



九江銀行股份有限公司
Bank of Jiujiang Co., Ltd.

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

Stock Code : 6190

2022 ANNUAL REPORT

Outstanding Employee
Luo LiMei



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Company Profile

1. Basics

Legal name in Chinese:
九江銀行股份有限公司⁽¹⁾

Legal name in English:
Bank of Jiujiang Co., Ltd.⁽¹⁾

Legal representative:
LIU Xianting (劉羨庭)⁽²⁾

Authorized representatives:
PAN Ming (潘明), WONG Wai Chiu (黃偉超)

Board secretary:
WANG Li (王琍)

Company secretary:
WONG Wai Chiu (黃偉超)

H-share exchange:
The Stock Exchange of Hong Kong Limited

Stock short name:
BANK OF JIUJIANG

Stock code:
06190

Unified social credit code:
9136040070552834XQ

License number for financial business operations:
B0348H336040001

Registered capital:
RMB2,407,367,200

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

Principal place of business in Hong Kong:
40/F, Dah Sing Financial Centre, 248 Queen's
Road East, Wan Chai, Hong Kong

Contact details:
Tel: +86(792)7783000-1101
Fax: +86(792)8325019
Email: lushan2@jjccb.com
Website: www.jjccb.com
Customer service hotline: +86 95316

PRC auditor:
KPMG Huazhen LLP

International auditor:
KPMG

PRC legal advisor:
JunHe LLP (北京市君合律師事務所)

Hong Kong (PRC) legal advisor:
Clifford Chance

H-share registrar and transfer office:
Computershare Hong Kong Investor Services
Limited

Domestic share depository:
China Securities Depository and Clearing
Corporation Limited (CSDC)

HKEXnews website of the Hong Kong Stock
Exchange for publication of this report:
www.hkexnews.hk

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

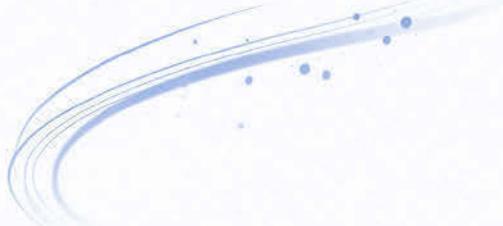
(2) On February 11, 2022, the Board of the Bank received the resignation letter from the Chairman Mr. LIU Xianting. Mr. LIU Xianting has resigned as the Chairman, the executive Director and the chairperson of the Strategy Committee of the Board and member of the Nomination and Remuneration Committee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

2. About Us

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

Since its establishment, staff of Bank of Jiujiang, with unwavering faith, persistent pursuit, selfless dedication, and the mindset that success only comes through hard work, have endured through great hardships in order to realize the achievements that Bank of Jiujiang has today. From a handful of branches to 281 outlets, we are now a renowned bank with total assets of over RMB470,000 million. Meanwhile, the Bank consistently optimized its shareholder structure and successively introduced strategic investors such as Industrial Bank and Beijing Automotive Group to enhance its brand image. In addition, the Bank has successively received numerous recognition including "National Advanced Grassroots Party Organization", "National May Day Labour Award", "Best National Small and Medium Commercial Bank" and "Exemplary Workplace for Talents in Jiangxi Province".

As of December 31, 2022, Bank of Jiujiang (including controlled county banks) has 4,967 full-time employees, with an average age of 29.79. Among which, 4,348 had undergraduate degrees or graduated from junior colleges, accounting for 87.54%, while 599 had master's degrees (and above), accounting for 12.06%. We now have operation department of the head office, 13 branches and 267 sub-branches, successively led to establish 20 county banks such as Xiushui Jiuyin and Zhongshan Xiaolan. As a city commercial bank, Bank of Jiujiang was the first to realize the full coverage of cities with districts in Jiangxi Province.



Company Profile

3. Major awards in 2022

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

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

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

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

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

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

In April 2022, the Central Committee of the Communist Youth League issued the “Decision of the Central Committee of the Communist Youth League on Commending the National May 4th Red Flag Youth League Committee (League Branch), National Outstanding Communist Youth League Members, and National Outstanding Communist Youth League Cadres”. The Youth League Committee of the Bank was awarded the title of “National May 4th Red Flag Youth League Committee” and was the only local financial institution in Jiangxi Province to receive this honor.

In May 2022, the Bank was rated as “Excellent” in the 2021 Jiangxi Assessment and Evaluation of Financial Institutions for Serving Rural Revitalization.

In June 2022, in the “Golden Honor Award” for China’s asset management and wealth management industry in 2022 co-organized by PY Standard and academic institutions, the Bank was awarded the “Bank of Excellent Wealth Service Capability”.

In August 2022, Dagong Global, Lianhe Credit and Far East Credit issued the corporate credit rating report of the Bank for 2022 respectively, unanimously determined the corporate body credit rating of the Bank as “AAA” and the rating outlook is stable. Since 2019, the corporate credit rating of the Bank has been awarded “AAA” for four consecutive years.

In September 2022, the Bank won the honorary title of “Outstanding Group for Green Finance Reform in Jiangxi Province” in the “Tiangong Cup” excellent project exhibition and selection activity jointly organized by the Nanchang Central Sub-branch of the People’s Bank of China and the Jiangxi Finance Society, the only local legal entity in Jiangxi province to receive this honor.

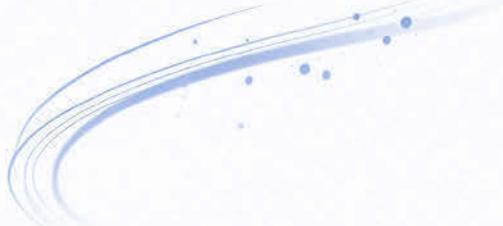
In September 2022, the Bank won the “Design/Graphic: Corporate Social Responsibility Report” honorary award in the selection of the 36th International Annual Report Competition, being the only banking institution in this category to receive this honor.

In October 2022, the business continuity management and consulting and system construction project of the Bank for 2021 won the 7th IDC China Digital Transformation Future Enterprise Award for 2022.

In November 2022, as the only city commercial bank, the Bank was awarded the 2021 “Green Finance Development Contribution Award” by the Jiangxi Provincial Local Financial Supervision and Administration Bureau.

In November 2022, the Jiujiang Central Sub-branch of the People’s Bank of China issued the “Notice of the Office of the Jiujiang Central Sub-branch of the People’s Bank of China on the Evaluation of the Protection of Financial Consumer Rights and Interests of Financial Institutions in Jiujiang City in 2021”, and the financial consumer rights protection work of the Bank in 2021 was rated as the highest level Grade A.

In November 2022, the Bank won the “Annual Consumer Finance Business Development Award” in the selection of the “Financial Digital Development Gold Award” held by the Financial Digital Development Alliance.



Company Profile

In December 2022, the Bank won the honorary title of the “Excellent Sponsoring Bank in the National Village and Township Bank for 2021” in the 2022 (9th) National Village and Township Bank Comprehensive Business Development Ranking Activity and the 4th National Village and Township Bank Brand Value Ranking Activities” co-sponsored by the Organizing Committee of the Forum for the Development of Chinese Village and Township Banks, “Contemporary County Economy” magazine, sponsoring banks of most village banks in China National Excellent Rural Sponsoring Bank and other entities.

In December 2022, the 3rd Banking Digital Innovation (China) Summit and the 2022 “China Credit Award” Ceremony was hosted in Shanghai, the Bank won the “Banking Digital Brand Project for the Year” Award.

In December 2022, Nanchang Central Sub-branch of the People’s Bank of China granted honors to advanced units for financial statistics works among financial institutions in Jiangxi Province in 2022, and the Bank was awarded with “the winning unit of financial statistics works among financial institutions in Jiangxi Province in 2022”, marking the fourth consecutive year it has won the title.

In December 2022, the Bank was awarded the “UnionPay Excellent Cooperation Institution Award in 2022” by China UnionPay, the only financial institute on the winners’ roster in Jiangxi Province.

In December 2022, Agricultural Development Bank of China announced the accolades list of 2022 excellent financial bond underwriting market makers and the Bank won four institutional awards including the “Excellent Underwriting Institution”, the “Best City Commercial Bank”, the “Excellent Market Maker” and the “Best Innovative Cooperation Award” of financial bond underwriting market makers in 2022.

In December 2022, the Bank won the “Prize for Excellent Case in Operation and Management Innovation” in the activity of “3rd City Financial Service Excellent Cases Selection in 2022” sponsored by City Commercial Banks Clearing Co., Ltd.

In January 2023, China Central Depository and Clearing Co., Ltd. granted honors to the supporting units for the national blockchain innovation application pilot projects, and the Bank has won the honorary title of the “First Batch of Supporting Units for the National Blockchain Innovation Application Pilot Projects”, one of the four pilots city commercial banks in China and the only selected unit in Jiangxi Province.

In January 2023, China Central Depository and Clearing Co., Ltd. announced the 2022 CDC member business development quality election results, and the Bank was awarded the title of the “2022 Top 100 Proprietary Dealer”, marking the fifth consecutive year it has won the title.

In January 2023, The Export-Import Bank of China announced the list of 2022 excellent organizations and individuals of domestic RMB financial bond underwriting market maker group, and the Bank was awarded the honorary titles of “Core Underwriter” and “Excellent Market Maker” 2022 domestic RMB financial bond underwriting market maker group.

In January 2023, Shanghai Clearing House announced the evaluation results for high-quality development of centralized settlement and issuance, registration, custody and settlement business of 2022, and the Bank was awarded the “Excellent Award for Net Bond Sole Settlement of 2022”, one of the five financial institutions received such institutional award in the interbank market and the only legal entity in Jiangxi Province received this award.

In February 2023, Huaxia Institutional Investors Annual Conference and the 16th Golden Cicada Award Ceremony hosted by China Times was held in Beijing, the Bank won the “City Commercial Bank Award for the Year”.

In February 2023, China Foreign Exchange Center Trade System announced the results of selected outstanding in interbank local currency markets for 2022. The Bank won the awards of “Core Dealer” and “X-lending Trading Mechanism Innovation” in the inter-bank local currency market in 2022.

Accounting Data and Financial Indicator Highlights

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

	For the year ended December 31, Comparison between 2022 and					
	2022	2021	2021	2020	2019	2018
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)					
Results of operations			Percentage of change (%)			
Net interest income	8,593.6	8,456.5	1.6	7,861.2	7,350.8	5,568.3
Net fee and commission income	841.7	692.8	21.5	624.0	342.3	279.1
Operating income	10,869.9	10,347.5	5.0	10,191.6	9,676.0	7,866.1
Operating expenses	(3,275.2)	(3,091.5)	5.9	(2,885.7)	(2,783.1)	(2,267.8)
Impairment losses on assets	(5,601.5)	(5,264.9)	6.4	(5,178.5)	(4,619.3)	(3,408.6)
Profit before taxation	2,001.5	1,998.4	0.2	2,137.6	2,282.5	2,201.3
Net profit for the year	1,680.4	1,784.8	(5.8)	1,709.5	1,881.2	1,787.0
Net profit for the year attributable to shareholders of the Bank	1,615.1	1,728.6	(6.6)	1,672.9	1,837.2	1,757.7
Calculated on a per share basis (RMB)			Percentage of change (%)			
Net assets per share attributable to the Bank’s shareholders ⁽¹⁾	11.89	11.50	3.39	10.79	10.27	9.58
Basic earnings per share ⁽¹⁾	0.53	0.72	(26.39)	0.69	0.76	0.80
Diluted earnings per share ⁽¹⁾	0.53	0.72	(26.39)	0.69	0.76	0.80

For the year ended December 31,

Comparison

between

2022 and

2021 2021 2020 2019 2018

(All amounts expressed in millions of RMB except percentages,
unless otherwise stated)

	2022	2021	Changes (percentage point)	2020	2019	2018
Profitability indicators (%)						
Return on average total assets ⁽²⁾	0.36	0.41	(0.05)	0.44	0.56	0.61
Return on average equity ⁽³⁾	5.81	6.48	(0.67)	6.58	7.69	8.66
Net interest spread ⁽⁴⁾	1.93	1.92	0.01	2.22	2.24	2.49
Net interest margin ⁽⁵⁾	1.91	2.00	(0.09)	2.18	2.25	2.65
Net fee and commission income to operating income	7.74	6.70	1.04	6.12	3.54	3.55
Cost-to-income ratio ⁽⁶⁾	28.91	28.57	0.34	27.28	27.75	27.86
Capital adequacy indicators (%)						
Core tier-one capital adequacy ratio ⁽⁷⁾	7.93	8.28	(0.35)	9.02	8.97	8.90
Tier-one capital adequacy ratio ⁽⁷⁾	10.61	11.08	(0.47)	9.02	8.97	8.90
Capital adequacy ratio ⁽⁷⁾	12.62	13.21	(0.59)	10.71	11.64	11.55
Total equity to total assets	7.59	7.67	(0.08)	6.40	6.98	7.57

Accounting Data and Financial Indicator Highlights

	For the year ended December 31,					
	2022	2021	2021	2020	2019	2018
	Comparison between 2022 and 2021					
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)					
Asset quality indicators (%)			Changes (percentage point)			
Non-performing loan ratio ⁽⁸⁾	1.82	1.41	0.41	1.55	1.71	1.99
General allowance ratio ⁽⁹⁾	173.01	214.66	(41.65)	165.97	182.34	169.69
Allowance-to-loan ratio ⁽¹⁰⁾	3.14	3.02	0.12	2.58	3.12	3.38
Volume indicators			Percentage of change (%)			
Total assets	479,703.5	461,503.0	3.9	415,794.1	363,351.6	311,622.5
Including: Net loans and advances to customers	271,535.2	242,938.4	11.8	205,658.2	173,368.6	137,148.2
Total liabilities	443,287.3	426,089.8	4.0	389,164.6	337,993.8	288,023.3
Including: Customer deposits	377,340.0	344,851.1	9.4	313,804.7	255,263.1	217,934.3
Share capital	2,407.4	2,407.4	-	2,407.4	2,407.4	2,407.4
Equity attributable to equity holders of the Bank	35,627.6	34,683.9	2.7	25,976.2	24,725.6	23,062.6
Non-controlling interests	788.6	729.3	8.1	653.3	632.2	536.6
Total equity	36,416.2	35,413.2	2.8	26,629.5	25,357.8	23,599.2
Net capital base ⁽⁷⁾	42,594.0	42,530.5	0.1	31,323.3	32,756.9	30,502.9

**For the year ended December 31,
Comparison
between
2022 and
2021**

	2022	2021	2021	2020	2019	2018
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**(All amounts expressed in millions of RMB except percentages,
unless otherwise stated)**

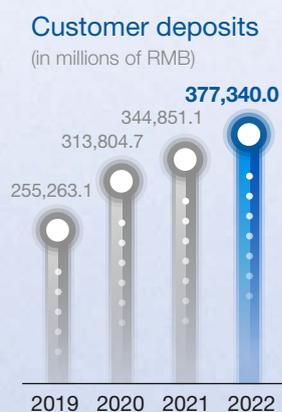
			Changes (percentage point)			
Other financial indicators (%)						
Leverage ratio ⁽¹¹⁾	6.53	6.75	(0.22)	5.70	6.34	6.94
Liquidity ratio ⁽¹²⁾	63.69	81.42	(17.73)	72.65	75.57	54.99
Liquidity coverage ⁽¹³⁾	267.97	426.31	(158.34)	327.77	292.92	296.63
Loan to deposit ratio	73.98	72.41	1.57	67.06	70.11	65.08
Ratio of loans and advances to single top customer ⁽¹⁴⁾	0.64	0.88	(0.24)	1.04	1.01	0.78
Ratio of loans and advances to top 10 customers ⁽¹⁴⁾	4.24	4.82	(0.58)	5.84	6.26	6.08

Notes:

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

Accounting Data and Financial Indicator Highlights

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



Message from the Board of Directors

Everything has been completely renovated over the years. The year 2022 is an important year in the development history of the Party and China. At the critical moment when the whole Party and the people of all ethnic groups across the country embarked on a new journey of building a modern socialist country in all respects and advanced towards the Second Centenary Goal, the 20th National Congress of the Communist Party of China was successfully convened. The year 2022 is also a crucial year for the transformation and development of the Bank of Jiujiang. Guided by Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, the Bank has fully implemented the spirit of the 20th National Congress of the Communist Party of China, adhered to the general tone of striving for progress while maintaining stability, implemented the new development philosophy completely, accurately and comprehensively, and constructed a new development pattern.

Strengthen the guidance of Party building and deepen the integration of Party building work. In 2022, the Bank adhered to the focus of “high-quality party building leading the high-quality and sustainable development of the Bank of Jiujiang”, and focused on “preparing for the 20th National Congress of the Communist Party of China and making new contributions to the construction of the Bank of Jiujiang”, made great efforts to create the highlights of the Party building, the brand of Party building and the services of Party building with the characteristics of the Bank of Jiujiang, and fully promoted the deep integration and same frequency resonance of the Party building work with the major work, so as to realize the synchronous improvement of the quality of Party building and the operating performance of the Bank.

Carry out the development strategy and achieve the sustainable development and long-term growth of the business. In 2022, the Bank united all forces and made concerted efforts to achieve a new level in all its businesses by adhering to the twelve-word policy and centering on the work concept of “focusing on customers, taking integrated operation as the starting point, comprehensively promoting the process and digitalization, strengthening the construction of risk control capacity, enhancing the implementation of compliance requirements, and jointly creating a new chapter of high-quality and sustainable development of the Bank of Jiujiang”. By the end of 2022, the Bank's total assets exceeded RMB470 billion, gross loans and advances to customers exceeded RMB270 billion, and the total customer deposits exceeded RMB370 billion. The long-term credit rating of the Bank remained at AAA, and the Bank's ranking rose to 265th in the list of “Top 1000 Global Banks in 2022” published by The Banker.



Message from the Board of Directors

Focus on the risk prevention and control and improve the quality of assets steadily. In 2022, the Bank continued to make great efforts to control the quality of assets, strengthened the management of risk limit, deeply promoted the construction and improvement of credit risk management system group, piloted and implemented the standardization of the whole process of credit granting, and vigorously and strictly implemented the comprehensive risk management, asset quality management, digital transformation of risk control and other aspects, achieving excellent results in a number of work and winning various honors. The quality of assets showed a steady improvement, and the non-performing loan ratio remained at a reasonable level.

Innovate the momentum of development and steadily and rapidly promote the digital and intelligent development of the Bank. In 2022, the Bank continued to improve the quality of source data by implementing data security classification and grading, promoting digital decision-making, establishing the front-end teams for business lines, etc. The Bank launched the mobile banking 5.0 and other project systems to realize the online businesses, promote the integrated development of technology and business, and comprehensively promote the digital transformation of the Bank.

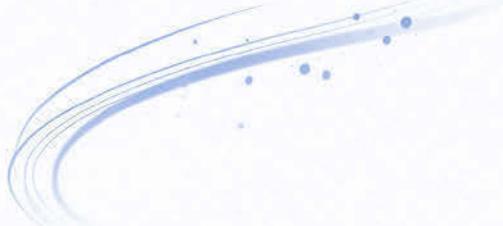
The year 2023 is the first year to fully implement the spirit of the 20th National Congress of the Communist Party of China, the crucial year of forming a connecting link between the preceding and the following to implement the “14th Five-Year Plan”, and the crucial year for the transformation and development of the Bank of Jiujiang. The Bank will consolidate the customer base, improve the revenue and profit, deepen the structural adjustment, work together to promote the high-quality and sustainable development of the Bank of Jiujiang, and create greater value for customers and shareholders!

Management Discussion and Analysis

1. Past economics and politics

In 2022, China's economic development was hit by multiple unexpected factors at home and abroad, such as the COVID-19 epidemic. Under the strong leadership of the CPC Central Committee, we efficiently coordinated the epidemic prevention and control and the economic and social development, and optimized and adjusted the epidemic prevention and control measures according to virus changes and epidemic prevention situation. In the face of the new downward pressure on the economy, China responded decisively, adjusted and controlled in time, used the policy tools reserved in recent years, implemented the established policies and measures ahead, unwaveringly pushed forward the supply-side structural reform, introduced and implemented a package of policies and successive measures to stabilize the economy, deployed and stabilized the economic market, strengthened the supervision service for implementation of local policies, supported local governments to tap the policy potential, supported the economic provinces to bravely take the lead, highlighted the steady growth, stable employment and stable prices, and promoted the economic stabilization and recovery. The annual GDP increased by 3%, and 12.06 million new jobs were created in cities and towns. At the end of the year, the urban unemployment rate dropped to 5.5%, and the consumer prices of residents increased by 2%. The fiscal deficit ratio was controlled at 2.8%, the central fiscal revenue and expenditure were in line with the budget, and the expenditure was slightly surplus. The international balance of payments was balanced, and the RMB exchange rate was relatively stable among the major currencies in the world. China stabilized the economic market in tackling difficulties, and basically completed the main objectives and tasks of annual development in a complex and changeable environment, and China's economy shown strong resilience.

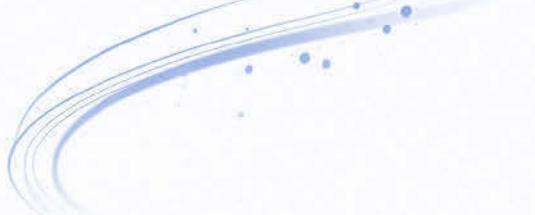
In 2022, in the face of the severe and complicated international environment, frequent outbreaks of the COVID-19 epidemic, extreme droughts in history and other unexpected tests, under the strong leadership of the CPC Central Committee, the State Council and the provincial party committee, Jiangxi Province firmly implemented the important requirements of the central government for "preventing the outbreak of the COVID-19 epidemic, stabilizing the economy and realizing development security" with the main line of welcoming the 20th National Congress of the Communist Party of China and studying and propagating the spirit of the 20th National Congress of the Communist Party of China. Through the unremitting efforts of Jiangxi Province, Jiangxi Province won the battle against poverty as scheduled, built a well-off society in an all-round way on pace with the whole country, and embarked on a new journey of comprehensively building a socialist modern Jiangxi. The annual GDP exceeded RMB3 trillion, the growth rate of GDP for 2022 ranked first tied with Fujian Province, and the national ranking moved up from 18th to 15th, with the per capita GDP exceeding USD10,000. The growth rate of major economic indicators continued to rank among the top in China.



Management Discussion and Analysis

In 2022, the China Banking and Insurance Regulatory Commission (CBIRC) resolutely implemented the decision-making arrangements of the CPC Central Committee and the State Council, actively responded to the impact of unexpected factors under the command of the Financial Stability and Development Committee under the State Council, and achieved remarkable results in all work. Firstly, take a clear-cut stand to strengthen political construction. The CBIRC thoroughly studied and understood the Party's innovation theory in the new era, conscientiously implemented the spirit of the important instructions and comments of the General Secretary Xi Jinping, firmly supported the "two establishments" and resolutely achieved the "two maintenances". Secondly, successfully complete the relevant work tasks of the 20th National Congress of the Communist Party of China. Thirdly, resolutely and vigorously grasp the central inspection and rectification. Fourthly, focus on improving the quality and efficiency of financial services for the real economy. In 2022, the RMB loans increased by RMB21.3 trillion in total, the inclusive loans for small and micro enterprises and the agriculture-related loans increased by 23.6% and 13.7% respectively as compared with the beginning of the year, and the balance of manufacturing loans increased by 20.8% as compared with the beginning of the year. Fifthly, prevent and resolve the financial risks in a safe and orderly manner. The CBIRC solidly promoted the reform of insurance institutions of small and medium-sized banks to resolve risks, focused on promoting the disposal of non-performing loans, and promoted the steady development of the real estate market. Sixthly, continue to deepen the reform and opening up of the banking and insurance industries. The CBIRC strengthened the Party's leadership, improved the modern financial enterprise system, and completed the three-year action plan for corporate governance. Seventhly, effectively improve the capability and level of supervision according to law. The CBIRC formulated or revised 35 regulatory system measures. In the whole year, the CBIRC imposed 4,620 punishments on the banking and insurance institutions, punished 7,561 responsible persons, and confiscated RMB2.899 billion. The CBIRC launched a special rectification campaign for illegal fees charged by enterprises involved in the banking sector, and refunded the fees of RMB575 million. Eighthly, unswervingly promote to improve the work style, strengthen the party and government discipline and fight against corruption. The CBIRC maintained the high-pressure situation of punishing corruption and persistently strengthen the construction of work style. The CBIRC gave play to the role of the patrol sword and realized the full coverage of the patrol of the Party Committee.

In 2022, in the face of the severe challenges such as the complicated and changeable international economic and financial situation, the repeated impact of the COVID-19 epidemic in China, and new downward pressure on the economy, the People's Bank of China, under the guidance of Xi Jinping's Socialism with Chinese characteristics Thought in the New Era, conscientiously implemented the decision-making arrangements of the CPC Central Committee and the State Council. Under the overall command of the command of the Financial Stability and Development Committee under the State Council, the People's Bank of China took the initiative to overcome difficulties, stepped up the implementation of prudent monetary policy, resolutely supported the stabilization of the macro-economic market, effectively prevented and resolved financial risks, made great efforts to deepen the financial reform and opening up, continuously improved the level of financial management services, and achieved the new results in all aspects, which were extremely difficult to achieve. Firstly, the prudent monetary policy was more flexible and moderate. The People's Bank of China comprehensively used various monetary policy tools to maintain a reasonable and sufficient liquidity. The two RRR cuts released the long-term liquidity exceeding RMB1 trillion. The balance profit of RMB1.13 trillion paid to the central finance was completed ahead of schedule. The People's Bank of China guided the loan prime rate (LPR) to decline, established a market-oriented adjustment mechanism for deposit interest rates, and promoted the reduction of corporate financing costs. The RMB exchange rate remained basically stable at a reasonable and balanced level. Secondly, the key areas of stabilizing the economy received strong financial support. The People's Bank of China issued 23 financial measures to support the epidemic prevention and control and the economic and social development. Thirdly, the overall coordination of financial work was further strengthened. Fourthly, new achievements were made in preventing and resolving financial risks. Fifthly, the macro-prudential policy framework and governance mechanism were further improved. Sixthly, the financial reform and opening up were further deepened. Seventhly, the international financial cooperation was further promoted. Eighthly, the level of financial services and financial management was continuously improved.



Management Discussion and Analysis

2. Operation overview

During the reporting period, in the context of repeated COVID-19 epidemic and economic downturn, the Group actively implemented the national macro policies and regulatory guidance, forged ahead together with all staff and made concerted efforts to promote the steady development of business.

In 2022, the Group realized operating income of RMB10,870 million and net profit of RMB1,680 million. As of December 31, 2022, the total assets of the Group amounted to RMB479,704 million, representing an increase of 3.9% as compared to the end of last year; gross loans and advances to customers amounted to RMB279,165 million, representing an increase of 11.8% as compared to the end of last year; the total customer deposits amounted to RMB377,340 million, representing an increase of 9.4% as compared to the end of last year; the non-performing loan ratio amounted to 1.82%; general allowance ratio amounted to 173.01%; capital adequacy ratio amounted to 12.62%, with all the main regulatory indicators meeting regulatory requirements.

3. Income statement analysis

For the year ended December 31, 2022, the Group achieved a profit before taxation of RMB2,001 million, representing a year-on-year increase of 0.2%; the Group achieved a net profit of RMB1,680 million, representing a year-on-year decrease of 5.8%.

	For the year ended December 31,			
	2022	2021	Amount of change	Percentage of change (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Interest income	19,947.7	19,279.4	668.3	3.5
Interest expense	(11,354.1)	(10,822.9)	(531.2)	4.9
Net interest income	8,593.6	8,456.5	137.1	1.6
Fee and commission income	975.1	829.0	146.1	17.6
Fee and commission expense	(133.4)	(136.2)	2.8	(2.1)
Net fee and commission income	841.7	692.8	148.9	21.5
Net gains arising from financial investments	1,049.3	1,059.1	(9.8)	(0.9)
Other operating income	385.3	139.1	246.2	177.0
Operating income	10,869.9	10,347.5	522.4	5.0
Operating expenses	(3,275.2)	(3,091.5)	(183.7)	5.9
Impairment losses on assets	(5,601.5)	(5,264.9)	(336.6)	6.4
Share of profits of associates	8.3	7.3	1.0	13.7
Profit before taxation	2,001.5	1,998.4	3.1	0.2
Income tax expense	(321.1)	(213.6)	(107.5)	50.3
Profit for the year	1,680.4	1,784.8	(104.4)	(5.8)
Attributable to:				
Equity shareholders of the Bank	1,615.1	1,728.6	(113.5)	(6.6)
Non-controlling interests	65.3	56.2	9.1	16.2

Management Discussion and Analysis

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

For the year ended December 31, 2022, the Group achieved a net interest income of RMB8,594 million, representing an increase of RMB137 million, or 1.6% compared to the same period of last year, accounting for 79.1% of operating income.

For the year ended December 31, 2022, the average balance of interest-earning assets and interest-bearing liabilities, the interest income and expenses of these assets and liabilities, and the average yield of interest-earning assets and the average interest rate of interest-bearing liabilities of the Group are as follows:

	For the year ended December 31,					
	2022			2021		
	Average balance	Interest income/expense	Average yield/interest rate (%) ⁽¹⁾	Average balance	Interest income/expense	Average yield/interest rate (%) ⁽¹⁾
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)						
Interest-earning assets						
Loans and advances to customers	264,571.6	13,965.9	5.28	230,750.0	12,704.4	5.51
Financial investments ⁽²⁾	130,288.2	5,111.1	3.92	131,181.9	5,509.1	4.20
Financial assets held under resale agreements	22,648.7	388.7	1.72	25,631.8	547.1	2.13
Balances with the central bank ⁽³⁾	30,025.8	452.3	1.51	32,363.3	495.6	1.53
Deposits with banks and other financial institutions ⁽⁴⁾	2,683.4	29.7	1.11	3,765.0	23.2	0.62
Total interest-earning assets	450,217.7	19,947.7	4.43	423,692.0	19,279.4	4.55
Interest-bearing liabilities						
Customer deposits	356,717.5	9,395.4	2.63	316,682.3	8,261.3	2.61
Deposits from banks and other financial institutions ⁽⁵⁾	31,997.8	471.0	1.47	20,278.7	574.1	2.83
Financial assets sold under repurchase agreements	17,604.7	257.9	1.46	18,619.1	366.5	1.97
Debt securities issued ⁽⁶⁾	28,879.3	826.5	2.86	35,292.2	1,172.2	3.32
Borrowings from the central bank	18,864.6	386.0	2.05	20,454.5	430.2	2.10
Lease liabilities	346.9	17.3	4.99	359.6	18.6	5.17
Total interest-bearing liabilities	454,410.8	11,354.1	2.50	411,686.4	10,822.9	2.63
Net interest income		8,593.6			8,456.5	
Net interest spread (%)⁽⁷⁾		1.93			1.92	
Net interest margin (%)⁽⁸⁾		1.91			2.00	

Notes:

- (1) Calculated by dividing interest income/expense by average balance.
- (2) Consists of the financial investments measured at amortised cost and at fair value through other comprehensive income.
- (3) Consists primarily of mandatory reserve deposits and surplus reserve deposits.
- (4) Consists of deposits with banks and other financial institutions and placements with banks and other financial institutions.
- (5) Consists of deposits from banks and other financial institutions and placements from banks and other financial institutions.
- (6) Consists of tier-two capital bonds issued and interbank negotiable certificates of deposit.
- (7) Calculated as the difference between the average yield on total interest-earning assets and the average interest rate of total interest-bearing liabilities.
- (8) Calculated by dividing net interest income by the daily average balance of total interest-earning assets.

Management Discussion and Analysis

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

	For the year ended December 31, Changes in 2022 vs. 2021 Reasons of increase/(decrease)		
	Scale⁽¹⁾	Rate⁽²⁾	Net increase/ decrease⁽³⁾
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Interest-earning assets			
Loans and advances to customers	1,870.0	(608.5)	1,261.5
Financial investments	(33.2)	(364.8)	(398.0)
Financial assets held under resale agreements	(65.5)	(92.9)	(158.4)
Balances with the central bank ⁽⁴⁾	(37.3)	(6.0)	(43.3)
Deposits with banks and other financial institutions ⁽⁵⁾	(6.6)	13.1	6.5
Change in interest income	1,727.4	(1,059.1)	668.3
Interest-bearing liabilities			
Customer deposits	1,062.8	71.3	1,134.1
Deposits from banks and other financial institutions ⁽⁶⁾	332.1	(435.2)	(103.1)
Financial assets sold under repurchase agreements	(18.8)	(89.8)	(108.6)
Debt securities issued ⁽⁷⁾	(212.9)	(132.8)	(345.7)
Borrowings from the central bank	(34.8)	(9.4)	(44.2)
Lease liabilities	(0.7)	(0.6)	(1.3)
Change in interest expense	1,127.7	(596.5)	531.2
Change in net interest income	599.7	(462.6)	137.1

Notes:

- (1) Represents the average balance of the reporting period deducting the average balance of the previous period, multiplied by the average yield/interest rate of the previous period.
- (2) Represents the average yield/interest rate of the reporting period deducting the average yield/interest rate of the previous period multiplied by the average balance for the reporting period.
- (3) Represents interest income/expense during the reporting period deducting interest income/expense from the previous period.
- (4) Consists primarily of mandatory reserve deposits and surplus reserve deposits.
- (5) Consists of deposits with banks and other financial institutions and placements with banks and other financial institutions.
- (6) Consists of deposits from banks and other financial institutions and placements from banks and other financial institutions.
- (7) Consists of tier-two capital bonds issued and interbank negotiable certificates of deposit.

3.2 Interest income

For the year ended December 31, 2022, the Group achieved interest income of RMB19,948 million, representing a year-on-year increase of RMB668 million, or 3.5%. The increase in interest income was mainly due to the increase in the average balance of interest-earning assets, partially offset by decrease in the average asset yield. During the reporting period, the increase in the average balance of interest-earning assets was mainly due to the increase in the loan of the Group in line with the business development; the decrease in the average asset yield was mainly due to the decrease in the yield of loans and advances to customers and financial investments of the Group as a result of the acceleration of interest rate marketization and the downward trend of the macro market interest rate.

3.2.1 Interest income from loans and advances to customers

For the year ended December 31, 2022, interest income from the Group's loans and advances to customers was RMB13,966 million, representing a year-on-year increase of RMB1,262 million or 9.9%, mainly attributable to the increase in the average balance of loans and advances to customers. During the reporting period, the average balance of our loans and advances to customers increased, primarily reflecting the overall growth of the Group's credit supply.

Management Discussion and Analysis

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

	For the year ended December 31,					
	2022			2021		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)						
Corporate loans and advances	153,947.7	8,378.6	5.44	137,993.2	8,038.7	5.83
Retail loans and advances	90,017.8	5,081.7	5.65	75,668.6	4,030.8	5.33
Discounted bills	20,606.1	505.6	2.45	17,088.2	634.9	3.72
Total	264,571.6	13,965.9	5.28	230,750.0	12,704.4	5.51

3.2.2 Interest income from financial investments

For the year ended December 31, 2022, interest income from financial investments of the Group amounted to RMB5,111 million, representing a year-on-year decrease of RMB398 million or 7.2%. The decrease in interest income mainly because the Group adopted a prudent financial investment strategy by appropriately increasing low-risk investments such as government bonds, which resulted in a decreased interest yield on financial investment and a decreased interest income correspondingly.

3.2.3 Interest income from financial assets held under resale agreements

For the year ended December 31, 2022, interest income from financial assets held under resale agreements of the Group amounted to RMB389 million, representing a year-on-year decrease of RMB158 million, or 29.0%, mainly due to the decrease in the average yield of financial assets held under resale agreements. The decrease in average yield was primarily due to (i) decreased portion of bills held under resale agreements which have higher yields; and (ii) abundant market liquidity resulting in the decrease in the yield.

3.2.4 Interest income from balances with the central bank

For the year ended December 31, 2022, interest income from balances with the central bank of the Group was RMB452 million, representing a year-on-year decrease of RMB43 million or 8.7%, mainly due to the decrease in the average balance of the Group's reserves in the central bank.

3.2.5 Interest income from deposits with banks and other financial institutions

For the year ended December 31, 2022, the interest income with deposits with banks and other financial institutions of the Group was RMB30 million, representing a year-on-year increase of RMB7 million or 28.0%. This was mainly due to the increase in the average yield of deposits with banks and other financial institutions, partially offset by the decrease in the average balance.

3.3 Interest expense

For the year ended December 31, 2022, interest expense of the Group amounted to RMB11,354 million, representing a year-on-year increase of RMB531 million, or 4.9%.

3.3.1 Interest expense on customer deposits

For the year ended December 31, 2022, interest expense on customer deposits of the Group amounted to RMB9,395 million, representing a year-on-year increase of 1,134 million or 13.7%, mainly due to the increase in the average interest rate and the increase in average balance of customer deposits. The increase in the average interest rate of customer deposits was mainly due to fierce competition in the industry; the increase in the average balance of customer deposits was mainly due to the overall growth in the scale of the deposit business as a result of progressive customer expansion by the Group.

Management Discussion and Analysis

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

	For the year ended December 31,					
	2022			2021		
	Average balance	Interest expense	Average interest rate (%)	Average balance	Interest expense	Average interest rate (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)						
Corporate deposits						
Demand	117,625.4	2,006.9	1.71	98,825.8	1,289.1	1.30
Time	49,629.7	1,584.5	3.19	52,133.0	1,749.7	3.36
Pledged deposits	43,090.0	894.6	2.08	39,857.5	952.3	2.39
Subtotal	210,345.1	4,486.0	2.13	190,816.3	3,991.1	2.09
Personal deposits						
Demand	22,799.7	152.7	0.67	19,283.8	110.1	0.57
Time	121,199.6	4,693.6	3.87	105,908.7	4,144.4	3.91
Subtotal	143,999.3	4,846.3	3.37	125,192.5	4,254.5	3.40
Convertible negotiated deposits	2,000.0	63.0	3.15	498.6	15.7	3.15
Others	373.1	0.1	0.03	174.9	-	-
Total customer deposits	356,717.5	9,395.4	2.63	316,682.3	8,261.3	2.61

3.3.2 Interest expense on deposits from banks and other financial institutions

For the year ended December 31, 2022, interest expense on deposits from banks and other financial institutions of the Group was RMB471 million, representing a year-on-year decrease of RMB103 million or 18.0%, mainly due to the fact that the Group strengthened the daily management of interbank liabilities and optimised liability structure.

3.3.3 Interest expense on financial assets sold under repurchase agreements

For the year ended December 31, 2022, interest expense on financial assets sold under repurchase agreements of the Group amounted to RMB258 million, representing a year-on-year decrease of RMB109 million or 29.6%, mainly due to the decrease in the average interest rate and the average balance of financial assets sold under repurchase agreements. The decrease in the average interest rate was mainly due to the downturn trend of the interbank market interest rate and the decrease in the average balance was mainly due to the gradual improvement of liquidity management of the Group.

3.3.4 Interest expense from debt securities issued

For the year ended December 31, 2022, interest expense from the issued debt securities of the Group amounted to RMB827 million, representing a year-on-year decrease of RMB346 million or 29.5%. This is mainly due to the expiration of the green financial bonds of RMB4,000 million with higher interest rate issued by the Group in the second half of 2021.

3.3.5 Interest expense on borrowings from the central bank

For the year ended December 31, 2022, interest expense on borrowings from the central bank of the Group amounted to RMB386 million, representing a year-on-year decrease of RMB44 million, or 10.3%. This was mainly due to the decrease in the average balance of borrowings from the central bank of the Group.

3.3.6 Net interest spread and net interest margin

For the year ended December 31, 2022, net interest spread of the Group increased from 1.92% of last year to 1.93%. The net interest margin decreased from 2.00% in the previous year to 1.91%, mainly due to the narrowing of interest spread in the overall macro market as a result of the acceleration of interest rate marketization.

Management Discussion and Analysis

3.4 Non-interest income

3.4.1 Net fee and commission income

For the year ended December 31, 2022, the net fee and commission income of the Group amounted to RMB842 million, representing a year-on-year increase of RMB149 million or 21.5%, mainly attributable to strengthening management related to net income of intermediary business of the Group.

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

	For the year ended December 31,			
	2022	2021	Amount of change	Percentage of change (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Fee and commission income				
Credit commitments and financial guarantees fees	255.9	229.8	26.1	11.4
Wealth management fees	237.2	229.5	7.7	3.4
Settlement and clearing fees	221.1	107.7	113.4	105.3
Agency service fees	178.0	186.6	(8.6)	(4.6)
Bank card fees	71.6	63.4	8.2	12.9
Transaction and consultancy fees	11.3	12.0	(0.7)	(5.8)
Subtotal	975.1	829.0	146.1	17.6
Fee and commission expense				
Transaction fees	(63.5)	(51.7)	(11.8)	22.8
Settlement fees	(41.1)	(54.8)	13.7	(25.0)
Others	(28.8)	(29.7)	0.9	(3.0)
Subtotal	(133.4)	(136.2)	2.8	(2.1)
Net fee and commission income	841.7	692.8	148.9	21.5

For the year ended December 31, 2022, credit commitments and financial guarantees fees income of the Group amounted to RMB256 million, representing a year-on-year increase of RMB26 million or 11.4%, mainly attributable to the growth in letters of guarantees business and commercial bill acceptance business of the Group.

For the year ended December 31, 2022, the wealth management fee income of the Group amounted to RMB237 million, representing a year-on-year increase of RMB8 million or 3.4%, mainly attributable to the expansion of scale of the Group's wealth management assets.

For the year ended December 31, 2022, settlement and clearing fees income of the Group amounted to RMB221 million, representing a year-on-year increase of RMB113 million or 105.3%, mainly due to increased letters of credit fees.

For the year ended December 31, 2022, settlement and clearing fees income of the Group amounted to RMB178 million, representing a year-on-year decrease of RMB9 million or 4.6%, mainly due to expiry of certain agency business of the Group which was not renewed.

3.4.2 Net gains arising from financial investments

For the year ended December 31, 2022, net gains arising from financial investments of the Group reached RMB1,049 million, representing a year-on-year decrease of RMB10 million, or 0.9%, mainly due to the decrease in yield and scale of financial investments measured at fair value through profit or loss as a result of the implementation of the national policy guidance and adoption of steady financial investment strategies by the Group.

Management Discussion and Analysis

3.5 Operating expenses

For the year ended December 31, 2022, operating expenses of the Group amounted to RMB3,275 million, representing a year-on-year increase of RMB184 million or 5.9%, which was in line with the overall growth of the business of the Group.

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

	For the year ended December 31,			
	2022	2021	Amount of change	Percentage of change (%)
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Staff costs	1,819.0	1,763.1	55.9	3.2
General and administrative expenses	781.4	734.6	46.8	6.4
Depreciation and amortization (excluding investment properties)	422.9	349.1	73.8	21.1
Tax and surcharges	132.7	135.7	(3.0)	(2.2)
Depreciation on right-of-use assets	90.8	84.3	6.5	7.7
Rental and property management expenses	28.4	24.7	3.7	15.0
Total operating expenses	3,275.2	3,091.5	183.7	5.9

For the year ended December 31, 2022, staff costs of the Group amounted to RMB1,819 million, representing a year-on-year increase of RMB56 million, or 3.2%, mainly attributable to the increase in the number of employees of the Group along with our continuous business expansion.

For the year ended December 31,				
	2022	2021	Amount of change	Percentage of change (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Salaries, bonuses and allowances	1,362.4	1,350.8	11.6	0.9
Social insurance and supplementary retirement benefits	262.5	245.0	17.5	7.1
Staff welfares	87.5	69.0	18.5	26.8
Housing funds	75.4	64.8	10.6	16.4
Employee education expenses and labour union expenses	31.2	33.5	(2.3)	(6.9)
Total staff costs	1,819.0	1,763.1	55.9	3.2

For the year ended December 31, 2022, general and administrative expenses of the Group were RMB781 million, representing a year-on-year increase of RMB47 million or 6.4%, which was moderately in line with its business development and management of the Group.

For the year ended December 31, 2022, depreciation and amortisation expenses amounted to RMB423 million, representing a year-on-year increase of RMB74 million or 21.1%. This is primarily due to changes in tangible assets, property and equipment and renovation expenses of the Group.

For the year ended December 31, 2022, the tax and surcharges of the Group were RMB133 million, which basically kept flat with the same period of last year.

Management Discussion and Analysis

3.6 Impairment losses on assets

For the year ended December 31, 2022, the Group's impairment losses on assets were RMB5,602 million, representing a year-on-year increase of RMB337 million or 6.4%, which was mainly due to the fact that the Group increased the allowances for assets impairment for the purpose of strengthening the risk management of financial assets.

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

	For the year ended December 31,			
	2022	2021	Amount of change	Percentage of change (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Loans and advances to customers at amortised cost	4,462.0	3,458.1	1,003.9	29.0
Loans and advances to customers at FVOCI	9.2	(185.0)	194.2	(105.0)
Financial investments measured at amortised cost	733.5	1,821.9	(1,088.4)	(59.7)
Financial investments measured at FVOCI	1.3	(1.0)	2.3	(230.0)
Other ⁽¹⁾	395.5	170.9	224.6	131.4
Total impairment losses on assets	5,601.5	5,264.9	336.6	6.4

Note:

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

3.7 Income tax expense

For the year ended December 31, 2022, income tax of the Group was RMB321 million, representing a year-on-year increase of RMB108 million or 50.3%, mainly due to the increase in loss of write-offs not deductible for tax purposes and assessed and recognised by the Group on a item-by-item basis.

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

	For the year ended December 31,			
	2022	2021	Amount of change	Percentage of change (%)
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)			
Current income tax	1,224.2	1,017.7	206.5	20.3
Tax filling differences	42.8	33.2	9.6	28.9
Deferred tax	(945.9)	(837.3)	(108.6)	13.0
Total income tax expenses	321.1	213.6	107.5	50.3

4. Analysis of major financial position items

4.1 Assets

As of December 31, 2022, total assets of the Group were RMB479,704 million, representing an increase of RMB18,201 million or 3.9% as compared to the end of last year, mainly due to the increase in (i) loans and advances to customers; and (ii) financial investments.

Management Discussion and Analysis

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

	As of December 31, 2022		As of December 31, 2021	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Gross loans and advances to customers	279,165.3	58.2	249,714.5	54.1
Accrued interest on loans and advances to customers	1,131.6	0.2	755.3	0.2
Less: Allowances for impairment losses	(8,761.7)	(1.8)	(7,531.4)	(1.6)
Net loans and advances to customers	271,535.2	56.6	242,938.4	52.7
Financial investments, net	149,026.2	31.1	147,275.3	31.9
Cash and balances with the central bank	33,148.4	6.9	35,673.0	7.7
Deposits with banks and other financial institutions	2,232.3	0.5	2,695.5	0.6
Placements with banks and other financial institutions	417.9	0.1	–	–
Financial assets held under resale agreements	8,974.5	1.9	19,384.8	4.2
Interests in associates	134.3	–	129.2	–
Other assets ⁽¹⁾	14,234.7	2.9	13,406.8	2.9
Total assets	479,703.5	100.0	461,503.0	100.0

Note:

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

4.1.1 Loans and advances to customers

As of December 31, 2022, gross loans and advances to customers of the Group amounted to RMB279,165 million, representing an increase of RMB29,451 million, or 11.8% from the end of the previous year. Such increase in loans and advances to customers of the Group is primarily due to: (i) the stable growth in our corporate loans; and (ii) our continued efforts to develop retail loan business.

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

	As of December 31, 2022		As of December 31, 2021	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Corporate loans and advances	162,427.3	58.2	149,682.1	59.9
Retail loans and advances	95,631.7	34.3	86,589.4	34.7
Discounted bills	21,106.3	7.5	13,443.0	5.4
Gross loans and advances to customers	279,165.3	100.0	249,714.5	100.0

(1) Corporate loans and advances

As of December 31, 2022, the gross corporate loans and advances of the Group amounted to RMB162,427 million, representing an increase of RMB12,745 million or 8.5% from the end of the previous year. The increase in the gross corporate loans and advances was mainly due to the fact that the Group actively expanded the corporate credit grant to support real economy.

Management Discussion and Analysis

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

	As of December 31, 2022		As of December 31, 2021	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Working capital loans	95,868.6	59.0	92,161.7	61.6
Fixed asset loans	45,648.5	28.1	42,097.1	28.1
Trade finance loans	17,754.2	10.9	13,145.1	8.8
Others	3,156.0	2.0	2,278.2	1.5
Total corporate loans and advances	162,427.3	100.0	149,682.1	100.0

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

	As of December 31, 2022		As of December 31, 2021	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Large enterprise ⁽¹⁾	18,031.3	11.1	17,031.8	11.4
Medium enterprise ⁽¹⁾	43,884.9	27.0	43,548.8	29.1
Small enterprise ⁽¹⁾	75,762.1	46.6	63,302.9	42.3
Micro enterprise ⁽¹⁾	22,083.2	13.6	22,270.0	14.9
Others ⁽²⁾	2,665.8	1.7	3,528.6	2.3
Total corporate loans and advances	162,427.3	100.0	149,682.1	100.0

Notes:

- (1) Classified in accordance with the classification criteria stipulated in the Classification Standards of Small and Medium Enterprises.
- (2) Primarily includes the public institutions in the PRC.

(2) Retail loans and advances

As of December 31, 2022, total retail loans and advances of the Group amounted to RMB95,632 million, representing an increase of RMB9,042 million, or 10.4% as compared to the end of last year. The continuous growth of the retail loans and advances was mainly due to the stable development of the Group's personal loans for business purposes.

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

	As of December 31, 2022		As of December 31, 2021	
	Amount	% of total amount	Amount	% of total amount
Residential mortgage loans	34,918.0	36.5	33,939.3	39.2
Personal loans for business purposes	35,744.4	37.4	28,646.8	33.1
Personal loans for consumption	18,311.7	19.1	18,386.5	21.2
Credit card	6,657.6	7.0	5,616.8	6.5
Total retail loans and advances	95,631.7	100.0	86,589.4	100.0

(3) Discounted bills

As of December 31, 2022, discounted bills of the Group were RMB21,106 million, representing an increase of RMB7,663 million or 57.0% as compared to the end of last year, mainly attributable to the fact that the Group increased the efforts on the bills discount business as a result of less fund utilization from discounted bills and low financing cost for customers.

Management Discussion and Analysis

4.1.2 Financial investments

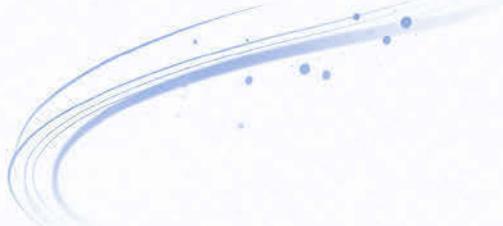
As of December 31, 2022, the total financial investments of the Group were RMB153,476 million, increasing by RMB2,263 million, or 1.5% over that at the end of last year, primarily due to the increase in debt securities held by the Group.

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

	As of December 31, 2022		As of December 31, 2021	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Financial investments at fair value through profit or loss	21,129.5	13.8	21,829.2	14.4
Financial investments at fair value through other comprehensive income	47,019.7	30.6	34,458.1	22.8
Financial investments measured at amortised cost	85,326.8	55.6	94,926.0	62.8
Total financial investments	153,476.0	100.0	151,213.3	100.0

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

	As of December 31, 2022		As of December 31, 2021	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Debt securities				
Debt securities issued by government	61,851.1	40.2	45,745.1	30.3
Debt securities issued by policy banks	24,833.5	16.2	30,433.0	20.1
Debt securities issued by general corporates	14,726.5	9.6	18,935.1	12.5
Debt securities issued by other commercial banks	9,015.9	5.9	5,595.0	3.7
Subtotal	110,427.0	71.9	100,708.2	66.6
Non-standard investment				
Trust beneficiary rights and asset management plans	23,929.4	15.6	31,521.2	20.8
Other investments at fair value through profit or loss	4,409.7	2.9	4,928.5	3.3
Subtotal	28,339.1	18.5	36,449.7	24.1
Other financial investments				
Fund investments	11,037.4	7.2	11,681.9	7.7
Equity investments	1,040.3	0.7	257.6	0.2
Subtotal	12,077.7	7.9	11,939.5	7.9
Accrued interest	2,632.2	1.7	2,115.9	1.4
Total financial investments	153,476.0	100.0	151,213.3	100.0
Less: Allowances for impairment losses	(4,449.8)		(3,938.0)	
Financial investments, net	149,026.2		147,275.3	



Management Discussion and Analysis

4.1.3 Other Components of the Group's Assets

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

As of December 31, 2022, the total amount of cash and balances with the central bank was RMB33,148 million, representing a decrease of RMB2,525 million or 7.1% from the end of the previous year, mainly due to the fact that the Group strategically adjusted the assets structure portfolio and increased the investment in other interest-earning assets while ensuring the safety of liquidity.

As of December 31, 2022, the total amount of deposits with banks and other financial institutions was RMB2,232 million, representing a decrease of RMB463 million or 17.2% from the end of the previous year. The decrease was mainly due to the adjustment of liquidity management measures by the Group based on the funding situation and market liquidity changes.

As of December 31, 2022, the total amount of placements with banks and other financial institutions was RMB418 million, representing an increase of RMB418 million from the end of the previous year, mainly due to the adjustment of liquidity management measures by the Group based on the funding situation and market liquidity changes.

As of December 31, 2022, the total amount of financial assets held under resale agreements of the Group was RMB8,975 million, representing a decrease of RMB10,410 million or 53.7% as compared with the end of last year. Such decrease is mainly due to the decrease of financial assets held under resale agreements based on the Group's liquidity management measures.

4.2 Liabilities

As of December 31, 2022, the total liabilities of the Group were RMB443,287 million, increasing by RMB17,198 million, or 4.0% over that at the end of last year.

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

	As of December 31, 2022		As of December 31, 2021	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Borrowings from the central bank	12,841.0	2.9	25,365.2	6.0
Customer deposits	377,340.0	85.1	344,851.1	80.9
Deposits from banks and other financial institutions	12,111.0	2.7	13,540.2	3.2
Placements from banks and other financial institutions	6,145.2	1.4	5,416.0	1.2
Financial assets sold under repurchase agreements	1,700.2	0.4	989.2	0.2
Debt securities issued	28,799.7	6.5	31,446.8	7.4
Other liabilities ⁽¹⁾	4,350.2	1.0	4,481.3	1.1
Total liabilities	443,287.3	100.0	426,089.8	100.0

Note:

- (1) Consisted of income tax payable, lease liabilities, provisions, salaries payable, other tax payables, payables to external companies, etc.

4.2.1 Customer deposits

As of December 31, 2022, the Group recorded total customer deposits of RMB377,340 million, increasing by RMB32,489 million, or 9.4% over that at the end of last year, mainly due to the continuous growth of the Group's corporate and retail banking business.

Management Discussion and Analysis

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

	As of December 31, 2022		As of December 31, 2021	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Demand deposits				
Corporate customers	120,221.9	31.9	112,743.9	32.7
Individual customers	26,658.1	7.0	20,917.6	6.1
Subtotal	146,880.0	38.9	133,661.5	38.8
Time deposits				
Corporate customers	51,741.6	13.7	50,738.6	14.7
Individual customers	127,081.0	33.7	108,297.8	31.4
Subtotal	178,822.6	47.4	159,036.4	46.1
Pledged deposits	39,893.6	10.6	43,016.6	12.5
Convertible negotiated deposits	2,000.0	0.5	2,000.0	0.6
Other deposits⁽¹⁾	470.2	0.1	476.8	0.1
Accrued interest	9,273.6	2.5	6,659.8	1.9
Total customer deposits	377,340.0	100.0	344,851.1	100.0

Note:

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

4.2.2 Deposits from banks and other financial institutions

As of December 31, 2022, the balance of the Group's deposits from banks and other financial institutions was RMB12,111 million, decreasing by RMB1,429 million, or 10.6% from that at the end of last year, mainly due to the Group's strategic adjustment on the financing structure portfolio, and decreased deposits from banks and other financial institutions.

4.2.3 Borrowings from the central bank

As of December 31, 2022, the balance of the Group's borrowings from the central bank was RMB12,841 million, representing a decrease of RMB12,524 million, or 49.4%, as compared with the end of last year. The decrease was primarily due to expiration of the Group's certain existing borrowings from the central bank.

4.2.4 Financial assets sold under repurchase agreements

As of December 31, 2022, the Group's financial assets sold under repurchase agreements valued RMB1,700 million, representing an increase of RMB711 million or 71.9% as compared to the end of last year. The increase was primarily due to the adjustment of the Group on selling bonds for repurchase in compliance with the capital liquidity management measures.

4.2.5 Debt securities issued

As of December 31, 2022, the Group's debt securities issued was RMB28,800 million, decreasing by RMB2,647 million or 8.4% as compared to the end of last year, which was primarily due to the Group's enhancement of the active management on interbank liabilities and adjustment of the issuance of interbank negotiable certificates of deposit.

Management Discussion and Analysis

4.3 Equity

As of December 31, 2022, the total equity of the Group was RMB36,416 million, increasing by RMB1,003 million, or 2.8% over that at the end of last year. As of December 31, 2022, the equity attributable to equity holders of the Bank was RMB35,628 million, increasing by RMB944 million, or 2.7% over that at the end of last year. The increase in the Group's equity was mainly due to sustainable profitability of the Group.

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

	As of December 31, 2022		As of December 31, 2021	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Share capital	2,407.4	6.6	2,407.4	6.8
Other equity instruments	6,997.8	19.2	6,997.8	19.8
Share premium	8,152.3	22.4	8,152.3	23.0
Surplus reserve	4,460.9	12.2	4,140.5	11.7
General reserve	5,313.2	14.6	5,195.5	14.7
Investment revaluation reserve	61.7	0.2	156.4	0.4
Retained earnings	8,234.3	22.6	7,634.0	21.5
Equity attributable to equity holders of the Bank	35,627.6	97.8	34,683.9	97.9
Non-controlling interests	788.6	2.2	729.3	2.1
Total equity	36,416.2	100.0	35,413.2	100.0

5. Off-balance sheet commitments

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

	As of December 31, 2022	As of December 31, 2021
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)	
Credit commitments		
Acceptances	50,473.0	49,976.6
Unused credit card commitments	23,093.1	16,835.3
Letters of credit	18,207.4	13,351.8
Guarantees and letters of guarantees	16,401.7	17,372.7
Total	108,175.2	97,536.4

As of December 31, 2022, the Group's off-balance sheet commitments was RMB108,175 million, representing an increase of RMB10,639 million or 10.9% as compared to the end of the previous year, which was mainly due to the increase in unused credit card commitments and letters of credit. For details on off-balance sheet commitments, please refer to Note "Contingent liabilities and commitments" to the financial statements of this report.

6. Loan quality analysis

In 2022, the Group paid close attention to external dynamics and took concrete steps to strengthen full-process management over loans, sped up credit structure adjustment, intensified collection and disposal of non-performing loans and enhanced risk management performance assessment, thereby maintaining the overall loan quality at a manageable level. Due to the changes in business environment, slowdown in economic growth, operating difficulties of small and medium-sized enterprises and other factors, the Group's non-performing loans were under the upward pressure. As of December 31, 2022, the balance of non-performing loans of the Group was RMB5,071 million, and non-performing loan ratio was 1.82%, representing an increase of 0.41 percentage point as compared to the end of the previous year.

Management Discussion and Analysis

6.1 Distribution of loans by five-category loan classification

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

	As of December 31, 2022		As of December 31, 2021	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Normal	262,127.4	93.89	236,783.6	94.82
Special mention	11,967.3	4.29	9,416.6	3.77
Substandard	1,941.1	0.70	653.7	0.26
Doubtful	912.6	0.33	426.6	0.17
Loss	2,216.9	0.79	2,434.0	0.98
Gross loans and advances to customers	279,165.3	100.00	249,714.5	100.00
Non-performing loan ratio (%)⁽¹⁾		1.82		1.41

Note:

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

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

As of the end of the reporting period, the Group's total normal and special mention loans amounted to RMB274,095 million, accounting for 98.18%, among which, total non-performing loans amounted to RMB5,071 million, the non-performing loan ratio was 1.82%, representing an increase of 0.41 percentage point as compared to the end of the previous year.

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

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

	As of December 31, 2022				As of December 31, 2021			
	Amount	% of total Amount (%)	Non- performing	Non- performing	Amount	% of total Amount (%)	Non- performing	Non- performing
loan amount			loan ratio (%)	loan amount			loan ratio (%)	
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)								
Corporate loans and advances								
Working capital loans	95,868.6	34.3	3,117.1	3.25	92,161.7	36.8	1,835.3	1.99
Fixed asset loans	45,648.5	16.4	296.2	0.65	42,097.1	16.9	259.2	0.62
Trade finance loans	17,754.2	6.4	0.4	-	13,145.1	5.3	0.3	-
Others ⁽¹⁾	3,156.0	1.1	150.7	4.78	2,278.2	0.9	258.3	11.34
Subtotal	162,427.3	58.2	3,564.4	2.19	149,682.1	59.9	2,353.1	1.57
Retail loans and advances								
Residential mortgage loans	34,918.0	12.5	277.7	0.80	33,939.3	13.6	214.2	0.63
Personal loans for business purposes	35,744.4	12.8	795.3	2.22	28,646.8	11.5	544.2	1.90
Personal loans for consumption	18,311.7	6.6	306.1	1.67	18,386.5	7.4	336.6	1.83
Credit card	6,657.6	2.4	127.1	1.91	5,616.8	2.2	66.2	1.18
Subtotal	95,631.7	34.3	1,506.2	1.58	86,589.4	34.7	1,161.2	1.34
Discounted bills	21,106.3	7.5	-	-	13,443.0	5.4	-	-
Gross loans and advances to customers	279,165.3	100.0	5,070.6	1.82	249,714.5	100.0	3,514.3	1.41

Note:

- (1) Others mainly include advances for acceptances, advances for letters of credit, third-party loans and merger and acquisition loans in corporate loans.



Management Discussion and Analysis

As of December 31, 2022, the balance of corporate loans and advances of the Group amounted to RMB162,427 million, representing an increase of RMB12,745 million as compared to the end of the previous year; the non-performing loan balance of corporate loans and advances of the Group amounted to RMB3,564 million, representing an increase of RMB1,211 million as compared to the end of the previous year; the non-performing loan ratio of the corporate loans and advances of the Group increased by 0.62 percentage point as compared to the end of the previous year to 2.19%.

As of December 31, 2022, the balance of retail loans and advances of the Group amounted to RMB95,632 million, representing an increase of RMB9,042 million as compared to the end of the previous year; the non-performing loan balance of retail loans and advances of the Group amounted to RMB1,506 million, representing an increase of RMB345 million as compared to the end of the previous year; the non-performing loan ratio of retail loans and advances of the Group increased by 0.24 percentage point as compared to the end of the previous year to 1.58%.

The increase in the non-performing loan ratio of loans and advances to customers of the Group was mainly due to the weakened repayment ability of certain customers affected by overall economic environment and the COVID-19 epidemic.

6.3 Loans and non-performing loans classified by industry

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

	As of December 31, 2022				As of December 31, 2021			
	Amount	% of total Amount (%)	Non-performing loan amount	Non-performing loan ratio (%) ⁽¹⁾	Amount	% of total Amount (%)	Non-performing loan amount	Non-performing loan ratio (%) ⁽¹⁾
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)								
Manufacturing	32,740.7	11.7	173.1	0.53	21,416.7	8.6	245.0	1.14
Real estate	25,784.2	9.2	500.5	1.94	30,832.9	12.3	333.2	1.08
Wholesale and retail	24,668.7	8.8	672.9	2.73	20,226.3	8.1	362.6	1.79
Construction	21,016.7	7.5	243.7	1.16	20,815.3	8.3	208.2	1.00
Leasing and commercial services	18,525.3	6.6	758.9	4.10	16,199.6	6.5	165.8	1.02
Water conservancy, environment and public utility management	12,027.4	4.3	1.5	0.01	13,262.8	5.3	1.5	0.01
Education	5,116.4	1.8	2.9	0.06	4,526.0	1.8	1.3	0.03
Health and social work	4,474.4	1.6	8.9	0.20	4,571.8	1.8	-	-
Agriculture, forestry, animal husbandry and fishery	4,943.6	1.8	41.5	0.84	3,842.9	1.5	34.0	0.88
Finance	2,954.2	1.1	3.7	0.13	4,409.9	1.8	3.7	0.08
Production and supply of electricity, heating, gas and water	2,275.6	0.9	185.9	8.17	3,245.1	1.3	953.3	29.38
Mining	2,173.7	0.8	3.6	0.17	1,569.9	0.6	1.5	0.10
Transportation, storage and postal services	1,909.3	0.7	688.6	36.07	1,229.4	0.5	6.5	0.53
Accommodation and catering	1,623.7	0.6	184.5	11.36	1,450.1	0.6	12.0	0.83
Residential services, repairing and other services	946.2	0.3	3.3	0.35	974.4	0.4	-	-
Information transmission, software and information technology services	538.4	0.2	7.4	1.37	637.3	0.3	-	-
Culture, sports and entertainment	422.2	0.2	69.6	16.49	325.4	0.1	24.5	7.53
Scientific research and technical services	247.3	0.1	13.9	5.62	134.3	0.1	-	-
Public administration, public security and social organisations	39.3	0.0	-	-	12.0	0.0	-	-
Total corporate loans and advances	162,427.3	58.2	3,564.4	2.19	149,682.1	59.9	2,353.1	1.57
Total retail loans and advances	95,631.7	34.3	1,506.2	1.58	86,589.4	34.7	1,161.2	1.34
Discounted bills	21,106.3	7.5	-	-	13,443.0	5.4	-	-
Gross loans and advances to customers	279,165.3	100.0	5,070.6	1.82	249,714.5	100.0	3,514.3	1.41

Note:

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

Management Discussion and Analysis

As of December 31, 2022, the Group's non-performing loans of corporate loans and advances were primarily from: (i) wholesale and retail; (ii) leasing and commercial services; and (iii) transportation, storage and postal services, the non-performing loan ratios of which were 2.73%, 4.10% and 36.07%, respectively.

As of December 31, 2022, the Group's non-performing loan balance of wholesale and retail was RMB673 million, increasing by RMB310 million from the end of last year, and the non-performing loan ratio increased by 0.94 percentage point as compared to the end of the previous year.

As of December 31, 2022, the Group's non-performing loan balance of leasing and commercial services was RMB759 million, increasing by RMB593 million from the end of last year, and the non-performing loan ratio increased by 3.08 percentage points as compared to the end of the previous year.

As of December 31, 2022, the Group's non-performing loan balance of transportation, storage and postal services was RMB689 million, increasing by RMB682 million from the end of last year, and the non-performing loan ratio increased by 35.54 percentage points as compared to the end of the previous year.

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

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

	As of December 31, 2022				As of December 31, 2021			
	Amount	% of total amount (%)	Non-performing loan amount	Non-performing loan ratio (%) ⁽¹⁾	Amount	% of total amount (%)	Non-performing loan amount	Non-performing loan ratio (%) ⁽¹⁾
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)								
Collateralized loans	102,803.0	36.8	2,671.4	2.60	100,538.8	40.2	1,183.4	1.18
Guaranteed loans	77,518.0	27.8	619.5	0.80	58,398.1	23.4	427.2	0.73
Pledged loans	54,083.5	19.4	1,030.1	1.90	42,396.5	17.0	1,249.5	2.95
Unsecured loans	44,760.8	16.0	749.6	1.67	48,381.1	19.4	654.2	1.35
Total	279,165.3	100.0	5,070.6	1.82	249,714.5	100.0	3,514.3	1.41

Note:

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

As of December 31, 2022, the Group's non-performing loan balance of collateralized loans increased by RMB1,488 million as compared to the end of the previous year, and the non-performing loan ratio increased by 1.42 percentage points; the Group's non-performing loan balance of guaranteed loans increased by RMB192 million as compared to the end of last year, and the non-performing loan ratio increased by 0.07 percentage point; the Group's non-performing loan balance of unsecured loans increased by RMB95 million as compared to the end of last year and non-performing loan ratio increased by 0.32 percentage point. Such increase was mainly due to the weakened repayment ability of some customers.

As of December 31, 2022, the Group's non-performing loan balance of pledged loans decreased by RMB219 million as compared to the end of the previous year, and the non-performing loan ratio decreased by 1.05 percentage points, primarily because the Group step up the efforts on the collection of such non-performing loans.

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

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

	As of December 31, 2022				As of December 31, 2021			
	Amount	% of total amount (%)	Non-performing loan amount	Non-performing loan ratio (%)	Amount	% of total amount (%)	Non-performing loan amount	Non-performing loan ratio (%)
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)								
Jiangxi Province	231,408.7	82.9	3,799.0	1.64	203,217.4	81.4	3,100.4	1.53
Including: Jiujiang City	87,429.6	31.3	1,801.1	2.06	74,857.6	30.0	894.5	1.19
Guangdong Province	23,210.6	8.3	605.3	2.61	24,234.4	9.7	201.7	0.83
Anhui Province	15,318.2	5.5	465.2	3.04	13,922.0	5.6	54.1	0.39
Others ⁽¹⁾	9,227.8	3.3	201.1	2.18	8,340.7	3.3	158.1	1.90
Total	279,165.3	100.0	5,070.6	1.82	249,714.5	100.0	3,514.3	1.41

Note

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

Management Discussion and Analysis

As of December 31, 2022, the Group's loans released in Jiangxi Province amounted to RMB231,409 million, representing an increase of RMB28,191 million as compared to the end of the previous year, accounting for 82.9% of gross loans and advances to customers of the Group. Among which, the Group's loans released in Jiujiang City amounted to RMB87,430 million, representing an increase of RMB12,572 million as compared to the end of the previous year. Meanwhile, the Bank's non-performing loan balance of Jiangxi Province increased by RMB699 million as compared to the end of last year and the non-performing loan ratio increased by 0.11 percentage point, which was primarily due to the weakened repayment ability of some customers.

6.6 Borrower concentration

As of December 31, 2022, the Group's loan balance to any single borrower did not exceed 10% of the Group's net capital.

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

As of December 31, 2022				
	Industry	Loan balance	% of total loans	% of net capital
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Borrower A	Water conservancy, environment and public utility management	1,799.0	0.64	4.22
Borrower B	Manufacturing	1,522.0	0.55	3.57
Borrower C	Health and social work	1,500.0	0.54	3.52
Borrower D	Real estate	1,440.0	0.52	3.38
Borrower E	Construction	1,000.0	0.36	2.35
Borrower F	Finance	969.4	0.35	2.28
Borrower G	Water conservancy, environment and public utility management	928.0	0.33	2.18
Borrower H	Real estate	900.0	0.32	2.11
Borrower I	Construction	895.0	0.32	2.10
Borrower J	Real estate	860.3	0.31	2.02
Total		11,813.7	4.24	27.73

As of December 31, 2022, the Group's loan balance to the largest single borrower amounted to RMB1,799 million, representing 0.64% of the Group's total loans; the loan balance to our ten largest single borrowers amounted to approximately RMB11,814 million, representing 4.24% of the Group's total loans, and accounting for 27.73% of the Group's net capital.

6.7 Overdue loans

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

	As of December 31, 2022		As of December 31, 2021	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Current loans	273,873.8	98.1	244,980.3	98.0
Overdue loans ⁽¹⁾				
Up to 3 months (inclusive)	1,477.3	0.5	1,964.7	0.8
3 months to 1 year (inclusive)	2,331.7	0.9	891.3	0.4
1 to 3 years (inclusive)	1,234.5	0.4	1,648.1	0.7
Over 3 years	248.0	0.1	230.1	0.1
Subtotal	5,291.5	1.9	4,734.2	2.0
Gross loans and advances to customers	279,165.3	100.0	249,714.5	100.0

Note:

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

As of December 31, 2022, the gross overdue loans amounted to RMB5,292 million, representing an increase of RMB557 million as compared to the end of last year; overdue loans accounted for 1.9% of gross loans and advances to customers, which basically kept flat with the end of the last year. The increase in overdue loans was primarily due to the fact that the Group's overdue loans were under the upward pressure affected by the changes in business environment, slowdown in economic growth, operating difficulties of small and medium-sized enterprises and other factors.

Management Discussion and Analysis

6.8 Changes in allowance for impairment losses on loans

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

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

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

	As of December 31, 2022	As of December 31, 2021
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)	
Opening balance	7,531.4	5,221.7
Provision for the year	4,462.0	3,458.1
Write-offs and transfer out for the year	(3,385.1)	(1,309.3)
Recoveries of write-offs for the year	153.4	160.9
Closing balance	8,761.7	7,531.4

As of December 31, 2022, the Group's allowance for impairment losses on loans amounted to RMB8,762 million, representing an increase of RMB1,230 million or 16.3% as compared to the end of the previous year, which was mainly due to the fact that the Bank strengthened the efforts on the overall provision for assets.

7. Segment reporting

7.1 By geographical region

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

	As of December 31, 2022		As of December 31, 2021	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Jiangxi Province	9,761.1	89.8	8,444.5	81.6
Guangdong Province	490.3	4.5	975.1	9.4
Anhui Province	428.2	3.9	628.7	6.1
Other areas ⁽¹⁾	190.3	1.8	299.2	2.9
Total operating income	10,869.9	100.0	10,347.5	100.0

Note:

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

Management Discussion and Analysis

7.2 By business segment

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

	As of December 31, 2022		As of December 31, 2021	
	Amount	% of total amount	Amount	% of total amount
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)				
Corporate banking	5,049.7	46.5	5,070.2	49.0
Retail banking	3,113.2	28.6	2,906.9	28.1
Financial market business	2,626.2	24.2	2,193.6	21.2
Unallocated ⁽¹⁾	80.8	0.7	176.8	1.7
Total operating income	10,869.9	100.0	10,347.5	100.0

Note:

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

8. Analysis of capital adequacy ratio and leverage ratio

8.1 Capital adequacy ratio

The Group continued to optimise its business structure and strengthen its capital management. As of December 31, 2022, the Group's capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio were 12.62%, 10.61% and 7.93%, respectively; capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio decreased by 0.59 percentage point, 0.47 percentage point and 0.35 percentage point respectively as compared to the end of the previous year, which met the regulatory requirements of the Administrative Measures for Capital of Commercial Banks (Trial) of the CBIRC.

The change in capital adequacy ratio was mainly due to an increase in risk-weighted assets arising from the expansion of scale of the Group's assets.

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

	As of December 31, 2022	As of December 31, 2021
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)	
Core tier-one capital	28,935.4	27,965.3
Deductions of core tier-one capital	(2,152.6)	(1,313.9)
Net core tier-one capital	26,782.8	26,651.4
Other tier-one capital	9,038.6	9,035.1
Net tier-one capital	35,821.4	35,686.5
Tier-two capital	6,772.6	6,844.0
Net capital base	42,594.0	42,530.5
Total risk-weighted assets	337,617.1	322,057.4
Core tier-one capital adequacy ratio (%)	7.93	8.28
Tier-one capital adequacy ratio (%)	10.61	11.08
Capital adequacy ratio (%)	12.62	13.21

Management Discussion and Analysis

8.2 Leverage ratio

The leverage ratio of commercial banks shall not be lower than 4% in accordance with the requirements in Measures for the Administration of the Leverage Ratio of Commercial Banks (Revised) promulgated by the CBIRC. As of December 31, 2022, the Group's leverage ratio, calculated in accordance with Measures for the Administration of the Leverage Ratio of Commercial Banks (Revised), was 6.53%, which meet the regulatory requirement of the CBIRC.

Item	As of December 31, 2022	As of December 31, 2021
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)	
Net tier-one capital	35,821.4	35,686.5
Adjusted balance of on-balance and off-balance sheet assets	548,749.6	528,746.8
Leverage ratio	6.53%	6.75%

9. Business operations

9.1 Corporate financing business

Support entities and bear responsibilities. In 2022, the corporate finance business of the Bank actively responded to the policy calls and achieved remarkable results in supporting entities. Firstly, the Bank completed the regulatory requirements for the “two increases and two controls”. The Bank included the “two increases and two controls” into the institutional assessment as a secretarial project, and increased the credit supply to small and micro enterprises. As of December 31, 2022, the balance of the “two increases” loan of the Bank amounted to RMB45,776 million, representing an increase of RMB12,791 million or 38.78% as compared to the end of the previous year, which was higher than the growth of all loans. Secondly, manufacturing loans increased significantly. By including the assessment, the Bank established an evaluation system of “technology flow” of technology enterprises, quantitatively evaluated and graded the technical strength of technology enterprises, and took various measures to promote the high-quality development of manufacturing industry. As of December 31, 2022, the Bank’s balance of loans to the manufacturing sector was RMB32,741 million, representing an increase of RMB11,324 million or 52.87% as compared to the end of the previous year. The balance of mid- to long-term loans to the manufacturing sector was RMB8,546 million, representing an increase of RMB3,023 million or 54.72% from the end of the previous year.

Make breakthrough in corporate business. In 2022, the Bank successfully became “Jiangxi Provincial Government Bond Project Jury Member”, obtained the qualification of Jiujiang Special Bond Advisory Bank, and launched the marketing of special bond funds from the source. The market share of budget unit customers exceeded 10%. As of December 31, 2022, the Bank had 2,835 budget unit customers, with a market share of 13.41% in Jiangxi Province.

The industrial finance gradually achieved results. The Bank strengthened the analysis of regional market, determined the first industry bank by bank, and continued to explore industrial financial models, forming 7 standard and efficient industrial service models throughout the year. At the same time, the Bank deeply cultivated the characteristic industries to build a regional brand of Bank of Jiujiang. As of December 31, 2022, the credit balance in the two sectors of copper and steel amounted to RMB18,064 million, representing an increase of RMB7,218 million as compared to the end of last year or a year-on-year increase of 66.55%.



Management Discussion and Analysis

Make a new leap in the digital transformation. The Bank broke through the full “end-to-end” online operation of the corporate business from application to loan grant, and promoted the online signing of corporate business contracts and online withdrawal and repayment by customers, becoming a corporate urban commercial bank in Jiangxi Province to realize the online signing of corporate business contracts in early stage. The Bank cooperated with Jiangxi Public Resources Trading Group to launch electronic tender guarantee and electronic bid guarantee, becoming a bank in Jiangxi Province to launch the “separated electronic bid guarantee” business in early stage.

Trading and Financial Business

In 2022, the Bank’s trade finance business positioned policy implementation, management upgrading, transformation and efficiency improvement and scenario construction to consolidate the development quality, the customer group was continuously consolidated, and the industrial penetration continued to deepen.

Steadily implement the macro policies and serve the real economy based on policy orientation. In 2022, the amount of cross-border RMB settlement and the number of customers increased by 132.07% and 169.09% respectively. The Bank became the first direct-linked urban commercial bank with cross-border financial service platform in Jiangxi Province, and handled export accounts receivable financing of RMB356 million on the “chain”, effectively implementing the policy of “stabilizing foreign trade”. The Bank solidly promoted the management of exchange rate risk, and added 83 first-time customers for forward foreign exchange settlement and sale, ranking the top among the major foreign exchange banks in Jiangxi Province.

Steadily improve the quality of fine management and enhance the management quality and efficiency around precise implementation of policies. The Bank established a marketing management system, created nearly 2,000 precise marketing business opportunities based on the intelligent marketing operation platform, and achieved full reach. The effective international customers, the effective domestic customers and the effective supply chain customers increased by 29.64%, 62.57% and 127.78%, respectively. The Bank upgraded the digital level of businesses, completed the launch of the new version of foreign exchange online banking, realized self-service handling of cross-border settlement business, completed the industrial chain platform of trade-link/confirmed warehouse interconnection, and realized the whole process of business contract signing and lending online.

Steadily advance the business transformation and focus on optimizing the structure to promote the business transformation

The Bank made the scale “stable”, with the settlement volume and the balance of the Bank’s trade finance business increasing by 32.10% and 39.98% respectively. The Bank made the gains “live”, with the income from the Bank’s trade finance business and the income from the Bank’s intermediary business increasing by 32.23% and 48.24% respectively. The Bank made the assets “light”, with the light assets scale and the light assets business income of the Bank’s trade finance increasing by 42.18% and 47.60% respectively.

Firmly establish the multi-scenarios and closely link to the construction of industrial penetration layout scenarios.

The industrial chain coordination continued to accelerate. Relying on the “1+N” settlement financing scheme of the letter of credit, the Bank served more than 1,100 upstream and downstream enterprises in the industrial chain. The Bank optimized the product system of the supply chain, and the release scale of trade-link/confirmed warehouse exceeded RMB12.00 billion in total.

Bill Business

Communicate policies and serve the real economy. In 2022, the Bank’s accumulated discounted bills amounted to RMB67,612 million, and served more than 1,000 customers. The Bank handled rediscounting of RMB6,735 million, and served 627 real enterprises, effectively applying the policy of rediscounting bills to small and micro enterprises and private enterprises, solving the problem of difficult and expensive financing for local small and medium-sized enterprises.

Deeply cultivate the industry and enrich the application scenarios. The Bank took various measures to promote the branches to use commercial bill tools to serve 13 sub-sectors mainly dominated by the manufacturing industry, and formed more than 20 supply chain scenario application models including representative cases such as “bills + copper processing”, “bills + building materials”, “bills + steel manufacturing”, “bills + rare earth” and “bills + automobiles”, improving the Bank’s ability to use bills to serve the industrial financing.



Management Discussion and Analysis

Strictly control compliance and strengthen risk management. In order to conform to the new situation of bill business development and meet the requirements of new bill regulations, the Bank continuously improved the institutional system and issued 9 bill business-related systems. The full coverage of empowerment training by branches improved the operating level of bill lines. The Bank carried out comprehensive compliance self-inspection and check, strengthened the risk screening, and promoted the healthy development of bill line business.

Integrate the production and learning and transform the theory into practice. The Bank led the frontier development of the bill market, held a “seminar on the development and innovation of commercial bills in the new era” and a “seminar on the development of bills in small and medium-sized banks in the new era”, and promoted the credit enhancement of bills and the practical application of bills in the supply chain. The Bank published the “Research on China Bill Market in the New Era” and the “A Brief History of China Bill” to discuss the future development direction of the bill market.

Investment Banking Business

Innovatively explore the government bond consulting business and gain a leading market position. Firstly, the Bank applied for the key qualification, obtained the key qualification of the “Member of the Special Bond Advisory Jury of Jiangxi Provincial Government”, was affirmed by Jiangxi Provincial Department of Finance in the subsequent evaluation work, and obtained the qualification of special bond advisory bank in Jiujiang and other cities. Secondly, the Bank developed the project packaging consulting business and gained a high market share in the first year of the monopolized market.

Continue to build a “bond ecological bank” and consolidate the benefits of light assets business. The Bank continued to promote its whole product system of the “Jiuying Bond Connect” bonds, and consolidated the introduction effect of middle income and external deposits through various means such as lead underwriting, agency sales and fund supervision. In the whole year, the underwriting fee income of the Bank’s main underwriting of inter-bank debt financing instruments in Jiangxi Province increased significantly as compared with the previous year, and the Bank introduced a large number of bond deposits of other banks.

9.2 Retail banking business

Promote digital transformation in an orderly manner. The Bank's digital transformation of retail banking was based on the core development idea of online products, digital operation and intelligent marketing. In 2022, the Bank realized the online personal housing mortgage, personal loans for business purpose, person loans for consumption and self-operated and consignment wealth management products. The Bank launched the Mobile Banking 5.0 version, and established a life-cycle management mechanism for retail credit and gradually implemented digital risk control.

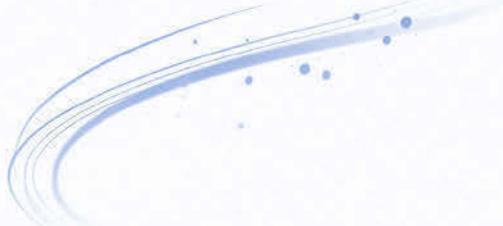
Constantly strengthen the cornerstone of deposits. As of December 31, 2022, the balance of saving deposits of the Bank amounted to RMB153,739 million, representing an increase of 19.00%, of which the balance of demand saving deposits of RMB26,658 million, accounting for 17.34% of the balance of saving deposit.

Retail loans developed steadily. As of December 31, 2022, the balance of retail loans of the Bank amounted to RMB95,632 million, representing an increase of 10.44%. Of which, the balance of inclusive small and micro enterprises retail loans amounted to RMB22,365 million, representing an increase of 41.51%.

The quantity and quality of acquiring and payment rose together. In 2022, the cumulative transaction volume of the Bank's acquiring merchants reached RMB29,690 million, and the number of transactions reached 143 million, representing an increase of 57.14%.

Wealth management developed steadily and rapidly. In 2022, the daily average size of the Bank's AUM assets was RMB53,801 million (excluding savings deposits), representing an increase of 26.81%, ranking the first among the urban commercial banks in Jiangxi Province. The Bank completed the multi-coverage of cash-type, fixed-type and closed-type wealth management products, and increased the number of fund products to 1,000.

The operation of the customer group was accurate and efficient. As of December 31, 2022, the number of retail customers of the Bank was 4,884,500, representing an increase of 10.77%; among them, the number of wealth customers was 659,800, representing an increase of 13.23%; the number of retail loan customers was 156,100, representing an increase of 5.28%, including 37,100 small and micro customers, representing an increase of 40.53%.



Management Discussion and Analysis

Electronic Channel Business iteratively upgraded

As of December 31, 2022, the number of mobile banking users of the Bank reached 2,454,000, which became an important service position in retail banking business. The online service platform was constantly optimized to integrate financial services into users' lives.

Bank Card Business

As of December 31, 2022, the cumulative number of debit cards “Lushan Card” issued by the Bank was approximately 5,240,000, representing an increase of 570,000 or 11.97% as compared to the end of last year.

Credit Card Business

As of December 31, 2022, the cumulative number of credit cards issued by the Bank was 1,060,500, representing a year-on-year increase of 27.54%; the asset size amounted to RMB6,658 million, representing a year-on-year increase of 18.53%. The credit card business developed steadily.

The refined operation made the operation effect appear. In terms of credit card operation positioning, the Bank kept in mind the mission of regional banks, made great efforts on epidemic prevention and control and financial services, and was committed to building an equity merchant system with regional characteristics. The Bank linked nearly 10,000 local merchants and launched a series of activities to benefit the people, such as milk tea 50% off, only RMB9 for tourism, RMB9 for car wash, Saturday food and happy shopping, which added vitality to the consumer market and regional economic recovery. In terms of digital operation, the Bank improved the full life cycle operation strategy of credit cards from customer acquisition period, new customer period, mature period to recession period, and deepened the operation of existing customers and interest-bearing assets. Through refined operation, the annual consumption of credit cards was RMB13,680 million in 2022, representing a year-on-year increase of 22.98%, and customer stickiness was enhanced.

The integration of big retail improved the operating efficiency. The Bank adhered to the customer-centric principle, further strengthened the scenarized operation of key customer groups, made every effort to create the “Salary Credit Card”, and promoted the integration of the operation of agent customer groups. At the same time, the Bank formed the rudiment of the matrix of credit cards and consumer loan products, meeting the diversified needs of customers and further improving the operating efficiency of credit card business.

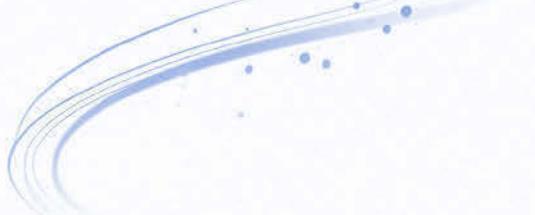
9.3 Financial market business

In 2022, the Bank's financial market business followed the macro guidance, implemented regulatory requirements, focused on serving the real economy, thus investment business developed steadily.

Continuously optimize the business structure. As of December 31, 2022, the proportion of the standardized business in the investment business of the Bank increased from 74.3% as at the end of the previous year to 79.1%, representing an increase of 4.8 percentage points, of which the proportion of the bond business increased from 66.6% as at the end of the previous year to 71.9%, representing an increase of 5.3 percentage points; the non-standard business decreased orderly, and the proportion of the non-standard business decreased from 24.1% at the end of the previous year to 18.5%, representing a decrease of 5.6 percentage points.

Make breakthrough in empowerment of science and technology. The Bank developed the layout around building a digital, scientific and intelligent transaction-based bank, launched a quantitative trading system and an intelligent decision-making system for investment. The Bank used the science and technology to help operations, built a Jiushu APP investment display board, and launched the RPA bonds automatic settlement project to promote the operation and settlement efficiency.

Reputation had been improved. The Bank won the “Core Dealer and the X-Repo Market Innovation Award in Interbank Local Currency Markets for 2022” issued by China Foreign Exchange Center Trade System, and was awarded the titles of “Top 100 Proprietary Dealer for 2022” by China Central Depository and Clearing Co., Ltd. and the “Excellent Award for Net Bond Sole Settlement for 2022” by Shanghai Clearing House. The Bank was awarded the “Excellent Underwriting Institution” and the “Best City Commercial Bank” for 2022 by Agricultural Development Bank of China, and won two awards of the “Excellent Market Maker” and “Best Innovative Cooperation Award” for the first time. The Bank also won the titles of “Core Underwriter” and “Excellent Market Maker” for 2022 granted by the Export-Import Bank of China.



Management Discussion and Analysis

Wealth Management Business

The wealth management structure was optimized continuously. In 2022, the Bank strengthened the analysis of policies, refined the management on the asset side, implemented large-scale asset allocation, and vigorously implemented the fixed income + class equity strategy. On the product side, the Bank continued to optimize the product term structure and control the costs reasonably, and the overall issuance costs of wealth management products was in a reasonable level. As of December 31, 2022, the remaining balance of wealth management products was RMB39.929 billion, representing a decrease of 6.31% as compared to the end of last year. The overall wealth management remained stable.

Jiuying brand won new awards. In 2022, the Bank strictly implemented regulatory requirements, steadily promoted the business transformation and continuously enhanced its brand image. The Bank won the 2022 Golden Award – “Excellent Wealth Service Ability Bank”, and its products won the 2022 Golden Award – “Excellent Mixed Bank Wealth Management Products”, and the wealth management ability was steadily improved.

Digital empowerment achieved steady results. In 2022, the Bank actively responded to the digital development strategy. The Bank launched an investment trading system and an intelligent investment decision-making system, basically realizing the infinite loop management and real-time risk monitoring of wealth management business processes and effectively improving the risk management level of wealth management business. The Bank launched a comprehensive screen of wealth management data, explored the RPA scenario of operation and management, and used technology to empower businesses, effectively improving the efficiency of operation and management and the level of digital management.

9.4 Specialty business

Inclusive Financial Business

Loans involved in agriculture and rural revitalization sectors grew steadily

As of December 31, 2022, the balance of the Bank’s agricultural loans was RMB63,850 million, representing an increase of RMB11,164 million or 21.19% as compared to the end of last year; loans of rural revitalization sector was RMB55,591 million, representing an increase of RMB10,983 million or 24.62% as compared to the end of last year; the balance of the inclusive agricultural loans was RMB11,513 million, representing an increase of RMB4,245 million or 58.4% as compared to the end of last year.

As of December 31, 2022, the balance of the Bank's inclusive small and micro enterprise loans was RMB45,776 million, representing an increase of RMB12,791 million as compared to the end of last year, with a growth rate of 38.78%. Customers of inclusive small and micro enterprise loans reached 51,104, an increase of 5,803 as compared to the end of last year.

The project of “One County and One Product” made breakthroughs

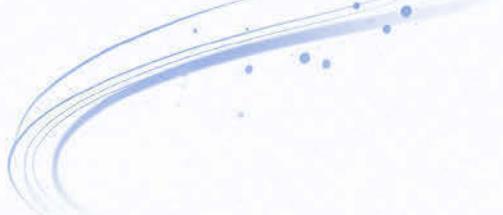
As of December 31, 2022, the Bank had established 63 projects of “One County and One Product” and 235 sub-projects, and the number of customers was 15,485 households, with a loan balance of RMB10,800 million, covering planting, livestock, agricultural and sideline production and processing, trade services, agricultural machinery and equipment, etc. The Bank adopted a combination of online and offline businesses. The main projects conducted by the Bank included the vegetable business of RMB2,560 million, the livestock and poultry business of RMB1,110 million, the rice business of RMB1,090 million, the fruit business of RMB580 million, the aquatic product business of RMB400 million, the tea business of RMB350 million, etc.

Promote the construction of service stations in an orderly manner

In 2022, the Bank established a leading group for “finance going to the countryside”, established the strategic positioning of “finance going to the countryside”, set up a management and operation system of 2.0 service stations, and signed contracts to establish 79 inclusive finance service stations 2.0. As of December 31, 2022, the Bank had built 639 of 1.0 and 2.0 model inclusive financial service stations in Jiangxi Province, with 711 special promotional activities at the service stations, steadily improving the comprehensive level of rural revitalization and the financial service.

Demonstrate effectiveness of product digitization

According to the idea of “offline business being online and online business being standardized”, the Bank further realized the online entry, online contract signing and online lending of inclusive credit products by using mobile banking, H5, online loan system and intelligent risk control model. As of December 31, 2022, the number of online customers in personal loans accounted for more than 85%. In order to promote the standardization of businesses, the Bank digitally transformed the “Rural Achiever Loan (鄉村能人貸)”. According to the industrial characteristics in the fields of “agriculture, rural areas and farmers”, the Bank digitized the key elements information about the customers' operation situation in the due diligence report, and gave different unit quota standards to different aquaculture varieties. According to the customers' operation situation, the system automatically calculated the corresponding pre-credit line.



Management Discussion and Analysis

The influence of inclusive finance increased

The Bank has published 116 articles on inclusive finance and rural revitalization in authoritative media, including 29 articles at the national level, 51 articles at the provincial level and 36 articles at the prefecture and county levels. In addition, the Bank was awarded “Excellent” in the assessment of financial institutions serving rural revitalization in Jiangxi Province in 2021, the “Greenhouse Vegetable Loan Project” won the third prize of “Inclusive Finance Excellent Project” issued by Jiangxi Finance Association, and the project of “One County and One Product” serving rural revitalization and innovative projects won the “Outstanding Case Award of Scenario Financial Innovation” issued by the City Commercial Banks Clearing.

Green Financial Business

The Bank adhered to the national strategy to achieve the goal of “peak carbon dioxide emissions and carbon neutrality”, strove to practice the green development concept, continued to deeply promote the green finance, and took the lead in exploring the experience and practice of financial assistance in promoting green economic and social transformation, providing financial support for building a “Jiangxi Model” for beautiful China.

Construct a new mechanism for the development of green finance. Firstly, strengthen the assessment of Party building. The Bank included the green credit as a “Secretarial Project” in the assessment of the Party building of the Bank, and included the development of green finance in the comprehensive performance assessment of the top leaders of branches for many consecutive years, forming a positive incentive for branches. Secondly, establish green sub-branches. At present, the Bank has established a Green Finance Division at the head office level. In 2022, the Bank’s Ganzhou Huichang Sub-branch and Fuzhou Zixi Sub-branch were awarded as “Green Sub-branches”, and the system of green financial institutions continued to grow and the ability to serve the real economy continued to increase. As of December 31, 2022, the balance of green loans of the Bank was RMB25,889 million, representing an increase of RMB8,278 million or 47% as compared to the end of last year.

Promote the transformation of new models of financial services. Firstly, help the local green transformation. The Bank opened a channel for green finance to support the green transformation of industrial parks, and signed the Memorandum on Transformation Finance of the Management Committee of Hukou High-tech Industrial Park with Hukou High-tech Industrial Park, the pilot industrial park of the peak carbon dioxide emissions in Jiangxi Province, providing financial support for the green transformation of local economy. Secondly, innovate green financial products. The Bank launched a special transformation financial product – “Carbon-Efficient Loan”, linked the loan pricing with the comprehensive performance of carbon emissions of enterprises, successfully launched the first batch of pilot business, effectively promoting the small and medium-sized enterprises in the park to pay attention to their own energy consumption and realizing the green and low-carbon development of the small and medium-sized enterprises in the park. In 2022, the Bank was awarded the title of “Outstanding Collective of Green Finance Reform and Innovation in Jiangxi Province” issued by the Nanchang Central Sub-branch of the People’s Bank of China and “Outstanding Contribution Award of Green Finance” issued by the Jiangxi Provincial Financial Regulatory Bureau.

Form a new synergy for the development of green finance. Firstly, explore the carbon accounting in the investment and finance fields. In June 2022, the Bank successfully joined the Partnership for Carbon Accounting Financials (PCAF). The Bank explored the use of PCAF tools to measure the emissions of banks in scope I, scope II and part of scope III, and consolidated the foundation of information disclosure. Secondly, actively explore the transformation of finance business. The Bank carried out transitional financial projects with the International Finance Corporation (IFC) of the World Bank Group, achieved complementary advantages and mutual benefits, and continued to explore the innovation approach for the transformation of finance business with the goal of peak carbon dioxide emissions and carbon neutrality. Thirdly, strengthen the green financial brand. The Bank, together with the Nanchang Central Sub-branch of the People’s Bank of China, the Jiangxi Development and Reform Commission and the Department of Ecology and Environment of Jiangxi Province, successfully held the all-media survey and interview activity on “Green Finance Helps Double Carbon Work”. The Bank participated in a series of side events of COP15 of the United Nations Biodiversity Conference in China to promote the practice and exploration with the IFC in the field of transitional finance.



Management Discussion and Analysis

Automobile Finance Business

Improve quality and efficiency and establish the brand image

In 2022, the Bank started from the aspects of industrial chain layout adjustment, business standardization construction, comprehensive risk management rules, online management of the whole business process, etc., to improve quality and efficiency, and achieved a new high in the annual performance. The growth rate of major business indicators exceeded 50%, the number of core customers greatly increased, and the number of dealers exceeded 600. The Bank won the annual trophies issued by major automobile brands, initially establishing the brand image of the Bank's automobile finance.

Improve the industrial service capability

The Bank's service scope includes new energy, fuel vehicles, passenger cars and commercial vehicles, and its service customers include suppliers, original equipment manufacturers, distributors, industrial chain related enterprises and end customers. In 2022, the Bank further enhanced its capability to provide distinctive and differentiated services, consolidated the online businesses of downstream dealers and standardized risk management, improved the financial service efficiency of upstream suppliers, innovated the scenario-based finance, and decentralized markets such as logistics, travel and auto insurance.

The industrial finance achieved outstanding results

Adhering to the principle of "doing industries and serving customers", the Bank has doubled the number of customers for two consecutive years, with 17 cooperative automobile brands and 600 dealers. In 2022, the cumulative billing exceeded RMB10.00 billion, and the asset scale was RMB7.962 billion. The Bank's deposits were RMB3.50 billion, with an annual average daily deposit of RMB2.29 billion, and the indicators increased steadily.

Constantly consolidate the industrial risk management

The Bank established a comprehensive risk management system for the "Shang Dai Tong (商貸通)", and built an endless loop process of "information collection → classified processing → early warning → risk disposal", so as to enhance the risk management capability through online and digital management.

Accelerate the development of digital transformation

The business of “Shang Dai Tong (商貸通)” has been fully standardized, and a comprehensive risk management system has been established. The Bank put into operation the first phase of the automobile financial service platform, fully utilized the online digital management mode, and built the whole process of endless loop management.

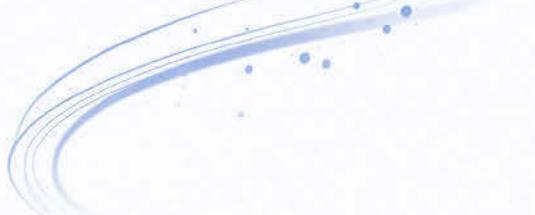
9.5 Subsidiaries business

9.5.1 Businesses of controlling subsidiaries

As of December 31, 2022, the Bank controlled 18 county banks, including 15 in Jiangxi Province and 3 in Beijing, Shandong Province and Jiangsu Province. The total assets of 18 county banks amounted to RMB16,326 million. Among them, the total loans amounted to RMB9,168 million whereas the balance of deposits amounted to RMB13,702 million; in 2022, 18 controlling county banks realized net profit of RMB79 million.

9.5.2 Companies in which the Bank has shareholdings

As of December 31, 2022, there were 2 county banks in which the Bank has shareholdings, which were Zhongshan Xiaolan County Bank Co., Ltd. and Guixi Jiuyin County Bank Co., Ltd., respectively. The total assets of 2 county banks in which the Bank has shareholdings amounted to RMB5,301 million. The total loans amounted to RMB3,835 million whereas the total deposits amounted to RMB4,257 million; in 2022, the net profit of the 2 county banks in which the Bank has shareholdings was RMB34 million.



Management Discussion and Analysis

10. Development strategy

The year 2023 is the first year to fully implement the spirit of the 20th National Congress of the Communist Party of China, the crucial year of forming a connecting link between the preceding and the following to implement the “14th Five-Year Plan”, and the crucial year for the transformation and development of the Bank of Jiujiang. In 2023, the working theme of the Bank is to consolidate the customer base, improve the revenue and profit, deepen the structural adjustment, and work together to promote the high-quality and sustainable development of the Bank of Jiujiang.

Always adhere to the leadership of Party building. The Bank will thoroughly study, publicize and implement the spirit of the the 20th National Congress of the Communist Party of China, unswervingly implement the important arrangements of the Central Economic Work Conference, adhere to the general tone of “stability first, seeking progress while maintaining stability”, and fulfill the social responsibility of financial enterprises.

Always adhere to the principle of “anchoring the Bank with deposits, managing the Bank with strict discipline, running the Bank with diligence and thriftiness, propelling the Bank with digit and empowering the Bank with talents”. The Bank will consolidate the deposit base, vigorously adjust the deposit structure, improve the risk management level of the Bank, strengthen the construction of three lines of defense, and continue to implement the requirement of “compliance priority”. The Bank will control the six main costs, promote the construction of work style in a down-to-earth manner, and make detailed discipline inspection and supervision while strengthening self-inspection. The Bank will continue to optimize the quality and efficiency of financial services, establish an external digital environment for digital analysis and decision-making around “Digital Jiuyin”, and accurately evaluate the marketing efficiency, middle-office efficiency and post-loan results by using digit. The Bank will accurately identify the professional ability level and work style characteristics of all employees, organically combine the individual development will with the development direction of the organization, and give full play to the individual subjective initiative.

Always insist on creating value for customers. The Bank will stick to the “twelve-character policy”, constantly consolidate the customer base, deepen the structural adjustment, increase support for the real economy, vigorously promote the service model of “industry + technology + finance” and promote the in-depth integration of industry and finance. On the basis of understanding and being familiar with the industry, the Bank will explore the high-cost and low-efficiency links, reduce costs and increase efficiency through market means and technical means, continuously create value for customers, and strive to create a fully closed-loop ecology in which the production and business operation activities are not limited by funds, so as to achieve a high degree of matching between funds and production processes.

11 Risk management

11.1 Risk management structure

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

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

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



Management Discussion and Analysis

11.2 Credit risk management

The Bank has always been committed to building a credit risk management culture with a unified risk appetite and prudent and sound approach. In 2022, the Bank continuously increased the effort on the management and control of asset quality, strengthened risk limit management, further promoted the construction and development of credit risk management system, made the pilot and implementation of credit extension process standardized and made great efforts to implement comprehensive risk management, asset quality management and digital transformation of risk control, etc. The Bank achieved excellent results in many areas and won various honors and recognition. The Bank's asset quality has been improving steadily, and the non-performing loan ratio has been controlled within a reasonable range; the disposal of risky assets has been successfully completed, which has been fully affirmed by regulators and government authorities. The Bank gradually carries out online control of limit indicators, realizes system rigid control, strengthens limit monitoring and analysis, and promotes refined management of quotas. The collateral registration direct connection project of the collateral management system won the "2022 City Financial Service Excellent Case Selection" – "Top Ten Network Influence Excellent Case Award" of Clearing Center for City Commercial Banks. The Business Continuity Management Consulting and System Construction Project in 2021 won the 2022 7th IDC China Digital Transformation Future Enterprise Award. According to the management requirements of the International Standard ISO22301, the Bank passed the business continuity management system certification and became the only city commercial bank in Jiangxi Province to pass the certification.

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

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

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

1. Lay stress on asset quality improvement to steadily reduce non-performance loans. The Bank continued to implement "asset quality is the lifeline" and enhanced risk identification and disposal, so that the non-performing loan ratio was controlled within a reasonable range. By formulating and improving working systems, optimising management mechanisms, applying quota management in a reasonable manner and accelerating the standardization of the whole process of credit extension, the Bank has improved the effectiveness of risk control and achieved the goal of optimising asset quality. During the reporting period, the Bank formulated administrative measures centering on risk governance organizational structure, risk management strategy, risk appetite and risk limits to build a scientific top-level framework. Through reconstruction and optimization of credit risk management mechanism, strengthening internal appraisal and improving the management process and system, and implementing credit management system, the Bank vigorously enhanced asset quality and protect the Shareholders' interests.
2. Lay stress on the improvement of basic management to strengthen credit management. The Bank optimizes the risk management framework of branches to ensure the effective implementation of risk management policies; establishes a normalized and special risk inspection work mechanism and strengthens the five-level classification management of credit to ensure the authenticity of asset quality; strengthens collateral lifecycle management to ensure the effectiveness of risk mitigation tools; organizes and carries out a lecture hall on credit capability enhancement to ensure the professionalism of risk management. It also improves the efficiency and effectiveness of overall credit management by embedding basic management tools into the information system.



Management Discussion and Analysis

3. Further promote the upgrading of digital risk control to improve the risk management capability of the whole process of credit. Oriented towards user roles, the Bank further promotes the upgrading of digital risk control such as early warning, collateral and collection, focusing on user experience and following the basic principles of business development process and business management logic. We deepen system linkage, enhance cross-system interaction, increase usage scenarios to improve operational efficiency and operational experience, restructure the single series risk control process into a “series + parallel” risk control process, and improve the risk management capability of the whole process of credit. We increase the introduction and application of new technologies, communicate, make decisions, and carry out risk control using data, and improve the digital and intelligent level of credit business development and risk control.

11.3 Market risk management

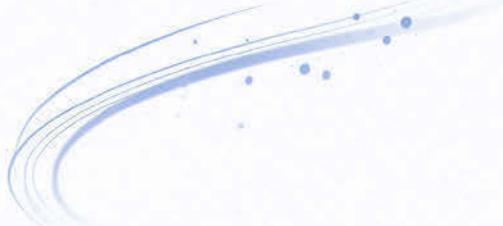
According to the Bank’s asset allocation, the market risks faced by the Bank are mainly interest rate risk and exchange rate risk, including trading books and bank books. According to its scale, business nature and business complexity, the Bank has established a market risk management system that is appropriate for the Bank, and has clarified the responsibilities of the Board and market risk professional committees, senior management and relevant departments under the market risk governance framework. By setting the hypothetical conditions of the stress test and applying the relevant models, we separately measure the potential losses caused by transactional assets under light, medium and severe scenarios, and use system tools to measure relevant market risk indicators such as VAR value, PVBP, duration and modified duration, in an effort to objectively reflect the level of market risk undertaken by the Bank.

11.4 Operational risk management

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

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

1. Improve the operational risk management system. The Party Committee of the head office studied and formulated the Resolution of the Party Committee of Bank of Jiujiang on Strengthening Operational Risk Management and the Implementation Opinions of the Party Committee of Bank of Jiujiang on Strengthening Operational Risk Management, incorporating operational risk management into the comprehensive risk management system, forming a corporate governance structure where the Party Committee leads, the Board scientifically makes decisions, the senior management efficiently implements, and the Board of Supervisors strictly supervises, forging the working landscape where the functions of the “three lines of defense” (owner, controller and guarantor of operational risks) are separate and yet coordinated, coordinated and yet countervailing, countervailing and yet integrated, further clarifying the dual responsibilities where “each department shall be primarily responsible in its key operational risk area, and at the same time provides relevant resources and support for other departments to manage operational risk involving its division of responsibilities and expertise, and guiding the Bank to further strengthen operational risk management and establish and improve an operational risk management system that is commensurate with the nature, scale, complexity and risk characteristics of the Bank’s business.
2. Effectively use operational risk tools. Relying on the internal control compliance and operational risk management system, the Bank promotes the use of three major tools: risk and control self-assessment, key risk indicators and loss event management. Firstly, we reinspected the operational risk indicator system. On the basis of the Bank’s original system of 52 operational risk indicators, we carried out comprehensive evaluation and re-inspection and optimized and adjusted them into 48 key operational risk indicators (KRI), covering multiple key lines such as operation management, credit card, risk, information technology, financial planning, human resources, and auditing. By accurately identifying the changes in operational risks in various areas based on the area and frequency of indicator abnormality and loss events, we had no major operational risk events throughout the year. Secondly, we standardized the collection standards for loss events. We defined the scope of loss events, increased the scope of automatic data collection of each system, expanded the collection channels of loss events, improved the automation of loss event collection, strengthened loss data collection (LDC), and formulated implementation action improvement plans for loss events. As of December 31, 2022, the violation rate of 1,000 persons was 0.78%, which is down by 1.37 percentage points from the beginning of the year and within a controllable range. Thirdly, we carried out the “three assessments” in-depth. We implemented the strategy of “Digital Bank of Jiujiang”, based our management on system, applied the system to the process, and implemented the process to the system, comprehensively carrying out the “three assessments” of products, systems and processes.



Management Discussion and Analysis

3. Optimize the legal risk management model. The Bank has consistently upheld the principle of prioritizing compliance and practicing prudent management. It actively educates itself on external laws, regulations, as well as relevant systems and requirements issued by regulators. The Bank has also strengthened its internalization of regulations to ensure that all business management activities comply with legal requirements. Firstly, we interpret foreign regulations and summarize key points of regulatory policies. In response to the introduction of more than 10 important new laws and regulations such as the Personal Information Protection Law, Anti-Telecom and Network Fraud Law, Notice on Strengthening the Management of Internet Loan Business of Commercial Banks and Enhancing the Quality and Efficiency of Financial Services, Amendment to the Banking Supervision and Management Law (Draft for soliciting opinions on amendment), Measures for the Unified Registration of Movable Property and Security Interests, and Regulations on the Management of Related Transactions of Banking and Insurance Institutions, we will interpret laws and regulations and translate the requirements of legal and regulatory provisions into business logic, institutional provisions, and compliance requirements. Secondly, we organized and carried out the revising and sorting standardized contract texts for 2022. Since the implementation of the Civil Code and its supporting judicial interpretations in 2020, the Bank has newly formulated the bank-wide contract management measures to sort out and gradually establish a full-process control mechanism for contract management. We have consistently monitored the judicial interpretations of the Civil Code, including its guarantee section, as well as new external laws and regulations such as the Personal Information Protection Law, and have made multiple adaptive revisions to the text of credit business contracts in batches. Using product classification as the dimension, we collected the product-specific contract texts and agreements compiled by the department responsible for each product, and conducted legal review and revision work. This resulted in the revision of 579 format texts for six major categories and 56 subcategories, including corporate, retail, and operational lines, thus enhancing the efficiency of contract text services for business operations. We actively implemented the requirements of personal information protection laws and regulations, strengthened the protection of consumer financial information, and continuously updated and implemented privacy policies and information protection contract terms. Thirdly, we carefully chose 100 representative issues related to guarantee in our daily credit business, compiled them into a comprehensive learning manual titled “One Hundred Questions on Legal Knowledge of Bank Guarantee,” and then printed and distributed it to all of our branches. We prepared 24 written legal compliance consultation responses for complex business inquiries, prepared 22 specialized legal opinion letters such as the legal risk analysis opinion letter for “page separation” electronic seal system in the Bank, published 12 issues of case analysis to explain the legal principles, wrote 6 legal compliance reminder letter for Bank-wide major risks, compiled and wrote a daily legal review consultation Q&A guide (updated up to 86 questions), drafted “10 Articles to Help You Understand the Personal Information Protection Law” and other promotional materials, and prepared various types of legal risk alerts and promotional materials to enhance awareness of important legal knowledge, so as to create a good rule of law atmosphere throughout the Bank.

4. Enhance outsourcing risk prevention. Firstly, the Bank carried out comprehensive outsourcing risk assessment, formed a bank-wide risk management report from three aspects: outsourcing risk management implementation, bank-wide outsourcing project implementation, and outsourcing risk assessment, sorted out and controlled the outsourcing across the Bank, and formulated various measures to consolidate the outsourcing management achievements, so as to ensure the stable and sustainable development of the outsourcing. Secondly, we rigorously enforced regulatory requirements, conducting investigations into outsourced projects and personnel system permissions across the entire bank. In addition, we carried out a second, more thorough investigation of business permissions for outsourced personnel at the headquarters, thereby comprehensively reviewing, proactively identifying, and effectively controlling operational risks associated with outsourced personnel. Thirdly, we cooperated with the audit department's non-technology outsourcing special audit to confirm the rectification plan based on the audit opinion.

11.5 Liquidity risk management

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

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



Management Discussion and Analysis

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

As of December 31, 2022, the Group's liquidity ratio, the net stable capital ratio and liquidity coverage ratio were 63.69%, 130.87% and 267.97%, respectively. Among them, the balance of high-quality liquid assets was RMB69,904 million and the net cash outflow in the next 30 days was RMB25,001 million.

Item	Amount	
	As of December 31, 2022	As of December 31, 2021
	(All amounts expressed in millions of RMB except percentages, unless otherwise stated)	
Net stable capital ratio	130.87%	129.44%
Available stable capital	331,637.75	323,462.24
Required stable capital	253,411.71	249,893.04

11.6 Compliance risk management

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



Management Discussion and Analysis

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

1. Promoting the construction of compliance system at a high level. The first is to strengthen the leading role of Party building. The Bank took political construction as the prerequisite foundation to further improve the level of internal control and compliance management, focusing on the important role of the Party Committee in setting the direction, managing the overall situation and ensuring implementation, continuously strengthening the leadership of Party building, continuously increasing the leadership of the Party Committee in promoting internal control and compliance management, setting up a long-term mechanism to implement the regulatory suggestion, and promoting compliance with Party building. Secondly, the Compliance Management Committee performed its duties efficiently. The Compliance Management Committee under the Board and senior management comprehensively coordinated the work of compliance risk management. In 2022, the Compliance Management Committee reviewed proposals such as “Proposal on the 2021 Compliance Risk Management Report and 2022 Compliance Management Plan of Bank of Jiujiang” and “Proposal on the Report of the Implementation of Regulatory Opinions of Bank of Jiujiang in 2021”, strengthening the overall planning and comprehensive leadership of internal control and compliance management work by the top decision-making level. Thirdly, we strengthened the construction of a compliance team. We have introduced the “Bank of Jiujiang Compliance Manager Management Measures” to clarify the roles and responsibilities of compliance managers, regulate their management, ensure the independence of compliance work, enhance their professional compliance management capabilities, and improve the overall quality and efficiency of compliance performance. Fourthly, we established a comprehensive and grid-based management system for case prevention. Following the target principle of “comprehensiveness, depth, and refinement,” we divided the entire Bank from top to bottom into three levels of business grids, five levels of institutional grids, and seven levels of personnel grids, and established grid heads and case prevention compliance managers in each grid, thereby establishing a comprehensive, grid-based management system for case prevention featured by “the whole bank forming a network, with grids in the network, with people in the grids, and people fulfilling their responsibilities”, effectively enforcing the primary, management, and supervisory accountability of all levels of institutions and personnel in case prevention, and forming a new pattern of case prevention management that implements supervision and control at each level and encourages joint efforts and collaborative measures. We conducted an investigation into abnormal behavior among over 5,000 employees throughout the Bank by organizing branch self-inspection, investigation of suspicious clues, and specialized “top-down” investigation, and established and improved long-term mechanisms such as “quarterly rolling investigations” and “reporting of high-value expenditures”, which not only increased the deterrence of “dare not do it”, strengthened the defense line of “cannot do it”, and created a strong atmosphere of “do not want to do it”.

2. Joint efforts to improve the efficiency of compliance management. Based on the concept that management is integrated into the system, the system is implemented in the process, and the process is performed in the system, the Bank continued to deepen the construction of internal control mechanisms and systems, and focused on improving the effectiveness of internal control management. Firstly, the Bank strengthened system construction. The Bank adhered to the business philosophy of “system first” and “bank management with system”, continuously improved the system and strengthened the system constraints. The Bank paid close attention to macro policies and regulatory requirements and carried out timely internalization of external regulations. In 2022, we focused on the “three assessments” of systems, products, and processes, which solidified the underlying logic and foundation for the smooth advancement of “online business and management”, and provided assistance for the effective implementation of the “digital Bank of Jiujiang” strategy. Throughout the year, we reviewed 151 regulation and generated compliance assessment reports and internal process embedding reports for each of them. We produced a total of 1,818 compliance guidelines and made 1,044 recommendations for embedding processes and systems, promoting the optimization of 123 policies and 378 processes. Secondly, the Bank constructed a long-term effective mechanism to implement regulatory opinions. In 2022, the Bank deeply understood the policy spirit of the China Banking and Insurance Regulatory Commission, resolutely implemented the supervision requirements of regulatory authorities at all levels, and established four process management processes, namely decomposition and transmission, process supervision, result verification, and evaluation and handling, incorporated implementation results of regulatory opinions into branch construction and departmental assessments, comprehensively conveyed regulatory requirements, and effectively implemented regulatory opinions, resulting in a yearly increase in regulatory satisfaction. Thirdly, the Bank improved the construction of risk control mechanisms and processes. The Bank adhered to the four-in-one joint prevention and control work system of risk, compliance, audit and discipline inspection to promote the enhancement of risk prevention and control capability; persisted in a list management mechanism of problem recording to promote effective rectification of problems found in internal and external inspections; stick to a mechanism of pre-investment compliance review to promote compliant operation of investment business. Fourthly, the Bank steadily promoted system construction. The Bank built and optimised three-in-one system for internal control compliance and operational risk, integrated compliance management into corporate governance, internal control case prevention and business management, and realized systematization of system management, routing compliance inspection, quality management of operational risk and systematic compliance management.



Management Discussion and Analysis

3. Building a culture of compliance gradually. First is to develop an incorruptibility and compliance culture. The Bank organized study and examination on regulatory policies and “Monthly Session for Leaders of the Bank” activities to promote corporate key values of “Compliance is everyone’s responsibility” and “Practice of compliance creates values” to develop an overall compliance culture of “Carrying out business with compliance”. The Bank continuously promoted the deep integration of a fine Party culture and a corruption-free Party building and compliance management. In 2022, we improved our efforts to promote an integrity culture by implementing a series of measures such as establishing a integrity culture wall, producing short videos, organizing themed essay contests, creating a integrity classroom, and conducting a month-long campaign for integrity and self-discipline. These initiatives have enabled the integrity culture to be more visible and accessible, promoting employee recognition engagement, communication, and understanding of a clean financial culture and vigorously actively fostering a culture of compliance and adherence to regulations. Second is to conduct strict internal accountability. The Director of Compliance also serves as the vice chairperson of Accountability Committee of Head Office to tighten compliance guidance and supervision, giving full play to the warning and deterrence effect against violations. Third is to enhance reporting on integrity violation. The Bank listed and announced major “integrity violation” activities, operated seasonal reporting mechanism, assigned staff members to specifically handle reports on integrity violation. Meanwhile, the Bank established various reporting channels such as drop-in boxes, reporting hotline and OA online QR code reporting etc. Fourth is to compile compliance cases. With reference to daily compliance issues and external regulatory cases, the Bank kept updating and posting compliance cases on “Compliance Online” column to educate all employees of the Bank to “Stay alert to compliance cases, bear in mind the compliance rules”.

11.7 Money laundering risk management

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

Effective money laundering risk management is the foundation for the safe and sound operation of banks. Adhering to the concept of “risk-based approach” and focusing on the work theme of “strengthening systems, building frameworks, optimizing systems, and improving efficiency”, the Bank has improved its organizational structure, enforced the primary accountability, enhanced inter-departmental cooperation, comprehensively consolidated the foundation of anti-money laundering work, solidly improved the ability to identify and prevent money laundering risks, steadily improved the overall management level of anti-money laundering work, and effectively prevented money laundering risks. During the reporting period, the Bank managed money laundering risk mainly through following measures:

Firstly, strengthen transaction monitoring to control money laundering risks in the transaction process. We monitored and reported suspicious transactions through our anti-money laundering system. In 2022, we submitted a total of 2,074 suspicious transaction reports through the People's Bank of China's anti-money laundering data reporting platform, representing an increase of 404 reports compared to 2021. The reports involved 5,104 clients, representing an increase of 255 clients compared to 2021. We promptly detected suspicious transactions and effectively intercepted them, imposed limits and controlled channels on suspicious accounts, quickly cutting off the illegal transfer chain of funds, and effectively safeguarding financial security and stability.

Secondly, thoroughly investigate critical suspicious activities to enhance the recoverability value of transferred leads. The Bank consistently undertook comprehensive and meticulous analyses of high-risk customers to prevent money laundering, thoroughly investigated key suspicious customers and their associated accounts and transaction patterns, and actively reported any findings to regulatory authorities. In 2022, out of the 34 key suspicious reports submitted by the Bank, eight were officially registered by the Public Security Bureau due to their high value of leads, thereby contributing to the fight against money laundering crimes. Among them, the Nanchang branch provided assistance in the transfer of leads, leading to the determination and filing of one case of "money laundering" by the Nanchang Central Sub-branch Anti-Money Laundering Office of the PBOC, and was commended by the office. The Central Sub-branch Anti-Money Laundering Center of the Legal and Compliance Department of the head office of the Bank provided timely assistance to the Jiujiang Economic Investigation Detachment by providing suspicious leads about money laundering activities through the use of credit cards. As a result, one case was successfully filed, with a total of 76 individuals involved in the criminal group. Throughout the year, we assisted in transferring three cases of illegal fundraising leads, and received recognition and commendation from the provincial anti-illegal fundraising office.



Management Discussion and Analysis

Thirdly, push forward anti-fraud measures to consistently lower the number of accounts associated with fraudulent activities. To effectively respond to and prevent new types of violations and crimes in the telecommunications network, and new challenges and problems, the Bank, under the scientific guidance of the provincial and municipal Joint Offices, the PBOC, CBIRC, and other regulatory departments, conducted and promoted the administration of the “funding chain” of telecommunications network fraud and cross-border gambling to cut off the transfer chain of fraudulent funds of criminals and comprehensively improved the effectiveness of anti-crime and administration efforts. The average number of accounts involved in legal cases per month in 2022 decreased by 85.43% compared to 2021. We promoted the establishment of a three-stage monitoring system covering the front, middle, and back stages, increased investment in and optimization of self-developed monitoring models, and made full use of the three major systems – the “ECIF system,” the “anti-fraud system,” and the “DAS system” – to form a complete monitoring strategy covering the entire process. Our monitoring system based on the “three stages” received high recognition from provincial and municipal bureau of PBOC, which paid a research visit to the Bank in August 2022. At the same time, the Bank shared its anti-fraud experience and provided technological support to several banks and financial institutions, promoting the sharing and advancement of anti-fraud experience among peers in the industry.

Fourthly, implement effective anti-money laundering measures and increase the awareness of anti-money laundering among all employees. Adhering to the “risk-based” principle, the Bank strengthened its anti-money laundering talent team building, continued to carry out anti-money laundering training, and improved the anti-money laundering capabilities of all employees. In 2022, the Bank intercepted over 600 cases of abnormal account opening, proactively prevented 44 incidents of telecom fraud and recovered customers’ economic losses, intercepted 9 cases of other types of money laundering crimes, and assisted the public security department in capturing 4 key suspects on-site for fraud.

Fifthly, maintain close collaboration with regulatory authorities and assume responsibility for key anti-money laundering tasks. In 2022, the Nanchang Central Sub-branch Anti-Money Laundering Office of the PBOC undertook the task of establishing a national database on money laundering and terrorist financing threats to assist in responding to the fifth round of mutual evaluations by the Financial Action Task Force (FATA). In this task, the Bank assisted the Anti-Money Laundering Office in collecting relevant documents on upstream crimes and money laundering crimes from 2019 to 2022 on the China Judgments Online platform, and analyzed the number of cases, the amount of money involved, and the geographical distribution of cases. The Bank received a written appreciation from the Anti-Money Laundering Office for our exceptional performance in handling a substantial volume of statistical tasks with high accuracy and quality.

11.8 Information technology risk management

Information technology risk refers to the operational, legal and reputational risks caused by natural and artificial factors, technical vulnerabilities and management defects during the application of information technology by the Bank. The Bank has set up an information technology risk management organizational structure composed of the Board of Directors, the senior management and the Information Technology Management Committee under it, and the implementation level. The information technology risk management framework of our Bank, under the leadership of our Board of Directors and our senior management, is based on the three lines of defense. The pre-event, during-event and post-event risk prevention systems have been effectively ameliorated.

1. Continuously conduct technology risk assessment and monitoring. We conduct risk assessments in critical technology areas, identify and collect information technology risk points, convene the Information Technology Management Committee meetings on a regular basis, and enhance problem analysis and rectification implementation.
2. Enhance business continuity management across the entire Bank. We comprehensively review the business continuity management system, continuously conduct business continuity exercises, strengthen the management of contingency plans and exercise processes, and establish a long-term effective mechanism for business continuity management. In addition, we have obtained the certification for the Business Continuity Management System (ISO22301-2019), making us the only city commercial bank in Jiangxi Province to achieve this certification. Our business continuity management aligns with international standards in ten major areas including system, policies, and risk response.
3. Strengthen information and network security prevention and control. We prioritize information security management and strengthen it's refinement through focusing on Internet application system. We conduct red and blue team exercises to enhance our network operations capabilities, ensure the safe and stable operation of our cloud environment system, improve our ability to detect threats, and strengthens our long-term mechanism for identifying and rectifying network vulnerabilities.



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11.9 Reputational risk management

Reputational risk refers to the risk that interested parties, the public and the media have a negative evaluation of the Bank due to the Bank's institutional behaviors, employee behaviors or external events, which damages the Bank's brand value, is harmful to the Bank's normal operation and even affects market and social stability. The Bank attaches great importance to reputation risk management. We continuously improve our political stance, enhance risk awareness, and incorporate reputation risk management into our comprehensive risk management system. We conduct 365 days x 24 hours continuous reputation risk monitoring and regularly carry out reputation risk hazard inspections, while formulating emergency plans for reputation risk events based on identified risks and hazards, pushing the reputation risk management defense line forward, with the aim to prevent public opinion incidents from the source, continuously reduce potential reputation risks, and promote the Bank's sustained and steady operation.

In the next stage of reputation risk management, the Bank will continue to improve various systems and processes for reputation risk management, continue to implement 24/7 public opinion monitoring, increase efforts to investigate reputation risks, strengthen reputation risk training, improve the "all-staff, full-process, grid-based" management system, and enhance the Bank's reputation risk management capabilities, further strengthen positive publicity and guidance, build a more harmonious and stable external public opinion environment, and consolidate, maintain and enhance the Bank's good brand image.

11.10 Strategic risk management

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

Our Bank has established a well-rounded strategic risk management organizational structure composed of the Board of Directors and the Strategy Committee under it, the senior management, strategy management functional departments of the Head Office and other related functional departments. During the reporting period, our Bank executed the Management Measures for Strategy and Operation Planning of Bank of Jiujiang strictly, and proactively launched strategic risk management to identify strategic management risks. Risk identification includes identifying whether the strategic plan is scientific and reasonable, whether the plan has taken external business environment changes into consideration, whether enough resources are available and allocated (including manpower, capital, management and IT resources) to support the execution of strategic decisions, whether an effective control mechanism over the strategy implementation

process is in place, and whether any significant emergencies that affect the implementation of the strategy occurred, so as to ensure the consistency of the strategic plan with our Bank's development prospect and with our Bank's scale, risk appetite and portfolio complexity. In 2022, the Bank adjusted the internal division of labor structure for strategic risk management, clarified full-time strategic management personnel, continuously strengthened the performance of functions such as strategic planning, strategic monitoring and strategic execution, further improved the design of strategic systems and processes, and strengthened the regulation and assessment of daily and key tasks for strategic performance. At the same time, the Bank formulated and decomposed its strategic objectives in the form of three-year medium-term and long-term plans and annual business plans, formulated practical step-by-step implementation plans, and accelerated the establishment and improvement of effective strategy implementation management mechanisms to enhance strategy execution through efficient organizational synergy and effectively guarantee the smooth achievement of development strategy objectives.

As of December 31, 2022, our Bank's overall strategic risk level remained stable and under control, indicating our effective management over strategic risks.

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

Changes in Share Capital and Information on Shareholders

1. Changes in share capital

As of December 31, 2022, the Bank's total number of issued shares was 2,407,367,200, including 2,000,000,000 Domestic Shares and 407,367,200 H Shares.

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

1.1 Breakdown table of changes in shares

Class of shares	As at December 31, 2022		Changes in shares during the reporting period (share)	As at December 31, 2021	
	Number of shares (share)	Proportions (%)		Number of shares (share)	Proportions (%)
Domestic state-owned shares	366,020,000	15.20	0	366,020,000	15.20
Domestic state-owned legal person shares	639,506,936	26.57	21,852,700	617,654,236	25.66
Domestic social legal person shares	968,665,590	40.24	(21,852,700)	990,518,290	41.15
Domestic natural person shares	25,807,474	1.07	0	25,807,474	1.07
Overseas listed shares (H Shares)	407,367,200	16.92	0	407,367,200	16.92
Total number of ordinary shares	2,407,367,200	100.00	0	2,407,367,200	100.00

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

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

2. Particulars of shareholders

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

As of December 31, 2022, the Bank had 670 domestic shareholders in total, including 1 state-owned shareholder, 12 state-owned legal person shareholders, 57 social legal person shareholders and 600 natural person shareholders.

2.2 Top 10 shareholders of non-overseas listed Domestic Shares

As of December 31, 2022, the shareholdings of the top 10 shareholders who directly held non-overseas listed Domestic Shares are as follows:

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

Changes in Share Capital and Information on Shareholders

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

As of December 31, 2022, so far as is known to the Bank and the Directors, substantial shareholders of the Bank and other persons (other than Directors, Supervisors and chief executive officers of the Bank) who had interests and short positions in the Shares and underlying Shares of the Bank which were required to notify the Bank or the Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Bank under Section 366 of the SFO were as follows:

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

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

Changes in Share Capital and Information on Shareholders

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

Notes:

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

- (4) Industrial Bank Co., Ltd. ("**Industrial Bank**") holds 294.40 million Domestic Shares of the Bank, accounting for 12.23% of the Bank's total issued share capital as at the end of the reporting period. The company's legal representative is Mr. Lyu Jiajin. Founded in August 1988 and headquartered in Fuzhou City, Fujian province, Industrial Bank is one of the first joint-stock commercial banks approved by the State Council and the central bank. Industrial Bank was officially listed in Shanghai Stock Exchange on February 5, 2007 (stock code: 601166) and ranks among the Top 50 banks in the world.
- (5) Fangda Carbon New Material Co., Ltd. ("**Fangda Carbon**") held 136.07 million Domestic Shares, accounting for 5.65% of the Bank's total issued share capital as at the end of the reporting period. In addition, Jiangxi PXSteel Industrial Co. Ltd., a related company of Fangda Carbon holds 35.00 million Domestic Shares of the Bank, accounting for 1.45% of the Bank's total issued share capital as at the end of the reporting period. Therefore, Fangda Carbon controlled an aggregate of 7.10% of the ordinary shares of the total issued share capital of the Bank. Founded in January 1999, Fangda Carbon, with a registration place in Lanzhou City, Gansu province and a total of approximately 3,806 million registered capital, is mainly engaged in research and development and sale of carbon products and iron concentrates and is a leading enterprise of the National Science and Technology Development and Innovation Base. Fangda Carbon was listed on Shanghai Stock Exchange on August 30, 2002 (stock code: 600516).
- (6) Chu Mang Yee holds equity interests in 66.0376 million H Shares of the Bank through two controlled corporations, of which 46.0376 million H shares are held through Hopeson Holdings Limited and the remaining 20 million H shares are held through Sound Zone Properties Limited.
- (7) R&F Properties (HK) Co., Ltd. is a company incorporated in Hong Kong and a wholly-owned subsidiary of Guangzhou R&F Properties Co., Ltd. (stock code: 2777). It is principally engaged in investment holding business.
- (8) Success Cypress Limited is a company incorporated in the British Virgin Islands and is ultimately held by Tan Huichuan, Tan Mei, Tan Haocheng and Tan Yuehua as to 43%, 7%, 25% and 25%, respectively. It is principally engaged in investment holding business. Guangzhou Jinxiu Dadi Property Development Company Limited ("**Guangzhou Jinxiu Dadi**") is held by Tan Huichuan as to 90%; Guangdong Nimble Real Estate (Group) Co., Ltd. ("**Guangzhou Nimble**") is a wholly-owned subsidiary of Guangzhou Jinxiu Dadi; Guangzhou Nimble held 90% of Guangzhou Jinxiu Investment Company Limited ("**Guangzhou Jinxiu Investment**") which is held by Tan Huichuan as to 10%; Guangzhou Jinxiu Investment held 50% of Zhaoqing Tiancheng Property Co., Ltd. ("**Zhaoqing Tiancheng**"); Faithful Edge Limited is a wholly-owned subsidiary of Zhaoqing Tiancheng; and Success Cypress Limited is a wholly-owned subsidiary of Faithful Edge Limited and the beneficial owner of the Bank.
- (9) Rong De Investments Limited is a company incorporated in the British Virgin Islands and is owned as to 36%, 34.06% and 29.94% by Liao Tengjia, Zhu Qingsong and Zhu Muzhi, respectively. It is principally engaged in investment holding business.
- (10) Venfi Group Limited is a company incorporated in Hong Kong and is wholly owned by Liu Yang. It is principally engaged in investment holding business.

Changes in Share Capital and Information on Shareholders

2.4 Top 10 shareholders of ordinary shares

As of December 31, 2022, the shareholdings of the top 10 shareholders who directly held ordinary shares of the Bank are as follows:

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

2.5 The controlling shareholders of the Bank

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

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

Jiujiang Finance Bureau

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

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

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

Beijing Automotive Group Co., Ltd.

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

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

Industrial Bank Co., Ltd.

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

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

Fangda Carbon New Material Co., Ltd.

Fangda Carbon holds approximately 136.07 million Domestic Shares of the Bank, which are social legal person shares, accounting for 5.65% of the Bank's total share capital as of the end of the reporting period. In addition, Jiangxi PXSteel Industrial Co. Ltd., a related company of Fangda Carbon holds 35.00 million Domestic Shares of the Bank. Therefore, Fangda Carbon controlled an aggregate of 7.10% of the ordinary shares of the total issued share capital of the Bank. As of the end of the reporting period, Fangda Carbon and its related party did not pledge the equity of the Bank.



Changes in Share Capital and Information on Shareholders

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

2.7 Other substantial domestic shareholders

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

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

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

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

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

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

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

Changes in Share Capital and Information on Shareholders

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

Unit: in millions of RMB

No.	Name of shareholders	Credit balance	The controlling shareholders of the corporation	Credit balance	Actual controllers	Credit balance	Parties acting in concert	Credit balance	Ultimate beneficiary	Credit balance	Related party with related transaction(s)	Credit balance	Total
1	Jiujiang Finance Bureau	-	-	-	-	-	Jiujiang State-owned Assets Management Co., Ltd.	-	-	-	Jiujiang Infrastructural Investment Limited	232.00	725.42
											Jiujiang Balihu New District Investment Development Co., Ltd. (九江市八里湖新區投資開發有限公司)	220.00	
											Jiujiang Lushan Cableway Operation Management Co., Ltd. (九江市廬山交通索道經營管理有限責任公司)	70.00	
											Jiujiang Dingxin Industrial Co., Ltd. (九江鼎新實業有限公司)	60.00	
											Jiujiang State-owned Financing Guarantee Co., Ltd. (九江市國有融資擔保有限責任公司)	47.70	
											Jiujiang Dingtong Carpark Construction Management Co., Ltd. (九江市鼎通停車場建設管理有限公司)	35.00	
											Jiangxi Natural Gas Duchang Co., Ltd.	14.27	
											Pengze County Natural Gas Co., Ltd.	10.00	
											Jiujiang Ganghua Gas Company Limited	10.00	
											Jiujiang Kaida Lantian Hotel Management Co., Ltd. (九江凱達瀾天酒店管理有限公司)	10.00	
											Jiujiang Dingda Automobile Sales Service Co., Ltd. (九江鼎達汽車銷售服務有限公司)	5.00	
											Jiujiang Vegetable Basket Agricultural Development Co., Ltd. (九江市菜籃子農業發展有限公司)	5.00	
											Topsola Green Energy Technology Co., Ltd.	5.00	

No.	Name of shareholders	Credit balance	The controlling shareholders of the corporation	Credit balance	Actual controllers	Credit Parties acting balance in concert	Credit Ultimate balance beneficiary	Credit Related party with related balance transaction(s)	Credit balance	Total	
								Jiujiang Financial Holding Supply Chain Finance Co., Ltd. (九江市金控供應鏈金融有限公司)	1.45		
2	Beijing Automotive Group Co., Ltd.	-	Beijing State-owned Capital Operation and Management Center	-	State-owned Assets Supervision and Administration Commission of Beijing Municipality	-	-	-	State-owned Assets Supervision and Administration Commission of Beijing Municipality	96.30	263.27
								Beijing Beiqi Pengyuan Automobile Sales & Service Co., Ltd.	59.81		
								BAIC Group Industrial Investment Co., Ltd.	50.00		
								Cangzhou Economic Development Zone and Xingye Industrial Park Co., Ltd. (滄州經濟開發區興業產業園有限公司)	45.00		
								Jingdezhen City Xingchangda Property Co., Ltd.	12.16		

Changes in Share Capital and Information on Shareholders

No.	Name of shareholders	Credit balance	The controlling shareholders of the corporation	Credit balance	Actual controllers	Credit Parties acting balance in concert	Credit Ultimate balance beneficiary	Credit Related party with related balance transaction(s)	Credit balance	Total
3	Industrial Bank Co., Ltd.	364.07	-	-	-	-	- Industrial Bank Co., Ltd.	-	-	364.07
4	Fangda Carbon New Material Co., Ltd.	-	Liaoning Fangda Group Industrial Co., Ltd.	1,770.00	Fang Wei	-	- Fang Wei	- Jiangxi Fangda Steel Group Co., Ltd. Pingxiang Pinggang Anyuan Steel Co., Ltd. Jiujiang Ping Gang Steel Co., Ltd.	2,415.00 589.99 357.00	5,131.99
5	Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd.	-	Wu Jialing	-	Wu Jialing	-	- Wu Jialing	-	-	-
Total		364.07		1,770.00		-	-	-	4,350.68	6,484.75

2.10 Pledge of equity in the Bank by substantial domestic shareholders

As of December 31, 2022, the substantial shareholders of the Bank did not pledge equity in the Bank.

2.11 Nomination of Directors and Supervisors by the shareholders

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

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

As of the end of the reporting period, the number of pledged shares of the Bank did not exceed 20% of the issued share capital.

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

- (1) As of the end of the reporting period, the Bank has 89,289,528 pledged shares held by 3 Domestic Shareholders that were involved in frozen; no pledged shares was involved in judicial auctions.
- (2) According to the Articles of Association, when the number of shares pledged by a shareholder reaches or exceeds 50% of the total shares held by him/her in the Bank, the voting rights of such shareholder at the Shareholders' General Meeting and the voting rights of the directors nominated by such shareholder at the meetings of the Board of Directors shall be restricted. As of the end of the reporting period, the number of Domestic Shares pledged by 12 shareholders reached or exceeded 50% (inclusive) of the total shares held by them in the Bank, and voting rights represented by 252,323,588 shares were restricted, accounting for 10.48% of the total shares.

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

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

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

1. Current Directors, Supervisors and Senior Management

Directors

Name (former name, if any)	Gender	Age	Position	Terms of appointment	Number of shares held as at December 31, 2022 (Share)	Class of shares
PAN Ming	Male	48	Vice Chairman of the Board of Directors and Executive Director	May 2020 – May 2023	224,910	Domestic Shares
YUAN Delei	Male	44	Executive Director, Vice President and Risk Director	December 2021 – May 2023	Nil	
ZENG Huasheng	Male	59	Non-executive Director	May 2020 – May 2023	Nil	
SHI Zhishan	Male	44	Non-executive Director	November 2021 – May 2023	Nil	
LI Jianbao	Male	49	Non-executive Director	May 2020 – May 2023	Nil	
CHUA Alvin Cheng-Hock	Male	64	Independent Non-executive Director	May 2020 – May 2023	Nil	
GAO Yuhui	Female	73	Independent Non-executive Director	May 2020 – May 2023	Nil	
QUAN Ze	Male	51	Independent Non-executive Director	May 2020 – May 2023	Nil	
YANG Tao	Male	49	Independent Non-executive Director	May 2020 – May 2023	Nil	
LIU Yinan ⁽¹⁾	Male	45	Proposed Non-executive Director	-	Nil	
XIAO Jing ⁽¹⁾	Male	46	Proposed Executive Director, President	-	70,000	Domestic Shares

Note:

- (1) The newly elected Directors Mr. LIU Yinan and Mr. XIAO Jing will be reported to China banking and insurance regulatory authorities for approval of their qualifications. The term of office will be from the effective date of the approval of China banking and insurance regulatory authorities to the expiry of the term of the sixth session of the Board.

Supervisors

Name (former name, if any)	Gender	Age	Position	Terms of appointment	Number of shares held as at December	Class of shares
					31, 2022 (Share)	
MEI Mengsheng	Male	55	Chairman of the Board of Supervisors	May 2020 – May 2023	Nil	
LIU Chunmei	Female	73	Supervisor	May 2020 – May 2023	Nil	
GUO Jiequn	Male	52	Supervisor	May 2020 – May 2023	Nil	
CHEN Chunxia	Female	58	Supervisor	May 2020 – May 2023	Nil	
LIAO Jingwen	Female	37	Supervisor	May 2020 – May 2023	14,000	Domestic Shares
WAN Dandan	Female	34	Supervisor	May 2020 – May 2023	Nil	

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

Senior Management

Name (former name, if any)	Gender	Age	Position	Number of shares held as at December 31, 2022 (Share)	Class of shares
XIAO Jing	Male	46	Proposed Executive Director and President	70,000	Domestic Shares
XIE Haiyang	Male	39	Vice President	Nil	
WANG Li	Female	59	Vice President and Board Secretary	Nil	
YUAN Delei	Male	44	Executive Director, Vice President and Risk Director	Nil	
HUANG Chaoyang	Male	53	Assistant to President and Chairman of Zhongshan Xiaolan County Bank	500,000	Domestic Shares
QI Yongwen	Male	52	Director of Retail Banking and President of Shangrao Branch	249,900	Domestic Shares
XU Cao	Male	55	Assistant to President	217,560	Domestic Shares
WANG Yuanxin	Male	55	Assistant to President, Chairman and President of Beijing Daxing Jiuyin County Bank	220,500	Domestic Shares
CAI Jianhong	Male	54	Compliance Director	16,170	Domestic Shares
LI Guoquan	Male	53	Chief Accountant and the General Manager of the Planning and Finance Department	Nil	

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

2.1 Changes in Directors

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

Upon the consideration and approval at the sixteenth meeting of the sixth session of the Board on February 11, 2022 and the 2021 Annual General Meeting of the Bank on June 29, 2022, Mr. XIAO Jing was nominated and elected as an executive Director of the sixth session of the Board. Mr. XIAO Jing, the newly elected Director, will be reported to China banking and insurance regulatory authorities for approval of his Director's qualification. The term of office will be from the effective date of the approval of China banking and insurance regulatory authorities to the expiry of the sixth session of the Board.

2.2 Changes in Senior Management

Upon the consideration and approval at the thirteenth meeting of the sixth session of the Board on October 20, 2021 and the approval from the China Banking and Insurance Regulatory Commission Jiangxi Bureau (Gan Yin Bao Jian Fu [2022] No. 120) on July 14, 2022, Mr. YUAN Delei was appointed as the Vice President of the Bank.

On February 11, 2022, the Board resolved to dismiss Mr. PAN Ming from the position of the President of the Bank, with effect from February 11, 2022. Mr. PAN Ming continued to serve as the Vice Chairman, executive Director and members of the relevant special committees of the Board of the Bank. For details, please refer to the announcement published by the Bank on February 11, 2022.



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

Upon the consideration and approval at the sixteenth meeting of the sixth session of the Board on February 11, 2022 and the approval from the China Banking and Insurance Regulatory Commission Jiangxi Bureau (Gan Yin Bao Jian Fu [2022] No. 122) on July 18, 2022, Mr. XIAO Jing was appointed as the President of the Bank. For details, please refer to the announcement published by the Bank on February 11, 2022.

On August 30, 2022, the Board resolved to dismiss Mr. XIAO Jing from the position of the Chief Information Officer of the Bank, with effect from August 30, 2022. For details, please refer to the announcement of the Bank dated August 30, 2022.

On August 30, 2022, the Board resolved to dismiss Mr. CHEN Luping from the position of the director of small-enterprise credit of the Bank, with effect from August 30, 2022.

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

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

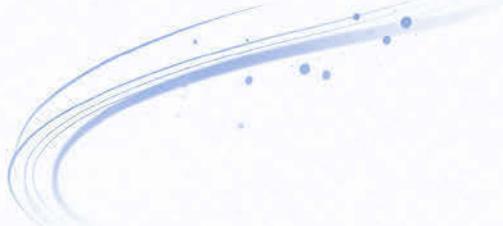
3. Biographies of Directors, Supervisors and Senior Management

3.1 Directors

Mr. PAN Ming (潘明), aged 48, is a vice chairman and executive Director of the Bank.

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

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



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

Mr. YUAN Delei (袁德磊), aged 44, is an executive Director, the vice president and the risk director of the Bank.

Mr. YUAN successively served as the deputy chief, chief and the deputy general manager of Legal Affairs Department of the Anhui Branch of Industrial and Commercial Bank of China Limited (whose H shares and A shares are listed on the Hong Kong Stock Exchange (stock code: 01398) and Shanghai Stock Exchange (stock code: 601398) respectively) from July 2003 to April 2013; a member of the Party Committee and Vice President of the Anhui Chizhou Branch of Industrial and Commercial Bank of China Limited from April 2013 to January 2016; the deputy general manager of Legal Affairs Department and the deputy general manager of Credit and Investment Management Department of the Anhui Branch of Industrial and Commercial Bank of China Limited from January 2016 to October 2019; successively served as the general manager of Risk Management Department under the head office of the Bank and the Chief Independent Credit Approval Officer and General Manager of the Risk Management Department of the Bank from November 2019 to July 2020; the Chief Independent Credit Approval Officer of the Bank from July 2020 to February 2021. He served as the risk director and Chief Independent Credit Approval Officer of the Bank from February 2021 to August 2021 and Party committee member, the risk director and Chief Independent Credit Approval Officer of the Bank from August 2021 to July 2022. He has been serving as Party committee member, vice president, the risk director and Chief Independent Credit Approval Officer of the Bank since July 2022.

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

Mr. ZENG Huasheng (曾華生), aged 59, is a non-executive Director of the Bank.

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

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

Mr. SHI Zhishan (史志山), aged 44, is a non-executive Director of the Bank.

Mr. SHI served as an appraisal project manager of China Consultants of Accounting and Financial Management Co., Ltd. (中華財務會計諮詢有限公司) from June 2005 to March 2006; an appraisal manager of Beijing Zhongxing Xinshiji Accountant Office (北京中興新世紀會計事務所有限公司) from March 2006 to January 2007; and a senior appraisal manager of China Appraisal Associates* (北京中天華資產評估有限責任公司) from January 2007 to November 2008. He successively served as a senior manager, an assistant to the head, the deputy head of capital operation department of Beijing Automotive Group Co., Ltd. (北京汽車集團有限公司) from November 2008 and July 2013; he successively served as the deputy general manager, the Party Committee Secretary and the general manager of BAIC Group Industrial Investment Co., Ltd. (北京汽車集團產業投資有限公司) from July 2013 to March 2021. He successively served as the Party Committee Secretary and an executive director of BAIC Group Industrial Investment Co., Ltd. from March 2021 to March 2023, and has been the vice general manager of Beijing Automotive Group Co., Ltd. since March 2023. Mr. SHI has served as the non-executive Director of the Bank since November 2021.

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



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

Mr. LI Jianbao (李堅寶), aged 49, is a non-executive Director of the Bank.

Mr. LI served as a member of the Jin'an Sub-branch of the Fuzhou Branch of Industrial Bank from August 1996 to February 1997; officer of the planning and fund department under the head office of Industrial Bank from February 1997 to June 2001; and senior deputy manager of the interbank business department under the head office of Industrial Bank from June 2001 to November 2003. He served as a senior deputy manager of the fund operations center under the head office of Industrial Bank from November 2003 to October 2007; senior manager of the fund operations center under the head office of Industrial Bank from October 2007 to May 2011; and as head of the interbank cooperation services center under the head office of Industrial Bank from May 2011 to March 2015. Mr. LI served as the general manager of the interbank cooperation services center under the head office of Industrial Bank from March 2015 to March 2022, and has been the general manager of retail platform department of Industrial Bank since March 2022. Mr. LI has served as the non-executive Director of the Bank since August 2017.

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

Mr. CHUA Alvin Cheng-Hock (蔡清福), aged 64, is an independent non-executive Director of the Bank.

Mr. CHUA served as an independent non-executive director of China Guangfa Bank from April 2014 to June 2020. Mr. CHUA has been the managing director and global head of the sales sector, trading and research of securities and fixed-income products of BOC International Holdings Limited (Hong Kong) from June 2014 to September 2022. He has been a part-time professor of Lingnan (University) College, Sun Yat-sen University (中山大學嶺南(大學)學院) since April 2014. Mr. CHUA has been a co-founder and managing partner of Yuanbo Global Consulting Co., Ltd. (圓博全球諮詢顧問公司) since September 2022, and has served as the independent non-executive Director of the Bank since August 2017.

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

Ms. GAO Yuhui (高玉輝), aged 73, is an independent non-executive Director of the Bank.

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

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

Mr. QUAN Ze (全澤), aged 51, is an independent non-executive Director of the Bank.

Mr. QUAN served as a senior manager of the investment banking department of Shenyin & Wanguo Securities Co., Ltd., now known as Shenwan Hangyuan Group Co., Ltd. (listed on Shenzhen Stock Exchange, stock code: 000166 and listed on Hong Kong Stock Exchange, stock code: 06806) from January 1998 to January 2001, and as a vice president of China Dragon Securities Co., Ltd. from May 2001 to May 2012. Mr. QUAN served as the vice chairman of Shanghai Committee of China National Democratic Construction Association and concurrently a member of Shanghai Xuhui District Committee of the Chinese People's Political Consultative Conference from December 2011 to December 2016. Mr. QUAN served as the general manager of Shanghai Difeng Investment Co., Ltd. from May 2012 to December 2020; an independent director of Zhejiang Lonsen Group Co., Ltd. (listed on Shanghai Stock Exchange, stock code: 600352) from April 2013 to April 2019; an independent director of Guangdong Taientang Pharmaceutical Co., Ltd. (listed on Shenzhen Stock Exchange, stock code: 002433) from May 2013 to May 2019; an independent director of Zhejiang Juhua Co., Ltd. (listed on Shanghai Stock Exchange, stock code: 600160) from October 2013 to November 2019; and an independent director of Shanghai Worth Garden Products Co., Ltd. (currently known as Sino Prima Gas Technology Co., Ltd., listed on Shenzhen Stock Exchange, stock code: 300483) from February 2015 to July 2018. Mr. QUAN also served as an independent director of Xinjiang Tianye Co., Ltd. (listed on Shanghai Stock Exchange, stock code: 600075) from September 2016 to February 2021 and has served as an independent director of Huabao Flavours & Fragrances Co., Ltd. (listed on Shenzhen Stock Exchange, stock code: 300741) since January 2022. Mr. QUAN has served as an independent non-executive Director of the Bank since August 2017.

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



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

Mr. YANG Tao (楊濤), aged 49, is an independent non-executive Director of the Bank.

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

Mr. YANG is a non-practising member of the Beijing Institute of Certified Public Accountants and is qualified to practice law in the PRC.

Mr. LIU Yinan (劉一男), aged 45, is proposed to be appointed as a non-executive Director of the Bank.

Mr. LIU, served as a director and general manager of Vitek Technology Limited from January 2006 to January 2007; the vice president of D&S Media Group from January 2007 to December 2007; the assistant president of BlueFocus Intelligent Communications Group Co., Ltd. (listed on Shenzhen Stock Exchange, stock code: 300058) from January 2008 to June 2008; a director and vice president of Liaoning Fangda Group Industrial Co., Ltd. from June 2008 to February 2014; the president of China Forestry Exchange from June 2014 to January 2016; the vice general manager of the head office of investment management of Sun Life Everbright Life Insurance Co., Ltd. from April 2016 to December 2016; an executive director of China Fortune Financial Group Limited (listed on the Hong Kong Stock Exchange, stock code: 00290) from June 2017 to September 2018; the vice president and deputy party committee secretary of Liaoning Fangda Group Industrial Co., Ltd. from November 2018 to February 2023. He has served as the vice chairman of the board of directors and deputy party committee secretary of Liaoning Fangda Group Industrial Co., Ltd. since February 2023. In addition, Mr. LIU has served as a director of Fangda Carbon New Material Co., Ltd. (listed on Shanghai Stock Exchange, stock code: 600516) since January 2019, a director of HNA Aviation Group Company Limited since April 2022, and a director of Jiangxi Fangda Steel Group Co., Ltd. since July 2022.

Mr. LIU is a professorate senior engineer of the People's Republic of China. He graduated from Northeastern University with a bachelor's degree in computer science in July 2000.

Mr. XIAO Jing (肖璟), aged 46, is the president of the Bank, and is proposed to be appointed as an executive Director of the Bank.

Mr. XIAO held various positions in the software development center of Industrial and Commercial Bank of China Limited (whose H shares and A shares are listed on the Hong Kong Stock Exchange (stock code: 01398) and Shanghai Stock Exchange (stock code: 601398) respectively), including an employee of the development department from July 1999 to December 2002; an employee of the technology department from December 2002 to June 2003; the deputy manager of the second division of the technology department from June 2003 to June 2005; the deputy manager of the second division of the system department from June 2005 to September 2006; the manager of the second division of the system department from September 2006 to January 2008; the senior technical deputy manager of the system department from January 2008 to May 2008; the senior technical deputy manager of the technology department from May 2008 to July 2009; the senior technical manager of the Guangzhou first development division from July 2009 to September 2010; the deputy general manager of the Guangzhou first development division from September 2010 to June 2011; the deputy general manager (person-in-charge) and the general manager of the Guangzhou first development division from June 2011 to March 2012 and from March 2012 to April 2014, respectively. Mr. XIAO joined the Bank in April 2014, and has served as the chief information officer of the Bank from July 2014 to August 2018; a Party committee member and chief information officer of the Bank from August 2018 to December 2018; a Party committee member, the vice president as well as chief information officer of the Bank from December 2018 to December 2021; a deputy secretary of the Party committee, the vice president and chief information officer of the Bank from December 2021 to July 2022, and a deputy secretary of the Party committee, the president and chief information officer of the Bank from July 2022 to September 2022. He has been a deputy secretary of the Party committee and the president of the Bank since September 2022.

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



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3.2 Supervisors

Mr. MEI Mengsheng (梅夢生), aged 55, is the chairman of the Supervision Committee of the Bank.

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

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

Ms. LIU Chunmei (劉春妹), aged 73, is a supervisor of the Bank.

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

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

Mr. GUO Jiequn (郭傑群), aged 52, is a supervisor of the Bank.

Mr. GUO has been the President of Ningbo (China) Supply Chain Innovation Institute since September 2019, and has been a part-time researcher at the Transportation and Logistics Center of Massachusetts Institute of Technology since September 2019. In addition, Mr. GUO served as a deputy director of Monetary Policy and Financial Stability Research Center of Tsinghua University from October 2017 to December 2019. Mr. GUO has served as a supervisor of the Bank since May 2017.

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

Ms. CHEN Chunxia (陳春霞), aged 58, is a supervisor of the Bank.

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

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



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Ms. LIAO Jingwen (廖靜文), aged 37, is a supervisor of the Bank.

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

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

Ms. WAN Dandan (萬丹丹), aged 34, is a supervisor of the Bank.

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

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

3.3 Senior Management

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

Mr. XIE Haiyang (謝海洋), aged 39, is a Vice President of the Bank.

Mr. XIE served as the general secretary and the assistant to the general manager of the Bank's office from August 2009 to June 2012; the assistant to the general manager and the deputy general manager of the Human Resources Department of the Bank from June 2012 to January 2017; the Party Committee Secretary and President of Hefei Branch of the Bank from January 2017 to January 2020; the Party Committee Secretary and the President of Nanchang Branch of the Bank from January 2020 to June 2020; the member of the Party Committee of the Bank and the Party Committee Secretary and the President of Nanchang Branch from June 2020 to May 2021. He served as the Party Committee Member and the Vice President of the Bank and the Party Committee Secretary and the President of Nanchang Branch from May 2021 to January 2023. He has served as the Party Committee Member and the Vice President of the Bank since January 2023.

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

Ms. WANG Li (王琍), aged 59, is a Vice President and the Board secretary of the Bank.

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

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



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Mr. HUANG Chaoyang (黃朝陽), aged 53, is an assistant to the president of the Bank.

Mr. HUANG served as a clerk and deputy section head of the De'an County Sub-branch of PBOC from August 1991 to June 2001; general manager of the planning and finance department of the Bank from June 2001 to April 2009; and Board secretary of the Bank from April 2009 to January 2011. He served as the Board secretary of the Bank and president of the Hefei Branch from February 2011 to February 2012; Board secretary of the Bank from March 2012 to June 2014 and compliance director of the Bank from June 2014 to September 2016; an assistant to the president of the Bank from September 2016 to July 2022. Mr. HUANG has served as an assistant to the president of the Bank and the chairman of Zhongshan Xiaolan County Bank Co., Ltd. since July 2022.

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

Mr. QI Yongwen (齊永文), aged 52, is the director of retail banking and the President of Shangrao Branch of the Bank.

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

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

Mr. XU Cao (許操), aged 55, is an assistant to the president of the Bank.

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

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

Mr. WANG Yuanxin (王遠昕), aged 55, is an assistant to the president of the Bank, and chairman and president of Beijing Daxing Jiuyin County Bank (北京大興九銀村鎮銀行).

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



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

Mr. CAI Jianhong (蔡劍洪), aged 54, is the compliance director of the Bank.

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

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

Mr. LI Guoquan (李國全), aged 53, is the chief accountant and the general manager of the planning and finance department of the Bank.

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

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

4. Company Secretary

On February 5, 2021, upon the consideration and approval at the seventh meeting of the sixth session of the Board, Mr. WONG Wai Chiu has been appointed as the company secretary, the authorized representative and service of process agent of the Bank.

Mr. WONG is the associate director of SWCS Corporate Services Group (Hong Kong) Limited. He has over 30 years of professional services and senior management experience including acting as the chief financial officer, company secretary, information technology director and law enforcement officer in the areas of finance, accounting, regulatory compliance and enforcement, internal control, corporate governance, company secretarial work, trust and forensics accounting in multi-national banking, insurance, securities and information technology corporations and listed companies in Hong Kong as well as government departments and the Stock Exchange. He is a fellow member of The Hong Kong Institute of Chartered Secretaries, a fellow member of the Chartered Governance Institute, a member of CPA Australia, a member of the Hong Kong Trustee Association and a certified trust practitioner. He possesses a Bachelor of Social Science with Honours in Accounting from the University of Hong Kong and various master's degrees and diploma in law, alternate dispute resolution, corporate governance and information technology from renowned universities of U.K, Australia and Hong Kong.



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

5.1 Remuneration Policy

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

5.2 Remuneration Policy of Directors, Supervisors and Senior Management

For details of remuneration of Directors, Supervisors, senior management and five highest paid individuals of the Bank, please refer to “Note 14 to the financial statements” in this annual report. During the reporting period, the total remuneration for employees whose positions have significant impact on risks of the Bank amounted to RMB82.17 million.

6. Confirmation of Independence of Independent Non-executive Directors

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

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

7. Securities Transactions by Directors, Supervisors and Relevant Employees

The Bank has adopted the Model Code as the code of conduct for securities transactions of the Bank by all Directors and Supervisors. The Bank has also put in place guidelines in respect of dealings in securities for the relevant employees (as defined under the Listing Rules) of the Bank, of which the terms are no less exacting than those of the Model Code. Having made specific enquiries to all Directors and Supervisors regarding their compliance with the Model Code, each of the Directors and Supervisors confirmed that those standards as provided thereunder have been complied with during the year ended December 31, 2022. Having made specific enquiries to the relevant employees regarding their compliance with the guidelines of dealing in securities of the Bank, the Bank is not aware of any incompliance with the guidelines.

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

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

Interests in the Shares of the Bank (Long Positions)

Name	Position(s)	Class of shares	Nature of interest	Number of shares (share)	Approximate percentage	Approximate percentage
					of total issued share capital of the relevant Bank (%)	of total issued share capital of the Bank (%)
PAN Ming	Vice Chairman of the Board of Directors and Executive Director	Domestic Shares	Beneficial Owner	224,910	0.01	0.01
XIAO Jing ⁽¹⁾	President and Proposed Executive Director	Domestic Shares	Beneficial Owner	70,000	0.00	0.00
LIAO Jingwen	Supervisor	Domestic Shares	Beneficial Owner	14,000	0.00	0.00

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Note:

- (1) Upon the consideration and approval at the sixteenth meeting of the sixth session of the Board on February 11, 2022 and the 2021 Annual General Meeting of the Bank on June 29, 2022, Mr. XIAO Jing was nominated and elected as an executive Director of the sixth session of the Board. Mr. XIAO Jing, the newly elected Director, will be reported to China banking and insurance regulatory authorities for approval of his qualification. The term of office will be from the effective date of the approval of China banking and insurance regulatory authorities to the expiry of the term of the sixth session of the Board.

Interests in Associated Corporations (Long Positions)

Name	Position(s)	Associated corporation	Nature of interest	Number of shares (share)	Approximate percentage of share capital (%)
PAN Ming	Vice Chairman of the Board of Directors and Executive Director	Pengze Jiuyin County Bank Co., Ltd. (彭澤九銀村鎮銀行股份有限公司) ⁽¹⁾	Beneficial Owner	125,000	0.25
		Ruichang Jiuyin County Bank Co., Ltd. (瑞昌九銀村鎮銀行股份有限公司) ⁽²⁾	Beneficial Owner	125,000	0.25
		Chongren Jiuyin County Bank Co., Ltd. (崇仁九銀村鎮銀行股份有限公司) ⁽³⁾	Beneficial Owner	200,000	0.50
		Fenyi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司) ⁽⁴⁾	Beneficial Owner	250,000	0.50
XIAO Jing ⁽⁵⁾	President and Proposed Executive Director	Pengze Jiuyin County Bank Co., Ltd. (彭澤九銀村鎮銀行股份有限公司) ⁽¹⁾	Beneficial Owner	75,000	0.15
		Ruichang Jiuyin County Bank Co., Ltd. (瑞昌九銀村鎮銀行股份有限公司) ⁽²⁾	Beneficial Owner	75,000	0.15
		Chongren Jiuyin County Bank Co., Ltd. (崇仁九銀村鎮銀行股份有限公司) ⁽³⁾	Beneficial Owner	120,000	0.30
		Fenyi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司) ⁽⁴⁾	Beneficial Owner	150,000	0.30

Name	Position(s)	Associated corporation	Nature of interest	Number of shares (share)	Approximate percentage of share capital (%)
LIAO Jingwen	Supervisor	Pengze Jiuyin County Bank Co., Ltd. (彭澤九銀村鎮銀行股份有限公司) ⁽¹⁾	Beneficial Owner	75,000	0.15
		Ruichang Jiuyin County Bank Co., Ltd. (瑞昌九銀村鎮銀行股份有限公司) ⁽²⁾	Beneficial Owner	175,000	0.35
		Chongren Jiuyin County Bank Co., Ltd. (崇仁九銀村鎮銀行股份有限公司) ⁽³⁾	Beneficial Owner	80,000	0.20
		Fenyi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司) ⁽⁴⁾	Beneficial Owner	50,000	0.10

Notes:

- (1) The Bank holds 35.00% of equity and 53.65% of voting rights of Pengze Jiuyin County Bank Co., Ltd. (彭澤九銀村鎮銀行股份有限公司), a subsidiary of the Bank.
- (2) The Bank holds 35.00% of equity and 53.70% of voting rights of Ruichang Jiuyin County Bank Co., Ltd. (瑞昌九銀村鎮銀行股份有限公司), a subsidiary of the Bank.
- (3) The Bank holds 35.00% of equity and 54.90% of voting rights of Chongren Jiuyin County Bank Co., Ltd. (崇仁九銀村鎮銀行股份有限公司) a subsidiary of the Bank.
- (4) The Bank holds 35.00% of equity and 54.90% of voting rights of Fenyi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司), a subsidiary of the Bank.
- (5) Upon the consideration and approval at the sixteenth meeting of the sixth session of the Board on February 11, 2022 and the 2021 Annual General Meeting of the Bank on June 29, 2022, Mr. XIAO Jing was nominated and elected as an executive Director of the sixth session of the Board. Mr. XIAO Jing, the newly elected Director, will be reported to China banking and insurance regulatory authorities for approval of his qualification. The term of office will be from the effective date of the approval of China banking and insurance regulatory authorities to the expiry of the term of the sixth session of the Board.

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

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

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

Mr. HUANG Chaoyang, Assistant to President of the Bank, serves as the chairman of the board of directors of Zhongshan Xiaolan County Bank Co., Ltd. and the director of Beijing Daxing Jiuyin County Bank Co., Ltd.

Mr. XU Cao, Assistant to President of the Bank, is a director of the board of directors of Zhongshan Xiaolan County Bank Co., Ltd.

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

Mr. CAI Jianhong, Compliance Director of the Bank, serves as the chairman of the board of supervisors of Beijing Daxing Jiuyin County Bank Co., Ltd.

10. Information on Employees

10.1 Composition of personnel

By department/function

	As at December 31, 2022	
	Number of staff	Percentage of total (%)
Corporate banking	847	17.05
Retail banking	985	19.83
Inclusive financial business	181	3.64
Financial market business	42	0.85
Finance and accounting	368	7.41
Risk management, internal control and audit	225	4.53
Legal and compliance, human resources and information technology	458	9.22
Management	93	1.87
Teller	1,090	21.95
Jiuyin county bank	581	11.70
Others	97	1.95
Total	4,967	100.00

By age

	As at December 31, 2022	
	Number of staff	Percentage of total (%)
Aged below 30	3,100	62.41
Aged 31-40	1,668	33.58
Aged 41-50	165	3.32
Aged over 50	34	0.69
Total	4,967	100.00

By education level

	As at December 31, 2022	
	Number of staff	Percentage of total (%)
Master's degree and above	599	12.06
Undergraduate and junior college	4,348	87.54
Others	20	0.40
Total	4,967	100.00

10.2 Staff training plan

Upholding the good vision of “building a brand bank and establishing a century-aged shop” and adhering to the training concept of “condensing wisdom, inheriting culture, empowering growth and supporting development”, the Bank earnestly conducted learning empowerment by fully combining development strategies with business requirements, so as to promote the high-quality sustainable development of the Bank.

The Bank promoted the development concept of “Digital Jiuyin” and continued to carry out online training to enhance professional standards of all staff through the platform of “Jiuyin Yixue (九銀易學)”. During the reporting period, the Bank produced 397 online courses, the online learning sessions of employees reached 118,369 times and the online learning hours up to 37,933.2 hours of employees reached 37,933.2 hours, with the average learning hours per capita up to 6.78 hours.



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

The Bank continued to promote the construction of a closed-loop empowerment system characterized by “knowledge extraction, combination of training and application, and promoting learning through examinations”. The Bank completed the development of standardized courses for pioneer of service based on the existing courses for pioneer empowerment of retail business, pioneer of corporate business and pioneer of culture, and solved the key problems and difficulties in handling counter business, further improving the operation skills of front office. During the reporting period, the Bank organized 31, 2, 9 and 8 sessions of learning activities for pioneer empowerment of retail business, pioneer empowerment of corporate business, pioneer empowerment of culture and pioneer empowerment of services, respectively. Adhering to the concept of empowering cadres by combining normal training with dynamic adjustment and based on actual scenarios, the Bank conducted training for sub-branch presidents, strategic reserves and new management according to critical experience extracted from management practice. While insisting on the approach of promoting learning through examinations to improve the quality and efficiency of work, the Bank organized two post qualification examinations, and the 20th business skills competition.

10.3 Employee gender

As of December 31, 2022, the percentage of male and female employees is 43.71% and 56.29%, respectively. The Bank fully respects the individual differences of talents, created a professional, inclusive and diverse working atmosphere in working space, and is committed to provide equal opportunities for all employees. The Bank considered it kept a balance of the gender ratio of existing employees (including senior management). The Bank is expected to continue to maintain the gender diversity at the employee level (including senior management) in a reasonable manner.

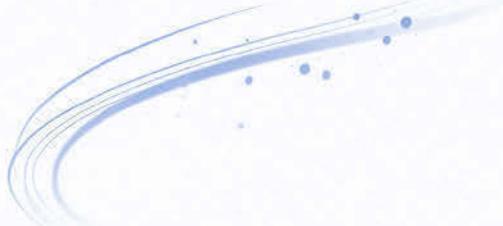
10.4 Remuneration policies

(I) Remuneration management structure and decision-making procedures

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

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

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



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

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

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

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

In order to ensure full effectiveness of remuneration in the Bank’s risk management and control and to establish a scientific and reasonable incentive and restraint mechanism, in accordance with the Supervisory Guidelines on Sound Compensation in Commercial Banks, the Bank established a deferred payment management system for employees of the Bank, and strictly implemented the remuneration deferred payment system that associated performance remuneration of key employees to business risk exposure. Exposure shall be subject to corresponding recourse and rebate system. During deferred payment period, in case of significant risk losses exposure, the Bank will cease the deferred payment of the responsible personnel and could recover the performance salary. For any exposed extraordinary risk losses in respect of the responsibilities, the Bank has implemented the recourse work according to the relevant performance-based remuneration recourse and rebate system. During the reporting period, the recovered and rebated performance-based remuneration was RMB1.63 million.

(IV) Contribution to the defined contribution plans

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

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

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

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

11. Basic Information of Institutions under the Bank

As of December 31, 2022, the Bank operated the business through the operation department of head office in Jiujiang, 13 branches and 267 sub-branches which consisted of 170 traditional sub-branches, 85 community sub-branches and 12 small and micro enterprises sub-branches. The branch network of the Bank is primarily located in Jiangxi Province, and also covers Guangzhou, Guangdong Province and Hefei, Anhui Province. The Bank realized the full coverage of districts and cities within Jiangxi Province, and the coverage rate of branches in counties within Jiangxi Province reached 100%. In addition, the Bank established 20 Jiuyin County banks, among which 18 County banks were controlled and consolidated as of December 31, 2022.

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

Status of the branches of the Banks as of December 31, 2022 is set out below:

District	Name of institution	Operating address	Remark	Number
Jiangxi Province	Head Office	Bank of Jiujiang Mansion, No.619 Changhong Avenue, Jiujiang, Jiangxi Province	1 operation department of head office, 40 traditional sub-branches, 16 community sub-branches	57
	Nanchang Branch	No.1398 Hongguzhong Avenue, Nanchang, Jiangxi Province	1 branch, 11 traditional sub-branches, 19 community sub-branches, 1 small and micro enterprises sub-branch	32
	Ganjiang New Area Branch	No. 528 Shuanggang West Street, Jingkai District, Nanchang, Jiangxi Province	1 branch, 1 community sub-branch, 1 small and micro enterprises sub-branch	3
	Ji'an Branch	New 196 Jinggangshan Avenue, Ji'an, Jiangxi Province	1 branch, 15 traditional sub-branches, 6 community sub-branches, 3 small and micro enterprises sub-branches	25
	Ganzhou Branch	Building 5, Shenghui City Center, Ganxian Road, Zhanggong District, Ganzhou, Jiangxi Province	1 branch, 18 traditional sub-branches, 12 community sub-branches, 3 small and micro enterprises sub-branches	34
	Fuzhou Branch	No. 1250 Gandong Avenue, Fuzhou, Jiangxi Province	1 branch, 12 traditional sub-branches, 9 community sub-branches	22
	Yichun Branch	No. 587 Luzhou North Road, Yiyang New District, Yichun, Jiangxi Province	1 branch, 17 traditional sub-branches, 3 community sub-branches, 2 small and micro enterprises sub-branches	23
	Shangrao Branch	No. 87 Wusan Avenue, Xinzhou District, Shangrao, Jiangxi Province	1 branch, 12 traditional sub-branches, 6 community sub-branches	19
	Jingdezhen Branch	Bank of Jiujiang Mansion, Xishan Road, Changjiang District, Jingdezhen, Jiangxi Province	1 branch, 7 traditional sub-branches, 4 community sub-branches	12
	Pingxiang Branch	No. 121 Yuejin North Road, Pingxiang, Jiangxi Province	1 branch, 6 traditional sub-branches, 2 community sub-branches	9
	Xinyu Branch	No. 720 Xianlai East Avenue, Xinyu City, Jiangxi Province	1 branch, 3 traditional sub-branches, 2 community sub-branches, 1 small and micro enterprises sub-branch	7
	Yingtian Branch	No. 619, Wangbu Road, Xinjiang New Area, Yingtian, Jiangxi Province	1 branch, 4 traditional sub-branches, 1 small and micro enterprises sub-branch	6
Guangdong Province	Guangzhou Branch	Shops 6, 7, 8 and 9/F and 10/F, Aoyuan Mansion, No. 108 Huangpu Avenue West, Tianhe District, Guangzhou, Guangdong Province	1 branch, 11 traditional sub-branches	12

District	Name of institution	Operating address	Remark	Number
	Nansha Sub-branch in Guangdong Pilot Free-Trade Zone	Room 105 and Rooms 401, 402, 403, 404, 405, 406 and 407, Zibian Building No.1, No. 106 Fengze East Road, Nansha District, Guangzhou, Guangdong Province	1 branch, 1 community sub-branch	2
Anhui Province	Hefei Branch	Office Building A, Jiaqiao International Plaza, Intersection of Maanshan Road and South Second Ring Road (Southwest), Baohe District, Hefei, Anhui Province	1 branch, 13 traditional sub-branches, 4 community sub-branches	18
Total				281

Status of the controlled county banks of the Bank as of December 31, 2022 is set out below:

Name of subsidiaries	Operating address
Beijing Daxing Jiuyin County Bank Co., Ltd.	No. 3, No. 18 Yard, Xinrong North Street, Xihongmen Town, Daxing District, Beijing
Rizhao Jiuyin County Bank Co., Ltd.	No. 619 Lanshan West Road, Lanshan District, Rizhao, Shandong Province
Nanjing Liuhe Jiuyin County Bank Co., Ltd.	No. 103, 105, Taishan Road, Xiongzhou Street, Liuhe District, Nanjing
Xiushui Jiuyin County Bank LLC.	No. 123 Valley Avenue, Xiushui County, Jiangxi Province
Jinggangshan Jiuyin County Bank LLC.	Jinggangshan Jiuyin County Bank Building, No. 11 Yingshanhong Road, Xincheng District, Jinggangshan, Jiangxi Province
Nanchang Changdong Jiuyin County Bank Co., Ltd.	Room 201, Commercial Building 38#, Greenland Metropolis, No. 2977 Ziyang Avenue, High-tech Zone, Nanchang, Jiangxi Province
Pengze Jiuyin County Bank Co., Ltd.	No. 1172 Longcheng Avenue, Pengze County, Jiujiang, Jiangxi Province
Ruichang Jiuyin County Bank Co., Ltd.	No.1-46 Jianshe Road, Ruichang, Jiangxi Province
Zixi Jiuyin County Bank Co., Ltd.	No. 1-18 Bund International, Binjiang Road, Zixi County, Fuzhou, Jiangxi Province
Chongren Jiuyin County BankCo., Ltd.	No. 8 Xianfu West Road, Chongren County, Fuzhou, Jiangxi Province

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

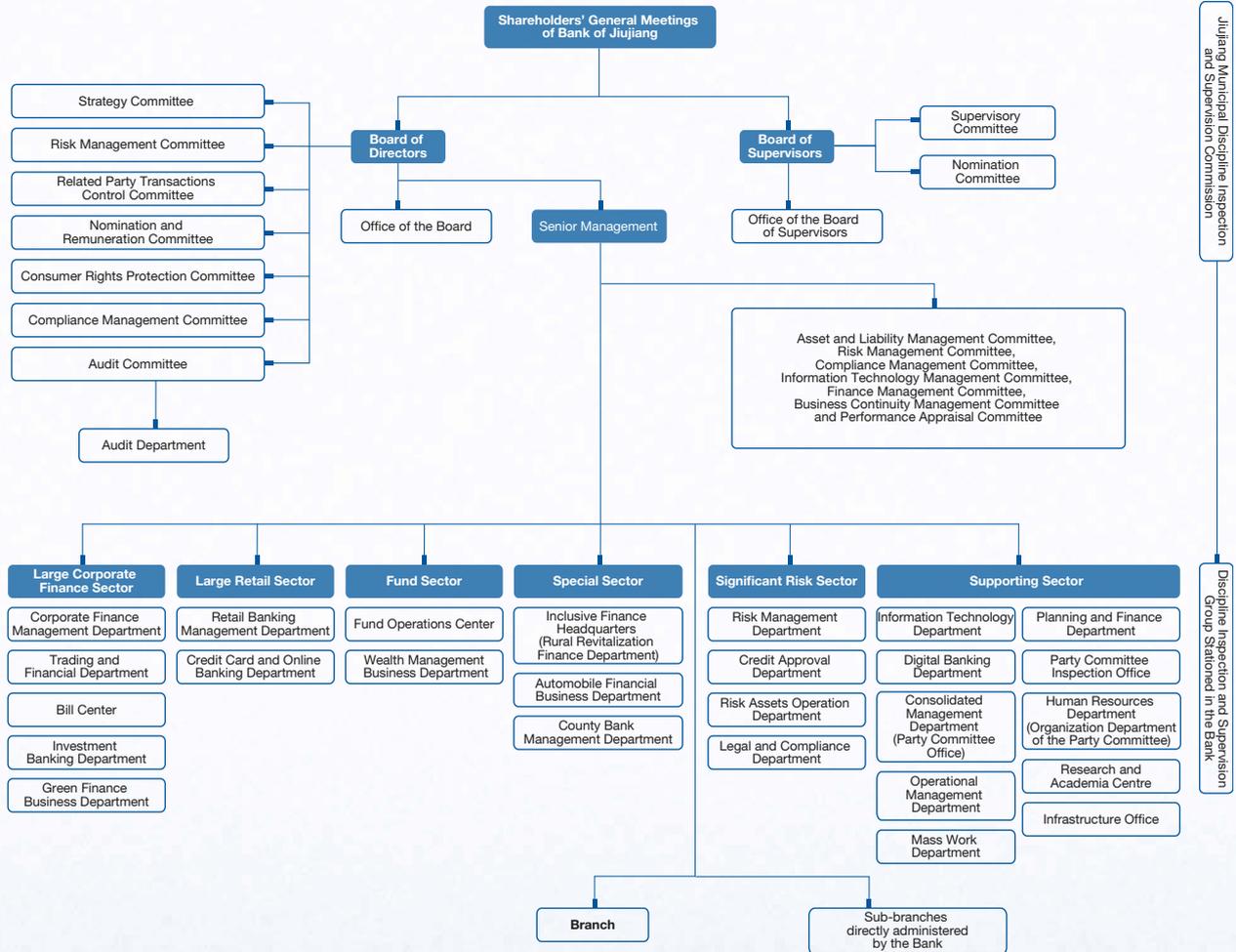
Name of subsidiaries	Operating address
Fenyi Jiuyin County Bank Co., Ltd.	No. 83 Qianshan East Road, Fenyi County, Xinyu, Jiangxi Province
Fengxin Jiuyin County Bank Co., Ltd.	No.619 Yingxing North Avenue, Fengxin County, Yichun, Jiangxi Province
Jing'an Jiuyin County Bank Co., Ltd.	Tower A, Yikun Building, Dongfang West Road, Shuangxi Town, Jing'an County, Yichun, Jiangxi Province
Jingdezhen Changjiang Jiuyin County Bank Co., Ltd.	No. 1268 Porcelain Avenue, Changjiang District, Jingdezhen, Jiangxi Province
Tonggu Jiuyin County Bank Co., Ltd.	No. 2 Dingjiang West Road, Tonggu County, Yichun, Jiangxi Province
Lushan Jiuyin Yishu County Bank Co., Ltd.	No. 86 Xiufeng Avenue South, Lushan, Jiujiang, Jiangxi Province
Hukou Jiuyin County Bank Co., Ltd.	No. 29 Sanli Avenue, Shuangzhong Town, Hukou County, Jiujiang, Jiangxi Province
Duchang Jiuyin County Bank Co., Ltd.	No. 99 Dongfeng Avenue, Duchang County, Jiujiang, Jiangxi Province

Status of the county banks in which the Bank has shareholdings as of December 31, 2022 is set out below:

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

Corporate Governance Report

1 Organizational and Management Chart





Corporate Governance Report

2 Overview of Corporate Governance

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

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

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

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

During the reporting period, the Bank strictly complied with the provisions in Part 2 of the Corporate Governance Code in Appendix 14 to the Listing Rules and, where appropriate, adopted the proposed best practices. To the knowledge of our Directors, there is no information showing that the Bank failed to comply with the provisions contained in Part 2 of the Corporate Governance Code during the reporting period.

3 Holding of Shareholders' General Meetings during the Reporting Period

During the reporting period, the Bank held a total of one shareholders' general meeting. Details are set out as follows:

1. On June 29, 2022, the Bank held the 2021 Annual General Meeting at the Bank of Jiujiang Mansion.

The shareholders and authorized proxies attending the 2021 Annual General Meeting held a total of 1,747,961,761 shares with voting rights, representing 81.22% of the total number of shares with voting rights of the Bank. The meeting deliberated on and adopted a total of 14 proposals, including the "Proposal of Deliberating on the 2021 Report of the Board of Bank of Jiujiang Co., Ltd.", the "Proposal of Deliberating on the 2021 Report of the Board of Supervisors of Bank of Jiujiang Co., Ltd." and the "Proposal of Deliberating on the 2021 Annual Report of Bank of Jiujiang Co., Ltd.".

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

Meeting	Type of meeting	Participation		Disclosure date	Disclosure index
		ratio of investors	Convening date		
2021 Annual General Meeting	Annual general meeting	81.22%	June 29, 2022	June 29, 2022	Official websites of the Hong Kong Stock Exchange and the Bank



Corporate Governance Report

4 Board of Directors

4.1 Operation of Board of Directors

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

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

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

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

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

4.2 Members of Board of Directors

As at the end of the reporting period, the Board consisted of 9 Directors, including 2 executive Directors, namely Mr. PAN Ming (Vice Chairman) and Mr. YUAN Delei, 3 non-executive Directors, namely Mr. ZENG Huasheng, Mr. SHI Zhishan and Mr. LI Jianbao, as well as 4 independent non-executive Directors, namely Mr. CHUA Alvin Cheng-Hock, Ms. GAO Yuhui, Mr. YANG Tao and Mr. QUAN Ze.

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

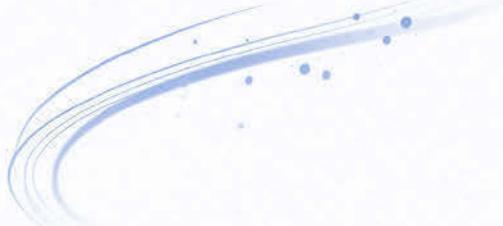
4.3 Changes in and Remuneration of Members of Board of Directors

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

4.4 Board Diversity Policy

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

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



Corporate Governance Report

The Nomination and Remuneration Committee of the Bank will review this policy when appropriate to ensure its effectiveness. The Nomination and Remuneration Committee will discuss any required revisions and then put forward the opinions on revisions to the Board for approval. During the reporting period, the Board has reviewed the implementation of the Board diversity policy, and considered such policy is appropriate and effective.

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

Since there is one female member of the Board of Directors, the composition of the Board of Directors satisfies the requirement regarding the gender diversity of members of the Board of Directors as set out in the Listing Rules as well as the Board diversity policy of the Bank. The Bank values the importance and benefits of the gender diversity of members of the Board of Directors. The Board diversity policy of the Bank ensures that the Board of Directors has alternative potential successors to continue the existing gender diversity of the Board of Directors.

4.5 Mechanism to Ensure Independent Views and Opinions are Available to the Board of Directors

Directors are free to express their views at the Board meetings, and major decisions are made only after detailed discussion. Directors may also engage independent professional institutions at the Bank's expense after going through due procedures, if they think it necessary to get independent professional opinions. If any Director has interests in a proposal to be considered by the Board, he or she should recuse and abstain from discussion and voting on the relevant proposal, and will not be counted in the quorum of the relevant proposal. In addition, independent non-executive Directors shall give objective, fair and independent opinions on the matters discussed by the Bank. Independent non-executive Directors of the Bank do not hold any position in the Bank other than Directors, and neither they have relationship with the Bank and its substantial shareholders that may affect their independent and objective judgment, nor have any business or financial interest in the Bank and its subsidiaries. Therefore, the participation of independent non-executive Directors also ensures a strong and sufficient independent element on the Board.

During the reporting period, the Board has reviewed the implementation of the aforesaid mechanism, and considered such mechanism is appropriate and effective.

4.6 Duties and Powers of the Board of Directors

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

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



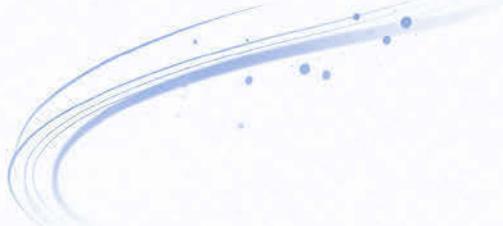
Corporate Governance Report

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

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

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

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



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4.7 Responsibilities of Directors

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

Directors have confirmed that they are responsible for the Bank's financial statements for the year ended December 31, 2022. Directors are responsible for overseeing the financial reports for each accounting period so that the financial reports truly and fairly reflect the Bank's operation conditions. In preparing the financial statements for the year ended December 31, 2022, Directors have selected the applicable accounting policies and applied them consistently, and have made prudent and reasonable judgments. With the assistance of accounting and finance personnel, Directors ensure that the Bank prepares financial statements in accordance with statutory requirements and applicable financial reporting standards.

4.8 Board Meetings and Attendance of Directors

During the reporting period, the Bank held a total of 7 Board meetings which considered and approved 115 resolutions.

Particulars of convening of Board meetings

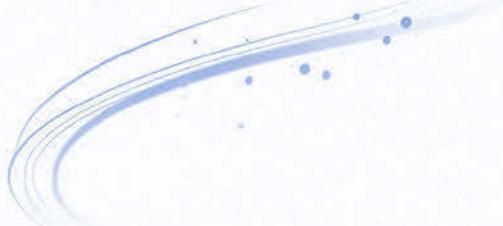
Meeting	Date	Form
The 16th Meeting of the sixth session of the Board	February 11, 2022	On-site meeting
The 17th Meeting of the sixth session of the Board	March 30, 2022	On-site meeting
The 18th Meeting of the sixth session of the Board	April 28, 2022	Correspondence meeting
The 19th Meeting of the sixth session of the Board	May 17, 2022	Correspondence meeting
The 20th Meeting of the sixth session of the Board	August 30, 2022	On-site meeting
The 21st Meeting of the sixth session of the Board	November 7, 2022	Correspondence meeting
The 22nd Meeting of the sixth session of the Board	December 12, 2022	On-site meeting

Particulars of attendance of Directors at Board meetings

The sixth session of the Board	Expected attendance	Attendance in person	Attendance by proxy	Rate of attendance in person of Board meetings	Rate of attendance of Board meetings
LIU Xianting ¹	1	1	0	100%	100%
PAN Ming	7	7	0	100%	100%
ZENG Huasheng	7	7	0	100%	100%
SHI Zhishan	7	7	0	100%	100%
LI Jianbao	7	7	0	100%	100%
CHUA Alvin Cheng-Hock	7	7	0	100%	100%
GAO Yuhui	7	7	0	100%	100%
QUAN Ze	7	7	0	100%	100%
YANG Tao	7	7	0	100%	100%
YUAN Delei	7	7	0	100%	100%

Notes:

1. During the reporting period, Mr. LIU Xianting has resigned as the Chairman, the executive Director and the chairman of the Strategy Committee of the Board and member of the Nomination and Remuneration Committee of the Board of the Bank due to his mandatory age for retirement, and his resignation took effect from February 11, 2022.



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4.9 Attendance at General Meetings during the Reporting Period

During the reporting period, the Bank held a total of one general meeting. Mr. PAN Ming, the Vice Chairmen of the Bank, attended the meeting. The remaining Directors were unable to attend the general meeting personally due to the work or the Pandemic.

4.10 Performance of Independent Non-executive Directors

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

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

During the reporting period, independent non-executive Directors expressed their independent opinions with regard to the Bank's appointment and dismissal of senior management personnel, remuneration of Directors and senior management personnel, legality and fairness of substantial related transactions, profit distribution plans, appointment of external auditors and other major issues.

5. Special Committees under the Board of Directors

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

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

5.1 Audit Committee

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

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



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The primary responsibilities of the Audit Committee include:

- (1) to review the accounting policy, financial position and financial reporting procedures of the Bank;
- (2) to examine the risks and compliance of the Bank, to review the policy and its implementation in respect of the assessment of capital adequacy of the Bank, the implementation of the capital plan, implementation of capital replenishment plan, audit reports on liquidity risk, market risk, operational risk and technology risk management at least once a year, and report the same to the Board;
- (3) to supervise the internal audit of the Bank, to produce semi-annually audit reports to the Board and to improve the effectiveness of internal audit;
- (4) to be responsible for the annual audit of the Bank and to produce a conclusive report on the truthfulness, completeness, accuracy and timeliness of information on the audited financial report to the Board for review;
- (5) to inspect the internal control systems and to audit the major related party transactions of the Bank;
- (6) to review the special audit report on the formulation and implementation of the remuneration mechanism and report the same to the Board;
- (7) to review the audit of projects in a timely manner and report to the Board in a timely manner;
- (8) to review special audit of ongoing operational management of the Bank and report to the Board;
- (9) to deal with all matters in relation to external auditors:
 - (i) to comment on the appointment, reappointment and removal of external auditors to the Board, approve the remuneration and terms of appointment for external auditors, and handle any issues pertaining to the resignation or dismissal of the auditor;
 - (ii) the Audit Committee shall discuss with auditors the nature and scope of auditing and related responsibilities for declaration prior to the commencement of auditing, as well as review and monitor the independence and objectivity of external auditors and the effectiveness of auditing procedures in accordance with applicable standards;

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

Members of the Committee should liaise with the Board and senior management and the Committee must meet, at least twice a year, with the Bank's external auditors; and the Committee shall consider the major or unusual items which are reflected or need to be reflected in such reports and accounts, and it should give due consideration to any matters that have been raised by staff responsible for accounting and financial reporting, compliance officer or auditors of the Bank;



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

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

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

During the reporting period, the Audit Committee convened a total of five meetings and considered and approved the “Proposal in relation to the Consideration and Review of the 2021 Annual Results and Annual Report of Bank of Jiujiang Co., Ltd.”, the “Proposal in relation to the Engagement of 2022 Accounting Firms”, the “Proposal relation to the Consideration and Review of the 2022 Interim Results and Interim Report of Jiujiang Co., Ltd.” and other proposals. In addition, the Audit Committee organized two meetings with auditors of our Bank to discuss audit issues.

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

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

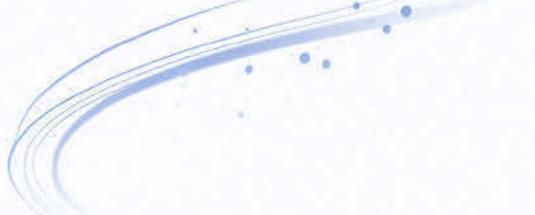
5.2 Related Party Transactions Control Committee

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

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

Note:

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



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

- (1) to review the related party transactions within the authority of the Board;
- (2) to review major related party transactions required to be submitted to the Board and Shareholders' General Meetings;
- (3) to review the list of and information on the Bank's related parties and report the same to the Board and Board of Supervisors;
- (4) to investigate and supervise the control of related party transactions of the Bank and the execution of the related party transaction control system by Directors, senior officers and related parties of the Bank, and to report the same to the Board;
- (5) to review the related party transaction control system of the Bank;
- (6) to conclude a general review of all related party transactions of the Bank for the year following the year end and report the same to the Board;
- (7) to deal with other matters authorized by the Board.

During the reporting period, the Related Party Transactions Control Committee convened a total of six meetings, and considered and approved the "Proposal in relation to the Consideration of the 2021 Related Party Transactions Report of Bank of Jiujiang Co., Ltd.", the "Proposal in relation to the Consideration of the Estimated Amount of the Related Party Transactions of Bank of Jiujiang Co., Ltd. for the Year 2022" and other proposals.

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

Member of the Related Party Transactions Control Committee under the Board	Expected attendance	Attendance in person	Attendance by proxy	Rate of attendance in person
GAO Yuhui	6	6	0	100%
Chua Alvin Cheng-Hock	6	6	0	100%
YUAN Delei ¹	5	5	0	100%
PAN Ming ¹	1	1	0	100%

Note:

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

5.3 Risk Management Committee

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

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

Note:

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



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

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

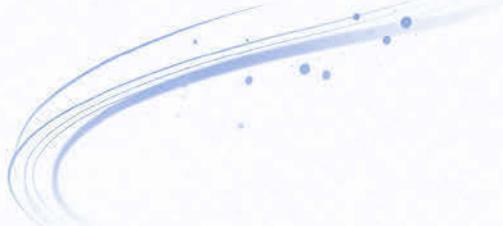
During the reporting period, the Risk Management Committee convened a total of seven meetings, and considered and approved the “Proposal in relation to the Consideration of the Overall Risk Management Report of Bank of Jiujiang Co., Ltd. for the Year 2021”, the “Proposal in relation to the Consideration of the Risk Appetite Statement of Bank of Jiujiang for 2022”, the “Proposal in relation to the Consideration of the Risk Limit Management Programme of Bank of Jiujiang for 2022”, the “Proposal in relation to the Consideration of the 2022 Recovery Plan of Bank of Jiujiang” and other proposals.

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

Member of the Risk Management Committee under the Board	Expected attendance	Attendance in person	Attendance by proxy	Rate of attendance in person
GAO Yuhui	7	7	0	100%
CHUA Alvin Cheng-Hock	7	7	0	100%
YUAN Delei ¹	6	6	0	100%
PAN Ming ¹	1	1	0	100%

Note:

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



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5.4 Nomination and Remuneration Committee

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

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

Note:

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

The primary responsibilities of the Nomination and Remuneration Committee include:

- (1) to develop the procedures and standards for the appointment of Directors and senior management;
- (2) to conduct a preliminary assessment of the qualifications of Directors and senior management, and make recommendations thereon to the Board;
- (3) to review the remuneration management system and policies of the Bank;
- (4) to develop remuneration plans for Directors and senior management and make recommendations on remuneration plans to the Board;
- (5) to supervise the implementation of remuneration plans and review the performance evaluation system and indicator system amended or formulated by related departments on a yearly basis;
- (6) to preliminarily review the annual summary of performance-based resource deductions and submit to the Board of Directors for review;

- (7) to review at least once a year the structure, size and composition (including such aspects as education background, skills, knowledge and experience) of the Board of Directors and make recommendations on any proposed changes to the Board of Directors to complement the corporate strategies of the Bank;
- (8) to identify individuals who are qualified/suitable to become a director and select or make recommendations to the Board of Directors on the selection of individuals nominated for directorship;
- (9) to assess the independence of independent Directors;
- (10) to make recommendations to the Board of Directors on the appointment or re-appointment and succession planning for Directors (in particular, the Chairman and the Chief Executive Officer);
- (11) to develop and draft the standards and procedures for the selection of candidates for members of special committees of the Board of Directors, and propose to the Board of Directors;
- (12) to make recommendations to the Board of Directors on the Bank's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (13) to review and approve recommendations on remuneration of the senior management in line with the corporate directions and objectives charted by the Board of Directors;
- (14) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions for other positions within the Group;
- (15) to review and approve compensation payable to executive Directors and senior management for their loss or termination of office or appointment to ensure such compensation conforms with contractual terms and is fair, reasonable and not excessive in case of any inconformity;
- (16) to review and approve compensation arrangements relating to dismissal or removal of related directors for misconduct to ensure such arrangements conform with contractual terms and are reasonable and appropriate in case of any inconformity;



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- (17) to ensure that no Director or any of his associates is involved in determining his own remuneration;
- (18) the re-election arrangement of the Board shall be commenced before the expiration of terms of office of Directors to ensure the terms of office of Directors are in compliance with laws, regulations and the Articles of Association of the Bank. Directors shall serve a term of three years; and
- (19) to deal with other matters as authorized by the Board of Directors.

Director Nomination Policy:

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

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

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



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

- (1) the Human Resources Department shall submit to the Nomination and Remuneration Committee related information for studying the Bank's demand for new Directors and senior management and form written materials;
- (2) collect information concerning primary candidates' occupations, education background, titles, detailed working experience and part-time jobs and form written materials;
- (3) consider the nominees as candidates for Directors and senior management upon their consent;
- (4) conduct qualification review on the primary candidates in accordance with qualifications for Directors and senior management;
- (5) make recommendations and provide related materials to the Board within ten working days prior to formal nomination of new directors and engagement of new senior management; and
- (6) carry out other follow-up work based on resolutions and feedbacks of the Board.

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

During the reporting period, the Nomination and Remuneration Committee convened a total of four meetings, and considered and approved the “Proposal in relation to the Consideration of the Implementation of Performance-based Resource Deductions of Bank of Jiujiang for the Year 2021” and the “Proposal in relation to the Consideration of the Annual Bonus Distribution Measures of Bank of Jiujiang for the Year 2022” and other proposals. The Nomination and Remuneration Committee also evaluated the performance of the executive Directors and approved the terms of the service contract of the executive Directors. The Nomination and Remuneration Committee shall, as required, seek professional advice for duty performance purposes at the expense of our Bank.

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

Member of the Nomination and Remuneration Committee under the Board	Expected attendance	Attendance in person	Attendance by proxy	Rate of attendance in person
YANG Tao	4	4	0	100%
QUAN Ze	4	4	0	100%
PAN Ming ¹	3	3	0	100%
LIU Xianting ¹	1	1	0	100%

Note:

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



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5.5 Strategy Committee

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

	Chairperson	Member
Member of the Strategy Committee under the Board	LIU Xianting/PAN Ming ¹	ZENG Huasheng SHI Zhishan

Note:

1. On February 11, 2022, the Board of the Bank resolved to appoint Mr. PAN Ming, an executive Director of the Bank, as the chairperson of the Strategy Committee under the Board, and Mr. LIU Xianting ceased to serve as the chairperson of the Strategy Committee under the Board.

The primary responsibilities of the Strategy Committee include:

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

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

During the reporting period, the Strategy Committee convened a total of six meetings, and considered and approved the “Proposal in relation to the Consideration of the Report of the Board of Bank of Jiujiang Co., Ltd. for the Year 2021”, the “Proposal in relation to the Consideration of the 2021 Work Report of the President of Bank of Jiujiang Co., Ltd.”, the “Proposal in relation to the Consideration of the 2021 Evaluation Report of Shareholders of Bank of Jiujiang Co., Ltd.” and other proposals.

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

Member of the Strategy Committee under the Board	Expected attendance	Attendance in person	Attendance by proxy	Rate of attendance in person
LIU Xianting ¹	1	1	0	100%
PAN Ming ¹	5	5	0	100%
ZENG Huasheng	6	6	0	100%
SHI Zhishan	6	6	0	100%

Note:

- On February 11, 2022, the Board of the Bank resolved to appoint Mr. PAN Ming, an executive Director of the Bank, as the chairperson of the Strategy Committee under the Board, and Mr. LIU Xianting ceased to serve as the chairperson of the Strategy Committee under the Board.



Corporate Governance Report

5.6 Consumer Rights Protection Committee

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

	Chairperson	Member
Member of the Consumer Rights Protection Committee under the Board	YUAN Delei	ZENG Huasheng SHI Zhishan

The primary responsibilities of the Consumer Rights Protection Committee include:

- (1) to formulate strategies, policies and objectives for the protection of consumer rights and interests related to the Bank, and to urge senior management to effectively perform and implement the relevant work;
- (2) to provide guidance and supervision on the establishment and improvement of the management system for the protection of consumer rights and interests;
- (3) to supervise and evaluate the comprehensiveness, timeliness and effectiveness of the Bank's protection of consumer rights and interests and the relevant performance of the senior management;
- (4) to regularly receive special reports from senior management on the development of protection of consumer rights of the Bank, to review the relevant special reports on protection of consumer rights, to submit the relevant special reports to the Board, and to consider the relevant work as an important part of information disclosure;
- (5) to urge the senior management and the relevant departments to promptly and effectively rectify various issues identified in the audit and to supervise the implementation of such rectification as specified in the report;
- (6) to consider other significant issues related to consumer rights protection; and
- (7) to exercise any other matters prescribed by the law, regulations, rules, regulatory documents, regulations and rules governing securities of the place where the shares of the Bank are listed, the Articles of Association and any other matters authorized by the Board.

During the reporting period, the Consumer Rights Protection Committee convened a total of three meetings, and considered and approved the “Proposal in relation to the Amendments to the Administrative Measures for Consumer Rights Protection of Bank of Jiujiang” and the “Proposal in relation to the Consideration of the Consumer Rights Protection Report of Bank of Jiujiang for the Year 2021” and other proposals.

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

Member of the Consumer Rights Protection Committee under the Board	Expected attendance	Attendance in person	Attendance by proxy	Rate of attendance in person
YUAN Delei	3	3	0	100%
ZENG Huasheng	3	3	0	100%
SHI Zhishan	3	3	0	100%

5.7 Compliance Management Committee

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

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



Corporate Governance Report

The primary responsibilities of the Compliance Management Committee include:

- (1) to pursue the values of honesty and integrity, and to foster a compliance culture with lawful business operation and a conduct management culture of the employees who shall conduct in accordance with the law and be honest and trustworthy;
- (2) to be well informed of the implementation of the compliance policy and its existing problems, and to promptly submit relevant opinions and suggestions to the Board or the senior management to oversee the effective implementation of the compliance policy;
- (3) to provide guidance and suggestions on the establishment and improvement of the compliance management mechanism and system;
- (4) to review the compliance risk management report submitted by the senior management and evaluate the effectiveness of the Bank in managing its compliance risks, so as to ensure that conformity defects can be resolved in a timely and effective manner;
- (5) to review the internal control assessment report submitted by the senior management and evaluate the adequacy and effectiveness of the internal control of the Bank;
- (6) to review anti-money laundering policies, anti-money laundering work plan and work report submitted by the senior management, as well as the internal control system related to anti-money laundering, and provide relevant advice and suggestions to the Board or senior management in a timely manner;
- (7) to review the operational risk reports submitted by the senior management, to fully understand the overall operation risk management of the Bank, and to assess the effectiveness of the Bank's operational risk management;
- (8) to review the development strategies of new products business and risk management policies of the Bank;

- (9) to review the compliance review report in relation to substantial investments submitted by the senior management, to evaluate the effectiveness of the pre review mechanism of substantial investments, and to review and make decisions on the change of the mechanism;
- (10) to review general policy for the case prevention, to issue the general requirements for case prevention;
- (11) to review the working report on incident prevention and to promote the establishment of case prevention systems;
- (12) to specify the duties and scope of authorization of senior management regarding case prevention, so as to ensure that senior management has adopted necessary measures for the effective monitoring, alert and handling of crises;
- (13) to assess the effectiveness of case prevention of the Bank, and to ensure the effective review and supervision of case prevention by the internal audit functions;
- (14) to review the code of conduct formulated by the Bank and detailed rules thereof, and to supervise the senior management in conducting management of employee acts; and
- (15) other matters required by laws, regulations, rules, regulatory documents, rules governing securities of the place where the shares of the Bank are listed, the Articles of Association or authorized by the Board of Directors.

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



Corporate Governance Report

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

Member of the Compliance Management Committee under the Board	Expected attendance	Attendance in person	Attendance by proxy	Rate of attendance in person
LI Jianbao	5	5	0	100%
QUAN Ze	5	5	0	100%
PAN Ming	5	5	0	100%

6 Board of Supervisors

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

6.1 Composition of the Board of Supervisors

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

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

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

6.2 Changes in Members of the Board of Supervisors

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

6.3 Duties and Powers of the Board of Supervisors

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

- (1) to carry out review and give written review opinions on the regular reports on our Bank prepared by the Board;
- (2) to oversee the conduct of our Directors and senior management in performing their duties and propose removal of our Directors and senior management in the event of their non-compliance with the laws, administrative regulations, the Articles of Association or resolutions passed by the Shareholders’ General Meetings;
- (3) to be responsible for the supervision of comprehensive risk management; supervise and review the performance of duties of the Board and senior management in respect of risk management and urge for rectification; and include supervision and inspection results in the work report of the Board of Supervisors;
- (4) to be responsible for supervision of internal control and management; supervise the efforts of the Board and senior management in improving the internal control mechanism; supervise the performance of internal control duties by the Board and the senior management;
- (5) to order rectification of the conducts of the Directors and the senior management which are prejudicial to the interests of our Bank;
- (6) to propose the convening of extraordinary general meeting and to convene and preside over Shareholders’ General Meetings when the Board fails to perform the duty of convening and presiding over Shareholders’ General Meetings under the Company Law;



Corporate Governance Report

- (7) to submit proposals to the Shareholders' General Meetings;
- (8) to file legal proceeding against our Directors and senior management in accordance with the regulation of the Article 151 of the Company Law;
- (9) to verify financial information including financial reports, operation reports and profit distribution plans to be proposed by the Board to the Shareholders' General Meetings, and engage certified accountants or practicing auditors to assist in the re-examination in the name of our Bank if problems are identified;
- (10) to conduct resign audit on the Directors and senior management and guide the audit department of the Bank in work;
- (11) to review and supervise our financial activities;
- (12) to make enquiries to our Directors, chairman of the Board and senior management; and
- (13) to exercise other powers stipulated by applicable laws, administrative requirements, regulations and rules governing securities of the place where the shares of our Bank are listed or the Articles of Association.

6.4 Operation of the Board of Supervisors

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

During the reporting period, the Board of Supervisors arranged and implemented the 2021 duty performance appraisal for the Board, Directors, senior management and its members, and Supervisors, and provided feedback to the Board and the senior management.

6.5 Meetings of Board of Supervisors and Attendance of Supervisors

In 2022, our Bank held a total of 6 meetings of Board of Supervisors at which 57 proposals were considered and approved and 39 reports were debriefed or reviewed.

Particulars of convening of Board of Supervisors meetings

Meeting	Date	Form
The 9th meeting of the sixth Session of the Board of Supervisors	March 30, 2022	On-site meeting
The 10th meeting of the sixth Session of the Board of Supervisors	April 28, 2022	On-site meeting
The 11th meeting of the sixth Session of the Board of Supervisors	July 8, 2022	Correspondence meeting
The 12th meeting of the sixth Session of the Board of Supervisors	August 30, 2022	On-site meeting
The 13th meeting of the sixth Session of the Board of Supervisors	October 26, 2022	Correspondence meeting
The 14th meeting of the sixth Session of the Board of Supervisors	December 13, 2022	On-site meeting

Particulars of attendance of Supervisors

		Attendance of Board of Supervisors and its Sub-committees				
		Expected attendance	Attendance in person	Attendance by proxy	Rate of attendance in person	Rate of attendance
The 6th Session						
Board of Supervisors	MEI Mengsheng	6	6	0	100%	100%
	GUO Jiequn	6	6	0	100%	100%
	CHEN Chunxia	6	6	0	100%	100%
	LIU Chunmei	6	6	0	100%	100%
	LIAO Jingwen	6	6	0	100%	100%
	WAN Dandan	6	6	0	100%	100%
Supervisory Committee	GUO Jiequn	4	4	0	100%	100%
	LIAO Jingwen	4	4	0	100%	100%
	WAN Dandan	4	4	0	100%	100%
Nomination Committee	CHEN Chunxia	7	7	0	100%	100%
	LIU Chunmei	7	7	0	100%	100%
	WAN Dandan	7	7	0	100%	100%



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6.6 Attendance at Shareholders' General Meetings during the Reporting Period

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

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

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

6.8 Special Committees under the Board of Supervisors

6.8.1 Nomination Committee

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

	Chairperson	Member
Nomination Committee	CHEN Chunxia	LIU Chunmei WAN Dandan

The primary responsibilities of the Nomination Committee include:

- (1) to study out procedures and standards concerning election and appointment of Supervisors, conduct preliminary review on the qualifications of candidates for Supervisors, and put forward proposals to the Board of Supervisors;
- (2) to supervise the recruiting procedures of Directors/independent Directors;
- (3) to appraise the duty performance of Directors, Supervisors and senior management from a comprehensive perspective and report to the Board of Supervisors;
- (4) to supervise the scientificity and rationality of the remuneration management systems and policies throughout the Bank and remuneration plans for senior management;
- (5) to deal with other matters as authorized by the Board of Supervisors.

During the reporting period, the Nomination Committee convened a total of seven meetings, and considered and approved the “2021 Evaluation Report on the Performance of Duties of Supervisors of Bank of Jiujiang Co., Ltd.”, “2021 Evaluation Report on the Performance of Duties of Directors and Senior Management from the Board of Supervisors of Bank of Jiujiang Co., Ltd.”, “Measures on Assessment of the Performance of Directors, Supervisors and Senior Management from the Board of Supervisors of Bank of Jiujiang Co., Ltd.”, “Report on the Remuneration Management Implementation of Bank of Jiujiang Co., Ltd.” and other proposals.



Corporate Governance Report

6.8.2 Supervisory Committee

	Chairperson	Member
Supervisory Committee	GUO Jiequn	LIAO Jingwen WAN Dandan

The primary responsibilities of the Supervisory Committee include:

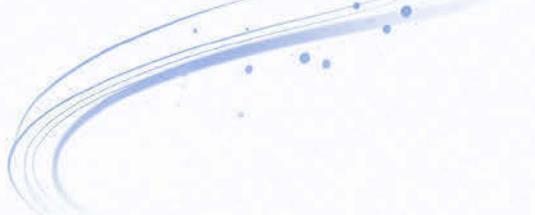
- (1) to draw up supervisory plans for our financial activities and carry out relevant examinations;
- (2) to supervise the Board of Directors to establish steady business philosophies, value criteria and to formulate development strategies in line with the actual situations of the Bank;
- (3) to supervise and examine the operation decisions, risk management and internal control of the Bank;
- (4) to deal with other matters authorized by the Board of Supervisors.

During the reporting period, the Supervisory Committee convened a total of four meetings, and considered and approved the “Report on Duty Performance in respect of Capital Management of Bank of Jiujiang Co., Ltd.”, “Report on Reputational Risk Management of Bank of Jiujiang Co., Ltd.”, “Report on Regulatory Submission of Bank of Jiujiang Co., Ltd.”, “Report on Management of New Products of Bank of Jiujiang Co., Ltd.” and other proposals, and also debriefed special reports such as the “Report on the Credit Risk Stress Test of Bank of Jiujiang Co., Ltd. in 2021” and so on.

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

During the reporting period, with the support of extensive performance of duties, the Bank optimised the methods of duties performance of Directors through a combination of the four ways, i.e. meetings, opinions, trainings and research. Since 2022, in addition to meetings, the Bank organized a variety of performance activities, including symposiums, joint seminars of Directors and Supervisors, subject research conference and forum for regulatory authority and Directors and Supervisors. The Directors have given lecture with subject of “Digital Economic and Digital Financial Transformation under the New Era” to all employees of the Bank. Certain Directors have conducted off-site investigation and provided professional advice on various aspects, such as risk management, capital management, digital transformation and green low-carbon transformation. The Bank made great efforts on keeping files of the duty performance of each Director to ensure that the performance files of the Directors are complete.

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



Corporate Governance Report

Directors	Participated training/studies
Executive Directors	
LIU Xianting	3
PAN Ming	1, 2, 3, 4, 5, 6
YUAN Delei	1, 2, 3, 4, 5, 6
Non-executive Directors	
ZENG Huasheng	1, 2, 3, 4, 5, 6, 13, 14
SHI Zhishan	1, 2, 3, 4, 5, 6, 9, 10
LI Jianbao	1, 2, 3, 4, 5, 6, 9, 10
Independent Non-executive Directors	
CHUA Alvin Cheng-Hock	1, 2, 3, 4, 5, 6, 7, 8, 11, 13
GAO Yuhui	1, 2, 3, 4, 5, 6, 8, 9, 10, 11, 13, 14
QUAN Ze	1, 2, 3, 4, 5, 6, 8, 9, 14
YANG Tao	1, 2, 3, 4, 5, 6, 8, 11, 12, 13

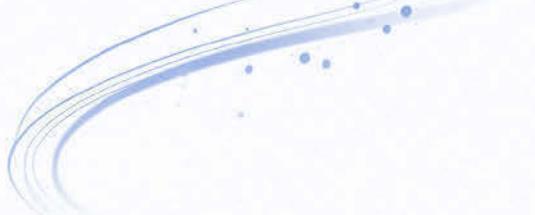
Notes:

1. Report on audit of the financial statement for 2021
2. Regulatory advice and the implementation of rectification by Bank of Jiujiang
3. The Measures for the Administration of Affiliated Transactions of Banking and Issuance Institutions promulgated by the CBIRC
4. Fintech Development Plan for 2022-2025 and Guiding Opinions on the Digital Transformation of Banking and Insurance Industries
5. Interim review work report for 2022
6. Follow the Only Way to Achieve New and Greater Success - The Spirit of the General Secretary Xi Jinping's Important Speeches at the 2022 National People's Congress and Chinese People's Political Consultative Congress Guides a New Era and a New Journey, the Interpretation of the Spirit of the 2022 National People's Congress and Chinese People's Political Consultative Congress and Summary of Key Points"
7. Investment business research
8. Risk management forum
9. Research conference on capital management and digital transformation for Directors and Supervisors
10. Forum on related party transactions of Bank of Jiujiang in 2022 for Directors and Supervisors
11. Special communication meeting for investment business
12. Lecture with subject of "Digital Economic and Digital Financial Transformation under the New Era"
13. Research conference on green low-carbon transformation for Directors and Supervisors
14. Forum for CBIRC Jiujiang Branch Office and Directors and Supervisors of Bank of Jiujiang

Supervisors	Participated training/studies
MEI Mengsheng	1, 2, 3, 4, 5, 6, 12
GUO Jiequn	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12
CHEN Chunxia	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12
LIAO Jingwen	1, 2, 3, 4, 5, 6, 7, 11, 12
LIU Chunmei	1, 2, 3, 4, 5, 12
WAN Dandan	1, 2, 3, 4, 5, 6, 11, 12

Notes:

1. Report on audit of the financial statement for 2021
2. Regulatory advice and the implementation of rectification by Bank of Jiujiang
3. The Measures for the Administration of Affiliated Transactions of Banking and Issuance Institutions promulgated by the CBIRC
4. Fintech Development Plan for 2022-2025 and Guiding Opinions on the Digital Transformation of Banking and Insurance Industries
5. Interim review work report for 2022
6. Risk management forum
7. Credit mechanism research
8. Research conference on capital management and digital transformation for Directors and Supervisors
9. Forum on related party transactions of Bank of Jiujiang in 2022 for Directors and Supervisors
10. Research conference on green low-carbon transformation for Directors and Supervisors
11. Forum for CBIRC Jiujiang Branch Office and Directors and Supervisors of Bank of Jiujiang
12. The Supervision and Assessment Measures on the Corporate Governance of Banking and Insurance Institutions



Corporate Governance Report

8. Senior Management

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

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

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

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



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

8.1 Chairman and President

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

The Chairman of the Bank is in charge of organizing Board meetings to timely review and discuss our major issues, ensuring that all Directors at the Board meetings are properly aware of the current issues; ensuring that all Directors timely receive adequate information which is accurate, clear, complete and authentic; ensuring that the Bank formulates sound corporate governance practices and procedures; encouraging Directors to express different ideas and ensuring that the decisions from the Board can fairly represent the consensus of the Board; maintaining effective connections with shareholders and ensuring that shareholders' opinions can reach the entire Board; facilitating the Directors to make effective contribution to the Board and ensuring a constructive relationship between executive Directors and non-executive Directors; ensuring sound operation of the Board and effective execution of its decisions.

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

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

9. Securities Transactions by Directors, Supervisors and Relevant Employees

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

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

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

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

11. Company Secretary

Mr. WONG Wai Chiu is currently the company secretary, authorized representative and service of process agent of the Bank. Ms. WANG Li, the Vice President and the Board Secretary of the Bank acted as the primary internal contact person of the Bank.

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



Corporate Governance Report

12. Communications with Shareholders

12.1 Investor Relations

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

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

Tel: +86(792)7783000-1101

Fax: +86(792)8325019

Email: lushan2@jjccb.com

12.2 Information Disclosure

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

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

12.3 Communication Policy

The Bank attaches great importance to the management of investor relations. The Bank formulated a sound shareholder communication policy, and regularly reviewed the policy to ensure that the policy is effective and complies with current laws and other regulations.

The Company has established a number of channels for maintaining on-going dialogue with shareholders as follows:

- (1) financial reports (interim reports and annual reports), announcements, circulars and other corporate publications are available on the Bank's website (www.jjccb.com) and HKEXnews website (www.hkexnews.hk);

- (2) corporate information is made available on the Bank's website; while the Articles of Association and relevant articles of the Bank are published on the websites of the Hong Kong Stock Exchange and the Bank;
- (3) the Bank regularly held seminars for medium and small shareholders and met with shareholders/investors;
- (4) the annual general meeting and the extraordinary general meeting provide a forum for shareholders to make comments and exchange views with the Directors and senior management;
- (5) the share registrars serve shareholders in respect of share registration, dividend payment, change of shareholders' particulars and related matters;
- (6) the Bank understands the importance of protecting the privacy of shareholders. Except as required by laws, the Bank will not disclose shareholder information without the consent of shareholders.

Upon reviewing the different communication channels with shareholders, the Board is of the view that the above shareholder communication policy has been properly implemented and effective during the year.

13. Amendments to the Articles of Association

In accordance with the latest requirements of relevant laws, regulations and other normative documents and in light of the actual situation of the Bank, the Bank amended several provisions in the Articles of Association.

On December 12, 2022, the Bank considered and approved the proposed amendments to the Articles of Association at the meeting of the Board. On February 7, 2023, the amendments were considered and approved by the Bank at the 2023 first extraordinary general meeting, subject to the approval by the China banking and insurance regulatory authorities. Before the effective date of the revised Articles of Association, the current effective Articles of Association of the Bank shall apply. For details of the amendments to the Articles of Association, please refer to the announcements published by the Bank on December 12, 2022 and January 16, 2023.



Corporate Governance Report

14. Shareholders' Rights

14.1 Convening of Shareholders' General Meetings

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

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

14.2 Submitting Proposals to the Shareholders' General Meetings

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

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

15. Profit Distribution Policies

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

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



Corporate Governance Report

16. External Auditors and Auditor Emoluments

The Board meeting held on March 30, 2022 and the 2021 Annual General Meeting held on June 29, 2022 approved the resolution of the Bank to continue to appoint KPMG Huazhen LLP and KPMG (collectively “KPMG”) as its domestic and overseas auditors, respectively. Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu (collectively “Deloitte”) are domestic and overseas auditors of the Bank for 2019. In 2020, the Bank determined to cease to renewal of the appointment of Deloitte, and appointed KPMG as the new domestic and overseas auditors of the Bank. For details of the appointment and dismissal of the auditors, please refer to the announcement published by the Bank on April 22, 2020. In 2022, the Bank paid KPMG a total of RMB5.49 million for its services, including RMB2.95 million for audit services and RMB2.54 million for non-audit services.

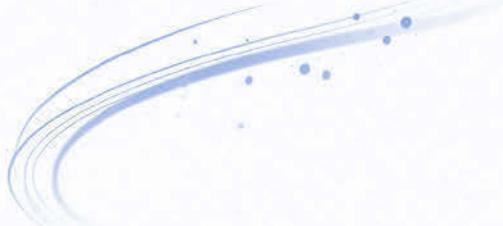
The Board and the Audit Committee under the Board are unanimously in agreement with regard to the selection and appointment of external auditors of the Bank.

Save as disclosed above, the Bank has not changed its external auditor in any of the past three years.

17. Risk Management and Internal Control

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

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



Corporate Governance Report

During the reporting period, centering on five elements of internal control and with the Basic System of Internal Control of Bank of Jiujiang Co., Ltd. as the outline system, the Bank established a relatively scientific, complete, reasonable and tight internal control system with the aim of improving risk control capability and customer service capability, promoting sustainable development, and continuously and effectively upgrading and improving internal control. In terms of internal control environment, we established the enterprise culture of “with internal control and compliance as our top priorities”, adhered to the business philosophy of “with the risk as the core”, optimised our organizational structure and established an internal control governance and organizational structure with a reasonable division of labor, clear responsibilities and clear reporting relationships, consisting of the Board of Directors, the Board of Supervisors, the Shareholder’s general meeting and the senior management, functional department of internal control management, audit department and business department. In terms of risk assessment, we established a comprehensive risk management system, concentrated on the 902 projects of widening the field and improvement of quality and efficient to effectively identify, monitor, measure, evaluate and control various risks and keep the risks within tolerable limits. In terms of control measures, we carried out the activity of “three transformations and three enhancements” and launched “three evaluations”, namely the evaluation of products, systems and process, constantly promoted the compliance of key points to strengthen the foundation of internal control and compliance. The Bank also integrated various control measures to implement effective control over various businesses and matters, and the scope of internal control basically covers all management and business processes. In terms of information and communication, the information system was relatively complete, the internal and external data indicator system was relatively sound. The Bank established an overseeing working mechanism, strengthened the integrated operation and established a long-term mechanism for implementing regulatory opinions, and the information exchange and communication among the three lines of defense were relatively smooth and effective. In terms of internal supervision, the Bank focused on inspection and evaluation, mainly carried out the inspection on the compliance of internal control, evaluation on the internal control and supervision and evaluation of audit department, gave more priority to the “four-in-one” supervision (namely the inspection of the compliance department, the audit department, discipline inspection committee and the Party Committee), effectively corrected problems found and basically formed an internal control mechanism featuring beforehand risk prevention, in-progress control and post-event supervision and correction in place.

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

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

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

For the year ended December 31, 2022, the Board completed the annual review and evaluation of the effectiveness of the Bank's internal control and risk management system. The evaluation covers all of the Group's key internal control environment, including financial, operational and compliance as well as risk management function. The Board also considered that the operations of the risk management and internal control systems of the Bank and its subsidiaries, including resources, staff qualifications and experience, training programs and budgets for accounting, internal audit and financial reporting functions, were adequate and effective on the whole. There were no material matters to be brought to attention during the year.



Corporate Governance Report

18. Internal Audit

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

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

19. Inside Information Management

The Board is responsible for disclosing information of the Bank, and take ultimate responsibility for the authenticity, accuracy, integrity and timeliness of the accounting report and financial report. The Board is responsible for the implementation of information disclosure while the Board secretary is responsible for coordinating and organizing the specific matters related to the information disclosure of the Bank. The Office of the Board deals with the daily work of the information disclosure of the Bank.

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

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

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



Report of the Board of Directors

1. Principal Activities and Business Review

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

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

2. Annual General Meeting and Dividends

2.1 Annual General Meeting

The Bank will publish the date for convening the 2022 annual general meeting and the period for closure of the register of members in order to determine shareholders' entitlement to attend and vote at the said meeting, and release the notice and circular of the 2022 annual general meeting of the Bank and proxy form in due course.

2.2 Dividends

Shareholders of the Bank have considered and approved the 2021 Profit Distribution Plan of the Bank at the 2021 annual general meeting held on June 29, 2022. The final dividend for 2021 was RMB1 (tax inclusive) per ten shares, totaling RMB240.74 million (tax inclusive). The dividend was paid to the Domestic Shareholders and the H Shareholders whose names appear on the register of members of the Bank on July 12, 2022. The above dividends paid were denominated in Renminbi, and will be paid to Domestic Shareholders in Renminbi and H Shareholders in Hong Kong dollars. Calculation of the exchange rate for dividends payable in Hong Kong dollars was based on the central parity rate of the average exchange rate of Renminbi to Hong Kong dollars, i.e. HK\$1.00 = RMB0.853448, as announced by the People's Bank of China on the five working days prior to June 29, 2022, the date of declaration of the dividend at the 2021 annual general meeting (inclusive). The above dividend was paid to holders of the Domestic Shareholders and H Shareholders of the Bank on July 20, 2022.



Report of the Board of Directors

The Board of Directors of the Bank recommends a cash dividend of RMB1 (tax inclusive) per ten shares for the year ended December 31, 2022, totaling approximately RMB241 million (tax inclusive), accounting for 14.92% of consolidated net profit attributable to ordinary shareholders of the Bank. The cash dividend for the year ended December 31, 2022 will be paid to Shareholders within two months after convening the 2022 annual general meeting. The above proposed dividends payable are denominated in Renminbi, and will be paid to Domestic Shareholders in Renminbi and H Shareholders in Hong Kong dollars. Calculation of the exchange rate for dividends payable in Hong Kong dollars will be based on the central parity rate of the average exchange rate of Renminbi to Hong Kong dollars in the interbank foreign exchange market as announced by the People's Bank of China on the five working days preceding the date of declaration of the dividend at the 2022 annual general meeting (inclusive).

3. Tax on Dividend

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

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

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

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

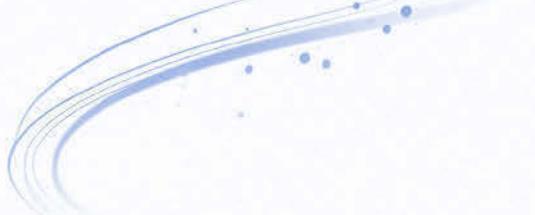
The Bank will withhold and pay individual income tax at a rate of 10% for H share individual shareholders from Hong Kong or Macau or other countries (regions) with a tax rate of 10% with China as specified by the Tax Agreement when the final dividend is paid;

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

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

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

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



Report of the Board of Directors

4. Share Capital and Substantial Shareholders

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

5. Issuance of Debt Securities

Details of the debt securities issued by the Bank and any of its subsidiaries for the year ended December 31, 2022 are set out in Note 31 to the financial statements of this annual report.

6. Reserves and Distributable Reserves

Details of the changes of the reserves of the Bank for the year ended December 31, 2022 are set out in the consolidated statement of changes in equity within the financial statements of this annual report.

7. Property and Equipment

Details of the changes of the property and equipment of the Bank for the year ended December 31, 2022 are set out in Note 23 to the financial statements of this annual report.

8. Connected Transactions

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

The definition of connected persons in Chapter 14A of the Listing Rules differs from the definition of related parties under IAS and the IASB’s interpretation thereof. Certain related party transactions set out in Note 40 to the financial statements also constitute connected transactions or continuing connected transactions as defined in the Listing Rules, but none of them constitute discloseable connected transactions as defined in the Listing Rules.

9. Directors, Supervisors and Senior Management

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

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

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

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

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

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

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

13. Retirement Benefits

Details of the retirement benefits provided by the Bank to employees are set out in Note 33(1) to the Financial Statements in this annual report.



Report of the Board of Directors

14. Directors' and Supervisors' Service Contracts

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

15. Permitted Indemnity Provisions

Pursuant to Code Provision C.1.8, the Bank should purchase appropriate insurance covering potential legal proceedings against the Bank's Directors. In order to comply with the code provisions, the Bank has purchased appropriate liability insurance for Directors to provide indemnity for their liability arising in the business in 2022.

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

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

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

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

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

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

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

19. Arrangements to Purchase Shares or Debentures

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

20. Management Contract

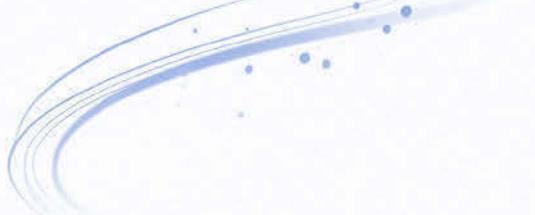
Except for the service contracts with the Bank's management, the Bank did not enter into any other contract with any individual, company or body corporate to manage or deal with the entire part or any significant part of any business of the Bank.

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

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

22. Pre-emptive Rights and Share Option

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



Report of the Board of Directors

23. Donation

The Bank made charitable and other donations totaling approximately RMB6.35 million for the year ended December 31, 2022.

24. Equity-linked Agreement

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

25. Major Customers and Suppliers

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

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

26. Public Float

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

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

27. Corporate Governance

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

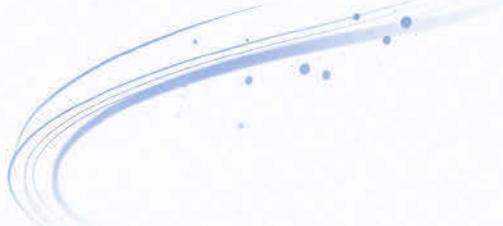
28. Auditors

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

29. Consumer Rights Protection

Firstly, consolidated the mechanism guarantee. The Bank continued to improve the consumer rights protection system in the whole bank and the long-term mechanism of consumer rights protection, and established an internal control system comprising “a programmatic management method + a special multi-dimensional management system + certain implementation rules”, clarified the responsibilities of consumer protection at all levels, and standardized the business behavior, publicity and education, complaint handling, evaluation content and rules. Moreover, the Bank formulated and issued a performance-linked implementation plan of consumer protection complaints, and linked the performance assessment of the principal responsible persons in charge of the credit card center with complaint letters and visits to further strengthen the responsibility system of top leaders.

Secondly, convened special meetings. In order to continue to implement the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and always uphold the concept of “I Do Practical Things for the Masses of People”, the Bank attached great importance to consumer protection, and constantly promoted the Board of Directors, the Board of Supervisors, the Shareholder’s general meeting and the senior management at a high level, and ensured that analysis was conducted monthly and meetings were held quarterly. In addition, the Bank convened special meetings on consumer protection to study and deploy the protection of rights of financial consumers by the Bank in 2022 at the beginning of the year and at the end of the year, reported consumer protection complaints and put forward the work requirements.



Report of the Board of Directors

Thirdly, strengthen the internal training and external publicity. The Bank formulated the annual employee training plan for protection of financial consumers' rights, conducted consumer protection training with rich themes through combination of online and offline integration, special meetings and regular meetings, and formulated and issued the Guidelines for Compliance Work in 2022. By taking the Bailudong Financial Education Demonstration Base as the main base for propaganda and education, the Bank carried out financial propaganda activities by relying on outlets, online expansion, position concentration, arrangement of specially-assigned persons to create a strong atmosphere for financial propaganda. In 2022, the Bank carried out more than 2,900 promotional activities, distributed more than 400,000 copies of promotional materials, sent more than 4 million SMS messages, produced more than 200 excellent articles in WeChat, more than 30 original short videos, received more than 300,000 clicks on WeChat, more than 5 million consumers, and more than 20 media reports.

Fourthly, strengthen complaint management. The Bank formulated and issued the Guidelines for Handling Consumer Protection Complaints, standardized the script for complaint handling by analyzing specific cases, which provided guidance on complaint handling of the Bank. The Bank fulfilled the “responsibilities of top leader” for handling consumer complaints, implemented the primary responsibility system to ensure that customer conflicts are resolved in a timely and efficient manner, and established a joint complaint response mechanism and a project manager + dedicated customer service + consumer protection commissioner coordination mechanism. The Bank also formulated and issued the Procedures for Follow-up Disposal of Consumer Protection Complaints of Bank of Jiujiang, investigated the defects in internal control and management such as consumer protection complaints system and mechanism, product design and business process, and issued risk tips to identify problems and give suggestions. In 2022, the Bank received a total of 901 complaints, with a 100% resolution rate (of which 333 were withdrawn) and a satisfaction rate of 92.48%. The complaints were mainly focused on RMB savings, loans, bank cards and payment and settlement business, with bank cards accounting for 46.50%, loans for 32.63% and payment and settlement for 7.33% of the total and complaints were mainly concentrated in Jiujiang, Nanchang, Ganzhou, Ji'an and other regions.

Fifthly, increase supervision and inspection. In order to give full play to the role of the assessment and supervision and improve the effectiveness of consumer protection of the whole bank, the Bank, firstly, established a long-term mechanism for handling consumer protection complaints covering complaint analysis, issuing supervision letters, holding on-site regulatory talks, conducting on-site verification, with a total of 12 issues of risk tips and 8 supervision letters issued and 3 on-site regulatory talks held; secondly, issued the Notice on Carrying out the Rectification and Investigation of Charging Chaos of Bank of Jiujiang and conducted a comprehensive self-examination on deduction from loan for deposit or deposit while offering loans, charging for loans or charging for floating interest rate; thirdly, issued the Work Plan for Bank of Jiujiang to Carry out Chaos Remediation and Investigation of Infringement on Personal Information Rights and Interests, and comprehensively investigated the business behaviors and management related to the processing of consumers' personal information; fourthly, focused on the evaluation of indicators such as complaint handling and complaint growth rate in accordance with the Detailed Rules for the Evaluation of Consumer Rights Protection of Bank of Jiujiang.

Sixthly, optimize the operation of the base. Firstly, established a mechanism for the combined operation of the head office and sub-branches, assigned professional person for special posts, increased the daily operation and maintenance efforts of the base, and strengthened the joint construction and governance of the Bank and schools. Secondly, successfully hosted the final event of “popularizing financial knowledge and striving to be a good lecturer in finance” competition and the launching ceremony of “popularizing financial knowledge and guarding the money bag” activity, which was highly recognized by the regulatory authorities and institutions within the jurisdiction. Thirdly, conducted more than 30 promotional activities covering over 9,000 audience, with the themes of “preventing illegal fund-raising” and “preventing campus loans”, by actively relaying on the network of demonstration bases.



Report of the Board of Directors

30. Environmental and Social Policy

As a listed bank emerging from the “red land”, the Bank insists on taking green finance as the core, advancing through exploration and developing in advance, constantly providing new ideas and methods for “transforming the ecological environment advantages into the economic and social development advantages and turning the lucid waters and lush mountains into invaluable assets”, and fully supporting the philosophy of ecological civilization construction. Taking advantage of the policy advantage that Ganjiang New District in Jiangxi Province was approved as the first batch of green financial reform and innovation pilot zones in China, the Bank took the lead in establishing the first “Green Finance Division” in Jiangxi Province on August 9, 2017, and included the green credit as the “secretarial project” in the Party building assessment of the Bank, set up special posts for green finance in branches, and made full efforts in system construction, business promotion, product innovation, exchanges and cooperation to fully support the high-quality development of green finance in Ganjiang New District and Jiangxi Province.

In 2022, the Bank actively focused on the goal of “carbon emission peaking and carbon neutrality”, adhered to the green development, and seized the new opportunities in the transformation of the times. **Firstly, actively explore transitional finance.** The Bank cooperated with the International Finance Corporation (IFC) of the World Bank Group to take the lead in the field of transitional finance. In order to open a channel for green finance to support the green transformation of industrial parks, the Bank of Jiujiang visited Hukou County Industrial Park several times and formulated the Financial Service Framework for Green and Low-carbon Transformation in Hukou County, which clarified the key directions and areas of financial support for transformation, effectively embarking on a new way to support the green transformation of local economy. In June 2022, the Bank successfully joined the Partnership for Carbon Accounting Financials (PCAF). The Bank explored the use of PCAF tools to measure the emissions of banks in scope I, scope II and part of scope III, and consolidated the foundation of information disclosure. **Secondly, continuously innovate green credit products.** The Bank innovatively launched a special transformation financial product- “Carbon-Efficient Loan”, and the first batch of pilot businesses have been successfully launched in Hukou County. This product links the loan pricing with the comprehensive performance of carbon emissions of enterprises, effectively promoting the small and medium-sized enterprises in the park to pay attention to their own energy consumption and realizing the green and low-carbon development of the small and medium-sized enterprises in the park. As of the end of 2022, according to the special statistical caliber of the PBOC on green loans, the balance of the Bank’s green loans was RMB25.889 billion, representing an increase of RMB8.278 billion as compared with the beginning of the year, with an increase of 47.0%. **Thirdly, sing a good voice of green finance.** The Bank cooperated with the provincial local financial regulatory bureaus, the Nanchang Central Sub-branch of the PBOC and other departments to successfully hold the all-media survey and interview activity on “Green Finance Helps Double Carbon Work”. The Bank signed the Memorandum of Cooperation on Financial Services of “Reducing Pollution and Carbon” with the Department of Ecology and Environment of Jiangxi Province. The Bank actively participated in a series of side events of COP15 of the United Nations Biodiversity Conference in China to promote the practice and exploration with the International Finance Corporation (IFC) of the World Bank Group in the field of transitional finance.

The Bank will continue to focus on the goal of “setting an example, courageously striving for the first place” and the important requirements of “five advances”, take innovation and development as the guide, continue to deeply cultivate the green finance, gradually improve the construction of green banking system, and shoulder the responsibility and mission of helping the sustainable development of global finance.



Report of the Board of Directors

For details about the Bank's environmental and social policies and their performance, please refer to the Environmental, Social and Governance Report published by the Bank simultaneously with the annual report.

31. Review of Annual Report

The Audit Committee of the Bank has reviewed the Bank's annual results of 2022, and the financial statements for the year ended December 31, 2022 prepared in accordance with International Financial Reporting Standards.

32. Other Matters

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

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

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

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

By Order of the Board

PAN Ming

Vice Chairman

Jiujiang, PRC March 30, 2023

Report of the Board of Supervisors

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

I. Summary of the Major Work in 2022

(I) Strengthen the supervision on the meetings and performance the supervision responsibility in a compliant and efficient manner

1. Convene meetings of the Board of Supervisors in compliance with the regulations, and effectively perform its duties of attending the meeting, deliberation and supervision

In 2022, the Board of Supervisors organized and convened 17 meeting of various kinds in total, including 6 meetings of the Board of Supervisors, considered or debriefed 96 proposals; 7 meeting of the Nomination Committee and 4 meetings of the Supervisory Committee, considered or debriefed 29 proposals. In the relevant meetings, the Board of Supervisors fully considered and discussed the work report and specific-purpose supervision report of the Board of Supervisors, evaluation of the performance of Directors, Supervisors and senior management, financial reports for each period, profit distribution, risk management, internal control evaluation, liquidity management, stress testing, case prevention and control, internal audit, supervisory opinions and problem rectification and other issues, comprehensively covering various aspects such as performance supervision, financial supervision, risk management supervision and internal control supervision as well as the self-construction of the Board of Supervisors.



Report of the Board of Supervisors

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

In 2022, the Board of Supervisors proactively attended various important meetings. **Firstly**, the members of the Board of Supervisors attended the Shareholders' General Meeting in accordance with the law, carefully reviewed the proposals of the meeting, examined the legal compliance of the convening and holding procedures, and submitted the work report of the Board of Supervisors and the performance evaluation report of the Board of Directors, the Board of Supervisors and the senior management to the Shareholders' General Meeting in 2021, reflecting that the Board of Supervisors are responsible to the Shareholders' General Meeting and to the Company, shareholders, creditors and other stakeholders. **Secondly**, the members of the Board of Supervisors attended the meetings of the Board of Directors and its relevant committees, paid attention to the deliberation process of major decision-making matters, and supervised the convening and holding procedures of the meetings of the Board of Directors and whether the proposals were in line with the interests of all shareholders and the Bank. **Thirdly**, supervisors who are staff representatives were informed of the decisions of the Party Organization and urged the Board of Supervisors to strictly implement the decisions of the Party Organization by participating in the meetings of the Party Committee, the General Office of the President and important management meetings, keeping abreast of the Bank's management dynamics and understanding and supervising the implementation of relevant strategies.

3. Focus on key issues and convene special meetings to improve the effectiveness of supervision

In 2022, the Board of Supervisors held special meetings regarding the strategic deployment and central task of the Bank with a focus on important affairs. **Firstly**, organized meetings on comprehensive risk management for directors and supervisors together with the Risk Management Committee under the Board of Directors. **Secondly**, held special meetings to learn more about the progress of related work and put forward opinions and suggestions while focusing on digital transformation, capital management, green and low-carbon transformation and other important affairs.

(II) Strengthen key areas of supervision centering on the main line of responsibility

1. Conscientiously enhance supervision of performance of duties and promote loyal and efficient performance of duties

By attending meetings, reviewing data, debriefing reports and conducting research, the Board of Supervisors supervised the performance of duties and implementation of resolutions and regulatory opinions of the Shareholders' General Meeting by the Board of Directors, senior management and their members in accordance with laws and regulations, as well as focused on the performance of duties and responsibilities of the Board of Directors and senior management in corporate governance, development strategy, operational management, capital management, risk management, internal control and compliance, related party transactions, remuneration appraisal, internal and external audit, information disclosure, case prevention and control, behavior management of employees, consumer rights and interests protection, anti-money laundering work, data governance and management, implementation of regulatory opinions and rectification of defects.

According to the requirements of the performance file and performance evaluation system, and in conjunction with the supervision of daily performance, the Board of Supervisors carried out the evaluation of the performance of duties of the Board of Directors, senior management and their members for 2021 in an orderly manner, and reported the evaluation results to the Shareholders' General Meeting and the supervisory authority.

2. Continuously enhance the financial supervision to safeguard the rights and interests of small and medium shareholders

In 2022, the Board of Supervisors focused on the Bank's financial activities and the decision-making and execution of important financial matters to continuously strengthen financial supervision. **Firstly**, the Board of Supervisors carefully reviewed the regular reports. The Board of Supervisors reviewed the 2021 annual report and the 2022 interim results report, and supervised the preparation and review procedures of regular reports, as well as the truthfulness and completeness of the report content, and considered that the preparation and review procedures of the regular reports are in compliance with the laws and regulations, and the contents of such reports truly, accurately and completely reflect the actual situation of the Bank. **Secondly**, the Board of Supervisors paid attention to the decision-making and execution of significant financial matters. The Board of Supervisors considered the financial final accounts report, budget plan, profit distribution plan and the proposal on re-appointment of accounting firms, supervised the decision-making processes and had no disagreement on the profit distribution plan and engagement of accounting firms. **Thirdly**, the Board of Supervisors continuously monitored the capital adequacy level



Report of the Board of Supervisors

and the progress of capital replenishment, implemented the special supervision of the capital management, and suggested to coordinate the overall business development before the core tier-one capital replenishment was in place, so as to ensure the indications related capital meet regulatory requirements.

In addition, the Board of Supervisors continuously supervised related party transactions, disposal of non-performing assets and other major issues, and continued to pay attention to the management of external audit work.

3. Further implement supervision of internal control management to promote the improvement of the prevention and control system

In 2022, the Board of Supervisors further strengthened the supervision of internal control management according to the regulatory requirements. **Firstly**, the Board of Supervisors paid attention to the key areas of internal control management and debrief the internal control self-evaluation reports, anti-money laundering, case prevention and control, practitioner behavior management, compliance management, data-based governance, consumer rights protection and other special work reports, and provided corresponding opinions and suggestions. **Secondly**, the Board of Supervisors conducts special supervision on new product management, and suggests integrating and streamlining product categories, so as to promote the digital intellectualization of new product management. **Thirdly**, the Board of Supervisors conducts special supervision on the submission of regulatory statistics, and suggests linking the submission of regulatory data to digital transformation, so as to further optimize the incentive and restraint mechanism of statisticians.

4. Continue to pay attention to risk management and constantly enhance the risk management and supervision

In 2022, the Board of Supervisors continued to pay attention to the risk management. **Firstly**, the Board of Supervisors strengthened routine supervision on risk management, debriefed special work reports on the overall risk management, various types of risk management, risk limit management and stress testing management, and provided corresponding opinions and suggestions. **Secondly**, the Board of Supervisors, jointly with the Risk Management Committee under the Board of Directors, organized and convened an overall risk management workshop for the Directors and Supervisors, where the participating Directors and Supervisors studied and discussed the Bank's main risk management status and risk management initiatives, and made suggestions for improvement. **Thirdly**, the Board of Supervisors implemented special supervision on reputational risk management, and proposed to further improve the reputational risk management contingency mechanism and strengthen the awareness of all staff on reputation risk prevention and control.

In addition, the Board of Supervisors also kept an eye on the Bank's risk monitoring indicators in real time to understand the current status of the Bank's risk management.

5. Anchor the regulatory requirements and continuously promote the implementation of regulatory opinions and rectification of defects

In 2022, the Board of Supervisors actively implemented the regulatory requirements. **Firstly**, the Board of Supervisors strictly fulfilled its duties to report to regulators. In accordance with the regulatory requirements, the Board of Supervisors reported the meeting notice before the meeting and the meeting resolutions and minutes after the meeting; reported the basis, process and results of the evaluation of the performance of the Board of Directors, the Board of Supervisors and the senior management to the regulators in a timely manner. **Secondly**, it timely informed the Board of Supervisors of the regulatory opinions from the regulators and paid close attention to the implementation of the regulatory opinions and the rectification of problems. If special meetings are held to debrief the report on the implementation of regulatory opinions, review the implementation of regulatory opinions, and suggest making preparation for the implementation of regulatory opinions and establishing a post-evaluation mechanism.

(III) Take multiple measures to continuously enhance the effectiveness of supervision by the Board of Supervisors

- 1. Continue to improve the systems and working mechanisms to consolidate the foundation.** **Firstly**, revised the measures for the Board of Supervisors to evaluate the performance of duties of the Board of Directors, the Board of Supervisors, the senior management and their members, and continued to improve the contents and procedures of evaluation on performance of duties to enhance the scientificity and rationality of evaluation on performance of duties. **Secondly**, continued to optimize the meeting mechanism, actively encourage supervisors to participate in meetings and attend such meetings as non-voting delegates by flexible use of video, telephone and other means, so as to ensure that the notification, convening, discussion and decision-making links of meetings are in compliance with laws and regulations.
- 2. Supervise the implementation and feedback of supervisors' opinions and suggestions to promote the application of supervision results.** The Office of the Board of Supervisors collected and collated the main opinions and suggestions formed by the supervisors in the course of performing their duties, and distributed them to senior management and relevant departments in a timely manner through "the process of handling supervisors' opinions and suggestions under supervision", and required timely implementation and feedback, and regularly reported to the supervisors to close the loop to promote the application of supervision results and enhance the effectiveness of supervision by the Board of Supervisors. A total of 51 pieces of opinions and suggestions proposed by supervisors were handled under supervision in 2022.



Report of the Board of Supervisors

- 3. Organize training and learning on a regular basis to improve the capacity of supervisors to perform duties.** **Firstly**, the Board of Supervisors organized quarterly study and training for the Supervisors, covering the common external regulatory system and the latest developments of the regulatory authorities, to help supervisors become familiar with and understand the regulatory requirements and developments, so as to effectively improve the awareness and supervisory ability of supervisors in performing their duties. **Secondly**, the Board of Supervisors collated information on risk regulatory indicators, operating data and major management measures of the Bank on a monthly basis, and prepared the Monthly Report of the Board of Supervisors to provide reference for supervisors in performing their duties, to help them keep abreast of the Bank's operation and management, and to improve the quality and effectiveness of supervision.

II. Independent opinions of the Board of Supervisors on relevant matters

(I) Operation in compliance with laws and regulations

During the reporting period, the operation of the Bank was in accordance with the requirements of the Company Law, Commercial Banking Law as well as the Articles of Association, while the decision-making procedures were legal and valid. The Directors and senior management of the Bank were diligent in performing their duties and no acts in violation of laws, regulations and the Articles of Association and detrimental to the interests of the Bank and Shareholders were discovered when the Directors and senior management of the Bank performed their duties.

(II) Actual circumstances of financial report

During the reporting period, the Bank's Supervisors conducted a detailed review of the Bank's annual report based on the principle of seeking truth from facts and the working attitude of being responsible to shareholders. The Board of Supervisors considered: The procedures for the preparation of the annual report by the Board of Directors were in compliance with laws, administrative regulations and rules and regulations. The annual financial report has been audited by KPMG Huazhen LLP and KPMG, which were hired by the Board of the Bank, and issued an audit report with unqualified opinion. The contents in this report reflect the actual situation of the Bank in a true, accurate and complete manner. It has no false representations, misleading statements or material omissions.

(III) Related party transactions

During the reporting period, the Board of Supervisors supervised the Bank's related party transaction management and found no violation of the principle of fairness or damage to the Bank's interests.

(IV) Internal control

During the reporting period, the Board of Supervisors considered that the Bank had established a relatively comprehensive corporate governance structure, formulated relatively complete management systems relating to corporate governance and internal control, and was capable of improving the foregoing in accordance with the actual situation of the Bank and regulatory requirements. The internal control system of the Bank was carried out smoothly, in compliance with the relevant standard requirements of laws and regulations on the management of internal control systems. No major defects were found in the internal control system or its implementation.

(V) Implementation of the resolutions of the Shareholders' General Meetings

During the reporting period, the Board of Supervisors had no objection to the resolutions submitted by the Board of Directors of the Bank at the Shareholders' General Meetings within 2022 for review, as well as supervised the implementation of the resolutions of the Shareholders' General Meetings, and was of the view that the Board was capable of earnestly implementing the relevant resolutions of the Shareholders' General Meetings, and did not take any action detrimental to the interests of Shareholders.

III. Work plan for the year 2023

The year 2023 is the critical year of the Bank's new three-year plan. The Board of Supervisors will strictly follow the provisions of laws and regulations, the Articles of Association and regulatory requirements, focus on the Bank's strategic deployment and central task, lead with the goal of promoting sustainable and high-quality development of the Bank, carry out in-depth financial supervision, internal control supervision, risk supervision and performance supervision, and continue to promote the sound operation and sustainable development of Bank of Jiujiang.

(I) For meetings

In 2023, the Board of Supervisors will: **firstly**, continue to strictly implement the system of quarterly meetings and irregular meetings, hold regular meetings of the Board of Supervisors on a quarterly basis, and convene meetings of special committees in due course, and consider other matters that need to be considered in a timely manner through convening irregular meetings; **secondly**, actively designate members to attend the Bank's Shareholders' General Meeting, the meetings of the Party Committee, the Board of Directors and its special committees, and important operational meetings to keep abreast of the important resolutions of the Shareholders' General Meeting and the Party Committee and to monitor the performance of directors and executives; **thirdly**, hold special meetings according to its work requirements, such as risk management workshops to communicate with Directors and executives on the risk management of the Bank.



Report of the Board of Supervisors

(II) For supervision and inspection

According to the internal and external rules and regulations and focusing on defects identified through internal and external inspections, the Board of Supervisors and its special committees will monitor the performance of duties and responsibilities of the Board of Directors and senior management and members of the Bank, financial activities, internal control, risk management, remuneration policies and other areas, in order to urge the Board of Directors and senior management to operate in compliance with the law, prevent risks, promote the sound development of the Bank and protect the legitimate rights and interests of the Bank, shareholders, staff, creditors and other stakeholders.

(III) For research

In accordance with the Bank's development strategy and the Bank's actual situation, the Board of Supervisors will conduct on-site research at branches to gain a deeper understanding of the implementation of the Bank's business management decisions, analysed the existing problems and propose constructive and targeted countermeasures and suggestions.

(IV) For the enhancement of self-construction

- 1. Assurance of information relating to duty performance.** The Board of Supervisors will submit the Monthly Report of the Board of Supervisors to the supervisors on a monthly basis to inform them of important business decisions, internal control and risk management initiatives, and regulatory opinions, so as to ensure that they have timely and comprehensive access to the information necessary for the performance of their duties.
- 2. Re-election of the supervisors.** The sixth session of the Board of Supervisors of the Bank will expire in May 2023. In order to ensure the smooth transition of the Board of Supervisors in the work, the preparatory work for the general election of the Board of Supervisors will be carried out in advance in accordance with relevant laws and regulations and the requirements for improvement of corporate governance, the general election plan will be drawn up, and the processes of pre-preparation of the Party Committee, review by the Nomination Committee and deliberation by the Board of Supervisors will be fully implemented, so as to select candidates from supervisors of shareholder and external supervisors, with such result submitted to the Shareholders' General Meetings for deliberation. Meanwhile, actively cooperate during the employees' representatives conference to select employee supervisor.

- 3. Trainings for new supervisors.** **Firstly**, organize the training for new supervisors on inter-bank business and management, and invite relevant departments to introduce the organizational structure, job responsibilities, business development, product system, risk control and key work of their respective lines (departments) in detail; **Secondly**, organize new supervisors to receive the training by external professional institutions. The combination of internal and external training is helpful for members of the Board of Supervisors to systematically learn and master the operation and management status and the latest regulatory requirements of the whole Bank, and improve the professional level of supervisors and their ability to perform supervision duties.
- 4. Learn from the advanced experience of peers.** **Firstly**, pay attention to and study the work of the Board of Supervisors in the same industry, and collect, collate and analyze the annual reports of listed banks and the reports of the Board of Supervisors, and continue to improve the working mechanism of the Board of Supervisors of the Bank; **Secondly**, strengthen interaction with the Board of Supervisors in the same industry.

The Board of Supervisors of Bank of Jiujiang Co., Ltd.

30 March 2023



Significant Issues

1. Annual General Meeting

The Bank will make further announcement in relation to details of the convening of the 2022 Annual General Meeting.

2. Significant Investment and Plans

During the reporting period, the Bank neither made any significant investment, nor had any concrete plans on significant investment or on acquiring significant capital assets or other businesses.

3. Material Lawsuits, Arbitration Matters and Material Cases

During the reporting period, there were no litigations or arbitrations which had a material impact on the operation activities of the Bank.

4. Significant Contracts and Their Performance

During the reporting period, the Bank did not enter into significant contracts.

5. Share Incentive Plans and Specific Implementation During the Reporting Period

The Bank did not implement any share incentive plan during the reporting period.

6. Related Party Transactions

The Bank carried out the related party transactions in strict compliance with the relevant requirements of the regulatory institutions and the Administrative Measures on Related Transactions of Bank of Jiujiang Co., Ltd.* promulgated by the Bank.

In accordance with the requirements of the CBIRC, the Bank approved the related party transactions on commercial principles with terms no favourable than those offered to non-related parties for similar transactions. The terms of such transactions are fair and reasonable, and are in the interests of all shareholders and the Bank as a whole, which has no adverse impact on the operating results and financial conditions of the Bank.

As of the end of the reporting period, the balance of the related party transactions with legal persons related to the Bank was RMB6,485 million; the balance of related party transactions with natural persons was RMB140 million; the total balance of related party transactions was RMB6,625 million, accounting for 15.55% of the Bank's net capital, which met the regulatory requirements.

For details of the related party transactions with legal persons, please refer to the Section 2.9 of "Changes in Share Capital and Information on Shareholders" in this annual report.

7. Non-public Issuance of Domestic Shares and H Shares under Specific Mandate

On December 12, 2022, the Board resolved to propose the issuance of not more than 365,000,000 Domestic Shares (inclusive) and not more than 75,000,000 H Shares (inclusive) to eligible subscribers, so as to effectively replenish core tier-one capital, earnestly enhance the Bank's resilience to risks, and optimize its equity structure. The net proceeds raised from the Issuance after deducting related issuance costs will be entirely used to replenish the core tier-one capital of the Bank. On February 7, 2023, the Bank convened the 2023 first extraordinary general meeting, the 2023 first Domestic Shareholders class meeting and the 2023 first H Shareholders class meeting of Bank to consider and approve the non-public issuance of Domestic Shares and H Shares under specific mandate.

The resolution in relation to the Bank's non-public issuance of Domestic Shares and H Shares under specific mandate is subject to the PRC laws and regulations and regulatory requirements in force at the time of the issuance and the approvals from the regulatory authorities, including China banking and insurance regulatory authorities and the CSRC. Specific matters in connection with the issuance shall be determined by the Board with reference to the opinions of domestic and overseas regulatory authorities and the Hong Kong Stock Exchange and taking into consideration the market environment and the Bank's actual condition. For details, please refer to the announcements of the Bank dated December 12, 2022 and February 7, 2023 and the circular dated 16 January 2023.

8. Significant Assets Pledged

The Bank did not pledge any significant assets during the reporting period.

9. Significant Acquisition and Disposal of Assets and Business Combination

During the reporting period, the Bank was not involved in any significant acquisition and disposal of assets and business combination.



Significant Issues

10. Punishment against the Bank and its Directors, Supervisors and Senior Management

During the reporting period, the Bank, as well as its Directors, Supervisors and senior management of the Bank were neither subject to any investigation, administrative penalty or open criticism by the CSRC, nor subject to any public censure by Hong Kong Stock Exchange or any punishment or sanction by any other regulators which had a material effect on the Bank's operation.

11. Audit on Annual Report

KPMG has conducted audit on the financial statements prepared in accordance with IFRS and disclosed in this annual report and issued the audit report with unqualified opinion. The annual report is reviewed and approved by the Audit Committee of the Board and the Board of the Bank.

12. Significant Events after the Reporting Period

Save as disclosed in the paragraph headed "7. Non-public Issuance of Domestic Shares and H Shares under Specific Mandate" in this section, after the end of the reporting period, no significant events have taken place that may affect the Bank.

Independent Auditor's Report

To the shareholders of Bank of Jiujiang Co., Ltd.

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

Opinion

We have audited the consolidated financial statements of Bank of Jiujiang Co., Ltd. (the "Bank") and its subsidiaries (the "Group") set out on pages 229 to 372, which comprise the consolidated statement of financial position as at December 31, 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

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

Key audit matters

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



Independent Auditor's Report

Key audit matters (continued)

Loss allowances of loans and advances to customers and financial investments measured at amortised cost

Refer to Note 19 and Note 20 to the consolidated financial statements and the accounting policies in Note 2(7).

The Key Audit Matter	How the matter was addressed in our audit
<p>The determination of loss allowances using the expected credit loss model is subject to a number of key parameters and assumptions, including the identification of loss stages, estimates of probability of default, loss given default, exposures at default and discount rate, adjustments for forward-looking information and other adjustment factors. Management judgement is involved in the selection of those parameters and the application of the assumptions.</p>	<p>Our audit procedures to assess loss allowances of loans and advances to customers and financial investments measured at amortised cost included the following:</p> <ul style="list-style-type: none">• understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the approval, recording and monitoring of loans and advances to customers and financial investments measured at amortised cost, the credit grading process and the measurement of loss allowances;• involving our internal financial risk management specialists to assess the appropriateness of the expected credit loss model used by management in determining loss allowances, including assessing the appropriateness of the key parameters and assumptions in the expected credit loss model, including the identification of loss stages, probability of default, loss given default, exposures at default, discount rate, adjustments for forward-looking information and other management adjustments;

In particular, the determination of the expected credit loss model is heavily dependent on the external macro environment and the Group's internal credit risk management strategy. The expected credit losses for corporate loans and advances and financial investments are derived from estimates including the historical losses, external credit grading and other adjustment factors. The expected credit losses for personal loans are derived from estimates whereby management takes into consideration historical overdue data, the historical loss experience for personal loans and other adjustment factors.

Independent Auditor's Report

Key audit matters (continued)

Loss allowances of loans and advances to customers and financial investments measured at amortised cost

Refer to Note 19 and Note 20 to the consolidated financial statements and the accounting policies in Note 2(7).

The Key Audit Matter

How the matter was addressed in our audit

Management also exercises judgement in determining the quantum of loss given default based on a range of factors. These include available remedies for recovery, the financial situation of the borrower, the recoverable amount of collateral, the seniority of the claim and the existence and cooperativeness of other creditors. The enforceability, timing and means of realisation of collateral can also have an impact on the recoverable amount of collateral and, therefore, the amount of loss allowances as at the end of the reporting period.

We identified the measurement of loss allowance for expected credit losses of loans and advances to customers and financial investments measured at amortised cost as a key audit matter because of the inherent uncertainty and management judgement involved and because of its significance to the financial results and capital of the Group.

- assessing the completeness and accuracy of data used for the key parameters in the expected credit loss model. For key parameters derived from internal data relating to original loan agreements, we compared the total balance of the loans and advances to customers and financial investments measured at amortised cost list used by management to assess the loss allowances with the general ledger, selecting samples and comparing individual loans and advances to customers and financial investments measured at amortised cost information with the underlying agreements and other related documentation to assess the accuracy of compilation of loans and advances to customers and financial investments measured at amortised cost list. For key parameters derived from external data, we selected samples to inspect the accuracy of such data by comparing them with public resources;
- for selecting key parameters for forward-looking information adjustments, critically assessing management judgement used in input parameters. As part of these procedures, we challenged the reasons for modifications to estimates and input parameters compared with prior period and considered the consistency of judgement. We compared the macro-economic factors used in the models with market information to assess whether they were aligned with market and economic development;

Key audit matters (continued)

Loss allowances of loans and advances to customers and financial investments measured at amortised cost

Refer to Note 19 and Note 20 to the consolidated financial statements and the accounting policies in Note 2(7).

The Key Audit Matter	How the matter was addressed in our audit
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- evaluating the validity of management's assessment on whether the credit risk of the loan has, or has not, increased significantly since initial recognition. We checked loan overdue information, making enquiries of the credit managers about the borrowers' business operations, checking borrowers' financial information and researching market information about borrowers' businesses on a sample basis;
- for selected samples of loans and advances to customers and financial investments measured at amortised cost that are credit-impaired, evaluating the timing and means of realisation of collateral, evaluating the forecast cash flows, challenging the viability of the Group's recovery plans, evaluating management's assessment of the value of any property collateral held by comparison with market prices and management's evaluation and evaluating other credit enhancements that are integral to the contract terms. We assessed the accuracy of the amount of credit loss allowance using the expected credit loss model based on the above work for a sample of loans and advances to customers and financial investments measured at amortised cost; and
- evaluating whether the disclosures on impairment of loans and advances to customers and financial investments measured at amortised cost comply with the disclosure requirements of the prevailing accounting standards.

Independent Auditor's Report

Key audit matters (continued)

Consolidation of structured entities

Refer to Note 39 to the consolidated financial statements and the accounting policies in Note 2(26).

The Key Audit Matter

How the matter was addressed in our audit

Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities.

The Group may acquire or retain an ownership interest in, or act as a sponsor to, a structured entity, through issuing a wealth management product, or act as an investor to a structured entity through investing in an asset management plan, a trust plan or an asset-backed security.

In determining whether a structured entity is required to be consolidated by the Group, management is required to consider the power the Group is able to exercise over the activities of the entity and its ability to influence the Group's own returns from the entity. In certain circumstances the Group may be required to consolidate a structured entity even though it has no equity interest therein.

We identified the consolidation of structured entities as a key audit matter because it involves significant management judgement to determine whether a structured entity is required to be consolidated by the Group or not and because the impact of consolidating a structured entity on the consolidated statement of financial position and relevant regulatory capital requirements could be significant.

Our audit procedures to assess the consolidation of structured entities included the following:

- understanding and assessing the design and implementation of the key internal controls of financial reporting over consolidation of structured entities;
- assessing the Group's analysis and conclusions on whether it controls structured entities by evaluating the Group's analysis on its power over structured entities, the magnitude and variability of variable returns from its involvement with structured entities. On a sample basis, inspecting the terms of the relevant contracts to assess whether the Group should consolidate a structured entity; and
- evaluating whether the disclosures in the consolidated financial statements in relation to structured entities meet the requirements of the relevant accounting standards.



Independent Auditor's Report

Information other than the consolidated financial statements and auditor's report thereon

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

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

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

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

Responsibilities of the directors for the consolidated financial statements

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

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

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

Independent Auditor's Report

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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



Independent Auditor's Report

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Li Ka Lam.

KPMG

Certified Public Accountants

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

March 30, 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2022	2021
Interest income	4	19,947,683	19,279,440
Interest expense	4	(11,354,064)	(10,822,895)
Net interest income	4	8,593,619	8,456,545
Fee and commission income	5	975,075	828,968
Fee and commission expense	5	(133,416)	(136,198)
Net fee and commission income	5	841,659	692,770
Net gains arising from financial investments	6	1,049,353	1,059,054
Other income, gains or losses	7	385,314	139,123
Operating income		10,869,945	10,347,492
Operating expenses	8	(3,275,235)	(3,091,545)
Impairment losses on assets	9	(5,601,514)	(5,264,949)
Share of profits of associates		8,276	7,279
Profit before taxation		2,001,472	1,998,277
Income tax expense	10	(321,106)	(213,571)
Profit for the year		1,680,366	1,784,706
Attributable to:			
Equity holders of the Bank		1,615,116	1,728,512
Non-controlling interests		65,250	56,194

The notes on pages 237 to 372 form part of these financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2022	2021
Profit for the year		1,680,366	1,784,706
Items that may be reclassified subsequently to profit or loss:			
– Financial assets at fair value through other comprehensive income:			
net movement in fair value		(136,712)	500,471
– Financial assets at fair value through other comprehensive income:			
net movement in impairment losses		10,512	(185,984)
– Income tax relating to items that may be reclassified to profit or loss		31,550	(78,622)
Other comprehensive income for the year, net of tax	11	(94,650)	235,865
Total comprehensive income for the year		1,585,716	2,020,571
Total comprehensive income for the year attributable to:			
Equity holders of the Bank		1,520,461	1,964,082
Non-controlling interests		65,255	56,489
Total comprehensive income for the year		1,585,716	2,020,571
Basic and diluted earnings per share (in RMB)	12	0.53	0.72

The notes on pages 237 to 372 form part of these financial statements.

Consolidated Statement of Financial Position

As at December 31, 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	As at December 31	
		2022	2021
ASSETS			
Cash and balances with the central bank	15	33,148,446	35,672,985
Deposits with banks and other financial institutions	16	2,232,349	2,695,484
Placements with banks and other financial institutions	17	417,940	–
Financial assets held under resale agreements	18	8,974,512	19,384,807
Loans and advances to customers	19	271,535,173	242,938,384
Financial investments	20	149,026,242	147,275,337
Interest in associates	21	134,321	129,170
Right-of-use assets	22	298,087	320,069
Property and equipment	23	2,867,705	2,953,034
Deferred tax assets	24	4,830,269	3,852,807
Other assets	25	6,238,496	6,280,906
Total assets		479,703,540	461,502,983

The notes on pages 237 to 372 form part of these financial statements.

Consolidated Statement of Financial Position

As at December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	As at December 31	
		2022	2021
LIABILITIES			
Borrowings from the central bank	26	12,840,981	25,365,238
Deposits from banks and other financial institutions	27	12,111,022	13,540,241
Placements from banks and other financial institutions	28	6,145,221	5,416,020
Financial assets sold under repurchase agreements	29	1,700,206	989,154
Customer deposits	30	377,340,019	344,851,122
Income tax payable		868,951	644,833
Debt securities issued	31	28,799,725	31,446,796
Lease liabilities	32	328,144	365,598
Provisions		610,488	638,659
Other liabilities	33	2,542,502	2,832,097
Total liabilities		443,287,259	426,089,758
EQUITY			
Share capital	34	2,407,367	2,407,367
Other equity instruments	35	6,997,840	6,997,840
Reserves	36	26,222,454	25,278,730
Equity attributable to equity holders of the Bank		35,627,661	34,683,937
Non-controlling interests		788,620	729,288
Total equity		36,416,281	35,413,225
Total liabilities and equity		479,703,540	461,502,983

The financial statements have been approved by the Board of Directors of the Bank on March 30, 2023.

Pan Ming
EXECUTIVE DIRECTOR

Yuan DeLei
EXECUTIVE DIRECTOR

Li GuoQuan
CHIEF ACCOUNTANT

The notes on pages 237 to 372 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended December 31, 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Attributable to equity holders of the Bank							Non-controlling interests	Total	
		Share capital	Other equity instruments	Share premium	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings			
As at January 1, 2022		2,407,367	6,997,840	8,152,338	156,376	4,140,487	5,195,459	7,634,070	34,683,937	729,288	35,413,225
Profit for the year		-	-	-	-	-	-	1,615,116	1,615,116	65,250	1,680,366
Other comprehensive income for the year		-	-	-	(94,655)	-	-	-	(94,655)	5	(94,650)
Total comprehensive income for the year		-	-	-	(94,655)	-	-	1,615,116	1,520,461	65,255	1,585,716
Appropriation to surplus reserve	36(2)	-	-	-	-	320,402	-	(320,402)	-	-	-
Appropriation to general reserve	36(3)	-	-	-	-	-	117,756	(117,756)	-	-	-
Dividends paid to ordinary shareholders	13	-	-	-	-	-	-	(240,737)	(240,737)	-	(240,737)
Dividends paid to other equity instruments holders	13	-	-	-	-	-	-	(336,000)	(336,000)	-	(336,000)
Dividends paid to non-controlling interests holders		-	-	-	-	-	-	-	-	(5,923)	(5,923)
As at December 31, 2022		2,407,367	6,997,840	8,152,338	61,721	4,460,889	5,313,215	8,234,291	35,627,661	788,620	36,416,281
As at January 1, 2021		2,407,367	-	8,165,761	(79,194)	3,808,824	4,673,589	6,999,828	25,976,175	653,371	26,629,546
Profit for the year		-	-	-	-	-	-	1,728,512	1,728,512	56,194	1,784,706
Other comprehensive income for the year		-	-	-	235,570	-	-	-	235,570	295	235,865
Total comprehensive income for the year		-	-	-	235,570	-	-	1,728,512	1,964,082	56,489	2,020,571
Capital injection by shareholders		-	-	(13,423)	-	-	-	-	(13,423)	25,071	11,648
Issue of perpetual bonds	35	-	6,997,840	-	-	-	-	-	6,997,840	-	6,997,840
Appropriation to surplus reserve	36(2)	-	-	-	-	331,663	-	(331,663)	-	-	-
Appropriation to general reserve	36(3)	-	-	-	-	-	521,870	(521,870)	-	-	-
Dividends paid to ordinary shareholders	13	-	-	-	-	-	-	(240,737)	(240,737)	-	(240,737)
Dividends paid to non-controlling interests holders		-	-	-	-	-	-	-	-	(5,643)	(5,643)
As at December 31, 2021		2,407,367	6,997,840	8,152,338	156,376	4,140,487	5,195,459	7,634,070	34,683,937	729,288	35,413,225

The notes on pages 237 to 372 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended December 31, 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

Note	2022	2021
Cash flows from operating activities		
Profit before taxation	2,001,472	1,998,277
Adjustments for:		
Depreciation and amortisation	513,741	436,879
Impairment losses	5,601,514	5,264,949
Interest income arising from financial investments	(5,111,054)	(5,509,132)
Interest expense arising from debt securities issued	826,540	1,172,211
Interest expense arising from lease liabilities	17,292	18,570
Net gains arising from financial investments	(1,044,420)	(1,015,016)
Share of profits of associates	(8,276)	(7,279)
Losses/(gains) on disposal of property and equipment and other assets	12,790	(17,360)
Unrealised exchange (gains)/losses	(85,725)	28,462
Others	(111,208)	-
Operating cash flows before movements in working capital	2,612,666	2,370,561

The notes on pages 237 to 372 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2022	2021
Cash flows from operating activities			
(continued)			
(Increase)/decrease in balances with the central bank and deposits with banks and other financial institutions		(911,642)	7,589,612
Decrease in bonds investment measured at fair value through profit or loss		1,100,307	1,067,776
Increase in loans and advances to customers		(33,777,652)	(40,678,308)
(Decrease)/increase in borrowings from the central bank		(12,493,781)	5,191,426
(Decrease)/increase in deposits from banks and other financial institutions		(1,284,415)	4,420,056
Increase/(decrease) in placements from banks and other financial institutions		886,806	(1,937,420)
Increase/(decrease) in financial assets sold under repurchase agreements		711,000	(7,341,291)
Increase in customer deposits		30,222,068	29,178,906
Increase in other operating assets		(169,394)	(289,194)
Increase in other operating liabilities		2,138,409	2,357,504
Net cash (used in)/generated from operating activities before tax		(10,965,628)	1,929,628
Income tax paid		(1,042,900)	(914,725)
Net cash (used in)/generated from operating activities		(12,008,528)	1,014,903

The notes on pages 237 to 372 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2022	2021
Cash flows from investing activities			
Cash received from disposal and redemption of financial investments		292,326,182	185,026,646
Cash received from disposal of property and equipment and other assets		118,049	379,767
Dividends received from an associate		3,125	4,937
Net cash received from investment gains and interest		4,415,713	5,326,255
Cash paid for purchase of financial investments		(292,917,675)	(189,724,975)
Cash paid for purchase of property and equipment and other assets		(413,949)	(746,405)
Net cash generated from investing activities		3,531,445	266,225
Cash flows from financing activities			
Cash received from subsidiaries' capital injection by non-controlling interests holders		–	11,648
Cash received from other equity instruments issued		–	6,997,840
Cash received from debt securities issued		32,345,739	45,625,580
Repayment of debt securities issued		(35,650,000)	(41,640,000)
Repayment of leases liabilities		(124,163)	(113,818)
Interest expenses paid for debt securities issued		(169,350)	(345,135)
Dividends paid		(581,900)	(245,730)
Net cash (used in)/generated from financing activities		(4,179,674)	10,290,385
Net (decrease)/increase in cash and cash equivalents		(12,656,757)	11,571,513
Cash and cash equivalents at the beginning of the year		31,450,307	19,832,497
Effect of foreign exchange rate changes		68,288	46,297
Cash and cash equivalents at the end of the year	37	18,861,838	31,450,307
Net cash (used in)/generated from operating activities include:			
Interest paid		(7,936,071)	(7,603,177)
Interest received		14,635,260	13,352,541

The notes on pages 237 to 372 form part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

1 General information

Bank of Jiujiang Co., Ltd. (hereinafter referred to as the “Bank”) is formerly known as Jiujiang Commercial Bank, a joint-stock commercial bank established on the basis of Jiujiang Urban Credit Cooperatives as approved by the People’s Bank of China Wuhan Branch (Wuyinfu [1999] No. 300). The Bank changed its name to Bank of Jiujiang Co., Ltd. in September 2008.

The Bank is licensed as a financial institution by the former China Banking Regulatory Commission (the “CBRC”, currently the China Banking and Insurance Regulatory Commission, the “CBIRC”) Jiangxi Province Bureau (No. B0348H336040001) and is registered as a business enterprise with the approval of Jiujiang Administration of Industry and Commerce of the People’s Republic of China (the “PRC”) (No. 9136040070552834XQ). On July 10, 2018, the Bank was listed on The Stock Exchange of Hong Kong Limited with the stock code of 06190.

The principal activities of the Bank and its subsidiaries (collectively, the “Group”) comprise deposit taking, granting short-term, medium-term and long-term loans; domestic and overseas settlements; bill acceptance and discounting; issuing financial bonds; acting as agent to issue, settle and underwrite government bonds; trading of government bonds and financial bonds; inter-bank placement; providing letters of credit services and guarantees; acting as agent on inward and outward payments, acting as insurance agent; safe-box service and other businesses approved by the CBIRC.

2 Significant accounting policies

(1) Statement of compliance

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



Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(2) Basis of preparation of the financial statements

The consolidated financial statements for the year ended December 31, 2022 comprise the Bank and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates.

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

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

Judgements that have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 2(27).

The measurement basis used in the preparation of the financial statements is the historical basis, except for financial investment at fair value through other comprehensive income, or financial investment at fair value through profit or loss (see Note 2(7)) are stated at their fair value as explained in the accounting policies.

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(3) Changes in accounting policies

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

- Amendments to IFRS 3: Reference to the Conceptual Framework

The amendments have updated IFRS 3 Business combinations, to refer to the 2018 Conceptual Framework for Financial Reporting, and added an exception to the requirement to refer to the 2018 Conceptual Framework to determinate what constitutes an asset or a liability in a business combination. The exception relates to liabilities and contingent liabilities that would have been within the scope of IAS 37 or IFRIC 21. The Board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date. The adoption of the amendments does not have a significant impact on the Group's consolidated financial statements.

- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract

The amendments clarify the meaning of 'costs to fulfil a contract' for the purposes of assessing whether a contract is onerous. In particular, the amendments explain that such costs comprise the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The amendments also clarify that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than merely on assets dedicated to that contract. The adoption of the amendments does not have a significant impact on the Group's consolidated financial statements.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(3) Changes in accounting policies (continued)

- Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The amendments also clarify that an entity is ‘testing whether the asset is functioning properly’ when it assesses the technical and physical performance of the asset, and that the financial performance of the asset is not relevant to this assessment. The adoption of the amendments does not have a significant impact on the Group’s consolidated financial statements.

- Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41: Annual Improvements to IFRS Standards 2018-2020

The IASB issued amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41: Annual Improvements to IFRS Standards 2018-2020, which provides an optional relief for the measurement of cumulative translation differences to certain first-time adopters, clarifies the types of fees to be included when assessing the derecognition of financial liability, amends an illustrative example accompanying IFRS 16, ‘Leases’, and removes the requirement to exclude taxation cash flows when measuring fair value. The adoption of these amendments does not have a significant impact on the Group’s consolidated financial statements.

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior year have been prepared or presented in this financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting year.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(4) Consolidated financial statements

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Bank and its subsidiaries. Control exists when the investor has all of following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non-controlling interests are presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to non-controlling shareholders is presented separately in the consolidated income statement below the net profit line item. Comprehensive income attributable to non-controlling shareholders is presented separately in the consolidated income statement below the total comprehensive income line item. When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

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



Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(5) Translation of foreign currencies

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

A spot exchange rate is quoted by the PBOC, the State Administration of Foreign Exchange, or a cross rate determined based on quoted exchange rates. A rate that approximates the spot exchange rate is determined by a systematic and rational method, normally the average exchange rate of the current period.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognised in profit or loss. Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rate at the date the fair value is determined. The resulting exchange differences are recognised in profit or loss, except for the differences arising from the re-translation of financial assets measured at fair value through other comprehensive income, which are recognised in other comprehensive income.

(6) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, non-restricted balances with central bank, short-term deposits and placements with banks and other financial institutions, and highly liquid short-term investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(7).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(7) Financial instruments

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

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

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

(ii) Classification and subsequent measurement of financial assets

Classification of financial assets

The Group classifies financial assets into different categories upon initial recognition based on the business model for managing the financial assets and the contractual cash flow characteristics of financial assets:

- Financial assets measured at amortised cost, including loans and advances to customers and financial assets measured at amortised cost;
- Financial assets at fair value through other comprehensive income (“FVOCI”), including loans and advances to customers at FVOCI and financial investments at FVOCI; and
- Financial assets at fair value through profit or loss (“FVTPL”).

Financial assets may not be reclassified after initial recognition unless the Group changes the business model for managing the financial assets, in which case, all affected financial assets are reclassified on the first day of the first reporting period after the business model changes.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(7) Financial instruments (continued)

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

Classification of financial assets (continued)

Financial assets not designated as FVTPL that meet the following conditions are classified as financial assets measured at amortised cost:

- The purpose of the Group's business model for managing the financial assets is to receive contractual cash flows;
- The contractual terms of the financial assets stipulate that the cash flows generated on specific dates are only for payment of the principal and the interest based on the amount of principal outstanding.

The Group classifies financial assets not designated as FVTPL that meet the following conditions as financial assets at FVOCI:

- The purpose of the Group's business model for managing the financial assets is to receive contractual cash flows and to sell the financial assets;
- The contractual terms of the financial assets stipulate that the cash flows generated on specific dates are only for payment of the principal and the interest based on the amount of principal outstanding.

For equity investment not held for trading, the Group may irrevocably designate it as financial asset at FVOCI upon initial recognition. The designation is made on an individual basis and the investment is in line with the definition of the equity instrument from the issuer's perspective.

Except for the above-mentioned financial assets that are measured at amortised cost and at FVOCI, the Group classifies all other financial assets into financial assets at FVTPL. At the time of initial recognition, if the accounting mismatch can be eliminated or significantly reduced, the Group can irrevocably designate financial assets that should be measured at amortised cost or FVOCI as financial assets at FVTPL.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(7) Financial instruments (continued)

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

Classification of financial assets (continued)

The business model for managing financial assets refers to how the Group manages financial assets to generate cash flows. The business model determines whether the sources of cash flows for financial assets managed by the Group is contractual cash flows, the sale of financial assets or both. The Group determines the business model for managing financial assets based on objective facts and specific business objectives for the management of financial assets as determined by key management personnel.

The Group assesses the contractual cash flow characteristics of financial assets to determine whether the contractual cash flows generated by the relevant financial assets on specific dates are solely for payment of the principal and the interest based on the amount of principal outstanding. Of which, the principal is the fair value of the financial assets at initial recognition; the interest includes the time value of money, the credit risk associated with the outstanding principal amount for a specific period, and the consideration of other basic borrowing risks, costs and profits. In addition, the Group assesses the contractual terms that may result in a change in the time distribution or amount of contractual cash flows generated by the financial assets to determine whether they meet the requirements of the above contractual cash flow characteristics.

Subsequent measurement of financial assets

– *Financial investments at FVTPL*

Subsequent to initial recognition, the financial assets are measured at fair value, and the resulting gains or losses (including interest and dividend income) are included in profit or loss, unless the financial asset is part of a hedging relationship.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(7) Financial instruments (continued)

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

Subsequent measurement of financial assets (continued)

– *Financial investments measured at amortised cost*

Subsequent to initial recognition, the financial assets are measured at amortised cost using the effective interest method. Gains or losses arising from financial assets that are measured at amortised cost and are not a component of any hedges are recognised in profit or loss at the time of derecognition and amortisation using the effective interest method or recognition of impairment.

– *Financial investments at FVOCI*

Subsequent to initial recognition, the financial assets are measured at fair value. Interest calculated using the effective interest method, impairment losses or gains and exchange gains or losses are recognised in profit or loss, and other gains or losses are included in other comprehensive income. At the time of derecognition, the cumulative gains or losses previously recognised in other comprehensive income are transferred to profit or loss.

– *Equity investments at FVOCI*

Subsequent to initial recognition, the financial assets are measured at fair value. Dividend income is recognised in profit or loss; other gains or losses are recognised in other comprehensive income. At the time of derecognition, the cumulative gains or losses previously included in other comprehensive income are transferred to retained earnings.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(7) Financial instruments (continued)

(iii) Classification and subsequent measurement of financial liabilities

The Group classifies financial liabilities into financial liabilities at FVTPL and financial liabilities carried at amortised cost.

– **Financial liabilities at FVTPL**

Subsequent to initial recognition, the financial liabilities are measured at fair value. Any resulting gains or losses (including interest expenses), unless related to hedge accounting, are recognised in profit or loss.

– **Financial liabilities measured at amortised cost**

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method.

(iv) Impairment

The Group recognises provision for expected credit loss (“ECL”) on:

- Financial assets measured at amortised cost;
- Debt instruments at FVOCI;
- Credit commitments.

Other financial assets measured at fair value, including debt or equity securities at FVTPL and equity securities designated at FVOCI (non-recycling), are not subject to the ECL assessment.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(7) Financial instruments (continued)

(iv) Impairment (continued)

Measurement of ECLs

Expected credit loss is a weighted average of credit losses on financial instruments weighted at the risk of default. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

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

Lifetime ECLs are the ECLs that result from all possible default events over the expected life.

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

ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

The Group's measurement of expected credit losses is described in Note 44(1).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(7) Financial instruments (continued)

(iv) Impairment (continued)

Presentation of provision for ECLs

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. For financial assets measured at amortised cost, provision is offset against their carrying amounts in the balance sheet. The Group recognises provision for debt instruments at FVOCI in other comprehensive income and does not deduct the carrying amount of the financial assets.

Write-off

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

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



Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(7) Financial instruments (continued)

(v) Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the following conditions are met:

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

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

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

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is discharged.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(7) Financial instruments (continued)

(vi) Offsetting

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

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

(8) Financial assets purchased under resale agreements and sold under repurchase agreements

The assets purchased under resale agreements are not recognised, and the payment is reported as a receivable in the balance sheet and is carried at amortised cost.

Financial assets sold under repurchase agreements continue to be recognised in the balance sheet and are measured in accordance with applicable accounting policies. The funds received are reported as liabilities in the balance sheet and are carried at amortised cost.

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



Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(9) Fair value measurement

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

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

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

(10) Long-term equity investments

(i) Investment in subsidiaries

In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the principles described in Note 2(4).

In the Bank's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method for subsequent measurement. Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Bank recognises its share of the cash dividends or profit distributions declared by the investee as investment income for the current period. The investments in subsidiaries are stated in the balance sheet at cost less impairment losses (see Note 2(16)).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(10) Long-term equity investments (continued)

(ii) Investments in associates

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

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

Under the equity method:

Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.

After the acquisition of the investment, the Group recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Group. Changes in the Group's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution ("other changes in owners' equity"), is recognised directly in the Group's equity, and the carrying amount of the investment is adjusted accordingly.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(10) Long-term equity investments (continued)

(ii) Investments in associates (continued)

In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses resulting from transactions between the Group and its associates are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.

The Group discontinues recognising its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the associate subsequently reports net profits, the Group resumes recognising its share of those profits only after its share of the profits has fully covered the share of losses not recognised.

For the impairment of the investments in associates, refer to Note 2(16).

(11) Property and equipment and construction in progress

Property and equipment are tangible assets held by the Group for operation and administration purposes with useful lives over one year.

Property and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see Note 2(16)). Construction in progress is stated in the balance sheet at cost less impairment loss (Note 2(16)).

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(11) Property and equipment and construction in progress (continued)

All direct and indirect costs that are related to the construction of the property and equipment and incurred before the assets are ready for their intended use are capitalised as the cost of construction in progress. Construction in progress is transferred to property and equipment when it is ready for its intended use. No depreciation is provided against construction in progress.

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

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

The cost of property and equipment are depreciated using the straight-line method over their estimated useful lives, after taking into account their estimated residual values and accumulated impairment losses (that is the cost of property and equipment (net of the estimated residual values) divided by the estimated useful lives). The estimated useful lives, estimated residual value rates and annual depreciation rates of each class of property and equipment are as follows:

Asset category	Estimated useful lives	Estimated residual value rates	Annual depreciation rates
Premises	5 – 50 years	0 – 3%	1.94% – 20.00%
Electronic equipment	3 years	3%	32.33%
Motor vehicles	5 years	3%	19.40%
Furniture and fixtures	5 years	3%	19.40%
Leasehold improvements and others	1 – 10 years	0%	10% – 100%

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



Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(12) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes).

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

(13) Leases

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

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(13) Leases (continued)

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

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

For a contract that contains lease and non-lease components, the Group has elected not to separate non-lease components from lease components and account for the lease and non- lease components as a single lease component.

(i) As a lessee

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

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note 2(16).



Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(13) Leases (continued)

(i) As a lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Each institution of the Group uses interest rate that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment as incremental borrowing rate.

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(13) Leases (continued)

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

When the Group is a sub-lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies practical expedient described above, then it classifies the sub-lease as an operating lease.

Under a finance lease, at the commencement date, the Group recognises the finance lease receivable and derecognises the finance lease asset. The finance lease receivable is initially measured at an amount equal to the net investment in the lease. The net investment in the lease is measured at the aggregate of the unguaranteed residual value and the present value of the lease receivable that are not received at the commencement date, discounted using the interest rate implicit in the lease.

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return. The derecognition and impairment of the finance lease receivable are recognised in accordance with the accounting policy in Note 2(7). Variable lease payments not included in the measurement of net investment in the lease are recognised as income as they are earned.

Lease receipts from operating leases is recognised as income using the straight-line method over the lease term. The initial direct costs incurred in respect of the operating lease are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Variable lease payments not included in lease receipts are recognised as income as they are earned.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(14) Intangible assets and Land use rights

Intangible assets and land use rights are stated in the balance sheet at cost or share-based restructuring basis valuation less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(16)). The cost of intangible assets and land use rights less estimated residual value and accumulated impairment losses is amortised on a straight-line basis over the estimated useful lives.

The respective amortisation periods for such intangible assets and land use rights are as follows:

Land use rights	20–50 years
Softwares	1–10 years

(15) Repossessed assets

Repossessed assets are physical assets or property rights obtained by the Group from debtors, warrantors or third parties following the enforcement of its creditor's rights. The repossessed assets are initially recognised at fair value, and are subsequently measured at the lower of the carrying value and net recoverable amount. If the recoverable amount is lower than the carrying value of the repossessed assets, the assets are written down to the recoverable amount.

(16) Impairment of non-financial assets

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

- Property and equipment;
- Construction in progress;
- Right-of-use assets;
- Intangible assets and Land use rights;
- Long-term deferred expenses; and
- Investments in subsidiaries and associates.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(16) Impairment of non-financial assets (continued)

If any indication that an asset may be impaired, the recoverable amount of the asset is estimated.

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

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value less costs to sell and its present value of expected future cash flows. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset; if it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the assets belong.

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount had no impairment loss been recognized. A reversal of an impairment loss is recognized in the consolidated income statement.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(17) Employee benefits

(i) Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate. If the liability is not expected to be fully paid within 12 months after the end of the annual reporting period in which the employee provides the services, and the financial impact is significant, the liability is measured at the discounted amount.

(ii) Post-employment benefits – defined contribution plans

Pursuant to the relevant laws and regulations of the People's Republic of China, the Group participates in a defined contribution basic pension insurance, unemployment insurance and annuity plans in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance and unemployment insurance plans based on the applicable benchmarks and rates stipulated by the government. The Group provides an annuity plan for eligible employees and makes contribution based on a certain percentage of the total salaries of the employees. The corresponding expenses incurred are recognised in profit or loss.

(iii) Termination benefits

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

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(17) Employee benefits (continued)

(iv) Supplementary retirement benefits

Early retirement benefits

According to the Group's policy on early retirement benefits, certain employees are entitled to take leave of absence and in return receive a certain level of staff salaries and related benefits from the Group. The salaries and benefit payments are made from the date of early retirement to the normal retirement date. The amounts of retirement benefits expense and present value of these liabilities are dependent on assumptions used in calculating such amounts. These assumptions include discount rates, retirement benefit growth rates and other factors. Gains and losses arising from the changes in assumptions and amendments to pension plans are recognised in the income statement as they occur.

Retirement benefit annuity plan

In addition to the basic pension insurance scheme, employees and early retirees of the Group also participate in a defined contribution plan established by the Group (the "Annuity Plan"). The Group and its employees are required to contribute a certain percentage of the employees' previous year basic salaries to the Annuity Plan. The contribution is charged to the income statement when it incurs. The Group has no obligation to pay further contributions if the Annuity Plan does not hold sufficient assets to pay all employee benefits.

Contributions to the defined contribution retirement plan are recognised as expenses when incurred, and there are no forfeited contributions that may be used by the Group to reduce the existing level of contribution.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(18) Income tax

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to items that are recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(18) Income tax (continued)

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

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

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

(19) Financial guarantees, provisions and contingent liabilities

(i) Financial guarantees

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

The Group used the expected credit loss model to measure losses incurred because a specified debtor fails to make payment when due, and included them in provisions. Refer to Note 2(7)(iv) for details of the expected credit loss model.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(19) Financial guarantees, provisions and contingent liabilities (continued)

(ii) Other provisions

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid- point of that range. In other cases, the best estimate is determined according to the following circumstances:

- Where the contingency involves a single item, the best estimate is the most likely outcome;
- Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

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

(20) Fiduciary activities

The Group acts in fiduciary activities as a manager, a custodian, or an agent for customers. Assets held by the Group and the related undertakings to return such assets to customers are recorded as off-balance sheet items as the risks and rewards of the assets reside with customers.

The Group enters into entrusted loan agreements with customers, whereby the customers provide funding (the “entrusted funds”) to the Group, and the Group grants loans to third parties (the “entrusted loans”) under instructions of the customers. As the Group does not assume the risks and rewards of the entrusted loans and the corresponding entrusted funds, the entrusted loans and funds are recorded as off-balance sheet items at their principal amount. No provision for impairment loss is made for entrusted loans.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(21) Income recognition

Income is recognised when the Group satisfies the performance obligation in the contract which by transferring the control over relevant goods or services to the customers.

The following is the description of accounting policies regarding income from the Group's principal activities.

(i) Interest income

Interest income for financial assets is recognised in profit or loss as it is incurred, based on the time for alienation of right to use capital and effective interest rates. Interest income includes the amortisation of any discount or premium or differences between the initial carrying amount of an interest-bearing asset and its amount at maturity calculated using the effective interest rate.

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

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



Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(21) Income recognition (continued)

(ii) Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. The fee and commission income recognised by the Group reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring promised services to customers, and income is recognised when its performance obligation in contracts is satisfied.

The Group recognizes income over time by measuring the progress towards the complete satisfaction of a performance obligation, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The customer controls the service provided by the Group in the course of performance;
- The Group does not provide service with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date; or
- In other cases, the Group recognizes revenue at a point in time at which a customer obtains control of the promised services.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(21) Income recognition (continued)

(iii) Government grants

Government grants are recognised in the statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(iv) Other income

Other income is recognised on an accrual basis.

(22) Expense recognition

(i) Interest expenses

Interest expenses from financial liabilities are accrued on a time proportion basis with reference to the amortised cost and the applicable effective interest rate.

(ii) Other expenses

Other expenses are recognised on an accrual basis.

(23) Dividends

Dividends proposed in the profit appropriation plan which will be authorised and declared after the balance sheet date are not recognised as a liability at the balance sheet date but disclosed separately in the notes to the financial statements.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(24) Related parties

- (i) A person, or a close member of that person's family, is related to the Group if that person:
 - (a) has control or joint control over the Group;
 - (b) has significant influence over the Group; or
 - (c) is a member of the key management personnel of the Group or the Group's parent.

- (ii) An entity is related to the Group if any of the following conditions applies:
 - (a) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member);
 - (c) Both entities are joint ventures of the same third party;
 - (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (f) The entity is controlled or jointly controlled by a person identified in (i);
 - (g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
 - (h) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(24) Related parties (continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(25) Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system, whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and assess its performance. Inter-segment revenues are measured on the basis of the actual transaction prices for such transactions for segment reporting. Segment accounting policies are consistent with those for the consolidated financial statements.

(26) Determination of control over investees

Management applies its judgement to determine whether the Group is acting as agent or principal in relation to the structured entities in which the Group acts as an asset manager. In assessing whether the Group is acting as agent, the Group considers factors such as scope of the asset manager's decision-making authority, rights held by other parties, remuneration to which it is entitled and exposure to variability of returns.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Significant accounting policies (continued)

(27) Significant accounting estimates and judgements

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

Except for accounting estimates relating to depreciation and amortisation of assets such as property and equipment and construction in progress, investment properties, intangible assets and land use rights, and other assets (see Note 2(11), Note 2(12) and Note 2(14)) and allowances for impairment losses of various types of assets (see Notes 16, 17, 18, 19, 20 and 25). Other significant accounting estimates are as follows:

- (i) Note 24: Recognition of deferred tax assets; and
- (ii) Note 45: Fair value of financial instruments.

3 Segment analysis

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors and relevant management committees (Chief Operating Decision Maker) for the purposes of allocating resources to segments and assessing their performance. The Group's chief operating decision maker reviews consolidated financial statements mainly based on operating segments for the purpose of allocating resources and performance assessment.

Measurement of segment assets and liabilities and segment income and results is based on the Group's accounting policies. Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements as disclosed in Note 2.

Internal charges and transfer pricing are determined with reference to market rates and have been reflected in the performance of each segment. Interest income and expense arising from internal charges and transfer pricing adjustments are referred to as "inter-segment interest income/expense". Interest income and expense earned from/incurred with third parties are referred to as "external interest income/expense".

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

3 Segment analysis (continued)

Segment revenue, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group provides a diversified range of banking and related financial services. The products and services offered to customers are organized into the following operating segments:

Corporate banking

The corporate banking segment provides financial products and services to corporations, government agencies and financial institutions. The products and services include corporate loans, trade financing, deposit takings and other types of corporate intermediary services.

Retail banking

The retail banking segment provides financial products and services to individual customers. The products and services include personal loans, deposit products, card business, personal wealth management services and other types of personal intermediary services, except for those carried by subsidiaries of the Bank.

Financial market business

The Group's financial market business conduct money market or repurchase transactions, and financial investments for its own accounts or on behalf of customers except for those carried by subsidiaries of the Bank.

Segment result represents the profit earned by each segment without allocation of certain other income, gains or losses, impairment losses on assets, share of profits of associates, income tax expense and results from subsidiaries of the Group. Segment assets/liabilities are allocated to each segment, excluding investment properties, loans and advances to customers, interests in associates and assets/liabilities of the subsidiaries of the Group. This is the measure reported to the Chief Operating Decision Maker for the purposes of resource allocation and performance assessment.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

3 Segment analysis (continued)

	Year ended December 31, 2022				
	Corporate banking	Retail banking	Financial market business	Unallocated	Total
External interest income	8,283,276	4,662,800	6,455,564	546,043	19,947,683
External interest expense	(4,455,806)	(4,644,129)	(2,107,378)	(146,751)	(11,354,064)
Net inter-segment interest income/(expense)	648,633	3,085,456	(3,160,043)	(574,046)	-
Net interest income	4,476,103	3,104,127	1,188,143	(174,754)	8,593,619
Fee and commission income	613,536	77,903	280,816	2,820	975,075
Fee and commission expense	(37,453)	(65,781)	(25,956)	(4,226)	(133,416)
Net fee and commission income	576,083	12,122	254,860	(1,406)	841,659
Net gains arising from financial investments	-	-	1,049,353	-	1,049,353
Other income, gains or losses	(2,532)	(3,073)	133,832	257,087	385,314
Operating income	5,049,654	3,113,176	2,626,188	80,927	10,869,945
Operating expenses	(1,194,686)	(969,408)	(856,131)	(255,010)	(3,275,235)
Impairment losses on assets	(3,821,873)	(698,915)	(1,080,961)	235	(5,601,514)
Share of profits of associates	-	-	-	8,276	8,276
Profit before taxation	33,095	1,444,853	689,096	(165,572)	2,001,472
Income tax expense					(321,106)
Profit for the year					1,680,366
Depreciation and amortisation	210,904	118,722	164,368	19,747	513,741
Purchase of non-current assets	166,506	93,728	129,765	10,976	400,975
Segment assets	180,274,888	88,713,589	193,459,143	12,425,651	474,873,271
Deferred tax assets					4,830,269
Total assets					479,703,540
Total liabilities/Segment liabilities	(174,088,848)	(154,651,180)	(62,247,276)	(52,299,955)	(443,287,259)
Credit commitments	85,082,069	23,093,125	-	-	108,175,194

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

3 Segment analysis (continued)

	Year ended December 31, 2021				
	Corporate banking	Retail banking	Financial market business	Unallocated	Total
External interest income	7,817,041	3,810,471	7,186,165	465,763	19,279,440
External interest expense	(3,865,995)	(4,104,152)	(2,763,982)	(88,766)	(10,822,895)
Net inter-segment interest income/(expense)	659,767	3,191,101	(3,487,286)	(363,582)	-
Net interest income	4,610,813	2,897,420	934,897	13,415	8,456,545
Fee and commission income	497,211	69,500	259,383	2,874	828,968
Fee and commission expense	(29,474)	(58,049)	(46,291)	(2,384)	(136,198)
Net fee and commission income	467,737	11,451	213,092	490	692,770
Net gains arising from financial investments	-	-	1,058,745	309	1,059,054
Other income, gains or losses	(8,330)	(2,007)	(13,112)	162,572	139,123
Operating income	5,070,220	2,906,864	2,193,622	176,786	10,347,492
Operating expenses	(1,114,554)	(848,654)	(876,577)	(251,760)	(3,091,545)
Impairment losses on assets	(2,885,182)	(578,598)	(1,811,048)	9,879	(5,264,949)
Share of profits of associates	-	-	-	7,279	7,279
Profit before taxation	1,070,484	1,479,612	(494,003)	(57,816)	1,998,277
Income tax expense					(213,571)
Profit for the year					1,784,706
Depreciation and amortisation	172,230	83,955	158,330	22,364	436,879
Purchase of non-current assets	1,028,178	501,193	945,199	61,261	2,535,831
Segment assets	160,259,329	80,252,324	204,084,838	13,053,685	457,650,176
Deferred tax assets					3,852,807
Total assets					461,502,983
Segment liabilities/Total liabilities	(159,370,696)	(124,030,421)	(77,702,957)	(64,985,684)	(426,089,758)
Credit commitments	80,701,117	16,835,328	-	-	97,536,445



Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

3 Segment analysis (continued)

Geographical information

The Group's revenue from external customers is derived solely from its operations and services rendered in the PRC, and non-current assets of the Group are located in the PRC.

Information about major customers

During the year ended December 31, 2022 and 2021, there were no revenue from transactions with a single external customer amounting to 10.00% or more of the Group's total revenue.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 Net interest income

	2022	2021
Interest income:		
Balances with the central bank	452,280	495,576
Deposits with banks and other financial institutions	28,952	18,456
Placements with banks and other financial institutions	806	4,704
Financial assets held under resale agreements	388,726	547,074
Loans and advances to customers		
– Corporate loans and advances	8,378,613	8,038,792
– Retail loans and advances	5,081,699	4,030,843
– Discounted bills	505,553	634,863
Financial investments	5,111,054	5,509,132
Subtotal	19,947,683	19,279,440
Interest expense:		
Borrowings from the central bank	(386,016)	(430,202)
Deposits from banks and other financial institutions	(327,925)	(413,965)
Placements from banks and other financial institutions	(143,000)	(160,126)
Financial assets sold under repurchase agreements	(257,935)	(366,502)
Customer deposits	(9,395,356)	(8,261,319)
Debt securities issued	(826,540)	(1,172,211)
Lease liabilities	(17,292)	(18,570)
Subtotal	(11,354,064)	(10,822,895)
Net interest income	8,593,619	8,456,545

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

5 Net fee and commission income

	2022	2021
Fee and commission income		
Credit commitments and financial guarantees fees	255,907	229,817
Wealth management fees	237,238	229,459
Settlement and clearing fees	221,053	107,707
Agency service fees	178,004	186,554
Bank card fees	71,596	63,389
Transaction and consultancy fees	11,277	12,042
Subtotal	975,075	828,968
Fee and commission expense		
Transaction fees	(63,464)	(51,654)
Settlement fees	(41,063)	(54,821)
Others	(28,889)	(29,723)
Subtotal	(133,416)	(136,198)
Net fee and commission income	841,659	692,770

6 Net gains arising from financial investments

	2022	2021
Net gains on financial investments at fair value through profit or loss ("FVTPL")	1,000,645	1,012,033
Net gains on financial investments at fair value through other comprehensive income ("FVOCI")	43,413	43,467
Others	5,295	3,554
Total	1,049,353	1,059,054

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

7 Other income, gains or losses

	Note	2022	2021
Government subsidies	(1)	263,659	125,917
Exchange gains/(losses)		133,832	(13,112)
Rental income		23,168	21,026
(Losses)/gains on disposal of repossessed assets		(10,579)	11,542
Donation		(6,349)	(8,637)
(Losses)/gains on disposal of property and equipment		(2,211)	5,818
Depreciation of investment properties		–	(3,504)
Others		(16,206)	73
Total		385,314	139,123

- (1) Government subsidies mainly represent interest rate swap incentive, subsidies received from local government to encourage the expansion of agriculture-related loan portfolios, bonus for the Group's contribution to the local economic development and tax refund.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

8 Operating expenses

	Note	2022	2021
Staff costs			
– Salaries, bonuses and allowances		1,362,456	1,350,893
– Social insurance and supplementary retirement benefits		262,475	244,997
– Staff welfares		87,458	68,971
– Housing fund		75,411	64,800
– Employee education expenses and labour union expenses		31,219	33,485
Subtotal		1,819,019	1,763,146
General and administrative expenses	(1)	781,378	734,554
Depreciation and amortisation (excluding investment properties)		422,899	349,114
Tax and surcharges		132,731	135,748
Depreciation (right-of-use assets)		90,842	84,261
Rental and property management expenses		28,366	24,722
Total		3,275,235	3,091,545

(1) Included in the general and administrative expenses, there were auditor's remunerations for the year ended December 31, 2022 and 2021 amounting to RMB2.95 million and RMB2.95 million respectively.

9 Impairment losses on assets

	2022	2021
Loans and advances to customers at amortised cost	4,462,048	3,458,058
Loans and advances to customers at FVOCI	9,210	(184,958)
Financial investments measured at amortised cost	733,518	1,821,908
Financial investments measured at FVOCI	1,302	(1,026)
Others	395,436	170,967
Total	5,601,514	5,264,949

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

10 Income tax expense

(1) Income tax expense

	Note	2022	2021
Current income tax		1,224,215	1,017,611
Tax filing differences		42,803	33,212
Deferred tax	24	(945,912)	(837,252)
Total		321,106	213,571

The Group carries out its operation in mainland China and all group entities are subject to the PRC Enterprise Income Tax. It is calculated at 25% of the estimated assessable profit for the year.

(2) Reconciliations between income tax and accounting profit are as follows

	Note	Year ended December 31	
		2022	2021
Profit before taxation		2,001,472	1,998,277
Tax calculated at applicable statutory tax rate of 25%		500,368	499,569
Adjustments for prior years		42,803	33,212
Effect of expenses not deductible for tax purpose		53,742	13,599
Effect of non-taxable income	(a)	(277,784)	(330,019)
Current-year losses for which no deferred tax asset is recognised	(b)	3,785	1,073
Utilization of tax losses previously not recognised		(1,808)	(534)
Recognition of previously unrecognised deductible temporary differences		–	(3,329)
Total		321,106	213,571

Notes:

(a) The non-taxable income mainly represents interest income arising from the PRC government bonds and local government bonds, fund dividend income, and share of profit of associates, which are exempt from income tax under the PRC tax regulations.

(b) Due to the uncertainty of having adequate taxable income in future, certain subsidiaries did not recognise the deferred tax assets for their deductible losses.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

11 Other comprehensive income

	Year ended December 31, 2022		
	Before-tax amount	Tax expense	Net of income amount
Items that may be reclassified subsequently to profit or loss:			
– FVOCI: net movement in fair value	(136,712)	34,178	(102,534)
– FVOCI: net movement in impairment losses	10,512	(2,628)	7,884
Total	(126,200)	31,550	(94,650)

	Year ended December 31, 2021		
	Before-tax amount	Tax expense	Net of income amount
Items that may be reclassified subsequently to profit or loss:			
– FVOCI: net movement in fair value	500,471	(125,118)	375,353
– FVOCI: net movement in impairment losses	(185,984)	46,496	(139,488)
Total	314,487	(78,622)	235,865

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

12 Earnings per share

The calculation of basic and diluted earnings per share is as follows:

	Year ended December 31	
	2022	2021
Earnings for the purpose of basic and diluted earnings per share:		
Profit attributable to equity holders of the Bank	1,615,116	1,728,512
Less: Profit attributable to holders of perpetual bonds	(336,000)	–
Profit attributable to ordinary shareholders of the Bank	1,279,116	1,728,512
Numbers of shares:		
Weighted average number of shares for the purpose of basic earnings per share (in '000)	2,407,367	2,407,367
Basic and diluted earnings per share (RMB yuan)	0.53	0.72

No diluted earnings per share for the year ended December 31, 2022 and 2021 were presented as there were no dilutive potential ordinary shares outstanding during the respective year.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

13 Dividends

	Note	Year ended December 31	
		2022	2021
Dividends on ordinary shares:			
2021 Final Dividend	(1)	240,737	–
2020 Final Dividend	(1)	–	240,737
Interest on perpetual bonds declared and paid	(2)	336,000	–

Notes:

(1) *Distribution of dividend on ordinary shares*

A final dividend of RMB10 cents per share (tax inclusive) in respect of the year ended December 31, 2021 amounting in a total of RMB240.74 million was proposed by the board of directors of the Bank and approved by the 2021 annual general meeting of the Bank on June 29, 2022.

A final dividend of RMB10 cents per share (tax inclusive) in respect of the year ended December 31, 2020 amounting in a total of RMB240.74 million was proposed by the board of directors of the Bank and approved by the 2020 annual general meeting of the Bank on June 25, 2021.

(2) *Distribution of interest on perpetual bonds*

An interest at the interest rate of 4.80% per annum related to the first tranche of perpetual bonds of RMB3 billion amounting to RMB144 million in total was declared on January 28, 2022 and distributed on February 9, 2022.

An interest at the interest rate of 4.80% per annum related to the second tranche of perpetual bonds of RMB4 billion amounting to RMB192 million in total was declared on April 12, 2022 and distributed on April 15, 2022.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

14 Emoluments of directors, supervisors, senior management and five highest paid individuals

(1) Directors', supervisors' and senior management remunerations

Year ended December 31, 2022

Name	Fees	Salaries	Discretionary bonuses	Delayed Payments	Subtotal	Contributions by the employer to social insurance and staff welfares, housing fund, etc	Contributions to Pension Scheme	Other welfares	Total (iii)
Executive directors									
Liu Xianting(i)	-	144	111	111	366	16	52	4	438
Pan Ming(ii)	-	413	310	310	1,033	68	77	4	1,182
Yuan Delei	-	373	292	292	957	71	62	4	1,094
Non-executive directors									
Zeng Huasheng	-	-	-	-	-	-	-	-	-
Shi Zhishan	-	-	-	-	-	-	-	-	-
Li Jianbao	-	-	-	-	-	-	-	-	-
Independent non-executive directors									
Cai Qingfu	290	-	-	-	290	-	-	-	290
Gao Yuhui	299	-	-	-	299	-	-	-	299
Quan Ze	252	-	-	-	252	-	-	-	252
Yang Tao	264	-	-	-	264	-	-	-	264
Supervisors									
Mei Mengsheng	-	394	304	304	1,002	76	85	4	1,167
Wan Dandan	-	122	108	108	338	65	31	4	438
Liao Jingwen	-	190	130	130	450	76	46	4	576
Guo Jiequn	230	-	-	-	230	-	-	-	230
Chen Chunxia	230	-	-	-	230	-	-	-	230
Liu Chunmei	-	-	-	-	-	-	-	-	-
Senior management									
Xiao Jing(ii)	-	396	318	318	1,032	68	69	4	1,173
Xie Haiyang	-	383	281	281	945	68	76	4	1,093
Wang Li	-	368	273	273	914	81	69	4	1,068
Huang Chaoyang	-	366	285	285	936	78	62	4	1,080
Qi Yongwen	-	379	328	328	1,035	68	62	4	1,169
Chen Luping(i)	-	232	162	162	556	71	62	4	693
Xu Cao	-	347	258	258	863	76	62	4	1,005
Wang Yuanxin	-	370	273	273	916	90	62	4	1,072
Cai Jianhong	-	317	242	242	801	76	62	4	943
Li Guoquan	-	331	288	288	907	76	62	4	1,049
Total	1,565	5,125	3,963	3,963	14,616	1,124	1,001	64	16,805

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

14 Emoluments of directors, supervisors, senior management and five highest paid individuals (continued)

(1) Directors', supervisors' and senior management remunerations (continued)

Year ended December 31, 2021

Name	Fees	Salaries	Discretionary bonuses	Delayed Payments	Subtotal	Contributions by the employer to social insurance and staff welfares, housing fund, etc	Contributions to Pension Scheme	Other welfares	Total (iii)
Executive directors									
Liu Xianting(i)	-	617	512	512	1,641	76	76	4	1,797
Pan Ming(ii)	-	576	505	505	1,586	67	76	4	1,733
Yuan Delei	-	353	311	311	975	77	67	4	1,123
Non-executive directors									
Zeng Huasheng	-	-	-	-	-	-	-	-	-
Shi Zhishan	-	-	-	-	-	-	-	-	-
Li Jianbao	-	-	-	-	-	-	-	-	-
Independent non-executive directors									
Cai Qingfu	299	-	-	-	299	-	-	-	299
Gao Yuhui	299	-	-	-	299	-	-	-	299
Quan Ze	282	-	-	-	282	-	-	-	282
Yang Tao	284	-	-	-	284	-	-	-	284
Supervisors									
Mei Mengsheng	-	501	555	555	1,611	76	76	4	1,767
Wan Dandan	-	95	69	69	233	42	27	4	306
Liao Jingwen	-	174	202	202	578	76	46	4	704
Guo Jiequn	251	-	-	-	251	-	-	-	251
Chen Chunxia	258	-	-	-	258	-	-	-	258
Liu Chunmei	-	-	-	-	-	-	-	-	-
Senior management									
Xiao Jing(ii)	-	507	539	539	1,585	67	75	4	1,731
Xie Haiyang	-	503	600	600	1,703	70	69	4	1,846
Wang Li	-	406	384	384	1,174	74	69	4	1,321
Huang Chaoyang	-	401	341	341	1,083	76	49	4	1,212
Qi Yongwen	-	411	418	418	1,247	67	61	4	1,379
Chen Luping(i)	-	366	341	341	1,048	76	61	4	1,189
Xu Cao	-	370	340	340	1,050	76	61	4	1,191
Wang Yuanxin	-	417	317	317	1,051	78	73	4	1,206
Cai Jianhong	-	335	341	341	1,017	76	61	4	1,158
Li Guoquan	-	358	311	311	980	76	67	4	1,127
Total	1,673	6,390	6,086	6,086	20,235	1,150	1,014	64	22,463

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

14 Emoluments of directors, supervisors, senior management and five highest paid individuals (continued)

(1) Directors', supervisors' and senior management remunerations (continued)

Notes:

- (i) *Liu Xianting retired as an executive director of the Bank on February 11, 2022. Chen Lupin was resigned as senior management of the Bank on August 30, 2022.*
- (ii) *On February 11, 2022, the Board resolved to dismiss Pan Ming from the position of the President of the Bank, with effect from February 11, 2022. In order to ensure the normal operation of the Bank, Xiao Jing performed relevant duties on behalf of the President of the Bank. On July 18, 2022, the qualification of Xiao Jing as the President of the Bank was approved by the China Banking and Insurance Regulatory Commission Jiangxi Bureau. Xiao Jing was elected as the President of the Bank with the term of office commencing from July 18, 2022.*
- (iii) *There was no non-cash payment during the year ended December 31, 2022 to the directors, supervisors or senior management (December 31, 2021: nil). There was no arrangement under which a director's or senior management's remuneration was deducted during the year ended December 31, 2022 (December 31, 2021: nil).*

The executive directors' remunerations shown above were for their services in connection with the management of the affairs of the Bank and the Group.

Non-executive directors did not receive any remunerations for their services as directors of the Bank.

The independent non-executive directors' remunerations shown above were for their services as directors of the Bank.

The supervisors' remunerations shown above were for the supervised service and employment in the Bank.

The bonuses are discretionary and are determined by reference to the Group's and the individuals' performance.

For the year ended December 31, 2022 and 2021, no directors, supervisors or senior management of the Bank waived any remunerations, and no remunerations were paid by the Bank to any of the directors, supervisors or senior management as an inducement to join or upon joining the Group or as compensation for loss of office.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

14 Emoluments of directors, supervisors, senior management and five highest paid individuals (continued)

(2) Five highest paid individuals

Among the five highest paid individuals, none of them are directors of the Bank, none of them are supervisors of the Bank and none of them are senior management whose remunerations are disclosed above for the year ended December 31, 2022 and 2021 respectively.

The total remunerations payable to the five individuals whose remunerations were the highest in the Group during the years of 2022 and 2021 are as follows:

	Year ended December 31	
	2022	2021
Basic salaries and allowances	9,396	10,876
Contribution to pension schemes	291	300
Welfares	21	21
Total	9,708	11,197

Remunerations of the five highest paid individuals were within the following bands:

	Year ended December 31	
	2022	2021
RMB¥ 1,500,001 – RMB¥ 2,000,000	4	1
RMB¥ 2,000,001 – RMB¥ 2,500,000	1	3
RMB¥ 2,500,001 – RMB¥ 3,000,000	–	1
RMB¥ 3,000,001 – RMB¥ 3,500,000	–	–
Total	5	5

During the year ended December 31, 2022 and 2021, no remuneration was paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

15 Cash and balances with the central bank

	Note	As at December 31	
		2022	2021
Cash		399,272	500,101
Mandatory reserve deposits	(i)	28,128,182	26,946,244
Surplus reserve deposits	(ii)	4,244,989	7,875,056
Other deposits	(iii)	363,040	339,103
Subtotal		33,135,483	35,660,504
Accrued interest		12,963	12,481
Total		33,148,446	35,672,985

Notes:

- (i) The Group places mandatory reserve deposits with the People's Bank of China (the "PBOC"). This includes RMB reserve deposits and foreign currency reserve deposits. These mandatory reserve funds are not available for the Group's daily operations.

As at December 31, 2022 and 2021, mandatory reserve deposits with the PBOC were calculated at 7.5% and 8% of eligible RMB deposits for the Bank; and at 5% and 5% of those for the subsidiaries respectively, and at 6% and 9% of foreign currency deposits for the Bank. The foreign currency reserve deposits placed with the PBOC are non-interest bearing.

- (ii) The surplus reserve deposits are maintained with the PBOC mainly for the purpose of clearing.

- (iii) Other deposits mainly represent the required fiscal deposits placed with the PBOC.

16 Deposits with banks and other financial institutions

	As at December 31	
	2022	2021
Deposits with:		
Banks and other financial institutions in		
mainland China	1,569,065	2,113,970
Banks outside mainland China	660,066	576,358
Gross balance	2,229,131	2,690,328
Accrued interest	3,914	5,951
Allowances for impairment losses	(696)	(795)
Total	2,232,349	2,695,484

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

17 Placements with banks and other financial institutions

	As at December 31	
	2022	2021
Placements with:		
Banks in mainland China	417,876	–
Accrued interest	163	–
Allowances for impairment losses	(99)	–
Total	417,940	–

18 Financial assets held under resale agreements

(1) Analysed by counterparties

	As at December 31	
	2022	2021
Banks in mainland China	2,497,226	10,732,679
Other financial institutions in mainland China	6,476,406	8,653,032
Gross balance	8,973,632	19,385,711
Accrued interest	3,400	4,267
Allowances for impairment losses	(2,520)	(5,171)
Total	8,974,512	19,384,807

(2) Analysed by type of collateral

	As at December 31	
	2022	2021
Bonds	7,476,266	17,925,370
Bills	1,497,366	1,460,341
Gross Balance	8,973,632	19,385,711
Accrued interest	3,400	4,267
Allowances for impairment losses	(2,520)	(5,171)
Total	8,974,512	19,384,807

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

19 Loans and advances to customers

(1) Analysed by nature

Distributions of loans and advances to customers by corporate and retail customers are set out as follows:

	Note	As at December 31	
		2022	2021
Corporate loans and advances			
– Loans		146,155,355	138,099,827
Retail loans and advances			
– Residential mortgage loans		34,917,984	33,939,204
– Personal loans for business purposes		35,744,437	28,646,848
– Personal loans for consumption		18,311,700	18,386,532
– Credit card		6,657,581	5,616,813
Subtotal		95,631,702	86,589,397
Gross loans and advances to customers at amortised cost		241,787,057	224,689,224
Accrued interest		1,131,576	755,323
Allowances for impairment losses			
– 12-month ECL		(2,163,268)	(2,881,267)
– lifetime ECL not credit-impaired		(1,684,588)	(1,074,085)
– lifetime ECL credit-impaired		(4,913,876)	(3,576,059)
Subtotal		(8,761,732)	(7,531,411)
Loans and advances to customers at amortised cost, net		234,156,901	217,913,136
Loans and advances to customers at FVOCI			
– Discounted bills and forfeiting	(a)	37,378,272	25,025,248
Total loans and advances to customers		271,535,173	242,938,384

Note:

(a) As at December 31, 2022 and 2021, the Group's allowances for impairment losses on loans and advances to customers measured at FVOCI was RMB21.71 million and RMB12.50 million respectively, as detailed in Note 19(7)(b).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

19 Loans and advances to customers (continued)

(2) Analysed by industry sector

	December 31, 2022		
	Amount	Percentage	Loans and advances secured by collaterals
Manufacturing	32,740,688	11.73%	3,953,246
Real estate	25,784,186	9.24%	19,504,013
Wholesale and retail	24,668,744	8.84%	5,313,036
Construction	21,016,760	7.53%	5,903,163
Leasing and commercial services	18,525,289	6.64%	3,405,555
Water conservancy, environment and public utility management	12,027,402	4.31%	2,532,168
Education	5,116,366	1.83%	445,260
Agriculture, forestry, animal husbandry and fishery	4,943,598	1.77%	419,916
Health and social work	4,474,321	1.60%	280,817
Finance	2,954,166	1.06%	27,471
Others	10,175,736	3.63%	2,954,559
Subtotal of corporate loans and advances	162,427,256	58.18%	44,739,204
Retail loans and advances	95,631,702	34.26%	58,063,771
Discounted bills	21,106,371	7.56%	–
Gross loans and advances to customers	279,165,329	100.00%	102,802,975

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

19 Loans and advances to customers (continued)

(2) Analysed by industry sector (continued)

	December 31, 2021		
	Amount	Percentage	Loans and advances secured by collaterals
Real estate	30,832,854	12.35%	23,806,251
Manufacturing	21,416,714	8.58%	2,898,769
Construction	20,815,351	8.34%	6,044,666
Wholesale and retail	20,226,275	8.10%	5,753,657
Leasing and commercial services	16,199,594	6.49%	3,737,884
Water conservancy, environment and public utility management	13,262,759	5.31%	2,312,918
Health and social work	4,571,797	1.83%	110,679
Education	4,525,997	1.81%	271,400
Finance	4,409,878	1.77%	34,555
Agriculture, forestry, animal husbandry and fishery	3,842,937	1.54%	339,990
Production and supply of electricity, gas and water	3,245,141	1.30%	142,900
Others	6,332,824	2.52%	2,245,329
Subtotal of corporate loans and advances	149,682,121	59.94%	47,698,998
Retail loans and advances	86,589,397	34.68%	52,839,822
Discounted bills	13,442,954	5.38%	-
Gross loans and advances to customers	249,714,472	100.00%	100,538,820

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

19 Loans and advances to customers (continued)

(3) Analysed by type of collateral

	As at December 31	
	2022	2021
Collateralized loans	102,802,975	100,538,820
Guaranteed loans	77,517,963	58,398,029
Pledged loans	54,083,511	42,396,470
Unsecured loans	44,760,880	48,381,153
Gross loans and advances to customers	279,165,329	249,714,472
Accrued interest	1,131,576	755,323
Allowances for impairment losses on loans and advances to customers measured at amortised cost	(8,761,732)	(7,531,411)
Net loans and advances to customers	271,535,173	242,938,384

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

19 Loans and advances to customers (continued)

(4) Overdue loans analysed by overdue period

	December 31, 2022				Total
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	
Collateralized loans	1,003,342	994,672	562,899	108,767	2,669,680
Pledged loans	41,072	533,921	460,232	5,957	1,041,182
Unsecured loans	207,855	510,422	59,286	71,379	848,942
Guaranteed loans	225,106	292,763	152,058	61,810	731,737
Total	1,477,375	2,331,778	1,234,475	247,913	5,291,541
As a percentage of gross loans and advances to customers	0.53%	0.84%	0.44%	0.09%	1.90%

	December 31, 2021				Total
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	
Pledged loans	1,151,350	69,386	955,980	–	2,176,716
Collateralized loans	470,545	430,192	312,246	57,763	1,270,746
Unsecured loans	260,587	336,054	91,431	120,321	808,393
Guaranteed loans	82,175	55,691	288,476	52,008	478,350
Total	1,964,657	891,323	1,648,133	230,092	4,734,205
As a percentage of gross loans and advances to customers	0.79%	0.36%	0.66%	0.09%	1.90%

Overdue loans represent loans, of which the whole or part of the principal or interest are overdue for one day or more.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

19 Loans and advances to customers (continued)

(5) Analysed by geographical area

	December 31, 2022	
	Amount	Percentage
Within Jiangxi Province (apart from Jiujiang City)	143,979,035	51.57%
Jiujiang City	87,429,620	31.32%
Guangdong Province	23,210,639	8.31%
Anhui Province	15,318,234	5.49%
Others	9,227,801	3.31%
Gross loans and advances to customers	279,165,329	100.00%

	December 31, 2021	
	Amount	Percentage
Within Jiangxi Province (apart from Jiujiang City)	128,359,795	51.40%
Jiujiang City	74,857,578	29.98%
Guangdong Province	24,234,360	9.70%
Anhui Province	13,921,997	5.58%
Others	8,340,742	3.34%
Gross loans and advances to customers	249,714,472	100.00%

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

19 Loans and advances to customers (continued)

(6) Loans and advances and allowances for impairment losses

	As at December 31, 2022			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
Total loans and advances to customers measured at amortised cost	225,915,964	9,155,078	7,847,591	242,918,633
Allowances for impairment losses on loans and advances to customers measured at amortised cost	(2,163,268)	(1,684,588)	(4,913,876)	(8,761,732)
Carrying amount of loans and advances to customers measured at amortised cost	223,752,696	7,470,490	2,933,715	234,156,901
Carrying amount of loans and advances to customers measured at FVOCI	37,378,272	-	-	37,378,272
Total carrying amount of loans and advances to customers	261,130,968	7,470,490	2,933,715	271,535,173

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

19 Loans and advances to customers (continued)

(6) Loans and advances and allowances for impairment losses (continued)

	As at December 31, 2021			Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
		not credit- impaired	credit- impaired	
Total loans and advances to customers measured at amortised cost	212,492,476	6,412,560	6,539,511	225,444,547
Allowances for impairment losses on loans and advances to customers measured at amortised cost	(2,881,267)	(1,074,085)	(3,576,059)	(7,531,411)
Carrying amount of loans and advances to customers measured at amortised cost	209,611,209	5,338,475	2,963,452	217,913,136
Carrying amount of loans and advances to customers measured at FVOCI	25,025,248	-	-	25,025,248
Total carrying amount of loans and advances to customers	234,636,457	5,338,475	2,963,452	242,938,384

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

19 Loans and advances to customers (continued)

- (7) Analysis of movements of the allowance for impairment losses on loans and advances to customers for the year ended December 31, 2022 and 2021 are as follows:

(a) Loans and advances to customers at amortised cost

	Year ended December 31, 2022			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at January 1, 2022	2,881,267	1,074,085	3,576,059	7,531,411
Transferred:				
– to 12-month ECL	55,176	(49,787)	(5,389)	–
– to lifetime ECL not credit- impaired	(64,608)	67,295	(2,687)	–
– to lifetime ECL credit-impaired	(26,990)	(594,434)	621,424	–
(Released)/charged for the year	(681,577)	1,187,429	3,956,196	4,462,048
Write-offs/transferred out	–	–	(3,385,102)	(3,385,102)
Recoveries	–	–	153,375	153,375
As at December 31, 2022	2,163,268	1,684,588	4,913,876	8,761,732

	Year ended December 31, 2021			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at January 1, 2021	2,939,858	341,446	1,940,454	5,221,758
Transferred:				
– to 12-month ECL	13,650	(11,908)	(1,742)	–
– to lifetime ECL not credit- impaired	(34,637)	37,478	(2,841)	–
– to lifetime ECL credit-impaired	(62,560)	(151,297)	213,857	–
Charged for the year	24,956	858,366	2,574,736	3,458,058
Write-offs	–	–	(1,309,310)	(1,309,310)
Recoveries	–	–	160,905	160,905
As at December 31, 2021	2,881,267	1,074,085	3,576,059	7,531,411

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

19 Loans and advances to customers (continued)

- (7) Analysis of movements of the allowance for impairment losses on loans and advances to customers for the year ended December 31, 2022 and 2021 are as follows: (continued)

(b) Loans and advances to customers at FVOCI

	Year ended December 31, 2022			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at January 1, 2022	12,500	–	–	12,500
Charged for the year	9,210	–	–	9,210
As at December 31, 2022	21,710	–	–	21,710

	Year ended December 31, 2021			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at January 1, 2021	197,458	–	–	197,458
Released for the year	(184,958)	–	–	(184,958)
As at December 31, 2021	12,500	–	–	12,500

Allowance for impairment losses on loans and advances to customers measured at FVOCI is recognised in other comprehensive income without decreasing the carrying amount of loans and advances presented in the consolidated statement of financial position, and any impairment loss or reversal is recognised in the profit or loss.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

20 Financial investments

	Note	As at December 31	
		2022	2021
Financial investments measured at FVTPL	(1)	21,129,487	21,829,216
Financial investments measured at FVOCI	(2)	47,019,722	34,458,144
Financial investments measured at amortised cost	(3)	80,877,033	90,987,977
Total		149,026,242	147,275,337

(1) Financial investments measured at FVTPL

	As at December 31	
	2022	2021
Debt securities issued by:		
Corporations	704,083	337,402
Commercial banks	52,219	–
Asset backed medium-term notes	–	238,796
Subtotal	756,302	576,198
Equity investments	1,040,250	257,556
Funds and other investments:		
Fund investments	11,037,383	11,681,858
Trust beneficiary rights and asset management plans	3,885,839	4,385,091
Others	4,409,713	4,928,513
Subtotal	19,332,935	20,995,462
Total	21,129,487	21,829,216
Listed	22,373	20,064
Unlisted	21,107,114	21,809,152
Total	21,129,487	21,829,216

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

20 Financial investments (continued)

(2) Financial investments measured at FVOCI

	As at December 31	
	2022	2021
Debt securities issued by:		
Government	28,249,991	15,297,100
Commercial banks	8,963,662	5,594,996
Policy banks	6,927,675	10,344,262
Corporations	2,355,244	2,639,250
Subtotal	46,496,572	33,875,608
Accrued interest	523,150	582,536
Total	47,019,722	34,458,144
Listed	19,511,494	17,362,179
Unlisted	27,508,228	17,095,965
Total	47,019,722	34,458,144

	As at December 31, 2022			Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
		not credit- impaired	credit- impaired	
As at December 31, 2022	47,019,722	–	–	47,019,722

	As at December 31, 2021			Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
		not credit- impaired	credit- impaired	
As at December 31, 2021	34,458,144	–	–	34,458,144

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

20 Financial investments (continued)

(2) Financial investments measured at FVOCI (continued)

Movements of the allowance for impairment losses on financial investments measured at FVOCI are as follows:

	Year ended December 31, 2022			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at January 1, 2022	7,362	–	–	7,362
Charged for the year	1,302	–	–	1,302
As at December 31, 2022	8,664	–	–	8,664

	Year ended December 31, 2021			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at January 1, 2021	8,388	–	–	8,388
Released for the year	(1,026)	–	–	(1,026)
As at December 31, 2021	7,362	–	–	7,362

Expected credit loss on financial investments measured at FVOCI is recognised in other comprehensive income without decreasing the carrying amount of financial investments presented in the consolidated statement of financial position, and any impairment loss or reversal is recognised in the profit or loss.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

20 Financial investments (continued)

(3) Financial investments measured at amortised cost

	As at December 31	
	2022	2021
Debt securities issued by:		
Government	33,601,356	30,447,984
Policy banks	17,905,783	20,088,758
Corporations	9,325,802	13,283,929
Non-public project bonds	2,341,324	2,435,745
Subtotal	63,174,265	66,256,416
Trust beneficiary rights and asset management plans	20,043,511	27,136,157
Accrued interest	2,109,070	1,533,407
Allowances for impairment losses	(4,449,813)	(3,938,003)
Total	80,877,033	90,987,977
Listed	35,908,076	33,471,130
Unlisted	44,968,957	57,516,847
Total	80,877,033	90,987,977

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

20 Financial investments (continued)

(3) Financial investments measured at amortised cost (continued)

	As at December 31, 2022			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
Financial investments measured at amortised cost	75,165,613	4,100,729	6,060,504	85,326,846
Allowances for impairment losses	(120,204)	(675,554)	(3,654,055)	(4,449,813)
As at December 31, 2022	75,045,409	3,425,175	2,406,449	80,877,033

	As at December 31, 2021			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
Financial investments measured at amortised cost	84,846,991	3,333,443	6,745,546	94,925,980
Allowances for impairment losses	(275,645)	(433,418)	(3,228,940)	(3,938,003)
As at December 31, 2021	84,571,346	2,900,025	3,516,606	90,987,977

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

20 Financial investments (continued)

(3) Financial investments measured at amortised cost (continued)

Movements of the allowance for impairment losses on financial investments measured at amortised cost are as follows:

	Year ended December 31, 2022			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at January 1, 2022	275,645	433,418	3,228,940	3,938,003
Transferred:				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit-impaired	(3,548)	3,548	–	–
– to lifetime ECL credit-impaired	–	(17,504)	17,504	–
(Released)/charged for the year	(151,893)	256,092	629,319	733,518
Write-offs	–	–	(270,000)	(270,000)
Recoveries	–	–	48,292	48,292
As at December 31, 2022	120,204	675,554	3,654,055	4,449,813

	Year ended December 31, 2021			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
As at January 1, 2021	468,200	772,562	2,032,913	3,273,675
Transferred:				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit-impaired	(12,685)	12,685	–	–
– to lifetime ECL credit-impaired	(681)	(184,254)	184,935	–
(Released)/charged for the year	(179,189)	(167,575)	2,168,672	1,821,908
Write-offs	–	–	(1,232,740)	(1,232,740)
Recoveries	–	–	75,160	75,160
As at December 31, 2021	275,645	433,418	3,228,940	3,938,003

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

21 Interest in associates

	As at December 31	
	2022	2021
Cost of unlisted investments in associates	83,040	83,040
Share of post-acquisition profits and other comprehensive income, net of dividends received	51,281	46,130
Total	134,321	129,170

21 Interest in associates (continued)

Details of the Bank's associates as at December 31, 2022 and 2021 are set out below:

Name of entity	Place of incorporation/ registration and operations	Date of incorporation/ establishment	Authorized/ paid-in capital as at December 31, 2022 (RMB'000)	Proportion of ownership held by the Group		Proportion of voting rights held by the Group	
				As at December 31, 2022 %	As at December 31, 2021 %	As at December 31, 2022 %	As at December 31, 2021 %
Zhongshan Xiaolan County Bank Co., Ltd. (i)	Guangdong, PRC	December 2008	250,000	25.00%	25.00%	25.00%	25.00%
Guixi Jiuyin County Bank Co., Ltd. (ii)	Jiangxi, PRC	December 2011	99,500	20.64%	20.64%	25.62%	25.62%

(i) The Group initiated and established Zhongshan Xiaolan County Bank Co., Ltd. in December 2008, with an investment of RMB62.50 million, holding 25.00% equity interest of the associate. The Group has significant influence over the associate which is accounted for using equity method.

(ii) The Group initiated and established Guixi Jiuyin County Bank Co., Ltd. in December 2011, with an investment of RMB20.54 million, holding 41.08% equity interest of the entity, seized the control of the entity. Guixi Jiuyin issued 49.50 million shares on December 29, 2017, and the Group's shareholding percentage was diluted to 20.64%. The Group lost control over Guixi Jiuyin County Bank Co., Ltd. and recognised the interests in it at the fair value of the deemed disposal date as interests in associate, which is subsequently accounted for by using equity method as the Group continued to have significant influence over it after the deemed disposal.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

22 Right-of-use assets

The Group as a lessee

	Land and buildings	Land use right	Total
COST			
As at January 1, 2021	633,642	7,098	640,740
Additions	107,344	–	107,344
Disposals	(75,297)	(7,098)	(82,395)
As at December 31, 2021	665,689	–	665,689
Additions	69,417	–	69,417
Disposals	(24,416)	–	(24,416)
As at December 31, 2022	710,690	–	710,690
ACCUMULATED DEPRECIATION			
As at January 1, 2021	(325,324)	(1,424)	(326,748)
Charged for the year	(84,261)	–	(84,261)
Disposals	63,965	1,424	65,389
As at December 31, 2021	(345,620)	–	(345,620)
Charged for the year	(90,842)	–	(90,842)
Disposals	23,859	–	23,859
As at December 31, 2022	(412,603)	–	(412,603)
NET CARRYING AMOUNT			
As at December 31, 2021	320,069	–	320,069
As at December 31, 2022	298,087	–	298,087

The Group leases land and buildings, and land use right for its operations. Lease contracts are entered into for fixed term of 1 year to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

As at December 31, 2022, the Group had entered into RMB2.50 million leases that have not yet commenced (December 31, 2021: Nil).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

23 Property and equipment

	Premises	Electronic equipment	Motor vehicles	Furniture and fixtures	Leasehold improvements and others	Construction in progress	Total
COST							
As at January 1, 2021	2,579,429	375,123	18,825	177,200	454,391	789,076	4,394,044
Additions	210,521	52,202	2,579	8,826	57,115	247,968	579,211
Transfers from/(out of)							
construction in progress	59,711	11,476	-	1,344	37,324	(299,873)	(190,018)
Disposals	(179,973)	(6,641)	(5,163)	(5,680)	(195,147)	-	(392,604)
As at December 31, 2021	2,669,688	432,160	16,241	181,690	353,683	737,171	4,390,633
Additions	8,113	21,222	161	11,644	69,196	177,208	287,544
Transfers from/(out of)							
construction in progress	386,171	11,825	-	1,274	26,518	(464,446)	(38,658)
Disposals	(52,148)	(17,693)	(740)	(7,802)	(168,273)	-	(246,656)
As at December 31, 2022	3,011,824	447,514	15,662	186,806	281,124	449,933	4,392,863
ACCUMULATED DEPRECIATION							
As at January 1, 2021	(611,839)	(298,795)	(15,085)	(118,974)	(344,487)	-	(1,389,180)
Charged for the year	(117,767)	(56,162)	(1,678)	(22,501)	(57,116)	-	(255,224)
Disposals	5,824	6,100	5,077	4,165	185,639	-	206,805
As at December 31, 2021	(723,782)	(348,857)	(11,686)	(137,310)	(215,964)	-	(1,437,599)
Charged for the year	(149,561)	(48,794)	(1,260)	(19,393)	(59,641)	-	(278,649)
Disposals	34,807	15,764	574	6,913	133,032	-	191,090
As at December 31, 2022	(838,536)	(381,887)	(12,372)	(149,790)	(142,573)	-	(1,525,158)
NET BOOK VALUE							
As at December 31, 2021	1,945,906	83,303	4,555	44,380	137,719	737,171	2,953,034
As at December 31, 2022	2,173,288	65,627	3,290	37,016	138,551	449,933	2,867,705

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

23 Property and equipment (continued)

As at December 31, 2022, there are no premises of the Group with incomplete title deeds. (December 31, 2021: RMB75.71 million).

As at December 31, 2022, there are no leasehold land and premises of the Group rented out to third parties as investment properties (December 31, 2021: RMB14.40 million).

The net book value of investment properties is analysed by the remaining terms of the land leases as follows:

	As at December 31	
	2022	2021
Held in mainland China 10-50 years	–	14,401

24 Deferred tax assets/liabilities

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at December 31	
	2022	2021
Deferred tax assets	4,872,444	3,943,884
Deferred tax liabilities	(42,175)	(91,077)
Total	4,830,269	3,852,807

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

24 Deferred tax assets/liabilities (continued)

The followings are the major deferred tax assets/liabilities items recognised and movements thereon:

	Allowance for impairment losses	Accrued salaries, bonuses and allowances	Fair value changes of financial investments measured at FVOCI	Fair value changes of financial investments measured at FVTPL	Others	Total
As at January 1, 2022	3,777,849	68,689	(55,587)	(3,730)	65,586	3,852,807
Recognised in profit or loss	874,220	25,464	-	12,988	33,240	945,912
Recognised in other comprehensive income	(2,628)	-	34,178	-	-	31,550
As at December 31, 2022	4,649,441	94,153	(21,409)	9,258	98,826	4,830,269

	Allowance for impairment losses	Accrued salaries, bonuses and allowances	Fair value changes of financial investments measured at FVOCI	Fair value changes of financial investments measured at FVTPL	Others	Total
As at January 1, 2021	2,924,316	55,554	69,531	(48,231)	93,007	3,094,177
Recognised in profit or loss	807,037	13,135	-	44,501	(27,421)	837,252
Recognised in other comprehensive income	46,496	-	(125,118)	-	-	(78,622)
As at December 31, 2021	3,777,849	68,689	(55,587)	(3,730)	65,586	3,852,807

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

25 Other assets

	Note	As at December 31	
		2022	2021
Reposessed assets	(1)	2,551,892	2,607,576
Land use rights		1,918,952	1,946,119
Settlement and clearing accounts		836,384	998,072
Prepayments for projects		800,636	709,477
Interests receivable	(2)	701,184	406,777
Intangible assets		196,286	234,192
Research and development expenditure		88,227	384
Deferred expenses		45,406	16,801
Others		216,290	108,528
Gross balance		7,355,257	7,027,926
Allowances for impairment losses		(1,116,761)	(747,020)
Net balance		6,238,496	6,280,906

(1) Reposessed assets

	As at December 31	
	2022	2021
Land use rights and buildings	2,551,588	2,607,074
Others	304	502
Gross reposessed assets	2,551,892	2,607,576
Allowances for impairment losses	(626,521)	(545,403)
Net reposessed assets	1,925,371	2,062,173

(2) Interests receivable

	As at December 31	
	2022	2021
Interests receivable arising from:		
Financial investments	638,813	362,086
Loans and advances to customers	62,371	44,691
Gross balance	701,184	406,777
Allowances for impairment losses	(441,982)	(172,037)
Net balance	259,202	234,740

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

26 Borrowings from the central bank

	As at December 31	
	2022	2021
Borrowings from the central bank	12,832,371	25,326,152
Accrued interest	8,610	39,086
Total	12,840,981	25,365,238

Note: Borrowings from the central bank mainly include Re-lending to small business and Medium-term lending facility.

27 Deposits from banks and other financial institutions

	As at December 31	
	2022	2021
Banks in mainland China	4,104,226	3,151,359
Other financial institutions in mainland China	7,925,354	10,292,874
Subtotal	12,029,580	13,444,233
Accrued interest	81,442	96,008
Total	12,111,022	13,540,241

28 Placements from banks and other financial institutions

	As at December 31	
	2022	2021
Banks in mainland China	4,953,552	3,991,271
Banks outside mainland China	1,177,017	1,415,405
Subtotal	6,130,569	5,406,676
Accrued interest	14,652	9,344
Total	6,145,221	5,416,020

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

29 Financial assets sold under repurchase agreements

(1) Analysed by type and location of counterparty

	As at December 31	
	2022	2021
Banks in mainland China	1,700,000	989,000
Accrued interest	206	154
Total	1,700,206	989,154

(2) Analysed by type of collateral

	As at December 31	
	2022	2021
Bonds	1,700,000	989,000
Accrued interest	206	154
Total	1,700,206	989,154

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

30 Customers deposits

	Note	As at December 31	
		2022	2021
Demand deposits			
Corporate customers		120,221,912	112,743,890
Individual customers		26,658,054	20,917,555
Subtotal		146,879,966	133,661,445
Time deposits			
Corporate customers		51,741,625	50,738,641
Individual customers		127,080,995	108,297,806
Subtotal		178,822,620	159,036,447
Pledged deposits	(1)	39,893,575	43,016,599
Convertible negotiated deposits	(2)	2,000,000	2,000,000
Others		470,211	476,827
Accrued interest		9,273,647	6,659,804
Total		377,340,019	344,851,122

(1) Pledged deposits analysed by products for which deposit is required

	As at December 31	
	2022	2021
Bank acceptances	28,754,943	31,205,160
Letters of credit	6,155,350	4,531,711
Letters of guarantees	1,764,673	3,319,028
Others	3,218,609	3,960,700
Total	39,893,575	43,016,599

(2) Convertible negotiated deposits

On April 30, 2021, after obtaining the proceeds from issuance of Local Government Special Debt by Jiangxi Provincial Department of Finance, Jiujiang Finance Bureau deposited the relevant funds in the form of negotiated deposit into the special RMB deposit account it opened in the Bank. With the consent of Jiujiang Finance Bureau, when the core tier-one capital adequacy ratio of the Bank is lower than 5.125%, and upon the satisfaction of specific requirements on the Minimum Public Float prescribed by the Hong Kong Stock Exchange, Jiujiang Finance Bureau shall convert the negotiated deposits into Ordinary Shares of the Bank in accordance with laws and regulations. If the conversion conditions are not satisfied, the Bank shall repay the principal and interest upon the 10-year maturity of the convertible negotiated deposits.

During the term of the convertible negotiated deposits, the Bank shall report the changes in the core tier-one capital adequacy ratio of the previous quarter by the fifteenth day of the first month of each quarter to Jiujiang Finance Bureau. When the core tier-one capital adequacy ratio of the Bank drops to 7.50%, and early warning is triggered, the Bank shall promptly inform Jiujiang Finance Bureau of the situation, formulate emergency plans, and actively take emergency measures to improve the ability to resist risks and avoid the occurrence of triggering events.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

31 Debt securities issued

	Note	As at December 31	
		2022	2021
Tier-two capital bonds	(1)	3,000,000	3,000,000
Interbank negotiable certificates of deposit	(2)	25,688,112	28,335,183
Subtotal		28,688,112	31,335,183
Accrued interest		111,613	111,613
Total		28,799,725	31,446,796

Notes:

- (1) On January 31 and July 17, 2018, the Bank issued two fixed-rate subordinated bonds with nominal value of RMB1.50 billion respectively. Pursuant to the agreement, the two bonds both have a term of 10 years, expiring on January 30, 2028 and July 16, 2028, bearing an interest rate at 5.00% and 6.29% per annum respectively. The Bank has the right to redeem the bonds in full at nominal value at the end of the fifth year. No adjustment is made to the bond interest rate after five years of issue, if the bonds are not redeemed in the fifth year.
- (2) As at December 31, 2022, the Bank had 253 outstanding interbank negotiable certificates of deposit with total notional amount of RMB25.91 billion. As at December 31, 2021, the Bank had 291 outstanding interbank negotiable certificates of deposit with total notional amount of RMB28.65 billion. All of these certificates were due within 1 year at the time of issuance. Such certificates were issued at a discount of which interests will be paid in lump sum at the maturity date.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

32 Lease liabilities

	As at December 31	
	2022	2021
Lease liabilities payable:		
Within one year	83,720	86,711
Within a period of more than one year but not more than two years	70,313	73,602
Within a period of more than two years but not more than five years	122,792	141,377
Within a period of more than five years	51,319	63,908
Total	328,144	365,598

33 Other liabilities

	Note	As at December 31	
		2022	2021
Salaries payable	(1)	1,501,463	1,325,677
Other tax payables		273,063	375,774
Payables to external companies		201,754	132,014
Settlement and clearing accounts		117,697	768,809
Dividends payable		6,666	5,906
Others		441,859	223,917
Total		2,542,502	2,832,097

(1) *Salaries payable*

	As at December 31	
	2022	2021
<i>Salaries, bonuses and allowances</i>	1,132,975	1,020,314
<i>Social insurance and supplementary retirement benefits</i>	362,240	299,529
<i>Employee education expenses and labour union expenses</i>	4,538	4,489
<i>Staff welfares</i>	991	518
<i>Housing fund</i>	719	827
Total	1,501,463	1,325,677

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

34 Share capital

Share capital of the Group as at December 31, 2022 and December 31, 2021 represented share capital of the Bank, which was fully paid.

	As at December 31	
	2022	2021
Ordinary shares in Mainland China	2,000,000	2,000,000
Ordinary shares listed in Hong Kong (H-share)	407,367	407,367
Total	2,407,367	2,407,367

35 Other equity instruments

(1) Perpetual Bonds

	Issued date	Accounting classification	Initial interest rate	Initial Issued price (RMB)	Issued number of shares (million)	Issued nominal value (million)	Expiry date	Conversion conditions	Conversion
Perpetual Bonds (first tranche)	February 9, 2021	Equity instruments	4.80%	100	30.00	3,000.00	No maturity date	none	none
Perpetual Bonds (second tranche)	April 15, 2021	Equity instruments	4.80%	100	40.00	4,000.00	No maturity date	none	none
Less: Issuance fee (first tranche)						(1.14)			
Less: Issuance fee (second tranche)						(1.02)			
Book value						<u>6,997.84</u>			



Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

35 Other equity instruments (continued)

(2) Main terms of Perpetual Bonds

With the approval of Jiangxi Banking and Insurance Regulatory Bureau on Jiujiang Bank's Issuance of undated tier 1 capital bonds (Jiangxi Banking and Insurance Regulatory Bureau [2020] No. 363) and the Decision of the People's Bank of China on Granting Administrative License (Bank Approval Word [2021] No. 17), the Bank issued a total of RMB3 billion (first tranche) and RMB4 billion (second tranche) undated tier 1 capital bonds in the national interbank bond market on February 9, 2021 and April 15, 2021, respectively. The unit par value of the bond (including the first and second tranches, the bonds below are synonymous) is RMB100, the interest rate for the first 5 years is 4.80%, and the coupon rate adjusted period will be every 5 years from the issuance of the Bonds. In any coupon rate adjusted period, the coupon rate of the Bonds will be made at a prescribed fixed coupon rate.

The Bonds will continue to be outstanding so long as the Bank's business continues to operate. This bond issuance is subject to the Bank's conditional redemption clause. The Issuer shall have the right to redeem the current Bonds in whole or in part on the annual Coupon payment Date (including the coupon payment date of the fifth year after the issuance date) five years after the issuance date. The issuer has the right to redeem the Bonds in whole, but not in part, in the event of an unpredictable regulatory change that prevents the current issuance from being counted as other Tier 1 capital. The issuer shall exercise the right of redemption upon the approval of the CBIRC and upon meeting the following conditions: (1) replace the redeemed bond with a capital instrument of the same or higher class, and the replacement of the capital instrument shall be implemented only if the profitability of the Bank remains sustainable; (2) Or the capital adequacy ratio remains significantly higher than the regulatory after the exercise of the right.

The Bank has the right to cancel, in whole or in part, distributions on the Bonds and any such cancellation does not constitute an event of default. The Bank will fully consider the interests of bondholders when exercising this right. Cancellation of any distributions to the Bonds, no matter in whole or in part, will not impose any other restriction on the Bank, except in relation to dividend distributions to ordinary shares. The dividend is paid on a non-cumulative basis, that is, the dividend not paid in full to the shareholder previously will not accumulated to the next interest-bearing year. The Bonds do not contain interest rate step-up mechanism or any other redemption incentives.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

35 Other equity instruments (continued)

(2) Main terms of Perpetual Bonds (continued)

After deducting the issuance expenses, the Bonds will be used to replenish the other tier 1 capital of the issuer in accordance with applicable laws and the approval of the competent authorities.

(3) Changes of Perpetual Bonds

	Balance as at January 1, 2022		Increase in this year		Decrease in this year		Balance as at December 31, 2022	
	Issued number of shares (million)	Book value (million)						
Perpetual Bonds	70.00	6,997.84	-	-	-	-	70.00	6,997.84

36 Reserves

	Note	As at December 31	
		2022	2021
Share premium		8,152,338	8,152,338
Investment revaluation reserve	(1)	61,721	156,376
Surplus reserve	(2)	4,460,889	4,140,487
General reserve	(3)	5,313,215	5,195,459
Retained earnings		8,234,291	7,634,070
Total		26,222,454	25,278,730

(1) Investment revaluation reserve

	2022	2021
As at January 1	156,376	(79,194)
Changes in fair value recognized in other comprehensive income	(93,304)	543,534
Transfer to profit or loss upon disposal	(43,413)	(43,467)
Changes in impairment losses recognized in other comprehensive income	10,510	(185,974)
Deferred income tax	31,552	(78,523)
As at December 31	61,721	156,376

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

36 Reserves (continued)

(2) Surplus reserve

Pursuant to the Company Law of PRC, corporation is required to transfer 10% of its net profit, determined under the relevant accounting rules in the PRC, to a non-distributable statutory surplus reserve. Appropriation to the statutory surplus reserve may cease when the balance of such reserve has reached 50% of the share capital.

After making the appropriation to the statutory surplus reserve, the corporation may also appropriate its profit for the year to a discretionary surplus reserve upon approval by the shareholders in general meeting. Subject to the approval by the shareholders, the discretionary surplus reserve may be used to offset accumulated losses of the corporation, if any, and may be converted into capital.

	Statutory surplus reserve	Discretionary surplus reserve	Total
As at January 1, 2021	1,777,390	2,031,434	3,808,824
Appropriation during the year	166,353	165,310	331,663
As at December 31, 2021	1,943,743	2,196,744	4,140,487
Appropriation during the year	154,049	166,353	320,402
As at December 31, 2022	2,097,792	2,363,097	4,460,889

(3) General reserve

Pursuant to the Administrative Measures for the Provision of Reserves of Financial Enterprises (Cai Jin [2012] No. 20) issued by the Ministry of Finance of the PRC, in addition to the individual and collective allowances for impairment losses, financial enterprise is required to establish and maintain a general reserve within equity to address potential unidentified impairment losses. The general reserve should not be less than 1.50% of the aggregate amount of risk assets as defined by the above measures. The balance of the general reserve amounted to RMB5,313.22 million as at December 31, 2022 (December 31, 2021: RMB5,195.46 million).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

37 Cash and cash equivalents

Cash and cash equivalents include the following balances with an original maturity equal to or less than three months:

	As at December 31	
	2022	2021
Cash	399,272	500,101
Balances with the central bank	4,244,989	7,875,056
Deposits with banks and other financial institutions	2,030,130	2,181,543
Placements with banks and other financial institutions	417,876	–
Financial assets held under resale agreements	8,973,632	19,385,711
Financial investments measured at FVTPL	2,795,939	1,507,896
Total	18,861,838	31,450,307

(1) Net increase in cash and cash equivalents

	2022	2021
Cash and cash equivalents as at December 31	18,861,838	31,450,307
Less: Cash and cash equivalents as at January 1	(31,450,307)	(19,832,497)
Less: Effect of foreign exchange rate changes	(68,288)	(46,297)
Net (decrease)/increase in cash and cash equivalents as at December 31	(12,656,757)	11,571,513

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financial activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	As at January 1, 2022	Financing cash flows	Interest accrued/ dividend declared/ expense accrued	New lease	As at December 31, 2022
Bonds	3,111,613	(169,350)	169,350	-	3,111,613
Interbank negotiable certificates of deposit	28,335,183	(3,304,261)	657,190	-	25,688,112
Dividends payable	5,906	(581,900)	582,660	-	6,666
Lease liabilities	365,598	(124,163)	17,292	69,417	328,144
Total	31,818,300	(4,179,674)	1,426,492	69,417	29,134,535

	As at January 1, 2021	Financing cash flows	Interest accrued/ dividend declared/ expense accrued	New lease	As at December 31, 2021
Bonds	7,146,423	(4,345,135)	310,325	-	3,111,613
Interbank negotiable certificates of deposit	19,487,717	7,985,580	861,886	-	28,335,183
Dividends payable	5,256	(245,730)	246,380	-	5,906
Lease liabilities	353,502	(113,818)	18,570	107,344	365,598
Total	26,992,898	3,280,897	1,437,161	107,344	31,818,300

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

39 Structured entities

(1) Structured entities managed by third party institutions in which the Group holds interests

The Group holds interests in these structured entities managed by third party institutions through investments in the beneficial rights or plans issued relating to these structured entities. The Group does not consolidate these structured entities. Such structured entities include fund investments, asset management plans and trust beneficiary rights.

The following tables set out an analysis of the gross carrying amounts of interests held by the Group as at December 31, 2022 and 2021 in the structured entities sponsored and managed by third party institutions.

	As at December 31, 2022				
	Financial investments at FVTPL	Financial investments at FVOCI	Financial investments at amortised cost	Total	Maximum risk exposure (Note)
Fund investments	11,037,383	-	-	11,037,383	11,037,383
Trust beneficiary rights and asset management plans	3,885,839	-	16,698,543	20,584,382	20,584,382
Total	14,923,222	-	16,698,543	31,621,765	31,621,765

	As at December 31, 2021				
	Financial investments at FVTPL	Financial investments at FVOCI	Financial investments at amortised cost	Total	Maximum risk exposure (Note)
Fund investments	11,681,858	-	-	11,681,858	11,681,858
Trust beneficiary rights and asset management plans	4,385,091	-	23,706,442	28,091,533	28,091,533
Asset backed medium-term notes	238,796	-	-	238,796	238,796
Total	16,305,745	-	23,706,442	40,012,187	40,012,187

Note: The maximum exposures to loss in the above investment products are the carrying amounts of the assets held by the Group at the end of each reporting period.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

39 Structured entities (continued)

(2) Unconsolidated structured entities managed by the Group

The types of unconsolidated structured entities managed by the Bank mainly include non-principal-guaranteed wealth management products. The purpose of managing these structured entities is to generate fees from managing assets on behalf of investors. Interest held by the Bank includes fees charged by providing management services to these structured entities.

As at December 31, 2022 and 2021, the amount of assets held by the unconsolidated non-principal-guaranteed wealth management products managed by the Bank amounting to RMB39,929 million and RMB42,619 million respectively. The Group did not hold any investment in the wealth management products and management fee earned from these products for the year ended December 31, 2022 and 2021 amounted to RMB237,238 thousand and RMB229,459 thousand respectively.

The Group did not provide any financial or other support to these unconsolidated structured entities during both years.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

40 Related party transactions

(1) Major shareholders and entities under their control

Following major shareholders held more than 5% interest of the Bank or appointed the director or supervisor are considered as related parties of the Group:

Name of shareholders	Percentage of shares held as at December 31	
	2022	2021
Jiujiang Finance Bureau	15.20%	15.20%
Beijing Automotive Group Co., Ltd.	15.20%	15.20%
Industrial Bank Co., Ltd.	12.23%	12.23%
Fangda Carbon New Material Co., Ltd.	5.65%	5.65%
Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd. (i)	3.98%	3.98%

(i) The shareholder held less than 5% interest of the Bank but appointed the supervisor is considered as the related party of the Group.

Balances and transactions between the Group and the major shareholders and entities under their control are as follows:

During the year ended December 31, 2022 and 2021, the Group had the following material balances and entered into the following material transactions with major shareholders and entities under their control. These transactions were entered into in the normal course of business, with pricing policies consistent with those transactions conducted with independent third parties.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

40 Related party transactions (continued)

(1) Major shareholders and entities under their control (continued)

	As at December 31	
	2022	2021
Balances at the end of the year:		
Assets		
Deposits with banks and other financial institutions	303,836	370,143
Loans and advances to customers at amortised cost	1,944,486	2,229,312
Financial investments at amortised cost (i)	679,264	679,248
Financial investments at FVTPL	45,761	45,795
Total	2,973,347	3,324,498
Liabilities		
Customer deposits	20,263,203	13,328,019
Placements from banks and other financial institutions	1,177,017	1,415,405
Deposits from banks and other financial institutions	6,681	9,839
Total	21,446,901	14,753,263
Off-balance sheet items		
Guarantees and letters of guarantees	2,184,636	745,655
Letters of credit	1,067,000	1,045,000
Bank acceptances	550,730	485,789
Total	3,802,366	2,276,444
Non-principal-guaranteed wealth management products (ii)	895,817	910,000

Notes:

- (i) It represented the corporation bond purchased by the Group, which was issued by a related party of the Group.
- (ii) It represented the non-principal-guaranteed wealth management product issued by the Group where the underlying asset is a bond, and the issuer is a related party of the Group.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

40 Related party transactions (continued)

(1) Major shareholders and entities under their control (continued)

	2022	2021
Transactions during the year:		
Interest income	95,608	71,152
Interest expense	587,715	204,511
Net gains arising from financial investments	46,869	42,482
Fee and commission income	27,278	10,486

(2) Subsidiaries of the Bank

	Year ended December 31	
	2022	2021
Balance at the end of the year:		
Deposits from banks and other financial institutions	4,289,250	4,145,662
Transactions during the year:		
Interest expense	180,829	227,447
Dividend from subsidiaries	5,077	5,057

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

40 Related party transactions (continued)

(3) Associates of the Bank

Details of the associates of the Bank are set out in Note 21.

	As at December 31	
	2022	2021
Balance at the end of the year:		
Deposits from banks and other financial institutions	1,231,337	527,688
Transactions during the year:		
Interest expense	26,034	32,730
Dividend from associates	3,125	4,937

(4) Other related parties

Other related parties can be individuals or enterprises, which include: members of the Board of Directors, the Board of Supervisors and senior management and close family members of such individuals; entities (and their subsidiaries) controlled or jointly controlled by members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals. Transactions with other related parties were entered into in the normal course of business, with pricing policies consistent with those transactions conducted with independent third parties.

	As at December 31	
	2022	2021
Balances at the end of the year:		
Asset		
Loans and advances to customers at amortised cost	5,910	11,907
Liability		
Customer deposits	8,597	9,254
Transactions during the year:		
Interest income	411	608
Interest expense	65	57

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

40 Related party transactions (continued)

(5) Key management personnel

Key management personnel, including directors, supervisors and senior management team members, are those persons in the Group who have the authority and responsibility to plan, direct and control the activities of the Group.

The remuneration of key management personnel during the reporting period were as follows:

	Year ended December 31	
	2022	2021
Salaries and other emoluments	6,690	8,063
Discretionary bonuses	3,963	6,086
Delayed Compensation Plan	3,963	6,086
Contributions by the employer to social insurance and staff welfares, housing fund, etc	1,124	1,150
Contributions to pension scheme	1,001	1,014
Other welfare	64	64
Total	16,805	22,463

41 Contingent liabilities and commitments

(1) Legal proceedings

The Bank and its subsidiaries are involved as defendants in certain lawsuits arising from their normal business operations. As at December 31, 2022 and 2021, in light of court decisions or advice from legal counsels, the Group considered that sufficient provision has been provided for any potential losses from these claims.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

41 Contingent liabilities and commitments (continued)

(2) Capital commitments

	As at December 31	
	2022	2021
Contracted but not provided for	320,427	135,086

(3) Credit commitments

	As at December 31	
	2022	2021
Acceptances	50,472,988	49,976,563
Unused credit card commitments	23,093,125	16,835,328
Letters of credit	18,207,381	13,351,825
Guarantees and letters of guarantees	16,401,700	17,372,729
Total	108,175,194	97,536,445

Credit commitments represent general facility limits granted to customers. These credit facilities may be drawn in the form of loans and advances or through the issuance of letters of credit, acceptances or letters of guarantees.

(4) Credit risk weighted amounts of credit commitments

	As at December 31	
	2022	2021
Credit commitments	31,659,347	29,907,724

Credit risk weighted amounts refer to amounts which depend on the status of counterparties and the maturity characteristics, and are calculated in accordance with the CBIRC guidance.

Risk weightings used for contingent liabilities and credit commitments range from 0% to 100%.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

41 Contingent liabilities and commitments (continued)

(5) Collateral

Assets pledged

The carrying amounts of assets pledged as collateral under repurchase agreements by the Group are as follows:

	As at December 31	
	2022	2021
Bonds	1,730,400	1,070,000

As at December 31, 2022 and 2021, the carrying amounts of financial assets sold under repurchase agreements for the Group amounted to RMB1,700 million and RMB989 million, respectively.

All repurchase agreements were due within twelve months from inception.

42 Fiduciary activities

The Group commonly acts as asset manager or in other fiduciary capacities that results in its holding or managing assets on behalf of individuals or corporations. These assets and any gains or losses arising thereon are not included in the consolidated financial statements of the Group as they are not the Group's assets.

As at December 31, 2022 and 2021, the entrusted loans balance of the Group amounted to RMB9,591 million and RMB9,660 million respectively.

As at December 31, 2022 and 2021, the balance of the non-principal-guaranteed wealth management products issued and managed by the Group amounted to RMB39,929 million and RMB42,619 million respectively.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

43 Capital management

The Group's capital management includes capital adequacy ratio management, capital financing management and economic capital management, of which the primary focus is on capital adequacy ratio management. The Group calculates the capital adequacy ratio in accordance with guidelines issued by the CBIRC. The capital of the Group is divided into core tier-one capital, other tier-one capital and tier-two capital.

Capital adequacy ratio management is the key in capital management. The capital adequacy ratio reflects the soundness of the Group's operations and risk management capabilities. The main objective in capital adequacy ratio management is to set an optimal capital adequacy ratio that meets the regulatory requirements by benchmarking against the capital adequacy ratio level of leading peer banks with reference to its own business environment and conditions.

The Group considers its strategic development plans, business expansion plans and risk variables when conducting scenario analysis and stress testing and executing other measures to forecast, plan and manage its capital adequacy ratio.

The Group calculates its capital adequacy ratios in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)" and other relevant regulations promulgated by the CBIRC.

The CBIRC requires commercial banks to meet the requirements of capital adequacy ratios by the end of 2018 in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)". For non-systemically important banks, the minimum ratios for core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio are 7.50%, 8.50% and 10.50%, respectively.

The on-balance sheet risk-weighted assets are measured using different risk weights, which are determined according to the credit, market and other risks associated with each asset and counterparty, taking into account any eligible collaterals or guarantees. Similar practice is adopted for off-balance sheet exposure, with adjustments made to reflect the more contingent nature of any potential losses. Market risk-weighted assets are calculated using the standardized approach. Operational risk-weighted assets are calculated using basic indicator approach.

The capital adequacy ratios and related components of the Group illustrated below are computed based on the Group's statutory financial statements prepared in accordance with PRC GAAP.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

43 Capital management (continued)

The Group's capital adequacy ratios at the year ended December 31, 2022 and 2021 calculated in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)" and relevant requirements promulgated by the CBIRC are as follows:

	As at December 31	
	2022	2021
Core tier-one capital adequacy ratio	7.93%	8.28%
Tier-one capital adequacy ratio	10.61%	11.08%
Capital adequacy ratio	12.62%	13.21%
Core tier-one capital	28,935,436	27,965,256
Deductions of core tier-one capital	(2,152,640)	(1,313,892)
Net core tier-one capital	26,782,796	26,651,364
Other tier-one capital	9,038,589	9,035,061
Net tier-one capital	35,821,385	35,686,425
Tier-two capital	6,772,574	6,844,041
Net capital base	42,593,959	42,530,466
Total risk weighted assets	337,617,108	322,057,372



Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Financial risk management

Overview

The primary objectives of risk management of the Group are to maintain risk within acceptable parameters and satisfy the regulatory requirements.

The Group's risk management policies are designed, and controls are set up to identify, analyse, monitor and report risks arising from normal operation. The Group regularly reviews its risk management policies and systems to address changes in markets, products and emerging best practices.

Details of the financial instruments are disclosed in respective notes to the consolidated financial statements. The risks associated with these financial instruments include credit risk, liquidity risk and market risk (i.e. interest rate risk, currency risk and other price risk). The Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Risk management framework

The Group has designed its organization framework, risk management policies and processes with an objective to identify, evaluate and manage its risk effectively. The Board of Directors is mainly responsible for the review and approval of risk management policies and plans, and the determination of the risk appetite of the Group. Risk Management Committee, Strategy Committee, Connected Transaction Control Committee, Compliance Management Committee and Audit Committee set up and appointed by the Board of Directors are responsible for supervising and evaluating the set-up, organizational structure, work process and effectiveness of various risk management functions.

The Group's main functional departments responsible for risk management include Risk Management Department (the department to guide and organize other related departments), Risk Asset Management Department, Credit Approval Department, Planning and Finance Department, Corporate Finance Department, Capital Operation Centre, Trade and Finance Department, Investment Banking Division, Inclusive Finance Department, Retail Bank Department, Legal Compliance Department, Operation Management Department, Information Technology Department, etc., which are obligated to implement various policies and systems regarding risk management in practice. The Group's internal audit department is responsible for the independent review of the Group's risk management and control environment.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Financial risk management (continued)

(1) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to loans and advances to customers, financial investments, interbank businesses, commitment and other on-balance and off-balance sheet credit risk exposures. The Group monitors all financial assets that are subject to impairment test requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime ECL rather than 12-month ECL.

Credit risk management

The Group exercises standardized credit management procedures, including credit investigation and proposal, credit limit review, loan granting, post lending monitoring, and non-performing loans management. The Group enhances its credit risk management by complying with its credit management procedures; strengthening customer investigation, lending approval and post lending monitoring; enhancing risk mitigation effect of loans through collateral; accelerating disposal process of non-performing loans.

The Group has been working on the enhancement of credit business in accordance with the policies and regulations and aligning the credit management with the trends of industry development and national macro-economic policies so as to optimize the loan exposure structure. The Group's customer managers are responsible for post lending monitoring regularly or as necessary. The approaches adopted by the Group to reduce its loss from non-performing loans include (1) collecting debts; (2) restructuring; (3) executing collaterals or reclaim from guarantor; (4) litigations or lawsuits; and (5) transferring.

For the non-standard investments, the Group has made great efforts to restrict such business conducted by the branches through terminating new business and gradually unwinding the existing investments on maturity. Such business has to be authorized by Capital Operation Centre to integrate resource allocation and monitor the Group's overall exposure. Besides, business beyond the department authorization requires approval by Investment Review Committee. Furthermore, in order to refine financial inter-banking credit granting, standardize the access and exit mechanism, the Group has released the Management Measures for Bulk Credit Limit Authorization for Inter-banking Businesses of Bank of Jiujiang (<九江銀行同業批量授信管理辦法>), which stipulates the principles of inter-banking credit business as "strict access, choosing better quality customers, dynamic monitoring and timely termination".

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Financial risk management (continued)

(1) Credit risk (continued)

Impairment Assessment

Measurement of Expected Credit Loss (ECL)

In accordance with IFRS 9, the Group classifies financial instruments measured at amortised cost or FVOCI into three stages and makes provisions for expected credit losses, accordingly, depending on whether credit risk on that financial instrument has increased significantly since initial recognition. Detailed definition of stages is included in Note 2.

In order to minimise credit risk, the Group has tasked its credit management committee to develop and maintain the Group's credit risk grading to categorize exposures according to their degree of risk of default. The Group's credit risk grading framework comprises ten categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

Significant increase in credit risk

The Group takes into consideration all reasonable and supportable information (including forward-looking information) that reflects significant change in credit risk for the purposes of classifying financial instruments. The main considerations are regulatory and industry environment, internal and external credit risk gradings, operational and financial situation, contractual terms, and historical repayment records etc. The Group compares the risk of default of a single financial instrument or a portfolio of financial instruments with similar credit risk characteristics as at the statement of financial position date and its risk of default at the date of initial recognition to determine changes in the risk of default during the lifetime of a financial instrument or a portfolio of financial instruments. In determining whether credit risk of a financial instrument has increased significantly since initial recognition, the Group considers factors indicating whether significant changes with an adverse effect have taken place in the borrower's business, financial and economic status, whether less value of the collaterals (for the collateral loans and pledged loans only) have been identified, whether early indicators of problems of cash flow/liquidity have been identified, such as late payment of accounts payable/repayment of loans, whether the financial instrument has been past due for more than 30 days or whether the market price has been falling to indicate deterioration in asset quality.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Financial risk management (continued)

(1) Credit risk (continued)

Impairment Assessment (continued)

Definition of default

The Group defines a borrower as in default when it meets any of the following criteria:

- (i) The principal or interest of loan is past due for more than 60 days;
- (ii) The corporate borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as liquidation against collateral; or
- (iii) The corporate borrower has the above matters in other financial institutions

Generally, a financial asset is considered to be credit-impaired if:

- It has been overdue for more than 60 days;
- In light of economic, legal or other factors, the Group has made concessions to a borrower in financial difficulties, which would otherwise have been impossible under normal circumstances;
- The borrower is probable to be insolvent or carry out other financial restructurings;
- Due to serious financial difficulties, the financial asset cannot continue to be traded in an active market;
- There are other objective evidences that the financial asset is impaired;
- Borrowers' ability to repay their loans is in question and they cannot rely entirely on normal operational revenues to repay principal and interest. Losses may ensue even when collateral or guarantees are invoked;
- Borrowers cannot repay principal and interest in full and significant losses will need to be recognised even when collateral or guarantees are invoked;
- Only a small portion or none of the principal and interest can be recovered after taking all possible measures and exhausting all legal remedies.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Financial risk management (continued)

(1) Credit risk (continued)

Impairment Assessment (continued)

Description of parameters, assumptions, and estimation techniques

ECL is measured at an amount equal to 12-month ECL or lifetime ECL depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL is the product of the Probability of Default (“PD”), Loss Given Default (“LGD”), and Exposure at Default (“EAD”), considering the time value of money. Related definitions are as follows:

- probability of default (PD): is an estimate of the likelihood of default over 12 months or lifetime horizon;
- loss given default (LGD): is the proportion of the loss arising on default to the exposure at default;
- exposure at default (EAD): is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

The assumptions underlying the ECL calculation, such as how the PDs and LGDs of different maturity profiles change are periodically monitored and reviewed by the Group. These figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

Forward-looking information contained in ECL

According to the different risk characteristics of assets, the Group divides assets into different asset groups, identifies macro indicators related to credit risks, and establishes regression models. The Group uses forward-looking information that is available without undue cost or effort and predict the macro-economic assumptions. External information includes macro-economic data, forecast information issued by government or regulatory agencies, for example, CPI, GDP, RMB loans balance, etc. The Group measures PD as a weighted average of PD under optimistic, neutral and pessimistic scenarios, with the combination of the LGD of different business, the Group calculates the forward-looking adjusted ECL.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Financial risk management (continued)

(1) Credit risk (continued)

Impairment Assessment (continued)

Collateral and other credit enhancements

The amount and type of collateral required depend on the assessment of the credit risk of the counterparty. Guidelines are in place specifying the types of collateral and valuation parameters which can be accepted.

Reverse repurchase business is mainly collateralized by bills or bonds. As part of the reverse repurchase agreements, the Group has received securities that it is allowed to sell or repledge in the absence of default by their owners.

Corporate loans and discounted bills are mainly collateralized/pledged by properties or other assets. As at December 31, 2022, the carrying value (before deduction of expected credit loss) of corporate loans and discounted bills amounted to RMB183,533.63 million (December 31, 2021: RMB163,125.08 million), of which credit exposure covered by collateral/pledge amounted to RMB98,264.74 million (December 31, 2021: RMB89,462.05 million).

Retail loans are mainly collateralised by residential properties. As at December 31, 2022, the carrying value (before deduction of expected credit loss) of retail loans amounted to RMB95,631.70 million (December 31 2021: RMB86,589.40 million), of which credit exposure covered by collateral amounted to RMB58,063.77 million (December 31, 2021: RMB52,839.82 million).

Management monitors the market value of collateral periodically and requests additional collateral in accordance with the underlying agreement when it is considered necessary.

It is the Group's policy to dispose of repossessed assets in an orderly manner. In general, the Group does not occupy repossessed assets for business use.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Financial risk management (continued)

(1) Credit risk (continued)

As at December 31, 2022, the Group's credit risk stages of financial instruments are as follows:

(i) Financial assets measured at amortised cost

	As at December 31, 2022					
	Gross carrying amount			Provision for expected credit losses		
	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired
Balances with the central bank	32,749,174	-	32,749,174	-	-	-
Deposits with banks and other financial institutions	2,233,045	-	2,233,045	(696)	-	(696)
Placements with banks and other financial institutions	418,039	-	418,039	(99)	-	(99)
Financial assets held under resale agreements	8,977,032	-	8,977,032	(2,520)	-	(2,520)
Financial investments	75,165,613	4,100,729	85,326,846	(120,204)	(675,554)	(3,654,055)
Loans and advances to customers	225,915,964	9,155,078	242,918,633	(2,163,268)	(1,684,588)	(4,913,876)
Total	345,458,867	13,255,807	372,622,769	(2,286,787)	(2,360,142)	(8,567,931)
						(13,214,860)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Financial risk management (continued)

(1) Credit risk (continued)

(ii) Financial assets measured at FVOCI

As at December 31, 2022

	Gross carrying amount		Provision for expected credit losses				Total
	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	
Financial investments	47,019,722	-	(8,664)	-	-	-	(8,664)
Loans and advances to customers	37,378,272	-	(21,710)	-	-	-	(21,710)
Total	84,397,994	-	(30,374)	-	-	-	(30,374)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Financial risk management (continued)

(1) Credit risk (continued)

As at December 31, 2021, the Group's credit risk stages of financial instruments are as follows:

(i) Financial assets measured at amortised cost

	As at December 31, 2021					
	Gross carrying amount			Provision for expected credit losses		
	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired
Balances with the central bank	35,172,884	-	35,172,884	-	-	-
Deposits with banks and other financial institutions	2,696,279	-	2,696,279	(795)	-	(795)
Financial assets held under resale agreements	19,389,978	-	19,389,978	(5,171)	-	(5,171)
Financial investments	84,846,991	6,745,546	94,925,980	(275,645)	(433,418)	(3,228,940)
Loans and advances to customers	212,492,476	6,412,560	225,444,547	(2,881,267)	(1,074,085)	(3,576,059)
Total	354,598,608	9,746,003	377,629,668	(3,162,878)	(1,507,503)	(6,804,999)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Financial risk management (continued)

(1) Credit risk (continued)

(ii) Financial assets measured at FVOCI

	As at December 31, 2021									
	Gross carrying amount					Provision for expected credit losses				
	Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired			Lifetime ECL not credit-impaired		Lifetime ECL credit-impaired		
	12-month ECL	Total	12-month ECL	Total	Total	12-month ECL	Total	12-month ECL	Total	Total
Financial investments	34,458,144	-	-	34,458,144	-	(7,362)	-	-	(7,362)	-
Loans and advances to customers	25,025,248	-	-	25,025,248	-	(12,500)	-	-	(12,500)	-
Total	59,483,392	-	-	59,483,392	-	(19,862)	-	-	(19,862)	-

(a) Rescheduled loans and advances

Rescheduled loans and advances arise from rescheduling or deferring the repayment terms mainly representing offering lower interest rate or extending payment schedule. Rescheduled loans and advances are under continuous monitoring by the Group.

Contractual amount of rescheduled loans and advances for the Group as at December 31, 2022 and 2021 amounted to RMB4,385.77 million and RMB4,401.38 million respectively, among which loans and advances overdue for more than 60 days amounted to RMB263.34 million and RMB36.44 million respectively.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Financial risk management (continued)

(1) Credit risk (continued)

Debt instruments

Debt instruments are referenced to ratings from major rating agencies where the issuers of the securities are located.

Debt instruments are analysed by credit rating as follows:

	As at December 31, 2022			Total
	Financial investments at FVTPL	Financial investments at FVOCI	Financial investments at amortized cost	
AAA	52,219	13,841,329	26,646,367	40,539,915
AA+-AA-	–	1,352,134	5,947,443	7,299,577
C	–	–	20,000	20,000
Unrated (Note)	704,083	31,826,259	31,564,680	64,095,022
Total	756,302	47,019,722	64,178,490	111,954,514

	As at December 31, 2021			Total
	Financial investments at FVTPL	Financial investments at FVOCI	Financial investments at amortized cost	
AAA	238,796	12,061,539	25,084,735	37,385,070
AA+-AA-	332,381	1,580,880	7,986,168	9,899,429
C	–	–	16,604	16,604
Unrated (Note)	5,021	20,815,725	34,194,028	55,014,774
Total	576,198	34,458,144	67,281,535	102,315,877

Note: The unrated debt securities mainly consist of investment and trading securities issued by the Ministry of Finance, PBOC, policy banks which are creditworthy issuers in the market but are not rated by independent rating agencies.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Financial risk management (continued)

(2) Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due. This may arise from cash flow or maturity mismatches of assets and liabilities.

Risk Management Department manages the Group's liquidity risk via:

- Setting target ratio on assets and liabilities structure in accordance with the regulatory requirements and business plan;
- Maintaining stability of deposit base; and
- Making advanced projection on future cash flows and evaluating the appropriate current assets position.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Financial risk management (continued)

(2) Liquidity risk (continued)

Analysis of the remaining maturity of assets and liabilities

The tables below summarize the maturity analysis of assets and liabilities by remaining contractual maturities at the end of each reporting period.

	As at December 31, 2022							Total
	Past due/ indefinite Note(a)/(b)/(c)	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	over 5 years	
Assets								
Cash and balances with the central bank	28,491,222	4,657,224	-	-	-	-	-	33,148,446
Deposits with banks and other financial institutions	-	2,030,480	-	-	201,869	-	-	2,232,349
Placements with banks and other financial institutions	-	-	417,940	-	-	-	-	417,940
Financial assets held under resale agreements	-	-	8,178,083	796,429	-	-	-	8,974,512
Loans and advances to customers	2,993,547	66,337	20,948,836	20,948,964	103,176,078	67,452,128	56,704,283	271,535,173
Financial investments	3,580,909	11,037,383	4,181,222	6,158,542	13,691,379	66,233,332	44,143,475	149,026,242
Others	12,007,726	208,443	129,776	682,537	157,349	1,127,218	55,829	14,368,878
Total assets	47,073,404	17,999,867	33,100,857	28,586,472	117,226,675	134,812,678	100,903,587	479,703,540
Liabilities								
Borrowings from the central bank	-	-	5,176,476	1,193,436	6,471,069	-	-	12,840,981
Deposits from banks and other financial institutions	-	1,476,994	676,550	3,478,334	6,479,144	-	-	12,111,022
Placements from banks and other financial institutions	-	-	4,964,350	1,074,447	106,424	-	-	6,145,221
Financial assets sold under repurchase agreements	-	-	1,700,206	-	-	-	-	1,700,206
Customer deposits	-	163,720,179	11,973,482	24,218,874	75,200,191	100,582,573	1,644,720	377,340,019
Debt securities issued	-	-	2,794,725	6,742,676	16,262,324	-	3,000,000	28,799,725
Lease liabilities	-	-	9,624	10,388	63,709	193,104	51,319	328,144
Others	1,752,502	2,269,439	-	-	-	-	-	4,021,941
Total liabilities	1,752,502	167,466,612	27,295,413	36,718,155	104,582,861	100,775,677	4,696,039	443,287,259
Long/(short) position	45,320,902	(149,466,745)	5,805,444	(8,131,683)	12,643,814	34,037,001	96,207,548	36,416,281

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Financial risk management (continued)

(2) Liquidity risk (continued)

Analysis of the remaining maturity of assets and liabilities (continued)

	As at December 31, 2021						Total
	Past due/ indefinite Note(a)/(b)/(c)	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	
Assets							
Cash and balances with the central bank	27,285,347	8,387,638	-	-	-	-	35,672,985
Deposits with banks and other financial institutions	-	2,185,717	-	319,347	190,420	-	2,695,484
Financial assets held under resale agreements	-	-	19,186,207	198,600	-	-	19,384,807
Loans and advances to customers	3,081,582	55,270	17,279,046	18,739,319	82,601,058	69,494,017	242,938,384
Financial investments	3,834,390	11,681,858	3,537,956	4,863,298	18,649,426	65,718,023	147,275,337
Others	11,195,978	298,688	309,250	24,841	634,360	1,019,579	13,535,986
Total assets	45,397,297	22,609,171	40,312,459	24,145,405	102,075,264	136,231,619	461,502,983
Liabilities							
Borrowings from the central bank	-	-	1,337,108	3,328,018	20,700,112	-	25,365,238
Deposits from banks and other financial institutions	-	3,507,721	1,168,284	2,448,360	6,415,876	-	13,540,241
Placements from banks and other financial institutions	-	-	-	200,346	3,412,563	1,803,111	5,416,020
Financial assets sold under repurchase agreements	-	-	989,154	-	-	-	989,154
Customer deposits	-	143,890,655	6,918,260	14,798,621	62,069,598	114,431,752	2,742,236
Debt securities issued	-	-	2,257,037	8,738,593	17,451,166	-	3,000,000
Lease liabilities	-	-	9,925	8,972	67,814	214,979	365,598
Others	1,659,266	2,456,323	-	-	-	-	4,115,589
Total liabilities	1,659,266	149,854,699	12,679,768	29,522,910	110,117,129	116,449,842	426,089,758
Long/(short) position	43,738,031	(127,245,528)	27,632,691	(5,377,505)	(8,041,865)	19,781,777	84,925,624



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For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Financial risk management (continued)

(2) Liquidity risk (continued)

Analysis of the remaining maturity of assets and liabilities (continued)

- (a) *Indefinite amount of cash and deposits with the central bank represents the statutory deposit reserves and fiscal deposits with the central bank.*
- (b) *Indefinite amount of loans and advances to customers includes all the credit-impaired loans, as well as those overdue more than one month. Loans and advances to customers with no impairment but overdue within one month are classified into the category of repayable on demand.*
- (c) *Financial investments comprise financial investments at amortised cost, financial investments at fair value through profit or loss and financial investments at fair value through other comprehensive income. Indefinite amount of financial investments represent credit-impaired investments or those overdue more than one month. Equity investments is listed in the category of indefinite.*

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Financial risk management (continued)

(2) Liquidity risk (continued)

Analysis of the undiscounted contractual cash flows

The tables below present the cash flows of non-derivatives financial assets and financial liabilities by remaining contractual maturities at the end of reporting period. The amounts disclosed in the tables are the undiscounted contractual cash flows.

As at December 31, 2022

	Carrying amount	Contractual undiscounted cash flow	Past due/ indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	over 5 years
Financial assets									
Cash and balances with the central bank	33,148,446	33,148,446	28,491,222	4,657,224	-	-	-	-	-
Deposits with banks and other financial institutions	2,232,349	2,234,254	-	2,030,480	-	-	203,774	-	-
Placements with banks and other financial institutions	417,940	419,168	-	-	419,168	-	-	-	-
Financial assets held under resale agreements	8,974,512	8,986,390	-	-	8,184,246	802,144	-	-	-
Loans and advances to customers	271,535,173	320,674,864	3,367,068	66,337	21,317,875	22,979,350	110,322,656	89,010,551	73,611,027
Financial investments	149,026,242	170,187,226	3,791,528	11,037,383	4,186,000	6,396,751	16,423,398	77,034,675	51,317,491
Others	2,064,249	2,064,249	1,184	208,443	122,146	667,512	95,845	948,059	21,060
Total financial assets	467,398,911	537,714,597	35,651,002	17,999,867	34,229,435	30,845,757	127,045,673	166,993,285	124,949,578
Financial liabilities									
Borrowings from the central bank	12,840,981	13,111,224	-	-	5,226,244	1,216,101	6,668,879	-	-
Deposits from banks and other financial institutions	12,111,022	12,285,531	-	1,476,994	683,383	3,628,575	6,596,579	-	-
Placements from banks and other financial institutions	6,145,221	6,159,673	-	-	4,969,488	1,081,832	108,353	-	-
Financial assets sold under repurchase agreements	1,700,206	1,700,562	-	-	1,700,562	-	-	-	-
Customer deposits	377,340,019	391,541,825	-	163,720,179	12,151,332	24,595,674	77,642,981	111,209,546	2,222,113
Debt securities issued	28,799,725	29,931,626	-	-	2,805,218	6,771,038	16,508,620	508,050	3,338,700
Lease liabilities	328,144	371,729	-	-	10,915	12,875	73,487	217,300	57,152
Others	767,976	767,976	-	767,976	-	-	-	-	-
Total financial liabilities	440,033,294	455,870,146	-	165,965,149	27,547,142	37,206,095	107,598,899	111,934,896	5,617,965
Long/(short) position	27,365,617	81,844,451	35,651,002	(147,965,282)	6,682,293	(6,360,338)	19,446,774	55,058,389	119,331,613

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For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Financial risk management (continued)

(2) Liquidity risk (continued)

Analysis of the undiscounted contractual cash flows (continued)

	Carrying amount	Contractual undiscounted cash flow	As at December 31, 2021							
			Past due/ indefinite	On demand	Less than 1 month	3 months	12 months	1 to 5 years	over 5 years	
Financial assets										
Cash and balances with the central bank	35,672,985	35,672,985	27,285,347	8,387,638	-	-	-	-	-	-
Deposits with banks and other financial institutions	2,695,484	2,703,172	-	2,185,717	-	321,524	195,931	-	-	-
Financial assets held under resale agreements	19,384,807	19,401,737	-	-	19,201,496	200,241	-	-	-	-
Loans and advances to customers	242,938,384	289,021,484	3,578,914	55,270	17,318,713	18,867,601	85,340,369	81,489,950	82,370,667	
Financial investments	147,275,337	168,144,486	3,896,451	11,681,858	3,598,799	5,270,824	21,441,978	77,847,189	44,407,387	
Others	2,021,236	2,021,236	1,297	298,688	301,898	10,453	574,133	818,404	16,363	
Total financial assets	449,988,233	516,965,100	34,762,009	22,609,171	40,420,906	24,670,643	107,552,411	160,155,543	126,794,417	
Financial liabilities										
Borrowings from the central bank	25,365,238	25,558,262	-	-	1,337,136	3,928,072	20,893,054	-	-	
Deposits from banks and other financial institutions	13,540,241	13,744,953	-	3,507,721	1,183,491	2,495,073	6,558,668	-	-	
Placements from banks and other financial institutions	5,416,020	5,531,575	-	-	-	201,676	3,452,327	1,877,572	-	
Financial assets sold under repurchase agreements	989,154	989,434	-	-	989,434	-	-	-	-	
Customer deposits	344,851,122	355,484,319	-	143,890,655	7,342,758	15,600,939	64,936,559	120,617,533	3,095,875	
Debt securities issued	31,446,796	32,835,450	-	-	2,335,000	8,780,000	17,704,350	677,400	3,338,700	
Lease liabilities	365,598	437,686	-	-	11,935	12,317	82,969	253,697	76,768	
Others	1,130,646	1,130,646	-	1,130,646	-	-	-	-	-	
Total financial liabilities	423,104,815	435,712,325	-	148,529,022	13,199,754	30,418,077	113,627,927	123,426,202	6,511,343	
Long/(short) position	26,883,418	81,252,775	34,762,009	(125,919,851)	27,221,152	(5,747,434)	(6,075,516)	36,729,341	120,283,074	

Assets available to meet all of the liabilities include cash, balances with the central bank, deposits with banks and other financial institutions, placements with banks and other financial institutions, and financial investments. In the normal course of business, the majority of customer deposits repayable on demand are expected to be revolved.

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For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Financial risk management (continued)

(2) Liquidity risk (continued)

Analysis of off-balance sheet items

Off-balance sheet items of the Group mainly include credit commitments. The tables below set forth the amounts of the off-balance sheet credit commitments by remaining maturity.

	As at December 31, 2022			Total
	Less than 1 year	1 to 5 years	Over 5 years	
Acceptances	50,472,988	–	–	50,472,988
Unused credit card commitments	23,093,125	–	–	23,093,125
Letters of credit	18,207,381	–	–	18,207,381
Guarantees and letters of guarantees	8,532,771	7,568,929	300,000	16,401,700
Total	100,306,265	7,568,929	300,000	108,175,194

	As at December 31, 2021			Total
	Less than 1 year	1 to 5 years	Over 5 years	
Acceptances	49,976,563	–	–	49,976,563
Unused credit card commitments	16,835,328	–	–	16,835,328
Letters of credit	13,351,825	–	–	13,351,825
Letters of guarantees	11,448,940	5,623,789	300,000	17,372,729
Total	91,612,656	5,623,789	300,000	97,536,445



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For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Financial risk management (continued)

(3) Market risk

Market risk is the risk of loss, in respect of the Group's on and off-balance sheet activities, arising from adverse movements in market rates including foreign exchange rates, interest rates and stock prices.

The Group considers the market risk arising from equity price movements in respect of its trading and investment portfolios as immaterial.

The Group's foreign currency risk is the risk of loss in respect of its foreign currency exposures, arising from transactions taken on foreign currency denominated assets and liabilities, which results from movements in foreign currency exchange rates.

The Group is primarily exposed to interest rate risk arising from corporate and retail banking business and treasury business. Interest rate risk is inherent in many of its businesses and largely arises from mismatches between the re-pricing dates of interest-generating assets and those of interest-bearing liabilities.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Financial risk management (continued)

(3) Market risk (continued)

Foreign currency risk

The Group conducts its businesses mainly in RMB, with certain transactions denominated in USD, HKD and, to a lesser extent other currency. Transactions in foreign currencies mainly arise from the Group's treasury exposures.

	As at December 31, 2022				Total
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
Assets					
Cash and balances with the central bank	32,965,110	183,336	-	-	33,148,446
Deposits with banks and other financial institutions	1,218,652	813,899	156,336	43,462	2,232,349
Placements with banks and other financial institutions	-	417,940	-	-	417,940
Financial assets held under resale agreements	8,974,512	-	-	-	8,974,512
Loans and advances to customers	270,251,573	1,256,025	-	27,575	271,535,173
Financial investments	143,714,863	5,311,379	-	-	149,026,242
Others	14,368,878	-	-	-	14,368,878
Total assets	471,493,588	7,982,579	156,336	71,037	479,703,540
Liabilities					
Borrowings from the central bank	12,840,981	-	-	-	12,840,981
Deposits from banks and other financial institutions	10,562,878	1,542,871	-	5,273	12,111,022
Placements from banks and other financial institutions	4,203,402	1,919,443	-	22,376	6,145,221
Financial assets sold under repurchase agreements	1,700,206	-	-	-	1,700,206
Customer deposits	374,205,141	3,100,046	4	34,828	377,340,019
Debt securities issued	28,799,725	-	-	-	28,799,725
Others	4,336,483	13,601	1	-	4,350,085
Total liabilities	436,648,816	6,575,961	5	62,477	443,287,259
Net balance sheet position	34,844,772	1,406,618	156,331	8,560	36,416,281

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For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Financial risk management (continued)

(3) Market risk (continued)

Foreign currency risk (continued)

	As at December 31, 2021				Total
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
Assets					
Cash and balances with the central bank	35,312,936	360,049	-	-	35,672,985
Deposits with banks and other financial institutions	756,004	1,638,327	178,138	123,015	2,695,484
Financial assets held under resale agreements	19,384,807	-	-	-	19,384,807
Loans and advances to customers	241,675,189	1,246,779	-	16,416	242,938,384
Financial investments	142,483,219	4,792,118	-	-	147,275,337
Others	13,535,986	-	-	-	13,535,986
Total assets	453,148,141	8,037,273	178,138	139,431	461,502,983
Liabilities					
Borrowings from the central bank	25,365,238	-	-	-	25,365,238
Deposits from banks and other financial institutions	13,216,592	313,672	-	9,977	13,540,241
Placements from banks and other financial institutions	3,801,851	1,614,169	-	-	5,416,020
Financial assets sold under repurchase agreements	989,154	-	-	-	989,154
Customer deposits	339,760,235	4,967,928	4	122,955	344,851,122
Debt securities issued	31,446,796	-	-	-	31,446,796
Others	4,450,080	31,078	1	28	4,481,187
Total liabilities	419,029,946	6,926,847	5	132,960	426,089,758
Net balance sheet position	34,118,195	1,110,426	178,133	6,471	35,413,225

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For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Financial risk management (continued)

(3) Market risk (continued)

Foreign currency risk (continued)

The table below indicates the potential effect of a 10% appreciation or depreciation of foreign currency exchange rates against RMB on net profit.

	2022 Increase/ (decrease) in net profit	2021 Increase/ (decrease) in net profit
10% appreciation	117,863	97,127
10% depreciation	(117,863)	(97,127)

The impact on net profit arises from the effects of movement in exchange rates on the net positions of foreign currency monetary assets and monetary liabilities. Changes in foreign currency exchange rate will affect other comprehensive income.

The effect on net profit is calculated based on the assumption that the Group's net foreign currency exposure at the end of each reporting period remains unchanged. The Group mitigates its foreign currency risk through active management of its foreign currency exposures, based on the management expectation of future foreign currency movements, and therefore the above sensitivity analysis may differ from the actual situation.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Financial risk management (continued)

(3) Market risk (continued)

Interest rate risk

The interest rate risk of the Group arises from the mismatches between contractual maturities or re-pricing of interest-generating assets and interest-bearing liabilities. The interest-generating assets and interest-bearing liabilities of the Group are mainly denominated in RMB. The PBOC establishes RMB benchmark interest rates which serve as references for commercial banks.

The Group manages its interest rate risk by:

- Regularly monitoring the macro-economic factors that may impact the PBOC benchmark interest rates;
- Minimizing the mismatches between contractual maturities or re-pricing of interest-generating assets and interest-bearing liabilities; and
- Enhancing the interest rate margin between the interest-generating assets and interest-bearing liabilities with reference to the prevailing PBOC benchmark interest rates.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Financial risk management (continued)

(3) Market risk (continued)

Interest rate risk (continued)

The tables below summarize the contractual maturity or re-pricing date, whichever is earlier, of the Group's financial assets and financial liabilities.

	As at December 31, 2022					Total
	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	
Assets						
Cash and balances with the central bank	32,189,836	-	-	-	958,610	33,148,446
Deposits with banks and other financial institutions	2,029,298	198,939	-	-	4,112	2,232,349
Placements with banks and other financial institutions	417,777	-	-	-	163	417,940
Financial assets held under resale agreements	8,971,113	-	-	-	3,399	8,974,512
Loans and advances to customers	104,769,751	135,181,937	19,366,764	11,095,929	1,120,792	271,535,173
Financial investments	11,583,573	12,690,605	65,692,747	44,143,475	14,915,842	149,026,242
Others	-	-	-	-	14,368,878	14,368,878
Total assets	159,961,348	148,071,481	85,059,511	55,239,404	31,371,796	479,703,540
Liabilities						
Borrowings from the central bank	6,367,021	6,465,350	-	-	8,610	12,840,981
Deposits from banks and other financial institutions	5,594,005	6,435,575	-	-	81,442	12,111,022
Placements from banks and other financial institutions	6,026,100	104,469	-	-	14,652	6,145,221
Financial assets sold under repurchase agreements	1,700,000	-	-	-	206	1,700,206
Customer deposits	194,645,072	73,318,587	98,028,081	1,604,421	9,743,858	377,340,019
Debt securities issued	9,468,956	16,219,156	-	3,000,000	111,613	28,799,725
Lease liabilities	20,012	63,709	193,104	51,319	-	328,144
Others	-	-	-	-	4,021,941	4,021,941
Total liabilities	223,821,166	102,606,846	98,221,185	4,655,740	13,982,322	443,287,259
Total interest sensitivity gap	(63,859,818)	45,464,635	(13,161,674)	50,583,664	17,389,474	36,416,281

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Financial risk management (continued)

(3) Market risk (continued)

Interest rate risk (continued)

	As at December 31, 2021					Total
	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	
Assets						
Cash and balances with the central bank	34,461,250	-	-	-	1,211,735	35,672,985
Deposits with banks and other financial institutions	2,499,533	190,000	-	-	5,951	2,695,484
Financial assets held under resale agreements	19,380,540	-	-	-	4,267	19,384,807
Loans and advances to customers	101,235,910	111,199,717	21,317,195	8,430,239	755,323	242,938,384
Financial investments	10,602,027	17,729,002	65,720,865	38,990,386	14,233,057	147,275,337
Others	-	-	-	-	13,535,986	13,535,986
Total assets	168,179,260	129,118,719	87,038,060	47,420,625	29,746,319	461,502,983
Liabilities						
Borrowings from the central bank	4,657,886	20,668,266	-	-	39,086	25,365,238
Deposits from banks and other financial institutions	7,173,849	6,270,384	-	-	96,008	13,540,241
Placements from banks and other financial institutions	200,000	3,406,676	1,800,000	-	9,344	5,416,020
Financial assets sold under repurchase agreements	989,000	-	-	-	154	989,154
Customer deposits	161,775,948	60,870,903	112,221,833	2,689,277	7,293,161	344,851,122
Debt securities issued	10,995,351	17,339,832	-	3,000,000	111,613	31,446,796
Lease liabilities	18,897	67,814	214,979	63,908	-	365,598
Others	-	-	-	-	4,115,589	4,115,589
Total liabilities	185,810,931	108,623,875	114,236,812	5,753,185	11,664,955	426,089,758
Total interest sensitivity gap	(17,631,671)	20,494,844	(27,198,752)	41,667,440	18,081,364	35,413,225

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Financial risk management (continued)

(3) Market risk (continued)

Interest rate risk (continued)

The following table illustrates the potential impact of a parallel upward or downward shift of 100 basis points in RMB's yield curve on the net interest income and other comprehensive income, based on the Group's position of interest-generating assets and interest-bearing liabilities excluding current deposits at the end of each reporting period.

	2022		2021	
	Net interest income	Other comprehensive income	Net interest income	Other comprehensive income
+100 basis points	(301,308)	(1,449,570)	(55,262)	(951,956)
- 100 basis points	301,436	1,608,274	55,270	1,041,453

The sensitivity analysis on net interest income is carried out based on reasonably possible changes in interest rates in the coming year with the assumption that the structure of financial assets and financial liabilities (except current deposits) held at the end of the reporting period remain unchanged.

The sensitivity analysis on other comprehensive income is the effect on changes of fixed rate Financial investments measured at FVOCI at the end of each reporting period after adjusting for reasonably possible changes in interest rates.



Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Financial risk management (continued)

(4) Operational risk

Operational risk refers to the risk arising from inadequate or failed internal control procedures, personnel and information technology systems, or external events. The primary operational risks the Group faces include internal and external frauds, worksite safety failures, business interruptions and failure in the information technology system.

The Board of Directors is ultimately responsible for the Group's operational risk management. The Group's senior management leads the group-wide operational risk management on a day-to-day basis. The Group has established "three lines of defenses" to manage operational risk on an end-to-end basis. The business lines and functions are the first line of defense against operational risks, taking direct responsibilities for operational risk management. The legal and compliance department is the second line of defense against operational risks, responsible for the establishment of operational risk management policies and procedures and the coordination, support and supervision of operational risk management. The internal audit department is the third line of defense against operational risk, responsible for evaluating the adequacy and effectiveness of operational risk management policies and procedures and assessing the Group's internal control system and compliance.

45 Fair value of financial instruments

Certain financial assets and financial liabilities of the Group are measured at fair value at the end of each reporting period. Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described below:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

45 Fair value of financial instruments (continued)

The following tables give the information about how the fair values of these financial assets and financial liabilities are categorized and determined, in particular, the valuation technique(s) and input(s) used.

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

	As at December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial investments measured at FVTPL				
- Debt securities	-	756,302	-	756,302
- Fund investments	-	11,037,383	-	11,037,383
- Equity investments	22,373	-	1,017,877	1,040,250
- Trust beneficiary rights and asset management plans	-	-	3,885,839	3,885,839
- Others	-	-	4,409,713	4,409,713
Financial investments measured at FVOCI				
- Debt securities	-	47,019,722	-	47,019,722
Loans and advances to customers measured at FVOCI	-	37,378,272	-	37,378,272
Total	22,373	96,191,679	9,313,429	105,527,481

	As at December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial investments measured at FVTPL				
- Debt securities	-	576,198	-	576,198
- Fund investments	-	11,681,858	-	11,681,858
- Equity investments	20,064	-	237,492	257,556
- Trust beneficiary rights and asset management plans	-	-	4,385,091	4,385,091
- Others	-	-	4,928,513	4,928,513
Financial investments measured at FVOCI				
- Debt securities	-	34,458,144	-	34,458,144
Loans and advances to customers measured at FVOCI	-	25,025,248	-	25,025,248
Total	20,064	71,741,448	9,551,096	81,312,608



Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

45 Fair value of financial instruments (continued)

There were no transfers between Level 1 and Level 2 during the year ended December 31, 2022 and 2021.

Financial assets at FVTPL and financial assets at FVOCI are stated at fair value by reference to the quoted market prices when available.

If quoted market prices are not available, fair values are estimated on the basis of discounted cash flows or other pricing models. For debt securities, the fair values of bonds are determined based on the valuation results provided by China Central Depository Trust & Clearing Co., Ltd., which are determined based on a valuation technique for which all significant inputs are observable market data. For wealth management products, the fair value is measured by discounted cash flow model with main inputs as interest rates, credit spread which are substantively based on observable market data and/or obtainable from active open market.

For the investment funds, the fair value is measured based on the observable quoted price of the underlying investment portfolio in active market.

The fair value of loans and advances to customers at FVOCI in Mainland China are categorized as Level 2. Based on the different credit risk, the Group uses the transaction interest rate of rediscounted bills announced by the Shanghai Commercial Paper Exchange as the basis for calculating the fair value of discounted bills.

For Level 3 financial assets, the Group adopts the discounted cash flow method or other valuation methods to determine the fair value. The fair value of debt securities type of financial assets is measured by the expected discounted cash flows with unobservable input of discount rate reflecting the credit risk of debtors, and the fair value of equity securities type of financial assets are measured by market comparison approach with unobservable input of discount for lack of marketability.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

45 Fair value of financial instruments (continued)

Reconciliation of Level 3 fair value measurements of financial assets is as follows:

	Financial investments measured at FVTPL
As at January 1, 2022	9,551,096
Total gains	
– In profit or loss	321,179
Purchases/transfers in	654,755
Disposals and settlement on maturity	(1,213,601)
As at December 31, 2022	9,313,429
Total unrealised gains or losses included in the consolidated statement of profit or loss for assets held at the end of the reporting period	(224,875)
	Financial investments measured at FVTPL
As at January 1, 2021	13,973,087
Total gains	
– In profit or loss	337,956
Purchases/transfers in	–
Disposals and settlement on maturity	(4,759,947)
As at December 31, 2021	9,551,096
Total unrealised gains or losses included in the consolidated statement of profit or loss for assets held at the end of the reporting period	(323,131)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

45 Fair value of financial instruments (continued)

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

As at the end of the reporting period, the carrying amounts and the fair value of the financial assets and the financial liabilities of the Group have no significant difference except following items.

	As at December 31, 2022		As at December 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Debt securities measured at amortised cost	64,178,490	64,072,424	67,281,535	66,800,996
Financial liabilities				
Debt securities issued	28,799,725	28,461,012	31,446,796	31,015,494

The valuation techniques used and the qualitative and quantitative information of key parameters for recurring fair value measurements categorized within Level 3. Quantitative information of Level 3 fair value measurement is as below:

Financial assets/ financial liabilities	Fair value as at December 31,		Valuation technique(s) and key input(s)	Significant unobservable input(s)
	2022	2021		
Financial investments at FVTPL				
- Unlisted equity investments	1,017,877	237,492	Market approach. Fair value determined by reference to price to earnings ratio of comparable companies after considering the discount for lack of marketability.	Price to earnings ratio, Discount for lack of marketability
- Trust beneficiary rights and asset management plans	3,885,839	4,385,091	Discounted cash flows. Future cash flows are discounted using the discount rates with reference to the PBOC benchmark interest rates and credit spread for specific borrowers.	Discount rate, Future Cash Flow
- Other investments	4,409,713	4,928,513	Discounted cash flows. Future cash flows are discounted using the discount rates with reference to the PBOC benchmark interest rates and credit spread for specific borrowers.	Discount rate, Future Cash Flow

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For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

46 Particulars of principal subsidiaries

Details of the Bank's principal subsidiaries as at December 31, 2022 and 2021 are set out below:

Name of entity	Place of incorporation/ registration and operations	Date of incorporation/ establishment	Authorized/ paid-in capital as at December 31, 2022	Proportion of ownership held by the Group		Proportion of voting rights held by the Group		Principal activities	Type of entity
				As at December 31, 2022	As at December 31, 2021	As at December 31, 2022	As at December 31, 2021		
				%	%	%	%		
Xiushui Jiuyin County Bank LLC.	Jiangxi, PRC	December 2007	40,000	51.00	51.00	56.85	56.85	Commercial bank	Limited liability Company
Beijing Daxing Jiuyin County Bank Co., Ltd. (i)	Beijing, PRC	May 2010	220,000	45.00	45.00	53.00	53.00	Commercial bank	Joint Stock Company
Jinggangshan Jiuyin County Bank LLC. (j)	Jiangxi, PRC	March 2010	64,274	41.00	41.00	58.33	58.33	Commercial bank	Limited liability Company
Rizhao Jiuyin County Bank Co., Ltd.	Shandong, PRC	November 2011	50,000	51.00	51.00	51.00	51.00	Commercial bank	Joint Stock Company
Nanjing Liuhe Jiuyin County Bank Co., Ltd.	Jiangsu, PRC	December 2011	100,000	51.00	51.00	56.00	56.00	Commercial bank	Joint Stock Company
Nanchang Changdong Jiuyin County Bank Co., Ltd.	Jiangxi, PRC	October 2012	50,000	51.00	51.00	51.00	51.00	Commercial bank	Joint Stock Company
Pengze Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	December 2015	50,000	35.00	35.00	53.65	54.00	Commercial bank	Joint Stock Company
Ruichang Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	December 2015	50,000	35.00	35.00	53.70	53.70	Commercial bank	Joint Stock Company
Zixi Jiuyin County Bank Co., Ltd. (ii)	Jiangxi, PRC	April 2016	40,827	68.16	68.16	77.66	77.96	Commercial bank	Joint Stock Company

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For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

46 Particulars of principal subsidiaries (continued)

Details of the Bank's principal subsidiaries as at December 31, 2022 and 2021 are set out below: (continued)

Name of entity	Place of incorporation/ registration and operations	Date of incorporation/ establishment	Authorized/ paid-in capital as at December 31, 2022	Proportion of ownership held by the Group		Proportion of voting rights held by the Group		Principal activities	Type of entity
				As at December 31, 2022	As at December 31, 2021	As at December 31, 2022	As at December 31, 2021		
				%	%	%	%		
Chongren Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	June 2016	40,000	35.00	35.00	54.90	54.90	Commercial bank	Joint Stock Company
Fenyi Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	June 2016	50,000	35.00	35.00	54.90	54.90	Commercial bank	Joint Stock Company
Fengxin Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	October 2016	50,000	42.21	42.21	55.00	55.00	Commercial bank	Joint Stock Company
Jing'an Jiuyin County Bank Co., Ltd. (iii)	Jiangxi, PRC	November 2016	50,898	71.22	71.22	76.25	76.25	Commercial bank	Joint Stock Company
Tonggu Jiuyin County Bank Co., Ltd. (iv)	Jiangxi, PRC	November 2016	53,090	72.00	72.00	76.33	76.82	Commercial bank	Joint Stock Company
Jingdezhen Changjiang Jiuyin County Bank Co., Ltd. (v)	Jiangxi, PRC	December 2016	61,000	53.50	53.50	61.89	61.89	Commercial bank	Joint Stock Company
Lushan Jiuyin Art County Bank Co., Ltd. (i)	Jiangxi, PRC	January 2017	30,000	42.21	42.21	55.00	55.00	Commercial bank	Joint Stock Company
Duchang Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	February 2018	50,000	50.00	50.00	52.00	52.00	Commercial bank	Joint Stock Company
Hukou Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	February 2018	50,000	50.00	50.00	52.70	52.70	Commercial bank	Joint Stock Company

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For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

46 Particulars of principal subsidiaries (continued)

None of the subsidiaries had issued any debt securities at the end of the year.

- (i) The Bank holds no more than 50% equity interests in these subsidiaries. In accordance with the agreements to act in concert entered into by the Bank and the non-controlling shareholders, the Bank has right to variable returns from its involvement in the relevant operations of these subsidiaries and the ability to affect the returns through the power over these subsidiaries. In the opinion of the directors of the Bank, the Bank has controls over these subsidiaries.
- (ii) In 2021, the Bank increased its capital contribution to Zixi Jiuyin County Bank Co., Ltd. by RMB20.83 million. After the increase of capital, the Bank's ownership of equity shares in the subsidiary increased to 68.16% and voting rights increased to 77.66%.
- (iii) In 2021, the Bank increased its capital contribution to Jing'an Jiuyin County Bank Co., Ltd. by RMB27.81 million. After the increase of capital, the Bank's ownership of equity shares in the subsidiary increased to 71.22% and voting rights increased to 76.25%.
- (iv) In 2021, the Bank increased its capital contribution to Tonggu Jiuyin County Bank Co., Ltd. by RMB29.78 million. After the increase of capital, the Bank's ownership of equity shares in the subsidiary increased to 72.00% and voting rights increased to 76.33%.
- (v) In 2021, the Bank increased its capital contribution to Jingdezhen Changjiang Jiuyin County Bank Co., Ltd. by RMB15.75 million. After the increase of capital, the Bank's ownership of equity shares in the subsidiary increased to 53.50% and voting rights increased to 61.89%.
- (vi) As at December 31, 2022, the Group consists of the Bank and 18 subsidiaries, and the non-controlling interests have no material interest in the Group's activities and cash flows.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

47 Statement of financial position of the Bank

	As at December 31	
	2022	2021
ASSETS		
Cash and balances with the central bank	30,644,866	31,522,651
Deposits with banks and other financial institutions	2,013,621	2,493,025
Placements with banks and other financial institutions	417,940	–
Financial assets held under resale agreements	8,974,512	19,384,807
Loans and advances to customers	262,635,129	234,994,391
Financial investments	148,866,784	147,275,337
Interest in associates	134,321	129,170
Investments in subsidiaries	547,901	547,901
Right-of-use assets	278,089	296,494
Property and equipment	2,720,270	2,799,794
Deferred tax assets	4,768,911	3,772,771
Other assets	6,180,513	6,236,152
Total assets	468,182,857	449,452,493

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

47 Statement of financial position of the Bank (continued)

	As at December 31	
	2022	2021
LIABILITIES		
Borrowings from the central bank	12,280,875	24,672,218
Deposits from banks and other financial institutions	16,405,039	17,654,126
Placements from banks and other financial institutions	6,145,221	5,416,020
Financial assets sold under repurchase agreements	1,700,206	989,154
Customer deposits	363,264,613	330,430,777
Income tax payable	834,211	594,534
Debt securities issued	28,799,725	31,446,796
Lease liabilities	308,377	339,681
Provisions	610,438	638,659
Other liabilities	2,418,554	2,725,108
Total liabilities	432,767,259	414,907,073
EQUITY		
Share capital	2,407,367	2,407,367
Other equity instruments	6,997,840	6,997,840
Reserves	26,010,391	25,140,213
Total equity	35,415,598	34,545,420
Total liabilities and equity	468,182,857	449,452,493

The financial statements have been approved by the Board of Directors of the Bank on March 30, 2023.

Pan Ming
EXECUTIVE DIRECTOR

Yuan DeLei
EXECUTIVE DIRECTOR

Li GuoQuan
CHIEF ACCOUNTANT

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

48 Event after the reporting period

The Group has no material events for disclosure subsequent to the end of the reporting period.

49 Comparative figures

For financial statements disclosure purpose, the Group made reclassification adjustments to some comparative figures.

50 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended December 31, 2022

Up to the date of issue of these financial statements, a number of amendments, new standards and interpretations are issued which are not yet effective for the year ended December 31, 2022 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

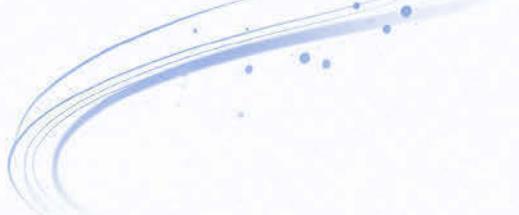
	Effective for accounting period beginning on or after
IFRS 17, <i>Insurance Contracts</i>	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2, <i>Disclosure of Accounting Policies</i>	January 1, 2023
Amendments to IAS 8, <i>Definition of Accounting Estimates</i>	January 1, 2023
Amendments to IAS 12, <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	January 1, 2023
Amendments to IFRS 16, <i>Lease Liability in a Sale and Leaseback</i>	January 1, 2024
Amendments to IAS 1, <i>Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants</i>	January 1, 2024
Amendments to IFRS 10 and IAS 28, <i>Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture</i>	The effective date has now been deferred indefinitely

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

Definition

In this annual report, unless the context otherwise requires, the following terms and expressions have the meanings set forth below:

“Articles of Association”	the articles of association of the Bank, the version of which was passed by the shareholders of the Bank at the first extraordinary shareholders’ meeting of 2021 on February 1, 2021 and was approved by the CBIRC Jiangxi Bureau on July 20, 2021, as the same may be amended, supplemented or otherwise modified from time to time
“Bank”, “Bank of Jiujiang”, “We” or “Group”	Bank of Jiujiang Co., Ltd. (九江銀行股份有限公司), a joint stock company incorporated on November 17, 2000 in Jiangxi Province, China with limited liability in accordance with the PRC laws and regulations and, if the context requires, includes its predecessors, subsidiaries, branches and sub-branches
“Board” or “Board of Directors”	the board of Directors of the Bank
“Board of Supervisors”	the board of Supervisors of the Bank
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會), and if the context requires, includes its predecessor China Banking Regulatory Commission (中國銀行業監督管理委員會)
“CBIRC Jiangxi Bureau” or “Jiangxi Bureau”	CBIRC Jiangxi Bureau (中國銀保監會江西監管局)
“CBRC”	former China Banking Regulatory Commission (中國銀行業監督管理委員會), currently CBIRC (中國銀保監會)
“China” or “PRC”	the People’s Republic of China, for the purpose of this annual report only, refers to Mainland China, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan of the PRC

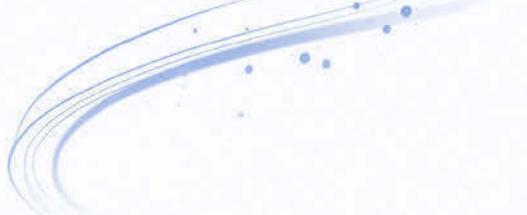


Definition

“city commercial bank(s)”	banks with branches at municipal or higher levels created with the approval of the CBIRC pursuant to the Company Law of the PRC and the PRC Commercial Banking Law
“commercial banks”	all the banking financial institutions in the PRC other than policy banks, including the large commercial banks, the nationwide joint-stock commercial banks, city commercial banks, foreign banks and other banking financial institutions
“Company Law of the PRC” or “Company Law”	the Company Law of the PRC (中華人民共和國公司法), which was promulgated by the 5th session of the 8th Standing Committee of the National People’s Congress on December 29, 1993 and became effective on July 1, 1994, as amended, supplemented or otherwise modified from time to time
“Corporate Governance Code”	Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules
“county bank(s)”	banking institution(s) incorporated with the approval of the CBIRC, pursuant to the Company Law of the PRC and the PRC Commercial Banking Law, to provide services to local growers or enterprises in rural areas
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Bank
“Domestic Shares”	ordinary shares issued by the Bank in the PRC, with a nominal value of RMB1.00 each, which are subscribed for or credited as fully paid in RMB

Definition

“H Shares”	overseas-listed shares in the share capital of the Bank, with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and for which an application has been made for listing and permission to trade on the Hong Kong Stock Exchange
“Hong Kong” or “HK”	Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRS”	International Financial Reporting Standards and International Accounting Standards (“IAS”), which include the related standards, amendments and interpretations issued by the International Accounting Standards Board (“IASB”)
“Jiuyin County Banks”	18 Jiuyin County Banks controlled and consolidated by the Bank as at December 31, 2022
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Ministry of Finance”	Ministry of Finance of the PRC (中華人民共和國財政部)
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
“related party transaction(s)”	has the meaning ascribed to it under the Measures for the Administration of Affiliated Transactions of Banking and Issuance Institutions promulgated by the CBIRC, Accounting Standards for Business Enterprises promulgated by the Ministry of Finance, and/or IFRS



Definition

“related party(ies)”	has the meaning ascribed to it under the Measures for the Administration of Affiliated Transactions of Banking and Issuance Institutions promulgated by the CBIRC, Accounting Standards for Business Enterprises promulgated by the Ministry of Finance, and/or IFRS
“reporting period”	the year from January 1, 2022 to December 31, 2022
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Supervisor(s)”	the supervisor(s) of the Bank
“USD”	United States dollars, the lawful currency of the United States of America



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