would be further escalated to ML RMC-ORCC.

ML RMC-ORCC is held at least 8 times a year. The Committee is chaired by CRO with attendance of all business heads and enablement function heads. The committee will address the emerging risks resulting from internal and external environment changes, regulation changes, KRI changes, loss and events, audit findings, QA results, strategy and organization changes, new product and new system changes, also external loss data, discuss the key operational risks, and adjust the risk rating if necessary, discuss the related solutions and management focus of the next phase, and review/monitor the following remediation.

Board level Risk Management Committee is held on a quarterly basis. COO presents the operational risk update and the risk management priorities going forward.

3. Operational Risk Capital Allocation and Loss

ANZ China calculates and maintains appropriate operational risk capital according to local regulatory requirements.

ANZ China is currently adopting the Basic Indicator Approach to estimate Operational Risk Capital, by multiplying the average eligible revenue over the previous 3 years with a regulatory determined ratio of 15%. The capital for Operational Risk is the product of the Operational RWAs reported to CBIRC, as per the quarterly Return on Capital Adequacy, and the 10.5% Minimum Regulatory Ratio.

For the year 2021, ANZ China reported 25 operational risk events, and no financial loss incurred.

E. Liability Quality Management

1. Liability Quality Management Mechanism

The Bank has a sound governance system for liability quality management, and the liability quality management strategies, policies and contingency plans are in line with the Bank's business strategy, risk appetite and overall business characteristics. Overall, the liability quality management framework is covered under liquidity risk management, including corresponding strategies, systems, procedures, limits, contingency plans, and roles and responsibilities. The Board is ultimately responsible for liability quality management; and the Bank’s Asset and Liability Committee (‘ALCO’) undertakes the management of liability quality. For relevant guidelines, procedures and management methods that overlap with liquidity risk, please refer to the ‘Liquidity Risk’ section of this report.

In terms of the elements of liability quality management, the Bank focuses on the following six aspects in accordance with the Measures for the Management of Liability Quality of Commercial Banks:

1. The stability of the liabilities;

2. The variety of the liability structure;

3. The reasonableness for the match of liabilities and assets;

4. The capabilities of obtaining funds;

5. The appropriateness of the funding cost;

6. The authenticity of liability items.

ALCO is responsible for ensuring the effective implementation and execution of the liability quality management mechanism, and is responsible for monitoring the Bank's liability quality management condition. ALCO holds regular meetings to discuss the status of liability quality management, review and analyze changes in relevant management metrics, and discuss relevant management status and risks.

Board level Risk Management Committee is held on a quarterly basis. The Chief Financial Officer provides regular update on the liability quality management to the Committee.

2. Liability Quality Management Status

In 2021, the Bank's liability quality management related metrics and limits are in line with the current regulations and policies. As of 31 December 2021, the key metrics related to liability management are as follows:

Key metrics	As of 31 Dec 2021
Core Liability Ratio	9.19%
Deposit Deviation Ratio	-5.45%
Liability from FI/Total Liability	22.07%
Self-funding Ratio	62.61%
Top Ten Deposit Ratio	54.67%
Top Ten FI Borrowing Ratio	24.00%
HQLA Adequacy Ratio	159.81%
Liquidity Matching Ratio	156.47%

V. Services for Small & Micro Entreprises

ANZ China continued to support small & micro enterprises ("SME") business. In 2021, a total of 11 SME customers & facilities have been approved. The total amount of loan disbursement for SME is slightly above RMB2.5 billion (including both local currency and foreign currency loans) increased by 13.55% compared with that of 2021. The volume of transactions for SME loans increased by 3.26% compared with that of 2020, reaching the number of 222 at the end of 2021. Loan interest are steadily falling for SME clients with average interest rate for RMB loan at around 3.98%.

VI. Corporate Governance

1. **Board Obligation, Composition and Performance**

As of 31st December 2021, the Board of ANZ China composes of:

Chairman – Farhan Faruqui. Farhan joined ANZ Group in 2014 and was appointed CFO of ANZ Group at the end of 2021; before joining ANZ, Farhan held various management positions at Citigroup; and has over 20 years of banking management experience .

Executive Director – Huang Xiaoguang. Xiaoguang was appointed Chief Executive Officer of ANZ China and Head of Greater China in 2015; prior to this role, Xiaoguang has over 20 years of banking management experience in various management positions at Citigroup and Bank of America.

Non-Executive Director – Elizabeth Davies. Elizabeth joined ANZ Group in 2010, focusing on loan execution; and was appointed Head of Business Execution for ANZ Group's International Business Unit in 2019; prior to that, she worked as a lawyer in a number of law firms.

Non-Executive Director – Annabel Squier. Annabel joined ANZ Group in 2010 and held various management roles in the Financial Institutions division, and was appointed Head of ANZ Financial Institutions North Asia in 2016.

Independent Director– Zhao Jiusu. Currently serving as Director of Yangtze Memory Technologies Co., Ltd.; qualified as a lawyer in the United States, with more than 28 years of legal service experience in the United States, Hong Kong and China, serving multinational companies in North America and Europe as well as Chinese companies (state-owned enterprises and private company) to provide legal services.

Independent Director – Zhang Xiaoyan. Currently serving as a professor and Associate Dean of Finance at the PBC School of Finance, Tsinghua University; her main research areas include financial technology, quantitative investment, market regulation and international finance.

The following is a summary of the concurrent positions of all directors as of the end of 2021:

Chairman, Farhan Faruqui	Chief Financial Officer, ANZ Group
Executive Director, Huang Xiaoguang	Chief Executive Officer, ANZ China Head of Greater China, ANZ Group
Non-executive Director, Elizabeth Davies	Head of Business Execution, International Business, ANZ Group Director, ANZ Asia Limited
Non-executive Director, Annabel Squier	Head of ANZ Financial Institutions North Asia

Independent Director, Zhao Jiusu	Director, Yangtze Memory Technologies Co., Ltd Director, Yangtze Memory Technologies (Hong Kong) Co. Ltd Director, Ziguang Changcun (Shanghai) Integrated Circuit Co. Ltd Director, Changcun Chuangxin (Beijing) Integrated Circuit Design Co., Ltd. Legal Representative,Yangtze Memory Technologies. Co. Ltd Shanghai Subsidiary
Independent Director, Zhang Xiaogyan	Professor and Associate Dean of Finance at the PBC School of Finance, Tsinghua University

The Board of Directors is mainly responsible for major decisions such as business plans, and reports to the Shareholder and implements the Shareholder resolutions. The Board takes up the ultimate responsibility for the business performance and financial status. The Board has set up Connected Party Transaction Control Committee, Risk Management Committee, Audit Committee and Remuneration Committee.In addition to those authorities stipulated in the Company Law, the obligations of the Board include:

(1) reporting its work to and implement the resolutions of the Shareholder;

(2) formulating the Bank's development strategies and supervising implementation of the strategies;

(3) evaluating and improving corporate governance of the Bank on a regular basis;

(4) formulating the Bank’s annual financial budgeting plan and final accounts proposal;

(5) formulating plans for increase or reduction of registered capital, issuance of bonds or other securities and listing of the Bank;

(6) developing plans for the Bank's significant acquisition, purchase of the Bank's shares, merger, division, dissolution or change of company form;

(7) formulating the Bank’s profits distribution plans and losses remedy plans;

(8) deliberating on and approving the Bank's external investment, asset purchase, asset disposal and write off, asset mortgage, connected party transactions, data governance etc. pursuant to laws and regulations, regulatory provisions and the AOA;

(9) being responsible for information disclosure of the Bank, and bear the ultimate responsibilities for veracity, accuracy, integrity and timeliness of accounting and financial reports;

(10) establishing a mechanism for identification, examination and management of conflict of interests between the Bank and the Shareholder;

(11) proposing to the Shareholder on appointment or dismissal of the accounting firm which carries out regular statutory audit of the Bank's financial reports;

(12) formulating the Bank's capital planning, and bear the ultimate responsibilities for management of capital or solvency;

(13) formulating the Bank's risk tolerance, risk management and internal control policies, and bear the ultimate responsibilities for overall risk management;

(14) resolving on the business plans of the Bank and the material adjustments of the Bank’s business nature, business structure, target customers or target business areas;

(15) resolving on the establishment of the branches and sub-branches of the Bank;

(16) safeguarding the legitimate rights and interests of financial consumers and other stakeholders;

(17) formulating the basic management system of the Bank;

(18) bearing management responsibilities for shareholder affairs;

(19) appointing or dismissing Senior Executives and decision on their remuneration, reward and punishment pursuant to regulatory provisions, and supervising the performance of duties of Senior Management;

(20) appointing or dismissing the responsible person of the internal audit department;

(21) resolving on the Bank employees’ incentive plans and retirement welfare plans;

(22) formulating plans for amendment of the AOA and the board charter, and deliberating on and approving the charters for specialized committees under the Board of Directors; and

(23) such other authorities of the Board of Directors as provided by laws, regulations and the AOA or as granted by the Shareholder.

The Board has actively fulfilled its fiduciary duty and duty of care in 2021. In 2021, the Board and its specialised committees have fulfilled its respective duties under our governance structure in accordance with laws, regulations, regulatory requirements, Articles of Association and relevant charters. The Board held its regular meetings on 9 March, 2 June, 7 September and 8 December in 2021 to receive regular updates from senior management on business performance, human resources, key IT projects, key regulation update and implementation status, and to review and discuss the bank's development strategy, financial plan, internal authority matrix, and external auditor's engagement and audit fees, etc.

2. Supervisor Obligation and Performance

ANZ China has one Supervisor, Mr. Tim Bezencon, appointed by the Shareholder. Mr. Benzencon currently serves as Chief Risk Officer of ANZ's Institutional Banking Division; has over 30 years of banking experience in client communications and credit risk. The Supervisor attends Board meetings and Risk Management Committee meetings, reviews Board pack, receives reports from senior management at board meeting, and participates in discussion from the perspective of Supervisor, examines the bank's financial status and supervise the performance of directors and senior management and report to the Shareholder accordingly. The Supervisor shall be responsible to the Shareholder, and, in accordance with the Company Law and other laws and regulations, regulatory provisions and the provisions of the AOA, faithfully perform the duties of supervising the Board of Directors and Senior Management , including the following duties and obligations:

(1) supervising and examining the business decision-making, financial status, risk management and internal control of the Bank and urge corrections;

(2) making comprehensive assessment of the performance of the duties of the Directors;

(3) monitoring and requiring the Directors or the Senior Executives to rectify the acts that are in violation of the PRC Law and the AOA; proposing the removal of Directors and Senior Executives who violate laws, regulations, the AOA, or shareholder decisions;

(4) preventing the acts of the Board of Directors or the Senior Executives that are detrimental to the interests of the Bank, the Shareholder and other connected parties, particularly the depositors; when the behavior of Directors and Senior Executives damages the interests of the Bank, requiring the Directors and Senior Executives to make corrections;

(5) proposing to the Shareholder;

(6) proposing the convening of the interim meetings of the Board of Directors;

(7) attending the meetings of the Board of Directors, and raising questions or suggestions about the matters to be resolved by the Board of Directors;

(8) actively participating in the trainings organized by the Bank and regulatory bodies, understanding the rights and obligations of Supervisor, being familiar with the relevant laws and regulations, and continuously possessing the professional knowledge and ability necessary to perform his/her duties;

(9) having the obligations of being loyal and diligent to the Bank, faithfully and prudently performing his/her duties, and guaranteeing having enough time and energy to perform his/her duties;

(10) taking legal proceedings against the Directors and the Senior Executives in accordance with the PRC Law; and

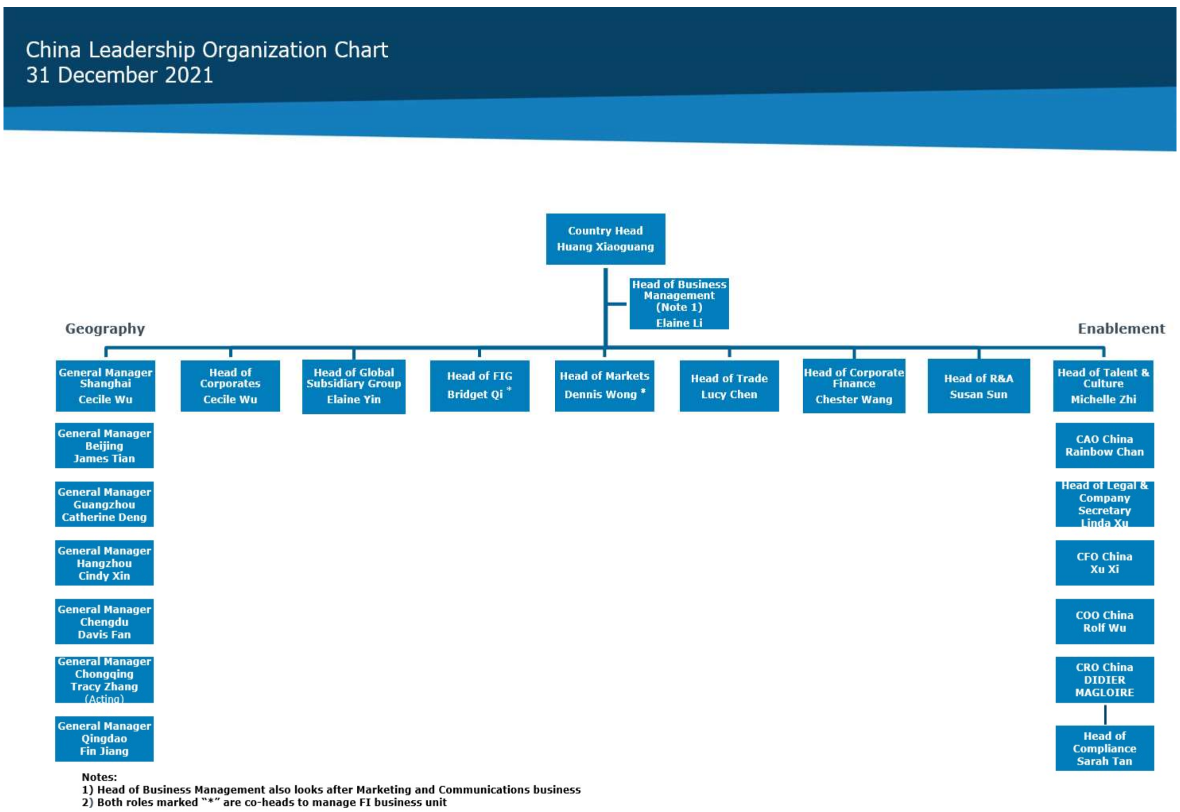
(11) such other authorities as delegated by the PRC Law, regulatory provisions, and the AOA.

3. Independent Director

The Independent Directors owe duty of loyalty and duty of care to ANZ China and its Shareholder. The Independent Directors fulfil their duties independently in accordance with PRC laws and regulations and Articles of Association to protect the overall interest of ANZ China. In the year 2020, Mr. Zhao Jiusu and Ms. Zhang Xiaoyan actively participated in the discussion and decisions at the Board meetings, expressed his objective and independent opinions. Mr. Zhao Jiusu is the chair-person of Connected Party Transaction Control Committee and Remuneration Committee; and he is also a member of Risk Management Committee and Audit Committee. Ms. Zhang Xiaoyan is the chair-person of Audit Committee; and she is also a member of the Connected Party Transaction Control Committee, Risk Management Committee and Remuneration Committee. In 2021, both independent directors performed their duties diligently and responsibly.

4. Senior Management

1) Organization Chart – as of 31 December 2021



2) Obligations of Senior Management

Obligations of Business Heads of Corporate Clients

- Actively expand ANZ China's customer base in China (including increasing the number of customers, expanding customer categories and developing diversified products)

- Take advantage of regional network to continuously develop and pursue business opportunities
- Establish banking products suitable for ANZ China
- Ensure that all banking businesses are conducted in strict accordance with relevant policies, regulations and instructions formulated by regulators. Maintain close communication with regulators and respond positively to all inquiries from regulators. Proactively promote the exchange of views with regulators to strengthen banking governance.
- According to specific needs, through the internal and external trainings and guidance for domestic and foreign staff, to expand employees' banking knowledge, strengthen employees' risk management skills, and build employees' strong sense of responsibility

Obligations of Chief Risk Officer:

- By participating in the strategy and policy formulation and day-to-day management of the bank's risk management, achieve supervisory responsibilities in various risk areas, mainly including credit risk and market risk
- Regularly report to the Board through the Risk Management Committee on the implementation of the risk management strategic and the overall status of risk management
- Establish and maintain good and smooth communication with regulators to ensure that regulators have a full understanding on our bank's risk management status and can timely provide guidance to the Bank

Obligations of Chief Audit Officer:

- The Chief Audit Officer is accountable to the Audit Committee and the Board. The Chief Audit Officer is appointed by the Board and reports to the Chairman of the Audit Committee
- The Chief Audit Officer is responsible for proposing and obtaining an internal audit plan, implementing the approved internal audit plan, and supervising the work of the internal audit team

Obligations of Chief Operation Officer:

- Formulate and control the financial budget of Operation Department
- Develop "customer first" service agreements with relevant business units
- Develop standardized operation procedures and ensure the normal operation of each operation team
- Proper implementation and monitoring of bank risk and compliance policies
- Formulate the work objectives of the operation team and arrange personnel reasonably
- Participate in the development plan of the Bank

Obligations of Head of Compliance:

- An important member of the ANZ China management committees, including the EXCO Committee, Risk Management Committee, IT Management Committee, and also sits on the specific committees under the Board
- Provide compliance advice for the bank's overall business development strategy decisions
- Lead the compliance team to comprehensively coordinate the identification and management of compliance risks according to the bank's compliance management framework, and guide the compliance department to perform the duties of compliance consulting, advice and supervision according to the compliance risk management plan

- Lead the bank's anti-money laundering work

Obligations of Chief Financial Officer:

- Develop all accounting systems of ANZ China
- Develop and implement sound financial management programs in accordance with banking policies and accounting standards
- Drive more efficient financial governance by improving and streamlining processes

Obligations of Head of Legal and Company Secretary:

- Provide independent and commercially viable legal advice and legal services to business units and make effective use of legal resources both inside and outside the bank
- Drafting and reviewing standard documents of the Bank
- Handling disputes and litigation matters (if any)
- Advise senior management on corporate governance structure to ensure compliance with Chinese legal and regulatory environment, and commit to continuous improvement of corporate governance structure
- Responsible for the daily work of the Board, including preparing meeting invites, meeting materials, meeting minutes and resolutions of the Board, coordinating with directors, obtaining required disclosure information, notices, statements, etc. according to law in a timely manner, and assisting in preparing directors' appointment documents

Obligations of Head of Talent & Culture:

- Establish human resource policies in line with business strategies, including: organizational structure design, talent recruitment and management, performance management evaluation, compensation and benefits, etc.
- Ensure HR policies and procedures are comply with local regulations and labour laws and in sync with local market practices
- Provide comprehensive human resources platform services to support our business growth
- Create a high-performance corporate culture. Ensuring the effective implementation of the performance management mechanism
- Assist the Country Head of ANZ China to build an employer brand both internally and externally, making our bank an ideal workplace and career choice for employees

Obligations of Branch Managers:

(a) Financial management

- Improve the business and financial performance of the branch
- Carry out effective management, complete the basic financial objectives, and continuously improve business performance

(b) Risk and Compliance management

- Ensure that all policies and processes comply with internal policies, legal and regulatory requirements, as well as relevant risk control and compliance requirements
- Proactively provide professional advice and guidance to colleagues or subordinates
- Oversee the day-to-day operations of the branch
- Formulate branch business strategies according to the head office strategy to ensure continuous growth of branch profits
- Represent the branch at business community events
- Maintain good relationships with government departments, regulators, embassies, clients and correspondent banks

- Proactively identify and address issues involving compliance and operational risk

(c) Customer Management

- Have continued business growth through continuous improvement in customer satisfaction and achievement of key plans, deliver greater value to the bank in the future
- Continuously improve the quality of customer service and provide customers with industry-leading experience
- Monitor service quality, including improving service recovery skills and responding to customer needs in a timely manner
- Maintain good relationship with senior managers and key customers, and continuously promote the further development of the relationship with the above parties
- Make decisions on day-to-day matters such as transactions and fee management

(d) Personnel management

- Build excellence and diversify team by promoting teamwork and leadership
- Require employees to abide by and implement our code of conduct, the professional ethics promulgated by the regulator and the banking association
- Bring up customer service ability and overall training ability of staff, establish a good culture of the branch, and boost staff morale
- Encourage employees to actively participate in community activities

3) Working Experience of Senior Managers

- Country Head – Huang Xiaoguang

  Xiaoguang was appointed as Chief Executive Officer of ANZ China and Head of Greater China in 2015; prior to this role, Xiaoguang has nearly 30 years of banking management experience in various management positions in Citigroup and Bank of America.
- Chief Risk Officer – Didier Magloire

  Mr. Magloire joined the ANZ Banking Group in 2014 and was appointed as Chief Risk Officer of ANZ China in 2019. Prior to that, Mr. Magloire held various positions in Citibank, Deutsche Bank, etc., He has over 30 years of banking and financial services experience.
- Chief Audit Officer – Chan Choi Hong.

  Ms. Chan Choi Hong has been appointed as Chief Audit Officer of ANZ China since 2010. Before that, she held various positions in Standard Chartered China, Standard Chartered Hong Kong and other foreign banks. She has over 40 years of banking experience.
- Chief Operation Officer – Wu Hao.

  Mr. Wuhao joined ANZ China in 2011 and has been the Chief Operating Officer since 2012. Before that, Mr. Wu Hao held various positions in Royal Bank of Scotland, Commerzbank, etc., He has nearly 30 years of banking experience.
- Chief Financial Officer – Xu Xi

  Mr. Xu Xi joined the ANZ Bank Group as a management trainee in 2006 and joined ANZ China in 2018 as Head of Financial Control and Head of Financial Control of ANZ Group North Asia. Mr. Xu Xi was appointed as Chief Financial Officer since 2019. He has 15 years of banking experience.
- Head of Local Corporate and Branch Manager of Shanghai Branch – Wu Xun.

  Ms. Wu Xun joined ANZ China in 2015 as the Head of Local Corporate. Since 2017, she has also served as Branch Manager of Shanghai Branch. Before that, Ms. Wu Xun held various positions in Bank of America, Citibank, etc., She has nearly 30 years of banking experience.
- Head of Global Subsidiary Group – Yin Ling

Ms. Yin Ling joined ANZ China in 2015 as Head of GSG. Before that, Ms. Yin Ling held various positions in Bank of America, Citibank, etc., She has more than 25 years of banking and financial services experience.

- Head of Markets – Wong Pak Kin

  Mr. Wong joined the ANZ Group in 2014 and was appointed as Head of Markets of ANZ China in 2017. Before that, Mr. Wong Pak Kin held various positions in JP Morgan Chase, BNP Paribas, Standard Chartered Bank, etc., He has more than 15 years of banking experience.

- Head of Transaction Banking – Chen Guanglu

  Ms. Chen Guanglu joined ANZ China in 2014 as Head of Transaction Banking. Before that, Ms. Chen Guanglu held various positions in OCBC, Citibank, etc., She has more than 25 years of banking and financial services experience.

- Head of Financial Institutions Group – Qi Xing

  Ms. Qi Xing joined ANZ Beijing Branch in 2008 as Head of FIG in China. Since 2010, She has been the Head of FIG of ANZ China. Before that, Ms. Qi Xing held various positions in Standard Chartered, China Merchants Bank, etc., She has more than 20 years of banking and financial services experience.

- Head of Research and Analysis –Sun Lingyun

  Ms. Sun Lingyun joined ANZ China in 2010 as Credit Manager and from 2021 onwards as Head of R&A. Before that, Ms. Sun Lingyun worked in Wing Hang Bank as a relationship manager of the corporate banking department. She has more than 15 years of banking experience.

- Head Corporate Finance –Wang Zhe

  Mr. Wang Zhe joined the ANZ Group in 2008 as a management trainee, joined ANZ China in 2014 as Director of Syndicated Loans and from 2021 as Head of Corporate Finance. He has over 10 years of banking experience.

- Head of Compliance – Tan Siwei

  Ms. Tan Siwei joined ANZ Bank Group in 2001, and joined ANZ Shanghai Branch in 2005 as the Director of Operational Risk and Compliance in China, and since 2010 served as Head of Compliance of ANZ China. She has 20 years of banking experience.

- Head of Legal and Company Secretary– Xu Jingjing

  Ms. Xu Jingjing joined ANZ Shanghai Branch in 2009 as a corporate lawyer. Since 2010, she has been appointed as Head of Legal of ANZ China and took management of Company Secretary office. She has also been the Company Secretary since 2018. Before that, Ms. Xu Jingjing worked as a legal counsel at Credit Suisse. She has more than 10 years of banking experience.

- Head of Talent and Culture(T&C) – Zhi Lin

  Ms. Zhi Lin joined ANZ Shanghai Branch in 1997, and has been appointed as Head of T&C ANZ China local incorporation in 2010. She has over 20 years of banking experience.

- Beijing Branch Manager – Tian Jun

  Mr. Tian Jun joined ANZ China Beijing Branch in 2016 as the Head of the Beijing Resource, Energy and Infrastructure Department. Since 2017, he has also served as the Branch Manager of the Beijing Branch. Before that, Mr. Tian Jun held various positions in Bank of America, Citibank, etc., He has more than 15 years of banking experience.

- Guangzhou Branch Manager – Deng Miaojuan

  Ms. Deng Miaojuan joined ANZ China in 2010 as Sales Director of the Trade and Supply Chain. Since 2013, she has been the Guangzhou Branch Manager and Head of Local Corporate, South China. Before that, Ms. Deng Miaojuan held various positions in HSBC, Citibank, etc., She has more than 20 years of banking experience.

- Hangzhou Branch Manager – Xin Ying

  Ms. Xin Ying joined ANZ China Hangzhou Branch in 2014 as the Associate Director of Local Corporate and also served as the Hangzhou Branch Manager from 2021. Before that, Ms. Xin Ying held various positions in HSBC, etc., She has more than 10 years of banking experience.

- Chengdu Branch Manager – Fan Jingdong

  Mr. Fan Jingdong joined ANZ China Chengdu Branch in 2013 as the Head of the Chengdu Branch Preparatory Team. Since 2014, he has been the Chengdu Branch Manager and Director of Local Corporate, west China. Before that, Mr. Fan Jingdong held various positions in ABN AMRO, Standard Chartered, etc., He has more than 20 years of banking experience.

- Chongqing Branch Manager (Acting) – Zhang Ge

  Ms. Zhang Ge joined ANZ China Chongqing Branch in 2010 and has served as the Operations Officer and then Operations Manager. Since 2021, she has appointed as Acting Chongqing Branch Manager. Before that, Ms. Zhang Ge held various positions in Standard Chartered, China Everbright Bank, etc., She has more than 15 years of banking experience.

- Qingdao Branch Manager – Jiang Lu

  Mr. Jiang Lu joined ANZ China Qingdao Branch in 2015 as the Head of the preparatory team of Qingdao Branch. Since 2015, he has been appointed as Qingdao Branch Manager and Head of Local Corporate, Qingdao. Before that, Mr. Jiang Lu held various positions in HSBC, etc., He has 15 years of banking experience.

5. Overall Assessment of Corporate Governance

The Bank has a sound corporate governance structure. There are clear roles and boundaries among Shareholder, Board of Directors, Supervisor and Senior Management. Various governance entities operate independently with effective checks and balance. In addition, our Directors, Supervisor and Senior Management possess sound professional background, business skills, professional ethics and industry experience, all of which contributes to an effective corporate governance team. The corporate governance evaluation result conducted by CBIRC Shanghai for Year 2020 rated the Banks' practice as Grade B.

VII. Equity Information

In accordance with 'Corporate Governance Guidelines for Banks and Insurance Institutions' and Article 37 in 'Provisional Measures on Administration of Equities of Commercial Banks'issued by China Banking & Insurance Regulatory Commission, ANZ China discloses its equity information as below:

1. Shareholder information as at the end of the reporting period

Australia and New Zealand Banking Group Limited is a listed company in Australia and is the only shareholder of ANZ China. There is no controlling shareholders, actual controlling party, parties acting in concert and ultimate beneficiaries for Australia and New Zealand Banking Group Limited.

2. Shareholder & its connected party as at the end of this reporting period; connected party transactions during this reporting period

As of 31 December 2021, the list of connected parties of Australia and New Zealand Banking Group Limited, the shareholder of the Bank, is as follows:

8 and 9 Chester Limited	Australia and New Zealand Banking Group (PNG) Limited
ACN 008 647 185 Pty Ltd	ANZ Wealth Australia Pty Ltd
ANZ Asia Limited	ANZ International (Hong Kong) Limited
ANZ Bank (Kiribati) Limited	ANZ Funds Pty. Ltd.
ANZ Bank (Samoa) Limited	ANZ Funds Pty. Ltd.
ANZ Bank (Thai) Public Company Limited	ANZ Funds Pty. Ltd.
ANZ Bank (Vanuatu) Limited	ANZ International (Hong Kong) Limited
ANZ Bank (Vietnam) Limited	Australia and New Zealand Banking Group Limited
ANZ Bank New Zealand Limited	ANZ Holdings (New Zealand) Limited
ANZ Capel Court Limited	Australia and New Zealand Banking Group Limited
ANZ Capital No. 1 Pty Ltd	Australia and New Zealand Banking Group Limited
ANZ Capital Private Limited	ANZ Funds Pty. Ltd.
ANZ Centre Pty Ltd	Australia and New Zealand Banking Group Limited
ANZ Commodity Trading Pty Ltd	Australia and New Zealand Banking Group Limited
ANZ Custodial Services New Zealand Limited	ANZ Bank New Zealand Limited
ANZ Fiduciary Services Pty Ltd	Australia and New Zealand Banking Group Limited
ANZ Finance American Samoa, Inc	Australia and New Zealand Banking Group Limited
ANZ Finance Guam, Inc	Citizens Bancorp
ANZ Funds Pty. Ltd.	Australia and New Zealand Banking Group Limited
ANZ Global Services And Operations (Chengdu) Company Limited	ANZ Global Services and Operations Pty Limited
ANZ Global Services And Operations (Manila) Inc	ANZ Global Services and Operations Pty Limited
ANZ Global Services and Operations Pty Limited	ANZ Funds Pty. Ltd.
ANZ Guam Inc.	Citizens Bancorp
ANZ Holdings (New Zealand) Limited	ANZ Funds Pty. Ltd.
ANZ ILP Pty Ltd	ANZ Wealth Australia Pty Ltd
ANZ International (Hong Kong) Limited	ANZ Funds Pty. Ltd.

ANZ International Private Limited	ANZ Funds Pty. Ltd.
ANZ Investment Services (New Zealand) Limited	ANZ Bank New Zealand Limited
ANZ Investments (PNG) Limited	Australia and New Zealand Banking Group (PNG) Limited
ANZ Leasing (BWC Financing) Pty Ltd	Australia and New Zealand Banking Group Limited
ANZ Leasing (NSW) Pty Ltd	Australia and New Zealand Banking Group Limited
ANZ Leasing (Vic) Pty. Ltd.	Australia and New Zealand Banking Group Limited
ANZ Lenders Mortgage Insurance Pty. Limited	Australia and New Zealand Banking Group Limited
ANZ Margin Services Pty. Limited	Australia and New Zealand Banking Group Limited
ANZ National Staff Superannuation Limited	ANZ Bank New Zealand Limited
ANZ New Zealand (Int'l) Limited	ANZ Bank New Zealand Limited
ANZ New Zealand Investments Limited	ANZ Wealth New Zealand Limited
ANZ New Zealand Investments Nominees Limited	ANZ New Zealand Investments Limited
ANZ New Zealand Securities Limited	ANZ Bank New Zealand Limited
ANZ Nominees Pty Ltd	Australia and New Zealand Banking Group Limited
ANZ Operations And Technology Private Limited	ANZ International Private Limited
ANZ Pacific Operations Pte Ltd	Australia and New Zealand Banking Group Limited
ANZ Pensions (UK) Limited	Australia and New Zealand Banking Group Limited
ANZ Properties (Australia) Pty Ltd	Australia and New Zealand Banking Group Limited
ANZ Rewards No. 2 Pty Ltd	Australia and New Zealand Banking Group Limited
ANZ Securities (Holdings) Pty Ltd	Australia and New Zealand Banking Group Limited
ANZ Securities (Japan), Ltd.	ANZ Funds Pty. Ltd.
ANZ Securities Limited	ANZ Securities (Holdings) Pty Ltd
ANZ Securities, Inc.	ANZ Funds Pty. Ltd.
ANZ Singapore Limited	ANZ International Private Limited
ANZ Support Services India Private Limited	Australia and New Zealand Banking Group Limited
ANZ Underwriting Limited	ANZ Securities (Holdings) Pty Ltd
ANZ Wealth Australia Pty Ltd	Australia and New Zealand Banking Group Limited
ANZ Wealth New Zealand Limited	ANZ Bank New Zealand Limited
ANZcover Insurance Private Ltd	ANZ Funds Pty. Ltd.
ANZEF Limited	Minerva Holdings Limited
ANZEST Pty Ltd	Australia and New Zealand Banking Group Limited
ANZi Holdings Pty Ltd	Australia and New Zealand Banking Group Limited
Arawata Assets Limited	ANZ Bank New Zealand Limited
Australia and New Zealand Bank (China) Company Limited	Australia and New Zealand Banking Group Limited
Australia and New Zealand Banking Group (PNG) Limited	Australia and New Zealand Banking Group Limited
Chongqing Liangping ANZ Rural Bank Company Limited	Australia and New Zealand Banking Group Limited
Citizens Bancorp	Australia and New Zealand Banking Group Limited
Endeavour Finance Limited	ANZ Bank New Zealand Limited
Esanda Finance Corporation Pty Ltd	Australia and New Zealand Banking Group Limited
Franchise Asset Holdings Pty Ltd	Australia and New Zealand Banking Group Limited
Jikk Pty Ltd	Australia and New Zealand Banking Group Limited
La Serigne Limited	ANZ Bank (Vanuatu) Limited
Minerva Holdings Limited	ANZ Funds Pty. Ltd.
OneAnswer Nominees Limited	ANZ New Zealand Investments Limited
Payment Acceptance Australia Pty Limited	Australia and New Zealand Banking Group Limited
PT Bank ANZ Indonesia	Australia and New Zealand Banking Group Limited
Share Investing Limited	Australia and New Zealand Banking Group Limited
Shout for Good Pty. Ltd.	ANZ Wealth Australia Pty Ltd
SIL Nominees Pty Limited	Share Investing Limited

Votraint No. 1103 Pty Limited	ANZ Funds Pty. Ltd.
Whitehall Investments Ltd	ANZ Bank (Vanuatu) Limited

For the year 2021, the service-related connected party transaction amounts between the Bank and its shareholder / its connected parties are disclosed as follows:

Shareholder related service fee	RMB 29,806,390.24
Operation Hubs related service fee	RMB 17,823,337.95

3. Director & Supervisor Nomination

In 2021, there is no new nomination from the shareholder for directors or supervisor.

4. Equity Change & Equity Pledge

There is no equity change or equity pledge taken place in 2021.

VIII. Remuneration

As per the Article 22 of Supervisory Guidelines on Sound Compensation in Commercial Banks and Attachment 15 of Administrative Measures for the Capital of Commercial Banks (for Trial Implementation), we hereby disclose the remuneration information as below:

1. The remuneration management framework and approval procedures, including the composition and limit of authority of the REM Committee

- Setup of REM Committee: the REM Committee is established in April 2016, and report to the Board of ANZ China. REM Committee is comprised of 4 directors and the Chairman of the Committee is assumed by Independent Director Zhao Jiusu. The REM Committee will meet at least once annually and more frequently if it deems necessary.
- Duties and Responsibilities of REM Committee: Subject to any requirement to keep the China Board informed of its activities, the REM Committee has power to deal with all matters falling within the scope of its purpose and duties as set out in its Charter and all other matters that may be delegated by the China Board to the REM Committee from time to time, including:
    - the review and approval of annual Performance and Remuneration Review outcomes for ANZ China employees in aggregate;
    - the review and approval of updates to the ANZ China Remuneration Operating Guidelines;
    - Set and review annual working plan of the China Remuneration Committee, including the review of the annual internal Remuneration and Performance Evaluation Audit findings for ANZ China to ensure compliance with the legal and regulatory requirements on remuneration;
    - Make recommendations on any other matters referred to the REM Committee to the Chair of the REM Committee or the China Board; and
    - Review the terms of this Charter on an annual basis, and where appropriate, recommend any changes to the China Board.
    - Review and determine ANZ China Material Risk Takers (China MRTs) roles.
    - Review and update ANZ China Governance Framework for Management of Professionals' Conduct.

2. The total annual compensation, beneficiaries, and the composition and distribution of compensation

- The total 2021 annual remuneration amount is CNY 292,200,000, inclusive of fixed and variable compensation (exclude benefits).
- Remuneration structure: The ANZ remuneration structure includes fixed compensation, variable compensation and benefits, and the benefits include commercial insurance, housing fund etc.

3. The standards for compensation and performance measurement and risk adjustments

Individual remuneration outcomes are discretionary and linked to both ANZ and individual performance outcomes for all employees. The performance appraisal system of our bank requires employees to set performance objective from three aspects: "How", "What" and "Growth". The setting of performance objectives can take into account the personal objectives of the employees and the common objectives of the department and team. The “How” includes, but is not limited to, our unified corporate values and staff’s code of conduct, so as to regulate the behaviour of employees; the “What” is mainly based on the four pillars : Customer, Financial Discipline & Operational Resilience, People & Culture, Risk. To set the staff’s performance objectives, the sum of the weights of all four pillars shall be 100%, of which the weight of a single financial target shall not exceed 25%, and the sum of the total financial weight shall not exceed 30%. The "Growth" requires employees to set at least one learning growth goal. Objectives of “Growth” are not included in the year-end assessment. Throughout the appraisal year, employees are encouraged to discuss the performance objectives and completion status with the line manager at any time. The performance objectives can also be adjusted according to the actual situation and the results of the discussion. In our bank's year-end appraisal, the line manager will assess and evaluate the performance of employees based on the objectives of "How" and "What". In the event of misconduct, violation of the code of conduct or non-compliance of employees, their rating will be negatively affected. The performance compensation of ANZ reflects sufficient risks and the incentive and constraint requirements for sustainable development of the bank.

4. The information about deferred compensation payouts and non-cash compensation, including the information about clawbacks for some reasons

Deferral and non-cash payment of variable compensation: Mandatory deferral places an increased emphasis on having a variable structure that is flexible, continues to be performance linked, has significant retention elements and motivates employees to drive continued performance over the longer term. The deferral part is granted as ANZ equity which vests at the end of 1, 2 and 3 years. The determination and payment of overall performance based compensation will be approved by the Board of Directors in advance. At the end of the relevant deferral period, the consent of the Board is required before the deferred amount is released.

There was 1 malus/clawback of variable compensation occurred in the year 2021.

5. The information about compensation of the board of directors, supervisor, senior management, and those employees in posts having material impact on risks of the bank

Board members (as of 31 December 2020) - refer to Part VI ‘Corporate Governance’ Section 1 ‘Board Obligation, Composition and Performance’.

As of 31 December 2020, total fixed compensation paid to the Independent Directors is CNY 550,000. Neither do the other directors or the supervisor receive any compensation from the Bank.

The roles of senior managements and those employees in posts having material impact on risks of the bank are set forth as below; the list of the roles will be adjusted from time to time.

Category	Position
Senior Management	Country Head China
	Chief Risk Officer (CRO) China
	Chief Financial Officer (CFO) China
	Chief Operating Officer (COO) China
	Chief Audit Officer (CAO) China
	Head of Corporates China & GM Shanghai
	Head of Global Subsidiary Group China
	Head of Markets China
	Head of Transaction Banking China
	Head of FIG China
	Head of R&A China
	Head of Corporate Finance China
	Head of Compliance China
	Head of Legal & Company Secretary China
	Head of Talent & Culture China
	GM Beijing
	GM Guangzhou
	GM Hangzhou
	GM Chongqing
	GM Chengdu
	GM Qingdao

As of 31 December 2021, total income (exclude benefits) paid to senior managements and those employees in posts having material impact on risks of the bank is CNY 63,600,000 and paid part of incentive bonus is CNY 5,100,000and the deferral part is CNY 6,220,000.

6. The preparation and filing of the annual compensation plan, and the information about the assessment of the accomplishment of the indicators on economy, risks and social responsibilities

It is essential that all employees are aware of the standards of ANZ Values, behaviour and risk/compliance that are expected of them. Failure to meet the required standards during the year will result in a negative impact to performance and remuneration outcomes. ANZ also review staff's compliance with external laws and regulations and internal process and regulator's feedback on regular basis, and inform the senior management team in a timely manner. From bank level, we ensure close monitor and supervision on our position on regulatory index such as capital adequacy ratio and provision. For front-line positions that have major impact on the risk, risk related performance targets such as the credit quality of clients, adherence to internal risk preference, and ensuring no regulatory breach as 1st line of defence have all been incorporated and will have direct impact on employee's performance outcome.

7. The exceptions to the original compensation plan, including the affecting factors, and the composition, form, number and beneficiaries of the compensation changes

No exceptions to the original compensation plan occurred in 2021 financial year.

8. Remuneration Policy

The ANZ China Remuneration Operating Guideline is reviewed or updated (if need) on annual basis. ANZ China Remuneration Committee reviewed and approved ANZ China Remuneration Operating Guideline in 2021. In the Guideline, the Remuneration structure, fix remuneration and variable remuneration are introduced, and the Guideline is applicable to all staff of ANZ China.

IX. Corporate Social Responsibility

The Board continued the promotion of ICARE (Integrity, Collaboration, Accountability, Respect, and Excellence) in 2021 as the Bank's key value and behavioural standards, taking great effort to achieve harmonious development for the business, the individual, the community and the environment.

In 2021 ANZ China cancelled a few CSR activities as we implemented the spirit and requirements of epidemic prevention and control. We initiated charity donations and other love care programs to continuously promote the harmonious development of the society. ANZ China delivered 5 volunteer activities in 2021 with 656 volunteer hours committed.

Highlights of 2021 volunteer activities:

Poverty Alleviation

- ANZ China partnered with Shanghai United Foundation to participate in '2021 One Egg Charity Walk' challenge.
- ANZ China Qingdao branch engaged in a local poverty alleviation program for Qingdao Laixi Nanlan primary school.

Education and Love Care

- ANZ China Hangzhou branch keeps the long-term relationship with Lin'an Children's Home to help abandoned children & disabled children. In 2021, Hangzhou Branch raised funds to help the orphans through "Donate a Book" charity walk.
- ANZ China Chongqing Branch keeps the long-term relationship with Leyi Special kindergarten for regular love care program.

ESG/Environmental Protection

- ANZ China Guangzhou Branch participated in the volunteer activity of "Cleaning the Mountains", picking up garbage in the mountains and forests, and carrying out environmental protection publicity.

X. Other Significant Matters

In the year 2021, there is no significant matters taking place in accordance with the measurements of ‘significant matters’ as specified in Article 22 of <Measures on Information Disclosure by Commercial Banks> Decree of the China Banking Regulatory Commission No.7 (2007).

XI. Financial Statements

Our financial statements have been audited by KPMG and the details are attached in this report.

XII. Network and Contact (as of 31 December 2021)

Network	Address	Telephone	Fax
ANZ China Headquarter	Unit D,E,F 17th Floor, Unit A,B,C,D2,E,F 15th Floor and Unit B1 12th Floor Mirae Asset Tower, 166 Lujiazui Ring Road, Pudong, Shanghai	+86 21 6169 6000	+86 21 6169 6199
Shanghai Branch	Unit A,B2,C,D,E &F, 12F, Mirae Asset Tower, No. 166 Lujiazui Ring Road Pudong, Shanghai	+86 21 6169 6000	+86 21 6169 6199
Shanghai Free Trade Zone Sub-branch	Unit D1,15th Floor, Mirae Asset Tower 166 Lujiazui Ring Road, Pudong, Shanghai	+86 21 6169 6000	+86 21 6169 6199
Beijing Branch	Unit 01A,02,03,05A,07, Floor 32, Tower 3, China Central Place, No. 77 Jianguo Road, Chaoyang District, Beijing	+86 10 6599 8188	+86 10 8588 8696
Guangzhou Branch	Unit 02, 20F, International Finance Place 8 Huaxia Road, Pearl River New Town, Guangzhou	+86 20 3814 1088	+86 20 3814 1077
Chongqing Branch	11F, Metropolitan Tower, 68 Zourong Road, Yuzhong District, Chongqing	+86 23 8810 5900	+86 23 8810 5971
Hangzhou Branch	Unit302, Building 1 (C),Euro America Center (EAC),18 Jiao Gong Road, Hangzhou, Zhejiang	+86 571 2689 0888	+86 571 2689 0877
Chengdu Branch	Unit 3, 30F, Office Tower 1, International Finance Square, No. 1, Section 3, Hongxing Road, Jinjiang District, Chengdu, Sichuan	+86 28 6872 1911	+86 28 6872 1901
Qingdao Branch	Unit 2502-2503, Shangri-la Centre, No.9, Xianggang Zhong Road, Shinan District, Qingdao	+86 532 8163 3688	+86 532 8163 3608

Australia and New Zealand Bank
(China) Company Limited

English translation of financial statements
for the year 1 January 2021 to 31 December 2021
If there is any conflict of meaning between the Chinese version
and its English translation, the Chinese version will prevail

AUDITORS' REPORT

毕马威华振沪审字第 2201559 号

The Board of Directors of Australia and New Zealand Bank (China) Company Limited:

Opinion

We have audited the accompanying financial statements of Australia and New Zealand Bank (China) Company Limited ("ANZ China") set out on pages 1 to 89 which comprise the balance sheet as at 31 December 2021, the income statement, the cash flow statement and the statement of changes in owner's equity for the year then ended, and notes to the financial statements.

In our opinion, the allowance for impairment losses of loans and advances to customers is recognised in all material respects in accordance with the preparation basis as stated in Note 2 to the financial statements, and the rest of ANZ China's financial statements are in all material respects in accordance with the requirements of Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China. On this basis, the financial statements present fairly, in all material respects, the financial position of ANZ China as at 31 December 2021, and the financial performance and the cash flows of ANZ China for the year then ended.

Basis for Opinion

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

Other Information

ANZ China's management is responsible for the other information. The other information comprises all the information included in 2021 annual report of ANZ China, other than the financial statements and our auditor's report thereon.

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

AUDITORS' REPORT (continued)

毕马威华振沪审字第 2201559 号

Other Information (continued)

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with and based on the Accounting Standards for Business Enterprises and the requirement for the allowance for impairment losses of loans and advances to customers as stated in Note 2 to the financial statements, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing ANZ China's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ANZ China's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on ANZ China's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause ANZ China to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation according to the basis of preparation.

Auditors’ Responsibilities for the Audit of the Financial Statements (continued)

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

KPMG Huazhen LLP Shanghai Branch	Certified Public Accountants Registered in the People’s Republic of China
	Chen Sijie (Signed on Chinese original)
Shanghai, China	Luo Jing (Signed on Chinese original)
	Date:

Australia and New Zealand Bank (China) Company Limited
Balance Sheet as at 31 December 2021
(Expressed in RMB)

	Note	*2021*	*2020*
Assets:			
Cash and deposits with central bank	6	1,800,530,624.56	3,260,665,112.29
Deposit with banks and other financial institutions	7	577,188,200.88	2,479,793,695.35
Precious metals		475,954,715.53	699,980,877.30
Placements with banks and other financial institutions	8	15,342,058,635.29	4,975,604,504.88
Derivative financial assets	9	4,457,501,511.52	8,793,659,508.82
Loans and advances to customers	10	7,468,616,037.43	7,233,989,430.76
Financial investment			
- Financial asset held for trading	11	2,728,772,852.40	1,998,499,707.11
- Other debt investment	12	4,728,464,140.82	5,415,219,780.47
Fixed assets	13	22,992,362.68	16,481,280.98
Right-of-use assets	14(1)	60,718,667.59	81,701,740.09
Intangible assets		-	3,313,203.97
Deferred tax assets	15	64,802,510.19	88,413,907.76
Other assets	16	2,106,299,673.00	2,429,672,952.02
Total assets		39,833,899,931.89	37,476,995,701.80

The notes on pages 10 to 89 form part of these financial statements.

Australia and New Zealand Bank (China) Company Limited
Balance Sheet as at 31 December 2021 (continued)
(Expressed in RMB)

	Note	*2021*	*2020*
Liabilities:			
Deposits from banks and other financial institutions	17	841,389,104.28	1,052,577,553.06
Placements from banks and other financial institutions	18	3,601,788,883.26	2,933,171,696.48
Financial liabilities held for trade	19	1,309,213,026.51	1,966,190,660.47
Derivative financial liabilities	9	4,692,533,055.59	8,951,257,160.98
Financial assets sold under repurchase agreements	20	4,146,406,866.81	2,939,965,337.99
Deposits from customers	21	16,395,484,845.63	11,724,941,169.37
Employee benefits payable	22	16,601,831.62	20,154,439.95
Taxes payable	23	28,578,226.36	16,409,591.08
Debt securities issued	24	1,234,872,683.80	149,160,176.71
Lease liability	14(2)	69,641,188.52	89,801,090.55
Provision	25	16,553,418.35	13,796,354.07
Other liabilities	26	87,591,271.85	256,298,980.02
Total liabilities		32,440,654,402.58	30,113,724,210.73

The notes on pages 10 to 89 form part of these financial statements.

Australia and New Zealand Bank (China) Company Limited
Balance Sheet as at 31 December 2021 (continued)
(Expressed in RMB)

	Note	*2021*	*2020*
Owners' equity:			
Paid-in capital	27	6,225,000,000.00	6,225,000,000.00
Other comprehensive income	28	32,038,757.67	6,998,798.26
Surplus reserve	29	239,105,983.43	232,864,575.83
General reserve	30	298,690,022.35	200,028,578.49
Retained earnings		598,410,765.86	698,379,538.49
Total owners' equity		7,393,245,529.31	7,363,271,491.07
Total liabilities and owners' equity		39,833,899,931.89	37,476,995,701.80

These financial statements were approved by the Board of Directors of Australia and New Zealand Bank (China) Company Limited.

Xiaoguang Huang China Country Head	Xi Xu Chief Financial Officer	Australia and New Zealand Bank (China) Company Limited (Stamp)

Date:

The notes on pages 10 to 89 form part of these financial statements.

Australia and New Zealand Bank (China) Company Limited
Income Statement for the year ended 31 December 2021
(Expressed in RMB)

	Note	*2021*	*2020*
Operating income		562,977,252.07	551,665,182.32
Net interest income	32	273,937,933.49	333,478,335.28
Interest income		623,412,426.63	697,192,025.64
Interest expenses		(349,474,493.14)	(363,713,690.36)
Net fee and commission income	33	89,526,260.86	78,844,503.12
Fee and commission income		127,693,565.62	116,887,851.36
Fee and commission expenses		(38,167,304.76)	(38,043,348.24)
Investment losses	34	(135,385,555.50)	(181,538,176.01)
Other income	35	4,694,230.74	5,104,986.89
Gains from changes in fair value	36	224,158,499.77	35,991,574.97
Foreign exchange gains		106,045,882.71	279,783,958.07
Operating expenses		(477,830,113.17)	(467,009,181.73)
Taxes and surcharges		(7,335,575.43)	3,397,106.50
Business and administrative expenses	37	(526,313,002.88)	(559,165,227.68)
Reversal of credit impairment losses	38	55,959,864.99	88,791,651.91
Losses from asset disposals		(141,399.85)	(32,712.46)
Operating profit		85,147,138.90	84,656,000.59

The notes on pages 10 to 89 form part of these financial statements.

Australia and New Zealand Bank (China) Company Limited
Income Statement for the year ended 31 December 2021 (continued)
(Expressed in RMB)

	Note	*2021*	*2020*
Operating profit		85,147,138.90	84,656,000.59
Add: Non-operating income		30,648.70	293.24
Less: Non-operating expenses		(629,795.93)	(108,434.86)
Profit before tax		84,547,991.67	84,547,858.97
Less: Income tax expenses	39	(22,133,915.68)	(20,678,852.46)
Net profit		62,414,075.99	63,869,006.51
Other comprehensive income, net of tax:	40		
Items that may be reclassified to profit or loss			
- Other debt investment changes in fair value		24,028,997.76	(36,990,273.80)
- Changes in expected credit losses ("ECL") in other debt investment		1,010,961.65	65,853.39
Total comprehensive income		87,454,035.40	26,944,586.10

The notes on pages 10 to 89 form part of these financial statements.

Australia and New Zealand Bank (China) Company Limited
Cash Flow Statement for the year ended 31 December 2021
(Expressed in RMB)

	Note	*2021*	*2020*
Cash flows from operating activities:			
Net decrease in deposits with the central bank, banks and other financial institutions		911,831,922.13	-
Net decrease in financial assets held for trade at FVTPL		-	141,314,574.06
Net decrease in other debt investment		665,108,596.65	-
Net decrease in placements with banks and other financial institutions		-	3,167,073,850.94
Net decrease in loans and advances to customers		-	2,327,855,501.31
Net increase in deposits from customers and other banks		4,473,968,857.76	-
Net increase in placements from banks and other financial institutions and financial assets purchased under resale agreements		1,876,381,783.50	9,970,062.03
Refund of value added tax		-	66,073,394.01
Proceeds from interest, fee and commission		747,761,209.09	837,070,816.49
Proceeds relating to other operating activities		958,819,886.85	1,906,072,067.73
Sub-total of cash inflows		9,633,872,255.98	8,455,430,266.57
Net increase in deposits with the central bank, banks and other financial institutions		-	(268,371,103.71)
Net increase in financial assets held for trade at FVTPL		(3,335,028,004.62)	-
Net increase in financial assets held for trade at FVTPL		(699,542,202.77)	-
Net increase in other debt investment		-	(515,301,332.71)
Net increase in loans and advances to customers		(153,635,512.95)	-
Net decrease in deposits from customers and other banks		-	(5,024,003,659.06)
Payment for interest, fee and commission payable		(383,884,805.84)	(361,362,871.68)
Payment to and for employees		(352,845,053.57)	(354,249,316.59)
Payment of various taxes		(49,159,238.90)	(45,236,985.96)
Payment for other operating activities		(973,703,465.65)	(905,460,888.62)
Sub-total of cash outflows		(5,947,798,284.30)	(7,473,986,158.33)
Net cash flow generated from operating activities	41(1)	3,686,073,971.68	981,444,108.24

The notes on pages 10 to 89 form part of these financial statements.

Australia and New Zealand Bank (China) Company Limited
Cash Flow Statement for the year ended 31 December 2021 (continued)
(Expressed in RMB)

	Note	*2021*	*2020*
Cash flows from investing activities:			
Payment for acquisition of fixed assets, intangible assets and other long-term assets		(13,759,463.08)	(4,809,241.19)
Sub-total of cash outflows		(13,759,463.08)	(4,809,241.19)
Net cash outflows from investing activities		(13,759,463.08)	(4,809,241.19)
Cash flows from financing activities:			
Proceeds from issuance of debt securities		1,417,724,300.00	832,423,400.00
Sub-total of cash inflows		1,417,724,300.00	832,423,400.00
Repayments of debt securities		(350,000,000.00)	(2,100,000,000.00)
Repayments of principal and interest of lease liabilities		(30,080,971.24)	(23,365,062.57)
Payment for profit distributions		(57,479,997.16)	(267,140,000.00)
Sub-total of cash outflows from financing activities		(437,560,968.40)	(2,390,505,062.57)
Net cash flow generated / (used) in financing activities		980,163,331.60	(1,558,081,662.57)
Effect of foreign exchange rate changes on cash and cash equivalents		(99,171,856.47)	(224,436,546.86)
Net increase / (decrease) in cash and cash equivalents	41(2)	4,553,305,983.73	(805,883,342.38)
Add: Cash and cash equivalents at the beginning of the year		7,720,798,112.65	8,526,681,455.03
Cash and cash equivalents at the end of the year	41(3)	12,274,104,096.38	7,720,798,112.65

The notes on pages 10 to 89 form part of these financial statements.

Australia and New Zealand Bank (China) Company Limited
Statement of Changes in Owners' equity for the year ended 31 December 2021
(Expressed in RMB)

	Note	*Paid-in capital*	*Other comprehensive income*	*Surplus reserve*	*General reserve*	*Retained earnings*	*Total*
Balance at 1 January 2021		6,225,000,000.00	6,998,798.26	232,864,575.83	200,028,578.49	698,379,538.49	7,363,271,491.07
Changes in equity during the year							
1. Total comprehensive income		-	25,039,959.41	-	-	62,414,075.99	87,454,035.40
2. Appropriation of profits							
- Appropriation for surplus reserve	29, 31	-	-	6,241,407.60	-	(6,241,407.60)	-
- General reserve		-	-	-	98,661,443.86	(98,661,443.86)	-
- Distributions to owners	31	-	-	-	-	(57,479,997.16)	(57,479,997.16)
Sub-total of 1 & 2		-	25,039,959.41	6,241,407.60	98,661,443.86	(99,968,772.63)	29,974,038.24
Balance at 31 December 2021		6,225,000,000.00	32,038,757.67	239,105,983.43	298,690,022.35	598,410,765.86	7,393,245,529.31

The notes on pages 10 to 89 form part of these financial statements.

Australia and New Zealand Bank (China) Company Limited
Statement of Changes in Owners' equity for the year ended 31 December 2020 (continued)
(Expressed in RMB)

	Note	*Paid-in capital*	*Other comprehensive income*	*Surplus reserve*	*General reserve*	*Retained earnings*	*Total*
Balance at 31 December 2019		6,225,000,000.00	43,923,218.67	226,477,675.18	200,028,578.49	908,037,432.63	7,603,466,904.97
Changes in equity during the year							
1. Total comprehensive income		-	(36,924,420.41)	-	-	63,869,006.51	26,944,586.10
2. Appropriation of profits							
- Appropriation for surplus reserve	29, 31	-	-	6,386,900.65	-	(6,386,900.65)	-
- Distributions to owners	31	-	-	-	-	(267,140,000.00)	(267,140,000.00)
Sub-total of 1 & 2		-	(36,924,420.41)	6,386,900.65	-	(209,657,894.14)	(240,195,413.90)
Balance at 31 December 2020		6,225,000,000.00	6,998,798.26	232,864,575.83	200,028,578.49	698,379,538.49	7,363,271,491.07

The notes on pages 10 to 89 form part of these financial statements.

1 General information

Australia and New Zealand Bank (China) Company Limited (“ANZ China” or “The Bank”) is a wholly foreign-owned corporate bank incorporated in Shanghai, the People’s Republic of China (“the PRC”), by Australia and New Zealand Banking Group Limited (“ANZ” or “the parent bank”).

The Bank obtained a Business Licence for Enterprise on 16 September 2010. As stated in the Bank’s Business Licence, the Bank has an undefined operating period. the Bank’s business scope includes foreign currency business and RMB business to kinds of clients approved by relevant authorities.

As at 31 December 2021, the Bank has established 7 branches and 1 sub-branch in Shanghai, Beijing, Guangzhou, Chongqing, Hangzhou, Chengdu and Qingdao.

2 Basis of preparation

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

The Bank has adopted the revised *Accounting Standard for Business Enterprises No. 21 – Leases* issued by the MOF in 2018 since 1 January 2020 (see Note 4).

The financial statements have been prepared in accordance with the requirements of “Accounting Standards for Business Enterprises - Basic Standard” issued by the Ministry of Finance (“the MOF”); in addition, allowance for impairment losses of loans and advances to customers, are determined on the basis of the requirements of China Accounting Standards (“CAS”), with reference to the relevant regulations of “*the Administrative Measures on Loan Loss Provision of Commercial Banks*” (Decree of the CBRC [2011] No. 4) issued by the former China Banking Regulatory Commission (“CBRC”) (i.e. the loan provision shall not be less than 1.5% of all loan balances or be less than 150% of non-performing loan balances) (see Note 3(2)(h)). If the difference between the allowance for impairment losses of loans and advances to customers calculated based on the Decree of the CBRC [2011] No.4 and that based on CAS is higher than zero, the difference will be recognised as an additional allowance for impairment losses of loans and allowances for customers and form part of total allowances for impairment losses of loans and allowances for customers. These accounting policies are compliant with relevant regulations and reporting requirements of other authorities.

On above basis, the financial statements present truly and completely the financial position of the Bank as at 31 December 2021, and the financial performance and the cash flows of the Bank for the year then ended.

(1) Accounting year

The Bank's accounting year is from 1 January to 31 December.

(2) Functional currency and presentation currency

The Bank's functional currency is RMB and these financial statements are presented in RMB. Functional currency is determined by the Bank on the basis of the currency in which major income and costs are denominated and settled.

3 Significant accounting policies and accounting estimates

(1) Translation of foreign currencies

When the Bank receives capital in foreign currencies from the investor, the capital is translated to RMB at the spot exchange rate at the date of receipt. Other foreign currency transactions are, on initial recognition, translated to RMB at the spot exchange rates or rates that approximate the spot exchange rates on the dates of the transactions.

A rate that approximates the spot exchange rate is a rate determined under a systematic and rational method, such as the average exchange rate of the current period or the weighted average exchange rate.

Monetary items denominated in foreign currencies are translated to RMB at the spot exchange rate at the balance sheet date. The resulting exchange differences are recognised in profit or loss. Non-monetary items that are measured at historical cost in foreign currencies are translated to RMB using the exchange rate at the transaction date.

(2) Financial instruments

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

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

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

(b) Classification and subsequent measurement of financial assets

(i) Classification of financial assets

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

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

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

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

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

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

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

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

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

(ii) Subsequent measurement of financial assets

- Financial assets at FVTPL

  These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

- Financial assets at amortised cost

  These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost shall be recognised in profit or loss when the financial asset is derecognised, through the amortisation process or in order to recognise impairment gains or losses.

- Debt investments at FVOCI

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

(c) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified financial liabilities measured at FVTPL, financial guarantee liabilities or amortised cost.

- Financial liabilities at FVTPL

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

  Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

- Financial guarantee liabilities

  Financial guarantees require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

  Financial guarantees are initially recognised as deferred income at fair value. The deferred income is amortised in profit or loss during the guarantee period, and its subsequent measurement is in accordance with accounting policies for financial instrument impairment as in Note 3(2)(h).

- Financial liabilities at amortised cost

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

(d) Offset

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

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

(e) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when one of the following conditions is met:

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

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

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

The Bank derecognises a financial liability (or part of it) only when its contractual obligation (or the part of it) is extinguished.

(f) Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date the derivative transaction contract is signed, and are subsequently measured at fair value. Derivative financial instruments with a positive fair value are recognised as an asset, and a negative fair value is recognised as a liability.

When the host included in the hybrid contract is an asset within the scope of new financial instrument standards, derivatives embedded in contracts where the host is a financial asset are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. When the host included in the mixed contract is not an asset within the scope of new financial instrument standards, and some embedded derivative financial instruments do not have a close relationship with the economic characteristics and risks of their host, they are consistent with separate instruments with the same terms as the embedded derivative, and the hybrid instrument is not measured at FVTPL, the embedded derivative shall be split from the hybrid contract and treated as an independent derivative financial instrument. These embedded derivative financial instruments are measured at FVTPL, the changes in the fair value are through profit or loss.

Gains and losses arising from changes in the fair value of derivative financial instruments are through profit or loss.

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

Assets will be repurchased on a certain future date in accordance with the agreement are not derecognised in the balance sheet. Proceeds from the sale of these assets, including interest accrued, are listed under "sold under repurchase agreement" on the balance sheet to reflect the economic substance as loans to the Bank. The difference between the selling price and the repurchase price is recognised during the agreement period using the effective interest method and is recognised in interest expense.

In contrast, assets that are agreed to be resold on a fixed future date in accordance with the purchase agreement will not be recognised in the balance sheet. The costs paid for the purchase of these assets, including interest accrued, are presented in the balance sheet as payment for resale. The difference between purchase and resale is recognised during the agreement period using the effective interest method and is recognised in interest income. Pursuant to the principle of classification of financial assets (see Note 3(2)(b)) is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost.

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

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

(h) Impairment of financial assets

The Bank performs impairment accounting and recognises losses for the following items based on ECL:

- financial assets measured at amortised cost;
- Debt investment at FVOCI;
- Financial guarantee contracts and credit commitment.

Financial assets measured at fair value, including debt investment at FVTPL, and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECL

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

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

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

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

The Bank measures loss allowance at an amount equal to 12-month ECL for the following financial instruments, and at an amount equal to lifetime ECL for all other financial instruments:

- If the financial instrument is determined to have low credit risk at the balance sheet date; The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may not necessarily reduce the ability of the borrower to fulfil its contractual cash flow obligations; or

- If the financial instrument's credit risk has not increased significantly after initial recognition. In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Bank compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information. In particular, the following information is taken into account:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Bank.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on an individual basis.

Normally, the Bank assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Credit-impaired financial assets

At each balance sheet date, the Bank assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- for economic or contractual reasons relating to the borrower's financial difficulty, the Bank having granted to the borrower a concession that would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

According to relevant regulations of "the Notice on adjusting Administrative Measures on Loan Loss Provision of Commercial Banks" (Decree of the CBRC [2018] No.7), the loan provision rate and the provision coverage was adjusted from 150% to 120%-150%, and in principal, from 2.5% to 1.5%-2.5% respectively. As at 31 December 2021, the total allowance for impairment losses of loans and advances to customers the Bank recognised was RMB 113,244,137.21, of which, the additional allowance made is RMB 76,274,875.66, with a loan loss provision rate of 1.5% (31 December 2020: amount of RMB184,862,630.83, with an additional allowance of RMB144,641,055.13, and a loan loss provision rate of 2.5%). As at 31 December 2021, the Bank has met the regulatory requirements.

Presentation of allowance for ECL

ECL is remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Bank recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income.

Write-off

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

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

The Bank's gold lease business is accounted by referencing the financial instrument standards.

(3) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, non-restricted deposits with central bank, deposits and placements with banks and other financial institutions, and short-term, highly liquid investments, which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value; and financial assets purchased under resale under repurchase agreement.

(4) Precious metals

Precious metals comprise gold and other precious metals. Precious metals that are acquired by the Bank principally for trading purpose are measured at fair value with changes in fair value recognised in profit or loss.

(5) Fixed assets and construction in progress

Fixed assets represent the tangible assets held by the Bank for operation and administrative purposes with useful lives over 1 year.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see Note 3(8)). Construction in progress is stated in the balance sheet at cost less impairment losses (see Note 3(8)).

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs and any other costs directly attributable to bringing the asset to working condition for its intended use.

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

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

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

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

Class of fixed assets	*Estimated useful life*	*Residual value rate*	*Depreciation rate*
Office furniture	10 years	0%	10.0%
Office equipment	8 years	0%	12.5%
Computers	3 ~ 5 years	0%	20.0% ~ 33.3%

Useful lives, estimated residual values and depreciation methods are reviewed at least at each year-end.

(6) Lease

A contract is lease if the lessor conveys the right to control the use of an identified asset to lessee for a period of time in exchange for consideration.

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Bank assesses whether:

- the contract involves the use of an identified asset. An identified asset may be specified explicitly in a contract or implicitly specified when available for use by customers and should be physically distinct, or capacity portion or other portion of an asset that is not physically distinct but it represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the economic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;

- the lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;

- the lessee has the right to direct the use of the asset.

For a contract that contains more separate lease components, the lessee separate lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee separate lease components from non-lease components. For a contract that contains lease and non-lease components, the lessee allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(a) As a lessee

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note 3(8).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability is charged to profit or loss or included in the cost of assets where appropriate as incurred.

Under the following circumstances after the commencement date, the Bank remeasures lease liabilities based on the present value of revised lease payments:

- there is a change in the amounts expected to be payable under a residual value guarantee;
- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- there is a change in the assessment of whether the Bank will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(7) Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 3(8)).

For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortised on the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale. The intangible assets of the Bank are software with 3 to 10 years estimated useful lives and no residual value.

(8) Impairment of other assets

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

- fixed assets and construction in progress
- right-of-use assets
- intangible assets
- others

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

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

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value less costs to sell and the present value of expected future cash flows (see Note 3(9)).

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

If the result of the recoverable amount calculation indicates the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss and charged to profit or loss for the current period. A provision for impairment of the asset is recognised accordingly. For impairment losses related to an asset group or a set of asset groups, is reduced the carrying amount of the assets in the asset group or set of asset groups on a pro rata basis. However, the carrying amount of an impaired asset will not be lower than the greatest amount of its individual fair value less costs to sell (if determinable), the present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

(9) Fair value measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring fair value, the Bank takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date.

The Bank use valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

(10) Employee benefits

(a) Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(b) Post-employment benefits - defined contribution plans

Pursuant to the relevant laws and regulations of the People's Republic of China, the Bank participated in a defined contribution basic pension insurance and unemployment insurance plans in the social insurance system established and managed by government organisations. The Bank makes contributions to basic pension insurance and unemployment insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions payable are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(c) Termination benefits

When the Bank terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Bank cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;

- When the Bank has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

(d) Other long-term employee benefits

The deferred remuneration for the employees of important management positions is recognised as a liability as the employee provides services, with a corresponding charge to profit or loss.

(11) Provisions

A provision is recognised for an obligation related to a contingency if the Bank has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provision usually equals payable in the future, however when the payable amount will have a material difference with current value (the time value of money is material), payable should be determined with the current value of the future payable amount.

(12) Revenue recognition

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

(a) Interest income

Interest income arising from the use by others of the entity's assets is recognised in profit or loss based on the duration and the effective interest rate. Interest income includes the amortisation of any discount or premium or differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

The effective interest method is a method of calculating the amortised cost of financial assets and liabilities and of allocating the interest income and interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Bank estimates cash flows considering all the contractual terms of the financial instrument (for example, prepayment and similar options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest on the impaired financial assets is recognised using the rate of interest used to discount future cash flows for the purpose of measuring the related impairment loss.

(b) Fee and commission income

The Bank collects fees and commissions by providing services to clients. Fee and commission income recognised by the Bank reflects the consideration expected to be received by the Group in providing services to its clients, and revenue is recognised when the compliance obligations in the contract are fulfilled.

(i) The Bank recognises revenue in accordance with the progress of the compliance during the period when one of the following conditions is met:

- The client simultaneously receives and consumes the benefits provided by the Bank's performance as the Bank performs;
- The client is able to control the sub-services during the obligation compliance of the Bank;
- Services performed by the Bank during the obligation compliance are irreplaceable, and the Bank has the right to receive payments for the part of the performance that has been completed to date.

(ii) In other cases, the Bank recognises revenue when the customer obtains control of relevant services.

(13) Expense recognition

(a) Interest expense

Interest expense arising from financial liabilities is calculated based on the amortization cost of the financial liabilities and duration by using the effective interest rate and recognised in the corresponding period.

(b) Other expense

Other expense is recognised on an accrual basis.

(14) Government grants

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

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

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

A government grant related to an asset is recognised as deferred income and amortised over the useful life of the related asset on a reasonable and systematic manner as other income or non-operating income. A grant that compensates the Bank for expenses or losses to be incurred in the future is recognised as deferred income and included in other income or non-operating income in the periods in which the expenses or losses are recognised. Otherwise, the grant is included in other income or non-operating income directly. As for the year 2021, the Bank recognised the government grants in other income.

(15) Income tax

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

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

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

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

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

At the balance sheet date, the amount of deferred tax recognised is measured based on the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates that are expected to be applied in the period when the asset is realised or the liability is settled in accordance with tax laws.

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

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

- the taxable entity has a legally enforceable right to offset current tax assets and liabilities; and

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

(16) Profit distributions

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

(17) Related parties

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

(18) Fiduciary activities

The Bank acts as administrator, trustee or agent of clients' assets in a fiduciary business. The risks and returns of the asset are borne by the clients. Currently, the Bank's fiduciary activities mainly include entrusted loan business.

Entrusted lending is the business where the Bank enters into entrusted loan agreements with customers, whereby the customers provide funding (the "entrusted funds") to the Bank, and the Bank grants loans to third parties (the "entrusted loans") at the instruction of the customers. As the Bank does not assume the risks and rewards of the entrusted loans and the corresponding entrusted funds, entrusted loans and funds are recorded as off-balance sheet items at their principal amounts.

(19) Significant accounting estimates and judgments

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

In addition to the assumptions and risk factors related to the valuation of the fair value of financial instruments in Note 48, other uncertainty factors of the estimations are as follows:

(a) Measurement of ECL

(i) 3 levels of financial instrument impairment

Credit risk hasn't increased significantly since initial recognition (level 1): The Bank measures loss allowance at an amount equal to 12-month ECL, and interest income is recognised at book value (before impairment losses) and effective interest rate.

Credit risk increased significantly since initial recognition but no credit impaired (level 2): The Bank measures loss allowance at an amount equal to lifetime ECL for the financial instrument, and interest income is recognised at book value and effective interest rate.

Credit impaired since initial recognition (level 3): The Bank measures loss allowance at an amount equal to lifetime ECL for the financial instrument, and revenue is recognised at book value and effective interest rate.

The Bank only measures loss allowance at an amount equal to lifetime ECL for an financial instrument which has been credit-impaired at the time of purchased or originated, and interest income is recognised at amortised cost and credit-adjusted interest rate.

Measurement on significant increased credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Bank compares the probability of default of default of the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition. Factors for the Bank's consideration include:

- Internal price index movement due to credit risk changes;
- If an existing financial instrument is originated or issued as a new financial instrument at the reporting date, the interest rate or other terms of the financial instrument will change significantly;
- Significant changes in external market indicator of credit risk for the same financial instrument or similar financial instrument with the same expected life;
- Expected or actual significant changes in the external credit rating for the financial instrument;
- The borrower's expected or actual internal credit rating is downgraded;
- Adverse changes in business, financial or external economic conditions that are expected to result in a significant change in the borrower's capability to meet its debt obligations;
- Significant expected or actual changes in the borrower's operating results;
- If credit risk of other financial instruments issued by the same borrower significantly increased;

- Significant adverse changes in the regulatory, economic or technological environment where the borrower is exposed;
- Significant changes in the value in the following: the collateral for debt, the guarantees provided by third parties or the credit enhancements;
- Significant changes that are expected to lower the borrower's economic motivation to repay in accordance with the contractual terms;
- Expected changes in the loan agreement;
- Significant changes in the borrower's expected performance and repayment behaviour;
- Changes in the Bank's approach to credit management of financial instruments;
- Overdue information. Normally, the Bank assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

(ii) Measurement of ECL

Expected credit loss is calculated based on the following credit risk factors (discounted)

- Probability of Default: An estimate of the likelihood of a borrower defaulting within a given period;

- Default risk exposure: risk exposure on the balance sheet of principal and interest repayments, expected additional withdrawals and accrued interest;

- Loss of default: Expected loss on the borrower's default after considering direct and indirect cost recovery, presented in percentage of default risk exposure.

The above credit risk factors will be adjusted based on current and forward-looking macroeconomic variables and information.

(b) Impairment of assets such as fixed assets and intangible assets

As described in Note 3(8), assets such as fixed assets and intangible assets are reviewed at each balance sheet date to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is recognised. Once an impairment loss is recognised, it is not reversed in a subsequent period.

The recoverable amount of an asset (asset group) is the greater of its fair value less cost to sell and its present value of expected future cash flows. When a market price for the asset (or asset group) cannot be obtained reliably, and the fair value of the asset cannot be estimated reliably, the recoverable amount is calculated based on the present value of estimated future cash flows. In assessing its present value of expected future cash flows, significant judgements are exercised to estimate the asset's income, related operating expenses and discounting rate used. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of related income and operating expenses based on reasonable and supportable assumptions.

(c) Depreciation and amortisation of assets such as fixed assets and intangible assets

As described in Note 3(5) and Note 3(7), fixed assets and intangible assets are depreciated and amortised over their useful lives after taking into account residual value. The useful lives of the assets are regularly reviewed to determine the depreciation and amortisation costs charged in each reporting period. The useful lives of the assets are determined based on historical experiences of similar assets and estimated technical changes. If there have been significant changes in the factors used to determine the depreciation or amortisation, the amount of depreciation or amortisation is revised prospectively.

(d) Deferred tax assets

When assessing whether there will be sufficient future taxable profits available against which the deductible temporary differences can be utilised, the Bank recognises deferred tax assets to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised, using tax rates that would apply in the period when the asset would be utilised. In determining the amount of deferred tax assets, the Bank exercises judgements about the estimated timing and amount of taxable profits of the following periods, and of the tax rates applicable in the future according to the existing tax policies and other relevant regulations. Differences between such estimates and the actual timing and amount of future taxable profits and the actual applicable tax rates affect the amount of deferred tax assets that should be recognised.

4 Changes in accounting policies

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

- CAS Bulletin No.14 (Caikuai [2021] No.1) ("Bulletin No. 14")

Bulletin No.14 takes effect on 26 January 2021 (implementation date).

Bulletin No.14 introduces the accounting and disclosure requirements for the modification of financial instruments and lease liabilities resulting from the benchmark interest rate reform. The adoption of Bulletin No.14 does not have significant effect on the financial position and financial performance of the Bank.

5 Taxation

The types of taxes applicable to the Bank's rendering of services include value added tax ("VAT"), city maintenance and construction tax, education surcharges and local education surcharges, etc.

Tax Name	Tax basis and applicable rate
VAT	Output VAT is 6% of taxable revenue, based on tax laws. The basis for VAT payable is to deduct input VAT from the output VAT for the period
City maintenance and construction tax	7 % of VAT paid
Education surcharges	3% of VAT paid
Local education surcharges	2% of VAT paid

(2) Income tax

The statutory income tax rate of the Bank is 25% (2020: 25%).

6 Cash and deposits with central bank

	Note	*2021*	*2020*
Cash on hand		-	460,534.74
Statutory deposit reserves	(1)	1,322,868,031.82	1,150,961,323.95
Surplus deposit reserves	(2)	477,518,732.50	1,026,368,331.77
Foreign exchange risk reserves	(3)	-	1,082,755,293.54
Add: Interest accrued		143,860.24	119,628.29
Total		1,800,530,624.56	3,260,665,112.29

(1) Statutory deposit reserves represent reserve deposits placed with the PBOC in accordance with the Regulation of the People's Republic of China on the Administration of Foreign Funded Banks ("the Administrative Regulation") and the Notice of the People's Bank of China on the implementation of normal deposit reserve ratio for the deposits of overseas RMB business participation banks in domestic agency banks, which are not available for use in the Bank's daily business. As at the balance sheet date, the statutory deposit reserve ratios of the Bank were as follows:

	2021	*2020*
Deposit reserve ratio for RMB deposits	8.0%	10.0%
Deposit reserve ratio for foreign currency deposits	9.0%	5.0%

(2) The surplus deposit reserves placed with the PBOC are mainly for settlement purpose.

(3) Foreign exchange risk reserve represents the reserve placed with the PBOC in accordance with the PBOC's *Announcement on the Foreign Exchange Risk Reserve Policy Adjustments* (Yin Fa [2020] No.237), which requires banks to adjust their foreign exchange risk reserve ratio for the forward foreign exchange sales business from 20% to 0% staring from 12 October 2020. The Bank ceased to contribute to the foreign exchange risk reserve since November 2020.

7 Deposits with banks and other financial institutions

(1) Analysed by counterparty

	Note	*2021*	*2020*
Domestic banks		144,159,195.14	394,589,834.89
Domestic non-banking financial institutions		25,783,916.35	51,552,613.24
Overseas banks		407,256,258.47	2,034,645,752.76
Sub-total		577,199,369.96	2,480,788,200.89
Add: Interest accrued		-	-
Sub-total		577,199,369.96	2,480,788,200.89
Less: Allowance for impairment losses	(2)	(11,169.08)	(994,505.54)
Total		577,188,200.88	2,479,793,695.35

(2) Movement of allowance for impairment losses

	Level 1	*Level 2*	*Level 3*	*Total*
1 January 2021	994,505.54	-	-	994,505.54
Transfer:				
- to level 1	-	-	-	-
- to level 2	-	-	-	-
- to level 3	-	-	-	-
Reversals during the year	(983,336.46)	-	-	(983,336.46)
31 December 2021	11,169.08	-	-	11,169.08

	Level 1	*Level 2*	*Level 3*	*Total*
1 January 2020	1,637,896.23	-	-	1,637,896.23
Transfer:				
- to level 1	-	-	-	-
- to level 2	-	-	-	-
- to level 3	-	-	-	-
Reversals during the year	(643,390.69)	-	-	(643,390.69)
31 December 2020	994,505.54	-	-	994,505.54

8 Placements with banks and other financial institutions

(1) Analysed by counterparty

	Note	*2021*	*2020*
Domestic banks		223,149,504.05	521,992,012.87
Domestic non-bank financial institutions		5,903,028,004.62	2,812,490,016.09
Overseas banks		9,188,247,658.97	1,639,693,521.85
Sub-total		15,314,425,167.64	4,974,175,550.81
Add: Interest accrued		48,285,742.75	11,403,456.08
Sub-total		15,362,710,910.39	4,985,579,006.89
Less: Allowance for impairment losses	(2)	(20,652,275.10)	(9,974,502.01)
Total		15,342,058,635.29	4,975,604,504.88

(2) Movement of allowance for impairment losses

	Level 1	*Level 2*	*Level 3*	*Total*
1 January 2021	9,974,502.01	-	-	9,974,502.01
Transfer:				
- to level 1	-	-	-	-
- to level 2	-	-	-	-
- to level 3	-	-	-	-
Reversals during the year	10,677,773.09	-	-	10,677,773.09
31 December 2021	20,652,275.10	-	-	20,652,275.10

	Level 1	*Level 2*	*Level 3*	*Total*
1 January 2020	20,697,200.75	889,132.37	-	21,586,333.12
Transfer:				
- to level 1	-	-	-	-
- to level 2	-	-	-	-
- to level 3	-	-	-	-
(Reversals)/charge during the year	(10,722,698.74)	(889,132.37)	-	(11,611,831.11)
31 December 2020	9,974,502.01	-	-	9,974,502.01

9 Derivatives

	2021		
	Notional amount total	*Fair value assets*	*Fair value liabilities*
Interest rate derivatives:			
Interest rate swaps	206,985,100,076.11	539,180,549.53	(510,806,495.11)
Interest rate options	2,839,699,508.41	354,304.40	(160,955.29)
	209,824,799,584.52	539,534,853.93	(510,967,450.40)
Currency derivatives:			
Foreign exchange swaps	396,593,312,108.46	3,386,004,189.50	(3,567,473,121.58)
Forward foreign exchange	13,426,263,031.24	267,256,803.05	(109,538,124.91)
Foreign exchange options	5,200,130,872.36	214,898,666.91	(480,550,394.78)
	415,219,706,012.06	3,868,159,659.46	(4,157,561,641.27)
Commodity/precious metal derivatives:			
Gold forward	3,099,864,306.20	13,894,642.60	(494,847.09)
Gold/silver swaps	2,810,202,989.82	5,986,208.83	(16,524,183.63)
Precious metal futures	774,410,200.04	1,181,335.00	(5,074,520.00)
Gold deferred	129,033,000.00	-	(568,931.47)
Gold options	37,911,772.76	12,655,127.89	(33,908.25)
	6,851,422,268.82	33,717,314.32	(22,696,390.44)
Offset complicated derivatives, net:	1,534,497,553.50	16,089,683.81	(1,307,573.48)
Total	633,430,425,418.90	4,457,501,511.52	(4,692,533,055.59)

	2020		
	Notional amount total	*Fair value assets*	*Fair value liabilities*
Interest rate derivatives:			
Interest rate swaps	235,173,539,329.21	648,918,106.84	(759,209,288.35)
Interest rate options	1,743,718,843.88	16,532.01	(16,532.01)
	236,917,258,173.09	648,934,638.85	(759,225,820.36)
Currency derivatives:			
Foreign exchange swaps	469,127,661,156.06	7,614,784,648.28	(7,851,023,647.78)
Forward foreign exchange	14,592,936,031.51	410,742,179.00	(158,897,143.00)
Foreign exchange options	1,705,762,008.30	81,669,294.24	(78,402,886.74)
	485,426,359,195.87	8,107,196,121.52	(8,088,323,677.52)
Commodity/precious metal derivatives:			
Precious metal futures	4,399,154,037.92	8,003,232.50	(59,611,852.50)
Gold/silver swaps	2,636,403,485.76	5,481,429.55	(38,860,314.60)
Gold forward	196,313,938.49	2,548,838.47	(1,286,132.55)
Platinum forward	155,481,808.09	494,256.62	(124,261.98)
Gold deferred	352,817,630.54	207,173.73	(139,896.45)
Gold options	13,173,661.33	3,220,386.91	(34,538.70)
	7,753,344,562.13	19,955,317.78	(100,056,996.78)
Offset complicated derivatives, net:	2,242,657,298.98	17,573,430.67	(3,650,666.32)
Total	732,339,619,230.07	8,793,659,508.82	(8,951,257,160.98)

The notional amounts of the derivatives indicate the volume of transactions outstanding at the balance sheet date and do not represent the amounts at risk.

10 Loans and advances to customers

As of 31 December 2021, all the loans and advances issued by the Bank were measured at amortised cost.

(1) Analysis by corporate and personal loans

	2021	*2020*
Corporate loans		
- Loans	7,318,115,037.55	7,070,647,993.07
- Bills negotiation	172,650,798.45	282,412,012.79
- Bills discounted	42,468,724.61	23,948,504.80
Personal loans	14,553,531.33	16,634,819.45
Total	7,547,788,091.94	7,393,643,330.11
Add: Interest accrued	34,072,082.70	25,208,731.48
Sub-total	7,581,860,174.64	7,418,852,061.59
Less: Allowance for impairment losses	(113,244,137.21)	(184,862,630.83)
Including: Additional allowance	(76,274,875.66)	(144,641,055.13)
Total book value	7,468,616,037.43	7,233,989,430.76

(2) Analysis by industry sectors

	2021		2020	
	Book value	*Percentage (%)*	*Book value*	*Percentage (%)*
Financial industry	2,190,696,281.73	29.02%	1,132,112,291.41	15.31%
Wholesale and retail trade	1,879,879,631.19	24.91%	1,586,333,124.89	21.46%
Manufacturing industry	1,640,000,622.80	21.73%	2,721,263,827.86	36.81%
Leasing and commercial services	725,644,264.81	9.61%	758,643,389.29	10.26%
Production and supply of electricity, gas and water	459,672,267.31	6.09%	180,000,000.00	2.43%
Residential service, repair and other services	254,925,955.02	3.38%	-	-
Real estate industry	190,000,000.00	2.52%	194,000,000.00	2.62%
Transport, storage and postal industry	182,553,804.22	2.42%	208,504,523.51	2.82%
Personal loans	14,553,531.33	0.19%	16,634,819.45	0.22%
Information transmission, computer services and software industry	9,861,733.53	0.13%	523,666,636.08	7.08%
Mining industry	-	-	72,484,717.62	0.98%
Total	7,547,788,091.94	100.00%	7,393,643,330.11	100.00%
Add: Interest accrued	34,072,082.70		25,208,731.48	
Sub-total	7,581,860,174.64		7,418,852,061.59	
Less: Allowance for impairment losses	(113,244,137.21)		(184,862,630.83)	
Including: Provision for additional loan losses	(76,274,875.66)		(144,641,055.13)	
Total book value	7,468,616,037.43		7,233,989,430.76	

(3) Analysis by geographical sectors

	2021		2020	
	Book value	Percentage (%)	Book value	Percentage (%)
East China	4,571,468,423.11	60.57%	3,954,155,688.86	53.48%
North China	1,802,368,268.33	23.88%	1,864,495,003.07	25.22%
South China	643,547,219.83	8.53%	823,105,795.55	11.13%
Central China	230,236,641.39	3.05%	144,019,427.69	1.95%
North-east China	150,297,241.27	1.99%	115,273,544.17	1.56%
South-west China	97,592,038.34	1.29%	278,557,016.87	3.77%
North-west China	37,724,728.34	0.50%	198,244,065.61	2.68%
Overseas and Hong Kong SAR, Macau SAR and Taiwan region	14,553,531.33	0.19%	15,792,788.29	0.21%
Total	7,547,788,091.94	100%	7,393,643,330.11	100.00%
Add: Interest accrued	34,072,082.70		25,208,731.48	
Sub-total	7,581,860,174.64		7,418,852,061.59	
Less: Allowance for impairment losses	(113,244,137.21)		(184,862,630.83)	
Including: Additional allowance	(76,274,875.66)		(144,641,055.13)	
Total book value	7,468,616,037.43		7,233,989,430.76	

East China includes Shandong, Jiangsu, Zhejiang, Fujian, Shanghai, Anhui; North China includes Beijing, Tianjin, Hebei, Inner Mongolia; North-west China includes Shaanxi, Ningxia; South China includes Guangdong, Guangxi; South-west China includes Sichuan, Chongqing, Guizhou; Central China includes Hubei, Hunan, Henan, Jiangxi; North-east China includes Liaoning.

(4) Analysis by security type

	2021	*2020*
Unsecured loans	4,145,353,646.49	3,777,748,969.09
Guaranteed loans	3,078,620,304.19	3,229,882,196.68
Collateral loans	323,814,141.26	386,012,164.34
Including: Secured loans	281,345,416.65	362,134,242.88
Pledged loans	42,468,724.61	23,877,921.46
Total	7,547,788,091.94	7,393,643,330.11
Add: interest accrued	34,072,082.70	25,208,731.48
Sub-total	7,581,860,174.64	7,418,852,061.59
Less: Allowance for impairment losses	(113,244,137.21)	(184,862,630.83)
Including: Additional allowance	(76,274,875.66)	(144,641,055.13)
Total book value	7,468,616,037.43	7,233,989,430.76

(5) As of 31 December 2021, the Bank does not have any loan that is overdue (31 December 2020: nil).

(6) Movement of allowance for impairment losses

	ECL Allowance			*Additional allowance for loan impairment losses*	*Total*
	Level 1	*Level 2*	*Level 3*		
1 January 2021	39,482,059.81	739,515.89	-	144,641,055.13	184,862,630.83
Transfer:					
- to level 1	2,616.91	(2,616.91)	-	-	-
- to level 2	-	-	-	-	-
- to level 3	-	-	-	-	-
Reversals during the year	(2,515,415.17)	(736,898.98)	(179,289.97)	(68,366,179.47)	(71,797,783.59)
Written-off during the year	-	-	-	-	-
Received from write-off loans	-	-	179,289.97	-	179,289.97
31 December 2021	36,969,261.55	-	-	76,274,875.66	113,244,137.21

	ECL Allowance			*Additional allowance for loan impairment losses*	*Total*
	Level 1	*Level 2*	*Level 3*		
1 January 2020	45,310,798.66	253,088.34	116,392.31	197,357,694.33	243,037,973.64
Transfer:					
- to level 1	-	-	-	-	-
- to level 2	(342,186.95)	342,186.95	-	-	-
- to level 3	-	-	-	-	-
Charge/(reversals) during the year	(5,486,551.90)	144,240.60	(958,180.90)	(52,716,639.20)	(59,017,131.40)
Written-off during the year	-	-	-	-	-
Received from write-off loans	-	-	846,523.16	-	846,523.16
Exchange differences	-	-	(4,734.57)	-	(4,734.57)
31 December 2020	39,482,059.81	739,515.89	-	144,641,055.13	184,862,630.83

(7) Analysis by impairment losses

As at 31 December 2021, the Bank does not have any loans and advances for which impairment losses are based on lifetime ECL-credit impaired (31 December 2020: nil.).

The fair value of the collateral above-mentioned is determined based on the collateral disposal experience and market conditions and is adjusted to the latest available external evaluation value.

11 Financial investment — Financial assets held for trading

(1) Financial assets held for trading

	2021	*2020*
Bonds investment held for trading	2,728,772,852.40	1,998,499,707.11

(2) Bonds held for trading are issued by the following institutions and stated at fair value:

	2021	*2020*
Domestic policy banks	2,678,504,769.31	1,539,037,359.95
Other institutions	50,268,083.09	-
Ministry of Finance	-	459,462,347.16
Total	2,728,772,852.40	1,998,499,707.11

As at the balance sheet date, most of these bonds investment were pledged as security in respect of repurchase agreements (see Note 44), and the rest has no major restriction for cashing.

12 Financial investment — other debt investment

	2021	*2020*
FVOCI		
- Bonds investment	4,647,219,589.84	5,280,289,522.81
Add: Interest accrued	81,244,550.98	134,930,257.66
Total	4,728,464,140.82	5,415,219,780.47

Other debt investment is issued by the following institutions and stated at fair value:

	2021	*2020*
Domestic policy banks	4,507,881,797.02	4,791,801,199.43
Ministry of Finance	220,582,343.80	623,418,581.04
Total	4,728,464,140.82	5,415,219,780.47

As at the balance sheet date, part of these other debt investment were pledged as security in respect of repurchase agreements (see Note 44), and the rest has no major restriction for cashing.

Impairment provisions for other debt investment (including accrued interest) are recognised in other comprehensive income (see Note 28). Their movements in 2021 and 2020 are as follows:

	Level 1	*Level 2*	*Level 3*	*Total*
1 January 2021	2,017,160.64	-	-	2,017,160.64
Transfer:				
- to level 1	-	-	-	-
- to level 2	-	-	-	-
- to level 3	-	-	-	-
Charge during the year	1,347,948.89	-	-	1,347,948.89
31 December 2021	3,365,109.53	-	-	3,365,109.53

	Level 1	*Level 2*	*Level 3*	*Total*
1 January 2020	1,929,356.12	-	-	1,929,356.12
Transfer:				
- to level 1	-	-	-	-
- to level 2	-	-	-	-
- to level 3	-	-	-	-
Charge during the year	87,804.52	-	-	87,804.52
31 December 2020	2,017,160.64	-	-	2,017,160.64

13 Fixed assets

	Office furniture	*Office equipment*	*Computers*	*Total*
Cost				
Balance at 1 January 2020	6,447,309.50	8,755,037.01	64,476,816.73	79,679,163.24
Additions	-	49,238.94	4,760,002.25	4,809,241.19
Disposal	-	(2,563,530.16)	(40,326,055.11)	(42,889,585.27)
Balance at 31 December 2020	6,447,309.50	6,240,745.79	28,910,763.87	41,598,819.16
Additions	33,612.61	-	13,725,850.47	13,759,463.08
Disposal	(373,719.39)	(138,590.00)	-	(512,309.39)
Balance at 31 December 2021	6,107,202.72	6,102,155.79	42,636,614.34	54,845,972.85
Less: Accumulated depreciation				
Balance at 1 January 2020	(5,021,361.84)	(5,517,807.37)	(45,735,316.37)	(56,274,485.58)
Charge for the year	(330,862.65)	(776,197.78)	(10,625,541.57)	(11,732,602.00)
Written-offs	-	2,563,530.16	40,326,019.24	42,889,549.40
Balance at 31 December 2020	(5,352,224.49)	(3,730,474.99)	(16,034,838.70)	(25,117,538.18)
Charge for the year	(242,340.44)	(695,396.15)	(6,169,244.94)	(7,106,981.54)
Written-offs	232,319.54	138,590.00	-	370,909.55
Balance at 31 December 2021	(5,362,245.39)	(4,287,281.14)	(22,204,083.64)	(31,853,610.17)
Net book value				
Balance at 31 December 2021	744,957.33	1,814,874.65	20,432,530.70	22,992,362.68
Balance at 31 December 2020	1,095,085.01	2,510,270.80	12,875,925.17	16,481,280.98

As at 31 December 2021, the Bank considers that no impairment provision for fixed assets is required (31 December 2020: nil).

14 Lease

(1) Right-of-use assets

	Plant & buildings
Cost	
Balance at 1 January 2021	115,428,037.35
Additions during the year	6,884,186.12
Disposals during the year	-
Balance at 31 December 2021	122,312,223.47
Less: Accumulated depreciation	
Balance at 1 January 2021	(33,726,297.26)
Charge for the year	(27,867,258.62)
Written off on disposals	-
Balance at 31 December 2021	(61,593,555.88)
Carrying amounts	
Balance at 31 December 2021	60,718,667.59
Balance at 1 January 2021	81,701,740.09

As at 31 December 2021, the Bank considers that no impairment provision for intangible assets is necessary (31 December 2020: nil).

(2) Lease liabilities

	31 December 2021	*31 December 2020*
Lease liabilities	(69,641,188.52)	(89,801,090.55)

15 Deferred tax assets

	Deferred tax assets			
	As at 1 January 2021	*Charged to profit or loss during the year*	*Charged to equity during the year*	*As at 31 December 2021*
ECL allowance and write-off	54,075,628.74	(14,358,247.24)	-	39,717,381.50
Change of fair value	21,678,114.62	(46,060,598.62)	-	(24,382,484.00)
Change in fair value of other debt investment	(1,828,642.59)	-	(8,009,665.92)	(9,838,308.51)
ECL allowance for other debt investment	-	336,987.22	(336,987.22)	-
Accrued expenses	4,499,825.82	(400,880.36)	-	4,098,945.46
Employee benefits payable	5,038,609.99	(888,152.58)	-	4,150,457.41
Amortisation of intangible assets	2,394,998.22	(698,183.24)	-	1,696,814.98
	-	46,940,919.71	-	46,940,919.71
Others	2,555,372.96	(136,589.32)	-	2,418,783.64
Total	88,413,907.76	(15,264,744.43)	(8,346,653.14)	64,802,510.19

	Deferred tax assets			
	As at 1 January 2020	*Charged to profit or loss during the year*	*Charged to equity during the year*	*As at 31 December 2020*
ECL allowance and write-off	55,433,534.52	(1,357,905.78)	-	54,075,628.74
Change of fair value	(15,984,983.22)	37,663,097.84	-	21,678,114.62
Change in fair value of other debt investment	(14,158,733.87)	-	12,330,091.28	(1,828,642.59)
ECL allowance for other debt investment	-	21,951.13	(21,951.13)	-
Accrued expenses	8,775,253.06	(4,275,427.24)	-	4,499,825.82
Employee benefits payable	6,756,706.24	(1,718,096.25)	-	5,038,609.99
Amortisation of intangible assets	3,705,382.76	(1,310,384.54)	-	2,394,998.22
Others	2,356,556.75	198,816.21	-	2,555,372.96
Total	46,883,716.24	29,222,051.37	12,308,140.15	88,413,907.76

As at 31 December 2021, the Bank does not have any unrecognised deferred tax assets (31 December 2020: nil).

16 Other assets

	Note	*2021*	*2020*
Gold lease-out receivable			
Including: Designated at FVTPL		844,511,624.86	1,142,646,142.53
Refundable Deposit		1,170,758,552.51	1,178,443,460.12
Tax deductible		11,496,040.31	32,613,041.87
Service fee receivables due from related parties		62,772,835.67	57,529,731.34
Payment in advance		13,377,165.46	8,326,379.46
Leasehold improvements		1,049,822.70	1,660,153.22
Others		7,018,871.65	11,100,814.82
Sub-total		2,110,984,913.16	2,432,319,723.36
Less: Allowance for impairment losses	(1)	(4,685,240.16)	(2,646,771.34)
Total		2,106,299,673.00	2,429,672,952.02

(1) Movement of allowance for impairment losses

	Level 1	*Level 2*	*Level 3*	*Total*
31 December 2020	2,646,771.34	-	-	2,646,771.34
Transfer:				
- to level 1	-	-	-	-
- to level 2	-	-	-	-
- to level 3	-	-	-	-
Charge for the year	2,038,468.82	-	-	2,038,468.82
31 December 2021	4,685,240.16	-	-	4,685,240.16

	Level 1	*Level 2*	*Level 3*	*Total*
1 January 2020	2,049,731.13	-	-	2,049,731.13
Transfer:				
- to level 1	-	-	-	-
- to level 2	-	-	-	-
- to level 3	-	-	-	-
Charge during the year	597,040.21	-	-	597,040.21
31 December 2020	2,646,771.34	-	-	2,646,771.34

17 Deposits from banks and other financial institutions

	2021	*2020*
Domestic banks	11,543,850.94	58,835,516.14
Domestic non-bank financial institutions	796,797,793.01	915,167,375.50
Overseas banks	33,047,460.33	51,157,619.87
Overseas non-bank financial institutions	-	27,013,086.67
Sub-total	841,389,104.28	1,052,173,598.18
Add: Interest accrued	-	403,954.88
Total	841,389,104.28	1,052,577,553.06

18 Placements from banks and other financial institutions

	2021	*2020*
Domestic banks	2,220,000,000.00	600,000,000.00
Overseas banks	1,381,162,999.96	2,328,931,216.46
Sub-total	3,601,162,999.96	2,928,931,216.46
Add: Interest accrued	625,883.30	4,240,480.02
Total	3,601,788,883.26	2,933,171,696.48

19 Financial liabilities held for trading

	2021	*2020*
Financial liabilities designated at FVTPL	1,309,213,026.51	1,966,190,660.47

A financial liability is designated at FVTPL if it is related to gold leases.

There was no significant change in the credit spread of the Bank this year. The change in fair value of financial liabilities designated at FVTPL due to changes in credit risk in 2021 is not significant. The change in fair value of financial liabilities is mainly due to changes in other market factors.

20 Financial assets sold under repurchase agreements

	2021	*2020*
Securities sold under repurchase agreements		
- Domestic policy banks	2,183,400,000.00	1,980,000,000.00
- Domestic commercial banks	1,960,250,000.00	959,500,000.00
Sub-total	4,143,650,000.00	2,939,500,000.00
Add: Interest accrued	2,756,866.81	465,337.99
Total	4,146,406,866.81	2,939,965,337.99

As at 31 December 2021, the collateral of the Bank's financial assets sold under repurchase agreements are bonds issued by domestic policy banks and the MOF, whose book value totals RMB4,548,151,306.43 (31 December 2020: RMB3,207,371,280.27).

21 Deposits from customers

	2021	*2020*
Current deposits		
- Corporate customers	3,743,167,758.54	3,777,045,418.24
- Individual customers	7,805,378.03	7,819,211.60
Sub-total	3,750,973,136.57	3,784,864,629.84
Term deposits (including call deposits)		
- Corporate customers	11,389,523,292.84	7,300,878,447.91
Structure deposits		
- Corporate customers	1,230,000,000.00	600,000,000.00
Sub-total	16,370,496,429.41	11,685,743,077.75
Add: Interest accrued	24,988,416.22	39,198,091.62
Total	16,395,484,845.63	11,724,941,169.37

22 Employee benefit payables

	Note	*2021*	*2020*
Employee benefits	(1)	14,884,427.54	19,622,703.85
Post-employment benefits			
- defined contribution plans	(2)	1,717,404.08	531,736.10
Termination benefits	(3)	-	-
Total		16,601,831.62	20,154,439.95

(1) Employee benefits

	2021			
	Balance at 1 January	*Accrued during the year*	*Paid during the year*	*Balance at 31 December*
Salaries, bonuses and allowances	18,851,650.72	284,304,287.46	(289,136,409.85)	14,019,528.33
Staff welfare	-	17,371,750.58	(17,371,750.58)	-
Social insurance	771,053.13	8,940,568.24	(8,846,722.16)	864,899.21
- Medical insurance	771,053.13	8,749,065.84	(8,666,505.90)	853,613.07
- Work-related injury insurance	-	146,645.98	(135,359.84)	11,286.14
- Maternity insurance	-	44,856.42	(44,856.42)	-
Housing fund	-	11,395,721.00	(11,395,721.00)	-
Labour union fee, staff and workers' education fee	-	5,330,061.88	(5,330,061.88)	-
Other short-term employee benefits	-	1,096,686.32	(1,096,686.32)	-
Total	19,622,703.85	328,439,075.48	(333,177,351.79)	14,884,427.54

	2020			
	Balance at 1 January	*Accrued during the year*	*Paid during the year*	*Balance at 31 December*
Salaries, bonuses and allowances	24,791,428.93	303,103,825.90	(309,043,604.11)	18,851,650.72
Staff welfare	-	18,740,114.05	(18,740,114.05)	-
Social insurance	692,994.96	6,635,028.08	(6,556,969.91)	771,053.13
- Medical insurance	631,426.41	6,584,035.11	(6,444,408.39)	771,053.13
- Work-related injury insurance	8,851.26	10,951.32	(19,802.58)	-
- Maternity insurance	52,717.29	40,041.65	(92,758.94)	-
Housing fund	208,134.00	10,731,713.00	(10,939,847.00)	-
Labour union fee, staff and workers' education fee	-	5,476,353.32	(5,476,353.32)	-
Other short-term employee benefits	-	1,475,146.90	(1,475,146.90)	-
Total	25,692,557.89	346,162,181.25	(352,232,035.29)	19,622,703.85

(2) Post-employment benefits - defined contribution plans

	2021			
	Balance at 1 January	*Accrued during the year*	*Paid during the year*	*Balance at 31 December*
Basic pension insurance	502,799.44	13,610,024.91	(12,464,124.35)	1,648,700.00
Unemployment insurance	28,936.66	447,339.85	(407,572.43)	68,704.08
Total	531,736.10	14,057,364.76	(12,871,696.78)	1,717,404.08

	2020			
	Balance at 1 January	*Accrued during the year*	*Paid during the year*	*Balance at 31 December*
Basic pension insurance	1,280,888.89	1,146,478.75	(1,924,568.20)	502,799.44
Unemployment insurance	53,378.18	40,771.58	(65,213.10)	28,936.66
Total	1,334,267.07	1,187,250.33	(1,989,781.30)	531,736.10

(3) Termination benefits

	2021			
	Balance at 1 January	*Accrued during the year*	*Paid during the year*	*Balance at 31 December*
Termination benefits	-	6,796,005.00	(6,796,005.00)	-

	2020			
	Balance at 1 January	*Accrued during the year*	*Paid during the year*	*Balance at 31 December*
Termination benefits	-	27,500.00	(27,500.00)	-

23 Taxes payable

	2021	2020
Withholding tax	11,997,106.67	11,265,840.73
Value-added tax	14,199,726.73	2,928,006.83
Taxes and surcharges	2,381,392.96	2,215,743.52
Total	28,578,226.36	16,409,591.08

As at 31 December 2021, the Bank's balance of input tax to be deducted and excess prepaid income tax have been reclassified to other assets (see note 16).

24 Debt securities issued

	2021			
	Balance at 1 January	*Accrued during the year*	*Paid during the year*	*Balance at 31 December*
Interbank negotiable certificates of deposit issued	149,160,176.71	1,435,712,507.09	(350,000,000.00)	1,234,872,683.80

	2020			
	Balance at 1 January	*Accrued during the year*	*Paid during the year*	*Balance at 31 December*
Interbank negotiable certificates of deposit issued	1,376,642,820.65	872,517,356.06	(2,100,000,000.00)	149,160,176.71

25 Provisions

As of 31 December 2021, all of the Bank's provisions are off-balance sheet ECL, the changes are set out below:

	Level 1	*Level 2*	*Level 3*	*Total*
1 January 2021	12,777,342.66	1,019,011.41	-	13,796,354.07
Transfer:				
- to level 1	70,402.15	(70,402.15)	-	-
- to level 2	(16,957.18)	16,957.18	-	-
(Reversals)/charge during the year	3,435,758.65	(678,694.37)	-	2,757,064.28
31 December 2021	16,266,546.28	286,872.07	-	16,553,418.35

	Level 1	*Level 2*	*Level 3*	*Total*
1 January 2020	30,400,199.68	1,600,297.83	-	32,000,497.51
Transfer:				
- to level 1	157,182.19	(157,182.19)	-	-
- to level 2	(78,357.14)	78,357.14	-	-
- to level 3	-	-	-	-
Reversals for the year	(17,701,682.07)	(502,461.37)	-	(18,204,143.44)
31 December 2020	12,777,342.66	1,019,011.41	-	13,796,354.07

26 Other liabilities

	2021	*2020*
Market to market deposits	-	132,638,697.92
Service fee payable to related parties	42,940,327.55	81,750,774.01
Accrued expenses	16,395,781.83	17,999,303.29
Others	28,255,162.47	23,910,204.80
Total	87,591,271.85	256,298,980.02

27 Paid-in capital

Registered capital and paid-in capital

	2021		*2020*	
	Book value	*Percentage (%)*	*Book value*	*Percentage (%)*
ANZ	6,225,000,000.00	100%	6,225,000,000.00	100%

ANZ contributed the paid-in capital to the Bank in accordance with the Administrative Regulation and relevant regulations. Capital contributions in foreign currency were translated into RMB at the exchange rates prevailing at the dates of each contribution received as quoted by the People's Bank of China.

The above paid-in capital was verified by certified public accountants with the related capital verification reports issued.

28 Other comprehensive income

	Movements in fair value of other debt investment	*ECL allowance of other debt investment*	*Total*
As at 1 January 2020	42,476,201.58	1,447,017.09	43,923,218.67
Additions/(reduction)	(49,320,365.08)	87,804.52	(49,232,560.56)
Less: Effects of deferred tax	12,330,091.28	(21,951.13)	12,308,140.15
As at 31 December 2020	5,485,927.78	1,512,870.48	6,998,798.26
Additions	32,038,663.68	1,347,948.87	33,386,612.55
Less: Effects of deferred tax	(8,009,665.92)	(336,987.22)	(8,346,653.14)
As at 31 December 2021	29,514,925.54	2,523,832.13	32,038,757.67

29 Surplus reserve

	Note	*Surplus reserve*
Balance at 1 January 2020		226,477,675.18
Profit appropriation	31	6,386,900.65
Balance at 31 December 2020		232,864,575.83
Profit appropriation	31	6,241,407.60
Balance at 31 December 2021		239,105,983.43

30 General reserve

	2021	*2020*
Balance at the beginning/end of the year	298,690,022.35	200,028,578.49

In accordance with the Administrative Measures on Provisions for Financial Institutions (Cai Jin [2012] No.20) issued by the MOF, Financial enterprises shall select the internal model approach or standard approach to carry out a quantitative analysis for risk status faced by risk assets in accordance with their own situation to determine the estimate for potential risks from 1 July 2012. General provision shall be accrued for the difference amount where the estimate for potential risks is higher than the provision for asset impairment. General provision may not be accrued where the estimate for potential risks is less than the provision for asset impairment.

31 Appropriation of profits

(1) Appropriation for surplus reserve

In 2021, the Bank appropriated an amount of RMB6,241,407.60(2020: RMB6,386,900.65), representing 10% of profit after tax for the year to surplus reserve in accordance with relevant regulations and its articles.

(2) Distributions to owner

Pursuant to the approval at the Board of Directors on 2 June 2021, a distribution of profit in cash totalling RMB57,479,997.16 (2020: RMB267,140,000.00) was declared and paid to ANZ on 30 August 2021.

32 Net interest income

	2021	*2020*
Interest income:		
Loans and advances to customers	280,360,185.08	341,284,132.04
Deposits and placements with banks and other financial institutions	160,181,865.09	146,723,666.51
Other debt investment	154,843,925.01	178,423,780.55
Deposits with central bank	20,291,775.33	20,884,338.98
Investment in negotiable certificates of deposit	5,048,083.24	-
Other interest income	2,686,592.88	9,876,107.56
Sub-total	623,412,426.63	697,192,025.64
Interest expenses:		
Deposits from customers	(241,030,354.92)	(260,729,865.80)
Deposits and placements from banks and other financial institutions	(20,376,298.42)	(27,085,185.61)
Financial assets sold under repurchase agreements	(67,042,749.62)	(32,264,686.05)
Issuance of negotiable certificates of deposit	(17,988,207.09)	(40,093,956.06)
Lease liability	(3,036,883.09)	(3,539,996.84)
Sub-total	(349,474,493.14)	(363,713,690.36)
Net interest income	273,937,933.49	333,478,335.28

33 Net fee and commission income

	2021	*2020*
Fee and commission income:		
Loan referral fees	46,913,163.98	58,551,948.53
Settlement and clearing fees	28,058,788.37	28,315,192.21
Guarantee fees	22,984,041.83	22,834,096.41
Gold leased-out commission	-	55,531.99
Others	29,737,571.44	7,131,082.22
Sub-total	127,693,565.62	116,887,851.36
Fee and commission expenses:		
Broker's commission	(36,965,256.33)	(36,795,847.60)
Others	(1,202,048.43)	(1,247,500.64)
Sub-total	(38,167,304.76)	(38,043,348.24)
Net fee and commission income	89,526,260.86	78,844,503.12

34 Investment losses

	2021	*2020*
Derivatives	(266,471,753.76)	(300,081,785.15)
Financial assets held for trading		
- The interest generated during the holding period	78,633,526.66	43,150,620.32
- Net gains on disposal of assets	37,632,565.80	52,992,416.11
Other assets		
- Gold leased-out receivable designated at FVTPL	14,820,105.80	22,400,572.71
Total	(135,385,555.50)	(181,538,176.01)

35 Government grants

	2021			2020		
	Amount	*Presentation item*	*Amount recognised in profit or loss for the current period*	*Amount*	*Presentation item*	*Amount recognised in profit or loss for the current period*
Government grants related to income:						
Shanghai Financial talent grant	2,952,000.00	Other income	2,952,000.00	2,830,188.68	Other income	2,830,188.68
Income tax fee refundable	1,522,230.74	Other income	1,522,230.74	2,066,446.59	Other income	2,066,446.59
	220,000.00	Other income	220,000.00	190,000.00	Other income	190,000.00
	-	Other income	-	18,351.62	Other income	18,351.62
Total	4,694,230.74		4,694,230.74	5,104,986.89		5,104,986.89

36 Gain from changes in fair value

	2021	*2020*
Derivative financial instruments	224,416,683.18	(107,899.75)
Precious metals	(681,651.67)	(4,993,930.25)
Debt securities investments held for trading	410,189.14	3,319,005.27
Gold lease	13,279.12	37,774,399.70
Total	224,158,499.77	35,991,574.97

The Bank reclassified RMB 39,916,104.23 of losses from changes in fair value arising from foreign exchange derivative financial instruments to foreign exchange gains and losses in accordance with the requirements of the Ministry of Finance's "Notice on Amending and Issuing the Format of Financial Statements of Financial Enterprises in 2018" (Cai Kuai [2018] No.36).

37 Business and administrative expenses

	2021	*2020*
Staff cost		
- Salaries, bonuses and allowances	285,400,973.78	304,578,972.80
- Social insurance and housing funds	34,393,654.00	18,553,991.41
- Staff welfare and others	22,701,812.46	24,216,467.37
- Termination benefits	6,796,005.00	27,500.00
Sub-total	349,292,445.24	347,376,931.58
Parent bank's service fees	29,806,390.24	59,799,200.54
Telecommunication expenses	56,845,224.47	49,178,652.18
Depreciation of right-of-use assets	27,867,258.62	27,924,416.19
Depreciation and amortisation	11,447,484.53	17,537,008.95
Operation and Service Hubs' service fees	17,823,337.95	18,611,687.00
Rental and property management expenses	6,351,026.61	6,844,589.42
Travelling expenses	981,532.48	1,697,866.71
Deposit insurance premium	2,692,361.47	3,697,265.39
Others	23,205,941.27	26,497,609.72
Total	526,313,002.88	559,165,227.68

38 Reversal of credit impairment losses

	Note	*2021*	*2020*
Deposits with banks and other financial institutions	7	983,336.46	643,390.69
Placements with banks and other financial institutions	8	(10,677,773.09)	11,611,831.11
Loans and advances to customers	10	71,797,783.59	59,017,131.40
Other debt investment	12	(1,347,948.87)	(87,804.52)
Other assets	16	(2,038,468.82)	(597,040.21)
Financial guarantee and credit commitment	25	(2,757,064.28)	18,204,143.44
Total		55,959,864.99	88,791,651.91

39 Income tax expenses

(1) Income tax expenses

	2021	*2020*
Current year income tax	-	51,152,755.90
Changes of deferred taxation	15,264,744.43	(29,222,051.37)
Tax filing differences	6,869,171.25	(1,251,852.07)
Total	22,133,915.68	20,678,852.46

The analysis of deferred tax expense is set out below:

	2021	*2020*
Origination and reversal of temporary differences	15,264,744.43	(29,222,051.37)

(2) Reconciliation between income tax expense and accounting profit

	2021	*2020*
Profits before tax	84,547,991.67	84,547,858.97
Income tax at statutory tax rate 25%	21,136,997.92	21,136,964.74
Increase/(decrease) of tax effect:		
- Non-deductible expenses	1,740,099.26	1,513,875.19
- Non-taxable income	(3,405,024.66)	(2,500,395.12)
- Deferred tax assets overrecognized in prior years	2,062,271.67	-
- Tax filing differences	6,869,171.25	(1,251,852.07)
- Deferred tax assets underrecognized in prior years	(6,269,599.76)	1,780,259.72
Income tax expenses	22,133,915.68	20,678,852.46

40 Other comprehensive income

	2021	*2020*
Items that may be reclassified to profit or loss:		
Changes in fair value of other debt investments	32,038,663.68	(49,320,365.07)
Less: deferred tax	(8,009,665.92)	12,330,091.27
Sub-total	24,028,997.76	(36,990,273.80)
Expected credit losses of other debt investments	1,347,948.87	87,804.52
Less: deferred tax	(336,987.22)	(21,951.13)
Sub-total	1,010,961.65	65,853.39
Total	25,039,959.41	(36,924,420.41)

41 Supplement to cash flow statement

(1) Reconciliation of net profit to net cash flows from operating activities:

	2021	*2020*
Net profit	62,414,075.99	63,869,006.51
Add: Interest expense arising from debt securities issued	17,988,207.09	40,093,956.06
Interest expense arising from lease	3,036,883.09	3,539,996.84
Reversal of credit impairment loss	(55,959,864.99)	(88,791,651.91)
Depreciation of fixed assets	7,106,981.54	11,732,602.00
Depreciation of right-of-use assets	27,867,258.62	27,924,416.19
Amortisation of intangible assets	3,313,203.97	4,604,005.65
Amortisation of leasehold fixed asset improvements	1,027,297.93	1,200,401.30
Losses from asset disposals	141,399.85	32,712.46
Losses from changes in fair value	(224,158,499.77)	150,652,391.34
Decrease/(increase) in deferred tax liabilities	15,264,744.43	(29,222,051.37)
Unrealised foreign exchange gains	(139,087,960.43)	(96,641,051.77)
Increase/(decrease) in operating receivables	(1,468,962,308.99)	6,611,502,512.85
Increase/(decrease) in operating payables	5,436,082,552.26	(5,719,053,137.91)
Net cash flow generated from operating activities	3,686,073,970.59	981,444,108.24

(2) Changes in cash and cash equivalents:

	2021	*2020*
Cash and cash equivalents at the end of the year	12,274,104,096.38	7,720,798,112.65
Less: Cash and cash equivalents at the beginning of the year	7,720,798,112.65	(8,526,681,455.03)
Net (decrease)/increase in cash and cash equivalents	4,553,305,983.73	(805,883,342.38)

(3) Cash and cash equivalents

	2021	*2020*
Cash on hand	-	460,534.74
Deposits with central bank available on demand	477,518,732.50	1,026,368,331.77
Deposits with banks and other financial institutions	577,188,200.88	2,479,793,695.35
Placements with banks and other financial institutions	11,219,397,163.00	4,214,175,550.79
Total	12,274,104,096.38	7,720,798,112.65

42 Related-party relationships and transactions

(1) Information on parent bank of the Bank is listed as follows:

Name	*Registered address*	*Principle activities*	*Ordinary share capital*	*Shareholding percentage*	*Portion of voting rights*
ANZ	Australia	Banking and financial services	AUD 25,984million	100%	100%

(2) Transactions with key management personnel

(a) Balance of the transactions with key management personnel:

	2021	*2020*
Remuneration of key management personnel	63,597,211.00	68,888,813.00

(b) Transactions with related insiders

According to clause 38 of *the Administrative Measures for the Connected Transactions between the Commercial Banks and their Insiders or Shareholders* (CBRC [2004] No.3), the Bank discloses credit transactions with related insiders.

Related insiders include the Bank's internal people, legal persons or the controlling natural person shareholders, directors, key management personnel of other related organisations. Insiders includes the Bank's directors, senior management of head office and branches and other personnel who have the right to decide or participate in commercial bank credit commitments and asset transfer transactions.

During 2021, the Bank did not have the above transactions with related insiders (2020: nil).

(3) Transactions with related parties other than key management personnel

For the current year, the Bank had no material related transaction with its related parties under Section 22 of the Administrative Measures for the Connected Transactions (2020: nil).

(a) Major transactions with related parties during the year:

	2021	*2020*
Interest income	2,399,359.00	4,634,794.29
Interest expenses	(19,302,368.47)	(13,907,947.75)
Fee and commission income	61,667,951.48	55,061,220.50
Parent bank's service fees	(29,806,390.24)	(59,799,200.54)
Operation and Service Hubs' service fees	(17,823,337.95)	(18,611,687.00)
Gains/losses from changes in fair value of derivative financial instruments	273,244,450.55	6,674,417.58
Gains/losses from changes in fair value of gold lease	584,609.68	3,774,848.00

Of the above transactions, the transactions with the related bodies of non-commercial bank and their corresponding percentage to general and administrative expenses are as follows:

	2021	*Percentage (%)*	*2020*	*Percentage (%)*
Operation and Service Hubs' service fees - Amount of accepted services	17,823,337.95	3.39%	18,611,687.00	3.33%

Under the relevant service agreements, cost-plus pricing method is adopted in the above transactions with the related bodies of non-commercial bank.

(b) As at 31 December, the major balances with related parties are as follows:

	2021	*2020*
Assets		
Deposits with banks and other financial institutions	47,203,425.59	58,766,865.32
Placements with banks and other financial institutions	9,188,283,803.27	1,639,695,729.48
Derivative financial assets	278,005,011.48	136,307,382.39
Other assets	62,772,835.67	57,529,731.34
Total	9,576,265,076.01	1,892,299,708.53

	2021	*2020*
Liabilities		
Deposits from banks and other financial institutions	44,592,341.60	51,177,115.86
Placements from banks and other financial institutions	1,381,552,888.70	2,332,993,905.48
Financial liabilities held for trading	1,309,213,026.51	1,966,190,660.47
Derivative financial liabilities	137,741,066.07	269,287,887.53
Other liabilities	42,940,327.55	83,484,082.14
Total	2,916,039,650.43	4,703,133,651.48

The balance of the transactions with the related bodies of non-commercial bank and their corresponding percentage at 31 December are as follows:

	2021	*Percentage (%)*	*2020*	*Percentage (%)*
Other liabilities - Service fee payable	6,851,033.82	7.82%	2,973,007.93	1.16%

(c) As at 31 December, notional amount of the off-balance sheet derivatives with related parties is as follows:

	2021	*2020*
Interest rate swaps	9,482,752,968.94	10,433,999,701.61
Interest rate options	1,419,849,754.21	871,859,421.94
Foreign exchange swaps	5,036,748,284.32	3,476,673,938.56
Forward foreign exchange	137,300,927.52	63,236,000.01
Foreign exchange options	557,042,255.14	641,687,453.41
Gold forward	2,793,315,314.30	-
Platinum forward	-	155,481,808.09
Gold options	18,178,327.54	6,903,425.36
Gold futures	1,180,192,064.72	-
Complicated derivatives	614,865,888.22	967,238,017.25
Total	21,240,245,784.91	16,876,319,773.50

(d) Relationship with the related parties referred in Note 42(3)(a), (b) and (c):

Name	*Relationship with the Bank*	*Economic nature or type*	*Primary business*	*Legal representative*	*Registered location*	*Registered capital*
ANZ and its branches	Parent bank and its fellow branches	Listed Company	Banking and financial services	Paul O'Sullivan	Australia	AUD 25,984 million
ANZ Operation and Service (Chengdu) Ltd.	Fellow subsidiary	Company Limited (Wholly owned by foreign legal person)	Engage in the development, maintenance and provision of relevant technical support of systems, software and information technology related to banking business; data processing, data analysis, reconciliation, data settlement and back-office services related to banking business	Steven Michael Harris	Chengdu city	AUD 23 million
Chongqing Liangping ANZ Rural Bank Co., Ltd.	Fellow subsidiary	Company Limited (Wholly owned by foreign legal person)	Absorbing public deposits and issuing loans	Jingdong Fan	Chongqing city	RMB 30 million
ANZ Support Services India Private Limited	Fellow subsidiary	Company Limited	Engaged in maintenance, development and sales of systems, software and IT enabled services, provide supports of related technologies	S V Venkataraman	India	INR 953 million
ANZ Global Services and Operations (Manila), Inc.	Fellow subsidiary	Company Limited	Engaged in maintenance of systems and supports of related technologies	Steve Harris	The Philippines	PHP 1,421 million

43 Segment reporting

(1) Business segment

The Bank mainly engage in corporate banking, provides a range of financial products and services to corporations and financial institutions, including: corporate loans, trade finance, corporate deposits, payment and settlement services, security services, placements with banks and other financial institutions, customer-driven derivative financial instruments and customer-driven foreign exchange trading.

(2) Geographic information

The following table sets out information about the source of the Bank's gross revenue and non-current assets (excluding financial instruments, deferred tax assets) inside and outside of Mainland China. The geographical location of source of gross revenue (the total of interest income and fees) is based on the counterparty's registered location. The geographical location of the specified non-current assets is based on the physical location of the asset.

Total of the gross revenue:

	2021	*2020*
In Mainland China	750,431,989.10	812,754,631.81
Outside Mainland China	674,003.15	1,325,245.19
Total	751,105,992.25	814,079,877.00

As at 31 December 2021, the Bank does not hold any non-current assets that are located outside of Mainland China (31 December 2020: nil).

(3) Major customers

Interest income from each individual customer of the Bank is below 10% of the Bank's total interest income in both 2021 and 2020.

44 Assets pledged as security

Following assets of the Bank are pledged as security in respect of repurchase agreements:

	2021	*2020*
Trading bonds	2,361,049,380.82	1,770,395,522.84
Bonds investment at FVOCI	2,187,101,925.61	1,436,975,757.43
Total	4,548,151,306.43	3,207,371,280.27

45 Commitments and contingencies

(1) Credit commitments

The Bank has credit commitments at any time. These commitments include approved loans. The Bank provides financial guarantees and letters of credit to guarantee the performance of customers to third parties.

Acceptances are the Bank's commitments to honour the customer bills issued. The Bank expects most acceptances to be settled simultaneously when the customer settles payment.

The amounts reflected in the table for credit commitments represent the total amount when the loan is expended. The amounts reflected in the table for guarantees and letters of credit represent the maximum potential loss that would be recognised at the balance sheet date if counterparties failed to fulfil their contractual obligations.

	2021	*2020*
Irrevocable loan commitments		
- Original maturity within 1 year	143,767,315.65	201,281,809.85
- Original maturity over 1 year (inclusive)	151,914,932.60	71,610,554.93
	295,682,248.25	272,892,364.78
Letter of guarantees		
- Financing guarantees	2,006,298,521.90	1,848,348,444.34
- Non-financing guarantees	767,431,946.30	1,454,550,115.98
	2,773,730,468.20	3,302,898,560.32
Documentary letters of credit	841,888,756.42	907,765,950.38
Bank acceptance	45,836,000.00	103,773,152.23
Total	3,957,137,472.87	4,587,330,027.71
Impairment provision for financial guarantee contracts and credit commitments	(16,553,418.35)	(13,796,354.08)

The above credit businesses are the credit risks the Bank may undertake. The Bank periodically assesses and makes allowances for any probable losses if necessary. As the facilities may expire without being drawn upon, the contract amounts do not represent expected future cash outflows.

(2) Credit risk weighted amounts of off-balance sheet assets

	2021	*2020*
Credit risk weighted amounts of off-balance sheet assets	2,554,735,232.83	2,821,388,345.13

The credit risk weighted amounts of off-balance sheet assets refer to the amounts as computed in accordance with the Administrative Measures on Capitals of Commercial Bank (For Trial Implementation) as set out by the former CBRC and depends on the status of the counterparty and the maturity characteristics.

(3) Capital commitments

As at the balance sheet date, the Bank has no significant capital commitment.

46 Fiduciary activities

Entrusted loans and deposits

The Bank had the following entrusted loans and deposits as at balance sheet date:

	2021	*2020*
Entrusted loans and deposits	46,126,228,678.90	31,468,688,653.78

47 Risk management

Financial instruments are fundamental to the Bank's business, constituting one of the core elements of the operations. Accordingly, the risks associated with financial instruments are a significant component of the risks faced by the Bank. Financial instruments create, modify or reduce the credit, market (including trading or fair value risks and non-trading or interest and foreign currency related risks) and liquidity risks of the Bank's balance sheet. These risks and the policies and objectives for managing such risks are outlined below. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance.

Risk management function for the Bank is centralised in the Head Office in Shanghai, covering credit risks, market risks, liquidity risks and operational risks and capital management.

(1) Credit risk

Credit risk is the risk of financial loss from counterparties being unable to fulfil their contractual obligations. The credit risks arise not only from traditional lending to customers, but also from inter-bank, treasury and international trade activities.

The credit risk objectives are set by the Bank's Board of Directors and are implemented and monitored within a tiered structure of delegated authority, designed to oversee multiple aspects of credit risk, including asset writing strategies, credit policies and controls, single customer exposures, portfolio monitoring and risk concentrations.

Most of the Bank's credit customers are multinational enterprises and their subsidiaries in China, large state-owned enterprises and private enterprises. All credit limits applications should be approved by authorized person of the business department, and then delivered to and approved by the Head Office's Credit Risk Management Department located in Shanghai. For trade related credits, the Bank only accepts bills negotiation under letter of credit and with no discrepancies. As such, the risks are more bank risks.

The Bank's daily credit risk functions are segregated into credit risk management, client relationship management and loan administration.

The Credit Risk Management Department in Head Office is responsible for the credit risk management and credit limits applications approval of the Bank.

Client relationship management is carried out by front desk departments. Their responsibilities include planning and executing business development and marketing activities, maintaining relationship with both existing and new clients; and recommending or approving credit applications under the delegated authority based on client needs and the market environment.

The Loan Administration Department in Head Office located in Shanghai is responsible for loan disbursement provided all approval conditions have been satisfied. The Credit Risk Management Department is independent from the front desk departments, reporting directly to Chief Operation Officer of the Bank.

Every month, the head of Institution Business ("IB") Department and the head of GSG send a consolidated Early Alert Review ("EAR") list to the Credit Risk Management Department for the accounts identified by the relationship managers in the month. Once the EAR list is agreed with the Credit Risk Management Department, the list is to be sent to the regional centralised co-ordinating department of ANZ. The centralised co-ordinating department will send the consolidated Asia pacific EAR report to General Manager Institutional Credit - APEA. Each month in the Bank's Management Risk Committee meeting, the EAR list and the mitigation measures taken or to be taken are reported to the committee. The outcomes of the meeting would be documented and the action items around the same would be followed up and presented in the meeting.

In addition, a monthly Control and Watch List Return is prepared by IB and GSG and forwarded to the Credit Risk Management Department and to General Manager Institutional Credit - APEA. The report provides the current status of the borrowers with potential downgrade possibilities, the non-performing borrowers, change of guarantees status and comments made by the Bank. The Credit Risk Management Department and credit officers closely monitor and follow up the credits in accordance with the comments and the status of the borrowers noted in the Control and Watch List Return. The Bank's Credit Risk Management Department will discuss and analyse the status of credits which have high risk or require attentions, follow up and determine the appropriate course of action.

Risk reporting

Credit portfolios are actively monitored at each layer of the risk structure to ensure credit deterioration is quickly detected and mitigated through the implementation of remediation strategies. All businesses incurring credit risk undertake regular and comprehensive analysis of their credit portfolios. Issue identification and adherence to performance benchmarks are reported to risk and business executives through a series of reporting processes.

Collateral management

The credit principles specify to only lend what the counterparty has the capacity and ability to repay and the Bank sets limits on the acceptable level of credit risk. Acceptance of credit risk is firstly based on the counterparty's assessed capacity to meet contractual obligations (i.e. interest and principal repayments). Obtaining collateral is only used to mitigate credit risk.

Customer Manager re-evaluates the collateral in accordance with Credit Risk Management Department 's requirements, and forward Corporate Customer Credit Department/Credit Issuance Department of the Branch to review and archive the new security agreements, new certificate of collateral, new insurance agreements. Corporate Customer Credit Department assumes responsibility for taking physical control of security documents.

Concentration management of credit risk

Concentrations of credit risk arise when a number of customers are engaged in similar business activities or activities within the same geographic region, or when they have similar risk characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The strategy is to maintain well-diversified low risk credit portfolios focused on achieving the best risk-return balance. Credit risk portfolios are actively monitored and frequently reviewed to identify, assess and guard against unacceptable risk concentrations. Concentration analysis will typically include geography, industry, credit product and risk grade. Risk management also applies single customer counterparty limits (“SCCLs”) to protect against unacceptably large exposures to single name risk. These limits are established based on a combination of factors including nature of counter party, probability of default and collateral provided.

The risk grade profile changes dynamically through new counterparty lending acquisitions and/or existing counterparty movements in either risk or volume. All counterparty risk grades are subject to frequent review at least annually.

The Bank uses a two-dimensional risk grading system, which measures both the customer’s ability to repay (probability of default (“PD”)) and the loss in the event of default (“LGD”). The Bank also uses financial and statistical tools to assist in the risk grading of customers. Customer risk grades are actively reviewed and monitored to ensure the risk grade accurately reflects the credit risk of the customer and the prevailing economic conditions. Similarly, the performance of risk grading tools used in the risk grading process is reviewed periodically by the Bank to ensure the tools remain statistically valid.

According to the Bank’s credit policy, the risk grading criteria consist of the following two components:

(1) Customer Credit Rating (“CCR”); and

(2) Security Indicator (“SI”) that measures the nature of security and level of security coverage held against individual credit or group credit facilities.

CCR ranges from 0+ to 10, and each of grades from 1-8 consists of 3 sub-grades, such as 2+, 2= and 2-. 0+ represents the loans of the best organisations. 9 and 10 represent non-performing loans and loans with principal or interest overdue more than 90 days. 8-represents that the borrower has repayment capacity problem, but the collateral is sufficient. 9 represents that the borrower has repayment capacity problem and the collateral is not sufficient, but full recovery of the loan principal is possible. 10 represents that the borrower has repayment capacity problem and the collateral is not sufficient, meanwhile full recovery of the loan principal is impossible.

SI includes A to G, I, K and S, with A representing more than 130% tangible security coverage, B representing 100% to 130% tangible security coverage, and G representing zero tangible security coverage but that may have a parent company guarantee. I, K, and S represent intra-group guarantees, cash collateral and sovereign borrowings respectively.

According to the *Notice of China Banking Regulatory Commission on Printing and Distributing the Measures for the Classification of Loan Risks* (Yin Jian Fa [2007] No. 54) (the "Notice"), the Bank maps its internal credit grading to the five-tier credit grading monthly.

(a) Maximum exposure to credit risk

Without considering the collaterals or other credit enhancements corresponding assets, the maximum exposure to credit risk is represented by the carrying amount of financial assets minus provisions. Except for the financial guarantee contracts and credit commitments given by the Bank as set out in Note 45(1), the Bank does not provide any other contracts and commitments which would expose the Bank to credit risk.

(b) Financial instruments analysed by credit quality

As of 31 December 2021, the risk levels for the Bank's financial instruments are set as below:

	31 December 2021							
	Book value				*ECL allowance*			
	Level 1	*Level 2*	*Level 3*	*Total*	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial assets at amortised cost								
Cash on hand and deposit with central bank	1,800,530,624.56	-	-	1,800,530,624.56	-	-	-	-
Deposits from banks and other financial institutions	577,199,369.96	-	-	577,199,369.96	11,169.08	-	-	11,169.08
Placements with banks and other financial institutions	15,362,710,910.39	-	-	15,362,710,910.39	20,652,275.10	-	-	20,652,275.10
Loans and advances to customers	7,581,860,174.64	-	-	7,581,860,174.64	36,969,261.55		-	36,969,261.55
Other assets	2,110,984,913.16	-	-	2,110,984,913.16	4,685,240.16	-	-	4,685,240.16
Total	27,433,285,992.71	-	-	27,433,285,992.71	62,317,945.89		-	62,317,945.89

	Book value				*ECL allowance*			
	Level 1	*Level 2*	*Level 3*	*Total*	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial assets measured at FVOCI								
Other debt investment	4,728,464,140.82	-	-	4,728,464,140.82	3,365,109.53	-	-	3,365,109.53
Financial guarantee and credit commitment	3,797,929,881.09	94,207,591.78	-	3,892,137,472.87	16266546.28	286,872.07	-	16,553,418.35

	31 December 2020							
	Book value				ECL allowance			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets at amortised cost								
Cash on hand and deposit with central bank	3,260,665,112.29	-	-	3,260,665,112.29	-	-	-	-
Deposits from banks and other financial institutions	2,480,788,200.89	-	-	2,480,788,200.89	994,505.54	-	-	994,505.54
Placements with banks and other financial institutions	4,985,579,006.89	-	-	4,985,579,006.89	9,974,502.01	-	-	9,974,502.01
Loans and advances to customers	7,220,522,668.51	198,329,393.08	-	7,418,852,061.59	39,482,059.81	739,515.89	-	40,221,575.70
Other assets	1,247,074,006.28	-	-	1,247,074,006.28	2,646,771.34	-	-	2,646,771.34
Total	19,194,628,994.86	198,329,393.08	-	19,392,958,387.94	53,097,838.70	739,515.89	-	53,837,354.59

	Book value				ECL allowance			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at FVOCI								
Other debt investment	5,415,219,780.47	-	-	5,415,219,780.47	2,017,160.64	-	-	2,017,160.64
Financial guarantee and credit commitment	4,106,254,120.36	481,075,907.35	-	4,587,330,027.71	12,777,342.66	1,019,011.42	-	13,796,354.08

(c) Receivables from inter-banks analysed by credit rating

Receivables from inter-banks include deposits with banks and other financial institutions, and placements with banks and other financial institutions. Credit quality of receivables from inter-banks (excluding interest accrued) mainly based on external ratings agency – Standard & Poor's analysed as follows:

	2021	*2020*
A to AAA	11,988,336,793.30	6,117,216,194.06
B to BBB	116,958,252.27	26,191,401.53
Non-graded	3,786,329,492.04	1,311,556,156.06
Total	15,891,624,537.61	7,454,963,751.65

The above amounts (excluding interest accrued) are presented without deducting the allowance for impairment losses.

(d) Debt instruments analysed by credit rating

As at the balance sheet date, according to the external rating agency – Standard & Poor's, the credit quality of debt instruments has been assessed as follows:

	2021	*2020*
A to AAA	7,457,236,993.22	7,413,719,487.58
Total book value	7,457,236,993.22	7,413,719,487.58

The Bank holds financial assets for trading and other debt investment as debt instruments investment (See Notes 11 and 12).

(2) Market risk

Market risk is the risk of decline in earnings due to adverse changes in interest rates, foreign exchange rates, equity prices, and commodity prices. Market risk arises when changes and volatilities in market rates and prices lead to a decline in the value of assets and liabilities, including financial derivatives. The main source of the Bank's market risk is the transactions driven by customers and self-operated business. The objective of the Bank's market risk policy and procedure is to control the potential loss within an acceptable range via independent identification, assessment and monitoring of the Bank's inherent market risk, thus the stability of earnings can be maintained.

The Bank has a detailed risk management and control framework to support the business development. The Board of Directors of the Bank has the ultimate responsibility for risk management. The Risk Management Committee/Asset and Liability Committee ("ALCO"), which is under the Board, is responsible for the governance of overall risk management and control, including supervision of risk management strategies, policies and procedures. These strategies, policies and processes have a significant impact on the Bank's performance, reputation and capital protection. The Bank's market risk management department should monitor market risk on a daily basis and report to the Chief Risk Officer. The report should be submitted to the management of the Risk Management Sub-Committee/ALCO for review at least on a monthly basis. ALCO and the Risk Management Sub-Committee are responsible for the monthly market risk management oversight.

To facilitate the management, measurement and reporting of market risk, the Bank has grouped market risk into two broad categories.

(a) Trading market risk

Trading activities are the activities mainly driven by trading (such as to meet the needs of customers) or by hedging transactions, usually for short-term but not long-term holding. The principal asset classes include foreign exchange, interest rate, and commodity markets. The trading market risk is the risk of loss from changes in the value of financial instruments due to movements in interest rates, foreign exchange rates and commodity prices.

(b) Non-trading market risk (bank account risk)

All activities which are not included in the trading activities are non-trading activities. Non-traded interest rate risk is the risk that market interest rates are likely to move against the direction of the future net interest margin changes. Non-traded market risk management methods, including value-at-risk ("VaR"), the earnings at risk and sensitivity measurement.

Market risk measurement methods are mainly VaR. VaR is the value of financial assets within a specific period of time in the future the maximum possible loss at a certain confidence level. VaR is measured within the 99% confidence interval. The Bank's VaR model is based on the historical simulation method, with market interest and the price rates by 500 historical trading days. The trading market risk and non-trading market risk are calculated with a one-day holding period.

Meanwhile, the Bank estimates the maximum loss of extreme market events through stress testing to complement the VaR model.

VaR analysis of trading and non-trading market risk of the Bank as at the balance sheet date is as follows: (expressed in RMB'000)

	2021			
	31 December	*Average value*	*Maximum value*	*Minimum value*
Trading market risk	6,220	8,597	15,401	4,951
Level of confidence: 99%				
Foreign currency risk and interest rate risk	5,195	7,347	14,470	3,845
Precious metals trading	3,569	4,120	10,262	1,034
Foreign exchange options trading	1,173	1,028	3,054	217
Credit and debt trading	176	32	198	-
Non-trading market risk Level of confidence: 99%				
Value of risk in banking book	5,635	6,744	8,380	5,635
Income from risk in banking book	4,915	4,503	12,916	1,480

	2020			
	31 December	*Average value*	*Maximum value*	*Minimum value*
Trading market risk	15,090	7,936	15,611	3,518
Level of confidence: 99%				
Foreign currency risk and interest rate risk	13,555	6,526	14,532	2,773
Precious metals trading	3,919	4,082	14,819	1,431
Foreign exchange options trading	397	412	1,462	97
Non-trading market risk Level of confidence: 99%				
Value of risk in banking book	7,199	6,575	9,058	4,919
Income from risk in banking book	13,957	12,345	22,255	3,093

(3) Liquidity risk

Liquidity risk is the risk that the Bank has insufficient capacity to fund increases in assets, or are unable to meet their payment obligations as they fall due, including repaying depositors or maturing wholesale debt. The timing mismatch of cash flows and the related liquidity risk is inherent in all banking operations, and may be affected by both internal and external events, including: credit or operational risks, bank-specific rumours, market disruptions and systemic shocks.

The liquidity risk and funding gap are overseen by the Parent Bank's Financial Market Department, the Bank's Risk Management Department, and ALCO. The following principles outline the Bank's approach to liquidity risk management, including:

- Ensuring that the liquidity management framework is compatible with local regulatory requirements;
- Calculation of liquidity ratio and market liquidity scenario analysis is performed to quantify the liquidity risk;
- Targeting a diversified funding base, avoiding undue concentrations by investor type, maturity, market source and currency;
- Holding a portfolio of high-quality liquid assets to protect against adverse funding conditions and to support day-to-day operations; and
- Establishing detailed contingency plans to cover different liquidity crisis events.

All assumptions for scenarios modelling are made based a combination of external data and professional judgement, according to ANZ Banking Group standards and actual market liquidity conditions in China, and adjusted according to the actual parameters of the Chinese market. The Bank perform "Bank LCR" test on a daily basis to ensure that the Bank held enough liquid assets to meet cash flow needs in the next 30 days in severe market liquidity stress situations. The reports are generated by the Head Office's Market Risk Reporting Department and results are reported to relevant senior management. Any breaches are escalated to the appropriate senior management, the Chief Risk Officer and the Risk Management Committee for review and resolution.

The Bank maintains the liquidity crisis contingency plans defining an approach for analysing and responding to a liquidity threatening event. The framework includes:

- Establishment of crisis severity/stress levels;
- Clearly assigned crisis roles and responsibilities;
- Early warning signals indicative of an approaching crisis, and mechanisms to monitor and report these signals;
- Outlined action plans, and courses of action for altering asset and liability behaviour;
- Procedures for crisis management reporting, and making up cash flow shortfalls;
- Guidelines determining the priority of customer relationships in the event of liquidity problems; and
- Assigned responsibilities for internal and external communications.

The following tables analyse the estimated undiscounted cash flows for the Bank's financial assets and liabilities by the remaining contractual maturity at the balance sheet date:

		2021							
	Note	*Overdue/ no contractual maturity*	*On demand*	*Due within 3 months*	*Due between 3 months to 1 year*	*Due between 1 year to 5 years*	*Due after 5 years*	*Total undiscounted cash flows*	*Carrying amount*
Assets									
Cash and deposits with central bank		1,323,011,892.06	477,518,732.50	-	-	-	-	1,800,530,624.56	1,800,530,624.56
Deposits with banks and other financial institutions	(a)	-	577,188,200.88	-	-	-	-	577,188,200.88	577,188,200.88
Placements with banks and other financial institutions	(a)	-		12,376,700,838.84	1,951,960,059.87	1,157,190,180.56	-	15,485,851,079.27	15,342,058,635.29
Derivative financial assets	(b)	-	4,457,501,511.52	-	-	-	-	4,457,501,511.52	4,457,501,511.52
Loans and advances to customers	(c)	-	540,543,579.45	4,533,475,037.59	1,639,879,621.70	1,031,750,588.54	9,790,414.95	7,755,439,242.23	7,468,616,037.43
Financial investment									-
- Financial asset held for trading	(b)	-	2,728,772,852.40	-	-	-	-	2,728,772,852.40	2,728,772,852.40
- Other debt investment		-	-	-	175,391,534.24	4,593,904,174.55	24,252,633.96	4,793,548,342.75	4,728,464,140.82
Other assets	(a)	1,177,632,272.52	-	1,175,383,780.79	20,150,960.21	-	-	2,373,167,013.52	2,106,299,673.00
Total		2,500,644,164.58	8,781,524,876.75	18,085,559,657.22	3,787,382,176.02	6,782,844,943.65	34,043,048.91	39,971,998,867.13	39,209,431,675.90
Liabilities									
Deposits from banks and other financial institutions		-	(839,889,104.28)	(1,500,374.67)	-	-	-	(841,389,478.95)	(841,389,104.28)
Placements from banks and other financial institutions		-	-	(3,325,925,466.99)	(277,248,727.54)	-	-	(3,603,174,194.53)	(3,601,788,883.26)
Financial liabilities held for trading		-	-	(1,309,213,026.51)	-	-	-	(1,309,213,026.51)	(1,309,213,026.51)
Derivative financial liabilities	(b)	-	(4,692,533,055.59)	-	-	-	-	(4,692,533,055.59)	(4,692,533,055.59)
Financial assets sold under repurchase agreements		-	-	(4,147,929,630.03)	-	-	-	(4,147,929,630.03)	(4,146,406,866.81)
Deposits from customers		-	(13,726,654,463.50)	(2,318,185,620.96)	(361,948,199.96)	-	-	(16,406,788,284.42)	(16,395,484,845.63)
Debt securities issued		-	-	-	(2,709,756.14)	(70,420,779.04)	-	(73,130,535.18)	(69,641,188.52)
Lease liability		-	(28,201,779.62)	(23,766,531.95)	(35,316,363.97)	-	-	(87,284,675.54)	(87,591,271.85)
Other liabilities		-	(839,889,104.28)	(1,500,374.67)	-	-	-	(841,389,478.95)	(841,389,104.28)
Total		-	(19,287,278,402.99)	(11,275,386,522.89)	(1,763,229,859.63)	(70,420,779.04)	-	(32,396,315,564.55)	(32,378,920,926.25)
Net position		2,500,644,164.58	(10,505,753,526.24)	6,810,173,134.33	2,024,152,316.40	6,712,424,164.61	34,043,048.91	7,575,683,302.59	6,830,510,749.65

	Note	2020							
		Overdue/ no contractual maturity	*On demand*	*Due within 3 months*	*Due between 3 months to 1 year*	*Due between 1 year to 5 years*	*Due after 5 years*	*Total undiscounted cash flows*	*Carrying amount*
Assets									
Cash and deposits with central bank		2,233,716,617.49	1,026,948,494.80	-	-	-	-	3,260,665,112.29	3,260,665,112.29
Deposits with banks and other financial institutions	(a)	-	2,480,788,200.89	-	-	-	-	2,480,788,200.89	2,480,788,200.89
Placements with banks and other financial institutions	(a)	-		4,229,802,189.40	379,492,465.28	424,404,500.00	-	5,033,699,154.68	4,985,579,006.89
Derivative financial assets	(b)	-	8,793,659,508.82	-	-	-	-	8,793,659,508.82	8,793,659,508.82
Loans and advances to customers	(c)	-	645,892,782.40	4,944,053,466.74	723,929,647.46	1,321,997,600.80	14,471,655.14	7,650,345,152.54	7,418,852,061.59
Financial investment									
- Financial asset held for trading	(b)	-	1,998,499,707.11	-	-	-	-	1,998,499,707.11	1,998,499,707.11
- Other debt investment		-		1,126,774,589.17	1,161,565,397.23	3,391,720,740.56	24,291,346.66	5,704,352,073.62	5,415,219,780.47
Other assets	(a)	1,178,443,460.12	65,850,546.11	1,125,275,182.37	20,150,960.21	-	-	2,389,720,148.81	2,389,720,148.81
Total		3,412,160,077.61	15,011,639,240.13	11,425,905,427.68	2,285,138,470.18	5,138,122,841.36	38,763,001.80	37,311,729,058.76	36,742,983,526.87
Liabilities									
Deposits from banks and other financial institutions		-	(1,011,173,598.18)	(41,409,667.19)	-	-	-	(1,052,583,265.37)	(1,052,577,553.06)
Placements from banks and other financial institutions		-	-	(632,258,352.53)	(2,305,114,778.00)	-	-	(2,937,373,130.53)	(2,933,171,696.48)
Financial liabilities held for trading		-	-	(1,966,190,660.47)	-	-	-	(1,966,190,660.47)	(1,966,190,660.47)
Derivative financial liabilities	(b)	-	(8,951,257,160.98)	-	-	-	-	(8,951,257,160.98)	(8,951,257,160.98)
Financial assets sold under repurchase agreements		-	-	(2,941,298,472.86)	-	-	-	(2,941,298,472.86)	(2,939,965,337.99)
Deposits from customers		-	(9,095,679,737.25)	(2,301,411,362.47)	(338,568,170.63)	-	-	(11,735,659,270.35)	(11,724,941,169.37)
Employee benefits payable		-	-	(1,302,789.23)	(18,851,650.72)	-	-	(20,154,439.95)	(20,154,439.95)
Debt securities issued		-	-	(149,160,176.71)	-	-	-	(149,160,176.71)	(149,160,176.71)
Lease liability		-	-	(9,079,714.79)	(20,319,812.51)	(66,338,529.30)	-	(95,738,056.60)	(89,801,090.55)
Other liabilities		(132,638,697.92)	(101,144,922.00)	(16,954,435.48)	-	-	-	(250,738,055.40)	(250,738,055.40)
Total		(132,638,697.92)	(19,159,255,418.41)	(8,059,065,631.73)	(2,682,854,411.86)	(66,338,529.30)	-	(30,100,152,689.22)	(30,077,957,340.96)
Net position		3,279,521,379.69	(4,147,616,178.28)	3,366,839,795.95	(397,715,941.68)	5,071,784,312.06	38,763,001.80	7,211,576,369.54	6,665,026,185.91

(a) Deposits with banks and other financial institutions, placements with banks and other financial institutions and other assets are presented without deducting the allowance for impairment losses.

(b) The Bank recognised financial assets held for trading and derivative financial assets/liabilities measured at fair value as "payable on demand" to reflect the short-term nature of these trading activities.

(c) The overdue loans in the category of "overdue" of loans and advances to the customers are those of which all or part of principal or interest is overdue for more than a day. Loans and advances to customers are presented without deducting the allowance for impairment losses.

(4) Operational risk

Operational risk is the risk arising from improper or failed internal processes, people, systems or external events. This definition includes legal risk, the risk of loss, or damage to reputation due to improper or failed internal processes, people, systems, but does not include strategic risks or reputational risks.

The Bank classifies operation risk based on the following seven categories of loss in accordance with local regulatory requirements and internal procedures:

- Internal fraud events
- External fraud events
- Employment policies and workplace safety events
- Customer, product and business events
- Damage to physical assets events
- Business interruption events
- Execution, delivery and process management events

Management Operational Risk Committee assists the Board to supervise, establish, implement and review the management system and policy of the operational risk. This is supported by an independent operational risk function which provides oversight, direction, the operational framework, policies and processes.

Front office and back office are the first line of defence, with the main responsibilities of operational risk control, and continuously identify, implement and monitor related daily tasks ("I.AM Framework") of the operational risk policies. As the second line of defence, the risk control department of the Bank is responsible for developing and updating the operational risk policy of the Bank, and provides oversight and guidance for the operational risk management. Internal audit (specialised in operational risk) is the third line of defence, its responsibility is to independently assess and assure the effectiveness and adequacy of the operational risk management.

The I.AM Framework is composed by several operational risk policies and procedures. The effectiveness of risk control is tested by risk control department and assessed independently by internal control.

The Bank uses the "Basic Management Approach" to measure the level of operational risk and to determine and allocate operational risk capital.

Business continuity is viewed as a critical management responsibility within the overall Operational Risk Framework, which seeks to minimise the likelihood of a disruption to normal operations, constrain the impact were an event to occur and achieve efficient and effective recovery.

Crisis management planning supplements business continuity plans in the event of a broader country crisis. Crisis management plans include risk team organisational charts, roles, responsibilities and contact information, and are tested regularly.

(5) Capital Management

The Bank's capital management includes capital adequacy ratio management and leverage ratio management. The capital adequacy reflects the Bank's abilities of prudently operating and withstanding risks. The Bank's objective of capital adequacy management is to meet legal and regulatory requirements and to prudently determine the capital adequacy target according to the actual risks faced, with referencing the parent bank and the international advanced level peers' adequacy and own operating conditions. The objective of the Bank's capital management is to:

- Protect business continuity and the interests of the Bank's creditors and shareholder;
- Maintain adequate capital to avoid breaching the former CBRC's Capital Rules, including in a stressed environment;
- Align capital levels to the Board's risk appetite; and
- Establish a capital structure that provides an efficient and effective use of funds within the Bank while at all times meeting the former CBRC's regulatory requirements

The Bank manages its capital structure and restructuring in accordance with the economic environment and the risk characteristics of business activities. In order to maintain or adjust the capital structure, the Bank may adjust the profit distribution policy, issue Tier 1 capital instruments, qualified Tier 2 capital instruments, etc.

The Board and ALCO take full responsibility for the management of capital to ensure the bank's capital adequacy consistent with the provisions of the former CBRC, and they are also responsible for determining the objectives of the management of capital adequacy, to review the risk tolerance, to make and monitor the implementation of capital planning, and to disclose the information of the Bank's capital adequacy.

Management of the Bank monitors the capital adequacy and the use of the regulatory capital in accordance with the method prescribed by the former CBRC. The Bank submits the required information to the China Banking and Insurance Regulatory Commission ("CBIRC") in half-yearly and quarterly.

The capital adequacy ratio and leverage ratio of the Bank has been calculated in accordance with *Administrative Measures on Capitals of Commercial Bank (For Trial Implementation)* and *Administrative Measures on Leverage Ratio of Commercial Bank (For Trial Implementation)* issued by the former CBRC and other related laws and regulations.

The former CBRC requires commercial banks to comply with the regulatory requirements on the capital adequacy ratio, for the Bank, common equity tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio should reach or exceed 7.50%, 8.50% and 10.50% respectively before 31 December 2021. Leverage ratio held by a commercial bank which complies with the relevant provisions to the adjusted balance of balance sheet assets and off-balance-sheet assets shall not be less than 4%.

The on-balance-sheet risk weighted asset is calculated using different risk weights, which are determined by the risk of specific assets and trading counterparties, as well as market risks and other relevant risks, taking into consideration the impact of eligible collaterals and guarantees. The off-balance-sheet exposures are calculated in similar ways, and adjusted according to the nature of the contingent losses. The counterparty credit risk ("CCR") risk-weighted assets for OTC derivatives transactions include the risk-weighted assets for counterparty default risks and the risk-weighted assets for the credit value adjustment ("CVA"). The risk-weighted assets for market risks are calculated using a standardised approach, while the risk-weighted assets for operational risks are calculated as per the basic indicator approach.

The Bank is in compliance with the regulatory capital requirements during the year.

As at 31 December 2021, common equity tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio calculated as per *the Administrative Measures on Capitals of Commercial Banks (For Trial Implementation)* issued by the former CBRC and other relevant regulations are as follows:

	2021 RMB 0'000	*2020* RMB 0'000
Common equity tier 1 capital		
Paid-in capital	622,500	622,500
Other comprehensive income	3,204	700
Surplus reserve	23,911	23,286
General reserve	29,869	20,003
Retained earnings	59,841	69,838
Common equity tier 1 capital	739,325	736,327
Common equity tier 1 capital deductions		
Intangible assets net of the relevant deferred tax liability	-	(331)
Net common equity tier 1 capital	739,325	735,996
Net tier 1 capital	739,325	735,996
Tier 2 capital		
Surplus allowance for impairment losses	10,945	18,407
Net total capital	750,270	754,403
Credit risk-weighted assets	2,526,328	2,422,023
Market risk-weighted assets	275,783	533,850
Operational risk-weighted assets	132,479	176,620
Total risk assets	2,934,590	3,132,493
Common equity tier 1 capital adequacy ratio	25.19%	23.50%
Tier 1 capital adequacy ratio	25.19%	23.50%
Capital adequacy ratio	25.57%	24.08%

48 Fair value

(1) Fair value measurement

(a) Fair value hierarchy

The following table presents the fair value information and the fair value hierarchy, at the end of the current reporting period, of the Bank's assets and liabilities which are measured at fair value at each balance sheet date on a recurring or non-recurring basis. In the reporting period, the Bank does not hold assets and liabilities which are measured at fair value on non-recurring basis.

The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels of inputs are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly;

Level 3: inputs for the asset or liability that are not based on observable market data.

The following table presents the three levels of fair value for financial instruments:

	2021			
	Level 1	*Level 2*	*Level 3*	*Total*
Assets				
Derivative financial assets	-	4,457,501,511.52	-	4,457,501,511.52
Financial assets - financial assets held for trading	-	2,728,772,852.40	-	2,728,772,852.40
Financial assets - other debt investments	-	4,728,464,140.82	-	4,728,464,140.82
Other assets				
Gold leased-out receivable designated at FVTPL	-	844,511,624.86	-	844,511,624.86
Total	-	12,759,250,129.60	-	12,759,250,129.60

	2021			
	Level 1	*Level 2*	*Level 3*	*Total*
Liabilities				
Financial liabilities held for trading	-	(1,309,213,026.51)	-	(1,309,213,026.51)
Derivative financial assets	-	(4,692,533,055.59)	-	(4,692,533,055.59)
Total	-	(6,001,746,082.10)	-	(6,001,746,082.10)

	2020			
	Level 1	*Level 2*	*Level 3*	*Total*
Assets				
Derivative financial assets	-	8,793,659,508.82	-	8,793,659,508.82
Financial assets - financial assets held for trading	-	1,998,499,707.11	-	1,998,499,707.11
Financial assets - other debt investments	-	5,415,219,780.47	-	5,415,219,780.47
Other assets				
Gold leased-out receivable designated at FVTPL	-	1,142,646,142.53	-	1,142,646,142.53
Total	-	17,350,025,138.93	-	17,350,025,138.93

	2020			
	Level 1	*Level 2*	*Level 3*	*Total*
Liabilities				
Financial liabilities held for trading	-	(1,966,190,660.47)	-	(1,966,190,660.47)
Derivative financial assets	-	(8,951,257,160.98)	-	(8,951,257,160.98)
Total	-	(10,917,447,821.45)	-	(10,917,447,821.45)

During 2021, there were no transfers between Level 1 and Level 2, of the Bank's above assets and liabilities which are measured at fair value on a recurring basis. The Bank recognises transfers between different levels at the end of the current reporting period during which such transfers are made (2020: nil).

For financial assets and liabilities that are traded in an active market, the Bank determines the fair value based on quoted market prices or counterparty's price. For all other financial instruments, the Bank determines the fair value by valuation mode.

Valuation models include the net present value model, discounted cash flow model, referring to the market price quotations of similar tools, options valuation models, etc. Assumptions and input parameters used in the valuation model include risk-free rate, the benchmark interest rate, credit spread, the estimated discount rate, bond and stock prices, exchange rates, price index, expected volatility, correlations, etc. The purpose of using a valuation model is to get the fair price that can be received to sell an asset or need to pay to transfer a liability in an orderly transaction occurred in the measurement date.

The Bank uses valuation models widely used in the industry to determine the fair value of the general and relatively simple financial instruments, such as referencing only observable market prices or interest rate and currency swaps requiring less management judgments and estimations. Its valuation model parameters required can be generally obtained from debt or equity market, derivatives market, or simple OTC derivatives market such as interest rate swaps.

(b) Level 2 fair value

The valuation tools of Level 2 fair value include the following ways: reference quoted market price of similar instruments in active markets; reference quoted market price of similar instruments in inactive markets made; or using a valuation model, which input parameters are directly or indirectly observable market data.

During 2021, the Bank did not change the valuation techniques used in Level 2 fair value measurement.

(c) Level 3 fair value

During 2021, there are no instruments measured at Level 3 of the fair value hierarchy (2020: nil).

(2) Fair value of other financial instruments (items not measured by fair value at year end)

The other financial instruments of the Bank include deposits with central bank, deposits with banks and other financial institutions, placements with banks and other financial institutions, loans and advances to customers, deposits from banks and other financial institutions, placements from banks and other financial institutions, financial assets sold under repurchase agreements, deposits from customers and debt securities issued. There is no significant difference between the book value and the fair value of the financial assets and financial liabilities.

Australia and New Zealand Bank (China) Company Limited
Balance sheet as at 31 December 2021
(Expressed in RMB)

	Shanghai Branch		*Beijing Branch*		*Guangzhou Branch*		*Chongqing Branch*	
	RMB business	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*
Assets:								
Cash and deposits with central bank	1,618,825,351.47	167,046,943.63	14,658,329.46	-	-	-	-	-
Deposit with banks and other financial institutions	21,311,583.66	551,944,407.89	677,211.65	-	215,872.38	-	684,932.63	-
Precious metals	-	-	-	-	-	-	-	-
Interbank transactions	-	23,383,913,404.89	20,422,603,788.91	-	-	382,820,928.01	1,805,133,708.94	-
Placements with banks and other financial institutions	-	-	-	-	-	-	-	-
Financial asset held for trading	-	-	-	-	-	-	-	-
Derivative financial assets	-	-	-	2,341,067.84	-	10,589,962.98	-	2,151.93
Loans and advances to customers	3,999,592,639.93	203,608,355.80	2,429,688,783.33	-	265,465,779.45	(655,414.12)	26,021,382.10	-
Other debt investments	-	-	-	-	-	-	-	-
Fixed assets	956,888.12	-	674,060.12	-	97,788.90	-	129,221.55	-
Right-of-use assets	9,039,036.58	-	10,234,357.18	-	3,527,495.39	-	733,671.55	-
Intangible assets	-	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-
Other assets	208,473,526.04	806,044,959.83	3,808,827.71	14,116,270.14	598,742.39	-	151,357.31	-
Working capital allocated to branches by legal entities	-	-	-	-	-	-	-	-
Total assets	5,858,199,025.80	25,112,558,072.04	22,882,345,358.36	16,457,337.98	269,905,678.51	392,755,476.87	1,832,854,274.08	2,151.93

Note: The statement is prepared in accordance with relevant regulators' requirements and is for the regulators' reference only. This statement does not form part of the audited financial statements.

Australia and New Zealand Bank (China) Company Limited
Balance sheet as at 31 December 2021 (continued)
(Expressed in RMB)

	Hangzhou Branch		*Chengdu Branch*		*Qingdao Branch*	
	RMB business	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*
Assets:						
Cash and deposits with central bank	-	-	-	-	-	-
Deposit with banks and other financial institutions	92,048.42	-	101,098.83	-	2,161,045.42	-
Precious metals	-	-	-	-	-	-
Interbank transactions	-	-	-	1,865,100,439.69	-	954,018,737.86
Placements with banks and other financial institutions	-	-	-	-	-	-
Financial asset held for trading	-	-	-	-	-	-
Derivative financial assets	-	1,923,243.61	-	-	-	533,962.90
Loans and advances to customers	612,586,656.17	-	-	(131,737.61)	6,552,374.39	-
Other debt investments	-	-	-	-	-	-
Fixed assets	148,697.38	-	218,117.01	-	139,043.33	-
Right-of-use assets	869,126.09	-	452,595.28	-	1,163,423.54	-
Intangible assets	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-
Other assets	290,764.79	-	209,556.96	-	201,862.00	446.30
Working capital allocated to branches by legal entities	-	-	-	-	-	-
Total assets	613,987,292.85	1,923,243.61	981,368.08	1,864,968,702.08	10,217,748.68	954,553,147.06

Note: The statement is prepared in accordance with relevant regulators' requirements and is for the regulators' reference only. This statement does not form part of the audited financial statements.

Australia and New Zealand Bank (China) Company Limited
Balance sheet as at 31 December 2021 (continued)
(Expressed in RMB)

	Head office		Offset		Total		
	RMB business	Foreign currency business	RMB business	Foreign currency business	RMB business	Foreign currency business	Total
Assets:							
Cash and deposits with central bank	-	-	-	-	1,633,483,680.93	167,046,943.63	1,800,530,624.56
Deposit with banks and other financial institutions	-	-	-	-	25,243,792.99	551,944,407.89	577,188,200.88
Precious metals	-	475,954,715.53	-	-	-	475,954,715.53	475,954,715.53
Interbank transactions	-	-	(22,227,737,497.85)	(26,585,853,510.45)	-	-	-
Placements with banks and other financial institutions	5,877,049,850.00	9,465,008,785.29	-	-	5,877,049,850.00	9,465,008,785.29	15,342,058,635.29
Financial asset held for trading	2,728,772,852.40	-	-	-	2,728,772,852.40	-	2,728,772,852.40
Derivative financial assets	441,292,851.67	4,016,219,099.44	-	(15,400,828.85)	441,292,851.67	4,016,208,659.85	4,457,501,511.52
Loans and advances to customers	(72,381,092.82)	(1,731,689.19)	-	-	7,267,526,522.55	201,089,514.88	7,468,616,037.43
Other debt investments	4,728,464,140.82	-	-	-	4,728,464,140.82	-	4,728,464,140.82
Fixed assets	20,628,546.27	-	-	-	22,992,362.68	-	22,992,362.68
Right-of-use assets	34,698,961.98	-	-	-	60,718,667.59	-	60,718,667.59
Intangible assets	-	-	-	-	-	-	-
Deferred tax assets	64,802,510.19	-	-	-	64,802,510.19	-	64,802,510.19
Other assets	60,976,586.72	1,011,426,772.81	-	-	274,711,223.92	1,831,588,449.08	2,106,299,673.00
Working capital allocated to branches by legal entities	935,000,000.00	-	(935,000,000.00)	-	-	-	-
Total assets	14,819,305,207.23	14,966,877,683.88	(23,162,737,497.85)	(26,601,254,339.30)	23,125,058,455.74	16,708,841,476.15	39,833,899,931.89

Note: The statement is prepared in accordance with relevant regulators' requirements and is for the regulators' reference only. This statement does not form part of the audited financial statements.

Australia and New Zealand Bank (China) Company Limited
Balance sheet as at 31 December 2021 (continued)
(Expressed in RMB)

	Shanghai Branch		Beijing Branch		Guangzhou Branch		Chongqing Branch	
	RMB business	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*
Liabilities:								
Deposits from banks and other financial institutions	-	-	-	-	-	-	(9,843,931.68)	-
Interbank current assets (Interbank transactions)	(17,174,712,023.72)	-	-	(19,369,616,991.62)	(105,398,849.90)	(0.01)	-	(1,464,685,844.77)
Placements from banks and other financial institutions	-	-	-	-	-	-	(1,081.65)	-
Financial liabilities held for trade	-	-	-	-	-	-	-	-
Financial assets sold under repurchase agreements	-	-	-	-	-	-	-	-
Derivative financial liabilities	-	-	-	(2,315,485.28)	-	(10,589,962.98)	-	-
Deposits from customers	(9,435,933,231.20)	(1,613,264,084.97)	(2,013,921,126.03)	(70,563,797.36)	(209,438,548.46)	(213,494,912.57)	(52,065,177.59)	(1,707,522.70)
Employee benefits payable	(6,766,649.16)	-	(273,270.11)	-	-	-	-	-
Taxes payable	(15,418,802.05)	(579,345.08)	(2,347,028.96)	(9,510.57)	(486,679.45)	-	(131,155.31)	-
Debt securities issued	-	-	-	-	-	-	-	-
Deferred tax	-	-	-	-	-	-	-	-
Lease liability	(8,130,739.82)	-	(10,580,948.59)	-	(3,519,242.18)	-	(738,773.11)	-
Provisions	(3,173,866.78)	(10,703,216.83)	(1,018,576.02)	(1,398,736.80)	-	-	(2,652.79)	(23,163.62)
Other liabilities	22,575,894,297.10	(22,651,106,228.28)	(20,134,301,239.95)	20,133,893,882.49	133,988,339.97	(133,988,344.48)	(1,485,623,317.83)	1,485,621,038.26
Total liabilities	(4,068,241,015.63)	(24,275,652,875.16)	(22,162,442,189.66)	689,989,360.86	(184,854,980.02)	(358,073,220.04)	(1,548,406,089.96)	19,204,507.17

Note: The statement is prepared in accordance with relevant regulators' requirements and is for the regulators' reference only. This statement does not form part of the audited financial statements.

Australia and New Zealand Bank (China) Company Limited
Balance sheet as at 31 December 2021 (continued)
(Expressed in RMB)

	Hangzhou Branch		*Chengdu Branch*		*Qingdao Branch*	
	RMB business	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*
Liabilities:						
Deposits from banks and other financial institutions	-	-	-	-	-	-
Interbank transactions	(349,661,770.91)	(110,589,456.68)	(403,654,961.68)	-	(829,361,479.37)	-
Placements from banks and other financial institutions	-	-	-	-	-	-
Financial liabilities held for trade	-	-	-	-	-	-
Financial assets sold under repurchase agreements	-	-	-	-	-	-
Derivative financial liabilities	-	(1,922,461.31)	-	-	-	(342,328.10)
Deposits from customers	(363,612.25)	(57,603,936.57)	(1,313,937,934.07)	(37,505,090.57)	(44,230,461.18)	(63,107,218.81)
Employee benefits payable	-	-	-	-	-	-
Taxes payable	(362,791.92)	-	(404,618.47)	-	(167,549.36)	-
Debt securities issued	-	-	-	-	-	-
Deferred tax	-	-	-	-	-	-
Lease liability	(726,118.78)	-	(449,312.59)	-	(1,185,981.20)	-
Provisions	-	-	-	-	-	(233,205.51)
Other liabilities	(170,486,860.22)	170,486,859.79	1,821,756,798.35	(1,821,776,031.81)	897,341,705.64	(897,479,155.10)
Total liabilities	(521,601,154.08)	371,005.23	103,309,971.54	(1,859,281,122.38)	22,396,234.53	(961,161,907.52)

Note: The statement is prepared in accordance with relevant regulators' requirements and is for the regulators' reference only. This statement does not form part of the audited financial statements.

Australia and New Zealand Bank (China) Company Limited
Balance sheet as at 31 December 2021 (continued)
(Expressed in RMB)

	Head office		Offset		Total		
	RMB business	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*	*Total*
Liabilities:							
Deposits from banks and other financial institutions	(99,438,224.82)	(732,106,947.78)	-	-	(109,282,156.50)	(732,106,947.78)	(841,389,104.28)
Interbank transactions	(3,364,948,412.27)	(5,640,961,217.37)	22,227,737,497.85	26,585,853,510.45	-	-	-
Placements from banks and other financial institutions	(3,320,601,579.59)	(281,186,222.02)	-	-	(3,320,602,661.24)	(281,186,222.02)	(3,601,788,883.26)
Financial liabilities held for trade	-	(1,309,213,026.51)	-	-	-	(1,309,213,026.51)	(1,309,213,026.51)
Financial assets sold under repurchase agreements	(4,146,406,866.81)	-	-	-	(4,146,406,866.81)	-	(4,146,406,866.81)
Derivative financial liabilities	(481,081,997.25)	(4,211,681,649.52)	-	15,400,828.85	(481,081,997.25)	(4,211,451,058.34)	(4,692,533,055.59)
Deposits from customers	(1,034,537,235.10)	(233,810,956.20)	-	-	(14,104,427,325.88)	(2,291,057,519.75)	(16,395,484,845.63)
Employee benefits payable	(9,561,912.35)	-	-	-	(16,601,831.62)	-	(16,601,831.62)
Taxes payable	(4,990,619.84)	(3,680,125.35)	-	-	(24,309,245.36)	(4,268,981.00)	(28,578,226.36)
Debt securities issued	(1,234,872,683.80)	-	-	-	(1,234,872,683.80)	-	(1,234,872,683.80)
Deferred tax	-	-	-	-	-	-	-
Lease liability	(44,310,072.25)	-	-	-	(69,641,188.52)	-	(69,641,188.52)
Provisions	-	-	-	-	(4,195,095.59)	(12,358,322.76)	(16,553,418.35)
Other liabilities	1,197,044,614.83	(1,208,857,981.27)	-	-	4,835,614,337.11	(4,923,205,608.96)	(87,591,271.85)
Total liabilities	(12,543,704,989.25)	(13,621,498,126.02)	22,227,737,497.85	26,601,254,339.30	(18,675,806,714.68)	(13,764,848,038.56)	(32,440,654,402.58)

Note: The statement is prepared in accordance with relevant regulators' requirements and is for the regulators' reference only. This statement does not form part of the audited financial statements.

Australia and New Zealand Bank (China) Company Limited
Balance sheet as at 31 December 2021 (continued)
(Expressed in RMB)

	Shanghai Branch		*Beijing Branch*		*Guangzhou Branch*		*Chongqing Branch*	
	RMB business	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*
Owners' equity:								
Paid-in capital	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-
Surplus reserve	-	-	-	-	-	-	-	-
General reserve	-	-	-	-	-	-	-	-
Retained earnings	(1,589,958,010.17)	(836,905,196.88)	(519,903,168.70)	(706,446,698.84)	14,949,301.51	(34,682,256.83)	(84,448,184.12)	(19,206,659.10)
Working capital received	(200,000,000.00)	-	(200,000,000.00)	-	(100,000,000.00)	-	(200,000,000.00)	-
Total owners' equity	(1,789,958,010.17)	(836,905,196.88)	(719,903,168.70)	(706,446,698.84)	(85,050,698.49)	(34,682,256.83)	(284,448,184.12)	(19,206,659.10)
Total liabilities and owners' equity	5,858,199,025.80	25,112,558,072.04	22,882,345,358.36	16,457,337.98	269,905,678.51	392,755,476.87	1,832,854,274.08	2,151.93

Note: The statement is prepared in accordance with relevant regulators' requirements and is for the regulators' reference only. This statement does not form part of the audited financial statements.

Australia and New Zealand Bank (China) Company Limited
Balance sheet as at 31 December 2021 (continued)
(Expressed in RMB)

	Hangzhou Branch		*Chengdu Branch*		*Qingdao Branch*	
	RMB business	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*
Owners' equity:						
Paid-in capital	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-
Surplus reserve	-	-	-	-	-	-
General reserve	-	-	-	-	-	-
Retained earnings	7,613,861.23	(2,294,248.84)	(4,291,339.62)	(5,687,579.70)	2,386,016.79	6,608,760.46
Working capital received	(100,000,000.00)	-	(100,000,000.00)	-	(35,000,000.00)	-
Total owners' equity	(92,386,138.77)	(2,294,248.84)	(104,291,339.62)	(5,687,579.70)	(32,613,983.21)	6,608,760.46
Total liabilities and owners' equity	613,987,292.85	1,923,243.61	981,368.08	1,864,968,702.08	10,217,748.68	954,553,147.06

Note: The statement is prepared in accordance with relevant regulators' requirements and is for the regulators' reference only. This statement does not form part of the audited financial statements.

Australia and New Zealand Bank (China) Company Limited
Balance sheet as at 31 December 2021 (continued)
(Expressed in RMB)

	Head office		*Offset*		*Total*		
	RMB business	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*	*Total*
Owners' equity:							
Paid-in capital	(3,817,161,628.33)	(2,407,838,371.67)	-	-	(3,817,161,628.33)	(2,407,838,371.67)	(6,225,000,000.00)
Other comprehensive income	(32,038,757.67)	-	-	-	(32,038,757.67)	-	(32,038,757.67)
Surplus reserve	(126,612,205.06)	(112,493,778.37)	-	-	(126,612,205.06)	(112,493,778.37)	(239,105,983.43)
General reserve	(139,459,014.56)	(159,231,007.79)	-	-	(139,459,014.56)	(159,231,007.79)	(298,690,022.35)
Retained earnings	1,839,671,388.42	1,334,183,248.53	-	-	(333,980,134.66)	(264,430,631.20)	(598,410,765.86)
Working capital received	-	-	935,000,000.00	-	-	-	-
Total owners' equity	(2,275,600,217.20)	(1,345,379,909.30)	935,000,000.00	-	(4,449,251,740.28)	(2,943,993,789.03)	(7,393,245,529.31)
Total liabilities and owners' equity	14,819,305,206.45	14,966,878,035.32	(23,162,737,497.85)	(26,601,254,339.30)	23,125,058,454.96	16,708,841,827.59	39,833,899,931.89

Note: The statement is prepared in accordance with relevant regulators' requirements and is for the regulators' reference only. This statement does not form part of the audited financial statements.

Australia and New Zealand Bank (China) Company Limited
Balance sheet as at 31 December 2020
(Expressed in RMB)

	Shanghai Branch		*Beijing Branch*		*Guangzhou Branch*		*Chongqing Branch*	
	RMB business	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*
Assets:								
Cash and deposits with central bank	2,102,103,123.16	1,143,938,431.95	14,623,557.18	-	-	-	-	-
Deposit with banks and other financial institutions	(119,185,045.22)	2,594,128,173.56	1,638,099.77	-	467,440.97	-	836,106.60	-
Precious metals	-	-	-	-	-	-	-	-
Interbank transactions	-	15,651,739,682.45	20,075,885,459.72	-	-	-	1,667,282,787.60	-
Placements with banks and other financial institutions	-	-	-	-	-	-	-	-
Financial assets purchased under resale agreements	-	-	-	-	-	-	-	-
Financial asset held for trading	-	-	-	-	-	-	-	-
Derivative financial assets	-	7,565,090,743.03	-	114,813,770.00	-	323.97	-	-
Loans and advances to customers	3,991,393,251.99	345,917,197.68	1,998,620,788.14	-	321,627,007.75	456,440,305.43	144,782,533.39	-
Other debt investments	-	-	-	-	-	-	-	-
Fixed assets	906,558.86	-	291,799.86	-	84,082.66	-	150,609.03	-
Right-of-use assets	15,065,060.97	-	14,196,043.82	-	234,819.09	-	598,317.53	-
Intangible assets	-	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-
Other assets	84,936,172.86	1,037,833,229.75	3,707,304.90	19,663,449.43	413,645.00	-	213,622.82	-
Working capital allocated to branches by legal entities	-	-	-	-	-	-	-	-
Total assets	6,075,219,122.62	28,338,647,458.42	22,108,963,053.39	134,477,219.43	322,826,995.47	456,440,629.40	1,813,863,976.97	-

Note: The statement is prepared in accordance with relevant regulators' requirements and is for the regulators' reference only. This statement does not form part of the audited financial statements.

Australia and New Zealand Bank (China) Company Limited
Balance sheet as at 31 December 2020 (continued)
(Expressed in RMB)

	Hangzhou Branch		Chengdu Branch		Qingdao Branch	
	RMB business	Foreign currency business	RMB business	Foreign currency business	RMB business	Foreign currency business
Assets:						
Cash and deposits with central bank	-	-	-	-	-	-
Deposit with banks and other financial institutions	303,232.02	-	97,358.63	-	2,389,991.43	-
Precious metals	-	-	-	-	-	-
Interbank transactions	-	125,508,920.49	-	826,545,395.39	-	779,427,073.96
Placements with banks and other financial institutions	-	-	-	-	-	-
Financial assets purchased under resale agreements	-	-	-	-	-	-
Financial asset held for trading	-	-	-	-	-	-
Derivative financial assets	-	-	-	-	-	4,686,702.03
Loans and advances to customers	20,015,166.67	-	-	-	99,834,234.84	-
Other debt investments	-	-	-	-	-	-
Fixed assets	69,696.29	-	109,649.25	-	161,086.79	-
Right-of-use assets	1,817,263.63	-	995,709.62	-	48,035.12	-
Intangible assets	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-
Other assets	306,292.41	-	208,797.93	3,026.57	201,872.00	1,278.23
Working capital allocated to branches by legal entities	-	-	-	-	-	-
Total assets	22,511,651.02	125,508,920.49	1,411,515.43	826,548,421.96	102,635,220.18	784,115,054.22

Note: The statement is prepared in accordance with relevant regulators' requirements and is for the regulators' reference only. This statement does not form part of the audited financial statements.

Australia and New Zealand Bank (China) Company Limited
Balance sheet as at 31 December 2020 (continued)
(Expressed in RMB)

	Head office		*Offset*		*Total*		
	RMB business	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*	*Total*
Assets:							
Cash and deposits with central bank	-	-	-	-	2,116,726,680.34	1,143,938,431.95	3,260,665,112.29
Deposit with banks and other financial institutions	-	(881,662.41)	-	-	(113,452,815.80)	2,593,246,511.15	2,479,793,695.35
Precious metals	-	699,980,877.30	-	-	-	699,980,877.30	699,980,877.30
Interbank transactions	-	3,150,171,096.52	(21,743,168,247.32)	(20,533,392,168.81)	-	-	-
Placements with banks and other financial institutions	2,162,294,353.22	2,813,310,151.66	-	-	2,162,294,353.22	2,813,310,151.66	4,975,604,504.88
Financial assets purchased under resale agreements	-	-	-	-	-	-	-
Financial asset held for trading	1,998,499,707.11	-	-	-	1,998,499,707.11		1,998,499,707.11
Derivative financial assets	507,162,888.93	792,273,570.86	-	(190,368,490.00)	507,162,888.93	8,286,496,619.89	8,793,659,508.82
Loans and advances to customers	(127,971,125.95)	(16,669,929.18)	-	-	6,448,301,856.83	785,687,573.93	7,233,989,430.76
Other debt investments	5,415,219,780.47	-	-	-	5,415,219,780.47	-	5,415,219,780.47
Fixed assets	14,707,798.24	-	-	-	16,481,280.98	-	16,481,280.98
Right-of-use assets	48,746,490.31	-	-	-	81,701,740.09	-	81,701,740.09
Intangible assets	3,313,203.97	-	-	-	3,313,203.97	-	3,313,203.97
Deferred tax assets	88,413,907.76	-	-	-	88,413,907.76	-	88,413,907.76
Other assets	71,382,095.60	1,653,373,671.44	-	(442,571,506.92)	161,369,803.52	2,268,303,148.50	2,429,672,952.02
Working capital allocated to branches by legal entities	935,000,000.00	-	(935,000,000.00)	-	-	-	-
Total assets	11,116,769,099.66	9,091,557,776.19	(22,678,168,247.32)	(21,166,332,165.73)	18,886,032,387.42	18,590,963,314.38	37,476,995,701.80

Note: The statement is prepared in accordance with relevant regulators' requirements and is for the regulators' reference only. This statement does not form part of the audited financial statements.

Australia and New Zealand Bank (China) Company Limited
Balance sheet as at 31 December 2020 (continued)
(Expressed in RMB)

	Shanghai Branch		Beijing Branch		Guangzhou Branch		Chongqing Branch	
	RMB business	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*
Liabilities:								
Deposits from banks and other financial institutions	-	-	-	-	-	-	17,498,097.99	-
Interbank current assets (Interbank transactions)	14,919,264,436.59	-	-	18,781,625,797.87	279,040,469.79	314,498,934.40	-	1,437,267,436.54
Placements from banks and other financial institutions	-	-	-	-	-	-	1,926.52	-
Financial liabilities held for trade	-	-	-	-	-	-	-	-
Financial assets sold under repurchase agreements	-	-	-	-	-	-	-	-
Derivative financial liabilities	-	8,055,417,695.01	-	114,809,356.00	-	-	-	-
Deposits from customers	7,626,666,791.38	919,973,712.93	1,833,307,405.18	94,956,322.12	66,329,387.49	2,330,550.58	54,015,762.56	3,130,467.27
Employee benefits payable	7,832,870.59	-	184,771.64	-	-	-	-	-
Taxes payable	11,543,890.22	729,337.76	2,938,820.88	24,920.34	463,929.75	-	132,363.54	-
Debt securities issued	-	-	-	-	-	-	-	-
Deferred tax	-	-	-	-	-	-	-	-
Lease liability	14,157,963.76	-	14,494,636.84	-	-	-	603,671.04	-
Provisions	1,715,763.39	7,160,544.32	243,128.86	2,366,968.61	-	2,069,164.66	5,668.69	5,671.25
Other liabilities	(18,415,899,341.27)	18,647,206,216.34	19,547,660,984.51	(19,543,474,976.09)	(107,324,481.75)	107,324,806.29	1,459,396,168.50	(1,459,396,168.77)
Total liabilities	4,165,282,374.66	27,630,487,506.36	21,398,829,747.91	(549,691,611.15)	238,509,305.28	426,223,455.93	1,531,653,658.84	(18,992,593.71)

Note: The statement is prepared in accordance with relevant regulators' requirements and is for the regulators' reference only. This statement does not form part of the audited financial statements.

Australia and New Zealand Bank (China) Company Limited
Balance sheet as at 31 December 2020 (continued)
(Expressed in RMB)

	Hangzhou Branch		Chengdu Branch		Qingdao Branch	
	RMB business	Foreign currency business	RMB business	Foreign currency business	RMB business	Foreign currency business
Liabilities:						
Deposits from banks and other financial institutions	-	-	-	-	-	-
Interbank transactions	48,646,134.38	-	582,292,844.39	-	632,812,658.48	-
Placements from banks and other financial institutions	-	-	-	-	-	-
Financial liabilities held for trade	-	-	-	-	-	-
Financial assets sold under repurchase agreements	-	-	-	-	-	-
Derivative financial liabilities	-	-	-	-	-	4,687,393.99
Deposits from customers	602,861.26	1,532,035.73	138,876,666.71	689,483.00	148,487,861.96	71,019,762.75
Employee benefits payable	-	-	-	-	-	-
Taxes payable	109,142.63	-	142,016.22	-	325,113.56	56.18
Debt securities issued	-	-	-	-	-	-
Deferred tax	-	-	-	-	-	-
Lease liability	1,645,395.30	-	1,010,244.82	-	49,236.76	-
Provisions	-	-	-	-	2,993.98	226,450.31
Other liabilities	(123,617,105.93)	123,617,105.22	(824,654,626.34)	824,671,310.83	(711,010,538.50)	711,010,538.51
Total liabilities	(72,613,572.36)	125,149,140.95	(102,332,854.20)	825,360,793.83	70,667,326.24	786,944,201.74

Note: The statement is prepared in accordance with relevant regulators' requirements and is for the regulators' reference only. This statement does not form part of the audited financial statements.

Australia and New Zealand Bank (China) Company Limited
Balance sheet as at 31 December 2020 (continued)
(Expressed in RMB)

	Head office		*Offset*		*Total*		
	RMB business	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*	*Total*
Liabilities:							
Deposits from banks and other financial institutions	514,937,841.68	520,141,613.39	-	-	532,435,939.67	520,141,613.39	1,052,577,553.06
Interbank transactions	5,281,111,703.69	-	(21,743,168,247.32)	(20,533,392,168.81)	-	-	-
Placements from banks and other financial institutions	600,178,230.28	2,332,991,539.68	-	-	600,180,156.80	2,332,991,539.68	2,933,171,696.48
Financial liabilities held for trade	-	1,966,190,660.47	-	-	-	1,966,190,660.47	1,966,190,660.47
Financial assets sold under repurchase agreements	2,939,965,337.99	-	-	-	2,939,965,337.99	-	2,939,965,337.99
Derivative financial liabilities	515,543,377.79	451,167,828.19	-	(190,368,490.00)	515,543,377.79	8,435,713,783.19	8,951,257,160.98
Deposits from customers	622,693,441.51	140,328,656.94	-	-	10,490,980,178.05	1,233,960,991.32	11,724,941,169.37
Employee benefits payable	12,136,797.72	-	-	-	20,154,439.95	-	20,154,439.95
Taxes payable	-	-	-	-	15,655,276.80	754,314.28	16,409,591.08
Debt securities issued	149,160,176.71	-	-	-	149,160,176.71	-	149,160,176.71
Deferred tax	-	-	-	-	-	-	-
Lease liability	57,839,942.03	-	-	-	89,801,090.55	-	89,801,090.55
Provisions	-	-	-	-	1,967,554.92	11,828,799.15	13,796,354.07
Other liabilities	(1,591,805,136.75)	2,055,165,732.14	-	(442,571,506.92)	(767,254,077.53)	1,023,553,057.55	256,298,980.02
Total liabilities	9,101,761,712.65	7,465,986,030.81	(21,743,168,247.32)	(21,166,332,165.73)	14,588,589,451.70	15,525,134,759.03	30,113,724,210.73

Note: The statement is prepared in accordance with relevant regulators' requirements and is for the regulators' reference only. This statement does not form part of the audited financial statements.

Australia and New Zealand Bank (China) Company Limited
Balance sheet as at 31 December 2020 (continued)
(Expressed in RMB)

	Shanghai Branch		*Beijing Branch*		*Guangzhou Branch*		*Chongqing Branch*	
	RMB business	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*
Owners' equity:								
Paid-in capital	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-
Surplus reserve	-	-	-	-	-	-	-	-
General reserve	-	-	-	-	-	-	-	-
Retained earnings	1,709,936,747.96	708,159,952.06	510,133,305.48	684,168,830.58	(15,682,309.81)	30,217,173.47	82,210,318.13	18,992,593.71
Working capital received	200,000,000.00	-	200,000,000.00	-	100,000,000.00	-	200,000,000.00	-
Total owners' equity	1,909,936,747.96	708,159,952.06	710,133,305.48	684,168,830.58	84,317,690.19	30,217,173.47	282,210,318.13	18,992,593.71
Total liabilities and owners' equity	6,075,219,122.62	28,338,647,458.42	22,108,963,053.39	134,477,219.43	322,826,995.47	456,440,629.40	1,813,863,976.97	-

Note: The statement is prepared in accordance with relevant regulators' requirements and is for the regulators' reference only. This statement does not form part of the audited financial statements.

Australia and New Zealand Bank (China) Company Limited
Balance sheet as at 31 December 2020 (continued)
(Expressed in RMB)

	Hangzhou Branch		*Chengdu Branch*		*Qingdao Branch*	
	RMB business	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*
Owners' equity:						
Paid-in capital	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-
Surplus reserve	-	-	-	-	-	-
General reserve	-	-	-	-	-	-
Retained earnings	(4,874,776.62)	359,779.54	3,744,369.63	1,187,628.13	(3,032,106.06)	(2,829,147.52)
Working capital received	100,000,000.00	-	100,000,000.00	-	35,000,000.00	-
Total owners' equity	95,125,223.38	359,779.54	103,744,369.63	1,187,628.13	31,967,893.94	(2,829,147.52)
Total liabilities and owners' equity	22,511,651.02	125,508,920.49	1,411,515.43	826,548,421.96	102,635,220.18	784,115,054.22

Note: The statement is prepared in accordance with relevant regulators' requirements and is for the regulators' reference only. This statement does not form part of the audited financial statements.

Australia and New Zealand Bank (China) Company Limited
Balance sheet as at 31 December 2020 (continued)
(Expressed in RMB)

	Head office		Offset		Total		
	RMB business	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*	*Total*
Owners' equity:							
Paid-in capital	3,584,024,628.33	2,640,975,371.67	-	-	3,584,024,628.33	2,640,975,371.67	6,225,000,000.00
Other comprehensive income	6,998,798.26	-	-	-	6,998,798.26	-	6,998,798.26
Surplus reserve	121,874,955.30	110,989,620.53	-	-	121,874,955.30	110,989,620.53	232,864,575.83
General reserve	135,969,256.32	64,059,322.17	-	-	135,969,256.32	64,059,322.17	200,028,578.49
Retained earnings	(1,833,860,251.20)	(1,190,452,568.99)	-	-	448,575,297.51	249,804,240.98	698,379,538.49
Working capital received	-	-	(935,000,000.00)	-	-	-	-
Total owners' equity	2,015,007,387.01	1,625,571,745.38	(935,000,000.00)	-	4,297,442,935.72	3,065,828,555.35	7,363,271,491.07
Total liabilities and owners' equity	11,116,769,099.66	9,091,557,776.19	(22,678,168,247.32)	(21,166,332,165.73)	18,886,032,387.42	18,590,963,314.38	37,476,995,701.80

Note: The statement is prepared in accordance with relevant regulators' requirements and is for the regulators' reference only. This statement does not form part of the audited financial statements.

Australia and New Zealand Bank (China) Company Limited
Income Statement for the year ended 31 December 2021
(Expressed in RMB)

	Shanghai Branch		*Beijing Branch*		*Guangzhou Branch*		*Chongqing Branch*	
	RMB business	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*
Operating income	187,805,039.58	86,037,527.44	41,224,922.85	47,107,570.89	7,401,013.73	13,090,799.27	6,884,204.42	641,801.84
Net interest income	159,255,773.01	(45,894,322.30)	38,331,990.65	18,256,602.99	7,293,796.06	4,660,718.31	6,592,846.12	529,225.31
Interest income	281,819,610.69	41,871,881.82	82,636,715.14	18,378,218.26	27,499,862.76	4,662,924.47	7,249,414.00	529,225.31
Interest expenses	(122,563,837.68)	(87,766,204.12)	(44,304,724.49)	(121,615.27)	(20,206,066.70)	(2,206.16)	(656,567.88)	-
Net fee and commission income	4,711,485.70	33,030,861.67	2,677,352.71	20,012,365.71	107,217.67	2,581,114.08	70,968.51	81,422.06
Fee and commission income	20,399,114.19	33,341,924.67	2,679,791.67	20,160,772.98	108,043.67	2,581,114.08	70,968.51	81,422.06
Fee and commission expenses	(15,687,628.49)	(311,063.00)	(2,438.96)	(148,407.27)	(826.00)	-	-	-
Investment income/(losses)	573.44	(5,130.10)	-	10,287,418.36	-	-	-	-
Gain/(losses) from changes in fair value	-	-	-	-	-	-	-	-
Foreign exchange gains/(losses)	23,201,096.28	98,906,118.17	-	(1,448,816.17)	-	5,848,966.88	-	31,154.47
Other income	636,111.15	-	215,579.49	-	-	-	220,389.79	-
Operating expenses	(152,324,206.72)	(53,540,423.93)	(20,772,482.88)	(24,829,702.65)	(4,935,308.31)	(8,625,715.87)	(3,829,027.99)	(427,736.45)
Taxes and surcharges	(2,855,578.83)	(117,339.68)	(536,628.46)	(224,551.43)	(213,369.71)	(80,885.07)	(25,264.43)	(1,921.53)
Business and administrative expenses	(145,081,894.34)	(52,745,078.78)	(22,373,872.03)	(25,566,543.01)	(5,725,288.39)	(10,126,802.05)	(4,379,819.49)	(408,322.59)
Credit impairment reversals/losses	(4,271,024.91)	(678,005.47)	2,138,017.61	961,391.79	1,003,349.79	1,581,971.25	576,055.93	(17,492.33)
Losses from asset disposals	(115,708.64)	-	-	-	-	-	-	-

Note: The statement is prepared in accordance with relevant regulators’ requirements and is for the regulators’ reference only. This statement does not form part of the audited financial statements.

Australia and New Zealand Bank (China) Company Limited
Income Statement for the year ended 31 December 2021 (continued)
(Expressed in RMB)

	Shanghai Branch		*Beijing Branch*		*Guangzhou Branch*		*Chongqing Branch*	
	RMB business	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*
Operating profit/(losses)	35,480,832.86	32,497,103.51	20,452,439.97	22,277,868.24	2,465,705.42	4,465,083.40	3,055,176.43	214,065.39
Add: Non-operating income	9,778.04	19,355.54	0.41	-	0.12	-	-	-
Less: Non-operating expenses	30,850.50	(31,893.40)	-	-	-	-	-	-
Profit/(losses) before tax	35,521,461.40	32,484,565.65	20,452,440.38	22,277,868.24	2,465,705.54	4,465,083.40	3,055,176.43	214,065.39
Less: Income tax expenses	(1,759,522.61)	-	(10,682,577.16)	-	(1,732,697.24)	-	(817,310.46)	-
Net profit/(losses)	33,761,938.79	32,484,565.65	9,769,863.22	22,277,868.24	733,008.30	4,465,083.40	2,237,865.97	214,065.39

Note: The statement is prepared in accordance with relevant regulators’ requirements and is for the regulators’ reference only. This statement does not form part of the audited financial statements.

Australia and New Zealand Bank (China) Company Limited
Income Statement for the year ended 31 December 2021 (continued)
(Expressed in RMB)

	Hangzhou Branch		*Chengdu Branch*		*Qingdao Branch*	
	RMB business	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*
Operating income	3,827,069.88	7,483,071.70	4,016,591.80	8,486,093.86	377,407.47	1,862,324.98
Net interest income	3,804,741.62	2,573,545.52	3,996,890.10	4,397,032.64	354,496.69	978,469.62
Interest income	10,455,716.74	2,573,545.52	8,705,817.01	4,397,032.64	1,133,654.64	995,768.27
Interest expenses	(6,650,975.12)	-	(4,708,926.91)	-	(779,157.95)	(17,298.65)
Net fee and commission income	2,419.81	74,207.51	10,359.67	3,467.20	4,819.20	479,610.40
Fee and commission income	2,419.81	74,207.51	10,964.67	3,467.20	4,819.20	479,610.40
Fee and commission expenses	-	-	(605.00)	-	-	-
Investment income/(losses)	-	-	-	-	-	-
Gain/(losses) from changes in fair value	-	-	-	-	-	-
Foreign exchange gains/(losses)	-	4,835,318.67	-	4,085,594.02	-	404,244.97
Other income	19,908.45	-	9,342.03	-	18,091.58	-
Operating expenses	(6,834,359.59)	(5,548,602.42)	(1,787,314.63)	(3,986,142.33)	(775,826.09)	(5,641,937.94)
Taxes and surcharges	(89,040.75)	(37,933.59)	8,624.71	(60,016.20)	4,703.17	(8,855.82)
Business and administrative expenses	(2,818,323.21)	(5,510,668.83)	(1,795,939.34)	(3,794,388.52)	(1,140,197.23)	(5,626,326.91)
Credit impairment reversals/losses	(3,926,995.63)	-	-	(131,737.61)	359,667.97	(6,755.21)
Losses from asset disposals	-	-	-	-	-	-

Note: The statement is prepared in accordance with relevant regulators' requirements and is for the regulators' reference only. This statement does not form part of the audited financial statements.

Australia and New Zealand Bank (China) Company Limited
Income Statement for the year ended 31 December 2021 (continued)
(Expressed in RMB)

	Hangzhou Branch		*Chengdu Branch*		*Qingdao Branch*	
	RMB business	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*
Operating profit/(losses)	(3,007,289.71)	1,934,469.28	2,229,277.17	4,499,951.53	(398,418.62)	(3,779,612.96)
Add: Non-operating income	-	-	-	-	-	-
Less: Non-operating expenses	-	-	-	-	-	-
Profit/(losses) before tax	(3,007,289.71)	1,934,469.28	2,229,277.17	4,499,951.53	(398,418.62)	(3,779,612.96)
Less: Income tax expenses	268,205.11	-	(1,682,307.18)	-	1,044,507.89	-
Net profit/(losses)	(2,739,084.60)	1,934,469.28	546,969.99	4,499,951.53	646,089.27	(3,779,612.96)

Note: The statement is prepared in accordance with relevant regulators' requirements and is for the regulators' reference only. This statement does not form part of the audited financial statements.

Australia and New Zealand Bank (China) Company Limited
Income Statement for the year ended 31 December 2021 (continued)
(Expressed in RMB)

	Head office		*Offset*		*Total*		
	RMB business	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*	*Total*
Operating income	124,396,163.17	22,335,649.19	-	-	375,932,412.90	187,044,839.17	562,977,252.07
Net interest income	44,078,594.13	24,727,533.02	-	-	263,709,128.38	10,228,805.11	273,937,933.49
Interest income	312,606,470.15	30,834,102.92	(126,972,429.73)	(85,965,103.98)	605,134,831.40	18,277,595.23	623,412,426.63
Interest expenses	(268,527,876.02)	(6,106,569.90)	126,972,429.73	85,965,103.98	(341,425,703.02)	(8,048,790.12)	(349,474,493.14)
Net fee and commission income	33,969,728.63	(8,291,139.67)	-	-	41,554,351.90	47,971,908.96	89,526,260.86
Fee and commission income	47,694,925.00	-	-	-	70,971,046.72	56,722,518.90	127,693,565.62
Fee and commission expenses	(13,725,196.37)	(8,291,139.67)	-	-	(29,416,694.82)	(8,750,609.94)	(38,167,304.76)
Investment income/(losses)	100,137,689.19	(245,806,106.39)	-	-	100,138,262.63	(235,523,818.13)	(135,385,555.50)
Gain/(losses) from changes in fair value	(30,998,467.58)	255,156,967.35	-	-	(30,998,467.58)	255,156,967.35	224,158,499.77
Foreign exchange gains/(losses)	(26,366,189.45)	(3,451,605.13)	-	-	(3,165,093.17)	109,210,975.88	106,045,882.71
Other income	3,574,808.25	-	-	-	4,694,230.74	-	4,694,230.74
Operating expenses	(119,603,222.70)	(64,368,102.67)	-	-	(310,861,748.91)	(166,968,364.26)	(477,830,113.17)
Taxes and surcharges	(2,921,741.94)	(175,775.87)	-	-	(6,628,296.24)	(707,279.19)	(7,335,575.43)
Business and administrative expenses	(159,740,696.22)	(79,478,841.94)	-	-	(343,056,030.25)	(183,256,972.63)	(526,313,002.88)
Credit impairment reversals/losses	43,084,906.67	15,286,515.14	-	-	38,963,977.43	16,995,887.56	55,959,864.99
Losses from asset disposals	(25,691.21)	-	-	-	(141,399.85)	-	(141,399.85)

Note: The statement is prepared in accordance with relevant regulators' requirements and is for the regulators' reference only. This statement does not form part of the audited financial statements.

Australia and New Zealand Bank (China) Company Limited
Income Statement for the year ended 31 December 2021 (continued)
(Expressed in RMB)

	Head office		*Offset*		*Total*		
	RMB business	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*	*Total*
Operating profit/(losses)	4,792,940.47	(42,032,453.48)	-	-	65,070,663.99	20,076,474.91	85,147,138.90
Add: Non-operating income	1,513.75	0.84	-	-	11,292.32	19,356.38	30,648.70
Less: Non-operating expenses	(620,217.32)	(8,535.71)	-	-	(589,366.82)	(40,429.11)	(629,795.93)
Profit/(losses) before tax	4,174,236.90	(42,040,988.35)	-	-	64,492,589.49	20,055,402.18	84,547,991.67
Less: Income tax expenses	(1,758,363.49)	(5,013,850.54)	-	-	(17,120,065.14)	(5,013,850.54)	(22,133,915.68)
Net profit/(losses)	2,415,873.41	(47,054,838.89)	-	-	47,372,524.35	15,041,551.64	62,414,075.99

Note: The statement is prepared in accordance with relevant regulators' requirements and is for the regulators' reference only. This statement does not form part of the audited financial statements.

Australia and New Zealand Bank (China) Company Limited
Income Statement for the year ended 31 December 2020
(Expressed in RMB)

	Shanghai Branch		Beijing Branch		Guangzhou Branch		Chongqing Branch	
	RMB business	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*
Operating income	223,721,642.36	(202,543,980.64)	53,661,367.62	40,471,073.64	8,420,810.16	781,584.22	10,551,838.05	292,196.63
Net interest income	219,004,317.11	(51,532,138.28)	50,288,447.77	27,577,422.54	8,336,275.63	4,033,557.85	10,241,255.31	443,446.45
Interest income	329,941,517.43	22,514,342.20	108,512,614.30	30,842,937.43	33,904,356.11	4,475,054.06	11,809,956.34	1,074,717.80
Interest expenses	(110,937,200.32)	(74,046,480.48)	(58,224,166.53)	(3,265,514.89)	(25,568,080.48)	(441,496.21)	(1,568,701.03)	(631,271.35)
Net fee and commission income	(3,044,716.25)	31,847,544.27	3,188,535.71	14,575,138.83	84,534.53	(97,848.09)	105,509.44	35,612.74
Fee and commission income	13,293,658.41	32,853,911.21	3,191,146.61	14,619,236.06	85,779.53	(97,848.09)	105,509.44	35,612.74
Fee and commission expenses	(16,338,374.66)	(1,006,366.94)	(2,610.90)	(44,097.23)	(1,245.00)	-	-	-
Investment income/(losses)	(354,211.80)	142,093.38	-	1,380,093.17	-	222,641.51	-	-
Gain/(losses) from changes in fair value	-	(780,175,520.00)	-	16,980.99	-	324.00	-	-
Foreign exchange gains/(losses)	7,337,027.43	597,174,039.99	-	(3,078,561.89)	-	(3,377,091.05)	-	(186,862.56)
Other income	779,225.87	-	184,384.14	-	-	-	205,073.30	-
Operating expenses	(40,977,974.88)	(130,851,950.00)	(32,402,874.49)	(19,793,939.35)	(13,128,138.10)	1,355,903.31	(3,206,033.95)	19,266.41
Taxes and surcharges	(2,604,562.93)	(408,493.87)	(693,170.64)	(142,452.86)	(282,372.94)	(3,323.74)	(81,394.69)	(5,359.82)
Business and administrative expenses	(52,663,906.15)	(135,951,546.58)	(29,165,023.82)	(21,996,081.67)	(13,885,781.38)	(1,288,819.89)	(4,451,146.17)	(123,259.09)
Credit impairment reversals/losses	14,316,450.72	5,508,090.45	(2,544,680.03)	2,344,595.18	1,040,016.22	2,648,046.94	1,326,506.91	147,885.32
Losses from asset disposals	(25,956.52)	-	-	-	-	-	-	-

Note: The statement is prepared in accordance with relevant regulators' requirements and is for the regulators' reference only. This statement does not form part of the audited financial statements.

Australia and New Zealand Bank (China) Company Limited
Income Statement for the year ended 31 December 2020 (continued)
(Expressed in RMB)

	Shanghai Branch		*Beijing Branch*		*Guangzhou Branch*		*Chongqing Branch*	
	RMB business	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*
Operating profit/(losses)	182,743,667.48	(333,395,930.64)	21,258,493.13	20,677,134.29	(4,707,327.94)	2,137,487.53	7,345,804.10	311,463.04
Add: Non-operating income	37.99	253.64	-	-	1.61	-	-	-
Less: Non-operating expenses	17,974.26	(18,709.12)	-	-	-	-	-	-
Profit/(losses) before tax	182,761,679.73	(333,414,386.12)	21,258,493.13	20,677,134.29	(4,707,326.33)	2,137,487.53	7,345,804.10	311,463.04
Less: Income tax expenses	37,663,176.60	-	(10,483,906.85)	-	642,459.70	-	(1,914,316.79)	-
Net profit/(losses)	220,424,856.33	(333,414,386.12)	10,774,586.28	20,677,134.29	(4,064,866.63)	2,137,487.53	5,431,487.31	311,463.04

Note: The statement is prepared in accordance with relevant regulators' requirements and is for the regulators' reference only. This statement does not form part of the audited financial statements.

Australia and New Zealand Bank (China) Company Limited
Income Statement for the year ended 31 December 2020 (continued)
(Expressed in RMB)

	Hangzhou Branch		*Chengdu Branch*		*Qingdao Branch*	
	RMB business	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*
Operating income	1,366,299.78	4,019,198.41	3,801,705.29	3,590,388.87	2,870,318.49	3,365,128.48
Net interest income	1,088,321.09	2,906,764.27	3,654,427.20	1,451,754.30	2,787,578.16	1,838,471.07
Interest income	1,405,504.73	2,906,764.27	5,660,337.32	1,451,754.30	18,432,688.33	1,981,219.95
Interest expenses	(317,183.64)	-	(2,005,910.12)	-	(15,645,110.17)	(142,748.88)
Net fee and commission income	277,978.69	40,424.50	128,750.03	7,085.14	57,361.38	474,039.46
Fee and commission income	277,978.69	40,424.50	129,650.03	7,085.14	57,361.38	474,039.46
Fee and commission expenses	-	-	(900.00)	-	-	-
Investment income/(losses)	-	-	-	-	-	-
Gain/(losses) from changes in fair value	-	-	-	-	-	(16,859.00)
Foreign exchange gains/(losses)	-	1,072,009.64	-	2,131,549.43	-	1,069,476.95
Other income	-	-	18,528.06	-	25,378.95	-
Operating expenses	(1,611,029.00)	(5,154,146.97)	(2,523,372.52)	(2,555,135.55)	(1,561,716.01)	(2,713,172.29)
Taxes and surcharges	(16,631.41)	(6,336.07)	(5,632.71)	(24,947.36)	(135,011.42)	(29,035.64)
Business and administrative expenses	(1,838,400.65)	(5,407,961.78)	(2,679,105.29)	(2,530,188.19)	(2,999,587.23)	(3,516,681.67)
Credit impairment reversals/losses	244,003.06	260,150.88	161,365.48		1,572,882.64	832,545.02
Losses from asset disposals	-	-	-	-	-	-

Note: The statement is prepared in accordance with relevant regulators' requirements and is for the regulators' reference only. This statement does not form part of the audited financial statements.

Australia and New Zealand Bank (China) Company Limited
Income Statement for the year ended 31 December 2020 (continued)
(Expressed in RMB)

	Hangzhou Branch		*Chengdu Branch*		*Qingdao Branch*	
	RMB business	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*
Operating profit/(losses)	(244,729.22)	(1,134,948.56)	1,278,332.77	1,035,253.32	1,308,602.48	651,956.19
Add: Non-operating income	-	-	-	-	-	-
Less: Non-operating expenses	-	-	-	-	-	-
Profit/(losses) before tax	(244,729.22)	(1,134,948.56)	1,278,332.77	1,035,253.32	1,308,602.48	651,956.19
Less: Income tax expenses	344,919.45	-	(578,396.52)	-	(490,139.67)	-
Net profit/(losses)	100,190.23	(1,134,948.56)	699,936.25	1,035,253.32	818,462.81	651,956.19

Note: The statement is prepared in accordance with relevant regulators' requirements and is for the regulators' reference only. This statement does not form part of the audited financial statements.

Australia and New Zealand Bank (China) Company Limited
Income Statement for the year ended 31 December 2020 (continued)
(Expressed in RMB)

	Head office		*Offset*		*Total*		
	RMB business	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*	*Total*
Operating income	197,421,803.56	199,873,807.40	-	-	501,815,785.31	49,849,397.01	551,665,182.32
Net interest income	2,596,449.32	48,761,985.49	-	-	297,997,071.59	35,481,263.69	333,478,335.28
Interest income	266,342,682.42	63,414,356.29	(153,527,120.89)	(53,951,656.75)	622,482,536.09	74,709,489.55	697,192,025.64
Interest expenses	(263,746,233.10)	(14,652,370.80)	153,527,120.89	53,951,656.75	(324,485,464.50)	(39,228,225.86)	(363,713,690.36)
Net fee and commission income	44,468,622.50	(13,304,069.76)	-	-	45,266,576.03	33,577,927.09	78,844,503.12
Fee and commission income	51,758,774.29	55,531.96	-	-	68,899,858.38	47,987,992.98	116,887,851.36
Fee and commission expenses	(7,290,151.79)	(13,359,601.72)	-	-	(23,633,282.35)	(14,410,065.89)	(38,043,348.24)
Investment income/(losses)	163,515,076.52	(346,443,868.79)	-	-	163,160,864.72	(344,699,040.73)	(181,538,176.01)
Gain/(losses) from changes in fair value	(14,610,794.31)	644,133,476.98	-	-	(14,610,794.31)	(136,041,597.03)	(150,652,391.34)
Foreign exchange gains/(losses)	(2,439,947.04)	(133,273,716.52)	-	-	4,897,080.39	461,530,843.99	466,427,924.38
Other income	3,892,396.57	-	-	-	5,104,986.89	-	5,104,986.89
Operating expenses	(179,154,078.16)	(32,750,790.18)	-	-	(274,565,217.11)	(192,443,964.62)	(467,009,181.73)
Taxes and surcharges	7,629,318.07	206,514.53	-	-	3,810,541.33	(413,434.83)	3,397,106.50
Business and administrative expenses	(255,306,127.58)	(25,361,610.54)	-	-	(362,989,078.27)	(196,176,149.41)	(559,165,227.68)
Credit impairment reversals/losses	68,529,487.29	(7,595,694.17)	-	-	84,646,032.29	4,145,619.62	88,791,651.91
Losses from asset disposals	(6,755.94)	-	-	-	(32,712.46)	-	(32,712.46)

Note: The statement is prepared in accordance with relevant regulators' requirements and is for the regulators' reference only. This statement does not form part of the audited financial statements.

Australia and New Zealand Bank (China) Company Limited
Income Statement for the year ended 31 December 2020 (continued)
(Expressed in RMB)

	Head office		*Offset*		*Total*		
	RMB business	*Foreign currency business*	*RMB business*	*Foreign currency business*	*RMB business*	*Foreign currency business*	*Total*
Operating profit/(losses)	18,267,725.40	167,123,017.22	-	-	227,250,568.20	(142,594,567.61)	84,656,000.59
Add: Non-operating income	-	-	-	-	39.60	253.64	293.24
Less: Non-operating expenses	(107,089.52)	(610.48)	-	-	(89,115.26)	(19,319.60)	(108,434.86)
Profit/(losses) before tax	18,160,635.88	167,122,406.74	-	-	227,161,492.54	(142,613,633.57)	84,547,858.97
Less: Income tax expenses	(81,516,056.77)	35,653,408.39	-	-	(56,332,260.85)	35,653,408.39	(20,678,852.46)
Net profit/(losses)	(63,355,420.89)	202,775,815.13	-	-	170,829,231.69	(106,960,225.18)	63,869,006.51

Note: The statement is prepared in accordance with relevant regulators' requirements and is for the regulators' reference only. This statement does not form part of the audited financial statements.