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Bank of Guizhou Co., Ltd. *

貴州銀行股份有限公司*

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

(Stock Code: 6199)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

The board of directors (the “**Board**”) of Bank of Guizhou Co., Ltd.* (the “**Bank**”) is pleased to announce the annual results of the Bank for the year ended 31 December 2022, together with comparative figures for the corresponding period in 2021.

SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

	For the year ended 31 December					
	2022	2021	Year-on-Year	2020	2019	2018
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>					
Operation results						
Net interest income	10,094.21	9,514.49	6.09%	10,121.39	9,870.96	8,326.29
Net fee and commission income	363.13	427.87	(15.13%)	362.52	94.64	21.30
Operating income	11,989.98	11,737.16	2.15%	11,247.61	10,705.53	8,769.61
Operating expenses	(3,836.78)	(3,729.77)	2.87%	(3,555.74)	(3,422.11)	(3,039.83)
Impairment losses on assets	(3,856.07)	(3,900.17)	(1.13%)	(3,231.79)	(3,172.77)	(2,392.28)
Total profit	4,299.34	4,190.46	2.60%	4,355.30	4,091.39	3,303.04
Net profit	3,829.46	3,705.71	3.34%	3,670.66	3,563.64	2,876.57
Per share (RMB)						
Net assets per share	3.01	2.67	12.73%	2.47	2.32	2.06
Basic earnings per share	0.26	0.25	4.00%	0.25	0.29	0.24
Profitability indicators (%)						
Return on average total assets ⁽¹⁾	0.74%	0.77%	(0.03%)	0.85%	0.95%	0.92%
Return on average equity ⁽²⁾	9.23%	9.88%	(0.65%)	10.50%	12.01%	12.36%
Net interest spread ⁽³⁾	2.28%	2.37%	(0.09%)	2.44%	2.75%	2.66%
Net interest margin ⁽⁴⁾	2.22%	2.29%	(0.07%)	2.55%	2.82%	2.82%
Net fee and commission income to operating income	3.03%	3.65%	(0.62%)	3.22%	0.88%	0.24%
Cost-to-income ratio ⁽⁵⁾	30.68%	31.09%	(0.41%)	30.29%	30.84%	33.91%

	For the year ended 31 December					
	2022	2021	Year-on-Year	2020	2019	2018
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>					
Scale indicators						
Total assets	533,781.34	503,880.17	5.93%	456,401.20	409,388.80	341,202.88
Including: Gross loans and advances to customers	293,527.57	250,486.58	17.18%	213,922.91	179,867.72	140,140.53
Net loans and advances to customers ⁽⁶⁾	279,738.68	238,834.74	17.13%	206,152.61	173,349.70	135,831.85
Total liabilities	489,810.81	464,892.34	5.36%	420,373.38	375,499.56	315,743.99
Including: Deposits from customers ⁽⁷⁾	326,324.45	305,521.02	6.81%	289,042.77	260,266.47	220,083.74
Share capital	14,588.05	14,588.05	–	14,588.05	14,588.05	12,388.05
Total equity	43,970.53	38,987.83	12.78%	36,027.82	33,889.24	25,458.89
Asset quality indicators						
Non-performing loan ratio ⁽⁸⁾	1.47%	1.15%	0.32%	1.15%	1.18%	1.36%
Allowance coverage ratio ⁽⁹⁾	351.21%	426.41%	(75.20%)	334.36%	324.95%	243.72%
Allowance to gross loans ⁽¹⁰⁾	5.17%	4.90%	0.27%	3.84%	3.85%	3.31%
Capital adequacy ratio indicators ⁽¹¹⁾						
Core tier-one capital adequacy ratio	11.20%	11.79%	(0.59%)	11.63%	12.30%	10.62%
Tier-one capital adequacy ratio	11.91%	11.79%	0.12%	11.63%	12.30%	10.62%
Capital adequacy ratio	13.82%	13.78%	0.04%	13.67%	14.45%	12.83%
Total equity to total assets	8.24%	7.74%	0.50%	7.89%	8.28%	7.46%
Other indicators						
Liquidity coverage ratio	419.41%	334.63%	84.78%	289.00%	320.18%	180.08%
Liquidity ratio	133.49%	112.85%	20.64%	91.94%	96.29%	65.31%
Loan-to-deposit ratio	91.31%	82.94%	8.37%	74.63%	69.60%	63.68%

Notes:

- (1) The percentage of net profit for the reporting period to the average balance of the total assets at the beginning and the end of the period.
- (2) The percentage of net profit for the reporting period to the average balance of total equity at the beginning and the end of the period.
- (3) Calculated by the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities, on a basis of the daily average of the interest-earning assets and interest-bearing liabilities.
- (4) Calculated by dividing net interest income by average interest-earning assets, on a basis of the daily average of the interest-earning assets.
- (5) Calculated by dividing operating cost after tax and surcharges by operating income.
- (6) Net loans and advances to customers = total loans and advances to customers + accrued interest on loans and advances to customers-provision for impairment of loans and advances to customers.

- (7) Deposits from customers = principal of deposits from customers + interest payable on deposits from customers.
- (8) Calculated by dividing total non-performing loans by total loans and advances to customers.
- (9) Calculated by dividing provision for impairment loss on loan by total non-performing loans.
- (10) Calculated by dividing provision for impairment loss on loan by total loans and advances to customers.
- (11) Core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio were calculated in accordance with the latest guidance promulgated by the CBIRC (effective from 1 January 2013).

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes	2022	2021
Interest income		22,467,060	21,158,420
Interest expense		<u>(12,372,848)</u>	<u>(11,643,927)</u>
Net interest income	2	<u>10,094,212</u>	<u>9,514,493</u>
Fee and commission income		597,661	551,471
Fee and commission expense		<u>(234,531)</u>	<u>(123,598)</u>
Net fee and commission income	3	<u>363,130</u>	<u>427,873</u>
Net trading gains	4	548,350	800,437
Net gains arising from investment securities	5	845,541	925,590
Other operating income		<u>138,743</u>	<u>68,770</u>
Operating income		<u>11,989,976</u>	<u>11,737,163</u>
Operating expenses	6	(3,836,780)	(3,729,772)
Impairment losses on assets	7	(3,856,066)	(3,900,174)
Share of gains of associates		<u>2,212</u>	<u>83,240</u>
Profit before tax		4,299,342	4,190,457
Income tax	8	<u>(469,887)</u>	<u>(484,752)</u>
Net profit for the year		<u>3,829,455</u>	<u>3,705,705</u>
Basic and diluted earnings per share (in RMB)	9	<u>0.26</u>	<u>0.25</u>

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the year ended December 31, 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	2022	2021
Net profit for the year	<u>3,829,455</u>	<u>3,705,705</u>
Other comprehensive income, net of tax:		
Items that may be reclassified subsequently to profit or loss:		
Financial assets at fair value through other comprehensive income		
– net movement in the fair value reserve, net of tax	(503,439)	344,169
– net movement in the impairment reserve, net of tax	35,599	109,956
Item that will not be reclassified to profit or loss:		
– Remeasurement of net defined benefit liability, net of tax	<u>(3,160)</u>	<u>(8,640)</u>
Other comprehensive income, net of tax	<u>(471,000)</u>	<u>445,485</u>
Total comprehensive income	<u><u>3,358,455</u></u>	<u><u>4,151,190</u></u>

STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes	2022	2021
Assets			
Cash and deposits with the central bank		23,249,900	35,681,947
Deposits with banks and other financial institutions		5,204,530	3,517,078
Financial assets held under resale agreements		13,418,376	27,556,991
Loans and advances to customers	10	279,738,679	238,834,742
Financial investments:	11		
– Financial investments at fair value through profit or loss		72,114,709	55,336,487
– Financial investments at fair value through other comprehensive income		59,411,312	55,661,196
– Financial investment at amortised cost		70,392,189	78,014,210
Interests in associates		234,168	231,957
Property and equipment		3,816,678	3,929,221
Deferred tax assets		5,291,017	4,211,654
Other assets		909,773	904,683
Total assets		<u>533,781,331</u>	<u>503,880,166</u>
Liabilities and equity			
Liabilities			
Borrowings from the central bank		38,106,949	32,219,501
Deposits from banks and other financial institutions		23,228,193	23,920,243
Placements from banks and other financial institutions		4,604,940	3,368,305
Financial assets sold under repurchase agreements		8,501,793	23,198,246
Deposits from customers		326,324,447	305,521,023
Income tax payable		890,374	489,812
Debt securities issued		84,790,579	72,394,280
Other liabilities		3,363,534	3,780,926
Total liabilities		<u>489,810,809</u>	<u>464,892,336</u>

STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at December 31, 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	2022	2021
Equity		
Share capital	14,588,047	14,588,047
Capital reserve	8,670,091	8,670,091
Surplus reserve	2,611,643	2,228,698
General reserve	5,070,000	4,690,000
Fair value reserve	(655,674)	(152,235)
Impairment reserve	315,655	280,056
Deficit on remeasurement of net defined benefit liability	(29,760)	(26,600)
Retained earnings	<u>10,901,000</u>	<u>8,709,773</u>
Total equity attributable to equity shareholders of the Bank	41,471,002	38,987,830
Perpetual bonds	<u>2,499,520</u>	<u>—</u>
Total equity	<u>43,970,522</u>	<u>38,987,830</u>
Total liabilities and equity	<u><u>533,781,331</u></u>	<u><u>503,880,166</u></u>

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Share capital	Capital reserve	Surplus reserve	General reserve	Attributable to equity shareholders of the Bank			Retained earnings	Subtotal	Perpetual bonds	Total
					Fair value reserve	Impairment reserve	Deficit on remeasurement of net defined benefit liability				
Balance at											
January 1, 2022	14,588,047	8,670,091	2,228,698	4,690,000	(152,235)	280,056	(26,600)	8,709,773	38,987,830	-	38,987,830
Changes in equity for the year:											
Net profit for the year	-	-	-	-	-	-	-	3,829,455	3,829,455	-	3,829,455
Other comprehensive income	-	-	-	-	(503,439)	35,599	(3,160)	-	(471,000)	-	(471,000)
Total comprehensive income	-	-	-	-	(503,439)	35,599	(3,160)	3,829,455	3,358,455	-	3,358,455
Issuance of perpetual bonds	-	-	-	-	-	-	-	-	-	2,499,520	2,499,520
Appropriation of profit											
Appropriation to surplus reserve	-	-	382,945	-	-	-	-	(382,945)	-	-	-
Appropriation to general reserve	-	-	-	380,000	-	-	-	(380,000)	-	-	-
Appropriation to shareholders	-	-	-	-	-	-	-	(875,283)	(875,283)	-	(875,283)
Balance at											
December 31, 2022	<u>14,588,047</u>	<u>8,670,091</u>	<u>2,611,643</u>	<u>5,070,000</u>	<u>(655,674)</u>	<u>315,655</u>	<u>(29,760)</u>	<u>10,901,000</u>	<u>41,471,002</u>	<u>2,499,520</u>	<u>43,970,522</u>

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

	Share capital	Capital reserve	Surplus reserve	General reserve	Attributable to equity shareholders of the Bank			Retained earnings	Subtotal	Perpetual bonds	Total
					Fair value reserve	Impairment reserve	Deficit on remeasurement of net defined benefit liability				
Balance at											
January 1, 2021	14,588,047	8,840,110	1,858,127	4,070,000	(496,404)	170,100	(17,960)	7,015,802	36,027,822	-	36,027,822
Changes in equity for the year:											
Net profit for the year	-	-	-	-	-	-	-	3,705,705	3,705,705	-	3,705,705
Other comprehensive income	-	-	-	-	344,169	109,956	(8,640)	-	445,485	-	445,485
Total comprehensive income	-	-	-	-	344,169	109,956	(8,640)	3,705,705	4,151,190	-	4,151,190
Appropriation of profit											
Changes in interests in associates	-	(170,019)	-	-	-	-	-	-	(170,019)	-	(170,019)
Appropriation to surplus reserve	-	-	370,571	-	-	-	-	(370,571)	-	-	-
Appropriation to general reserve	-	-	-	620,000	-	-	-	(620,000)	-	-	-
Appropriation to shareholders	-	-	-	-	-	-	-	(1,021,163)	(1,021,163)	-	(1,021,163)
Balance at											
December 31, 2021	<u>14,588,047</u>	<u>8,670,091</u>	<u>2,228,698</u>	<u>4,690,000</u>	<u>(152,235)</u>	<u>280,056</u>	<u>(26,600)</u>	<u>8,709,773</u>	<u>38,987,830</u>	<u>-</u>	<u>38,987,830</u>

CASH FLOW STATEMENT

For the year ended December 31, 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	2022	2021
Cash flows from operating activities		
Profit before tax	4,299,342	4,190,457
Adjustments for:		
Impairment losses on assets	3,856,066	3,900,174
Depreciation and amortisation	504,775	612,418
Depreciation of investment properties	943	1,370
Unrealised foreign exchange (gains)/losses	(17,478)	5,595
Net losses/(gains) on disposal of property and equipment, intangible assets and other assets	2,570	(27,879)
Net trading gains	(530,872)	(806,032)
Net gains arising from investment securities	(845,541)	(925,590)
Share of gains of associates	(2,212)	(83,240)
Interest expenses on debt securities issued	2,118,338	1,892,781
Interest expense on lease liabilities	14,218	34,318
Others	(163,899)	(95,934)
	<u>9,236,250</u>	<u>8,698,438</u>
Operating cash flows before movements in operating assets and liabilities		
	<u>9,236,250</u>	<u>8,698,438</u>
Changes in operating assets		
Net decrease in deposits with the central bank	821,945	2,219,063
Net decrease in placements with banks and other financial institutions	-	50,674
Net increase in loans and advances to customers	(43,105,483)	(36,574,598)
Net decrease/(increase) in financial assets held for trading	18,990,761	(2,025,080)
Net (increase)/decrease in other operating assets	(1,164,186)	53,132
	<u>(24,456,963)</u>	<u>(36,276,809)</u>
Net changes in operating assets		
	<u>(24,456,963)</u>	<u>(36,276,809)</u>

CASH FLOW STATEMENT

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

	2022	2021
Changes in operating liabilities		
Net increase in borrowings from the central bank	5,809,587	5,485,172
Net decrease in deposits from banks and other financial institutions	(776,119)	(5,891,232)
Net increase in placements from banks and other financial institutions	1,236,488	764,612
Net (decrease)/increase in financial assets sold under repurchase agreements	(14,683,900)	10,721,900
Net increase in deposits from customers	19,426,680	15,362,873
Net increase in other operating liabilities	1,011,095	1,869,610
	<u>12,023,831</u>	<u>28,312,935</u>
Net cash flows (used in)/generated from operating activities before income tax paid		
Income tax paid	(3,196,882)	734,564
	<u>(1,076,174)</u>	<u>(1,383,959)</u>
Net cash flows used in operating activities	<u>(4,273,056)</u>	<u>(649,395)</u>
Cash flows from investing activities		
Proceeds from disposal and redemption of investments	27,327,040	48,011,422
Proceeds from disposal of property and equipment, intangible assets and other assets	69	45,378
Payments on acquisition of investments	(28,137,472)	(40,558,416)
Payments for capital increase in associates	-	(148,690)
Payments for acquisition of property and equipment, intangible assets and other assets	(233,707)	(517,149)
	<u>(1,044,070)</u>	<u>6,832,545</u>

CASH FLOW STATEMENT

For the year ended December 31, 2022 (continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

	2022	2021
Cash flows from financing activities		
Proceeds from issuance of debt securities	92,735,467	95,752,186
Repayment of debt securities	(82,140,000)	(80,740,000)
Interest paid on debt securities	(317,506)	(347,069)
Capital element of lease liabilities paid	(124,508)	(105,074)
Interest element of lease liabilities paid	(14,218)	(34,318)
Payments for initial public offering costs	–	(27,550)
Dividends paid	(884,087)	(1,022,352)
Net proceeds from issuance of perpetual bonds	<u>2,499,520</u>	<u>–</u>
Net cash flows generated from financing activities	11,754,668	13,475,823
Effect of foreign exchange rate changes on cash and cash equivalents	<u>16,416</u>	<u>(4,599)</u>
Net increase in cash and cash equivalents	6,453,958	19,654,374
Cash and cash equivalents as at January 1	<u>48,374,278</u>	<u>28,719,904</u>
Cash and cash equivalents as at December 31	<u>54,828,236</u>	<u>48,374,278</u>
Net cash flows from operating activities include:		
Interest received	<u>22,178,929</u>	<u>21,868,043</u>
Interest paid (excluding interest expense on debt securities issued)	<u>(8,728,242)</u>	<u>(8,714,324)</u>

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi, unless otherwise stated)

1 BASIS OF PREPARATION

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

The financial statements for the year ended December 31, 2022 comprise the Bank and the Bank’s interests in associates.

The measurement basis used in the preparation of the financial statements is the historical basis, except that the financial instruments classified as financial assets at fair value through other comprehensive income (“**FVOCI**”) or financial assets at fair value through profit or loss (“**FVTPL**”) are stated at their fair value as explained in the accounting policies.

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

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

Judgements made by management in the application of IFRSs that have a significant effect on the financial statements and major sources of estimation uncertainty.

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

(a) APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“**IFRSs**”)

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

- Amendments to IFRS 3, Reference to the Conceptual Framework
- Amendments to IAS 16, Property, plant and equipment – Proceeds before Intended Use
- Amendments to IAS 37, Onerous Contracts – Cost of Fulfilling a Contract

- Amendments to HKFRSs, Annual Improvements to IFRS Standards 2018-2020
- Amendment to IFRS 16, Covid-19-Related Rent Concessions beyond 2021

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

(b) 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 this announcement, 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 include the following which may be relevant to the Bank.

	Effective for Accounting period beginning on or after
Amendments to IFRS 17 (including the October 2020 and February 2022 Amendments to IFRS 17), Insurance Contract	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2, Disclosure of Accounting Policies	January 1, 2023
Amendments to IAS 8, Definition of Accounting Estimates	January 1, 2023
Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
Amendments to IAS 1, Classification of Liabilities as Current or Non-current	January 1, 2024
Amendments to IAS 1, Non-current Liabilities with Covenants	January 1, 2024
Amendments to IFRS 16, Lease Liability in a Sale and Leaseback	January 1, 2024
Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Bank 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.

2 NET INTEREST INCOME

	2022	2021
Interest income arising from		
Deposits with the central bank	296,876	340,412
Deposits with banks and other financial institutions	30,167	11,343
Placements with banks and other financial institutions	–	594
Financial assets held under resale agreements	376,780	405,284
Loans and advances to customers		
– Corporate loans and advances	13,968,738	11,780,128
– Personal loans and advances	1,797,633	1,663,387
– Discounted bills	166,397	253,085
Financial investments	5,830,469	6,704,187
Sub-total	22,467,060	21,158,420
Interest expense arising from		
Borrowings from the central bank	(985,801)	(850,893)
Deposits from banks and other financial institutions	(692,240)	(814,331)
Placements from banks and other financial institutions	(152,431)	(105,350)
Financial assets sold under repurchase agreements	(150,745)	(205,751)
Deposits from customers	(8,273,293)	(7,774,821)
Debt securities issued	(2,118,338)	(1,892,781)
Sub-total	(12,372,848)	(11,643,927)
Net interest income	10,094,212	9,514,493

3 NET FEE AND COMMISSION INCOME

Income and expense streams:

	2022	2021
Fee and commission income		
Acceptance and guarantee services fees	272,304	208,136
Agency services fees	168,820	180,996
Bank card services fees	77,053	57,118
Fund supervision services and consultancy services fees	39,184	57,164
Settlement and clearing fees	40,300	48,057
	<u>597,661</u>	<u>551,471</u>
Sub-total	<u>597,661</u>	<u>551,471</u>
Fee and commission expense		
Bank card services fees	(148,983)	(67,293)
Others	(85,548)	(56,305)
	<u>(234,531)</u>	<u>(123,598)</u>
Sub-total	<u>(234,531)</u>	<u>(123,598)</u>
Net fee and commission income	<u><u>363,130</u></u>	<u><u>427,873</u></u>

4 NET TRADING GAINS

	<i>Notes</i>	2022	2021
Net gains from debt securities	<i>(a)</i>	530,872	806,032
Net foreign exchange gains/(losses)	<i>(b)</i>	17,478	(5,595)
		<u>548,350</u>	<u>800,437</u>
Total		<u><u>548,350</u></u>	<u><u>800,437</u></u>

(a) Net gains from debt securities include gains arising from the buying and selling of, and changes in the fair value of debt securities held for trading.

(b) Net foreign exchange losses mainly include losses from translation of foreign currency monetary assets and liabilities into Renminbi.

5 NET GAINS ARISING FROM INVESTMENT SECURITIES

	<i>Notes</i>	2022	2021
Net gains of financial investments at fair value through profit or loss	(a)	727,183	814,461
Net gains of financial investments at fair value through other comprehensive income		118,358	42,782
Net gains on disposal of financial investments at amortised cost		<u>–</u>	<u>68,347</u>
Total		<u>845,541</u>	<u>925,590</u>

- (a) Net gains of financial investments at fair value through profit or loss include the investment income and fair value changes of financial investments at fair value through profit or loss except for debt securities held for trading.

6 OPERATING EXPENSES

	2022	2021
Staff costs		
– Salaries, bonuses and allowances	1,590,799	1,531,129
– Social insurance and annuity	449,646	440,297
– Staff welfares	156,284	145,130
– Housing allowances	124,542	112,717
– Employee education expenses and labour union expenses	<u>37,075</u>	<u>40,545</u>
Sub-total	<u>2,358,346</u>	<u>2,269,818</u>
Depreciation and amortisation	362,144	450,429
Depreciation charge for the right-of-use assets	142,631	161,989
Taxes and surcharges	158,389	80,617
Interest expense on lease liabilities	14,218	34,318
Rental and property management expenses	48,902	33,996
Other general and administrative expenses	<u>752,150</u>	<u>698,605</u>
Total	<u>3,836,780</u>	<u>3,729,772</u>

7 IMPAIRMENT LOSSES ON ASSETS

	2022	2021
Loans and advances to customers	3,120,824	4,007,327
Financial investments	504,762	59,598
Credit commitments	104,300	(221,136)
Deposits with banks and other financial institutions	402	1,595
Others	<u>125,778</u>	<u>52,790</u>
Total	<u><u>3,856,066</u></u>	<u><u>3,900,174</u></u>

8 INCOME TAX EXPENSE

(a) Income tax:

	2022	2021
Current tax	1,476,736	1,263,501
Deferred tax	<u>(1,006,849)</u>	<u>(778,749)</u>
Total	<u><u>469,887</u></u>	<u><u>484,752</u></u>

(b) Reconciliations between income tax and accounting profit are as follows:

	<i>Notes</i>	2022	2021
Profit before tax		<u>4,299,342</u>	<u>4,190,457</u>
Statutory tax rate		25%	25%
Income tax calculated at statutory tax rate		<u>1,074,836</u>	<u>1,047,614</u>
Non-deductible expenses		55,074	52,278
Non-taxable income	(i)	<u>(660,023)</u>	<u>(615,140)</u>
Income tax		<u><u>469,887</u></u>	<u><u>484,752</u></u>

- (i) The non-taxable income mainly represents the interest income arising from the PRC government bonds.

9 BASIC AND DILUTED EARNINGS PER SHARE

	<i>Notes</i>	2022	2021
Net profit for the year		3,829,455	3,705,705
Weighted average number of ordinary shares (in thousands)	<i>(i)</i>	<u>14,588,047</u>	<u>14,588,047</u>
Basic and diluted earnings per share (in RMB)		<u>0.26</u>	<u>0.25</u>

There is no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the year.

(i) Weighted average number of ordinary shares (in thousands)

	2022	2021
Number of ordinary shares as at January 1 and December 31	<u>14,588,047</u>	<u>14,588,047</u>

10 LOANS AND ADVANCES TO CUSTOMERS

	2022	2021
Loans and advances to customers measured at amortised cost		
Corporate loans and advances	<u>250,255,977</u>	<u>213,009,342</u>
Personal loans and advances		
– Residential mortgage	19,820,559	20,008,524
– Personal business loans	10,227,740	8,022,340
– Personal consumption loans	272,612	440,520
– Credit cards	<u>8,581,157</u>	<u>5,441,376</u>
Sub-total	<u>38,902,068</u>	<u>33,912,760</u>
Accrued interest	1,388,959	630,446
Less: Provision for loans and advances to customers measured at amortised cost	<u>(15,177,852)</u>	<u>(12,282,283)</u>
Sub-total	<u>275,369,152</u>	<u>235,270,265</u>
Loans and advances to customers measured at fair value through other comprehensive income		
Corporate loans and advances	–	455,113
Discounted bills	<u>4,369,527</u>	<u>3,109,364</u>
Sub-total	<u>4,369,527</u>	<u>3,564,477</u>
Net loans and advances to customers	<u><u>279,738,679</u></u>	<u><u>238,834,742</u></u>

11 FINANCIAL INVESTMENTS

	<i>Notes</i>	2022	2021
Financial investments at fair value through profit or loss	<i>(a)</i>	72,114,709	55,336,487
Financial investments at fair value through other comprehensive income	<i>(b)</i>	59,411,312	55,661,196
Financial investments at amortised cost	<i>(c)</i>	70,392,189	78,014,210
Total		<u>201,918,210</u>	<u>189,011,893</u>

(a) Financial investments at fair value through profit or loss

	2022	2021
Debt securities issued by the following institutions in mainland China		
– Government	15,132,450	9,259,183
– Policy banks	14,195,753	6,966,623
– Banks and other financial institutions	6,330,381	7,392,668
Sub-total	<u>35,658,584</u>	<u>23,618,474</u>
Unlisted	35,658,584	23,618,474
Structured notes issued by securities companies		
– Unlisted	<u>–</u>	<u>197,780</u>
Investment funds managed by public fund manager		
– Unlisted	<u>36,456,125</u>	<u>31,520,233</u>
Total	<u>72,114,709</u>	<u>55,336,487</u>

(b) **Financial investments at fair value through other comprehensive income**

	2022	2021
Debt securities issued by the following institutions in mainland China		
– Government	23,162,225	16,664,266
– Policy banks	21,753,601	21,035,181
– Bank and other financial institutions	550,797	432,888
– Corporate	<u>12,206,812</u>	<u>15,675,928</u>
Sub-total	<u>57,673,435</u>	<u>53,808,263</u>
Listed	8,561,841	10,407,882
Unlisted	49,111,594	43,400,381
Asset-backed securities		
– Listed	397,547	571,196
Equity investments		
– Unlisted	37,750	37,750
Accrued interest	<u>1,302,580</u>	<u>1,243,987</u>
Total	<u><u>59,411,312</u></u>	<u><u>55,661,196</u></u>

(c) **Financial investments at amortised cost**

	2022	2021
Debt securities issued by the following institutions in mainland China		
– Government	35,858,196	36,159,215
– Policy banks	5,798,967	5,314,166
– Corporate	<u>13,953,096</u>	<u>9,831,854</u>
Sub-total	<u>55,610,259</u>	<u>51,305,235</u>
Listed	10,454,065	7,481,841
Unlisted	45,156,194	43,823,394
Investment management products managed by asset management companies	13,755,944	17,285,497
Private debt financing plans	90,000	414,000
Other debt investments	<u>2,040,367</u>	<u>9,931,247</u>
Sub-total	<u>15,886,311</u>	<u>27,630,744</u>
Accrued interest	<u>1,031,085</u>	<u>847,140</u>
Less: Provision for impairment losses	<u>(2,135,466)</u>	<u>(1,768,909)</u>
Total	<u><u>70,392,189</u></u>	<u><u>78,014,210</u></u>

12 DIVIDEND

The cash dividends are recognised in the statement of financial position upon approval by the shareholders at Annual General Meeting.

As considered and approved at the 2021 annual general meeting of the Bank held on 16 June 2022 based on the share capital of 14,588,046,744 shares as at the end of 2021, the Bank distributed the final dividend for the year ended 31 December 2021 (the “Final Dividend for the Year 2021”) to all shareholders at 6% of the share capital, totaling RMB875,282,804.64 (tax inclusive) in cash. The Final Dividend for the Year 2021 has been distributed to holders of both H Shares and Domestic Shares on 10 August 2022.

The Bank recorded a net profit of RMB3,829.46 million in 2022, and the distributable profit at the end of 2022 was RMB10,901.00 million. Taking into consideration the interests of shareholders and the future development of the Bank, and according to the relevant laws and regulations and the Bank’s Articles of Association, the Board recommends the 2022 profit distribution plan of the Bank as follow: to distribute cash dividend on the basis of 14,588,046,700 shares as at the end of 2022 and, at 6% of the share capital, with a total amount of RMB875.28 million (tax inclusive). The above profit distribution plan is subject to the consideration and approval at the 2022 annual general meeting of the Bank. Upon the profit distribution plan being approved, the Bank is expected to pay dividends on or before 31 August 2023. These financial statements do not reflect this dividend payable in liabilities.

During the year ended 31 December 2022, the Bank did not distribute interest on perpetual bond.

13 SEGMENT REPORTING

The Bank manages its business by business lines. Consistent with the way in which information is reported internally to the Bank's most senior executive management for the purposes of resource allocation and performance assessment, the Bank defines reporting segments based on the following operating segments:

Corporate banking

This segment represents the provision of a range of financial products and services to corporations, government agencies and financial institutions. These products and services include corporate loans and advances, trade financing, deposit taking activities, agency services, wealth management services, consultancy services, settlement and clearing services and acceptance and guarantee services.

Retail banking

This segment represents the provision of a range of financial products and services to retail customers. These products and services include personal loans, deposit taking activities, personal wealth management services and remittance services.

Financial markets

This segment covers the Bank's financial markets business operations. The financial markets business enters into inter-bank money market transactions, repurchases transactions and investments. It also trades in debt securities. The financial markets business segment also covers management of the Bank's overall liquidity position, including the issuance of debts.

Others

These represent assets, liabilities, income and expenses which cannot directly attributable or cannot be allocated to a segment on a reasonable basis.

Measurement of segment assets and liabilities and of segment income, expenses and results is based on the Bank's accounting policies.

Internal charges and transfer prices are determined with reference to market rates and have been reflected in the performance of each segment. Interest income and expense earned from third parties are referred to as "external net interest income/expense". Net interest income and expense arising from internal charges and transfer pricing adjustments are referred to as "internal net interest income/expense".

Segment income, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment income, expenses, assets and liabilities are determined before intra-bank balances and intra-bank transactions are eliminated as part of the consolidation process. Segment capital expenditure is the total cost incurred during the reporting periods to acquire property and equipment, intangible assets and other long-term assets.

	Corporate banking	Retail banking	2022 Financial markets	Others	Total
Operating income					
External net interest income/ (expense)	11,233,195	(2,309,513)	1,170,530	–	10,094,212
Internal net interest (expense)/ income	(4,929,567)	4,964,521	(34,954)	–	–
Net interest income	6,303,628	2,655,008	1,135,576	–	10,094,212
Net fee and commission income	198,397	22,844	141,889	–	363,130
Net trading gains	–	–	548,350	–	548,350
Net gains arising from investment securities	–	–	845,541	–	845,541
Other operating income/ (expense)	127,078	(749)	(373)	12,787	138,743
Operating income	6,629,103	2,677,103	2,670,983	12,787	11,989,976
Operating expenses	(1,627,127)	(1,407,479)	(765,247)	(36,927)	(3,836,780)
Impairment losses on assets	(2,803,677)	(447,019)	(605,370)	–	(3,856,066)
Share of gains of associates	–	–	–	2,212	2,212
Profit/(loss) before tax	<u>2,198,299</u>	<u>822,605</u>	<u>1,300,366</u>	<u>(21,928)</u>	<u>4,299,342</u>
Segment assets	264,850,843	50,975,992	212,254,977	408,502	528,490,314
Deferred tax assets	–	–	–	5,291,017	5,291,017
Total assets	<u>264,850,843</u>	<u>50,975,992</u>	<u>212,254,977</u>	<u>5,699,519</u>	<u>533,781,331</u>
Segment liabilities	<u>176,386,222</u>	<u>152,237,745</u>	<u>160,333,652</u>	<u>853,190</u>	<u>489,810,809</u>
Total liabilities	<u>176,386,222</u>	<u>152,237,745</u>	<u>160,333,652</u>	<u>853,190</u>	<u>489,810,809</u>
Other segment information					
– Depreciation and amortisation	200,960	202,823	100,992	–	504,775
– Capital expenditure	93,042	93,905	46,758	–	233,705

	Corporate banking	Retail banking	2021 Financial markets	Others	Total
Operating income					
External net interest income/ (expense)	10,211,424	(1,743,117)	1,046,186	–	9,514,493
Internal net interest (expense)/ income	<u>(4,092,449)</u>	<u>4,441,277</u>	<u>(348,828)</u>	<u>–</u>	<u>–</u>
Net interest income	6,118,975	2,698,160	697,358	–	9,514,493
Net fee and commission income	258,428	14,040	155,405	–	427,873
Net trading gains	–	–	800,437	–	800,437
Net gains arising from investment securities	–	–	925,590	–	925,590
Other operating income	<u>34,281</u>	<u>12</u>	<u>9</u>	<u>34,468</u>	<u>68,770</u>
Operating income	6,411,684	2,712,212	2,578,799	34,468	11,737,163
Operating expenses	(2,048,695)	(929,629)	(748,957)	(2,491)	(3,729,772)
Impairment losses on assets	(2,151,286)	(996,123)	(749,590)	(3,175)	(3,900,174)
Share of gains of associates	<u>–</u>	<u>–</u>	<u>–</u>	<u>83,240</u>	<u>83,240</u>
Profit before tax	<u>2,211,703</u>	<u>786,460</u>	<u>1,080,252</u>	<u>112,042</u>	<u>4,190,457</u>
Segment assets	255,222,637	38,097,071	206,066,654	282,150	499,668,512
Deferred tax assets	<u>–</u>	<u>–</u>	<u>–</u>	<u>4,211,654</u>	<u>4,211,654</u>
Total assets	<u>255,222,637</u>	<u>38,097,071</u>	<u>206,066,654</u>	<u>4,493,804</u>	<u>503,880,166</u>
Segment liabilities	<u>183,635,090</u>	<u>123,664,015</u>	<u>155,605,009</u>	<u>1,988,222</u>	<u>464,892,336</u>
Total liabilities	<u>183,635,090</u>	<u>123,664,015</u>	<u>155,605,009</u>	<u>1,988,222</u>	<u>464,892,336</u>
Other segment information					
– Depreciation and amortisation	<u>337,534</u>	<u>160,736</u>	<u>115,518</u>	<u>–</u>	<u>613,788</u>
– Capital expenditure	<u>284,391</u>	<u>135,429</u>	<u>97,329</u>	<u>–</u>	<u>517,149</u>

14 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Credit commitments

The Bank's credit commitments take the form of approved loans with signed contracts, credit card commitments, bank acceptances, letters of credit and financial guarantees.

The contractual amounts of loans commitments represent the amounts should the contracts be fully drawn upon. The Bank provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Acceptances comprise of undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be settled simultaneously with the reimbursement from the customers.

	2022	2021
Credit card commitments	<u>11,900,588</u>	<u>9,057,496</u>
Sub-total	<u>11,900,588</u>	<u>9,057,496</u>
Acceptances	15,596,513	13,555,392
Letters of credit	589,487	1,633,626
Letters of guarantees	<u>966,135</u>	<u>904,697</u>
Total	<u><u>29,052,723</u></u>	<u><u>25,151,211</u></u>

The Bank may be exposed to credit risk in all the above credit businesses. Management periodically assesses credit risk and makes provision for any probable losses. As the facilities may expire without being drawn upon, the total of the contractual amounts shown above is not representative of expected future cash outflows.

(b) Credit risk-weighted amount

	2022	2021
Credit risk-weighted amounts	<u><u>10,253,108</u></u>	<u><u>9,396,415</u></u>

The credit risk-weighted amount represents the amount calculated with reference to the guidelines issued by the former CBRC.

(c) Capital commitments

As at December 31, the Bank's authorised capital commitments are as follows:

	2022	2021
Contracted but not paid for	156,765	227,769
Authorised but not contracted for	<u> -</u>	<u> 11,180</u>
Total	<u> 156,765</u>	<u> 238,949</u>

(d) Outstanding litigations and disputes

As at December 31, 2022, the Bank was the defendant in certain pending litigations and disputes with an estimated gross amount of RMB15.67 million (2021: RMB162.56 million). The Bank has assessed the impact of the above outstanding litigation and disputes that may lead to an outflow of economic benefits. Management believes that the Bank is extremely unlikely to be liable for compensation. Therefore, the Bank didn't recognise any litigation provision.

MANAGEMENT DISCUSSION AND ANALYSIS

1. Analysis of Operation Performance

1.1 Development strategies and future development prospects

With high-quality development as the guiding principle, the Bank adheres to the service concept of “bank with heart”, consolidates and strengthens its urban business and vigorously expands the rural market, striving to become the most heartfelt top-notch regional bank in China. Looking ahead, the Bank will thoroughly implement the new No.2 Document of State Council (新國發2號文件) and the Fourteenth Five-Year Plan for National Economic and Social Development and Outline of 2035 Vision Objectives of Guizhou Province (《貴州省國民經濟和社會發展第十四個五年規劃和2035年願景目標綱要》) to vigorously promote high-quality development:

- I. The Bank will focus on key projects, characteristic industries and high-quality customers of the “Four-zations” construction in the province, and provide comprehensive financial service solutions to build a leading corporate bank.
- II. The Bank will expand the large rural retail market and continuously improve the construction of the rural service outlets, market products and services such as assets, liabilities, wealth management and settlement to achieve breakthroughs.
- III. The Bank will implement the “Carbon Peak” and “Carbon Neutrality” strategy, vigorously develop green finance and continuously innovate financial products and services to strengthen the green bank brand.
- IV. The Bank will make every effort to conduct transactions with micro and small enterprises in the county area and develop financing services for 12 special industries, rural tourism, industrial/industrial parks in the province, to expand the customer base at the county level.
- V. The Bank will explore diversified supply chain financial products and service models, and respond to the needs of enterprises in the industrial chain for settlement, financing and financial management to create an open business ecosystem.
- VI. The Bank will accelerate the digital transformation and make precise efforts to strategic planning and organizational process construction, business operation and management digitization, information capacity building, technology capacity building and risk prevention to strengthen technology-enabled operation.

- VII. The Bank will consolidate comprehensive risk management infrastructure, deepen digitization-driven empowerment and better coordinate the scale, quality and revenue of the whole bank to improve the value of risk management.
- VIII. The Bank will broaden the financing pipeline, steadily optimize and improve the capital structure, focus on giving play to the role of capital in guiding and promoting the business development of the whole bank, to improve capital management capabilities.

1.2 Analysis of overall operation performance

In 2022, in the face of the complicated external environment, the Bank adhered to the general principle of high-quality development to overcome difficulties and forged ahead. The Bank successfully withstood the impact of unexpected factors and made steady progress in overall operation.

The scale of business grew steadily. As of the end of the Reporting Period, the Bank recorded total assets of RMB533.781 billion, representing an increase of RMB29.901 billion or 5.93% from the beginning of the year; total loans and advances to customers of RMB293.528 billion, representing an increase of RMB43.041 billion or 17.18% from the beginning of the year; total liabilities of RMB489.811 billion, representing an increase of RMB24.918 billion or 5.36% from the beginning of the year; deposits from customers of RMB326.324 billion, representing an increase of RMB20.803 billion or 6.81% from the beginning of the year.

Performance remained stable. During the Reporting Period, the Bank recorded operating income of RMB11.990 billion, representing a year-on-year increase of RMB253 million or 2.15%; net profit of RMB3.829 billion, representing a year-on-year increase of RMB124 million or 3.34%; return on average total assets of 0.74% and return on average equity of 9.23%.

The overall risk was controllable. As of the end of the Reporting Period, the Bank recorded non-performing loan ratio of 1.47%, overdue rate of 1.87% and provision coverage ratio of 351.21%, all of which were higher than the average level of national commercial banks. Key regulatory indicators such as liquidity risk, credit risk, market risk, capital adequacy ratios and profitability were fully up to standard.

Capital base has been strengthened. The Bank adheres to the capital replenishment policy of mainly endogenous capital replenishment, supplemented by exogenous capital replenishment. As of the end of the Reporting Period, the Bank's core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio were 11.20%, 11.91% and 13.82%, respectively. Over the long term, the Bank's capital adequacy ratio and other indicators have consistently met regulatory requirements.

2. Analysis of Profit Statements

In 2022, the Bank recorded profit before tax of RMB4,299 million, representing an increase of 2.60% as compared with the corresponding period of the previous year; net profit of RMB3,829 million, representing an increase of 3.34% as compared with the corresponding period of the previous year.

	For the year ended 31 December			Rate of
	2022	2021	Change	change
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>			<i>(%)</i>
Interest income	22,467.06	21,158.42	1,308.64	6.18
Interest expense	(12,372.85)	(11,643.93)	(728.92)	6.26
Net interest income	10,094.21	9,514.49	579.72	6.09
Fee and commission income	597.66	551.47	46.19	8.38
Fee and commission expense	(234.53)	(123.60)	(110.93)	89.75
Net fee and commission income	363.13	427.87	(64.74)	(15.13)
Net trading profit	548.35	800.44	(252.09)	(31.49)
Net gains on investment securities	845.54	925.59	(80.05)	(8.65)
Other operating income	138.75	68.77	69.98	101.75
Operating income	11,989.98	11,737.16	252.82	2.15
Operating expenses	(3,836.78)	(3,729.77)	(107.01)	2.87
Impairment losses on assets	(3,856.07)	(3,900.17)	44.10	(1.13)
Share of gains of associates	2.21	83.24	(81.03)	(97.35)
Profit before tax	4,299.34	4,190.46	108.88	2.60
Income tax expense	(469.88)	(484.75)	14.87	(3.07)
Net profit	<u>3,829.46</u>	<u>3,705.71</u>	<u>123.75</u>	<u>3.34</u>

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

In 2022, the Bank's net interest income amounted to RMB10,094 million, accounting for 84.19% of the operating income.

The following tables set forth, for the periods indicated, the average balance of the Bank's interest-earning assets and interest-bearing liabilities, interest income and expense from these assets and liabilities, and the average yield of these interest-earning assets and the average cost of these interest-bearing liabilities.

	For the year ended 31 December					
	2022 Average balance	2022 Interest income/ expense	Average yield/cost ⁽¹⁾ (%)	Average balance	2021 Interest income/ expense	Average yield/cost ⁽¹⁾ (%)
<i>(Expressed in millions of RMB, unless otherwise stated)</i>						
Assets						
Total loans and advances to customers	275,155.23	15,932.77	5.79	234,771.89	13,696.61	5.83
Financial investments ⁽²⁾	133,850.08	5,830.47	4.36	137,883.97	6,704.19	4.86
Deposits with the central bank	19,815.62	296.87	1.50	22,331.54	340.41	1.52
Deposits with banks and other financial institutions	2,307.51	30.17	1.31	1,242.64	11.34	0.91
Placements with banks and other financial institutions	-	-	-	14.25	0.59	4.14
Financial assets held under resale agreements	22,646.88	376.78	1.66	19,095.35	405.28	2.12
Total interest-earning assets	453,775.32	22,467.06	4.95	415,339.64	21,158.42	5.10
Liabilities						
Deposits from customers	314,579.80	8,273.29	2.63	301,543.78	7,774.83	2.58
Deposits from banks and other financial institutions	23,563.32	692.24	2.94	23,202.49	814.33	3.51
Borrowings from the central bank	35,845.73	985.80	2.75	29,588.27	850.89	2.88
Placements from banks and other financial institutions	4,702.23	152.43	3.24	3,064.72	105.35	3.44
Financial assets sold under repurchase agreements	9,222.55	150.75	1.63	9,939.59	205.75	2.07
Debt securities issued	75,028.08	2,118.34	2.82	59,917.99	1,892.78	3.16
Total interest-bearing liabilities	462,941.71	12,372.85	2.67	427,256.84	11,643.93	2.73
Net interest income		<u>10,094.21</u>			<u>9,514.49</u>	
Net interest spread ⁽³⁾		<u>2.28%</u>			<u>2.37%</u>	
Net interest margin ⁽⁴⁾		<u>2.22%</u>			<u>2.29%</u>	

Notes:

- (1) Calculated by dividing interest income or expense by average balance.
- (2) Financial investments include financial investments at amortised cost and financial investments at fair value through other comprehensive income.
- (3) Calculated based on the difference between the average yield on total interest-earning assets and the average cost of total interest-bearing liabilities.
- (4) Calculated by dividing net interest income by the average balance of total interest-earning assets.

The following table sets out, for the periods indicated, the changes in the Bank's interest income and interest expense attributable to changes in volume and interest rate. Changes in volume are measured by the change in average balance of interest-earning assets and interest-bearing liabilities, while changes in interest rates are measured by changes in the average interest rates of interest-earning assets and interest-bearing liabilities. Changes caused by both volume and interest rate have been allocated to changes in interest rate.

Item	2022 compared to 2021		
	Net increase/(decrease) as a result of the following changes		
	Scale ⁽¹⁾	Interest rate ⁽²⁾	Net increase/ (decrease) ⁽³⁾
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>		
Interest-earning assets			
Total loans and advances to customers	2,338.38	(102.22)	2,236.16
Financial investments	(175.72)	(698.00)	(873.72)
Deposits with the central bank	(37.69)	(5.85)	(43.54)
Deposits with banks and other financial institutions	13.92	4.91	18.83
Placements with banks and other financial institutions	(0.59)	-	(0.59)
Financial assets held under resale agreements	59.09	(87.59)	(28.50)
Changes in interest income	<u>2,197.39</u>	<u>(888.75)</u>	<u>1,308.64</u>
Interest-bearing liabilities			
Deposits from customers	342.84	155.62	498.46
Deposits from banks and other financial institutions	10.60	(132.69)	(122.09)
Borrowings from central bank	172.09	(37.18)	134.91
Placements from banks and other financial institutions	53.08	(6.00)	47.08
Financial assets sold under repurchase agreements	(11.72)	(43.28)	(55.00)
Debts securities issued	426.62	(201.06)	225.56
Changes in interest expenses	<u>993.51</u>	<u>(264.59)</u>	<u>728.92</u>
Changes in net interest income	<u>1,203.88</u>	<u>(266.05)</u>	<u>579.72</u>

Notes:

- (1) Represents the average balance for the period minus the average balance for the previous period, multiplied by the average yield/cost for the period.
- (2) Represents the average yield/cost for the period minus the average yield/cost for the previous period, multiplied by the average balance for the period.
- (3) Represents interest income/expense for the period minus interest income/expense for the previous period.

2.2 Analysis on interest income

In 2022, the Bank realized interest income of RMB22,467 million, representing a year-on-year increase of RMB1,309 million or 6.18%.

I. Interest income from loans and advances to customers

In 2022, the Bank's interest income from loans to customers was RMB15,933 million, representing a year-on-year increase of RMB2,236 million or 16.33%.

The following table sets forth, for the period indicated, the average balance, interest income and average yield for each component of our loans to customers.

	2022			2021		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>					
Corporate loans and advances	230,852.52	13,968.74	6.05	191,759.95	11,780.14	6.14
Personal loans and advances	34,972.50	1,797.63	5.14	32,177.71	1,663.39	5.17
Discounted bills	9,330.21	166.40	1.78	10,834.23	253.08	2.34
Total loans and advances to customers	275,155.23	15,932.77	5.79	234,771.89	13,696.61	5.83

II. Interest income from financial investments

In 2022, the Bank's interest income from financial investments was RMB5,830 million, representing a year-on-year decrease of RMB874 million or 13.03%.

III. Interest income from deposits with the Central Bank

In 2022, the Bank's interest income from deposits with the central bank amounted to RMB297 million, representing a year-on-year decrease of RMB44 million or 12.79%.

IV. Interest income from deposits with banks and other financial institutions

In 2022, the Bank's interest income from deposits with banks and other financial institutions was RMB30 million, representing a year-on-year increase of RMB19 million.

V. Interest income from financial assets held under resale agreements

In 2022, the Bank's interest income from financial assets held under resale agreements was RMB377 million, representing a year-on-year decrease of RMB29 million or 7.03%.

2.3 Analysis on interest expenses

In 2022, the Bank's interest expense amounted to RMB12,373 million, representing a year-on-year increase of RMB729 million or 6.26%.

I. Interest expense on deposits from customers

In 2022, the Bank's interest expense on deposits from customers amounted to RMB8,273 million, representing a year-on-year increase of RMB498 million or 6.41%.

II. Interest expense on deposits from banks and other financial institutions

In 2022, the Bank's interest expense on deposits from banks and other financial institutions amounted to RMB692 million, representing a year-on-year decrease of RMB122 million or 14.99%.

III. Interest expense on financial assets sold under repurchase agreements

In 2022, the Bank's interest expense on financial assets sold under repurchase agreements was RMB151 million, representing a year-on-year decrease of RMB55 million or 26.73%.

IV. Interest expense on debt securities issued

In 2022, the Bank's interest expense on debt securities issued was RMB2,118 million, representing a year-on-year increase of RMB226 million or 11.92%.

V. *Interest expense on borrowings from Central Bank*

In 2022, the Bank's interest expense on borrowings from central bank amounted to RMB986 million, representing a year-on-year increase of RMB135 million or 15.85%.

VI. *Interest expenses on placements from banks and other financial institutions*

In 2022, the interest expenses on placements from banks and other financial institutions was RMB152 million, representing a year-on-year increase of RMB47 million.

2.4 *Analysis on non-interest income*

I. *Fee and commission income*

In 2022, the Bank's net fee and commission income amounted to RMB363 million, representing a year-on-year decrease of RMB65 million.

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

	2022	2021	Change	Rate of change %
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>			
Acceptance and guarantee services fees	272.30	208.13	64.17	30.83
Agency services fees	168.82	181.00	(12.18)	(6.73)
Settlement and clearing fees	40.30	48.06	(7.76)	(16.15)
Bank card services fees	77.05	57.12	19.93	34.89
Fund supervision and consultancy services fees	39.19	57.16	(17.97)	(31.44)
Fee and commission income	597.66	551.47	46.19	8.38
Bank card services expenses	(148.98)	(67.29)	(81.69)	121.40
Other fee and commission expenses	(85.55)	(56.31)	(29.24)	51.93
Fee and commission expenses	(234.53)	(123.60)	(110.93)	89.75
Net fee and commission income	363.13	427.87	(64.74)	(15.13)

II. Net trading gains

In 2022, the Bank's net trading gains amounted to RMB548 million, representing a year-on-year decrease of RMB252 million or 31.49%.

III. Net gains arising from investment securities

In 2022, the Bank's net gains arising from investment securities amounted to RMB846 million, representing a year-on-year decrease of RMB80.0 million or 8.65%.

IV. Other operating income/(expenses)

In 2022, the Bank's other operating income was RMB139 million, representing a year-on-year increase of RMB70.0 million.

2.5 Analysis on operating expenses

In 2022, the Bank's operating expenses amounted to RMB3,837 million, representing a year-on-year increase of RMB107 million or 2.87%.

The following table sets forth, for the periods indicated, the amount, amount of change and rate of changes for each component of our operating expenses.

	2022	2021	Change	Rate of change
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>			<i>%</i>
Staff costs	2,358.35	2,269.82	88.53	3.90
Depreciation and amortization	362.14	450.42	(88.28)	(19.60)
Rental and property management expenses	48.90	34.00	14.90	43.82
Taxes and surcharges	158.39	80.62	77.77	96.46
Depreciation of right-of-use assets	142.63	161.99	(19.36)	(11.95)
Interest expense on lease liabilities	14.22	34.32	(20.10)	(58.57)
Other general and administrative fees	752.15	698.60	53.55	7.67
Total operating expenses	<u>3,836.78</u>	<u>3,729.77</u>	<u>107.01</u>	<u>2.87</u>

In 2022, the Bank's staff costs were RMB2,358 million, representing a year-on-year increase of RMB89 million or 3.90%.

In 2022, depreciation and amortization of the Bank amounted to RMB362 million, representing a year-on-year decrease of RMB88 million or 19.60%.

In 2022, the Bank's tax and surcharges amounted to RMB158 million, representing a year-on-year increase of RMB78 million or 96.46%.

In 2022, the Bank's depreciation of right-of-use assets amounted to RMB143 million, representing a year-on-year decrease of RMB19 million or 11.95%.

In 2022, the Bank's other general and administrative fees amounted to RMB752 million, representing a year-on-year increase of RMB54 million or 7.67%.

2.6 Impairment losses on assets

In 2022, the Bank's impairment loss amounted to RMB3,856 million, representing a year-on-year decrease of RMB44 million or 1.13%.

The following table sets forth, for the period indicated, the amount, amount of change and rate of changes for each component of impairment loss of the Bank.

	2022	2021	Change	Rate of change %
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>			
Loans and advances to customers	3,120.82	4,007.33	(886.51)	(22.12)
Financial investments	504.76	59.60	445.16	746.91
Credit commitments	104.30	(221.14)	325.44	(147.16)
Deposit with banks and other financial institutions	0.40	1.60	(1.20)	(75.00)
Others	125.79	52.78	73.01	138.33
Total	<u>3,856.07</u>	<u>3,900.17</u>	<u>(44.10)</u>	<u>(1.13)</u>

2.7 Income tax

In 2022, the Bank's income tax amounted to RMB470 million, representing a year-on-year decrease of RMB15 million or 3.07%.

The following table sets forth, for the periods indicated, the amount, amount of change and rate of changes for each component of the Bank's income tax expenses.

Item	2022	2021	Change	Rate of change
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>			<i>(%)</i>
Current income tax expense	1,476.73	1,263.50	213.23	16.88
Deferred income tax expense	(1,006.85)	(778.75)	(228.10)	29.29
Income tax	<u>469.88</u>	<u>484.75</u>	<u>(14.87)</u>	<u>(3.07)</u>

3. Analysis on Major Items in the Balance Sheet

3.1 Assets

As at 31 December 2022, the Bank's total assets amounted to RMB533,781 million, representing an increase of RMB29,901 million or 5.93% as compared to the end of last year.

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

	As at 31 December 2022		As at 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>			
Gross loans and advances to customers	293,527.57	54.99	250,486.58	49.71
Add: Accrued interest	1,388.96	0.25	630.45	0.13
Less: allowance for impairment losses on assets	(15,177.85)	(2.84)	(12,282.29)	(2.44)
Net loans and advances to customers	279,738.68	52.40	238,834.74	47.40
Financial investments	201,918.21	37.83	189,011.90	37.51
Cash and deposits with the central bank	23,249.90	4.36	35,681.95	7.08
Deposits with banks and other financial institutions	5,204.53	0.98	3,517.08	0.70
Financial assets held under resale agreements	13,418.38	2.51	27,556.99	5.47
Other assets ⁽¹⁾	10,251.64	1.92	9,277.51	1.84
Total assets	<u>533,781.34</u>	<u>100.00</u>	<u>503,880.17</u>	<u>100.00</u>

Note

- (1) Consists primarily of interests in associates, property and equipment, deferred income tax assets and other assets.

3.1.1 Loans and advances to customers

As at 31 December 2022, the Bank's total loans and advances to customers amounted to RMB293,528 million, representing an increase of RMB43,041 million or 17.18% as compared to the end of last year. The following table sets out, at the dates indicated, a breakdown of the Bank's loans by business lines.

	As at 31 December 2022		As at 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
<i>(Expressed in millions of RMB, unless otherwise stated)</i>				
Loans and advances to customers measured at amortised cost				
Corporate loans and advances	250,255.98	85.26	213,009.34	85.04
Personal loans and advances	38,902.06	13.25	33,912.76	13.54
Sub-total	289,158.04	98.51	246,922.10	98.58
Loans and advances to customers measured at fair value through other comprehensive income				
Corporate loans and advances	–	–	455.11	0.18
Discounted bills	4,369.53	1.49	3,109.37	1.24
Sub-total	4,369.53	1.49	3,564.48	1.42
Total loans and advances to customers	<u>293,527.57</u>	<u>100.00</u>	<u>250,486.58</u>	<u>100.00</u>

(1) Corporate loans and advances

As at 31 December 2022, the Bank's corporate loans and advances measured at amortised cost amounted to RMB250,256 million, representing an increase of RMB37,247 million or 17.49% as compared with the end of last year.

(2) Personal loans and advances

As at 31 December 2022, the Bank's personal loans amounted to RMB38,902 million, representing an increase of RMB4,989 million or 14.71% as compared to the end of last year.

3.1.2 Investment securities and other financial investment

As 31 December 2022, the Bank's investment securities and other financial investments amounted to RMB201,918 million, representing an increase of RMB12,906 million or 6.83% as compared to the end of last year.

The following table sets forth, at the dates indicated, the components of our investment securities and other financial investments by our investment intention.

	As at 31 December 2022		As at 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
<i>(Expressed in millions of RMB, unless otherwise stated)</i>				
Financial investments				
Financial investments at fair value through profit or loss	72,114.71	35.72	55,336.49	29.28
Financial investments at fair value through other comprehensive income	59,411.31	29.42	55,661.20	29.45
Financial investments at amortised cost	70,392.19	34.86	78,014.21	41.27
Net financial investments	<u>201,918.21</u>	<u>100.00</u>	<u>189,011.90</u>	<u>100.00</u>

The following table sets forth, at the dates indicated, the distribution of our investment securities and other financial investments.

	As at 31 December 2022		As at 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Distribution of financial investments	<i>(Expressed in millions of RMB, unless otherwise stated)</i>			
Bonds				
Debt securities issued by central and local governments	74,152.87	36.72	62,082.66	32.84
Debt securities issued by policy banks	41,748.32	20.68	33,315.97	17.63
Debt securities issued by banks and other financial institutions	6,881.18	3.41	7,825.56	4.14
Debt securities issued by enterprises	26,159.90	12.96	25,507.78	13.50
Sub-total	148,942.27	73.77	128,731.97	68.11
Other financial investments				
Asset-backed securities	397.55	0.20	571.20	0.30
Structured notes issued by securities companies	100.00	0.05	197.78	0.10
Investment funds managed by mutual fund managers ⁽¹⁾	36,456.13	18.05	31,520.24	16.68
Equity investments	37.75	0.02	37.75	0.02
Investment management products managed by asset management companies and trust plans	13,755.94	6.81	17,285.49	9.15
Private debt financing plans	90.00	0.04	414.00	0.22
Other debt investments	1,940.37	0.96	9,931.25	5.25
Sub-total	52,777.74	26.13	59,957.71	31.72
Accrued interest	2,333.67	1.16	2,091.13	1.11
Allowance for impairment losses on assets	(2,135.47)	(1.06)	(1,768.91)	(0.94)
Net financial investments	201,918.21	100.00	189,011.90	100.00

Notes:

⁽¹⁾ Mainly include monetary funds and bond funds.

⁽²⁾ As at the end of the Reporting Period, the financial investments of the Bank were all financial markets business within the scope of operation approved by the CBIRC. The Bank has conducted a review according to the disclosure requirements for material investments as set out in Appendix 16 to the Hong Kong Listing Rules, and to the best knowledge of the Bank, there is no book value of the above investments accounting for 5% or more of the Bank's total assets as at 31 December 2022.

3.2 Liabilities

As at 31 December 2022, the Bank's total liabilities amounted to RMB489,811 million, representing an increase of RMB24,918 million or 5.36% as compared to the end of last year.

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

	As at 31 December 2022		As at 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>			
Borrowings from the central bank	38,106.95	7.78	32,219.50	6.93
Deposits from customers	326,324.45	66.62	305,521.02	65.72
Deposits from banks and other financial institutions	23,228.19	4.74	23,920.24	5.15
Placements from banks and other financial institutions	4,604.94	0.94	3,368.31	0.72
Financial assets sold under repurchase agreements	8,501.79	1.74	23,198.25	4.99
Debt securities issued	84,790.58	17.31	72,394.28	15.57
Other liabilities ⁽¹⁾	4,253.91	0.87	4,270.74	0.92
Total liabilities	<u>489,810.81</u>	<u>100.00</u>	<u>464,892.34</u>	<u>100.00</u>

Note:

⁽¹⁾ Including primarily other payables, wages payable and taxes payable, etc.

3.2.1 Deposits from customers

As at 31 December 2022, deposits from customers of the Bank amounted to RMB326,324 million, representing an increase of RMB20,803 million or 6.81% as compared with the end of last year.

The following table sets forth, at the dates indicated, deposits from customers of the Bank by product type and maturity.

	As at 31 December 2022		As at 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
<i>(Expressed in millions of RMB, unless otherwise stated)</i>				
Demand deposits				
– Corporate deposits	81,761.33	25.06	92,150.74	30.16
– Individual deposits	38,972.31	11.94	35,382.74	11.58
Sub-total	120,733.64	37.00	127,533.48	41.74
Time deposits				
– Corporate deposits	80,453.28	24.65	78,731.32	25.77
– Individual deposits	110,133.90	33.75	86,330.37	28.26
Sub-total	190,587.18	58.40	165,061.69	54.03
Pledged deposits	9,629.92	2.96	9,340.08	3.06
Fiscal deposits	5.98	–	45.07	0.01
Inward and outward remittances	491.36	0.15	41.08	0.01
Sub-total	10,127.26	3.11	9,426.23	3.08
Accrued interest	4,876.37	1.49	3,499.62	1.15
Total deposits from customers	326,324.45	100.00	305,521.02	100.00

3.2.2 Deposits from banks and other financial institutions

As at 31 December 2022, the Bank's deposits from banks and other financial institutions amounted to RMB23,228 million, representing a decrease of RMB692 million or 2.89% as compared to the end of last year.

3.2.3 Debt securities issued

As at 31 December 2022, the Bank's debt securities issued amounted to RMB84,791 million, representing an increase of RMB12,396 million or 17.12% as compared to the end of last year.

3.3 Equity

As at 31 December 2022, the total shareholders' equity of the Bank amounted to RMB43,971 million, representing an increase of RMB4,983 million or 12.78% as compared to the end of last year.

The following table sets forth, as of the dates indicated, the components of our shareholders' equity.

	As at 31 December 2022		As at 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>			
Share capital	14,588.05	33.18	14,588.05	37.42
Other equity instruments	2,499.52	5.68	–	–
Capital reserve	8,670.09	19.72	8,670.09	22.24
Surplus reserve	2,611.64	5.94	2,228.70	5.72
General reserve	5,070.00	11.53	4,690.00	12.03
Fair value reserve	(655.67)	(1.49)	(152.24)	(0.39)
Impairment reserve	315.66	0.72	280.06	0.72
Deficit on remeasurement of net defined benefit liability	(29.76)	(0.07)	(26.60)	(0.07)
Retained earnings	10,901.00	24.79	8,709.77	22.33
Total equity	43,970.53	100.00	38,987.83	100.00

4. Off-Balance Sheet Credit Commitments and Contingent Liabilities

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

	As at 31 December 2022	As at 31 December 2021
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>	
Acceptances	15,596.51	13,555.39
Letters of credit	589.49	1,633.63
Credit card commitments	11,900.59	9,057.50
Letters of guarantee	966.13	904.70
Total	29,052.72	25,151.22

5. Analysis on Loans Quality

5.1 Loan distribution by the five-category classification

	As at 31 December 2022		As at 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Five-category classification	<i>(Expressed in millions of RMB, unless otherwise stated)</i>			
Normal	281,302.31	95.84	242,660.37	96.88
Special mention	7,903.72	2.69	4,945.84	1.97
Substandard	3,393.96	1.15	2,144.92	0.86
Doubtful	549.64	0.19	455.69	0.18
Loss	377.94	0.13	279.76	0.11
Gross loans and advances to customers	<u>293,527.57</u>	<u>100.00</u>	<u>250,486.58</u>	<u>100.00</u>
Non-performing loans and non-performing loans ratio	<u>4,321.54</u>	<u>1.47</u>	<u>2,880.37</u>	<u>1.15</u>

During the Reporting Period, under the influence of the external economic environment coupled with the pandemic, both the balance and proportion of non-performing loans and loans classified as special mention of the Bank increased year-on-year. The balance of non-performing loans was RMB4,322 million, representing an increase of RMB1,441 million as compared to the beginning of the year and the non-performing loans ratio was 1.47%, representing an increase of 0.32 percentage points as compared to the beginning of the year, mainly due to the Bank's inclusion of the credit to individual real estate customers with deteriorating risk into non-performing management; the balance of loans classified as special mention was RMB7,904 million, representing an increase of RMB2,958 million as compared to the beginning of the year and the proportion of loans classified as special mention was 2.69%, representing an increase of 0.72 percentage points as compared to the beginning of the year, mainly because the Bank further increased the forward-looking risk exposure and implemented more prudent classification to cope with the uncertainty of macroeconomic environment.

5.2 Distribution of loans and non-performing loans by product type

Item	As at 31 December 2022				As at 31 December 2021			
	Loan amount	Percentage (%)	Amount of non-performing loans	Non-performing loan ratio (%)	Loan amount	Percentage (%)	Amount of non-performing loans	Non-performing loan ratio (%)
<i>(Expressed in millions of RMB, unless otherwise stated)</i>								
Loans and advances to customers measured at amortised cost:								
Corporate loans and advances-AC								
Working capital loans	71,410.25	24.34	671.09	0.94	59,765.40	23.86	779.97	1.31
Fixed assets loans	168,223.93	57.31	2,759.19	1.64	144,436.88	57.66	1,666.47	1.15
Others	10,621.80	3.62	-	-	8,807.07	3.52	-	-
Sub-total	<u>250,255.98</u>	<u>85.27</u>	<u>3,430.28</u>	<u>1.37</u>	<u>213,009.35</u>	<u>85.04</u>	<u>2,446.44</u>	<u>1.15</u>
Personal loans and advances								
Personal residential mortgage loans	19,820.55	6.75	303.58	1.53	20,008.52	7.99	51.78	0.26
Personal business loans	10,227.74	3.48	372.52	3.64	8,022.34	3.20	313.78	3.91
Personal consumption loans	272.61	0.09	11.85	4.35	440.52	0.18	21.57	4.89
Credit cards	8,581.16	2.92	203.31	2.37	5,441.38	2.17	46.81	0.86
Sub-total	<u>38,902.06</u>	<u>13.24</u>	<u>891.26</u>	<u>2.29</u>	<u>33,912.76</u>	<u>13.54</u>	<u>433.93</u>	<u>1.28</u>
Loans and advances to customers measured at fair value through other comprehensive income:								
Discounted bills	4,369.53	1.49	-	-	3,109.36	1.24	-	-
Corporate loans and advances-OCI	-	-	-	-	455.11	0.18	-	-
Total	<u>293,527.57</u>	<u>100.00</u>	<u>4,321.54</u>	<u>1.47</u>	<u>250,486.58</u>	<u>100.00</u>	<u>2,880.37</u>	<u>1.15</u>

During the Reporting Period, the Bank increased its support for the real economy and inclusive finance, and the scale of both corporate loans and personal loans maintained steady growth, with the growth rate of working capital loans, personal business loans and credit cards higher than the average growth rate of the whole industry. As at the end of the Reporting Period, the balance of corporate loans amounted to RMB250,256 million, representing an increase of RMB37,247 million or 17.49% compared with the beginning of the year. The proportion of corporate loans was basically the same as at the beginning of the year, and the non-performing loan ratio was 1.37%, representing an increase of 0.22 percentage points compared with the beginning of the year. The balance of personal loans was RMB38,902 million, representing an increase of RMB4,989 million or 14.71% compared with the beginning of the year. The proportion of personal loans was basically the same as at the beginning of the year, and the non-performing loan ratio was 2.29%, representing an increase of 1.01 percentage points compared with the beginning of the year.

5.3 Distribution of loans and non-performing loans by industry

Industry	As at 31 December 2022				As at 31 December 2021			
	Loan amount	Percentage (%)	Amount of non-performing loans	Non-performing loan ratio (%)	Loan amount	Percentage (%)	Amount of non-performing loans	Non-performing loan ratio (%)
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>							
Leasing and commercial services	121,180.02	41.29	777.73	0.64	105,645.48	42.18	782.70	0.74
Wholesale and retail trade	27,454.32	9.35	172.06	0.63	19,119.32	7.63	48.93	0.26
Water resources, environment and public facilities management	21,179.69	7.22	69.87	0.33	16,969.44	6.77	69.87	0.41
Construction	15,505.79	5.28	152.56	0.98	14,825.62	5.92	138.41	0.93
Mining	8,958.33	3.05	82.19	0.92	8,967.27	3.58	923.94	10.30
Real estate	10,202.59	3.48	2,062.35	20.21	8,903.12	3.55	73.79	0.83
Education	9,031.16	3.08	2.88	0.03	8,875.43	3.54	1.29	0.01
Transportation, storage and postal services	7,880.27	2.68	8.90	0.11	5,545.63	2.21	5.99	0.11
Agriculture, forestry, animal husbandry and fishery	7,664.10	2.61	26.56	0.35	5,501.94	2.20	329.63	5.99
Manufacturing	7,605.33	2.59	36.03	0.47	5,362.16	2.14	13.46	0.25
Health and social work	4,219.73	1.44	9.30	0.22	3,774.11	1.51	30.00	0.79
Production and supply of electric power, gas and water	3,137.74	1.07	0.52	0.02	3,100.49	1.24	-	-
Finance	1,486.94	0.51	-	-	1,947.41	0.78	-	-
Accommodation and catering industry	1,125.67	0.38	15.47	1.37	1,817.53	0.73	18.80	1.03
Culture, sports and entertainment	478.03	0.16	-	-	388.02	0.15	-	-
Others	3,146.27	1.07	13.86	0.44	2,721.50	1.09	9.63	0.35
Corporate loans and advances	250,255.98	85.26	3,430.28	1.37	213,464.47	85.22	2,446.44	1.15
Personal loans	38,902.06	13.25	891.26	2.29	33,912.76	13.54	433.93	1.28
Discounted bills	4,369.53	1.49	-	-	3,109.36	1.24	-	-
Total	<u>293,527.57</u>	<u>100.00</u>	<u>4,321.54</u>	<u>1.47</u>	<u>250,486.59</u>	<u>100.00</u>	<u>2,880.37</u>	<u>1.15</u>

During the Reporting Period, the Bank earnestly implemented the national economic policies, industrial policies and regulatory policies, and firmly adhered to the principle of finance for the local economy, SMEs and city residents, and maintained a stable loan ratio in various industries. At the end of the Reporting Period, the loan ratio of leasing and commercial services decreased by 0.89 percentage points, the loan ratio of construction decreased by 0.64 percentage points, the loan ratio of wholesale and retail trade increased by 1.72 percentage points, the loan ratio of agriculture, forestry, animal husbandry and fishery increased by 0.41 percentage points and the loan ratio of manufacturing increased by 0.45 percentage points compared with the beginning of the year. In 2022, the Bank increased the disposal of non-performing assets, and the non-performing ratios of loans for mining and agriculture, forestry animal husbandry and fishery decreased by 9.38 percentage points and 5.64 percentage points respectively as compared with the beginning of the year, while the non-performing ratio of real estate loans increased significantly by 19.38 percentage points as compared with the beginning of the year due to the impact of large credits of individual real estate customers being included in non-performing category.

5.4 Distribution of loans and non-performing loans by security type

Item	As at 31 December 2022				As at 31 December 2021			
	Loan amount	Percentage (%)	Amount of non-performing loans	Non-performing loan ratio (%)	Loan amount	Percentage (%)	Amount of non-performing loans	Non-performing loan ratio (%)
<i>(Expressed in millions of RMB, unless otherwise stated)</i>								
Unsecured loans	42,712.66	14.55	263.34	0.62	33,561.89	13.39	59.52	0.18
Guaranteed loans	161,318.37	54.96	2,419.25	1.50	131,969.42	52.69	1,064.88	0.81
Collateralised loans	46,741.20	15.92	1,539.75	3.29	44,076.50	17.60	1,638.57	3.72
Pledged loans	42,755.34	14.57	99.20	0.23	40,878.77	16.32	117.40	0.29
Total	<u>293,527.57</u>	<u>100.00</u>	<u>4,321.54</u>	<u>1.47</u>	<u>250,486.58</u>	<u>100.00</u>	<u>2,880.37</u>	<u>1.15</u>

During the Reporting Period, the percentages of unsecured loans and guaranteed loans increased slightly by 1.16 percentage points and 2.27 percentage points, respectively, while the percentages of collateralised loans and pledged loans decreased slightly by 1.68 percentage points and 1.75 percentage points, respectively, compared with the beginning of the year; the non-performing ratios of unsecured loans and guaranteed loans increased by 0.44 percentage points and 0.69 percentage points, respectively, compared with the beginning of the year, while the non-performing ratios of collateralised loans remained stable.

5.5 Distribution of loans by overdue period

Category	As at 31 December 2022		As at 31 December 2021	
	Total	Percentage (%)	Total	Percentage (%)
<i>(Expressed in millions of RMB, unless otherwise stated)</i>				
Loans not past due	288,029.66	98.13	248,672.42	99.28
Overdue loans				
Within 3 months	3,522.64	1.20	440.24	0.18
Over 3 months but within 1 year	1,152.25	0.39	1,108.05	0.44
Over 1 year but within 3 years	795.28	0.27	233.96	0.09
Over 3 years	27.74	0.01	31.91	0.01
Overdue loans and overdue ratio	5,497.91	1.87	1,814.16	0.72
Total loans	<u>293,527.57</u>	<u>100.00</u>	<u>250,486.58</u>	<u>100.00</u>

During the Reporting Period, the Bank's borrowers experienced temporary liquidity constraints due to the external economic downturn and the intensification of the regional pandemic in the fourth quarter, which led to a significant increase in the Bank's overdue loans as a result of the disruption of on-time debt repayment. As at the end of the Reporting Period, the overdue loan balance of the Bank was RMB5,498 million, representing an increase of RMB3,684 million compared with the beginning of the year, of which, the overdue loan balance within three months was RMB3,523 million, representing an increase of RMB3,082 million compared with the beginning of the year. The overdue ratio was 1.87%, representing an increase of 1.15 percentage points compared with the beginning of the year.

5.6 Loan concentration

Industry	Percentage of Balance	Percentage of total loans (%)	Percentage of net capital (%)	Five-category classification
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>			
Mining	3,988.71	1.36	8.10	Normal
Leasing and commercial service	3,218.29	1.1	6.53	Normal
Leasing and commercial service	2,965.00	1.01	6.02	Normal
Leasing and commercial service	2,849.00	0.97	5.78	Normal
Leasing and commercial service	2,412.63	0.82	4.90	Normal
Leasing and commercial service	2,396.70	0.82	4.87	Normal
Wholesale and retail trade	2,127.00	0.72	4.32	Normal
Leasing and commercial service	2,033.00	0.69	4.13	Normal
Real estate	1,962.70	0.67	3.98	Normal
Construction	1,919.90	0.65	3.90	Normal
Total	<u>25,872.93</u>	<u>8.81</u>	<u>52.53</u>	

As at the end of the Reporting Period, the balance of loan to the Bank's largest single borrower amounted to RMB3,989 million, accounting for 1.36% of the total loans and 8.10% of the net capital, and the total amount of loans to the ten largest single borrowers was RMB25,873 million, accounting for 8.81% of the total loans.

6. Segment Reporting

The following table sets forth, for the periods indicated, our operating results of main operating segments:

Item	For the year ended 31 December 2022				Total
	Corporate Banking	Retail Banking	Financial Markets	Others ⁽¹⁾	
External net interest income/ (expense) ⁽²⁾	11,233.20	(2,309.51)	1,170.52	–	10,094.21
Inter-segment net interest(expense)/income ⁽³⁾	(4,929.57)	4,964.52	(34.95)	–	–
Net interest income	6,303.63	2,655.01	1,135.57	–	10,094.21
Net fee and commission income	198.40	22.84	141.89	–	363.13
Net trading gains	–	–	548.35	–	548.35
Net gains arising from investment securities	–	–	845.54	–	845.54
Other operating income/ (expense)	127.08	(0.75)	(0.37)	12.79	138.75
Operating income	6,629.11	2,677.10	2,670.98	12.79	11,989.98
Operating expenses	(1,627.12)	(1,407.48)	(765.25)	(36.93)	(3,836.78)
Impairment losses on assets	(2,803.68)	(447.02)	(605.37)	–	(3,856.07)
Share of losses of associates	–	–	–	2.21	2.21
Profit before tax	2,198.31	822.60	1,300.36	(21.93)	4,299.34

Item	For the year ended 31 December 2021				Total
	Corporate Banking	Retail Banking	Financial Markets	Others ⁽¹⁾	
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>				
External net interest income/ (expense) ⁽²⁾	10,211.42	(1,743.12)	1,046.19	–	9,514.49
Inter-segment net interest (expense)/income ⁽³⁾	(4,092.45)	4,441.28	(348.83)	–	–
Net interest income	6,118.97	2,698.16	697.36	–	9,514.49
Net fee and commission income	258.43	14.04	155.41	–	427.87
Net trading gains	–	–	800.44	–	800.44
Net gains arising from investment securities	–	–	925.59	–	925.59
Other operating income/ (expense)	34.28	0.01	0.01	34.47	68.77
Operating income	6,411.68	2,712.21	2,578.80	34.47	11,737.16
Operating expenses	(2,048.70)	(929.63)	(748.96)	(2.49)	(3,729.77)
Impairment losses on assets	(2,151.29)	(996.12)	(749.59)	(3.17)	(3,900.17)
Share of losses of associates	–	–	–	83.24	83.24
Profit before tax	2,211.69	786.46	1,080.26	112.05	4,190.46

Notes:

- (1) Consists primarily of income and expenses that are not directly attributable to a segment.
- (2) Includes net interest income/expense from external customers or activities.
- (3) Includes net interest income/expense attributable to transactions with other segments.

The following table sets forth, for the periods indicated, our operating income by business segment and as a percentage of total operating income:

Item	For the year ended 31 December 2022		For the year ended 31 December 2021	
	Amount	Percent of total amount (%)	Amount	Percent of total amount (%)
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>			
Corporate Banking	6,629.11	55.28	6,411.68	54.63
Retail Banking	2,677.10	22.33	2,712.21	23.11
Financial Markets	2,670.98	22.28	2,578.80	21.97
Others ⁽¹⁾	12.79	0.11	34.47	0.29
Total	11,989.98	100.00	11,737.16	100.00

Note:

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

7. CAPITAL ADEQUACY RATIO

As at 31 December 2021 and 31 December 2022, the Bank's core tier-one capital adequacy ratio were 11.79% and 11.20%, respectively, the Bank's tier-one capital adequacy ratio were 11.79% and 11.91%, respectively, and the Bank's capital adequacy ratio were 13.78% and 13.82%, respectively.

	As at 31 December 2022	As at 31 December 2021
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>	
Total core tier-one capital		
Share capital	14,588.05	14,588.05
Qualifying portion of capital reserve	8,670.09	8,670.09
Other comprehensive income	(369.78)	101.22
Surplus reserve	2,611.64	2,228.70
General reserve	5,070.00	4,690.00
Retained earnings	10,901.00	8,709.77
Core tier-one capital	41,471.00	38,987.83
Core tier-one capital deductions	(1,544.39)	(718.98)
Net core tier-one capital	<u>39,926.61</u>	<u>38,268.85</u>
Net other tier-one capital	<u>2,499.52</u>	<u>–</u>
Tier-two capital		
Instruments issued and share premium	2,794.96	2,794.22
Surplus provision for loan impairment	4,035.50	3,671.16
Net tier-two capital	<u>6,830.46</u>	<u>6,465.38</u>
Total net capital	<u>49,256.59</u>	<u>44,734.23</u>
Total risk-weighted assets	356,341.99	324,577.68
Core tier-one capital adequacy ratio	11.20%	11.79%
Tier-one capital adequacy ratio	11.91%	11.79%
Capital adequacy ratio	<u>13.82%</u>	<u>13.78%</u>

MAJOR EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

After 31 December 2022 and up to the date of this announcement, there are no material events or transactions affecting the Bank that are required to be disclosed to the Bank's shareholders.

PURCHASE, SALE OR REPURCHASE OF THE BANK'S LISTED SECURITIES

During the year ended 31 December 2022, neither the Bank nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Bank.

CORPORATE GOVERNANCE CODE

The Bank has complied with all the applicable code provisions contained in Part 2 of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Hong Kong Listing Rules during the Reporting Period, continuously promoting the orderly implementation of the Bank's corporate governance.

COMPLIANCE WITH THE MODEL CODE

The Bank has adopted a code of conduct which is no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Hong Kong Listing Rules, and complied with Rules 13.67 and 19A.07B of the Hong Kong Listing Rules to regulate securities transactions by Directors, Supervisors and relevant employees of the Bank. All the Directors, Supervisors and other relevant employees were consulted specifically for this matter. During the Reporting Period, all the Directors, Supervisors and relevant employees confirmed that they have complied with the Model Code and they did not have any dealing in the Bank's securities.

REVIEW OF ANNUAL RESULTS

The Board and the audit committee of the Board have reviewed and confirmed the annual results for the year ended 31 December 2022.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Bank's statement of financial position as at 31 December 2022, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cashflow for the year then ended and the related notes set out in the preliminary results announcement have been agreed by the Bank's auditor, BDO Limited, to be consistent with the amounts set out in the Bank's audited financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by BDO Limited on the preliminary results announcement.

FINAL DIVIDENDS

The Board recommends the 2022 profit distribution plan of the Bank as follow: to distribute cash dividend on the basis of 14,588,046,700 shares as at the end of 2022 and 6% of the share capital, with a total amount of RMB875,282,800 (tax inclusive). The above profit distribution plan is subject to the consideration and approval at the 2022 annual general meeting of the Bank. Upon the profit distribution plan being approved, the Bank is expected to pay dividends on or before 31 August 2023.

The Bank will make further announcement regarding the details of dividends payment.

ANNUAL GENERAL MEETING

The Bank will announce the details of the 2022 annual general meeting in due course, including but not limited to the date for convening the meeting, the list of shareholders who are entitled to attend and vote at the annual general meeting and the time up to which no transfer of shares will be effected. The Bank will issue a separate announcement regarding the benchmark date for payment of dividends of H Shares and the date of closure of register of members of the Bank.

PUBLICATION OF RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE BANK

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Bank (www.bgzchina.com). The annual report of the Bank for the year ended 31 December 2022 will be dispatched to the shareholders of the Bank and will be available on the above websites in due course.

By order of the Board
Bank of Guizhou Co., Ltd.
YANG Mingshang
Chairman

Guiyang, the PRC, 31 March 2023

As of the date of this announcement, the Board of the Bank comprises Mr. YANG Mingshang, Mr. XU An and Mr. CAI Dong as executive Directors; Mr. CHEN Jingde, Mr. CHEN Hanqing, Ms. GONG Taotao and Mr. ZHAO Yong as non-executive Directors; and Mr. WANG Gefan, Mr. TANG Xin, Mr. SONG Ke, Mr. LEE Hoey Simon and Ms. SUN Li as independent non-executive Directors.

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

DEFINITIONS

The following terms shall have the following meanings in this announcement unless the context requires otherwise.

“Articles of Association” or “Articles”	the articles of association of the Bank, the version of which was passed by our shareholders at the extraordinary general meeting held on 19 January 2021, and has been approved by the CBIRC Guizhou Office and came into effect on 21 June 2021
“Board”	the board of Directors of the Bank
“Board of Supervisors”	the board of Supervisors of the Bank
“Director(s)”	the director(s) of the Bank
“Supervisor(s)”	the supervisor(s) of the Bank
“CBIRC” or “CBRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)/China Banking Regulatory Commission (中國銀行業監督管理委員會) (before 17 March 2018)
“Bank”, “We”, “Our”, “us” or “Bank of Guizhou”	Bank of Guizhou Co., Ltd. (貴州銀行股份有限公司), a joint stock company incorporated on 28 September 2012 in Guizhou 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
“Banking Ordinance”	the Banking Ordinance, Chapter 155 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“commercial banks”	all the banking financial institutions in the PRC other than policy banks, including the large commercial banks, the joint-stock commercial banks, city commercial banks, foreign banks and other banking financial institutions
“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 paid in full for in Renminbi

“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 are listed on the Hong Kong Stock Exchange
“H Shares Registrar”	Computershare Hong Kong Investor Services Limited
“HK\$” or “HKD” or “Hong Kong dollars”	the lawful currency of Hong Kong
“Hong Kong” or “HK”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Date”	30 December 2019, the date on which dealings in the H Shares of the Bank first commenced on the Hong Kong Stock Exchange
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PBOC” or “Central Bank”	the People’s Bank of China
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Yuan”	Renminbi-yuan, the lawful currency unit of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“CBIRC Guizhou Office”	China Banking and Insurance Regulatory Commission Guizhou Office (中國銀行保險監督管理委員會貴州監管局)
“One, Two, Three, Four”	the overall working idea of “One, Two, Three, Four” put forward by Guizhou government, “One” refers to the overall guiding principle of highquality development, “Two” refers to the two bottom lines which we must hold firmly, namely development and ecological conservation, “Three” refers to the three strategic actions we should implement extensively, namely, rural revitalization, big data and big ecology, “Four” refers to new industrialization, new urbanization, agricultural modernization and tourism industrialization which we should promote vigorously

“Four News”	exploring new path, launching new start point, seizing new opportunities and making new achievements
“Four-zations”	new industrialization, new urbanization, agricultural modernization and tourism industrialization
“new No.2 Document of State Council”	Opinions of the State Council on Supporting Guizhou to Break New Paths in Western Development in the New Era (Guo Fa [2022] No. 2) (國務院關於支持貴州在新時代西部大開發上闖新路的意見) (國發[2022]2號)
“LPR”	loan prime rate
“Reporting Period”	the period for the year ended 31 December 2022