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JIANGXI BANK CO., LTD.*
江西銀行股份有限公司*

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1916)

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

The board of directors (the “**Board**”) of Jiangxi Bank Co., Ltd. (the “**Bank**”) is pleased to announce the audited consolidated annual results of the Bank and its subsidiaries for the year ended December 31, 2022 (the “**Annual Results**”). This results announcement, containing the full text of the 2022 annual report of the Bank, complies with the relevant content requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to preliminary announcements of annual results. The Board and the audit committee of the Board have reviewed and confirmed the Annual Results.

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Bank (www.jx-bank.com). The annual report for the year ended December 31, 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
Jiangxi Bank Co., Ltd.*
ZENG Hui
Chairman

Nanchang, the PRC, March 31, 2023

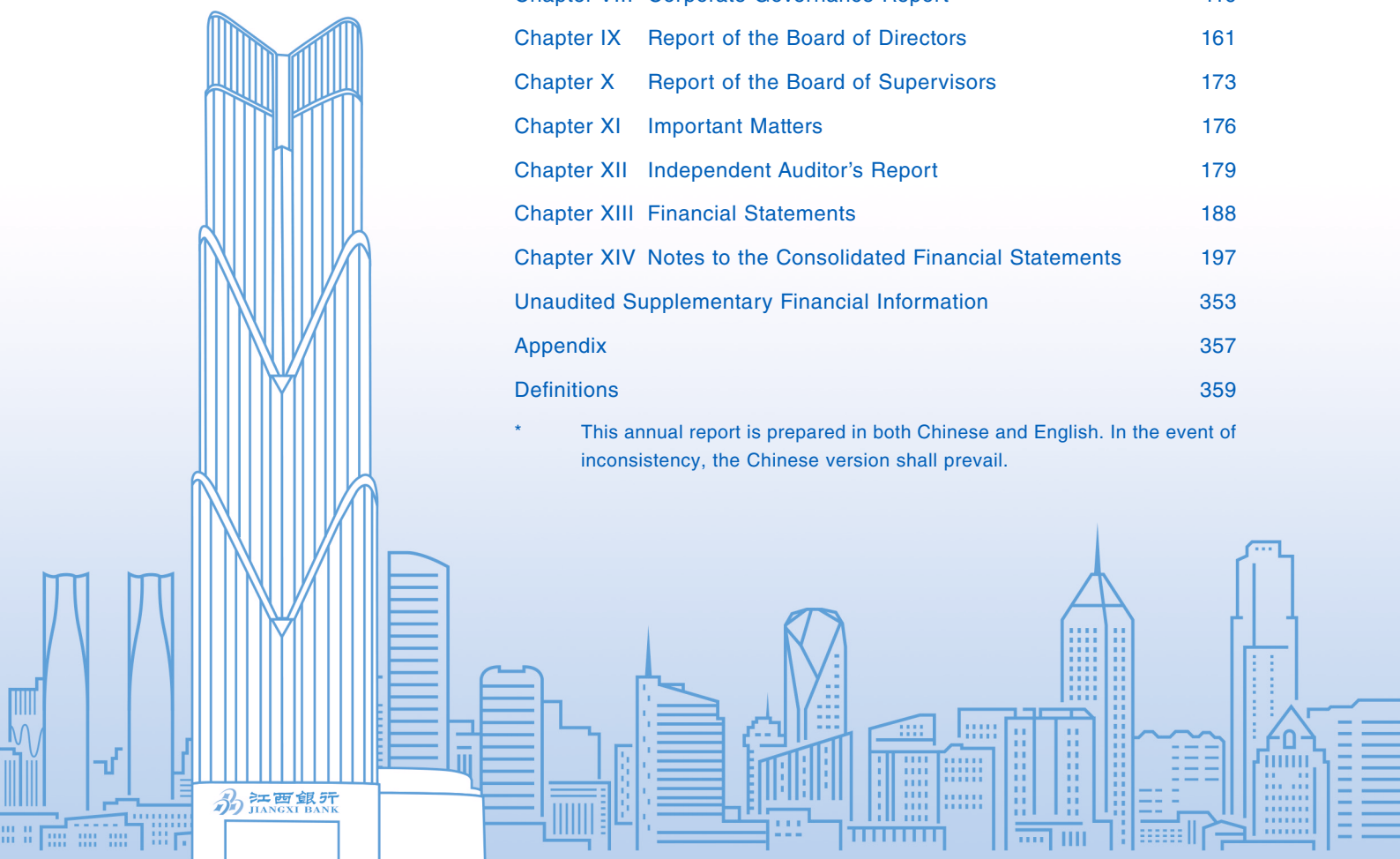
As of the date of this announcement, the board of directors of the Bank comprises Ms. ZENG Hui and Mr. LUO Xiaolin as executive directors; Mr. YU Minxin, Ms. ZHUO Liping, Mr. DENG Yonghang, Ms. XIONG Jiemin and Mr. LI Shuiping as non-executive directors; and Mr. WONG Hin Wing, Ms. WANG Yun, Mr. YANG Ailin and Mr. LIU Xinghua as independent non-executive directors.

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

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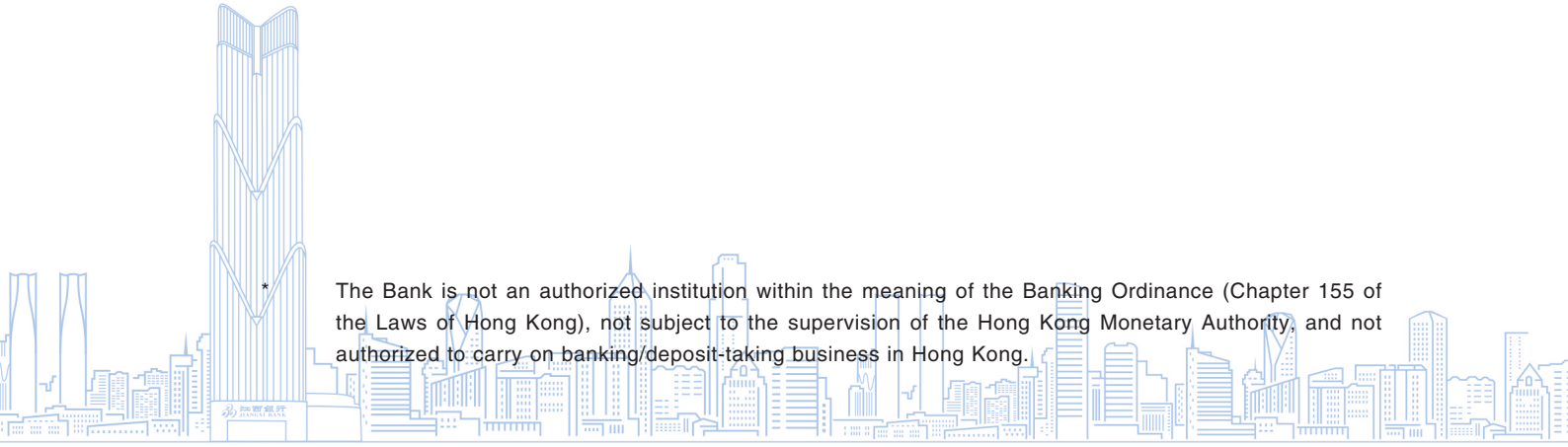
* This annual report is prepared in both Chinese and English. In the event of inconsistency, the Chinese version shall prevail.



CHAPTER I COMPANY PROFILE

1.1 BASIC INFORMATION

Statutory Chinese name of the Company:	江西銀行股份有限公司*
Statutory English name of the Company:	JIANGXI BANK CO., LTD.*
Legal representative:	ZENG Hui
Authorized representatives:	ZENG Hui, NGAI Wai Fung
Joint company secretaries:	NGAI Wai Fung, ZHANG Na
Stock short name:	JIANGXI BANK
Stock Code:	1916
Unified Social Credit Code:	913601007055009885
Number of financial license:	B0792H236010001
Registered capital:	RMB6,024,276,901
Registered and office address:	Jiangxi Bank Tower, No. 699 Financial Street, Honggutan District, Nanchang, Jiangxi Province, the PRC
Principal place of business in Hong Kong:	40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong
Contact number:	+86-791-86791008/+86-791-86791009
Fax:	+86-791-86771100
Website of the Bank:	www.jx-bank.com (the contents of the website do not form a part of this report)
Service hotline:	+86-956055
Domestic auditor:	BDO China Shu Lun Pan Certified Public Accountants LLP
International auditor:	BDO LIMITED
Legal advisor in mainland China:	JunHe LLP
Legal advisor in Hong Kong:	Clifford Chance
Stock exchange on which H Shares are listed:	The Stock Exchange of Hong Kong Limited
H Share Registrar:	Computershare Hong Kong Investor Services Limited
Domestic shares custodian:	China Securities Depository and Clearing Corporation Limited



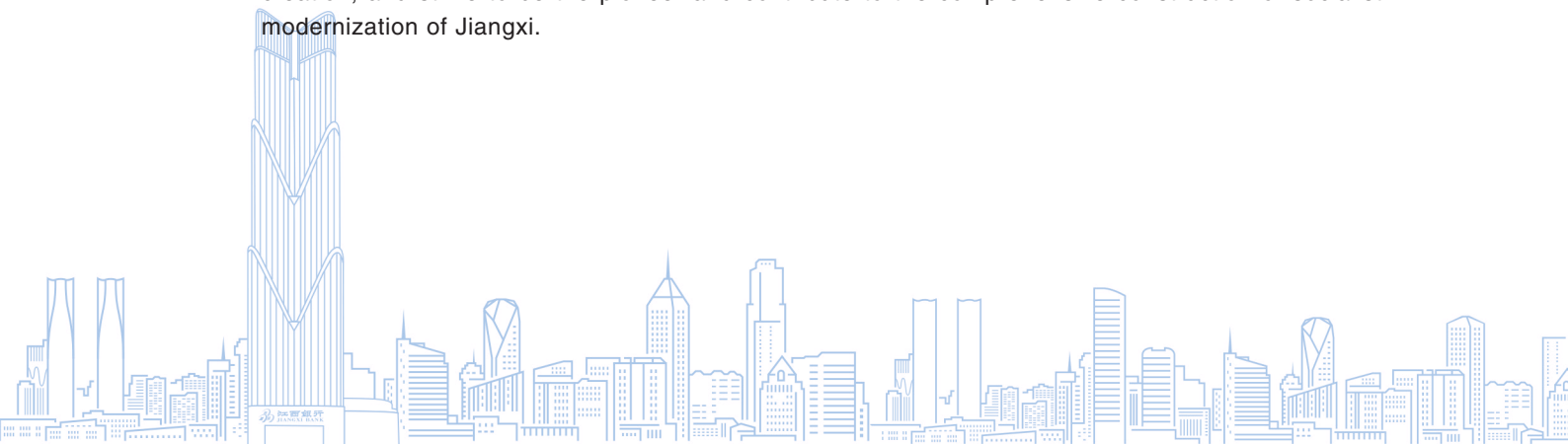
* The Bank is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking/deposit-taking business in Hong Kong.

1.2 COMPANY PROFILE

Jiangxi Bank is a provincial corporate bank in Jiangxi Province, and a director union of the China Banking Association. The Bank was officially established in December 2015. As of the end of the Reporting Period, the Group's total assets amounted to RMB515.573 billion; the total amount of deposits from customers was RMB352.711 billion; the Group's total loans and advances to customers was RMB311.481 billion, and the operating income and net profit were RMB12.714 billion and RMB1.601 billion respectively. As of the end of the Reporting Period, the Bank had a total of 5,221 full-time employees. The Bank's outlets have gained presence across districts and cities in Jiangxi Jiangxi Province, and the Bank has established two branches outside the province, i.e. in Guangzhou and Suzhou. At the same time, the Bank initiated the establishment of the first financial leasing company in Jiangxi Province and 5 rural banks.

Since its inception, we have made rapid progress in various fields and gained wide recognition from many sectors of the society in many respects under the leadership of the CPC Jiangxi Provincial Committee and Jiangxi Provincial Government as well as the strong support from all walks of life. The Bank ranked 227th in "2022 Top 1,000 World Banks ranking" released by The Banker, a British magazine, and ranked 47th among commercial banks in the "2022 China Banking Top 100 List" of the China Banking Association. The Bank successively won the "Outstanding Contribution Award for Digital Transformation in the Financial Industry", "Inclusive Finance Innovation Award" and "Outstanding Contribution Award for Business Innovation Empowered by Financial Technology".

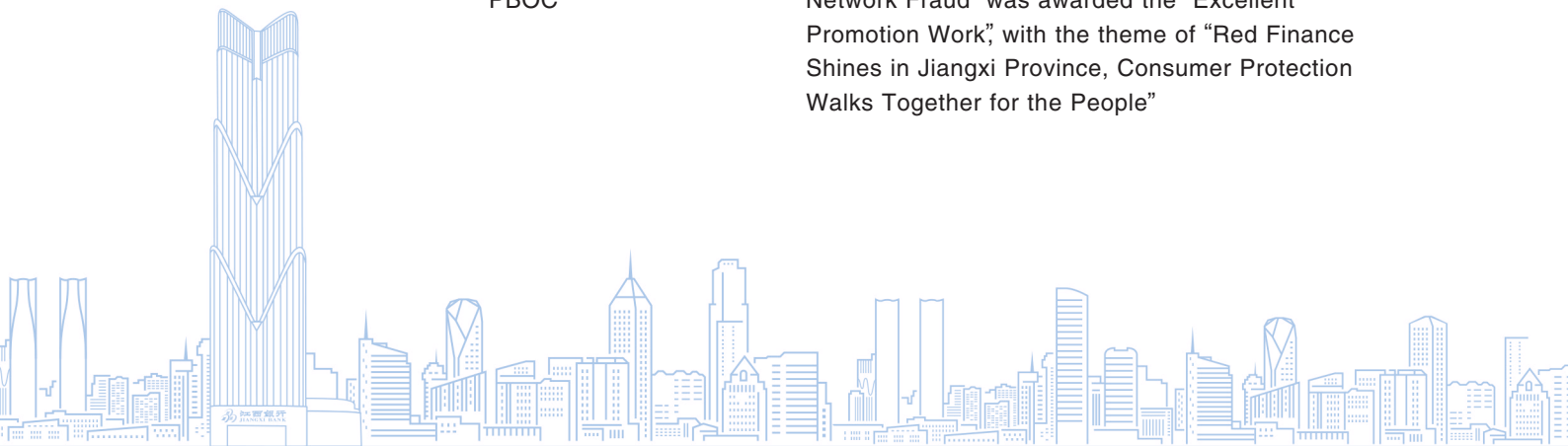
In the future, Jiangxi Bank will learn and implement the spirit of the 20th National Congress of the Communist Party of China and the spirit of the important speech delivered by General Secretary Xi Jinping during his visit to Jiangxi. Under the strong leadership of the CPC Jiangxi Provincial Committee and Jiangxi Provincial Government, focusing on the goal of "setting examples and contending for first place," based on the actual situation and overcoming difficulties, and adhering to the business philosophy of "serving urban and rural residents, serving small and medium-sized enterprises and serving the local economy," the Bank will strive to provide high-quality, efficient, convenient and comprehensive financial services for customers of different types and needs, provide financial assistance for local economic and social development and people's entrepreneurship and wealth creation, and strive to be the pioneer and contribute to the comprehensive construction of socialist modernization of Jiangxi.



CHAPTER I COMPANY PROFILE

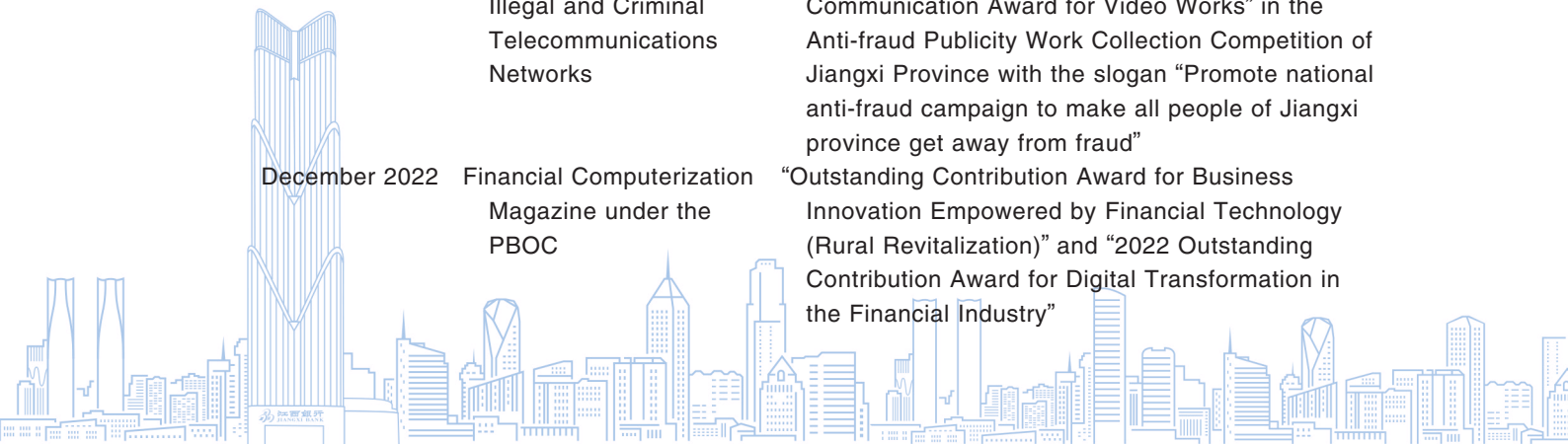
1.3 MAJOR AWARDS IN THE 2022

Time of Award	Awarding Party	Name of Award
January 2022	China Foreign Exchange Trade System & National Interbank Funding Centre	“2021 Market Influence Award – Core Trader”, “2021 Market Influence Award – Currency Market Trader” and “2021 Market Innovation Award – X-Repo”
January 2022	China Central Depository & Clearing Co., Ltd.	“Top 100 Proprietary Settlement”
February 2022	Nanchang Central Sub-branch of the PBOC and the Financial Work Office of People’s Government of Jiangxi Province	“Comprehensive Excellence Award” of the 2021 Cross-border RMB Business
March 2022	Jiangxi Enterprise Confederation and Jiangxi Enterprise Directors Association	Ranked 14th in the “2021 Jiangxi Enterprise Top 100 List”
June 2022	Nanchang Central Sub-branch of the PBOC	“First Prize of the Group” in the Credit Business Competition for Financial Institutions in Jiangxi Province
June 2022	PYSTANDARD	“Excellent Fixed Income Bank Wealth Management Product Award”
June 2022	China Banking Association	Ranked 47th in commercial banks in the “2022 China Banking Top 100 List”
July 2022	The Banker Magazine in United Kingdom	Ranked 227th by Tier 1 capital in the “Top 1,000 Global Banks 2022 list”
July 2022	Nanchang Central Sub-branch Office of the PBOC	The “Jiangxi Bank’s Publicity Video on Combating Cross-border Gambling of Telecommunication Network Fraud” was awarded the “Excellent Promotion Work”, with the theme of “Red Finance Shines in Jiangxi Province, Consumer Protection Walks Together for the People”



CHAPTER I COMPANY PROFILE

Time of Award	Awarding Party	Name of Award
September 2022	Jiangxi Financial Society	The Bank's "Super Mortgage Loan" won the "Excellence Award" of the Inclusive Finance Innovation Project
November 2022	Jiangxi Provincial Local Financial Supervision and Administration Bureau	"Inclusive Finance Innovation Award"
November 2022	Jiangxi Provincial Local Financial Supervision and Administration Bureau	The supply chain financial services won the 2021 General Statement of Financial Institutions Supporting Jiangxi's Economic Development Assessment Award
December 2022	Financial Digital Development Alliance	"2022 Best Credit Card Scenarios Construction Award"
December 2022	Jiangxi Branch of China UnionPay	"2022 Business Innovation Award"
December 2022	China Financial Certification Authority (CFCA)	"2022 China Digital Finance Gold List Award – Best Security Innovation Award for Mobile Banking"
December 2022	China Foreign Exchange Trade System & National Interbank Funding Centre	"2022 Market Influence Award – Core Dealer", "2022 Market Influence Award – Currency Market Dealer" and "2022 Market Innovation Award – X-Repo"
December 2022	SHANGHAI CLEARING HOUSE	"2022 Self-operated Clearing Progress Award – Self-operated Clearing Progress Award for Net Bonds"
December 2022	China Central Depository & Clearing Co., Ltd.	"2022 Top 100 Bond Transaction Investment – Proprietary Settlement"
December 2022	Jiangxi Provincial Office of Joint Conference on Combating New Illegal and Criminal Telecommunications Networks	"Jiangxi Bank's Publicity Video on Combating Cross-border Gambling of Telecommunication Network Fraud" was awarded the title of "Excellent Communication Award for Video Works" in the Anti-fraud Publicity Work Collection Competition of Jiangxi Province with the slogan "Promote national anti-fraud campaign to make all people of Jiangxi province get away from fraud"
December 2022	Financial Computerization Magazine under the PBOC	"Outstanding Contribution Award for Business Innovation Empowered by Financial Technology (Rural Revitalization)" and "2022 Outstanding Contribution Award for Digital Transformation in the Financial Industry"



CHAPTER II SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

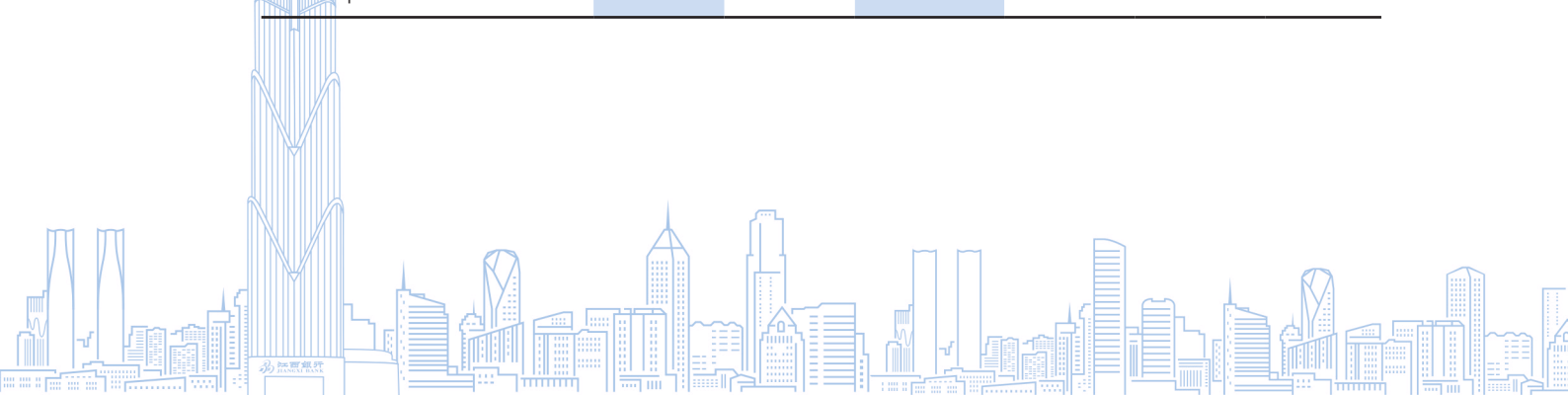
2.1 FINANCIAL DATA

The financial information set out in this annual report has been prepared on a combined basis in accordance with the International Financial Reporting Standards. Unless otherwise stated, data of the Group is denominated in RMB.

			2022 compared to	2020	2019	2018
	2022	2021	2021			
Operating results (in millions of RMB)			Change rate (%)			
Net Interest Income	9,624.33	8,761.81	9.84	9,053.68	10,744.81	8,915.52
Net fee and commission income	642.09	699.49	(8.21)	578.80	541.05	653.29
Operating income	12,714.04	11,144.43	14.08	10,285.45	12,952.81	11,350.61
Operating expenses	(3,643.92)	(3,647.66)	(0.10)	(3,523.77)	(3,508.05)	(3,529.63)
Impairment losses on assets	(7,396.77)	(5,006.61)	47.74	(4,284.43)	(6,489.59)	(4,438.37)
Profit before taxation	1,680.96	2,496.19	(32.66)	2,484.71	2,957.16	3,367.07
Net profit for the year	1,600.52	2,111.56	(24.20)	1,904.94	2,109.16	2,771.27
Net profit attributable to equity shareholders of the Bank	1,549.55	2,070.31	(25.15)	1,859.17	2,050.59	2,733.56
Per share (in RMB)			Change rate (%)			
Basic earnings per share ⁽¹⁾	0.23	0.34	(32.35)	0.31	0.34	0.51
Basic diluted earnings per share ⁽¹⁾	0.23	0.34	(32.35)	0.31	0.34	0.51
Indicators for profitability (%)			Change			
Average return on total assets ⁽²⁾	0.31%	0.44%	(0.13%)	0.42%	0.48%	0.70%
Average return on equity ⁽¹⁾	3.62%	5.74%	(2.12%)	5.33%	6.15%	9.95%
Net interest spread ⁽³⁾	1.91%	1.88%	0.03%	2.07%	2.56%	2.09%
Net interest margin ⁽⁴⁾	1.98%	1.94%	0.04%	2.10%	2.62%	2.31%
Net fee and commission income to operating income	5.05%	6.28%	(1.23%)	5.63%	4.18%	5.76%
Cost-to-income ratio ⁽⁵⁾	27.50%	31.46%	(3.96%)	32.96%	26.08%	30.48%

CHAPTER II SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

	2022 compared to					
	2022	2021	2021	2020	2019	2018
Indicators for volume (in millions of RMB)			Change rate (%)			
Total assets	515,572.66	508,559.81	1.38	458,692.82	456,118.53	419,064.27
Including: Net loans and advances to customers	300,312.77	270,658.23	10.96	217,448.76	202,989.37	165,523.32
Total liabilities	468,757.62	466,926.37	0.39	422,750.37	421,030.83	386,252.94
Including: Deposits from customers	352,711.37	343,726.22	2.61	315,770.82	284,548.91	260,448.65
Share capital	6,024.28	6,024.28	–	6,024.28	6,024.28	6,024.28
Equity attributable to shareholders of the Bank	46,047.95	40,917.32	12.54	35,267.58	34,456.26	32,226.22
Non-controlling interests	767.09	716.12	7.12	674.87	631.44	585.11
Total equity	46,815.04	41,633.44	12.45	35,942.45	35,087.70	32,811.33
Net assets per share attributable to shareholders of the Bank (RMB/per share) ⁽⁶⁾	6.32	6.13	3.10	5.85	5.72	5.35
Asset quality indicators			Change			
Non-performing loans ratio	2.18%	1.47%	0.71%	1.73%	2.26%	1.91%
Provision coverage ratio ⁽⁷⁾	178.05%	188.26%	(10.21%)	171.56%	165.65%	171.42%
Provision ratio of loans ⁽⁸⁾	3.88%	2.76%	1.12%	2.97%	3.74%	3.27%
Indicators for capital adequacy ratio			Change			
Core tier-one capital adequacy ratio	9.65%	9.66%	(0.01%)	10.29%	9.96%	10.78%
Tier one capital adequacy ratio	12.82%	11.80%	1.02%	10.30%	9.97%	10.79%
Capital adequacy ratio	14.00%	14.41%	(0.41%)	12.89%	12.63%	13.60%
Total equity to total assets	9.08%	8.19%	0.89%	7.84%	7.69%	7.83%
Other indicators			Change			
Liquidity coverage ratio	323.78%	387.45%	(63.67%)	429.88%	205.12%	206.46%
Liquidity ratio	85.03%	79.03%	6.00%	78.17%	58.74%	57.93%
Loan-to-deposit ratio	88.31%	80.80%	7.51%	70.75%	73.81%	65.46%



CHAPTER II SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

- Notes:* (1) Basic earnings per share, diluted earnings per share and return on average equity are calculated in accordance with Preparation Rules for Information Disclosures by Companies Offering Shares to the Public No.9 – Calculations and Disclosures for Return on Net Assets and Earnings Per Share. The Group issued perpetual bonds in August 2021, September and December 2022, which are all classified as other equity instruments. In addition, the Group distributed interest on perpetual bonds in 2022. Therefore, when calculating basic earnings per share, diluted earnings per share and return on average equity for the period, the “net profit attributable to shareholders of the Bank” has deducted the interest on perpetual bonds distributed for the period, and the “average equity” is the average balance of total equity (excluding other equity instruments) attributable to shareholders of the Bank at the beginning and the end of the period.
- (2) Refer to the net profit for the period as a percentage of the average balance of total assets at the beginning and the end of the period.
- (3) Calculated by the difference between the average rate of return on total interest-bearing assets and the average cost rate of total interest-bearing liabilities, and calculated based on the daily average of the interest-earning assets and interest-bearing liabilities.
- (4) Calculated by dividing net interest income by the average balance of interest-bearing assets and calculated based on the daily average of the interest-bearing assets.
- (5) Calculated by dividing operating expenses (excluding tax and surcharges) by operating income.
- (6) Calculated by dividing total equity attributable to shareholders of the Bank after deducting other equity instruments at the end of the period by total ordinary share capital at the end of the period.
- (7) Calculated by dividing the amount of the allowance for impairment losses on loans by the total amount of non-performing loans.
- (8) Calculated by dividing the amount of the allowance for impairment losses on loans by the total amount of loans and advances to customers.

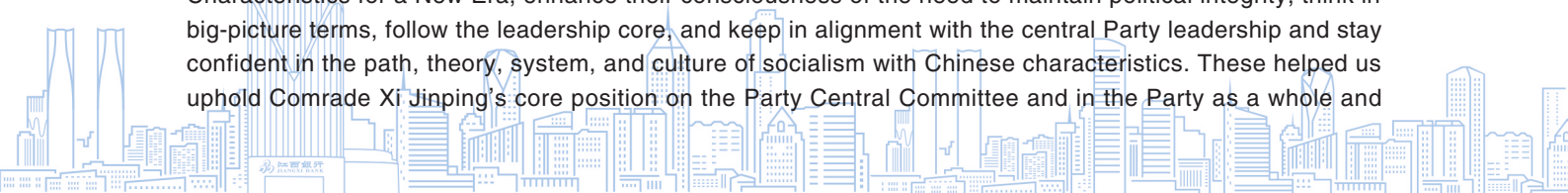


CHAPTER III CHAIRMAN'S STATEMENT



2022 was truly remarkable for the development of Jiangxi Bank. Addressing complicated and complex internal and external landscapes and challenges, Jiangxi Bank, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, prioritized the guiding principles of the 20th CPC National Congress and stayed true to the general principle of pursuing progress while ensuring stability under the strong leadership of the CPC Jiangxi Committee and Jiangxi Provincial People's Government and caring directions of regulatory bodies. To do that, we, despite hardship, took a holistic approach to Party building to serve the real economy and prevent and mitigate risks. These helped us push forward with major tasks, showing steady progress throughout the year.

We were committed to Party building. We adhered to the absolute leadership of the Party in financial work and consolidated the political responsibility of Party building. **We followed the efforts in the political building.** That meant taking a holistic approach to Party building across the board for a politically loyal Party. We studied and publicized the guiding principles of the 20th CPC National Congress by arranging intermediate-level officers of the Bank for political forums. This aimed to strengthen the political supervision over the "head" in a lower position and leading group and guided the Bank to gain a deep understanding of the decisive significance of establishing Comrade Xi Jinping's core position on the CPC Central Committee and in the Party as a whole and establishing the guiding role of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, enhance their consciousness of the need to maintain political integrity, think in big-picture terms, follow the leadership core, and keep in alignment with the central Party leadership and stay confident in the path, theory, system, and culture of socialism with Chinese characteristics. These helped us uphold Comrade Xi Jinping's core position on the Party Central Committee and in the Party as a whole and



CHAPTER III CHAIRMAN'S STATEMENT

uphold the Central Committee's authority and its centralized, unified leadership. **We were based on system building.** We improved the collective decision-making system (i.e. system for material decisions, appointment and dismissal of major officers and major project arrangement, and the use of large-amount funds), the rules for the work of the Party committee and rules of procedure of the Party committee. These improved the work mechanism of the committee for a better system for the Party's leadership. **We focused on optimization and examination.** We worked to ensure the synchronous planning, deployment, promotion, and examination of efforts in Party building and business. These improved the work, building and optimization. We began with "the 3 guidelines for Party members." We focused on major financial areas and the points susceptible to problems. We formulated and enacted regulations on the registration report of improper intervention in the audit of credit granting to steadily shape a clean financial culture.

We focused on regulating corporate governance. We integrated the leadership of the Party into corporate governance on all fronts. **We strengthened the legal status of Party committees in corporate governance.** Specifically, we revised the Company's articles of association, refined the contents about party building in the Party Constitution, and improved the collective decision-making system of Party committees. This is how we can give full play to the leading role of Party committees in "directing the trend, managing the overall landscape, and promoting the implementation." **We strengthened the main role of the Board of Directors in business decision-making.** The Plan of the Third Board of Directors on the Implementation of Strategic Planning and the Reform and Innovation Action (2022-2024) was designed by the top management, focusing on strengthening Party building and promoting high-quality leapfrog development. **We strengthened the role of the Board of Directors in "strategy defining, decision making and risk prevention".** For that, we carried out problem-oriented activities, and completed the "abolishment, reform, establishment and preservation" of various systems to plug control loopholes. Meanwhile, we strengthened the capacity building of special committees to perform their duties and play the role of consulting staff, complete the reform and optimization of management-oriented sub-branches in Nanchang city smoothly and efficiently, and stretch the Board of Directors.

We efficiently served the real economy. The Bank conscientiously implemented the important requirements of "finance is the blood of the real economy and serving the real economy is the duty of finance" as emphasized by General Secretary Xi Jinping, insisted on taking serving the real economy as the starting point and ultimate goal of all work, unswervingly served the national and provincial strategic overall situation, and supported the province's economy to stabilize, improve and optimize. **Firstly, the Bank continued to increase credit supply,** focused on major decisions and arrangements of local governments, and strengthened financial services. Credit supply increased, expanded and accelerated. **Secondly, the Bank made multiple efforts to help enterprises relieve difficulties,** increased financial assistance and relief efforts, supported enterprises to resume work and production, and introduced policies and measures to reduce fees and allow enterprises to renew loans. **Thirdly, the Bank comprehensively deepened government-bank-enterprise cooperation,** actively launched featured products jointly with relevant government departments, established strategic cooperation with high-quality enterprises, and carried out in-depth exchange and cooperation with peers.

CHAPTER III CHAIRMAN'S STATEMENT

We reshaped the risk control mechanism. We took the responsibility for risk control as an entity and put the prevention and mitigation of financial risks higher on our agenda. **We explored new models of risk mitigation.** Following the general principles of controlling the total quantity, reducing the stock and preventing variables, we formulated the “one policy for one account” risk disposal plan for attracting large customers and combining the control over China and beyond and the on-and off-balance sheet to release the inventory risk. Potential risks should be diagnosed and implemented by classification to achieve an overall decline in risk assets and an orderly liquidation of stock risks. **We explored new long-term mechanisms for risk control.** Specifically, we introduced implementation plans for the optimization of three major systems of compliance, risk and audit. This is how we can improve the compliance, risk, and audit systems across the board to strengthen the prevention and control mechanism for further risks.

We were committed to deepening reform and innovation. Continuous reform and innovation is an inherent requirement to adapt to the development of the times, and is the first impetus for the high-quality development of Jiangxi Bank. **Promoting digital transformation.** In response to the “No. 1 Development Project” of Jiangxi Province’s digital economy and improving financial services in the digital economy sector, the Bank has established the Strategic Development and Digital Transformation Committee at the Board level, and a leading group for digital transformation at the management level. The Bank will explore the possibility of financial scenario ecology, gradually realize the digital, intelligent and scenarized business, and improve customer access and flow operation capabilities. **Reforming personnel and assessment.** Adjusting personnel-oriented mechanism, so that the number and structure of personnel could meet the requirement of business development. The Bank adjusted the business assessment policy in time, weakened the plan constraint, and strengthened the market benchmarking. As a result, the connotative development effect has manifested itself. **Optimizing the business structure.** The ratio of the total loans and advances to customers to total assets increased by 5.81 percentage points from the end of last year, and the capability to serve the real economy was enhanced; the number of corporate and personal customers increased by 9.19% and 7.28% year on year, the customer base was expanded, and the loan structure continued to improve.

Although success is far away, it still can be achieved by making unremitting efforts and utilizing external help. The year 2023 marks the first year for implementing the guiding principles of the 20th CPC National Congress. It is crucial for the Bank to continue with the “the 14th Five-Year Plan” and embark on a new journey of making progress. **New performance of Jiangxi Bank at the new starting point of the new journey!** The Bank will hold high the great banner of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and earnestly implement the decisions and plans of the CPC Jiangxi Committee and Jiangxi Provincial People’s Government. Adhering to the general principle of seeking progress while keeping performance stable and the market positioning of “three services” for city commercial banks, the Bank will maintain overall stability and seek progress in its development with confidence and hard work. The Bank will improve both quality and quantity, accelerate the human resources reform and digital transformation, and make new breakthroughs in assets structure, business expansion and customer base, to break new ground in pursuing the high-quality development.



CHAPTER IV PRESIDENT'S STATEMENT



Time witnesses every single step of our journey of development. In 2022, Jiangxi Bank, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, worked as a strong champion of the essence of the 20th CPC National Congress. That meant embracing the new development pattern by serving the real economy, pressing ahead with reforms and preparing for risk control. To that end, we formulated and enacted development strategies taking into consideration the overall picture. That is how we can usher in a new chapter of high-quality development with great vitality and determination. As of the end of the Reporting Period, the Group's total assets amounted to RMB515.573 billion, the total loans and advances to customers amounted to RMB311.481 billion and the total amount of deposits from customers amounted to RMB352.711 billion. The operating revenue and paid-in tax saw a double-digit growth.

Fulfillment of responsibility for serving the real economy. We always bear the state in mind. That is to say, we stay aligned with the decisions and deployment of the CPC Central Committee and the State Council as well as the requirements for the work of the CPC Jiangxi Committee and Jiangxi Provincial People's Government. To do so, we stay true to serving the real economy by approaching market demand. That is how we can stabilize, grow and optimize the local economy. The credit granted increased in amount, size and speed. To be specific, the growth of loans of the Bank in Jiangxi was 3.56 percentage points ahead of the average figure of the industry in Jiangxi. In addition, green loans, inclusive micro and small loans and loans supporting agriculture topped the regulatory guidance limit ahead of time. We were commended by the Finance Office of Jiangxi Provincial People's Government and the Nanchang Central Branch, the People's Bank of China as one of the 2022 major banks contributing to stabilizing the economic fundamentals of Jiangxi

CHAPTER IV PRESIDENT'S STATEMENT

Province. Furthermore, we scaled up the financial service for people's livelihood that is more caring. That is how we can bail out enterprises and financially accelerate resumption of work and production.

Accelerating the optimization of industry structure to improve business quality and efficiency. We stayed committed to our strategies. That meant moving faster to accelerate the business structure adjustment, closely following policies and industries and stretching our strengths with more practical measures. To make it happen, we, in assets, liabilities and customers, grew the business in both quality and quantity. Thanks to these efforts, our asset structure was becoming reasonable. As a result, the growth of our bank in inclusive micro and small loans was among the top rank of banks in Jiangxi and we were a strong champion of the operational philosophy of "commitments to micro, small and inclusive loans." Meanwhile, the liability structure improved with a more stable and reasonable spread between deposits and loans. Furthermore, the growing and diversified customer group solidly sustained the development.

Prioritizing risk management for sound operations and development. We always put proactive prevention and mitigation of potential financial risks of all kinds on our higher agenda. Committed to the principles of "stabilizing big picture, holistic coordination, targeted policies and precise mitigation," we sought holistic risk management in systematic thinking. This was responsible for history, and lent us the confidence of sound operation. We had a whole picture of risks to mitigate risks and moved faster to the collection and disposal of non-performing loans. These turned around the quality of the Group's assets by containing the risk related to increment. We refreshed our efforts in the commitments to the three risk management systems for risks, compliance and audit. These strengthened the control over our subsidiaries and the proactive control of credit risks across the board. As a result, the risk management was moving toward "smart control" from "manual control," meaning enhancing capacity for risk management.

Pushing forward with reform and innovation to drive the upgrade of transformation. We integrated the reform and innovation into the financial work in all aspects. We redefined the operational philosophy and corporate culture, which led the total transformation of business development, philosophy and culture across the Bank. This is how we can shape a new engine for innovative development. We worked on the brand "New Jiangxi Bank, Caring Services." We stayed committed to one blueprint down the road and the three-year-long push for the reform and innovation of state-owned enterprises. For that, we pushed forward with "the Implementation Plan for Strategic Planning of the 3rd Board of Directors of Jiangxi Bank" to reduce costs and improve efficiency and stimulate the strong endogenous power for transformation and development. We sought digital transformation and shaped new drivers and strengths for development. To do that, we worked out a three-year development plan for digital transformation to conduct the digital RMB application pilot. This aimed to grow digital the financial business. Thanks to this, the digital application scenarios are diversifying, making financial services more smart, dynamic and efficient.

All the past promises a new beginning. Looking back on 2022, we together went through trials and hardships. Looking into 2023, with hope, we are embarking on a new journey. Standing at the new starting point, Jiangxi Bank will, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, stay true to our mission of serving the real economy, preventing and controlling financial risks and deepening efforts in financial reforms. We will always work harder to cater to our customers, investors and the wider society.

CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

5.1 REVIEW OF THE ECONOMIC, FINANCIAL AND POLICY ENVIRONMENT

During the Reporting Period, China's economy showed a development trend of increasing total volume, improving quality, strong resilience and positive trend. According to the preliminary calculation by the National Bureau of Statistics, the total value of domestic production in 2022 amounted to RMB121,020.7 billion, representing an increase of 3% over the previous year. By quarter, the year-on-year GDP growth was 4.8%, 0.4%, 3.9% and 2.9% for the first quarter, the second quarter, the third quarter and the fourth quarter, respectively. In 2022, China's financial system operated smoothly, providing stronger support for the real economy. As of the end of the Reporting Period, the balance of broad money (M2) amounted to RMB266.43 trillion, representing a year-on-year increase of 11.8%; the balance of RMB loans amounted to RMB213.99 trillion, representing a year-on-year increase of 11.1%; the balance of RMB deposits amounted to RMB258.5 trillion, representing a year-on-year increase of 11.3%; and the aggregate financing to the real economy (stock) amounted to RMB344.21 trillion, representing a year-on-year increase of 9.6%.

During the Reporting Period, the economy of Jiangxi Province of China, where the Bank carries out its main business activities, showed a good momentum of steady progress and improvement. The growth rate of major economic indicators continued to rank at the forefront of the country, and new achievements were made in high-quality leapfrog development. In 2022, Jiangxi Province achieved a gross domestic product (GDP) of RMB3,207.47 billion, an increase of 4.7% over the previous year, 1.7 percentage points higher than that of the whole country. The value added of industrial enterprises above designated size increased by 7.1%, 3.5 percentage points higher than that of the whole country, fixed asset investment increased by 8.6%, 3.5 percentage points higher than that of the whole country, total retail sales of consumer goods increased by 5.3%, 5.5 percentage points higher than that of the whole country, and total import and export of goods increased by 34.9%, 27.2 percentage points higher than that of the whole country.



CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

5.2 GENERAL OPERATION SUMMARY

Over the past year, under the strong leadership of the CPC Jiangxi Provincial Committee and Jiangxi Provincial Government, and under the scientific supervision of regulatory authorities, Jiangxi Bank has always adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, comprehensively implemented the spirit of the 20th National Congress of the Communist Party of China, adhered to the general tone of seeking progress while maintaining stability, firmly grasped the economic work ideas of “stabilizing, improving and optimizing”, and coordinated and promoted key tasks such as maintaining stability, controlling risks, adjusting structure, and stabilizing growth. The Bank’s various operations and management have shown a stable and positive development trend.

The operation scale grew steadily. As of the end of the Reporting Period, the total amount of assets of the Group reached RMB515.573 billion, representing an increase of 1.38% as compared with the end of last year. The gross loans and advances to customers amounted to RMB311.481 billion, representing an increase of 12.16% as compared to the end of the previous year, and the total amount of deposits from customers was RMB352.711 billion, representing an increase of 2.61% as compared to the end of the previous year. The capital adequacy ratio, provision coverage ratio, liquidity ratio and non-performing loan ratio were 14.00%, 178.05%, 85.03% and 2.18%, respectively.

The business structure was continuously optimized. Asset structure moved towards reasonability, and the ratio of the Group’s total loans and advances to customers to total assets increased by 5.81 percentage points from the end of last year. The debt structure was continuously optimized, the proportion of the total amount of deposits from customers to total liabilities increased by 1.63 percentage points as compared with the end of last year, and the average cost ratio decreased for the first time in recent years. The customer structure continued to improve, with good growth in both the total number of corporate and individual customers and the number of effective customers, and the development foundation was further consolidated.

The brand image was fully renewed. Focusing on “New Jiangxi Bank and Heart-to-Heart Service”, we continuously enriched the connotation of brand culture and promoted the improvement of brand image. The Bank successively received a number of honours such as the “Outstanding Contribution Award for Digital Transformation of the Financial Industry”, “Inclusive Finance Innovation Award” and “Outstanding Contribution Award for Business Innovation Empowered by Financial Technology”.



CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

5.3 PROFIT STATEMENT ANALYSIS

During the Reporting Period, the Group realized RMB1.681 billion in profit before taxation, representing a decrease of RMB815 million or 32.66% over the same period of the previous year, and RMB1.601 billion in net profit, representing a decrease of RMB511 million or 24.20% over the same period of the previous year. This was primarily due to the year-on-year increase of RMB2.390 billion in impairment losses on assets of the Group.

	2022	2021	Amount of change	Change rate(%)
	(in millions of RMB, unless otherwise stated)			
Interest income	20,990.73	19,965.72	1,025.01	5.13
Interest expense	(11,366.40)	(11,203.91)	(162.49)	1.45
Net interest income	9,624.33	8,761.81	862.52	9.84
Fee and commission income	786.81	804.10	(17.29)	(2.15)
Fee and commission expense	(144.72)	(104.61)	(40.11)	38.34
Net fee and commission income	642.09	699.49	(57.40)	(8.21)
Net trading gains	121.32	200.62	(79.30)	(39.53)
Net gains arising from financial investments	2,129.22	1,441.07	688.15	47.75
Other operating income	197.08	41.44	155.64	375.58
Operating income	12,714.04	11,144.43	1,569.61	14.08
Operating expenses	(3,643.92)	(3,647.66)	3.74	(0.10)
Impairment losses on assets	(7,396.77)	(5,006.61)	(2,390.16)	47.74
Share of profits/(losses) of associates	7.61	6.03	1.58	26.20
Profit before taxation	1,680.96	2,496.19	(815.23)	(32.66)
Income tax expense	(80.44)	(384.63)	304.19	(79.09)
Net profit for the year	1,600.52	2,111.56	(511.04)	(24.20)
Net profit attributable to equity				
Shareholders of the Bank	1,549.55	2,070.31	(520.76)	(25.15)
Non-controlling interests	50.97	41.25	9.72	23.56

CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

5.3.1 Net Interest Income, Net Interest Spread and Net Interest Margin

During the Reporting Period, the Group achieved net interest income of RMB9.624 billion, representing an increase of RMB863 million or 9.84% over the same period of last year, among which: an increase of RMB744 million in net interest income as a result of business scale adjustment and an increase of RMB119 million in net interest income as a result of change in yield or cost rate.

The following table sets forth the average balance of the Group's interest-bearing assets and interest-bearing liabilities, the interest income and expense of such assets and liabilities, the average rate of return on interest-bearing assets, and the average cost rate of interest-bearing liabilities for the periods indicated.

	2022			2021		
	Average balance	Interest income/expense	Average annualized yield/cost ratio	Average balance	Interest income/expense	Average annualized yield/cost ratio
(in millions of RMB, unless otherwise stated)						
Interest-bearing assets						
Loans and advances to customers	296,363.59	14,253.34	4.81%	250,843.18	12,867.65	5.13%
Financial investments	129,518.81	5,845.93	4.51%	139,196.13	6,062.33	4.36%
Deposits with the Central Bank	32,726.97	462.89	1.41%	36,564.30	540.09	1.48%
Deposits with banks and other financial institutions	1,864.52	6.72	0.36%	2,110.09	7.01	0.33%
Financial assets held under resale agreements	22,765.95	351.51	1.54%	20,637.16	404.73	1.96%
Placements with banks and other financial institutions	2,876.38	70.34	2.45%	3,148.25	83.91	2.67%
Total interest-bearing assets	486,116.22	20,990.73	4.32%	452,499.11	19,965.72	4.41%
Interest-bearing liabilities						
Deposits from customers	345,655.11	8,232.08	2.38%	330,859.81	7,956.03	2.40%
Deposits from banks and other financial institutions	18,173.62	493.06	2.71%	24,397.46	712.08	2.92%
Borrowing from the Central Bank ⁽¹⁾	17,139.53	416.99	2.43%	10,259.18	306.22	2.98%
Placements from banks and other financial institutions	4,085.92	113.23	2.77%	4,754.30	119.96	2.52%
Financial assets sold under repurchase agreements	26,034.48	401.03	1.54%	23,614.04	457.00	1.94%
Debt securities issued	54,657.56	1,475.08	2.70%	41,014.77	1,328.91	3.24%
Borrowing from other financial institutions	6,051.76	234.93	3.88%	7,701.08	323.71	4.20%
Total interest-bearing liabilities	471,797.98	11,366.40	2.41%	442,600.64	11,203.91	2.53%
Net interest income		9,624.33			8,761.81	
Net interest spread		1.91%			1.88%	
Net interest margin		1.98%			1.94%	

Note: (1) Includes bill re-discounted business.

CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the changes in interest income and interest expense resulting from the changes in the Group's volume and interest rates during the reporting periods indicated. Changes in volume are measured by the change in average balance of interest-bearing assets and interest-bearing liabilities, while changes in interest rates are measured by changes in the average interest rates of interest-bearing assets and interest-bearing liabilities. The combined effect of changes in volume and interest rate is embedded in the change in interest rate.

	Compared 2022 with 2021		
	Reasons for increase/(decrease)		Net increase/ (decrease) ⁽³⁾
	Volume ⁽¹⁾	Interest rate ⁽²⁾	
	(in millions of RMB, unless otherwise stated)		
Interest-bearing assets			
Loans and advances to customers	2,335.09	(949.40)	1,385.69
Financial investments	(421.47)	205.07	(216.40)
Deposits with the Central Bank	(56.68)	(20.52)	(77.20)
Deposits with banks and other financial institutions	(0.82)	0.53	(0.29)
Financial assets held under resale agreements	41.75	(94.97)	(53.22)
Placements with banks and other financial institutions	(7.25)	(6.32)	(13.57)
Changes in interest income	1,483.30	(458.29)	1,025.01
Interest-bearing liabilities			
Deposits from customers	355.78	(79.73)	276.05
Deposits from banks and other financial institutions	(181.65)	(37.37)	(219.02)
Borrowing from the Central Bank ⁽⁴⁾	205.37	(94.60)	110.77
Placements from banks and other financial institutions	(16.86)	10.13	(6.73)
Financial assets sold under repurchase agreements	46.84	(102.81)	(55.97)
Debt securities issued	442.04	(295.87)	146.17
Borrowing from other financial institutions	(69.33)	(19.45)	(88.78)
Changes in interest expense	739.10	(576.61)	162.49

Notes: (1) Refer to the average balance for the Reporting Period minus the average balance for the same period of the previous year, multiplied by the average yield/cost ratio for the same period of the previous year.

(2) Refer to the average yield/cost ratio for the Reporting Period minus the average yield/cost ratio for the same period of the previous year, multiplied by the average balance for the Reporting Period.

(3) Refer to interest income/expense during the Reporting Period minus interest income/expense for the same period of the previous year.

(4) Includes bill re-discounted business.

CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

5.3.2 Interest Income

During the Reporting Period, the Group's interest income amounted to RMB20.991 billion, representing an increase of RMB1.025 billion, or 5.13% over the last year. The increase in interest income was mainly due to the increase in the Group's loans and advances to customers.

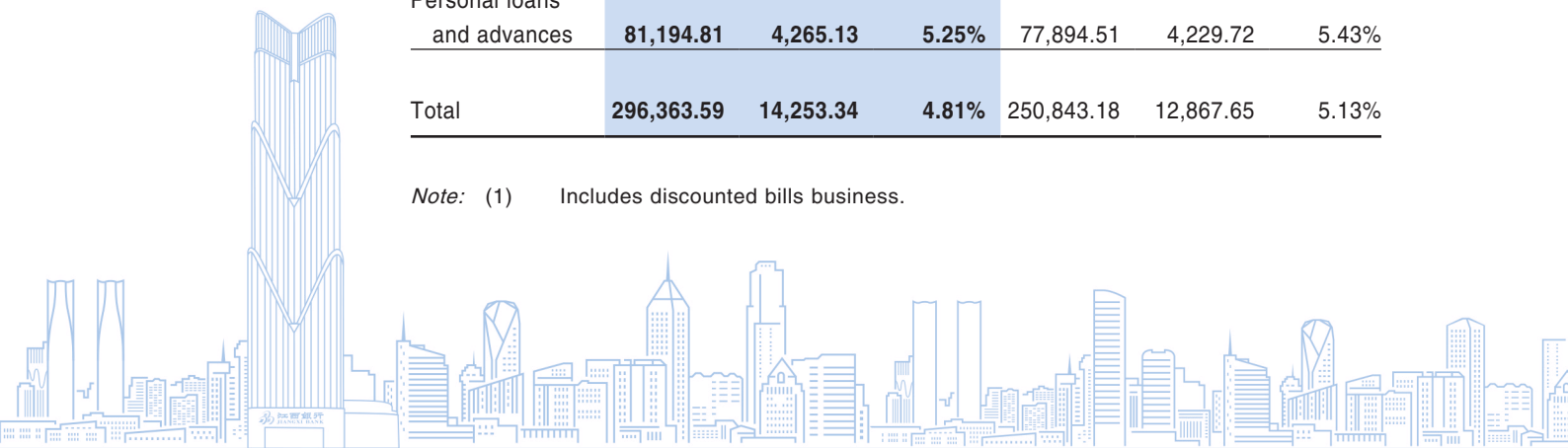
1 Interest income from loans and advances to customers

During the Reporting Period, the Group achieved interest income of loans and advances to customers of RMB14.253 billion, representing an increase of RMB1.386 billion, or 10.77% over the same period of last year. The main reason was that the average balance of the Group's loans and advances to customers increased, partially offset by a decrease in the average yield on loans and advances to customers. The increase in the average balance of loans and advances to customers was mainly due to the Group's continuous increase in the scale of credit products that benefited the general public. The decrease in the average yield was mainly due to the impact of the decline in market interest rates and the Group's active response to national policies by reducing the financing costs of enterprises through measures such as implementing preferential interest rates to effectively support the development of the real economy.

The following table sets forth the average balance, interest income and average yield for each component of the Group's loans and advances to customers during the periods indicated.

	Average balance	2022 Interest income	Average yield	Average balance	2021 Interest income	Average yield
	(in millions of RMB, unless otherwise stated)					
Corporate loans and advances ⁽¹⁾	215,168.78	9,988.21	4.64%	172,948.67	8,637.93	4.99%
Personal loans and advances	81,194.81	4,265.13	5.25%	77,894.51	4,229.72	5.43%
Total	296,363.59	14,253.34	4.81%	250,843.18	12,867.65	5.13%

Note: (1) Includes discounted bills business.



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2 *Interest income from financial investments*

During the Reporting Period, the Group's interest income from financial investments amounted to RMB5.846 billion, representing a decrease of RMB216 million, or 3.57% over the same period of last year, which was mainly due to the effect of the scale-down of the Group's financial investments during the Reporting Period.

3 *Interest income from deposits with the Central Bank*

During the Reporting Period, the Group's interest income from deposits with the Central Bank was RMB463 million, representing a decrease of RMB77 million, or 14.29% over the same period of last year, which was mainly due to the decrease in the deposit reserve ratio of financial institutions and the scale of the Group's deposit and reserves with the Central Bank.

4 *Interest income from financial assets held under resale agreements*

During the Reporting Period, the Group's interest income from financial assets held under resale agreements amounted to RMB352 million, representing a decrease of RMB53 million, or 13.15% over the same period of last year. It was primarily due to the decrease in the average yield of financial assets held under resale agreements, which was mainly affected by the decrease in market interest rates.

5 *Interest income from placements with banks and other financial institutions*

During the Reporting Period, the Group's interest income from placements with banks and other financial institutions was RMB70 million, representing a decrease of RMB14 million, or 16.17% over the same period of last year. It was primarily due to a decrease in the average yield of the placements with banks and other financial institutions.



CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

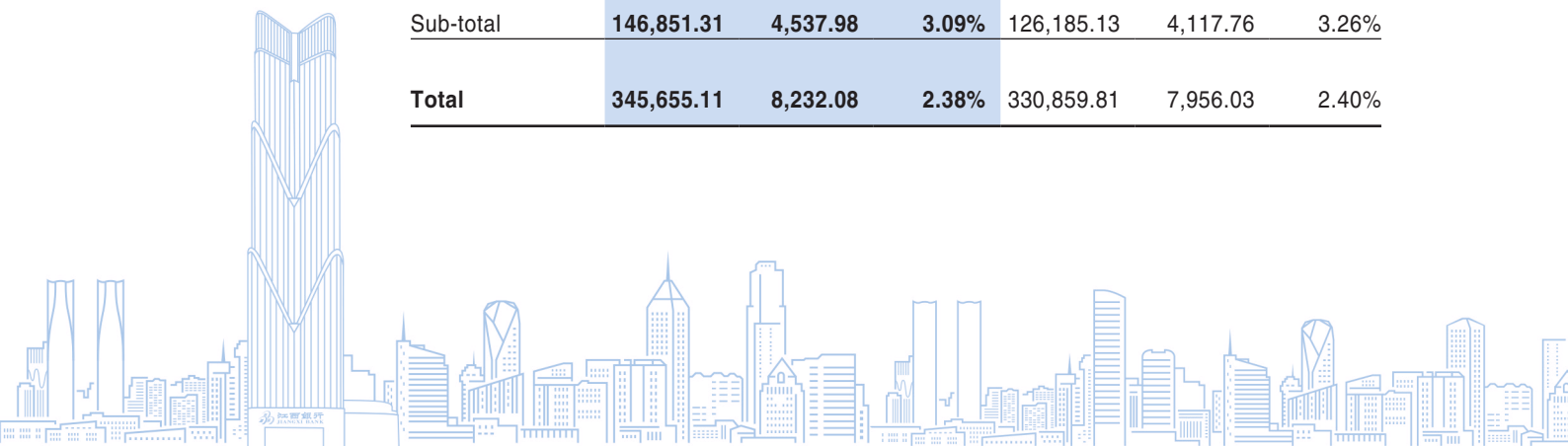
5.3.3 Interest Expense

During the Reporting Period, the Group's interest expense was RMB11.366 billion, representing an increase of RMB162 million or 1.45% over the same period of last year. The increase in the interest expense was primarily attributable to the increase in deposits from customers, borrowings from the Central Bank, bonds issued and financial assets sold under repurchase agreements of the Group during the Reporting Period.

1 Interest expense on deposits from customers

During the Reporting Period, the Group's interest expense on deposits from customers was RMB8.232 billion, representing an increase of RMB276 million or 3.47% over the same period of last year, which was primarily attributable to the increase of RMB14.795 billion in the average balance of deposits from customers during the Reporting Period.

	Average balance	2022 Interest expense	Average cost ratio	Average balance	2021 Interest expense	Average cost ratio
(in millions of RMB, unless otherwise stated)						
Corporate deposits						
Demand	122,588.80	1,281.91	1.05%	127,494.72	1,726.29	1.35%
Time	76,215.00	2,412.19	3.16%	77,179.96	2,111.98	2.74%
Sub-total	198,803.80	3,694.10	1.86%	204,674.68	3,838.27	1.88%
Personal deposits						
Demand	22,124.71	69.94	0.32%	20,688.13	83.59	0.40%
Time	124,726.60	4,468.04	3.58%	105,497.00	4,034.17	3.82%
Sub-total	146,851.31	4,537.98	3.09%	126,185.13	4,117.76	3.26%
Total	345,655.11	8,232.08	2.38%	330,859.81	7,956.03	2.40%



CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

2 *Interest expense on deposits from banks and other financial institutions*

During the Reporting Period, the Group's interest expense on deposits from banks and non-bank financial institutions was RMB493 million, representing a decrease of RMB219 million, or 30.76% as compared to the same period of the last year. This was mainly due to the decrease of both the average balance and the average cost ratio of the Group's deposits from banks and other financial institutions during the Reporting Period.

3 *Interest expense on borrowing from the Central Bank*

During the Reporting Period, the Group's interest expense on borrowings from the Central Bank was RMB417 million, representing an increase of RMB111 million, or 36.17% as compared to the same period of the last year. It was mainly due to the increase in the scale of the Group's borrowings from the central bank.

4 *Interest expense on financial assets sold under repurchase agreements*

During the Reporting Period, the Group's interest expense on the financial assets sold under repurchase agreements was RMB401 million, representing a decrease of RMB56 million or 12.25% over the same period of last year. This was mainly due to the decrease in financial assets sold under repurchase agreements and the average cost ratio.

5 *Interest expense on debt securities issued*

During the Reporting Period, the Group's interest expense on debt securities issued was RMB1.475 billion, representing an increase of RMB146 million, or 11.00% as compare to the same period of the last year. It was mainly due to the increase in the scale of inter-bank deposit receipts issued by the Group during the Reporting Period.



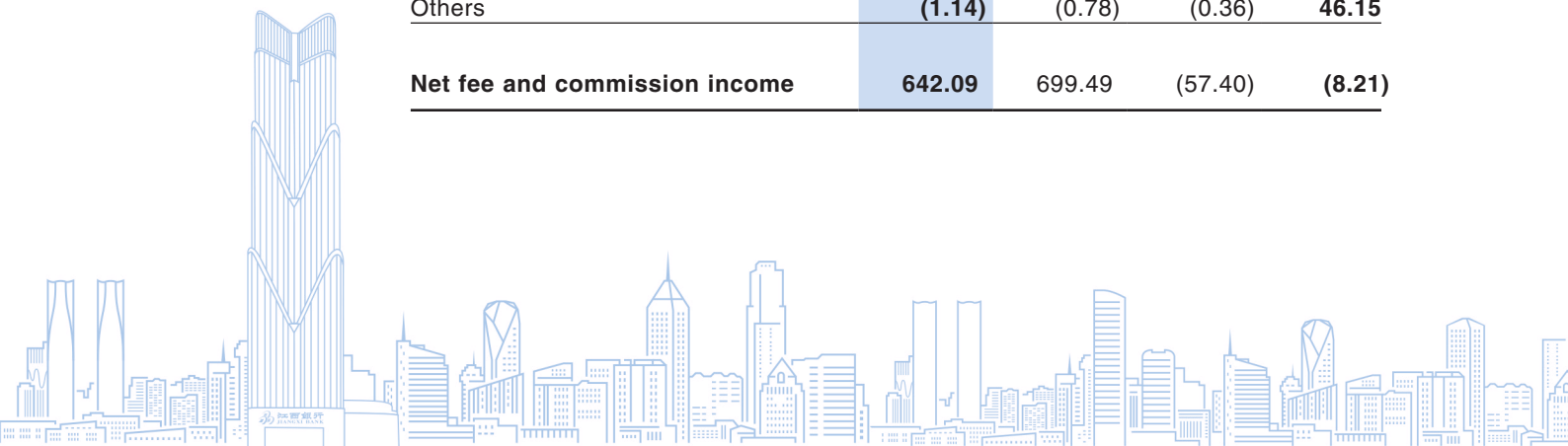
CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

5.3.4 Non-interest Income

1 Net fee and commission income

During the Reporting Period, the Group realized a net fee and commission income of RMB642 million, representing a decrease of RMB57 million, or 8.21% as compared to the same period of the last year. In particular, the fee and commission income reached RMB787 million, representing a decrease of RMB17 million, or 2.15% as compared to the same period of the last year. The decrease of the fee and commission income was primarily due to the Group's active implementation of the policies of fee reduction and profit concession in PRC, and the change in the scale of financial leasing business.

	2022	2021	Amount of change	Change rate (%)
	(in millions of RMB, unless otherwise stated)			
Fee and commission income	786.81	804.10	(17.29)	(2.15)
Agency and custody service fees	416.00	370.80	45.20	12.19
Acceptance and guarantee service fees	180.83	162.75	18.08	11.11
Bank card service fees	71.66	77.78	(6.12)	(7.87)
Settlement and electronic channel business fees	91.80	104.22	(12.42)	(11.92)
Financial leasing service fees	15.97	86.63	(70.66)	(81.57)
Advisory and consulting fees	0.49	1.16	(0.67)	(57.76)
Others	10.06	0.76	9.30	1,223.68
Fee and commission expense	(144.72)	(104.61)	(40.11)	38.34
Platform cooperation fees	(11.79)	(3.63)	(8.16)	224.79
Financial leasing service fees	(14.07)	(18.72)	4.65	(24.84)
Settlement and clearing fees	(38.26)	(22.01)	(16.25)	73.83
Transaction fees	(79.46)	(59.47)	(19.99)	33.61
Others	(1.14)	(0.78)	(0.36)	46.15
Net fee and commission income	642.09	699.49	(57.40)	(8.21)



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2 Net trading gains

The Group's net trading gains decreased from RMB201 million in 2021 to RMB121 million in 2022, mainly due to fluctuations in the price in the debt security market.

3 Net gains arising from financial investments

During the Reporting Period, the Group's net gains arising from financial investments were RMB2.129 billion, representing an increase of RMB688 million or 47.75% over the same period of last year, which was mainly due to the increase in fair value of financial investments at fair value through profit or loss of the Group.

4 Other operating income

During the Reporting Period, the Group's other operating income was RMB197 million, representing an increase of RMB156 million or 375.58% over the same period of last year, which was mainly due to the increase in exchange gains and government grants of the Group.

5.3.5 Operating Expenses

During the Reporting Period, the operating expenses of the Group were RMB3.644 billion, which was basically the same as that of the same period of last year.

	2022	2021	Amount of change	Change rate(%)
	(in millions of RMB, unless otherwise stated)			
Staff costs	2,106.30	2,200.42	(94.12)	(4.28)
Depreciation and amortization	471.81	523.96	(52.15)	(9.95)
Tax and surcharges	147.91	141.97	5.94	4.18
Interest expense on lease liabilities	38.05	50.71	(12.66)	(24.97)
Other general and administrative expenses	879.85	730.60	149.25	20.43
Total operating expenses	3,643.92	3,647.66	(3.74)	(0.10)

CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the components of the Group's staff costs for the periods indicated.

	2022	2021	Amount of change	Change rate (%)
	(in millions of RMB, unless otherwise stated)			
Staff costs				
Salaries, bonuses and allowances	1,480.67	1,685.70	(205.03)	(12.16)
Social insurance and supplementary retirement benefits	286.70	182.42	104.28	57.16
Housing fund	120.53	114.60	5.93	5.17
Staff welfare	108.70	106.60	2.10	1.97
Employee education expenses and labor union expenses	44.54	50.04	(5.50)	(10.99)
Others	65.16	61.06	4.10	6.71
Total	2,106.30	2,200.42	(94.12)	(4.28)

During the Reporting Period, the Group's staff costs were RMB2.106 billion, representing a decrease of RMB94 million or 4.28% over the same period of last year. It was mainly due to the decrease in salaries, bonuses and allowances of the Group. The decrease in salaries, bonuses and allowances was mainly due to the combined effect of the adjustment of the Group's employee rating standards and the decrease in the number of employees.

During the Reporting Period, the Group's other general and administrative expenses were RMB880 million, representing an increase of RMB149 million or 20.43% as compared to the same period of the last year, which was mainly due to the Group's multi-point efforts to consolidate the foundation for customer development and increase in business expansion expenses.



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5.3.6 Impairment Losses on Assets

During the Reporting Period, the Group's impairment losses on assets were RMB7.397 billion, representing an increase of RMB2.39 billion or 47.74% as compared to the same period of the last year. It was mainly due to the increase in the Group's non-performing assets as a result of the economic situation, COVID-19 pandemic and other factors. In addition, taking into account the uncertainties and unstable factors in the current economic situation, and based on the judgement of the overall risk situation, the Group prudently increased the loss provision for some businesses in a forward-looking manner to improve the ability of risk compensation.

	2022	2021	Amount of change	Change rate (%)
	(in millions of RMB, unless otherwise stated)			
Loans and advances to customers	5,846.04	2,704.12	3,141.92	116.19
Financial investments	966.31	2,072.86	(1,106.55)	(53.38)
Others	584.42	229.63	354.79	154.51
Total impairment losses on assets	7,396.77	5,006.61	2,390.16	47.74

5.3.7 Income Tax Expense

During the Reporting Period, the Group's income tax expenses amounted to RMB80 million, mainly due to the recognition of deferred income tax assets arising from the deductible temporary differences formed by the Group in 2022, and the tax impact of tax-free income and deductible amount before tax.

	2022	2021	Amount of change	Change rate (%)
	(in millions of RMB, unless otherwise stated)			
Current tax	1,221.98	1,318.76	(96.78)	(7.34)
Tax filing differences	(30.05)	(16.32)	(13.73)	84.13
Deferred tax	(1,111.49)	(917.81)	(193.68)	21.10
Total	80.44	384.63	(304.19)	(79.09)

CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

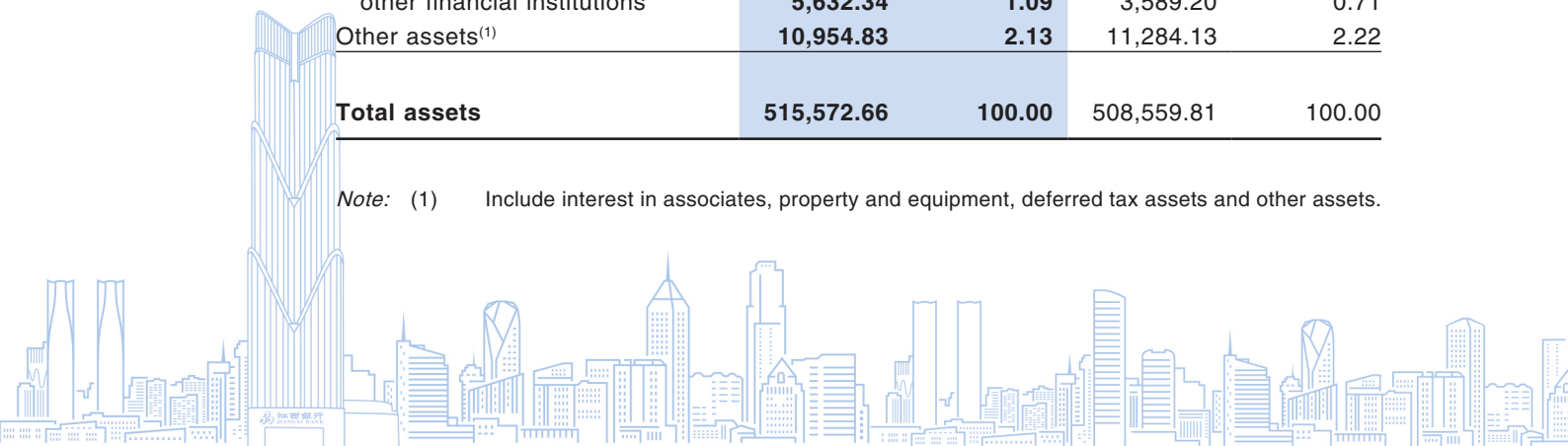
5.4 ANALYSIS ON MAIN ITEMS OF ASSETS AND LIABILITIES

5.4.1 Assets

As of the end of the Reporting Period, the total assets of the Group amounted to RMB515.573 billion, representing an increase of RMB7.013 billion, or 1.38% as compared with the end of the previous year. The increase of total assets was mainly due to the increase in Group's gross loans and advances to customers, financial assets held under resale agreements and placements with banks and other financial institutions.

	As of December 31, 2022		As of December 31, 2021	
	Amount	% of total	Amount	% of total
	(in millions of RMB, unless otherwise stated)			
Gross loans and advances to customers	311,481.17	—	277,714.31	—
Loans and advances to customers accrued interest	816.21	—	563.79	—
Allowances for impairment losses on loans and advances to customers	(11,984.61)	—	(7,619.87)	—
Net loans and advances to customers	300,312.77	58.25	270,658.23	53.21
Financial investments	157,096.89	30.47	171,777.28	33.78
Cash and deposits with the central bank	35,792.75	6.94	46,464.97	9.14
Deposits with banks and other financial institutions	1,451.50	0.28	2,090.06	0.41
Financial assets held under resale agreements	4,331.58	0.84	2,695.94	0.53
Placements with banks and other financial institutions	5,632.34	1.09	3,589.20	0.71
Other assets ⁽¹⁾	10,954.83	2.13	11,284.13	2.22
Total assets	515,572.66	100.00	508,559.81	100.00

Note: (1) Include interest in associates, property and equipment, deferred tax assets and other assets.



CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

1 Loans and advances to customers

As of the end of the Reporting Period, the Group's loans and advances to customers amounted to RMB311.481 billion, representing an increase of RMB33.767 billion, or 12.16%, as compared with the end of the previous year. The following table sets forth the Group's distribution of loans by business types for the periods indicated.

	As of December 31, 2022		As of December 31, 2021	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Loans and advances to customers measured at amortized cost				
Corporate loans and advances	183,678.11	58.97	161,422.74	58.12
Personal loans and advances	83,651.98	26.86	80,198.97	28.88
Sub-total	267,330.09	85.83	241,621.71	87.00
Loans and advances to customers measured at FVOCI				
Corporate loans and advances	5,626.03	1.80	3,385.47	1.22
Discounted bills	38,525.05	12.37	32,707.13	11.78
Sub-total	44,151.08	14.17	36,092.60	13.00
Gross loans and advances to customers	311,481.17	100.00	277,714.31	100.00

Corporate loans and advances

As of the end of the Reporting Period, the Group's corporate loans and advances (discounted bills inclusive) amounted to RMB227.829 billion, representing an increase of RMB30.314 billion, or 15.35% as compared with the end of the previous year, which was mainly due to the Group's business philosophy of adhering to serve real economy, and the continuous increase in loans to major key projects, rural revitalization, inclusive finance and green finance and others.

CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

Personal loans and advances

As of the end of the Reporting Period, the Group's personal loans and advances amounted to RMB83.652 billion, representing an increase of RMB3.453 billion, or 4.31% as compared with the end of the previous year. It was mainly due to the Group's increased investment in operating loans to individual businesses, new citizens and new agricultural business entities.

2 *Financial investments*

As of the end of the Reporting Period, the Group's balance of financial investments amounted to RMB157.097 billion, representing a decrease of RMB14.68 billion, or 8.55% as compared with the end of the previous year. This was mainly due to the fact that the Group's business returned to its original source, optimized its asset structure and reduced investment management products managed by securities companies and trust plans.

	As of December 31, 2022		As of December 31, 2021	
	Amount	% of total	Amount	% of total
<i>(in millions of RMB, unless otherwise stated)</i>				
Financial investments				
– Financial investments at amortized cost	90,065.86	57.33	107,390.60	62.52
– Financial investments at FVTPL	43,546.14	27.72	39,446.06	22.96
– Financial investments at FVOCI	23,484.89	14.95	24,940.62	14.52
Total	157,096.89	100.00	171,777.28	100.00



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	As of December 31, 2022		As of December 31, 2021	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Distribution of financial investments				
Debt securities				
Chinese government bonds	38,674.95	24.62	37,288.67	21.71
Policy bank bonds	34,625.74	22.04	37,465.04	21.81
Commercial banks and other financial institutions bonds	3,097.73	1.97	564.29	0.33
Corporate bonds	11,057.41	7.04	15,845.42	9.22
Sub-total	87,455.83	55.67	91,163.42	53.07
Other financial assets				
Wealth management products issued by financial institutions	—	—	—	—
Fund investments ⁽¹⁾	28,504.85	18.15	20,766.12	12.09
Equity instruments	199.54	0.13	121.18	0.07
Investment management products managed by securities companies and trust plans	39,609.39	25.21	57,956.47	33.74
Sub-total	68,313.78	43.49	78,843.77	45.90
Accrued interest	1,327.28	0.84	1,770.09	1.03
Total financial investments	157,096.89	100.00	171,777.28	100.00

Note: (1) Primarily include monetary market funds and bond funds.

CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

5.4.2 Liabilities

As of the end of the Reporting Period, the Group's total liabilities amounted to RMB468.758 billion, representing an increase of RMB1.831 billion, or 0.39% as compared with the end of the previous year. It was mainly due to the increase in deposits from customers, debt securities issued and financial assets sold under repurchase agreements of the Group.

	As of December 31, 2022		As of December 31, 2021	
	Amount	% of total	Amount	% of total
	(in millions of RMB, unless otherwise stated)			
Deposits from customers	352,711.37	75.24	343,726.22	73.62
Deposits from banks and other financial institutions	13,266.96	2.83	25,221.01	5.40
Borrowing from the central bank	18,797.98	4.01	19,242.20	4.12
Borrowing from other financial institutions	4,302.92	0.92	8,981.23	1.92
Placements from banks and other financial institutions	4,103.53	0.88	6,128.33	1.31
Financial assets sold under repurchase agreements	17,209.18	3.67	16,283.67	3.49
Debt securities issued	52,161.88	11.13	41,099.18	8.80
Tax payable	850.05	0.18	745.47	0.16
Other liabilities ⁽¹⁾	5,353.75	1.14	5,499.06	1.18
Total liabilities	468,757.62	100.00	466,926.37	100.00

Note: (1) Primarily include interest payable, payment and collection clearance accounts, accrued staff cost, dividends payable, and other payables.



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1 Deposits from customers

As of the end of the Reporting Period, the Group's total deposits from customers amounted to RMB352.711 billion, representing an increase of RMB8.985 billion, or 2.61% as compared with the end of the previous year.

	As of December 31, 2022		As of December 31, 2021	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Demand deposits				
Corporate deposits	108,088.43	30.65	122,223.64	35.54
Personal deposits	24,080.47	6.83	22,570.87	6.57
Sub-total	132,168.90	37.48	144,794.51	42.11
Time deposits				
Corporate deposits	61,701.95	17.49	68,797.32	20.02
Personal deposits	136,470.10	38.69	112,931.93	32.86
Sub-total	198,172.05	56.18	181,729.25	52.88
Pledged deposits				
Acceptances	13,178.99	3.74	8,553.06	2.49
Letters of guarantees	1,938.13	0.55	2,712.97	0.79
Letters of credit	2,483.32	0.70	1,915.44	0.56
Others	18.08	0.01	38.88	0.01
Sub-total	17,618.52	5.00	13,220.35	3.85
Inward and outward remittances	45.21	0.01	60.22	0.02
Interest payable	4,706.69	1.33	3,921.89	1.14
Total deposits from customers	352,711.37	100.00	343,726.22	100.00

CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

2 *Deposits from banks and other financial institutions*

As of the end of the Reporting Period, the Group's balance of deposits from banks and other financial institutions was RMB13.267 billion, representing a decrease of RMB11.954 billion, or 47.40% as compared with the end of the previous year. It was mainly due to the decrease in deposits from banks and other financial institutions as a result of the Group's comprehensive consideration of liquidity management needs, cost and stability of fundraising.

3 *Placements from banks and other financial institutions*

As of the end of the Reporting Period, the Group's balance of placements from banks and other financial institutions was RMB4.104 billion, representing a decrease of RMB2.025 billion, or 33.04% as compared with the end of the previous year. It was mainly due to the adjustment of placements from banks and other financial institutions as a result of the Group's liquidity management measures.

4 *Financial assets sold under repurchase agreements*

As of the end of the Reporting Period, the Group's amount of financial assets sold under repurchase agreements was RMB17.209 billion, representing an increase of RMB926 million, or 5.68% as compared with the end of the previous year. It was mainly due to the increase in financial assets sold under repurchase agreements to cover short-term funding gap according to the Group's liquidity management needs.

5 *Debt securities issued*

As of the end of the Reporting Period, the Group's debt securities issued was RMB52.162 billion, representing an increase of RMB11.063 billion, or 26.92% as compared with the end of the previous year. It was mainly due to the Group's strengthening of fundraising stability management, consolidating the source of funds and increasing the scale of issued certificates of inter-bank deposits.



CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

5.4.3 Shareholders' Equity

As of the end of the Reporting Period, the Groups' total equity was RMB46.815 billion, representing an increase of RMB5.182 billion, or 12.45% as compared with the end of the previous year. The total equity attributable to equity shareholders of the Bank was RMB46.048 billion, representing an increase of RMB5.131 billion, or 12.54% as compared with the end of the previous year. The increase in total equity was mainly due to the additional issuance of perpetual bonds of RMB4 billion by the Group in 2022 to replenish other tier-one capital and further improve the Group's ability to serve the real economy and resist risks.

	As of December 31, 2022		As of December 31, 2021	
	Amount	% of total	Amount	% of total
	(in millions of RMB, unless otherwise stated)			
Share capital	6,024.28	12.87	6,024.28	14.47
Capital reserve	13,291.25	28.39	13,291.25	31.92
Surplus reserve	3,220.43	6.88	3,081.89	7.40
General reserve	7,019.10	14.99	6,689.10	16.07
Other comprehensive income	299.49	0.64	224.12	0.54
Retained earnings	8,195.44	17.51	7,607.64	18.27
Other equity instruments	7,997.96	17.08	3,999.04	9.61
Total equity attributable to equity shareholders of the Bank	46,047.95	98.36	40,917.32	98.28
Non-controlling interests	767.09	1.64	716.12	1.72
Total equity	46,815.04	100.00	41,633.44	100.00



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5.5 OFF-BALANCE SHEET CREDIT COMMITMENTS

The Group incorporated the off-balance sheet business into the unified credit of customers, and under the management of on-balance sheet business, in accordance with the management procedures and management requirements of the pre-investigation, review, approval, contract signing, issuance, post-loan management and mortgage and pledge guarantee.

During the end of the Reporting Period, the balance of major off-balance sheet items was as follows:

	As of December 31, 2022		As of December 31, 2021	
	Amount	% of total	Amount	% of total
	(in millions of RMB, unless otherwise stated)			
Bank acceptances	29,296.02	52.21	24,475.81	43.15
Letters of credit	8,217.02	14.64	6,019.45	10.61
Unused credit card commitments	7,639.96	13.61	6,856.20	12.09
Letters of guarantees	10,923.20	19.46	19,294.39	34.02
Loan commitments	40.00	0.06	66.00	0.12
Sub-total	56,116.20	99.98	56,711.85	99.99
Capital commitments	3.29	0.02	1.88	0.01
Total	56,119.49	100.00	56,713.73	100.00



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5.6 LOAN QUALITY ANALYSIS

As of the end of the Reporting Period, the Group's gross loans and advances to customers were RMB311.481 billion, representing an increase of RMB33.767 billion, or 12.16% over the end of the previous year.

5.6.1 Distribution of Loans by Five-category Classification

Five-category classification	As of December 31, 2022		As of December 31, 2021	
	Amount	% of total (%)	Amount	% of total (%)
	(in millions of RMB, unless otherwise stated)			
Normal	285,627.62	91.70	264,288.75	95.16
Special mention	19,072.31	6.12	9,351.83	3.37
Substandard	3,455.73	1.11	1,863.70	0.67
Doubtful	2,483.87	0.80	1,525.75	0.55
Loss	841.64	0.27	684.28	0.25
Gross loans and advances to customers	311,481.17	100.00	277,714.31	100.00
Non-performing loans and non-performing loans ratio	6,781.24	2.18	4,073.73	1.47
Allowances for impairment losses	12,073.74		7,669.30	
Including: Allowances for impairment losses on loans and advances to customers at amortized costs	11,984.61		7,619.87	
Allowances for impairment losses on loans and advances to customers measured at FVOCI	89.13		49.43	

As of the end of the Reporting Period, the Group's normal loans amounted to RMB285.628 billion, accounting for 91.70%. The proportion of normal loans decreased by 3.46 percentage points compared with that at the end of the previous year. Special mention loans amounted to RMB19.072 billion, accounting for 6.12%. The proportion of special mention loans increased by 2.75 percentage points compared with that at the end of the previous year. Non-performing loans amounted to RMB6.781 billion with a non-performing loan ratio of 2.18%. The ratio increased by 0.71 percentage points compared with that at the end of the previous year. The increase in the proportion of special mention loans and non-performing loans of the Group was mainly due to the impact of multiple factors such as the economic environment and the impact of the pandemic, some wholesale and retail industries and real estate-related industries customers were operating in difficulties and their repayment ability was impaired.

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5.6.2 Distribution of Loans and Non-performing Loans by Product Type

Item	As of December 31, 2022				As of December 31, 2021			
	Loan amount	% of total (%)	NPL amount	NPL ratio (%)	Loan amount	% of total (%)	NPL amount	NPL ratio (%)
Corporate loans and advances	189,304.14	60.77	5,710.49	3.02	164,808.21	59.34	3,327.09	2.02
Personal loans and advances	83,651.98	26.86	1,070.75	1.28	80,198.97	28.88	746.64	0.93
Discounted bills	38,525.05	12.37	-	-	32,707.13	11.78	-	-
Total	311,481.17	100.00	6,781.24	2.18	277,714.31	100.00	4,073.73	1.47

As of the end of the Reporting Period, the Group's gross loans and advances to customers amounted to RMB311.481 billion, representing an increase of RMB33.767 billion as compared with that at the end of last year. The corporate loans and advances increased by RMB24.496 billion, or 14.86% as compared with that at the end of last year; and the non-performing ratio of the corporate loans and advances reached 3.02%, representing an increase of 1.00 percentage point compared with that at the end of the previous year. The personal loans and advances increased by RMB3.453 billion, or 4.31% compared with that at the end of the previous year. The non-performing ratio of the personal loans and advances reached 1.28%, representing an increase of 0.35 percentage points compared with that at the end of the previous year. The amount of discounted bills increased by RMB5.818 billion, or 17.79% as compared with that at the end of last year. The total amount of non-performing loans of the Group reached RMB6.781 billion, representing an increase of RMB2.707 billion as compared with that at the end of last year, among which the amount of corporate non-performing loans increased by RMB2.383 billion compared with that at the end of the previous year; and the amount of personal non-performing loans increased by RMB324 million compared with that at the end of the previous year.



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5.6.3 Distribution of Loans and Non-performing Loans by Industry

Industry	As of December 31, 2022				As of December 31, 2021			
	Loan amount	% of total (%)	NPL amount	NPL ratio (%)	Loan amount	% of total (%)	NPL amount	NPL ratio (%)
(in millions of RMB, unless otherwise stated)								
Agriculture, forestry, animal husbandry and fishery	4,877.84	1.57	183.96	3.77	2,005.82	0.72	32.61	1.63
Mining	1,978.76	0.64	-	-	1,619.36	0.58	-	-
Manufacturing	20,700.40	6.65	581.26	2.81	17,140.90	6.17	354.86	2.07
Production and distribution of electricity, heating power, gas and water	2,379.33	0.76	15.91	0.67	2,959.92	1.07	-	-
Construction	20,794.23	6.68	1,042.05	5.01	13,901.68	5.01	390.47	2.81
Wholesale and retail trade	27,268.36	8.75	3,078.01	11.29	29,519.27	10.63	1,287.75	4.36
Transportation, storage and postal services	5,995.44	1.92	14.28	0.24	4,392.88	1.58	90.87	2.07
Accommodation and catering	348.24	0.11	34.39	9.87	534.47	0.19	44.21	8.27
Information transmission, software and information technology services	1,056.39	0.34	16.80	1.59	2,405.56	0.87	257.68	10.71
Finance	3,670.49	1.18	-	-	4,696.02	1.69	-	-
Real estate	9,336.32	3.00	307.33	3.29	7,725.05	2.78	347.49	4.50
Leasing and commercial services	59,994.25	19.25	356.50	0.59	52,369.36	18.86	507.05	0.97
Scientific research and technical services	557.03	0.18	-	-	228.79	0.08	-	-
Water conservancy, environment and public facility management	25,917.41	8.32	5.17	0.02	21,595.95	7.78	5.84	0.03
Residents services, repairs and other services	287.83	0.09	11.00	3.82	122.03	0.04	5.03	4.12
Education	1,247.84	0.40	60.00	4.81	893.05	0.32	-	-
Health, social security and social welfare	1,367.88	0.44	-	-	1,614.44	0.58	-	-
Culture, sports, and entertainment	1,526.10	0.49	3.83	0.25	1,083.67	0.39	3.25	0.30
Public administration, social security and social organizations	-	-	-	-	-	-	-	-
Total amount of corporate loans and advances	189,304.14	60.77	5,710.49	3.02	164,808.21	59.34	3,327.09	2.02
Total amount of personal loans and advances	83,651.98	26.86	1,070.76	1.28	80,198.97	28.88	746.64	0.93
Discounted bills	38,525.05	12.37	-	-	32,707.13	11.78	-	-
Total	311,481.17	100.00	6,781.24	2.18	277,714.31	100.00	4,073.73	1.47

CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

As of the end of the Reporting Period, the top five industries of the Group's corporate loans and advances include: leasing and commercial services, wholesale and retail, water conservancy, environment and public facilities management, construction and manufacturing. The five largest industries in terms of the balance of non-performing loans of the Group were industries as follows: wholesale and retail, construction, manufacturing, leasing and commercial services and real estate. The industry with the highest increase in non-performing loan ratio was wholesale and retail, representing an increase of 6.93 percentage points as compared with that at the end of last year.

5.6.4 Distribution of Loans and Non-performing Loans by Collateral

Type of collateral	As of December 31, 2022				As of December 31, 2021			
	Loan amount	% of total (%)	NPL amount	NPL ratio (%)	Loan amount	% of total (%)	NPL amount	NPL ratio (%)
(in millions of RMB, unless otherwise stated)								
Unsecured loans	32,199.67	10.34	413.20	1.28	31,278.47	11.26	409.67	1.31
Guaranteed loans	179,639.48	57.67	3,934.02	2.19	142,517.90	51.33	2,410.36	1.69
Collateralized loans	92,121.22	29.58	2,254.37	2.45	95,658.20	34.44	1,253.33	1.31
Pledged loans	7,520.80	2.41	179.65	2.39	8,259.74	2.97	0.37	-
Total	311,481.17	100.00	6,781.24	2.18	277,714.31	100.00	4,073.73	1.47

As of the end of the Reporting Period, the main types of collateral of the Group's loans and advances to customers were guaranteed loans, which accounted for 57.67% of the loans and advances to customers. Except for the increase of 6.34 percentage points in the proportion of guaranteed loans as compared to the end of the previous year, the proportion of credit loans, mortgage loans and pledged loans decreased by 0.92, 4.86 and 0.56 percentage points respectively as compared to the end of the previous year. Except for the decrease of 0.03 percentage points in the ratio of credit non-performing loans as compared to the end of the previous year, the ratio of guaranteed, mortgaged and pledged non-performing loans increased by 0.50, 1.14 and 2.39 percentage points respectively as compared to the end of the previous year.



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5.6.5 Distribution of Loans and Non-performing Loans by Geographical Region

Geographical region	As of December 31, 2022				As of December 31, 2021			
	Loan amount	% of total (%)	NPL amount	NPL ratio (%)	Loan amount	% of total (%)	NPL amount	NPL ratio (%)
(in millions of RMB, unless otherwise stated)								
Nanchang area	156,362.98	50.20	4,344.45	2.78	142,230.04	51.22	3,077.38	2.16
Within Jiangxi Province (apart from Nanchang area)	133,910.37	42.99	910.60	0.68	113,980.86	41.04	820.92	0.72
Outside Jiangxi Province	21,207.82	6.81	1,526.19	7.20	21,503.41	7.74	175.43	0.82
Total	311,481.17	100.00	6,781.24	2.18	277,714.31	100.00	4,073.73	1.47

As of the end of the Reporting Period, the Group's loans and advances to customers amounted to RMB311.481 billion. The proportion of the Group's loans and advances to customers in the Nanchang area, Jiangxi Province (apart from the Nanchang area) and outside Jiangxi Province was 50.20%, 42.99% and 6.81%, respectively, among which, the proportion of Jiangxi Province (apart from the Nanchang area) increased by 1.95 percentage points compared with that at the end of the previous year, and the proportion of the Nanchang area and outside Jiangxi Province decreased by 1.02 and 0.93 percentage points respectively compared with that at the end of the previous year. The non-performing loans of the Group were mainly concentrated in the Nanchang area, with a non-performing loan of RMB6.781 billion or 64.07%.



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5.6.6 Distribution of Loans by Overdue Period

Type of overdues	As of December 31, 2022		As of December 31, 2021	
	Loan amount	% of total (%)	Loan amount	% of total (%)
(in millions of RMB, unless otherwise stated)				
Current loans	296,658.91	95.24	271,871.41	97.90
Loans past due for				
Up to 3 months	8,780.60	2.82	2,848.13	1.02
Over 3 months up to 1 year	4,264.55	1.37	1,325.53	0.48
Over 1 year up to 3 years	1,319.14	0.42	1,415.56	0.51
Over 3 years	457.97	0.15	253.68	0.09
Sub-total	14,822.26	4.76	5,842.90	2.10
Total	311,481.17	100.00	277,714.31	100.00

As at the end of the Reporting Period, the Group's total overdue loans were RMB14.822 billion, representing an increase of RMB8.979 billion as compared to the end of the previous year. The ratio of overdue loans to total loans was 4.76%, representing an increase of 2.66 percentage points as compared to the end of the previous year. Overdue loans were mainly loans overdue for less than one year, representing an increase of RMB8.871 billion or 2.69 percentage points as compared to the end of the previous year.



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5.6.7 Measures for Non-performing Assets

During the Reporting Period, the Group adopted the following measures to promote the disposal of non-performing assets: Firstly, the Group strengthened the list management, clarified the disposal path for non-performing assets, clarified the disposal plan for each account, and established a “visualized” collection ledger with comprehensive and detailed information, clear objectives and clear responsibilities. Secondly, the Company strengthened the use of methods. According to the characteristics of distressed assets, the Company comprehensively used litigation recovery, debt transfer, debt-to-equity conversion, bad debt write-off and other methods to effectively use public security, courts and other means to continuously improve the effectiveness of disposal. Thirdly, the Group strengthened the supervision and scheduling, strengthened the collection supervision of key institutions and key large accounts, transmitted pressure level by level, paid close attention to process management, and solved problems to ensure efficient collection. Fourthly, the Group strengthened the accountability of non-performing assets, and seriously investigated the responsibility for the distribution and collection of non-performing assets.



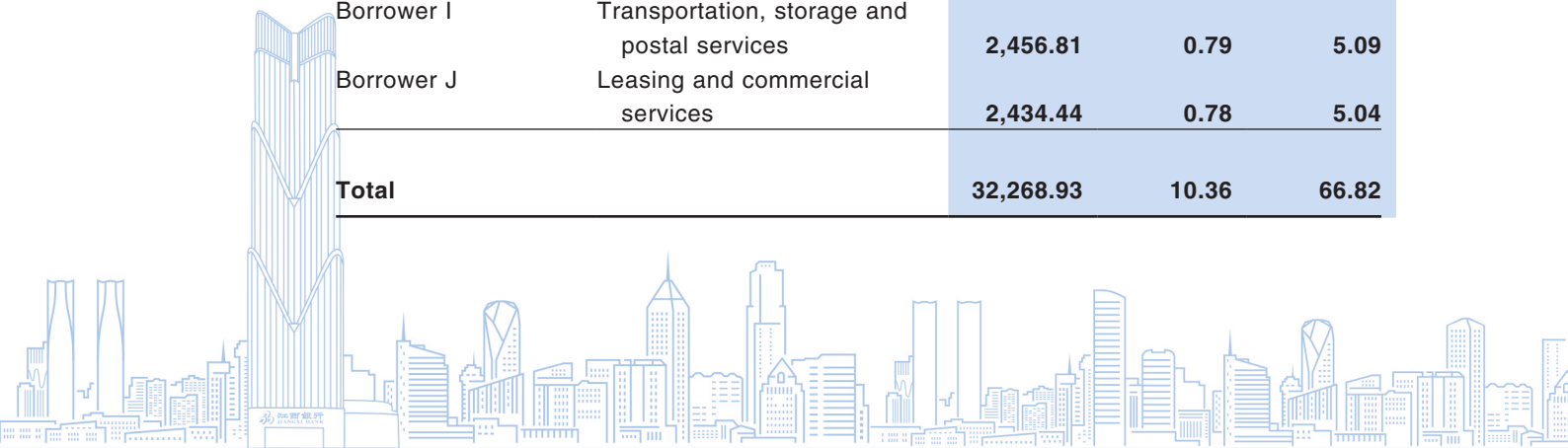
CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

5.6.8 Large Risk Exposures

Large risk exposures to ten largest non-interbank single customers

In accordance with applicable PRC banking laws and regulations, the Group's risk exposures to non-interbank single customers shall not exceed 15% of net tier-one capital. The following table sets forth the Group's risk exposures to non-interbank single customers as of the dates indicated.

Item	Industry	As of December 31, 2022		
		Balance of risk exposure (in millions of RMB)	% of total loans	% of net tier-one capital
Borrower A	Leasing and commercial services	5,324.16	1.71	11.02
Borrower B	Water conservancy, environment and public facility management	3,915.00	1.26	8.11
Borrower C	Leasing and commercial services	3,448.13	1.11	7.14
Borrower D	Wholesale and retail trade	3,391.79	1.09	7.02
Borrower E	Leasing and commercial services	3,151.60	1.01	6.53
Borrower F	Leasing and commercial services	2,847.77	0.91	5.90
Borrower G	Leasing and commercial services	2,699.23	0.87	5.59
Borrower H	Construction	2,600.00	0.83	5.38
Borrower I	Transportation, storage and postal services	2,456.81	0.79	5.09
Borrower J	Leasing and commercial services	2,434.44	0.78	5.04
Total		32,268.93	10.36	66.82



CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

Large risk exposures to ten largest non-interbank related customers

In accordance with applicable PRC banking guidelines, the Group's risk exposures to non-interbank related customers shall not exceed 20% of net tier-one capital. The following table sets forth the Group's risk exposures to non-interbank related customers as of the dates indicated.

		As of December 31, 2022		
Item	Industry	Balance of risk exposure	% of total loans	% of net tier-one capital
		(in millions of RMB)		
Borrower A	Water conservancy, environment and public facility management	5,772.79	1.85	11.95
Borrower B	Leasing and commercial services	4,658.63	1.50	9.65
Borrower C	Leasing and commercial services	4,601.58	1.48	9.53
Borrower D	Leasing and commercial services	4,314.24	1.39	8.93
Borrower E	Leasing and commercial services	4,299.54	1.38	8.90
Borrower F	Leasing and commercial services	4,111.31	1.32	8.51
Borrower G	Transportation, storage and postal services	3,903.49	1.25	8.08
Borrower H	Leasing and commercial services	3,855.02	1.24	7.98
Borrower I	Leasing and commercial services	3,782.60	1.21	7.83
Borrower J	Wholesale and retail trade	3,391.79	1.09	7.02
Total		42,690.99	13.71	88.38

CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

5.6.9 Repossessed Assets and Impairment Allowances

Item	As of December 31, 2022 Amount (in millions of RMB, unless otherwise stated)	As of December 31, 2021 Amount
Land use rights and buildings	153.01	149.95
Less: Impairment allowances	(32.82)	(37.60)
Net repossessed assets	120.19	112.35



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5.6.10 Movements of Allowances for Impairment Losses on Loans

	Stage 1 ⁽¹⁾ Amount	Stage 2 ⁽²⁾ Amount	Stage 3 ⁽³⁾ Amount	Total Amount
(in millions of RMB, unless otherwise stated)				
Loans and advances to customers measured at amortized cost				
As at January 1, 2022	2,196.89	1,595.65	3,827.33	7,619.87
Transferred to 12-month ECL	22.33	(11.36)	(10.97)	–
Transferred to lifetime ECL – not credit-impaired	(30.49)	33.03	(2.54)	–
Transferred to lifetime ECL – credit-impaired	(16.06)	(378.88)	394.94	–
Charged/(released) for the year	77.80	638.56	5,089.98	5,806.34
Transferred out for the year	–	–	(412.90)	(412.90)
Recoveries for the year	–	–	276.37	276.37
Write-offs for the year	–	–	(1,085.43)	(1,085.43)
Others	–	–	(219.64)	(219.64)
As at December 31, 2022	2,250.47	1,877.00	7,857.14	11,984.61
Loans and advances to customers measured at FVOCI⁽⁴⁾				
As at January 1, 2022	49.43	–	–	49.43
Charged/(released) for the year	39.70	–	–	39.70
As at December 31, 2022	89.13	–	–	89.13

Notes:

- (1) Stage 1 refers to the expected credit loss for the next 12 months.
- (2) Stage 2 refers to the expected credit loss within the lifetime in which no credit impairment has occurred.
- (3) Stage 3 refers to the expected credit loss within the lifetime in which a credit impairment has occurred.
- (4) The provision for impairment losses on loans and advances at fair value through other comprehensive income is recognized in other comprehensive income.

CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

5.7 SEGMENT REPORTS

5.7.1 Summary of Business Segment Information

The Group has three principal business activities: corporate banking, retail banking and credit card business, and financial markets business. The following table sets forth the main financial indicators for each business segment for the periods indicated.

	2022					2021				
	Corporate banking	Retail banking and credit card	Financial markets business	Others	Total	Corporate banking	Retail banking and credit card	Financial markets business	Others	Total
External net interest income/(expense)	5,082.87	(274.11)	4,815.57	-	9,624.33	3,642.98	53.50	5,065.33	-	8,761.81
Internal net interest income/(expense)	78.47	2,581.55	(2,624.69)	(35.33)	-	1,282.68	2,087.49	(3,322.68)	(47.49)	-
Net interest income	5,161.34	2,307.44	2,190.88	(35.33)	9,624.33	4,925.66	2,140.99	1,742.65	(47.49)	8,761.81
Fee and commission income/(expense)	272.90	30.33	360.17	(21.31)	642.09	342.37	52.30	355.09	(50.27)	699.49
Net trading gains	-	-	121.32	-	121.32	-	-	200.62	-	200.62
Net gains/(losses) arising from financial investments	42.34	(28.95)	2,115.83	-	2,129.22	13.03	-	1,428.04	-	1,441.07
Other operating income/(expenses)	28.20	(0.55)	(28.90)	198.33	197.08	14.31	0.63	1.37	25.13	41.44
Operating income	5,504.78	2,308.27	4,759.30	141.69	12,714.04	5,295.37	2,193.92	3,727.77	(72.63)	11,144.43
Operating expenses	(703.02)	(1,145.38)	(1,782.08)	(13.44)	(3,643.92)	(1,075.60)	(1,090.50)	(1,480.47)	(1.09)	(3,647.66)
Operating profit before impairment	4,801.76	1,162.89	2,977.22	128.25	9,070.12	4,219.77	1,103.42	2,247.30	(73.72)	7,496.77
Impairment losses on assets	(5,501.70)	(448.48)	(1,313.86)	(132.73)	(7,396.77)	(2,760.19)	(118.86)	(2,085.50)	(42.06)	(5,006.61)
Share of profits of associates	-	-	-	7.61	7.61	-	-	-	6.03	6.03
Profit/(loss) before taxation	(699.94)	714.41	1,663.36	3.13	1,680.96	1,459.58	984.56	161.80	(109.75)	2,496.19
Proportion to profit/(losses) before taxation	(41.64)	42.50	98.95	0.19	100.00	58.47	39.45	6.48	(4.40)	100.00

CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

5.7.2 Main Segment Operating Income

	2022		2021	
	Amount	% of total	Amount	% of total
	(in millions of RMB, unless otherwise stated)			
Corporate banking	5,504.78	43.30	5,295.37	47.52
Retail banking and credit card	2,308.27	18.16	2,193.92	19.68
Financial market business	4,759.30	37.43	3,727.77	33.45
Others	141.69	1.11	(72.63)	(0.65)
Total	12,714.04	100.00	11,144.43	100.00

5.8 BUSINESS OVERVIEW

5.8.1 Corporate Banking

1 Corporate deposits

During the Reporting Period, the Bank adhered to the “customer-centric” development concept, increased the corporate customer base, promoted the development of the institutional business and transaction banking business, and strived to promote the expansion of corporate deposit channels and structural optimization. In respect of the institutional business, the Bank successively obtained the qualification as a member of the bond assessment panel of the Jiangxi Provincial People’s Government from 2022 to 2023, and the sole settlement bank for insurance funds for farmers in Nanchang City, increased the expansion of special bond funds and stable institutional accounts; In terms of the transaction banking business, the Bank consolidated and expanded business areas such as “bank-medical services” and housing fund supervision, increased its efforts in fund supervision business for private schools and off-campus training institutions, as well as scenario financial marketing such as “smart gravel”, “smart administration” and “smart court”, and served the diversified needs of corporate deposit customers by optimizing and iterating products such as bank-enterprise direct connexion and cash management to maintain its leading position in the market share of corporate deposits.

As at the end of the Reporting Period, according to the statistics of the PBOC, the Bank ranked fourth with a market share of 8.75% in RMB corporate deposits (excluding deposits from non-deposit financial institutions) in Jiangxi Province.

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2 Corporate loans and advances

As of the end of the Reporting Period, the total amount of corporate loans and advances issued by the Group had reached RMB189.304 billion, representing an increase of 14.86% as compared with that at the end of last year. Corporate loans and advances were the largest components of the Group's loan portfolio.

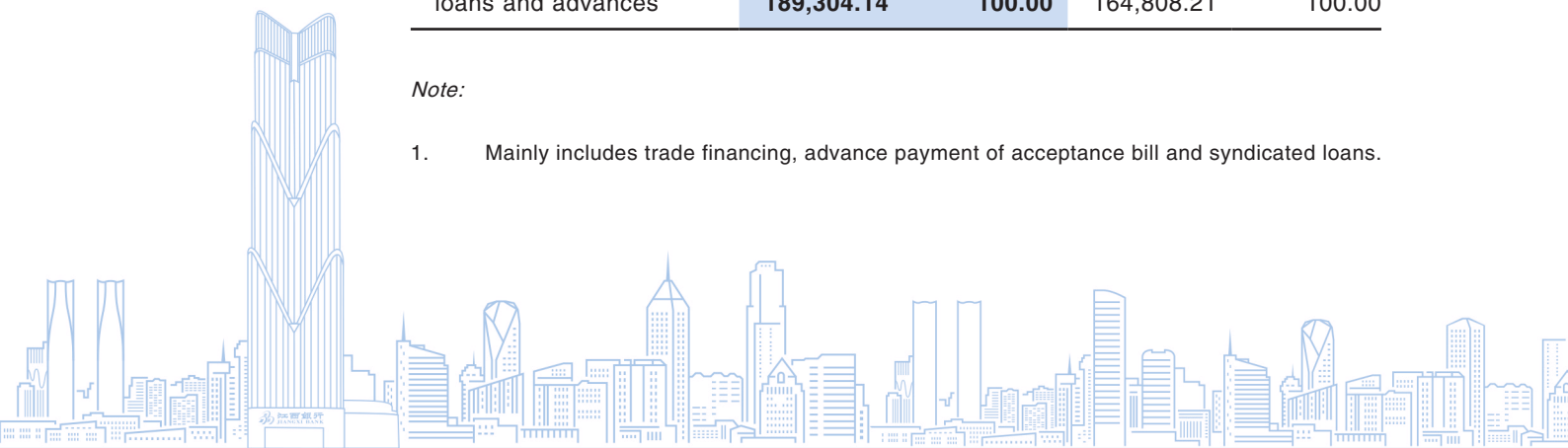
Distribution of corporate loans and advances by product type

The Group provided various loan products to corporate customers, including working capital loans, fixed asset loans and financial leasing services. As of the end of the Reporting Period, the Group's corporate loans and advances increased by RMB24.496 billion as compared with that at the end of the previous year, mainly because the Group actively responded to the national call and regarded serving the transformation and upgrading of the real economy as the main battlefield of financial services. Focusing on the national strategies such as promoting the development of the Yangtze River Economic Belt and the rise of the central region, as well as the high-quality leapfrog development action plan of the "2+6+N" industry in Jiangxi Province, the Group continued to increase financial support for key areas and weak links such as green finance, manufacturing, rural revitalization, digital economy, and SRDI enterprises.

Item	As of December 31, 2022		As of December 31, 2021	
	Amount	% of total	Amount	% of total
Working capital loans	105,559.00	55.76	93,802.97	56.91
Fixed asset loans	59,115.62	31.23	47,462.94	28.80
Financial lease	8,058.61	4.26	13,793.26	8.37
Others ¹	16,570.91	8.75	9,749.04	5.92
Total amount of corporate loans and advances	189,304.14	100.00	164,808.21	100.00

Note:

1. Mainly includes trade financing, advance payment of acceptance bill and syndicated loans.



CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

Distribution of corporate loans and advances by contract maturity

According to their respective contract maturity, the Group's corporate loans and advances include short-term loans and advances as well as medium to long-term loans. The following table sets forth the Group's corporate loans and advances by contract maturity as of the dates indicated.

Item	As of December 31, 2022		As of December 31, 2021	
	Amount	% of total	Amount	% of total
(in millions of RMB unless otherwise specified)				
Short-term loans and advances ¹	84,591.33	44.69	70,890.61	43.01
Medium to long-term loans ²	104,712.81	55.31	93,917.60	56.99
Total amount of corporate loans and advances	189,304.14	100.00	164,808.21	100.00

Notes:

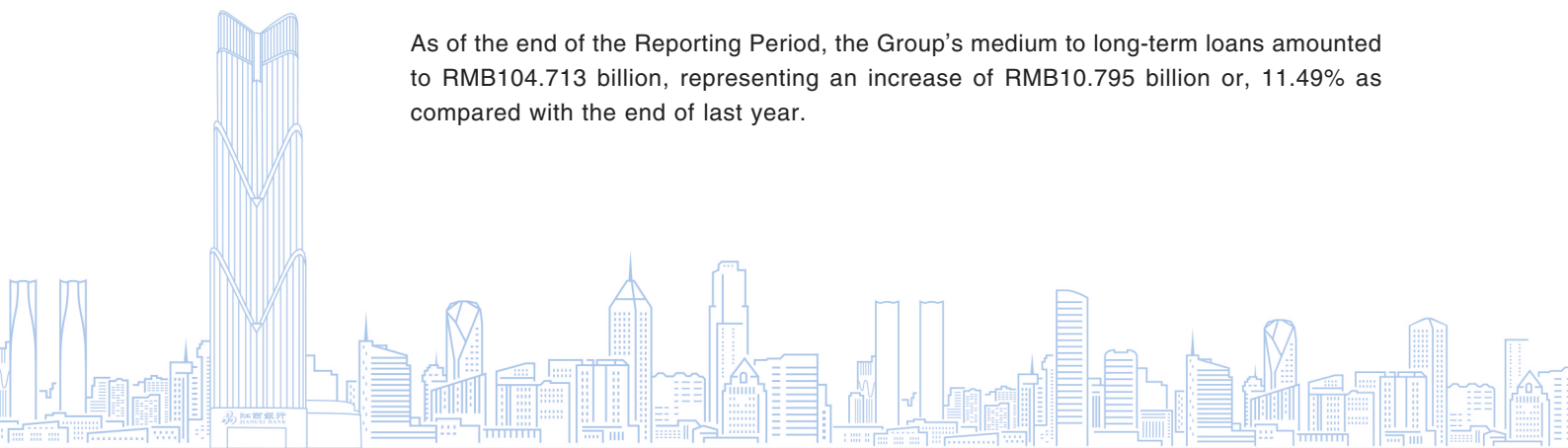
1. Consists of loans and advances with contract maturity of one year or less.
2. Consists of loans with contract maturity of more than one year.

Short-term loans and advances

As of the end of the Reporting Period, the Group's short-term loans and advances amounted to RMB84.591 billion, representing an increase of RMB13.701 billion or, 19.33% as compared with the end of last year.

Medium to long-term loans

As of the end of the Reporting Period, the Group's medium to long-term loans amounted to RMB104.713 billion, representing an increase of RMB10.795 billion or, 11.49% as compared with the end of last year.



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Distribution of corporate loans and advances by customer category

The Group provided different loan products and services for customers of various categories and sizes. The Group's corporate loans and advances customers mainly included state-owned enterprises and private enterprises primarily from leasing and commercial services, wholesale and retail trade, water conservancy, environment and public facility management, etc.

The following table sets forth the Group's corporate loans and advances by the size of corporate customers as of the dates indicated.

Item	As of December 31, 2022		As of December 31, 2021	
	Amount	% of total	Amount	% of total
	(in millions of RMB unless otherwise specified)			
Micro enterprises ¹	13,492.84	7.12	14,252.89	8.65
Small enterprises ¹	95,301.24	50.34	79,738.80	48.38
Medium enterprises ¹	46,333.91	24.48	40,508.53	24.58
Large enterprises ¹	28,542.03	15.08	26,813.24	16.27
Others ²	5,634.12	2.98	3,494.75	2.12
Total amount of corporate loans and advances	189,304.14	100.00	164,808.21	100.00

Notes:

1. Statistical Classification Standards of Large, Medium, Small and Micro Enterprises stipulates that the classification of large enterprises, medium enterprises, small enterprises and micro enterprises shall be based on the number of employees, operating income and total assets.
2. Primarily includes loans to public institutions such as hospitals and schools.

Loans and advances to large and medium enterprises

As of the end of the Reporting Period, the Group's loans to large and medium enterprises amounted to RMB74.876 billion, accounting for 39.56% of the Group's total corporate loans and advances, with a decrease of 1.29 percentage points from that as at the end of last year.

Loans and advances to small and micro enterprises

As of the end of the Reporting Period, the Group's loans to small and micro enterprises amounted to RMB108.794 billion, accounting for 57.46% of the Group's total corporate loans and advances, with an increase of 0.43 percentage points from that as at the end of last year.

CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

3 *Corporate customers*

During the Reporting Period, the Bank strengthened the analysis of customer relationship management system data, refined the segmentation of customer groups, and strengthened assessment guidance; strengthened process management, promoted customer groups construction in an orderly manner, and further expanded the total number of corporate customers. The Bank cooperated with the enterprise registration network platform of the Jiangxi Administration for Market Regulation to carry out pre-account opening cooperation for registered enterprises to acquire customers from the source. The Bank attached great importance to the expansion of high-quality customers, established strategic partnerships with industry competent authorities, high-quality state-owned enterprises and industry leaders, further promoted the optimization of customer structure, and facilitated the high-quality development of the Company's business.

4 *Corporate products*

During the Reporting Period, the Bank continued to innovate financial products, optimize and upgrade financial services, and increase service efforts in green finance, manufacturing, talent innovation and entrepreneurship to help the high-quality development of the real economy.

In terms of supporting green and low-carbon development, the Bank increased credit investment in the low-carbon economy, circular economy and ecological economy by using the “Green Ecological Connect” business. As of the end of the Reporting Period, the Bank’s green loan balance amounted to RMB22.696 billion, representing an increase of 33.46% as compared to the end of the previous year.



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In terms of supporting the transformation and upgrading of the manufacturing industry, the Bank strengthened cooperation with the government's industrial authorities, innovatively launched the "specialization and specialty innovation loans" product, and increased financial support for customers such as single champions and leading enterprises in the manufacturing industry and SRDI customers, etc. As of the end of the Reporting Period, the Bank's manufacturing loan balance was RMB20.700 billion, representing an increase of 20.77% as compared to the end of the previous year, of which the balance of "loans for SRDI enterprises" was RMB7.047 billion, representing an increase of 31.43% as compared to the end of the previous year.

In terms of supporting the policy of Elites Strengthen Province, the Bank set up a talent financial service centre, integrated, upgraded and launched the exclusive talent financial product policy of "Sincerity benefit for Jiangxi talent (真金誠意惠贛才)", with a total of 39 products. As of the end of the Reporting Period, the Bank's balance of loans to various talent enterprises amounted to RMB3.038 billion.

5 *Inclusive finance*

The Bank put the focus of supporting economic development on the real economy and applied it to the construction of rural revitalization. By strengthening the supply of credit resources, strengthening the innovation of products and business models, establishing a long-term mechanism of "Dare to be able to", and implementing preferential policies and other measures, we continue to increase financial support for key areas and weak links such as inclusive finance, inclusive agriculture, etc., to fully help stabilize the main market, stable employment and entrepreneurship, stable economic growth, and to contribute to their high-quality development. As of the end of the Reporting Period, the Bank's inclusive small and micro enterprise loan balance (with the credit granted to a single customer less than RMB10 million (inclusive)) was RMB35.387 billion, up by RMB11.876 billion or 50.51% from the end of last year. There were 30,855 customers who received inclusive small and micro enterprise loans (with the credit granted to a single customer less than RMB10 million (inclusive)), up by 5,804 from the end of last year. The average interest rate for inclusive small and micro enterprise loans decreased by 0.73 percentage points from the same period of the previous year, effectively reducing the financing cost for small and micro enterprises.



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Strengthening credit support. We prioritized providing credit resources to inclusive finance, and increased credit investment in inclusive small and micro enterprises. We solidly launched an initiative to upgrade first-time borrowers, with the focus on the financial support for credit loans and medium- and long-term loans. We make every effort to meet the reasonable financing needs of small and micro enterprises, individual businesses, new citizens and other general clientele, focusing on supporting small and micro enterprises in manufacturing, accommodation and catering, wholesale and retail, culture and tourism industries and new agricultural business entities that have been greatly affected by the pandemic, and devoting our efforts to supporting the sustainable business development of small and micro enterprises.

Refining the long-term mechanism. We, keeping abreast with market dynamics and the particular development of inclusive customer groups, further optimized the loan papers and application process. By increasing the weight of inclusive finance indicators on the overall KPI assessment, implementing preferential pricing for internal fund transfer, etc., we constantly strengthened the positive assessment incentive, established a long-term mechanism for serving small and micro enterprises that dared and were willing and able to loan from the Bank, and formulated “positive and negative lists” of accountability for non-performing loans, to boost the faith of business personnel to see that they are confident and willing to grant loans.

Enhancing the supply of credit products. Taking into account the life cycle, industry, transaction scenarios and financing needs of small and micro enterprises, we continued to enrich the supply of credit products for small and micro enterprises. We launched the online version of “guaranteed loans for business start-ups” to support innovation and entrepreneurship; launched “loans for countryside talents”, an exclusive product for new agricultural business entities, which brings into play the credit-enhancing effect of agricultural insurance policies; promoted the “rural insurance loan” product to contribute to rural revitalization; and launched the “Honggong Loan” (洪工貸) product by innovating the cooperation model of “bank + labour union”. We also continued to strengthen the service capability of “online process” and “automated approval”, explored new models and promoted the “Rongyi Loan” (融易貸) and other bulk guarantee business models to improve the availability and satisfaction of financing for small and micro enterprises.

Improving the quality and effectiveness of inclusive services. We continued to optimize the digital platform of “Jiangxi Bank Inclusive Finance”, set up a marketing and exclusive approval team for inclusive financial, tried out “intelligent and semi-automatic” approval, implemented “temporary handling without complete papers, online face-to-face signing”, accepted at any time, and closed in time, to effectively improve the efficiency of credit auditing for the inclusive customer base, and provided a package of financial services for small and micro enterprises, including account, settlement, financing, financial management and consulting, to continuously improve the professional service capacity and level of small and micro finance.

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Bringing down comprehensive financing costs. We provided greater preferential interest rates to key areas such as inclusive small and micro enterprises and inclusive agriculture enterprises, with the lowest interest rate for small and micro enterprises at the People's Bank of China LPR for the same period. We actively implemented the policies of the central and local governments to strengthen the reduction of fees and benefits for the real economy and the interest rate reduction of the People's Bank of China, to effectively reduce the burden of small and micro enterprises and create a favorable financing environment.

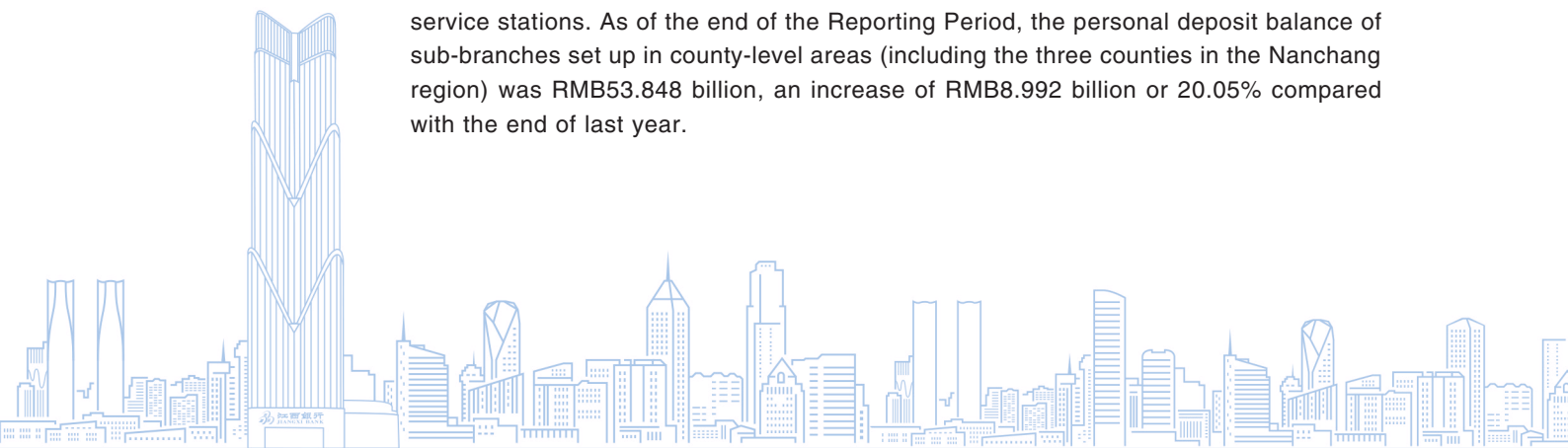
5.8.2 Retail Banking

1 Personal deposits

During the Reporting Period, the Bank managed to stabilize and expand its personal deposits and leveraged the role of county branches in customer acquisition to promote the rapid growth in the scale of savings deposits and maintain the leading market share in savings deposits of the city commercial banks in Jiangxi Province. During the Reporting Period, the Bank's personal deposit balance exceeded RMB160 billion for the first time, reaching RMB160.551 billion, as of the end of the Reporting Period, representing an increase of RMB25.048 billion or 18.49% from the end of the previous year; personal deposit average cost rate decreased 0.17 percentage points from the same period of the previous year.

As at the end of the Reporting Period, according to the People's Bank of China, the Bank's market share of personal deposits reached 5.15% in Jiangxi Province, up by 0.02 percentage points from the end of the previous year, ranking first among the city commercial banks in Jiangxi Province; the Bank's growth rate of personal deposits was 0.44 percentage points higher than the growth rate in Jiangxi Province, during the Reporting Period.

During the Reporting Period, the Bank continued to deeply tap the growth potential of deposit markets in counties, and piloted the new model of self-operated rural financial service stations. As of the end of the Reporting Period, the personal deposit balance of sub-branches set up in county-level areas (including the three counties in the Nanchang region) was RMB53.848 billion, an increase of RMB8.992 billion or 20.05% compared with the end of last year.



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2 *Personal loans*

As of the end of the Reporting Period, the balance of personal loans of the Group amounted to RMB83.652 billion, representing an increase of RMB3.453 billion as compared to the end of the previous year.

During the Reporting Period, the Bank focused on personal consumption loan customers and improved product competitiveness by optimizing product functions and loan process. In order to provide credit support for consumption, the Bank launched the “Jiangxi Bank Bulk Commodity Consumption Season”.

During the Reporting Period, the Bank focused on improving the product system and functions, optimized the business processing process, developed functions such as automatic post-loan management, and control over the use of loan funds, and improved post-loan management efficiency. As at the end of the Reporting Period, the number of customers of the key products named “Jiangyin Express Loan (江銀快貸)” reached 22,000, representing an increase of 18,400 or 511.11% as compared to the end of the previous year; the product balance reached RMB1.616 billion, representing an increase of RMB1.352 billion or 512.13% as compared to the end of the previous year.

3 *Retail customers*

During the Reporting Period, the Bank strengthened personal financial services in the field of people’s livelihood. At the same time, the Bank vigorously expanded the number of payroll customers, launched the “Salary Fortune” payroll customer special zone in mobile banking, and launched exclusive services such as intelligent call deposits, large-amount deposit certificates reservation, and customer rights activities. During the Reporting Period, the Bank formulated a work plan to strengthen the financial services for new citizens, and launched 13 measures such as housing loan services for new citizens to help them develop in cities. As of the end of the Reporting Period, the Bank had 7,471,500 individual weighted effective customers¹, representing an increase of 928,700 or 14.19% over the end of the previous year. The number of contracted customers of electronic payment debit cards reached 1,615,000, representing an increase of 13.17% over the end of the previous year.

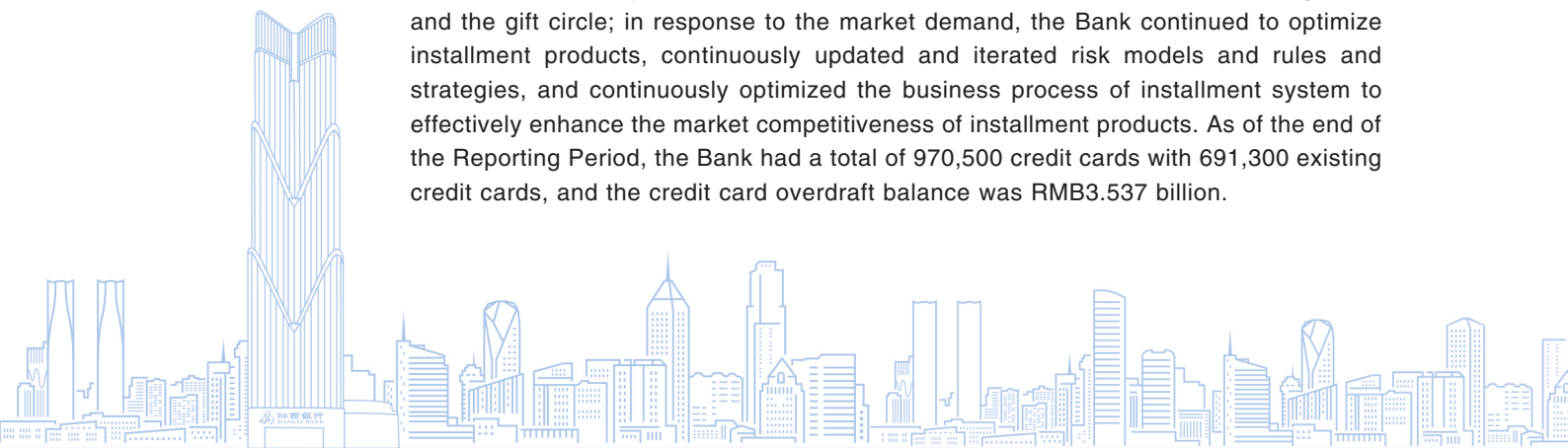
Note: The individual weighted effective customers refer to the number of customers that are weighted by the average balance of personal deposits of customers within the range corresponding to the coefficients of each type.

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4 Bank cards

During the Reporting Period, the Bank strengthened the expansion of the social security card issuance business in Jiangxi Province. The Bank completed the optimization and upgrading of systems such as the social security fund issuance platform, the benefiting farmers platform and the “social security card application platform” in Nanchang City, and launched the discount activity for social security card customers. As at the end of the Reporting Period, the Bank issued a total of 244,900 social security cards, representing an increase of 9.53% as compared to the end of the previous year. The balance of the financial assets in the social security cards amounted to RMB737 million, representing an increase of 47.99% as compared to the end of the previous year. During the Reporting Period, the Bank frequently carried out online debit card payment activities to increase the card usage activity of customers. As at the end of the Reporting Period, the Company has expanded its cooperation with 10 Internet platforms, with 2,863,400 Internet payment contracted cards, representing an increase of 15.71% as compared with the end of the previous year. The number of transactions for the year was 97,264,200, representing an increase of 8.64% as compared to the same period of the previous year. The number of active cards was 913,700, representing an increase of 5.39% as compared to the end of the previous year.

During the Reporting Period, the Bank focused on the development strategy of “strengthening capabilities, creating characteristics, and increasing benefits”. Through deep cultivation in Jiangxi Province, the Bank created special credit card products, continuously improved the credit card environment, actively created local characteristic advantages, and promoted the high-quality development of the credit card business. The Bank actively explored and launched the beautiful boundless Goddess themed credit card and low-carbon life themed credit card to further enrich the credit card product line and continuously improve the ability of accurate customer acquisition of credit card products; focusing on the needs and preferences of local customers, the Bank launched the “One Beauty Life Circle” to create a refined life chain and continuously improve the brand image by setting up six characteristic scenarios, namely the shopping circle, the cate circle, the worry-free circle, the refined circle, the entertainment and earning circle and the gift circle; in response to the market demand, the Bank continued to optimize installment products, continuously updated and iterated risk models and rules and strategies, and continuously optimized the business process of installment system to effectively enhance the market competitiveness of installment products. As of the end of the Reporting Period, the Bank had a total of 970,500 credit cards with 691,300 existing credit cards, and the credit card overdraft balance was RMB3.537 billion.



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5 *Wealth management*

During the Reporting Period, the Bank strengthened the construction of wealth management products and systems, focused on residents' investment and financial needs, introduced 25 financial products sold on a commission basis throughout the year, launched the optimization and upgrading project of comprehensive wealth management platform, increased the display of floating profit and loss of customer assets, and improved business management efficiency and customer experience. During the year, the Bank continued to strengthen the internal control and risk management of wealth management business, conducted annual special inspections of the product sales area, and revised system documents to tighten the system and standardize compliant sales.

5.8.3 Financial Markets Business

1 *Money market business*

During the Reporting Period, China continued to maintain a prudent monetary policy, made forward-looking efforts, made cross-cycle adjustments, gave full play to the dual functions of the total quantity and structure of monetary policy tools, improved the formation and transmission mechanism of market-oriented interest rates, optimized the policy interest rate system of the central bank, and strived to stabilize the macro economy. The The People's Bank of China strengthened the implementation of prudent monetary policies, reduced the required reserve ratio twice, released liquidity, and guided the policy interest rate down by 20bps twice, guiding the market interest rate to decline simultaneously, reducing financing costs, and alleviating the pressure on the real economy.

The Bank adhered to the principle of prudent balance and flexibly used money market instruments. On the basis of meeting regulatory requirements, the Bank properly balanced the income level and liquidity level, maintained appropriate liquidity, and promoted the steady development of the money market business. As of the end of the Reporting Period, the balance of the Group's deposits with banks and other financial institutions, placements with banks and other financial institutions and financial assets held under resale agreements amounted to RMB11.415 billion, and the balance of the Group's deposits from banks and other financial institutions, placements from banks and other financial institutions and financial assets sold under repurchase agreements and bonds issued amounted to RMB86.742 billion.

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2 *Investment in securities and other financial assets*

During the Reporting Period, the central bank clarified the local financial regulatory rules, unified regulatory standards, built a local financial regulatory framework with clear rights and responsibilities and strong law enforcement, and regulated the business activities of local financial institutions. The Bank always insists on serving the local economy, serving the real economy, and preventing investment risks. Based on the basic principle of “returning to the original source and focusing on the main business,” the Bank continuously optimizes its business structure, flexibly allocates standardized products and high-liquidity assets, and maintains the steady development of various investment businesses.

As of the end of the Reporting Period, the balance of the Group’s bond investment was RMB87.456 billion, and the balance of investment products under the trust plan, investment products under the securities company’s management, and the balance of other financial products totaled RMB68.314 billion.

3 *Investment Banking*

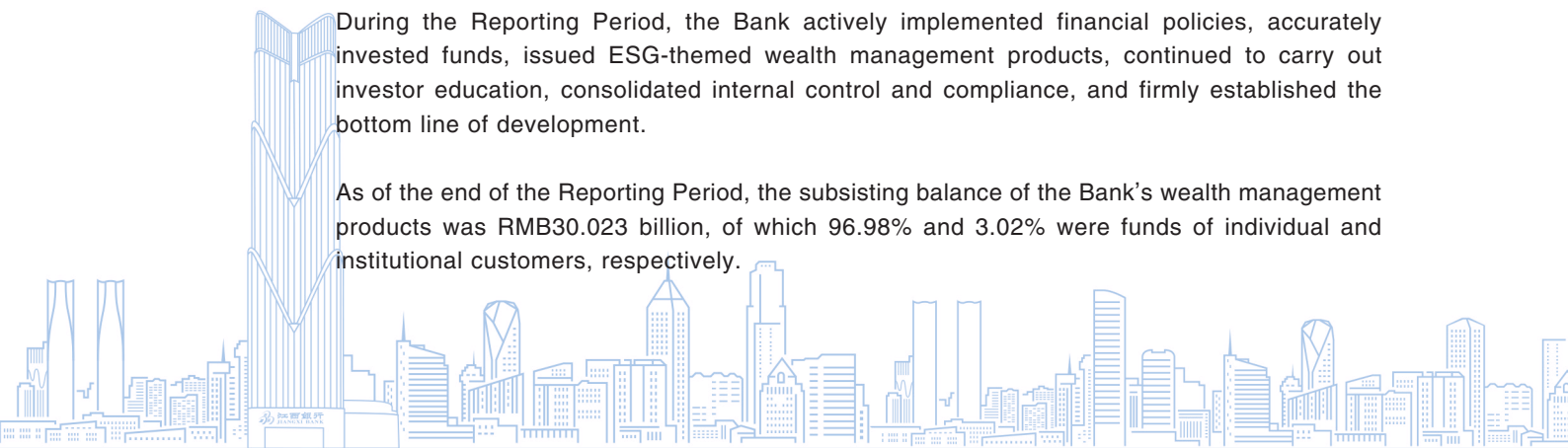
During the Reporting Period, the Bank’s investment banking business thoroughly implemented the national economic and financial guidelines and policies, continued to promote the stable development of the underwriting business of debt financing instruments of non-financial enterprises, organized investor research activities, and focused on serving the direct financing of corporate customers in Jiangxi Province.

During the Reporting Period, the Bank issued 9 non-financial corporate debt financing instruments in Jiangxi Province, with an issuance of RMB6.4 billion of which the Bank underwrote RMB2.017 billion, maintaining stable regional market development and a stable market ranking.

5.8.4 Assets management business

During the Reporting Period, the Bank actively implemented financial policies, accurately invested funds, issued ESG-themed wealth management products, continued to carry out investor education, consolidated internal control and compliance, and firmly established the bottom line of development.

As of the end of the Reporting Period, the subsisting balance of the Bank’s wealth management products was RMB30.023 billion, of which 96.98% and 3.02% were funds of individual and institutional customers, respectively.



CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

5.8.5 International Business

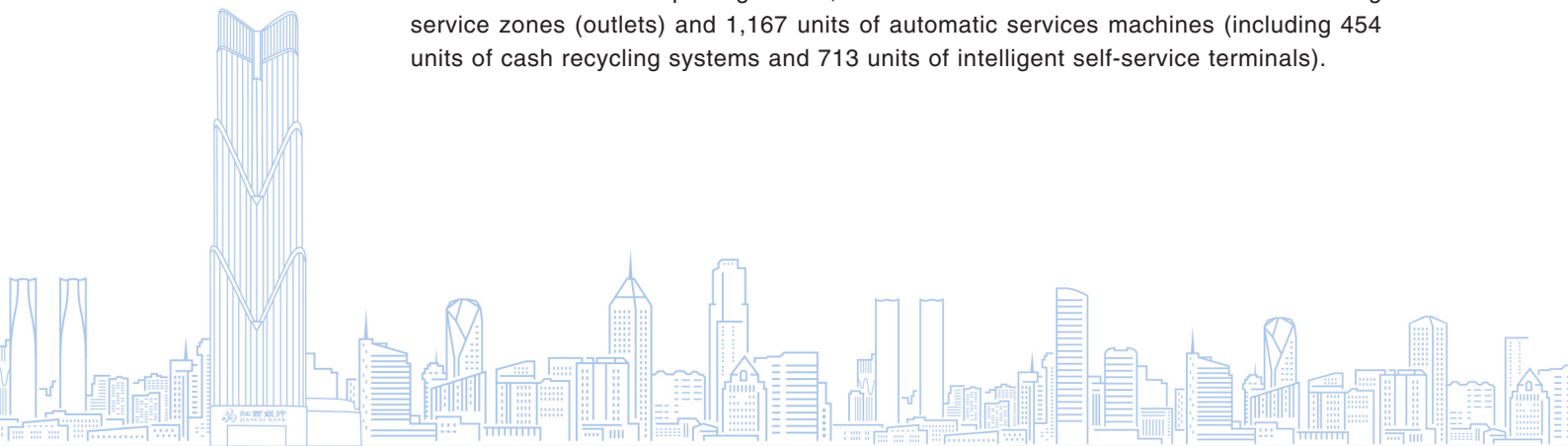
During the Reporting Period, the Bank resolutely implemented the work deployment of the CPC Central Committee and the State Council on continuously and prudently promoting the internationalization of RMB and the exchange rate risk management of the State Administration of Foreign Exchange, promoted policy-oriented businesses such as “opening accounts” for cross-border RMB and exchange rate hedging at full speed, and implemented the policy of cross-border trade and investment facilitation; in response to the trend of high-quality development of foreign trade in Jiangxi Province, the Bank fully supported the integrated operation of domestic and foreign trade of enterprises, focused on main responsibilities, deeply cultivated the local market, assisted enterprises in relieving difficulties, accurately served the needs of enterprises, actively matched foreign currency loans international trade financing, forfaiting and other products, and continued to fulfil the responsibility of foreign exchange business to serve the real economy; the Bank deepened the application of business scenarios, completed the construction of the cross-border financial block-chain service platform and the direct connection of the unified cross-border supervision and reporting platform system, and launched the system to effectively improve financing efficiency and data quality.

As of the end of the Reporting Period, the number of effective customers of international business increased by 82.51%, the balance of integrated operation supporting domestic and foreign trade of enterprises increased by 62.16%, the volume of cross-border RMB business in the province increased by 46.99%, the volume of international payments increased by 21.36%, the volume of foreign exchange settlement and sales increased by 18.88% as compared with the end of last year. Under the severe and complex international environment and the repeated COVID-19 pandemic in China, the Bank achieved improvements in the quality and efficiency of international business against the trend.

5.8.6 Channel Construction

1 Physical Channels

As of the end of the Reporting Period, the Bank had a total of 225 self-service banking service zones (outlets) and 1,167 units of automatic services machines (including 454 units of cash recycling systems and 713 units of intelligent self-service terminals).



CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

2 *Electronic Channels*

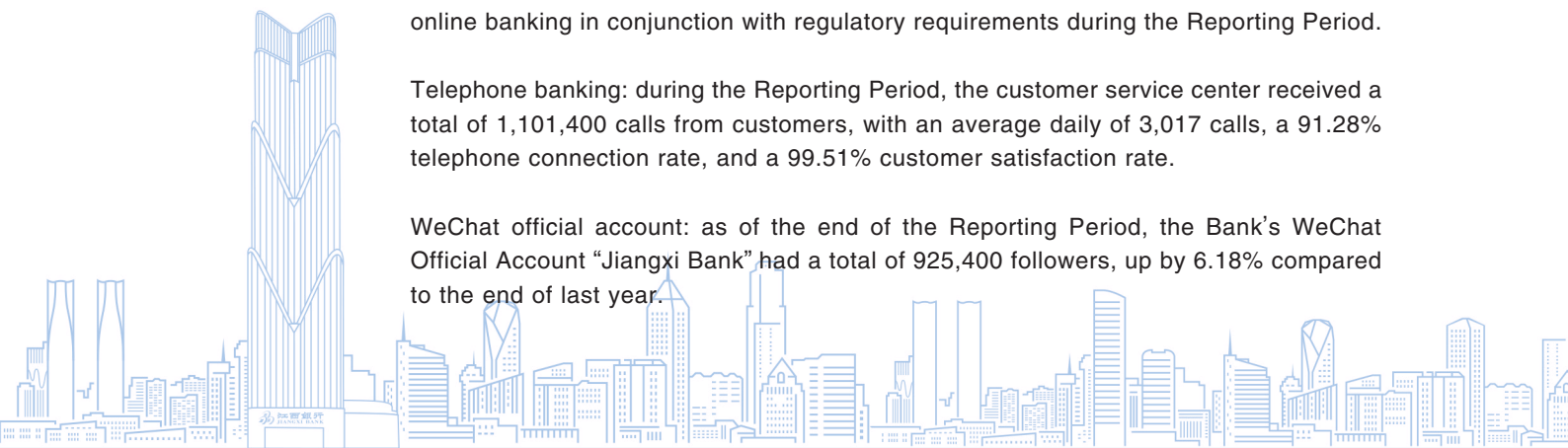
During the Reporting Period, the Bank accelerated the digital transformation, continued to promote the improvement of various functions and experience upgrading of electronic channels, strengthened the management of electronic channels, and committed to providing customers with better, more efficient and comprehensive financial services.

Individual e-banking: during the Reporting Period, in order to better serve personal online banking customers, the Bank officially released a new version of personal online banking in February 2022. Under the active guidance of the Bank, the new version of personal online banking transactions has completely replaced the old version of personal online banking. At the same time, in order to comprehensively improve the experience level of personal mobile banking, the Bank completed the change of name of personal mobile banking App and launched the user experience improvement project of the mobile banking 3.0, which is currently in the stage of design and delivery. As of the end of the Reporting Period, the number of individual e-banking registered customers totaled 3,102,500, an increase of 13.77% compared to the end of last year.

Corporate e-banking: during the Reporting Period, the Bank's new version of corporate online banking and corporate mobile banking were officially launched. In order to strengthen product innovation and improve business operation capabilities, the new version of corporate online banking and corporate mobile banking, based on the construction of full-stack information innovation standards, adopted the new distributed micro-service architecture deployment, integrated four transaction channels including corporate online banking, corporate mobile banking, bank-corporate direct connection and cash management, and provided corporate customers with non-financial value-added services such as smart attendance, smart human resources and smart salary to help corporate internal management and operation. As of the end of the Reporting Period, the number of corporate e-banking customers totaled 55,000, a decrease of 10.71% compared to the end of last year. The decrease in the total number of customers was mainly due to the launch of the Bank's new corporate online banking system and the bulk cancellation of accounts that had been cancelled but not cancelled from corporate online banking in conjunction with regulatory requirements during the Reporting Period.

Telephone banking: during the Reporting Period, the customer service center received a total of 1,101,400 calls from customers, with an average daily of 3,017 calls, a 91.28% telephone connection rate, and a 99.51% customer satisfaction rate.

WeChat official account: as of the end of the Reporting Period, the Bank's WeChat Official Account "Jiangxi Bank" had a total of 925,400 followers, up by 6.18% compared to the end of last year.



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5.8.7 Informatization Construction

During the Reporting Period, the Group focused on the “digital economy” and continuously accelerated the digital transformation of the Group. The Bank established the Strategic Development and Digital Transformation Committee at the Board level, which is responsible for formulating the Bank’s business objectives and long-term strategies, and formulating digital transformation and information technology planning, and the Bank established a leading group for the digital transformation of Jiangxi Bank led by the Party Committee Secretary and the Chairman, responsible for the overall leadership, organization and implementation of digital transformation of Jiangxi Bank. Adhering to the bottom line of “stability” with a “move-in” attitude, the Bank continued to strengthen technology empowerment and improve business support capabilities.

Strengthening the “safety” guarantee capability with technology

Continuously improving business continuity protection capability. The Bank completed the “2022 same-city disaster recovery drill” and switched the important information system to the same-city disaster recovery center. After 48 hours of uninterrupted and stable operation of the same-city disaster recovery center, various operating indicators were normal, data was complete and unified, and the system back cutting operation was successfully completed. The Bank ensured network security in important periods such as the Spring Festival, the Winter Olympics and the “CPC 20th National Congress”, and strictly implemented the 10×24-hour uninterrupted and quick response monitoring during the “CPC 20th National Congress” period to achieve zero safety accidents. The Bank promoted the construction of a remote disaster recovery system and completed the application-level off-site disaster recovery deployment of 7 important business systems, including payment front, channel front and personal credit.

Implementing the “five safety” responsibility work (safety internal control, safety operation and maintenance, password security, safety training, and safety protection). We carried out internal control work such as building a new database audit system and fortress machine to expand the security operation and maintenance module, carried out password assessments of the three-level system, security and case prevention training, and information security assessment, to improve the security internal control mechanism and achieve strong internal control, risk prevention and compliance promotion.



CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

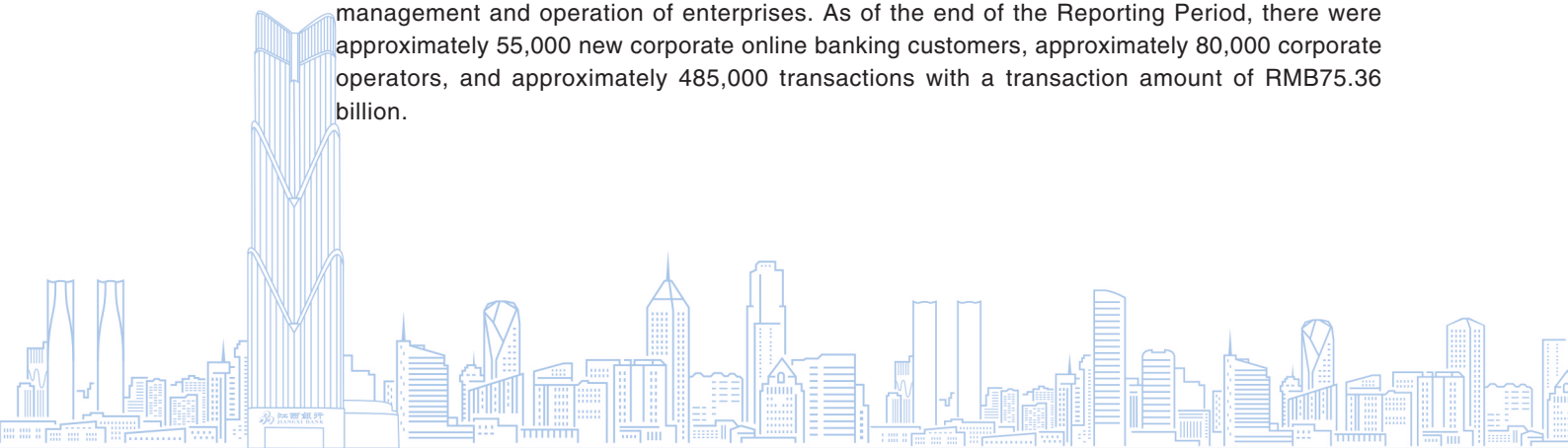
Strengthening business support capability with technology

Completing the systematic merger of tier-one sub-branches. On November 26, 2022 and December 2, 2022, the Bank completed the systematic merger of eight urban sub-branches, including the Donghu Sub-branch and Zhongshan Road Sub-branch, respectively. After the merger, the system operated stably, the customer business was not affected, and the data of various statements were accurate, which effectively promoted the transformation from management-oriented sub-branches to operating sub-branches, and laid a solid foundation for business development of the Bank.

Continuously improving the independent and controllable ability of core technology. The Bank independently developed an integrated platform for research and development, which played a pivotal role in providing a standard development platform and the subsequent construction of data standards. The Bank completed the development and operation of the confirmation system on this platform.

Reshaping the online and offline service system. The Bank built a unified C-end platform, integrated and coordinated the integration of service channels such as ATM/CRS, STM, queuing machine, hall management, self-service Pad, mobile terminal, serial number system and mobile terminal, and improved the quality and efficiency of offline channel services of the Bank with the strong system support of “data sharing and process coordination”. As of the end of the Reporting Period, we have accessed a total of 193 ATM facilities at 87 outlets, with a total of 842,000 transactions and a transaction amount of RMB1.188 billion; 14 STM equipment at 11 outlets, PAD equipment at 14 outlets, the counter serial number at 3 outlets and the queuing system at 5 outlets were connected.

Establishing a unified e-channel middle-end service. Based on the construction of new corporate online banking and corporate mobile banking, the Bank integrated four transaction channels, namely “corporate online banking”, “corporate mobile banking”, “bank-enterprise direct connection” and “cash management”, formed a platform-based, scenario-based, intelligent and multi-channel collaborative corporate electronic channel service system, and provided small and micro enterprise customers with three types of non-financial value-added services, namely “smart attendance”, “smart human resources” and “smart salary” for free to help the internal management and operation of enterprises. As of the end of the Reporting Period, there were approximately 55,000 new corporate online banking customers, approximately 80,000 corporate operators, and approximately 485,000 transactions with a transaction amount of RMB75.36 billion.



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Driving the process of digital transformation with technology

Deepening the application of business scenarios. The Bank completed the construction of systems such as the cross-border financial block-chain service platform, the RMB cross-border collection and payment information system, and the unified cross-border supervision and reporting platform, and created mechanisms such as bank-enterprise information exchange and real-time interaction between interbank trade financing, which effectively improved the quality of regulatory data reporting; the Bank actively explored the “scenario + finance” credit card ecosystem, deeply explored the value of consumption scenarios, and successively launched the “low-carbon life-themed credit card” and “One beauty life circle” brand series activities with the theme of green-themed digital credit cards without physical media, driving characteristic scenario services with digital capabilities.

Focusing on the construction of digital applications. The Bank continued to promote the online operation of business processes, improved customer experience, realized the transformation of “product-oriented” to “customer-oriented” construction ideas, supported the development of business lines, and successively launched a series of products, including “Guaranteed Loans for Business Start-ups,” “Personal Business Loan,” “Jiangyin Express Loan (Special Enjoyment of Housing Loan) (江銀快貸 (房貸專享))”, Super Mortgage Loan, Turnover Loan and Tobacco Business Loan. The Bank expanded the online “Cloud Enterprise Chain” factoring and financing business, and increased support for the private real economy, small and medium-sized enterprises and supply chain-related enterprises.

Expanding the launch of corporate financial chain products. The Bank continued to expand the online “Cloud Enterprise Chain” factoring and financing business, and increased support for the private real economy, small and medium-sized enterprises and supply chain-related enterprises. As of the end of the Reporting Period, Jiangxi Bank had entered into cooperation with nearly 100 core enterprises in the industry chain on the “Cloud Enterprise Chain” business, with a business balance of RMB4.787 billion, supporting over one thousand small, medium and micro enterprises. Jiangxi Bank took the initiative to respond to the provincial “Financial Guarantee Chain Action” and granted a corporate loan balance of RMB50.273 billion for 14 key industry chains in Jiangxi Province, representing an increase of 30.82% as compared to the end of the previous year.

Building smart financial digital service scenarios. The Bank customized smart financial digital solutions based on customer needs, such as “industry application + smart scenario + financial service”, to optimize and upgrade the “smart gravel” digital platform, build the “smart administration” digital platform, innovate the “smart court” service scenarios, and develop the “digital agriculture” financial service platform as the engine, so as to extend the service boundaries from traditional financial services to customers’ daily business management scenarios.

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5.8.8 Subsidiary Business

1 Subsidiary business

Jiangxi Financial Leasing Corp., Ltd.

Jiangxi Financial Leasing Corp., Ltd. (“Jiangxi Financial Leasing”) was established in November 2015 with a registered capital of RMB1 billion, which is held as to 51% by Jiangxi Bank. In March 2018, the registered capital of Jiangxi Financial Leasing was changed to RMB2.02 billion, and the shareholding ratio of Jiangxi Bank increased from 51% to 75.74%. Since its establishment, Jiangxi Financial Leasing has always adhered to the development strategy of “professionalization and specialization”, and firmly served the development of the local real economy.

As of the end of the Reporting Period, Jiangxi Financial Leasing recorded total assets of RMB10.983 billion, net assets of RMB3.140 billion, and a net profit of RMB228 million. All regulatory indicators of the Company met the standards. During the Reporting Period, Jiangxi Financial Leasing focused on the goal of “strengthening management, controlling risks, ensuring stability and seeking transformation”, overcame the adverse impact of the COVID-19 pandemic, adhered to the principle of prudent and stable operation, gave full play to its own functional advantages, assisted local economic development, strengthened comprehensive risk management, actively practiced new development concepts, and achieved new results in the transformation and development of clean energy and construction machinery business.

In the future, Jiangxi Financial Leasing will make the best of the characteristics of “financing capitals + financing goods”, stick to the high-quality sustainable development path featuring localization, specialization and professionalization, and actively serve the development of the local economy.



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Jinxian Ruifeng County Bank

Jinxian Ruifeng County Bank Co., Ltd. (“Jinxian Ruifeng County Bank”) was incorporated on June 15, 2012 at Jinxian County, Jiangxi Province, with a registered capital of RMB50 million, 30% of which was held by Jiangxi Bank. At the end of December 2020, the registered capital of Jinxian Ruifeng County Bank was changed to RMB100 million, and the shareholding of Jiangxi Bank increased from 30% to 69.5%. The principal activities of Jinxian Ruifeng County Bank are the provision of corporate and retail banking services.

As of the end of the Reporting Period, the total assets of Jinxian Ruifeng County Bank were RMB331 million, total liabilities were RMB272 million and total loans and advances to customers were RMB178 million. During the Reporting Period, Jinxian Ruifeng County Bank actively implemented the Group’s overall development strategy, adhered to the business policy of serving agriculture, rural areas and farmers and serving small and micro businesses, as well as adhered to the operation in compliance with laws and regulations.

2 *Immaterial businesses of affiliated enterprises*

As of the end of the Reporting Period, the Bank’s immaterial businesses of affiliated enterprises were 4 village and township banks, namely, Nanchang Dafeng County Bank Co., Ltd. (南昌大豐村鎮銀行有限責任公司), Si Ping Tie Dong De Feng County Bank Co., Ltd. (四平鐵東德豐村鎮銀行股份有限公司), Nanfeng Judu County Bank Co., Ltd. (南豐桔都村鎮銀行有限責任公司) and Guangchang Nanyin County Bank Co., Ltd. (廣昌南銀村鎮銀行股份有限公司). As of the end of the Reporting Period, the total assets of the 4 villages and township banks were RMB3.627 billion, total loans and advances to customers were RMB2.543 billion and total liabilities were RMB3.155 billion.

The village and township banks always adhere to the business positioning of “set the solid groundwork in county areas, supporting small and micro enterprises and serving agriculture, rural areas and farmers”, give full play to the efficient and flexible operating advantages of village and township banks, provide high-quality financial services for agriculture, rural areas and farmers, SMEs and regional economies, and achieve the development of village and township banks in the development of the local economy.

5.9 PLEDGED ASSETS OF THE GROUP

Details of the Group’s pledged assets are set out in Note 40(e) to the financial statements.

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5.10 RISK MANAGEMENT

The Bank has established a comprehensive risk management system covering credit risk, liquidity risk, market risk, operational risk, information technology risk, legal and compliance risk, reputation risk, strategic risk and other risks. The Bank's risk governance structure consists of the Board of Directors, the Board of Supervisors, senior management, business departments, risk leadership management departments and internal audit departments. Under the organisational structure of "centralized management and matrix distribution", the Bank constitutes the three lines of defence for risk management of "self-control of front-office business units, management of middle-office risk departments, and supervision of back-office audit departments".

During the Reporting Period, the Bank adhered to the "prudent and moderate" risk appetite, continued to improve the risk governance structure, optimized the risk management process, enriched risk management tools, and strengthened risk management assessment, so as to ensure the sustainable and steady development of the Bank, realise value appreciation for shareholders and fulfil social responsibilities.

5.10.1 Management of Credit Risk

Credit risk refers to the risk of economic losses caused by the counterparty's failure to fulfill the obligations in the contract, which mainly comes from various loan portfolios, investment portfolios, guarantees and other on-balance-sheet and off-balance-sheet credit risk exposures.

During the Reporting Period, the Bank mainly adopted the following measures to strengthen credit risk management: strengthened risk limit management and control, implemented customer classification and limit management, and strictly prevented concentration risk. Deepened the risk threshold mechanism, regularly carried out the monitoring, early warning, control and reporting of the Bank's total amount, business lines, products and industries, and improved the foresight and initiative of risk management. Implemented differentiated post-credit management and control strategies, formulated implementation plans for potential risk mitigation for existing credit facilities, carried out special investigations on key business areas and large-scale credit business, promoted "early identification, early warning and early resolution" of credit business risks, and improved the quality and efficiency of post-credit management. Improved credit management policies, strengthened credit management for single and group customers, optimized the credit approval process, and improved the quality and efficiency of approval. The Bank systematically formulated a three-year plan for intelligent risk control of credit business, developed and launched 56 sets of rating models for non-retail customers, completed credit anti-fraud projects, continuously improved the internal evaluation system, and promoted the application of risk control models in customer limits, business approval and other aspects to improve the intelligence level of risk control.



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5.10.2 Liquidity Risk Management

Liquidity risk refers to the risk of loss or bankruptcy caused by the inability of commercial banks to provide financing for the reduction of liabilities and (or) the increase of assets. During the Reporting Period, the Group mainly adopted the following measures to strengthen liquidity risk management:

Under the background of downward pressure on the macro economy throughout the year, the Bank closely monitored the maturity assets and liabilities within each maturity window. After market research and analysis, the Bank continued to increase credit supply to the real economy, and promoted the reasonable matching of assets and liabilities through actively absorbing core liabilities, rationally allocating active liabilities, strengthening the collaborative relationship with peers, and combining with the sound asset and liability allocation.

The liquidity level of the Group remained reasonable and sufficient, all liquidity regulatory indicators were higher than the regulatory requirements, and maintained an upward stable trend. As of December 31, 2022, the Group's liquidity ratio was 85.03%, NSFR was 146.52%, and liquidity coverage ratio was 323.78%. The balance of qualified high-quality liquid assets was RMB46.675 billion, and the amount of net cash outflow in the next 30 days was RMB14.416 billion.

By optimizing and improving the real-time fund monitoring system, the data of large-sum cash deposits and withdrawals of outlets was included in the monitoring scope, and the position forecast and capital planning of branches were well prepared to ensure the orderly and safe daytime payments of the Group. In accordance with the regulatory stress parameters guidelines and based on our own scenario assumptions, the Bank prepared for liquidity stress tests in advance, and carried out various emergency response work in a practical manner to improve the collaborative cooperation ability of various departments and institutions, and ensure that the Group's liquidity risk is stable and controllable.

Via the multi-layer liquidity reserve mechanism, the Group promoted policy tools to make forward efforts, and allocated treasury bonds, policy financial bonds, local government bonds, monetary funds and other assets at an appropriate time to maintain the stable proportion of high-liquidity assets and continuously consolidated the daily liquidity safety reserve of the Group.



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5.10.3 Market Risk Management

Market risk refers to the risk of losses in banks' on- and off-balance sheet businesses arising from adverse movements in market rates including interest rates, exchange rates, commodity prices, stock prices and other prices, which exists in the trading and non-trading businesses of banks.

The major market risks faced by the Bank include transaction book interest rate risk, bank book interest rate risk and bank book exchange rate risk.

Transaction Book Interest Rate Risk Management

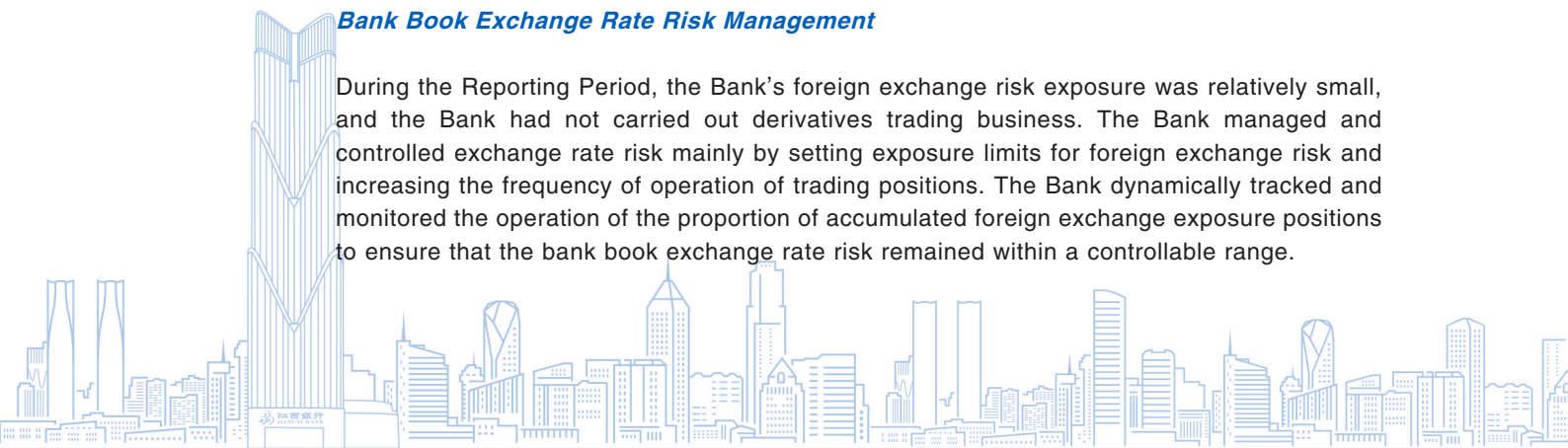
During the Reporting Period, the Bank focused on the supervision of limit and threshold management, and strictly controlled the risk exposure within a reasonable range through optimizing the risk limit scheme; the Bank adhered to carrying out day-to-day mark surveillance, and conducted the attribution analysis of profits and losses; we improved the market risk stress testing system, improved valuation measurement capabilities to ensure that the transaction a book interest rate risk remained within a controllable range.

Bank Book Interest Rate Risk Management

During the Reporting Period, the Bank established a governance structure for interest rate risk in the bank book, clarified the responsibilities and reporting processes of the Board of Directors and its Risk Management Committee, senior management and relevant management departments, and ensured the effectiveness of interest rate risk management. To measure and analyse the interest rate risk in the bank book by comprehensively adopting methods such as interest rate sensitivity analysis, scenario simulation and stress testing; by accurately predicting the trend of market interest rates, the Bank timely adjusted internal and external pricing policies and business maturity structure, and controlled the allocation of assets and liabilities to a reasonable range; by strengthening the monitoring of market price trends, the Bank improved the efficiency of interest rate transmission and maintained stable profitability, to ensure that the bank book interest rate risk is under control.

Bank Book Exchange Rate Risk Management

During the Reporting Period, the Bank's foreign exchange risk exposure was relatively small, and the Bank had not carried out derivatives trading business. The Bank managed and controlled exchange rate risk mainly by setting exposure limits for foreign exchange risk and increasing the frequency of operation of trading positions. The Bank dynamically tracked and monitored the operation of the proportion of accumulated foreign exchange exposure positions to ensure that the bank book exchange rate risk remained within a controllable range.



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5.10.4 Operational Risk Management

Operational risks refer to the risks of losses caused by imperfect or defective internal processes, employees and information technology systems as well as external events.

During the Reporting Period, the Bank used operational risk management tools to continuously monitor key risk indicators, collect operational risk loss data, carry out operational risk and control self-assessment, and dynamically monitor the operational risk management of each business line. The Bank formulated the 2022 Internal Control and Compliance Inspection Plan of Jiangxi Bank. The Bank carried out inspections on key business areas and internal control weaknesses such as credit management, financial management, operation management and rotation, guided the deep exploration of internal control defects behind business problems, improved the quality control mechanism for rectification and improvement, promoted the supervision, inspection and governance of repeated problems, and implemented the closed-loop management of “timely assessment, real-time elimination, and regular notification” after rectification. The Bank optimized and transformed the internal control compliance and operational risk management system, launched modules for management of violation of duties, developed the “portrait” of employee behavior, and strengthened the off-site monitoring and early warning of employee behavior. The Bank launched a new generation of omni-channel transaction risk monitoring system to dynamically prevent and control business risks in various channels, and focused on improving the technical ability to prevent operational risks. The Bank established and improved the mechanism for active reporting of personal matters of employee behavior management, standardized the operation of the regular reporting mechanism of “half-month report” of employee behavior investigation, combined self-discipline with other laws, and monitored the abnormal behaviors of employees from multiple perspectives and on a regular basis.

5.10.5 Information Technology Risk Management

Information technology risk refers to the operational risk, legal risk, reputational risk and other types of risks caused by natural or human factors, technical vulnerabilities and management defects during the use of information technology in the operation of commercial banking.

During the Reporting Period, guided by regulatory policies, the Bank continued to consolidate the foundation of information technology management, and continuously improved the information technology risk management system from the aspects of information technology governance, information technology development and operation, information security, IT outsourcing management, and business continuity management. At the same time, the Bank identified, evaluated and controlled the information technology risks of the Bank through tools and means such as monitoring of key risk indicators and risk inspection and evaluation. During the Reporting Period, the information system of the Bank operated smoothly, and there was no unplanned interruption of the important business information system. No major or above operation interruptions occurred throughout the year.

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5.10.6 Legal and Compliance Risks

Legal risk

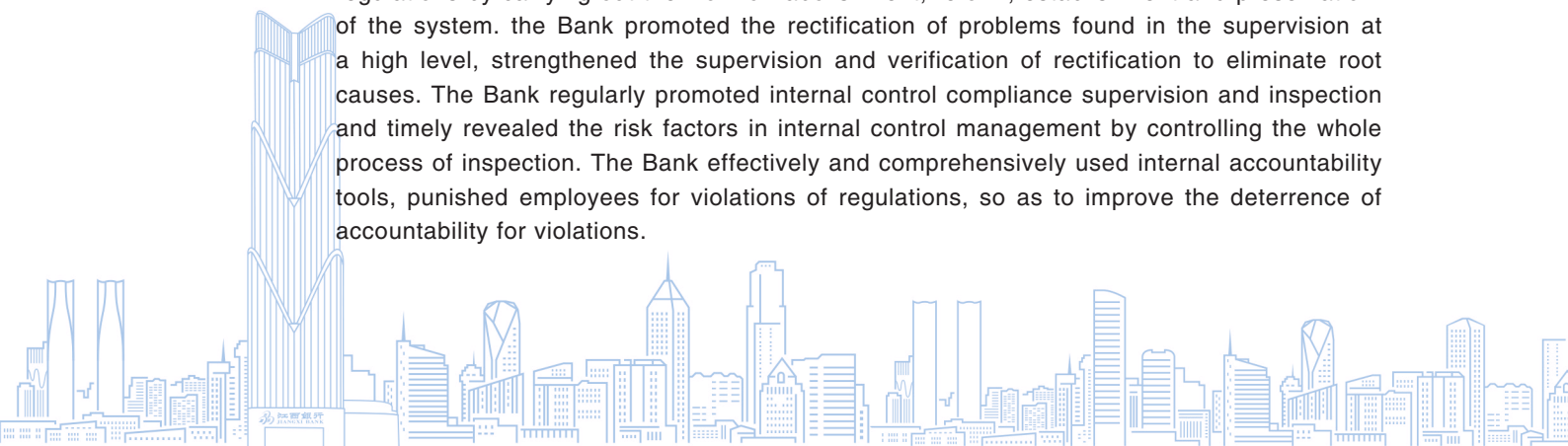
Legal risk refers to the risk of legal liability arising from violations of laws and regulations, breach of contract, infringement of the legal rights of others or other activities involving any contractual or commercial activity of the Bank.

During the Reporting Period, in accordance with external regulations and industry requirements, the Bank continued to conduct pre-legal reviews on new products and new business, rules and regulations, and investment business, so as to effectively prevent and resolve legal risks in advance. The Bank formulated the Implementation Plan for the Rule of Law Construction of Jiangxi Bank (2022-2025), unified the guiding ideology, working principles and overall objectives of the law construction, proposed 12 work measures in four categories, and carried out the rule of law construction of the Bank in an orderly manner. The Bank closely integrated the “Eighth Five-Year Plan” of law publicity, planned the “Civil Code Publicity Month” and the “Constitution Publicity Week” activities, organized the “zero distance” – case warning and discipline law publicity and education activities, and continuously set off a craze of legal publicity and education boom.

Compliance risk

Compliance risks refer to the risks of legal sanctions, regulatory penalties, significant financial losses and reputation damage due to inconformity with laws, regulations and rules.

During the Reporting Period, the Bank formulated the Implementation Plan for Compliance Management System and Mechanism Optimization of Jiangxi Bank and the Plan for the “Year of Deepening the Construction of Internal Control and Compliance Management” of Jiangxi Bank, deepened the construction of the compliance management system of the Bank from top to bottom, and took multiple measures to improve the quality and efficiency of compliance management. the Company gave full play to the compliance leading role of the rules and regulations by carrying out the work of “abolishment, reform, establishment and preservation” of the system. the Bank promoted the rectification of problems found in the supervision at a high level, strengthened the supervision and verification of rectification to eliminate root causes. The Bank regularly promoted internal control compliance supervision and inspection and timely revealed the risk factors in internal control management by controlling the whole process of inspection. The Bank effectively and comprehensively used internal accountability tools, punished employees for violations of regulations, so as to improve the deterrence of accountability for violations.



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Money laundering risks

Money laundering risks refer to the risks faced by banking institutions being used in illegal and criminal activities such as money laundering, terrorist financing and proliferation financing in the course of conducting business and operating management.

During the Reporting Period, the Bank adhered to institutionalization, standardization and scientific promotion of anti-money laundering. The Bank carried out self-assessment of institutional money laundering and terrorist financing risks. The Bank revised and improved policies, including the Administrative Measures for Large-sum Transactions and Suspicious Transactions Reporting of Jiangxi Bank, the Administrative Measures for Customer Money Laundering Risk Classification of Jiangxi Bank, and the Money Laundering and Terrorism Financing Risk Assessment Mechanism of Jiangxi Bank. The Bank carried out the comprehensive investigation of anti-money laundering performance risks, random inspection of anti-money laundering business, antimoney laundering inspection of subsidiaries, comprehensively carried out self-inspection and self-correction, and built a solid defence line for anti-money laundering and anti-terrorism financing. The Bank actively fulfilled the responsibilities of reporting suspicious, optimized the independent monitoring model of suspicious transactions, deeply explored the potential of data, improved the efficiency of manual monitoring and analysis to build an anti-money laundering risk management system with the money laundering monitoring and reporting system as the core. The Bank carried out pre-job training and special training on anti-money laundering through the mode of “online + offline” and “concentration + formation,” and provided detailed and practical guidance for line personnel to perform their duties.

5.10.7 Reputational Risk

Reputational risk refers to the risk of negative comments on banking institutions from stakeholders, the public and the media arising from the acts of banking institutions, the acts of practitioners or external events, which may damage their brand value, adversely affect their normal operations, and even affect market stability and social stability.



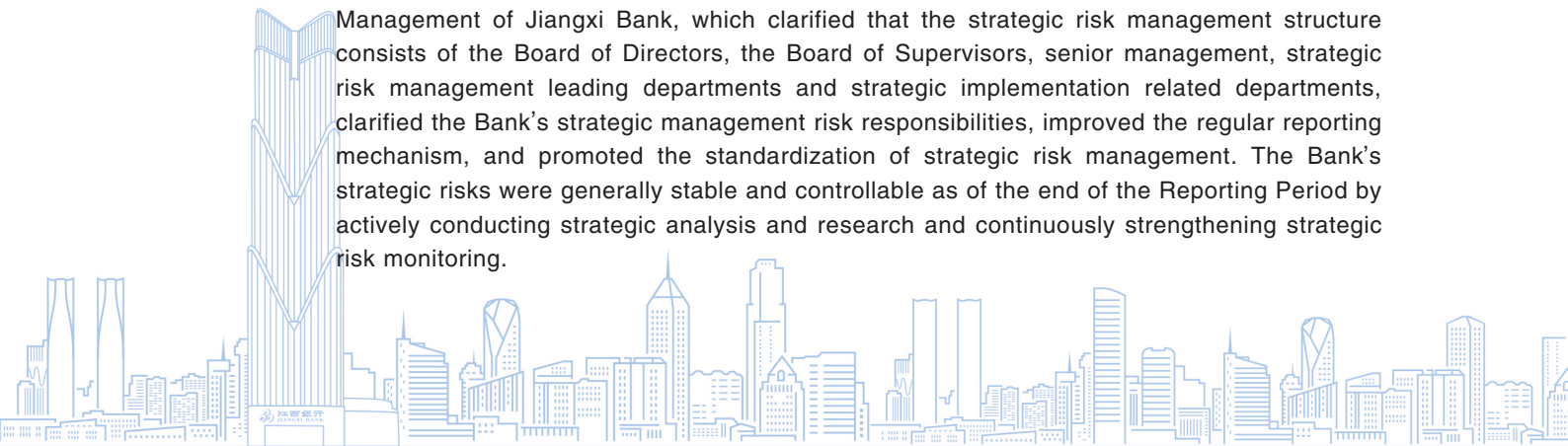
CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Bank established a sound emergency management system, formulated the Overall Emergency Plan of Jiangxi Bank, and revised N special sub-plans for liquidity risk, reputation risk, capital market, etc. to systematically deal with emergencies. The Bank conducted a solid 365 days * 24-hour public opinion monitoring, focusing on strengthening public opinion monitoring during special sensitive periods. Once hidden risks were found, they were quickly responded to, upgraded to deal with, and promoted at a high level, so as to ensure rapid handling and maintain the stable operation and development of the Bank. The Bank conducted frequent inspections on potential reputational risks, formulated targeted measures to achieve “early detection, early intervention and early disposal”, strived to resolve the risks at the source, and organized reputational risk training and emergency drills to continuously improve the ability to deal with sudden reputational risks. The Bank attached great importance to the accumulation of reputation capital, actively planned and set up positive publicity themes, strengthened effective communication with the public and media, promoted the Bank’s operating results and social responsibilities, continuously improved its brand influence and reputation, and established a good image of Jiangxi Bank.

5.10.8 Strategic Risk

Strategic risks refer to the risks caused by improper business strategy or changes in the external business environment.

In 2022, the Bank focused on the development strategy of serving the country and Jiangxi Province, adhered to the development positioning of “serving urban and rural residents, serving small and medium-sized enterprises, and serving the local economy”, and formulated the Implementation Plan for the Implementation of the Strategic Planning of the Third Session of the Board of Directors. In order to strengthen the Bank’s strategic management, the Board of Directors of the Bank established the Strategic Development and Digital Transformation Committee, which is responsible for formulating the Bank’s business objectives and long-term strategies, and formulating digital transformation and information technology planning. a development planning department has been set up at the head office, which is responsible for the research, formulation and supervision of the Bank’s medium and long-term development strategies. During the Reporting Period, the Bank revised the Measures for Strategic Risk Management of Jiangxi Bank, which clarified that the strategic risk management structure consists of the Board of Directors, the Board of Supervisors, senior management, strategic risk management leading departments and strategic implementation related departments, clarified the Bank’s strategic management risk responsibilities, improved the regular reporting mechanism, and promoted the standardization of strategic risk management. The Bank’s strategic risks were generally stable and controllable as of the end of the Reporting Period by actively conducting strategic analysis and research and continuously strengthening strategic risk monitoring.



CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

5.10.9 Capital Management

As of December 31, 2020, December 31, 2021, and December 31, 2022, the adequacy ratios of the Group's core tier-one capital were 10.29%, 9.66% and 9.65%, respectively; the adequacy ratios of the Group's tier-one capital were 10.30%, 11.80% and 12.82%, respectively; the adequacy ratios of the Group's capital were 12.89%, 14.41% and 14.00%, respectively. As of December 31, 2022, the Group's gearing ratio was 90.92%, which is calculated by dividing liabilities by assets.

As of December 31, 2020, December 31, 2021 and December 31, 2022, the Group's leverage ratios were 7.16%, 7.98% and 8.68% respectively, which are in compliance with relevant regulatory requirements in China.

Capital Adequacy Ratios Table

Item	As of December 31, 2022	As of December 31, 2021
	(in millions of RMB, unless otherwise stated)	
Net core tier-one capital	36,366.53	35,812.06
Net tier-one capital	48,298.78	43,746.22
Net tier-two capital	4,439.62	9,665.82
Net capital base	52,738.40	53,412.04
Risk weighted assets	376,684.50	370,658.53
Credit risk-weighted assets	354,054.13	346,875.48
Market risk-weighted assets	1,361.07	2,371.14
Operational risk-weighted assets	21,269.31	21,411.91
Core tier-one capital adequacy ratio	9.65%	9.66%
Tier-one capital adequacy ratio	12.82%	11.80%
Capital adequacy ratio	14.00%	14.41%

CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

5.11 SOCIAL RESPONSIBILITIES

Fully serving local development. Adhering to serving Jiangxi's development as its primary responsibility, the Bank focused on major decisions and arrangements in Jiangxi Province, and demonstrated new achievements in integrating into the new development pattern. The increase, expansion and acceleration of credit supply in Jiangxi Province were realized, with a cumulative increase of the Bank of RMB41.9 billion for the year, accounting for 6.7% of the market share of the province, representing an increase of 0.2 percentage points from the end of last year, which was higher than the average growth rate of the province of 3.56 percentage points. All green loans, inclusive small and micro loans and agriculture-related loans exceeded the regulatory guidance value in advance, of which the growth rate of inclusive small and micro loans ranked top in the province.

Supporting rural revitalization. The Bank conscientiously implemented the decisions and arrangements of the CPC Central Committee and the State Council on rural revitalization, continued to serve the lower-tier cities, deeply cultivated the small and micro financial service market in counties and towns, and actively consolidated and expanded the achievements of poverty alleviation and effectively connected with rural revitalization. As at the end of the Reporting Period, the Bank's balance of agriculture-related loans amounted to RMB48.425 billion, representing an increase of RMB14.358 billion as compared with the end of the previous year, representing an increase of 42.15%. The Bank served 11,430 agriculture-related customers, and the weighted average interest rate of agriculture-related loans was 5.6%, representing a decrease of 0.2 percentage points from the same period of last year. The balance of inclusive agriculture-related loans amounted to RMB6.060 billion, representing an increase of RMB2.288 billion or 60.66% as compared to the end of the previous year, which was higher than the growth rate of various loans (excluding discounted bills) of the Bank of 46 percentage points, serving 5,506 inclusive agriculture-related customers, and the weighted average interest rate of inclusive agriculture-related loans was 5.47%. The growth rate of inclusive agriculture-related loans was not lower than the growth rate of various loans.

Benefiting enterprises through multi-point efforts. The Bank introduced 22 measures and 19 succession measures to fully support the stable economic development, strengthened financial assistance for enterprises and supported enterprises to resume work and production. During the Reporting Period, by implementing measures such as preferential interest rates to reduce the financing costs of enterprises, the financing costs of customers decreased by approximately RMB0.176 billion year-on-year, and deferred repayment of principal and interest for 3,490 enterprises (including individual business proprietors and small and micro business owners) for 3,953 loans, involving an amount of RMB26.799 billion.

Supporting new citizens to live and work in peace and contentment. Focusing on the financial needs of new citizens in terms of entrepreneurship, employment, housing, education, medical care and elderly care, the Bank innovated financial services, expanded financial supply, and increased credit granting to new citizens. The total amount of loans granted to new citizens and related enterprises was RMB64.211 billion, which helped new citizens to "live" and "develop" in cities with practical measures. Supporting rigid and improved housing demand, The Bank lowered the threshold for new citizens to buy houses and lowered the financing cost of loans.

CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

5.12 FUTURE DEVELOPMENT PROSPECTS

2023 is the first year for the full implementation of the spirit of the 20th Session of National Congress of the Communist Party of China, an important year for the implementation of the “14th Five-Year” Plan. The Bank will adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully implement the spirit of the 20th Session of National Congress of CPC and the Central Economic Work Conference, fully implement the important discussion of General Secretary Xi Jinping on financial work and the important speech of visiting Jiangxi Province. In accordance with the decisions and arrangements of the CPC Central Committee and the Jiangxi Provincial Party Committee and Provincial Government, the Bank will follow the general tone of seeking progress while maintaining stability to implement the new development concept comprehensively, accurately and comprehensively. Sticking to the positioning of “serving urban and rural residents, serving small and medium-sized enterprises, and serving the local economy,” the Bank will promote the implementation of the third session of the Board’s strategic plan in depth, closely focus on the annual goal and task of “One Guarantee, Two Acceleration and Three Breakthrough”, exert the criterion and enthusiasm of “setting examples and contending for first place”, and be determined to write a new chapter of high-quality development of the Bank with our confidence, hard work, solidarity and resolution.



CHAPTER VI CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

6.1 CHANGES IN SHARE CAPITAL

There were no changes in the share capital of the Bank during the Reporting Period. As of December 31, 2022, the total issued share capital of the Bank amounted to RMB6,024,276,901, including 1,345,500,000 H Shares with a par value of RMB1.00 each and 4,678,776,901 Domestic Shares with a par value of RMB1.00 each.

(Unit: share)

Item		As of December 31, 2021	Changes in the Reporting Period	As of December 31, 2022
Domestic Shares	State Shareholder	484,390,278	(45,000,000)	439,390,278
	Corporate Shareholder	4,119,247,754	45,000,000	4,164,247,754
	Natural person shares	75,138,869	—	75,138,869
H Shares		1,345,500,000	—	1,345,500,000
Total		6,024,276,901	—	6,024,276,901

Note: The Bank has no controlling Shareholder or de factor controller.

6.2 SHAREHOLDER DATA

6.2.1 Total Number of Domestic Shareholders

As of December 31, 2022, the Bank had 8,931 domestic shareholders, including 29 state shareholders, 285 corporate shareholders and 8,617 natural person shareholders.



CHAPTER VI CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

6.2.2 Particulars of Shareholdings of the Top 10 Domestic Shareholders of the Bank

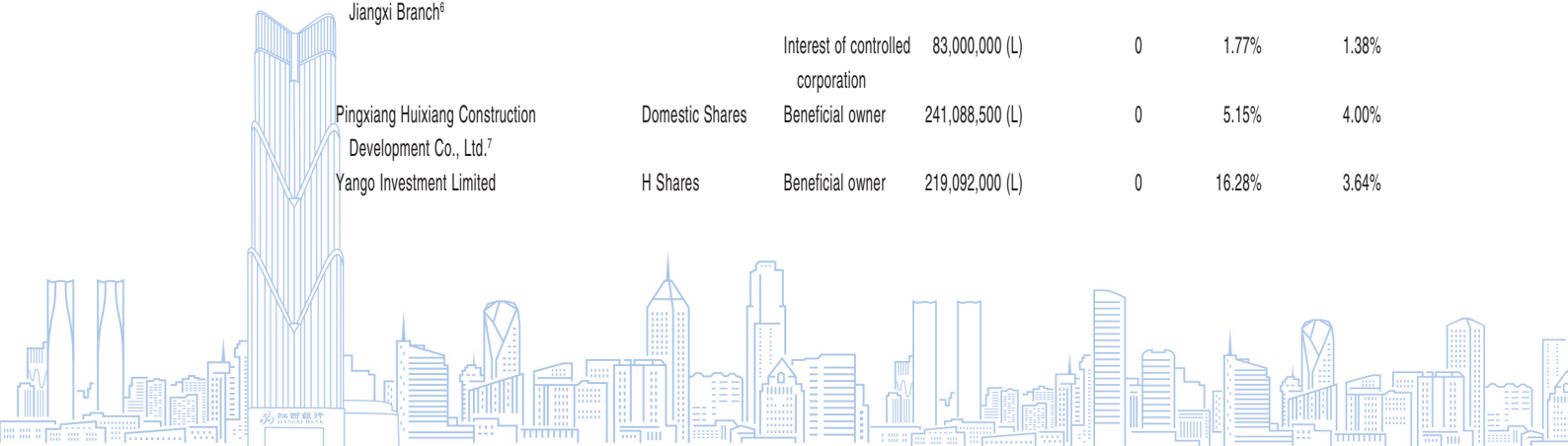
No.	Name of Shareholder	Nature of shareholder	Total number of shares held as of	Changes as compared to	Percentage of total share capital as of	Pledged or frozen shares	
			December 31, 2022	December 31, 2021	December 31, 2022 (%)	Status of shares	Number
1	Jiangxi Provincial Communications Investment Group Co., Ltd. (江西省交通投資集團有限責任公司)	State-owned corporate shareholder	937,651,339	0	15.56	Normal	-
2	Jiangxi Financial Holding Group Co., Ltd. (江西省金融控股集團有限公司)	State-owned corporate shareholder	347,546,956	0	5.77	Normal	-
3	China National Tobacco Corporation Jiangxi Branch (中國煙草總公司江西省公司) (including Jiangxi Jinfeng Investment Management Co., Ltd. (江西省錦峰投資管理有限責任公司))	State-owned corporate shareholder	263,000,000	0	4.37	Normal	-
4	Pingxiang Huixiang Construction Development Co., Ltd. (萍鄉市匯翔建設發展有限公司)	State-owned corporate shareholder	241,088,500	0	4.00	Normal	-
5	Nanchang Municipal Bureau of Finance (南昌市財政局)	State shareholder	228,070,170	0	3.79	Normal	-
6	Jiangxi Province Investment Group Co., Ltd. (江西省投資集團有限公司)	State-owned corporate shareholder	180,000,000	0	2.99	Normal	-
7	Ganshang Union (Jiangxi) Co., Ltd. (贛商聯合(江西)有限公司)	General corporate shareholder	148,308,400	0	2.46	Pledged	74,000,000
8	Jiangxi Copper Company Limited (江西銅業股份有限公司)	State-owned corporate shareholder	140,000,000	0	2.32	Normal	-
9	Jiangxi Provincial Water Conservancy Investment Group Co., Ltd. (江西省水利投資集團有限公司)	State-owned corporate shareholder	99,830,800	0	1.66	Normal	-
10	Jiangxi Blue Sky Automobile Driving School Co., Ltd. (江西藍天駕駛培訓中心有限公司)	General corporate shareholder	97,289,259	0	1.61	Normal	-

CHAPTER VI CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

6.2.3 Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares under Hong Kong Regulations

To the best knowledge of the Bank and the Directors, as at December 31, 2022, the following substantial Shareholders of the Bank and other persons (other than the Directors, Supervisors and chief executive of the Bank) had or were deemed to have interests and short positions in the shares and underlying shares of the Bank which would be required to be disclosed to the Bank or the Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO:

Name of Shareholder	Class of shares	Nature of interest	Number (share) and nature of shares ¹	Changes as compared to December 31, 2021 (share)	Approximate percentage of the total issued share capital of the Bank ²	Approximate percentage of the total issued share capital of the Bank ²
Jiangxi Provincial Communications Investment Group Co., Ltd. ³	Domestic Shares	Beneficial owner	937,651,339 (L)	0	20.04%	15.56%
Jiangxi Financial Holding Group Co., Ltd. ⁴	Domestic Shares	Beneficial owner	347,546,956 (L)	0	7.43%	5.77%
Hua An Fund Management Co., Ltd represent Hua An Fund-Track Group QDII, Hua An Fund-Municipal Group QDII, Hua An Fund-Track City Investment Company, Hua An Fund-Industrial Holdings QDII, Hua An Fund-High and New Municipal QDII, Hua An Fund-Honggu Tan City Investment QDII, Hua An Fund-Jinkai Capital QDII, Hua An Fund-County investment QDII and other asset management plans ⁵	H Shares	Others	270,584,000 (L)	0	20.11%	4.49%
China National Tobacco Corporation Jiangxi Branch ⁶	Domestic Shares	Beneficial owner	180,000,000 (L)	0	3.85%	2.99%
		Interest of controlled corporation	83,000,000 (L)	0	1.77%	1.38%
Pingxiang Huixiang Construction Development Co., Ltd. ⁷	Domestic Shares	Beneficial owner	241,088,500 (L)	0	5.15%	4.00%
Yango Investment Limited	H Shares	Beneficial owner	219,092,000 (L)	0	16.28%	3.64%



CHAPTER VI CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

Name of Shareholder	Class of shares	Nature of interest	Number (share) and nature of shares ¹	Changes as compared to December 31, 2021 (share)	Approximate percentage of the total issued share capital of the Bank ²	Approximate percentage of the total issued share capital of the Bank ²
Chiyu Banking Corporation Limited (集友銀行有限公司) ⁹	H Shares	Beneficial owner	123,248,500 (L)	123,248,500	9.16%	2.05%
Xiamen International Bank Co., Ltd. (廈門國際銀行股份有限公司) ⁸	H Shares	Interest of controlled corporation	123,248,500 (L)	123,248,500	9.16%	2.05%
AMTD Asia Limited ⁹	H Shares	Beneficial owner	122,841,500 (L)	0	9.13%	2.04%
AMTD Group Company Limited ⁹	H Shares	Interest of controlled corporation	122,841,500 (L)	0	9.13%	2.04%
CITIC Guoan Group ¹⁰	H Shares	Interest of controlled corporation	115,213,000 (L)	0	8.56%	1.91%
Road Shine Developments Limited ¹⁰	H Shares	Beneficial owner	115,213,000 (L)	0	8.56%	1.91%
Yichun Development Investment Group Co., Ltd. (宜春發展投資集團有限公司) ¹¹	H Shares	Beneficial owner	94,840,500 (L)	0	7.05%	1.57%
Representative of Guotai Asset Management Co., Ltd. (國泰基金管理有限公司): Guotai-Global Investments Asset Management Plan No. 10/Guotai Asset Management Co Ltd-CHINA GUANG FA BANK CO. LTD-GTFUND-QDII1-10 Principal: Yichun Development Investment Group Co., Ltd. (宜春發展投資集團有限公司) ¹¹	H Shares	Trustee	94,840,500 (L)	0	7.05%	1.57%
Mingyuan Group Investment Limited ¹²	H Shares	Beneficial owner/ Interest of controlled corporation	81,308,000 (L)	0	6.04%	1.35%
SHUM Tin Ching ¹²	H Shares	Interest of controlled corporation	81,308,000 (L)	0	6.04%	1.35%
WANG Xinmei ¹²	H Shares	Interest held jointly with another person	81,308,000 (L)	0	6.04%	1.35%

CHAPTER VI CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

Notes:

1. (L) represents long position, and (S) represents short position.
2. As at December 31, 2022, the total issued share capital of the Bank was 6,024,276,901 shares, including 4,678,776,901 Domestic Shares and 1,345,500,000 H Shares.
3. Jiangxi Provincial Communications Investment Group Co., Ltd. is a state-owned corporate shareholder, whose legal representative is WANG Jiangjun. Regarding Jiangxi Provincial Communications Investment Group Co., Ltd., its controlling shareholder and de facto controller are both Department of Transportation of Jiangxi Province (江西省交通運輸廳).
4. Jiangxi Financial Holding Group Co., Ltd. is a state-owned corporate shareholder, whose legal representative is QI Wei. Regarding Jiangxi Financial Holding Group Co., Ltd., its controlling shareholder and de facto controller is Jiangxi Financial Assets Center (江西省財政資產中心).
5. Hua An Fund Management Co., Ltd. is the manager of eight QDII Single Asset Management Plans, and holds shares of the Bank through the above-mentioned eight asset management plans to achieve its investment plans on behalf of its asset trustees.
6. China National Tobacco Corporation Jiangxi Branch holds 263,000,000 shares of the Bank jointly with its wholly-owned subsidiary Jiangxi Jinfeng Investment Management Co., Ltd. It is a state-owned corporate shareholder and its legal representative is JIANG Kai. Regarding China National Tobacco Corporation Jiangxi Branch, its controlling shareholder and de facto controller both are China National Tobacco Corporation (中國煙草總公司).
7. Pingxiang Huixiang Construction Development Co., Ltd. is a state-owned corporate shareholder, whose legal representative is OUYANG Dian (歐陽淀). Regarding Pingxiang Huixiang Construction Development Co., Ltd., its controlling shareholder is Pingxiang Huifeng Investment Co., Ltd. (萍鄉市滙豐投資有限公司), its de facto controller is Pingxiang State-owned Assets Supervision and Administration Commission (萍鄉市國有資產監督管理委員會).
8. Chiyu Banking Corporation Limited directly holds 123,248,500 shares of the Bank, and 69.63% of its interests is indirectly held by Xiamen International Bank Co., Ltd. through its wholly-owned subsidiaries. Therefore, Xiamen International Bank Co., Ltd. is deemed to be interested in the H Shares of the Bank held by Chiyu Banking Corporation Limited.
9. AMTD Asia Limited directly holds 122,841,500 shares of the Bank, and 100% of its interests is indirectly held by AMTD Group Company Limited through AMTD Asia (Holdings) Limited. Therefore, AMTD Group Company Limited is deemed to be interested in the H Shares of the Bank held by AMTD Asia Limited.



CHAPTER VI CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

10. CITIC Guoan Group indirectly holds 115,213,000 H Shares held by Road Shine Developments Limited through Guoan (HK) Holdings Limited, its controlled corporation. Therefore, according to the SFO, CITIC Guoan Group and Guoan (HK) Holdings Limited are deemed to be interested in the Bank's H Shares held by Road Shine Developments Limited.
11. Yichun Development Investment Group Co., Ltd. is wholly owned by Yi Chun Stated-owned Assets Supervision and Administration Commission (宜春市國有資產監督管理委員會). Yichun Development Investment Group Co., Ltd. holds 94,840,500 shares of the Bank through the trustee Guotai Asset Management Co., Ltd.
12. Mingyuan Group Investment Limited holds 81,308,000 shares of the Bank, and Mingyuan Group Investment Limited is wholly owned by SHUM Tin Ching and WANG Xinmei. Therefore, according to the SFO, SHUM Tin Ching and WANG Xinmei are deemed to be interested in the Bank's H Shares held by Mingyuan Group Investment Limited.

6.2.4 Shareholders Holding 5% or More of the Bank's Shares

See 6.2.3 Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares under Hong Kong Regulations in this chapter.

6.2.5 Other Substantial Domestic Shareholders

According to the Interim Measures for the Equity Management of Commercial Banks (《商業銀行股權管理暫行辦法》), as adopted at the 1st chairman's meeting of the former China Banking Regulatory Commission in 2018 (former CBRC Order 2018 No. 1), substantial shareholders of a commercial bank mean shareholders who hold or control 5% or above shares or voting right of the commercial bank, or who hold less than 5% of total capital or total shares of the commercial bank but have significant impacts on the operation and management of the commercial bank. The significant impacts mentioned above include but are not limited to dispatching directors, supervisors or senior executives to a commercial bank.



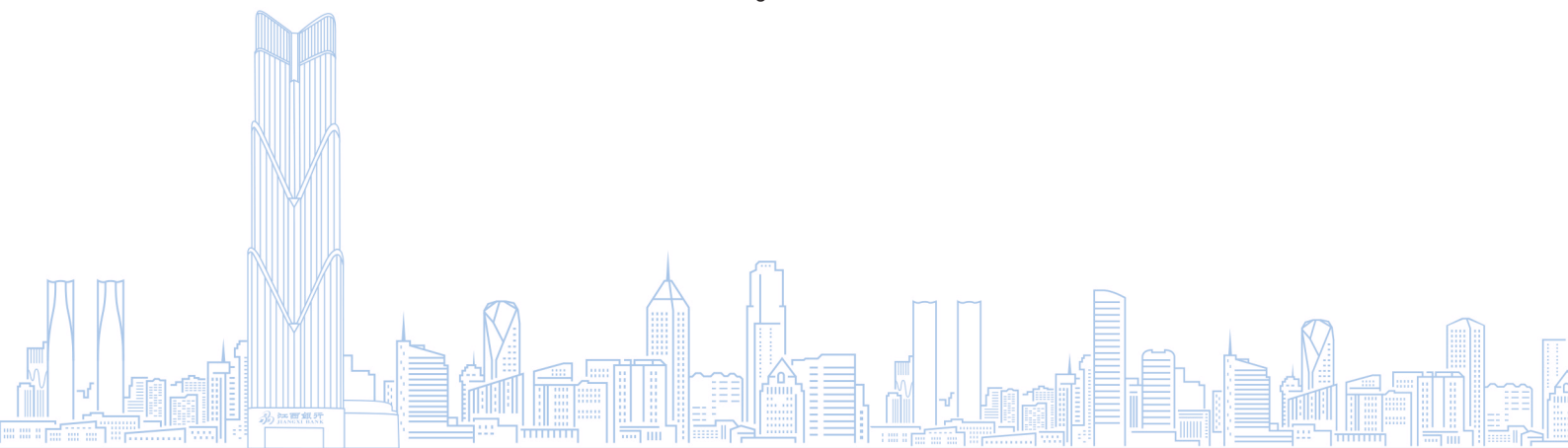
CHAPTER VI CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

Other than those disclosed in the section 6.2.3 “Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares under Hong Kong Regulations” in this chapter, i.e., Jiangxi Provincial Communications Investment Group Co., Ltd., Jiangxi Financial Holding Group Co., Ltd. and China National Tobacco Corporation Jiangxi Branch, substantial Domestic Shareholders of the Bank who hold less than 5% of total capital or total shares of the Bank but dispatch Directors, Supervisors or senior executives to the Bank are as follows:

Name of Shareholder	Class of shares	Nature of interest	Number (share) and nature of shares ¹	Changes as compared to December 31, 2021 (share)	Approximate	Approximate
					percentage of the total issued share capital of the Bank ²	percentage of the total issued share capital of the Bank ²
Nanchang Municipal Bureau of Finance ³	Domestic shares	Beneficial owner	228,070,170 (L)	0	4.87%	3.79%
Jiangxi Copper Company Limited ⁴	Domestic shares	Beneficial owner	140,000,000 (L)	0	2.99%	2.32%

Notes:

- (L) represents long position, and (S) represents short position.
- As at December 31, 2022, the total issued share capital of the Bank was 6,024,276,901 shares, including 4,678,776,901 Domestic Shares and 1,345,500,000 H Shares.
- Nanchang Municipal Bureau of Finance is a state-owned Shareholder, whose responsible person is TU Xiaohui.
- Jiangxi Copper Company Limited is a state-owned corporate Shareholder, whose legal representative is ZHENG Gaoqing. Regarding Jiangxi Copper Company Limited, its controlling shareholder is Jiangxi Copper Corporation Limited, its de facto controller is State-owned Assets Supervision and Administration Commission of Jiangxi Province.



CHAPTER VI CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

6.2.6 Related Parties of Substantial Domestic Shareholders at the End of the Reporting Period

No.	Name of substantial shareholders	Related parties of substantial shareholders
1	Jiangxi Provincial Communications Investment Group Co., Ltd.	Department of Transportation of Jiangxi Province, Jiangxi Administrative Assets Group Co., Ltd. (江西省行政事業資產集團有限公司), Jiangxi Highway Development Co., Ltd. (江西公路開發有限責任公司), Jiangxi JiaoTou Property Development Co.,Ltd. (江西省交投資業發展有限責任公司), Jiangxi Transportation Engineering Group Co., Ltd.(江西省交通工程集團有限公司),Jiangxi Expressway Asset Management Co., Ltd. (江西省高速資產經營有限責任公司),Jiangxi Transportation Consulting Co., Ltd., Jiangxi Ganyue Expressway Co., Ltd., Jiangxi Lutong Real Estate Development Co., Ltd. (江西路通房地產開發有限公司), Jiangxi Changtong Expressway Co., Ltd. (江西昌銅高速公路有限責任公司), Jiangxi Expressway Cultural Tourism Development Co., Ltd. (江西高速文化旅遊發展有限公司), Jiangxi Expressway Petrochemical Co., Ltd. (江西高速石化有限責任公司), Jiangxi Changtai Expressway Co., Ltd. (江西昌泰高速公路有限責任公司), Jiangxi Jiujiang Yangtze River Highway Bridge Co., Ltd., Jiangxi Provincial Expressway Investment Group Materials Co., Ltd. (江西省高速公路投資集團材料有限公司), Jiangxi Expressway Materials Co.,Ltd., etc.
2	Jiangxi Financial Holding Group Co., Ltd.	Jiangxi Financial Assets Center, Jiangxi Financial Holding Group Co. Ltd, Jiangxi Province Credit Financing Guarantee Group Co., Ltd. (江西省信用融資擔保集團股份有限公司), Jiangxi Financial Asset Management Co., Ltd., Jiangxi Jinkong Financial Leasing Co., Ltd., Jiangxi Pratt & Whitney Financing Guarantee Co., Ltd. (江西省普惠融資擔保有限公司), Jiangxi Famc Supply Chain Financial Service Co., Ltd. (江西省財通供應鏈金融集團有限公司), Jiangxi Financial Supply Chain Services Co., Ltd.(江西金控供應鏈服務有限公司), Quannan Hengbang Real Estate Co., Ltd, Jiangxi Zhongbang Land Development Co., Ltd. (江西省中邦土地開發有限公司), Jiangxi Financial Holding Urban Development Investment Co., Ltd. (江西省金控城鎮開發投資有限公司), Jiangxi Xingsen International Trade Co., Ltd. (江西星森國際貿易有限公司), Jiangxi Financial Holding Foreign Trade Group Co., Ltd. (江西省金控外貿集團股份有限公司), Jiangxi Finance Holding Industrial Development Co. Ltd. (江西省金控實業發展有限公司), etc.

CHAPTER VI CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

No.	Name of substantial shareholders	Related parties of substantial shareholders
3	China National Tobacco Corporation Jiangxi Branch	China National Tobacco Corporation (中國煙草總公司), Jiangxi Tobacco Corporation Nanchang Branch(江西省煙草公司南昌市公司), Jiangxi Tobacco Corporation Jiujiang Branch (江西省煙草公司九江市公司), Jiangxi Tobacco Corporation Fuzhou Branch (江西省煙草公司撫州市公司), Jiangxi Tobacco Corporation Ji'an Branch (江西省煙草公司吉安市公司), Jiangxi Jinfeng Investment Management Co., Ltd., etc.
4	Ganshang Union (Jiangxi) Co., Ltd.	Jiangxi Electronic Group Corporation Ltd. (江西省電子集團有限公司), Zhongjiu Optoelectronics Industry Co., Ltd. (中久光電產業有限公司), Jiangxi Lianchuang Optoelectronic Science and Technology Co., Ltd. (江西聯創光電科技股份有限公司), Jiangxi Lianchuang Zhiguang Science & Technology Co., Ltd. (江西聯創致光科技有限公司), Nanchang Yatuo Architectural Design Co., Ltd., (南昌雅拓建築設計有限公司), Jiangxi Kuncheng Industrial Co., Ltd.(江西坤城實業股份有限公司), etc.
5	Jiangxi Copper Company Limited (江西銅業股份有限公司)	State-owned Assets Supervision and Administration Commission of Jiangxi Province, Jiangxi State-owned Capital Operation Holding Group Co., Ltd., Jiangxi Copper Corporation Limited, Jiangxi Copper Lead-zinc Metal Co., Ltd.(江西銅業鉛鋅金屬有限公司), Jiangxi Copper Hotel Management Co., Ltd. (江西銅業酒店管理有限公司), JCC Financial Co.,Ltd.(江西銅業集團財務有限公司), Jiangxi Copper Industry Group Yinshan Mining Industry Co., Ltd.(江西銅業集團銀山礦業有限責任公司), Jiangxi Copper Corporation Construction Limited (江西銅業集團建設有限公司), etc.

Note:

- Ganshang Union (Jiangxi) Co., Ltd. has become a related party legal person of the Bank due to the significant influence of the appointment of shareholder representative Supervisor of the second session of the Board of Supervisors. The appointed Supervisor resigned on June 28, 2022, and no supervisor was appointed after the resignation. According to the principle of substance over form, Ganshang Union (Jiangxi) Co., Ltd. retained as a related party of the Bank within 12 months after the appointed Supervisor's retirement.



CHAPTER VI CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

6.2.7 Related Party Transactions between the Bank and the Substantial Domestic Shareholders and Controlling Shareholders, De Facto Controllers, Related Parties, Persons Acting in Concert, and Ultimate Beneficiaries thereof in the Reporting Period

(Unit: in millions)

No.	Name of Shareholder	Credit balance	Controlling	Credit balance	De facto	Credit balance	Persons	Credit balance	Ultimate	Credit balance	Related party	Credit balance	Total
			shareholder of the enterprise		controller		acting in concert		beneficiary				
1	Jiangxi Provincial Communications Investment Group Co., Ltd.	2,476.64	Department of Transportation of Jiangxi Province	-	Department of Transportation of Jiangxi Province	-	None	-	Jiangxi Provincial Communications Investment Group Co., Ltd.	2,476.64	Jiangxi Provincial Expressway Investment Group Materials Co., Ltd.	667.74	3,923.42
											Jiangxi Transportation Engineering Group Co., Ltd.	10.94	
											Jiangxi Transportation Institute Co., Ltd.	2.60	
											Jiangxi Expressway Materials Co., Ltd.	765.50	



CHAPTER VI CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

No.	Name of Shareholder	Credit balance	Controlling		Persons			Credit balance	Ultimate beneficiary	Credit balance	Related party	Credit balance	Total
			shareholder of the enterprise	Credit balance	De facto controller	Credit balance	acting in concert						
2	Jiangxi Financial Holding Group Co., Ltd.	725.00	Jiangxi Provincial Financial Assets Center(江西省財政資產中心)	-	Jiangxi Provincial Financial Assets Center(江西省財政資產中心)	-	None	-	Jiangxi Financial Holding Group Co., Ltd.	725.00	Jiangxi Financial Asset Management Co., Ltd. Jiangxi Pratt & Whitney Financing Guarantee Co., Ltd. JiangXi Province Credit Financing Guarantee Group Co., Ltd. Jiangxi Fanc Supply Chain Financial Service Co., Ltd. (江西省財通供應鏈金融集團有限公司) Quannan Hengbang Real Estate Co., Ltd. Jiangxi Financial Holding Foreign Trade Co., Ltd. Jiangxi Jinkong Industrial Development Co., Ltd. (江西省金控實業發展有限公司) Jiangxi Xingsen International Trade Co., Ltd. Jiangxi Financial Holding Urban Development Investment Co., Ltd. Jiangxi Financial Supply Chain Services Co., Ltd. (江西金控供應鏈服務有限公司)	700.00 73.82 474.30 150.00 130.00 100.00 75.30 50.00 65.00 80.00	2,623.42



CHAPTER VI CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

No.	Name of Shareholder	Controlling			Persons			Credit balance	Ultimate beneficiary	Credit balance	Related party	Credit balance	Total
		Credit balance	shareholder of the enterprise	Credit balance	De facto controller	Credit balance	acting in concert						
3	China National Tobacco Corporation Jiangxi Branch (including Jiangxi Jinfeng Investment Management Co., Ltd.)	-	China National Tobacco Corporation	-	China National Tobacco Corporation	-	None	-	China National Tobacco Corporation Jiangxi Branch	-	-	-	0.00
4	Ganshang Union (Jiangxi) Co., Ltd.	-	WU Xuan (伍珣)	-	WU Xuan (伍珣)	-	None	-	WU Xuan (伍珣)	-	Nanchang Yatuo Architectural Design Co., Ltd.	8.40	1,139.43
											Jiangxi Kuncheng Industrial Co., Ltd. (江西坤城實業股份有限公司)	15.80	
											Jiangxi Electronic Group Corporation Ltd.	959.23	
											Jiangxi Lianchuang Optoelectronic Science and Technology Co., Ltd.	156.00	
5	Jiangxi Copper Company Limited	-	Jiangxi Copper Corporation Limited	-	State-owned Assets Supervision and Administration Commission of Jiangxi Province	-	None	-	Jiangxi Copper Company Limited	-	Jiangxi Copper Lead-zinc Metal Co., Ltd. (江西銅業鉛鋅金屬有限公司)	169.40	169.40
	Total	3,201.64	-	-	-	-	-	-	-	3,201.64	-	4,654.03	7,855.67

CHAPTER VI CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

6.2.8 Pledge of Equity in the Bank by Substantial Domestic Shareholders

None

6.2.9 Nomination of Directors and Supervisors by the Shareholders

Mr. YU Minxin and Mr. DENG Yonghang were nominated as Directors by Jiangxi Provincial Communications Investment Group Co., Ltd.;

Ms. XIONG Jiemin was nominated as a Director by Jiangxi Financial Holding Group Co., Ltd.;

Ms. ZHUO Liping was nominated as a Director by China National Tobacco Corporation Jiangxi Branch;

Mr. LI Shuiping was nominated as a Director by Nanchang Municipal Bureau of Finance;

Mr. ZHOU Minhui was recommended to be nominated as a Supervisor by Jiangxi Copper Company Limited.

6.2.10 The Number of Pledged Shares of the Bank Reaching or Exceeding 20% of All Its Shares

None

6.2.11 The Number of Shares Pledged by Substantial Domestic Shareholders Reaching or Exceeding 50% of the Total Shares Held by Them in the Bank

None

6.2.12 The Bank's Pledged Shares being Frozen, Judicially Auctioned, Restricted from Voting Right or Other Rights

As of the end of the Reporting Period, the Bank had a total of 6,024,276,901 shares, and a total of 667,980,164 shares held by 24 Shareholders were pledged, accounting for 11.09% of the Bank's total shares. 129,295,649 pledged shares were judicially frozen, accounting for 2.15% of the Bank's total shares, and 0 shares were judicially auctioned.

According to the Articles of Association, when the number of shares pledged by a shareholder reaches or exceeds 50% of the total shares held by him/her in the Bank, the said shareholder is required to issue a commitment letter of giving up his/her voting right at the general meeting. As of the end of the Reporting Period, 23 Shareholders pledged 50% or more of the Domestic Shares held by him/her in the Bank, and voting rights represented by 594,088,164 shares were restricted, accounting for 9.86% of the total shares.

CHAPTER VII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, EMPLOYEES AND INSTITUTIONS

7.1 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS

7.1.1 Directors

As of the end of the Reporting Period, the Board consists of eleven Directors, including two executive Directors, five non-executive Directors and four independent non-executive Directors. The Directors are elected for a term of three years and are subject to re-election, provided that the cumulative term of an independent non-executive Director shall not exceed six years pursuant to the relevant PRC laws and regulations. The following table sets forth certain information regarding the Directors.

Current Directors

Name	Gender	Date of birth	Date of appointment of the third session of the Board ¹	Title
ZENG Hui	Female	1970.9	June 28, 2022	Executive Director, Chairman, secretary to the party committee
LUO Xiaolin	Male	1971.3	June 28, 2022	Executive Director, vice chairman, deputy secretary to the party committee
YU Minxin	Male	1977.10	June 28, 2022	Non-executive Director
DENG Yonghang	Male	1974.6	June 28, 2022	Non-executive Director
XIONG Jiemin	Female	1985.11	June 28, 2022	Non-executive Director
LI Shuiping	Male	1968.10	June 28, 2022	Non-executive Director
ZHUO Liping	Female	1972.12	June 28, 2022	Non-executive Director
WANG Yun	Female	1966.6	June 28, 2022	Independent Non-executive Director
WONG Hin Wing	Male	1962.12	June 28, 2022	Independent Non-executive Director
LIU Xinghua	Male	1972.7	June 28, 2022	Independent Non-executive Director
YANG Ailin	Male	1969.5	June 28, 2022	Independent Non-executive Director

Note:

1. The table set out the Directors of the third session of the Board elected at 2021 annual general meeting on June 28, 2022, and the relevant Directors obtained the approval of directorship qualifications from CBIRC Jiangxi Office.

CHAPTER VII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, EMPLOYEES AND INSTITUTIONS

Resigned Directors

Name	Gender	Date of birth	Date of appointment of the second session of the Board	Title
CHEN Xiaoming ¹	Male	1966.11	May 31, 2019	The former Executive Director, Chairman
XU Jihong ²	Male	1965.5	May 31, 2019	The former Executive Director, vice president, secretary to the Board
LUO Yan ³	Male	1969.2	May 31, 2019	The former Executive Director
LI Zhanrong ³	Male	1970.11	May 31, 2019	The former Non-executive Director
LIU Sanglin ³	Male	1965.10	May 31, 2019	The former Non-executive Director
DENG Jianxin ³	Male	1963.8	May 31, 2019	The former Non-executive Director
ZHANG Rui ³	Female	1962.6	May 31, 2019	The former Independent Non-executive Director
ZHANG Wangxia ³	Female	1977.8	May 31, 2019	The former Independent Non-executive Director

Notes:

- On February 21, 2022, Mr. CHEN Xiaoming submitted a written resignation to the Board of Directors to resign as an executive Director, the chairman of the Board, the chairman of the Strategy Committee of the Board with effect from the date of resignation.
- On May 9, 2022, Mr. XU Jihong submitted a written resignation to the Board of Directors to resign as an executive Director, a secretary of the Board of Directors, the joint company secretary, the chairperson of the Risk Management Committee of the Board, a member of the Strategy Committee of the Board, a member of the Remuneration and Nomination Committee of the Board, a member of the Information and Technology Management Committee of the Board and the vice president with effect from the date of resignation.
- On 28 June 2022, the Bank held the annual general meeting for 2021 to approve the establishment of the third session of the Board. Ms. ZENG Hui and Mr. LUO Xiaolin were appointed as executive Directors of the Bank; Mr. YU Minxin, Mr. DENG Yonghang, Ms. XIONG Jiemin, Ms. ZHUO Liping and Mr. LI Shuiping were appointed as non-executive Directors of the Bank; Ms. WANG Yun, Mr. WONG Hin Wing, Mr. LIU Xinghua and Mr. YANG Ailin were appointed as independent non-executive Directors of the Bank; the banking regulatory authority approved their qualifications as directors. Mr. LUO Yan, Mr. LI Zhanrong, Mr. LIU Sanglin, Mr. DENG Jianxin, Ms. ZHANG Rui and Ms. ZHANG Wangxia ceased to serve as Directors of the Bank as of the same date.

CHAPTER VII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, EMPLOYEES AND INSTITUTIONS

7.1.2 Supervisors

During the end of the Reporting Period, the Board of Supervisors currently consists of six Supervisors, including two employee representative Supervisors, one shareholder representative Supervisor and three external Supervisors. The Supervisors are elected for a term of three years and may be subject to re-election, provided that the cumulative term of an external Supervisor shall not exceed six years, pursuant to the relevant PRC laws and regulations. The following table sets forth certain information about the Supervisors.

Current Supervisors

Name	Gender	Date of birth	Date of appointment of the third session of the Board of Supervisors	Title
LIU Fulin	Male	1963.11	June 28, 2022	Chairman of the Board of Supervisors, employee representative Supervisor
LUO Ping	Male	1957.10	June 28, 2022	External Supervisor
WANG Guizhi ¹	Female	1960.8	June 28, 2022	External Supervisor
LI Xunlei	Male	1963.9	June 28, 2022	External Supervisor
ZHOU Minhui	Male	1964.6	June 28, 2022	Shareholder representative Supervisor
WANG Wei	Male	1989.11	June 28, 2022	Employee representative Supervisor

Note:

1. On March 24, 2023, Ms. WANG Guizhi submitted a written resignation to the Bank to resign from the position of external Supervisor of the Bank due to personal reason, with effect from the date of resignation.



CHAPTER VII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, EMPLOYEES AND INSTITUTIONS

Resigned Supervisors

Name	Gender	Date of birth	Date of appointment of the second session of the Board of Supervisors	Title
SHI Zhongliang ¹	Male	1944.1	May 31, 2019	Former External Supervisor
LI Danlin ¹	Female	1964.8	May 31, 2019	Former External Supervisor
SHI Jing ¹	Male	1968.2	May 31, 2019	Former External Supervisor
YU Han ¹	Male	1981.11	May 31, 2019	Former Shareholder representative Supervisor
WANG Ruiqiang ¹	Male	1954.1	December 18, 2020	Former Shareholder representative Supervisor
LOU Mingnong ²	Male	1972.2	May 28, 2020	Former Employee representative Supervisor
CHEN Xinxiang ²	Male	1968.2	May 31, 2019	Former Employee representative Supervisor

Notes:

- At the 2021 annual general meeting of the Bank held on June 28, 2022, Mr. LI Xunlei, Mr. LUO Ping and Ms. WANG Guizhi were elected as external Supervisors of the third session of the Board of Supervisors of the Bank, and Mr. Zhou Minhui was elected as a Shareholder representative Supervisor of the third session of the Board of Supervisors of the Bank. Due to the expiration of the terms of office, Mr. SHI Zhongliang, Ms. LI Danlin, Mr. SHI Jing, Mr. YU Han and Mr. WANG Ruiqiang ceased to serve as Supervisors of the Bank.
- The Bank held the employee representatives meeting on June 17, 2022 and June 24, 2022, respectively, at which Mr. LIU Fulin and Mr. WANG Wei were elected as employee representative Supervisors of the third session of the Board of Supervisors of the Bank. Mr. CHEN Xinxiang and Mr. LOU Mingnong ceased to serve employee representative Supervisors of the Bank.

7.1.3 Senior management members

The following table sets forth certain information regarding the senior management of the Bank.

Name	Gender	Date of birth	Title
LUO Xiaolin	Male	1971.3	President
YU Jian	Male	1974.6	Vice president
CHENG Zongli	Male	1966.9	Vice president
CAI Xiaojun	Male	1966.11	Vice president

CHAPTER VII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, EMPLOYEES AND INSTITUTIONS

7.2 CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS DURING THE REPORTING PERIOD

7.2.1 Changes of Directors during the Reporting Period

On February 21, 2022, Mr. CHEN Xiaoming submitted a written resignation to the Board of Directors to resign as an executive Director, the chairman of the Board, a member and the chairman of the Strategy Committee of the Board with effect from the date of resignation.

On May 9, 2022, Mr. XU Jihong submitted a written resignation to the Board of Directors to resign as an executive Director, a secretary of the Board of Directors, the joint company secretary, a member and the chairperson of the Risk Management Committee of the Board, a member of the Strategy Committee, a member of the Remuneration and Nomination Committee, a member of the Information and Technology Management Committee and the vice president with effect from the date of resignation.

On June 28, 2022, the Bank held the annual general meeting for 2021 to approve the establishment of the third session of the Board. Ms. ZENG Hui and Mr. LUO Xiaolin were appointed as executive Directors of the Bank; Mr. YU Minxin, Mr. DENG Yonghang, Ms. XIONG Jiemin, Ms. ZHUO Liping and Mr. LI Shuiping were appointed as non-executive Directors of the Bank; Ms. WANG Yun, Mr. WONG Hin Wing, Mr. LIU Xinghua and Mr. YANG Ailin were appointed as independent non-executive Directors of the Bank; the banking regulatory authority approved their qualifications as directors. Mr. LUO Yan, Mr. LI Zhanrong, Mr. LIU Sanglin, Mr. DENG Jianxin, Ms. ZHANG Rui and Ms. ZHANG Wangxia ceased to serve as Directors of the Bank as of the same date.

7.2.2 Changes of Supervisors during the Reporting Period

At the 2021 annual general meeting of the Bank held on June 28, 2022, Mr. LI Xunlei, Mr. LUO Ping and Ms. WANG Guizhi were elected as external Supervisors of the third session of the Board of Supervisors of the Bank, and Mr. Zhou Minhui was elected as a Shareholder representative Supervisor of the third session of the Board of Supervisors of the Bank. Due to the expiration of the terms of office, Mr. SHI Zhongliang, Ms. LI Danlin, Mr. SHI Jing, Mr. YU Han and Mr. WANG Ruiqiang ceased to serve as Supervisors of the Bank.

The Bank held the employee representatives meeting on June 17, 2022 and June 24, 2022, respectively, at which Mr. LIU Fulin and Mr. WANG Wei were elected as employee representative Supervisors of the third session of the Board of Supervisors of the Bank. Mr. CHEN Xinxiang and Mr. LOU Mingnong ceased to serve as employee representative Supervisors of the Bank.

CHAPTER VII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, EMPLOYEES AND INSTITUTIONS

7.2.3 Changes of Senior Management Members during the Reporting Period

On January 28, 2022, CBIRC Jiangxi Office approved the qualification of Mr. LUO Xiaolin as the president of the Bank. On June 28, 2022, the Bank held the first meeting of the third session of the Board of Directors, at which the Proposal on Appointing the President of Jiangxi Bank was considered and approved, and Mr. LUO Xiaolin was appointed as the president of the Bank. His term of office is the same as that of the third session of the Board of Directors.

On February 25, 2022, Jiangxi Provincial Department of Finance removed Mr. CHEN Yong from his position as a Party committee member and nominated him to be removed as a vice president due to him reaching retirement age. On March 25, 2022, the Bank held the 13th meeting of the second session of the Board of Directors of Jiangxi Bank, at which the Proposal on Removal of CHEN Yong as the Vice President of Jiangxi Bank Co., Ltd. was considered and approved, and Mr. CHEN Yong was removed as the vice president of the Bank, with effect from the date of approval by the Board of Directors.

On May 9, 2022, the Bank received the written resignation tendered by Mr. XU Jihong to resign as the vice president of the Bank. On May 9, 2022, the Bank held the 2022 ninth extraordinary meeting of the second session of the Board of Directors, at which the Proposal on Resignation of XU Jihong from Various Positions including Director and Vice President of Jiangxi Bank was reported.



7.3 BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS DURING THE REPORTING PERIOD

7.3.1 Directors

Ms. ZENG Hui (曾暉) An executive Director and the chairman of the Board

She has a postgraduate degree and is an intermediate economist. She currently serves as the secretary to the Party Committee of the Bank and the chairman of the Board.

Ms. ZENG graduated from the Faculty of Investment and Finance of Jiangxi University of Finance and Economics (江西財經大學) with a full-time bachelor's degree from September 1988 to June 1992; worked at the PBOC Jiangxi Branch (during the period: dispatched to PBOC Jiangxi Branch, Yongxiu County Subbranch) from July 1992 to September 1993; from September 1993 to February 2000, she served as a staff member of the Financial Management Division and non-banking division of the PBOC Jiangxi Branch, and a staff member of the non-banking division of Nanchang Central Subbranch of the PBOC (during the period: from September 1996 to June 1999, she graduated from Jiangxi University of Finance and Economics with a master's degree in industrial economics); from February 2000 to October 2003, she served as the deputy section chief and section chief of the non-banking division of Nanchang Central Subbranch of the PBOC and section chief trust finance lease management division (during the period: from April 2001 to June 2001, she was selected to work and study in the Monetary Authority of Singapore by the head office of the People's Bank of China); from October 2003 to October 2011, she served as a deputy director and director of Personnel Department (office of the Party Committee) of CBRC Jiangxi Office and secretary of Youth League Committee of CBRC Jiangxi Office; from October 2011 to March 2013, she served as secretary of the Party Committee and director of CBRC Jiujiang Branch Office; from March 2013 to December 2014, she served as division chief of the Personnel Department (office of the Party Committee) of CBRC Jiangxi Office; from December 2014 to April 2019, she served as a Party Committee member and deputy director of CBIRC Jiangxi Office (during the period: from February 2018 to April 2018, she was selected to participate in the training course for cadres at the bureau-director level of the Party School of the CPC Central Committee by the CBRC); from April 2019 to May 2020, she served as a Party Committee member and deputy director of CBIRC Jiangxi Office; from May 2020 to March 2022, she served as the secretary of the Party Committee and director of Xiamen Office of CBIRC, a representative of the 13th Party Congress and the 16th People's Congress of Xiamen, and a part-time deputy director of the Financial and Economics Affairs Committee of the Xiamen People's Congress; since March 2022, she has been serving as the secretary to the Party Committee of Jiangxi Bank and since August 2022, she has been serving as the chairman of Jiangxi Bank.

CHAPTER VII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, EMPLOYEES AND INSTITUTIONS

Mr. LUO Xiaolin (駱小林) An executive Director, vice chairman and the president

He holds a postgraduate degree and is a senior economist. He currently serves as a deputy secretary of the Party Committee, vice chairman and president of the Bank.

Mr. LUO obtained a bachelor's degree in major of rural finance from Beijing Agricultural University in July 1992. From July 1992 to March 2002, he worked for Agricultural Bank of China and successively served in: Hukou County Subbranch, Jiangxi Province, Credit Division in Jiujiang Branch and office of Jiangxi Branch. From March 2002 to May 2017, he successively served as below positions in China Development Bank: deputy office director of Jiangxi Branch, deputy director of Credit Management Division of Jiangxi Branch, deputy director of Customer Division One of Jiangxi Branch, deputy director of the International Cooperation Division and deputy group leader of the Congo (DRC) Working Group of Jiangxi Branch, deputy director and director of the Appraisal Division of Jiangxi Branch, director of Operation and Management Division of Jiangxi Branch, and director of Risk and Management Division of Jiangxi Branch. From May 2017 to October 2018, he served as deputy director in the Financial Office of Jiangxi Provincial Government. From October 2018 to December 2021, he served as deputy director of the bureau in the Local Financial Supervision and Administration Bureau of Jiangxi Province; from December 2021 to January 2022, he served as a deputy secretary to the Party Committee of Jiangxi Bank; from January 2022 to August 2022, he served as a deputy secretary to the Party Committee and president of Jiangxi Bank; since August 2022, he has been serving as a deputy secretary of the Party Committee, vice chairman and president of Jiangxi Bank.



CHAPTER VII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, EMPLOYEES AND INSTITUTIONS

Mr. YU Minxin (喻旻昕) A non-executive Director

He holds a master's degree in accounting, and is a senior accountant and a certified public accountant. He currently serves as the chief financial officer of Jiangxi Provincial Communications Investment Group Co., Ltd. (江西省交通投資集團有限責任公司). He served as the manager of the finance department of Jiangxi Provincial State-owned Enterprise Assets Operation (Holdings) Co., Ltd. (江西省省屬國有企業資產經營(控股)有限公司); and the chief financial officer of Jiangxi Provincial Communications Investment Group Co., Ltd.

Mr. DENG Yonghang (鄧永航) A non-executive Director

He is a senior economist with a master's degree, is currently the head of the strategic development department (director of Board office) of Jiangxi Transportation Group (江西省交通集團) and the secretary of the board of directors of Jiangxi Provincial Communications Investment Group Co., Ltd.

Mr. DENG served as an assistant engineer at Jiangxi Paper Holdings Limited (江西紙業股份有限公司), a staff of Jiangxi Ganyue Expressway Co., Ltd., the manager of the remuneration welfare division of the human resource department of Jiangxi Expressway Group (江西省高速集團), the deputy head of the human resource department of Jiangxi Expressway Group, and the deputy head of the strategic development department (deputy director of Board office, presiding over the work) of Jiangxi Transportation Group.

Mr. DENG obtained a master's degree in MBA from the School of Management of Zhejiang University from September 2002 to March 2005. He is currently a director of Jiangxi Ganyue Expressway Co., Ltd. (江西贛粵高速公路股份有限公司) and Jiangxi United Equity Center Co., Ltd. (江西聯合股權中心股份有限公司).



CHAPTER VII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, EMPLOYEES AND INSTITUTIONS

Ms. XIONG Jiemin (熊潔敏) A non-executive Director

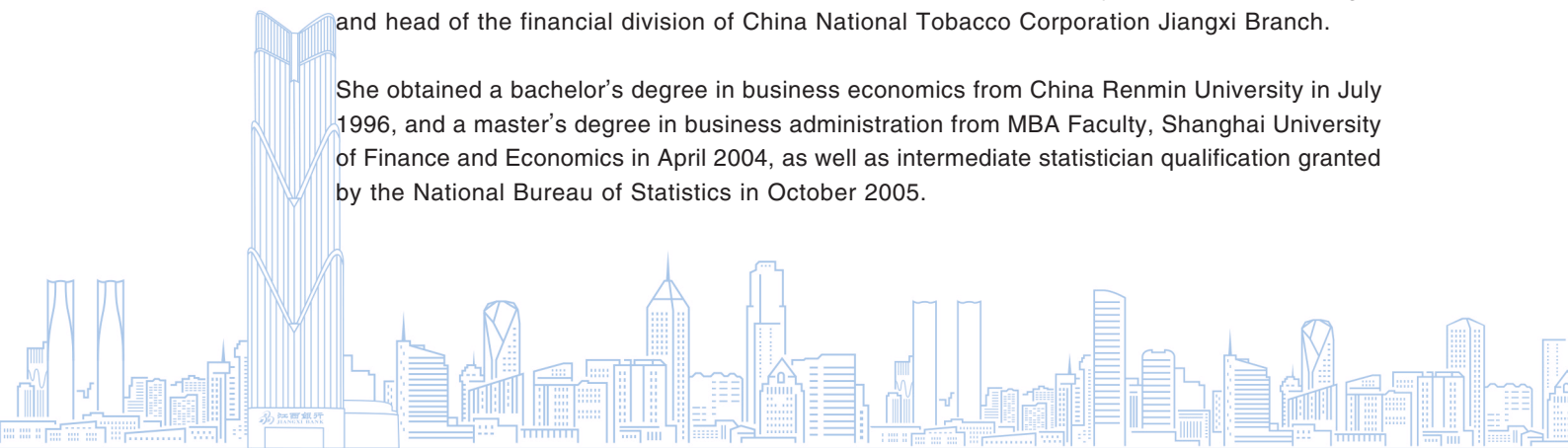
She is a senior economist with doctorate degree, is currently the deputy director of the finance department of Jiangxi Financial Holding Group Co., Ltd. (江西省金融控股集團有限公司).

Ms. XIONG served as a staff of the corporate business department of Agricultural Bank of China, Jiangxi Province Branch (during the period: she communicated to Nanchang Xiangnan Subbranch of Agricultural Bank of China), a commissioner of the corporate business department of Agricultural Bank of China, Jiangxi Province Branch, and a senior commissioner of the investment banking and financial interbank department of Agricultural Bank of China, Jiangxi Province Branch from July 2010 to August 2018; the unit manager of the investment banking department and the financial market department of Agricultural Bank of China, Jiangxi Province Branch (from April 2019 to November 2020, she served as the deputy secretary of the Party Committee and the vice president of Nanchang Hongcheng Subbranch of Agricultural Bank of China (temporary)) from August 2018 to November 2020; the unit manager of the corporate and investment banking business department of Agricultural Bank of China, Jiangxi Province Branch (she served as the deputy secretary of the Party Committee and the vice president of Nanchang Xihu Subbranch of Agricultural Bank of China (temporary) from November 2020 to January 2021, and the deputy director of finance department of Jiangxi Financial Holding Group Co., Ltd. (temporary) from January 2021 to January 2022) from November 2020 to January 2022; and the deputy director of the finance department of Jiangxi Financial Holding Group Co., Ltd. (江西省金融控股集團有限公司) from January 2022 to present.

Ms. ZHUO Liping (卓莉萍) A non-executive Director

She has a master's degree in business administration and is a statistician. She currently serves as the head of the financial division of China National Tobacco Corporation Jiangxi Branch. From August 1996 to January 2006, Ms. Zhuo served as a staff member of the planning division of China National Tobacco Corporation Jiangxi Branch (中國煙草總公司江西省公司). From February 2006 to March 2018, she successively served as a senior staff member, principal staff member and deputy head of the planning division of China National Tobacco Corporation Jiangxi Branch. From March 2018 to present, she has been served as a deputy head (person in charge) and head of the financial division of China National Tobacco Corporation Jiangxi Branch.

She obtained a bachelor's degree in business economics from China Renmin University in July 1996, and a master's degree in business administration from MBA Faculty, Shanghai University of Finance and Economics in April 2004, as well as intermediate statistician qualification granted by the National Bureau of Statistics in October 2005.



CHAPTER VII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, EMPLOYEES AND INSTITUTIONS

Mr. LI Shuiping (李水平) A non-executive Director

He graduated from the Party School of the Central Committee of C.P.C. and is currently the Party Secretary and chairman of Nanchang Industrial Investment Group Co., Ltd.

Mr. LI served as a teacher of Tuanlin Primary School in Yugan County (余干縣團林小學) from August 1988 to July 1992. From July 1992 to September 1994, he was a cadre of Youth League Committee of Jiangxi Institute of Education (江西教育學院) (during the period: he studied the political history in Jiangxi Institute of Education from September 1992 to July 1994). From September 1994 to March 2001, he served as a cadre of Nanchang Economic System Reform Committee of Jiangxi province (江西省南昌市經濟體制改革委員會) (during the period: he was assigned to Yunqiao Township, Jinxian County to help disaster-stricken areas resume production, rebuild the areas and develop the economy from October 1998 to January 1999). From March 2001 to November 2002, he served as a senior staff member of Nanchang Economic System Reform Committee of Jiangxi province (from August 1999 to December 2001, he studied economics and management at the Correspondence Institute of the Party School of the Central Committee of C.P.C (中央黨校函授學院)). From November 2002 to March 2005, he served as a deputy director of the enterprise listing division (enterprise system division) of Nanchang Economic System Reform Committee of Jiangxi province. From March 2005 to August 2005, he served as the deputy director of the enterprise listing division of Nanchang City Development and Reform Commission. From August 2005 to January 2006, he served as the director of the enterprise listing division of Nanchang City Development and Reform Commission. From January 2006 to July 2007, he served as the director of the planning division of Nanchang City Development and Reform Commission. From July 2007 to December 2007, he served as the director of the planning division of Nanchang City Development and Reform Commission and the head of the Nanchang Finance (Enterprise Listing) Working Office of Jiangxi province (南昌市金融(企業上市)工作辦公室). From December 2007 to November 2010, he served as the director of Nanchang Finance (Enterprise Listing) Working Office (Deputy county level) (during the period: he studied at the second county cadre class of Party School of Nanchang Municipal in 2008 from November 2008 to January 2009). From November 2010 to October 2019, he served as the director and Party Secretary of the Nanchang Municipal People's Government Finance Working Office (南昌市人民政府金融工作辦公室) (during the period: he studied at the 43rd training course for young and middle-aged cadres of the Party School of Jiangxi Provincial Committee of C.P.C from September 2013 to December 2013, and from April 2019 to June 2019, he studied at the 78th county-level class of Nanchang Municipal Party School in 2019). From October 2019 to August 2021, he served as the deputy secretary of the Party Committee, general manager and director of Nanchang Industrial Holdings Group Co., Ltd. (南昌工業控股集團有限公司); from August 2021 to May 2022, he served as the secretary of the Party committee and chairman of Nanchang Industrial Holding Group Co., Ltd. From May 2022 to present, he has served as the Party Secretary and chairman of Nanchang Industrial Investment Group Co., Ltd.

CHAPTER VII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, EMPLOYEES AND INSTITUTIONS

Ms. WANG Yun (王芸) An independent non-executive Director

Ms. WANG has a doctor's degree, and is currently a professor of accounting department of faculty of economic management of East China Jiaotong University.

Since July 1988, Ms. WANG has successively served as an intern-teaching assistant, teaching assistant, lecturer, head of accounting department, associate professor, deputy dean and professor of faculty of economic management of East China Jiaotong University. From April 2002 to November 2008, she served as an independent director in Anyuan Industrial Co., Ltd. (安源實業股份有限公司, SSE stock code: 600397). From April 2003 to October 2009, She was an independent director of Tellhow Sci-tech Co., Ltd. (泰豪科技股份有限公司, SSE stock code: 600590). From September 2007 to January 2008, she was a visiting scholar at faculty of management, Fudan University (復旦大學) in Shanghai, China. From February 2008 to April 2014, she was an independent director of Winall Hi-tech Seed Co., Ltd. (安徽荃銀高科種業股份有限公司, SZSE stock code: 300087). From December 2009 to May 2016, she was an independent director of Jiangxi Special Electric Motor Co., Ltd. (江西特種電機股份有限公司, SZSE stock code: 002176). From February 2012 to March 2019, She served as an independent director of in Anyuan Coal Industry Group Co., Ltd. (安源煤業集團股份有限公司, SSE stock code: 600397). From September 2012 to September 2018, she was an independent director of Jiangxi Wannianqing Cement Co., Ltd. (江西萬年青水泥股份有限公司, SZSE stock code: 000789). From May 2017 to present, she has been an independent director of Jiangxi 3L Medical Products Group Co., Ltd. (江西 3L 醫用製品集團有限公司). From April 2018 to present, she has been an independent director of China Nerin Engineering Co., Ltd. (中國瑞林工程技術股份有限公司). From December 2020 to present, she has been an independent director of Jiangxi Special Electric Motor Co., Ltd. (江西特種電機股份有限公司, SZSE stock code: 002176). From April 2022 to present, she has been an external director of Jiangxi Port Group Co., Ltd. (江西省港口集團有限公司).

Ms. WANG obtained a bachelor's degree in financial accounting and a masters degree in accounting from East China Jiaotong University in June 1993 and June 2005, respectively. She obtained her doctorate degree in industrial economics from Jiangxi University of Finance and Economics in January 2009. Ms. WANG was accredited as a professor by Jiangxi Provincial Title Commission Office in November 2005.



CHAPTER VII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, EMPLOYEES AND INSTITUTIONS

Mr. WONG Hin Wing (黃顯榮) An independent non-executive Director

He obtained an Executive Master of Business Administration from The Chinese University of Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England & Wales, the Association of Chartered Certified Accountants, the Hong Kong Institute of Directors and the Chartered Governance Institute in the UK. He is also a member of the American Institute of Certified Public Accountants and a chartered member of the Chartered Institute for Securities & Investment in the UK. Mr. WONG was awarded the Medal of Honour by the Government of HKSAR.

He is currently an independent non-executive director of Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited (a public company with A shares listed on the Shanghai Stock Exchange and H shares listed on the Stock Exchange), Inner Mongolia Yitai Coal Co., Ltd. (內蒙古伊泰煤炭股份有限公司, a public company with B shares listed on the Shanghai Stock Exchange and H shares listed on the Stock Exchange), Jiangxi Bank Co., Ltd. (a public company with H shares listed on the Stock Exchange), Zhaoke Ophthalmology Limited (a public company listed on the Stock Exchange) and Kingmaker Footwear Holdings Limited (信星鞋業集團有限公司, a public company listed on the Stock Exchange).

He is a member of Anhui Provincial Committee of the Chinese People's Political Consultative Conference, a panel member of Securities and Futures Appeals Tribunal, a panel member of the Accounting and Financial Reporting Review Tribunal, a member of Construction Industry Council, a member of Betting, Gaming and Lotteries Commission, a member of the Medical Council of Hong Kong and a board member of Hong Kong Ocean Park (香港海洋公園董事局).

He served as the managing partner and licensed principal of Hermitage Capital HK Limited, a licensed private equity investment company registered under the Securities and Futures Ordinance. Prior to this, he had worked with an international audit firm for four years and then a listed company as chief financial officer for seven years. He then co-founded Silk Road International Capital Limited (絲路國際資本有限公司, a licensed corporation and formerly known as s Legend Capital Partners, Inc. (安裡俊投資有限公司)), and served as its executive director and licensed principal for twenty-three years. He has more than thirty years of extensive experience in corporate management and governance, investment management and advisory, accounting and finance.



CHAPTER VII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, EMPLOYEES AND INSTITUTIONS

Mr. YANG Ailin (楊愛林) An independent non-executive Director

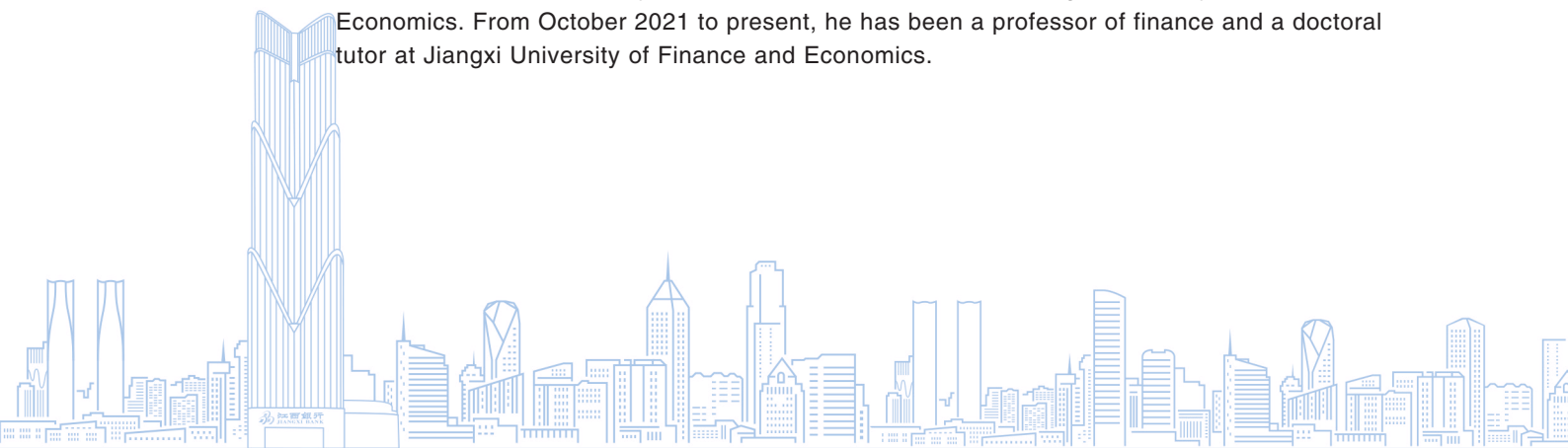
He has a doctorate degree and currently the director of Jiangxi Huabang Law Firm.

Mr. YANG served as a lawyer of Jiangxi Fazheng Law Firm (江西法正律師事務所) from July 1995 to June 1998 (during which he studied at the Party School of the Jiangxi Provincial Committee of C.P.C and obtained a postgraduate degree from September 1996 to June 1998). He served as a lawyer of Jiangxi Huabang Law Firm from July 1998 to August 2010 (during which he studied in Jiangxi University of Finance and Economics for a part-time master's degree in law from February 2006 to January 2009 and obtained a master's degree in law in January 2009). He studied at the Law School of Renmin University of China from September 2010 to June 2013 and obtained a doctoral degree in law in June 2013. He has been a lawyer of Jiangxi Huabang Law Firm from July 2013 to present and the director of Jiangxi Huabang Law Firm from February 2019 to present. He has also been an external director of Jiangxi Military Industry Holding Co., Ltd. since June 2021.

Mr. LIU Xinghua (劉興華) An independent non-executive Director

He has a doctorate degree. He is currently a professor of finance and a doctoral tutor at Jiangxi University of Finance and Economics.

Mr. LIU studied in the Department of Information Management & Science of Nanchang University from September 1990 to June 1994. From July 1994 to October 2005, he served as a teaching assistant and an assistant researcher of Jiangxi University of Finance and Economics (during which he studied in Jiangxi University of Finance and Economics for a master's degree in economics from September 1996 to June 1999; he studied in Xiamen University for a doctoral degree in economics from September 2001 to December 2004). From November 2005 to August 2011, he served as an associate professor and the head of department of Jiangxi University of Finance and Economics. From September 2011 to August 2013, he served as a professor of finance and the deputy dean of the School of Finance of Jiangxi University of Finance and Economics. From September 2013 to September 2021, he served as a professor of finance, a doctoral tutor and the deputy dean of the School of Finance of Jiangxi University of Finance and Economics. From October 2021 to present, he has been a professor of finance and a doctoral tutor at Jiangxi University of Finance and Economics.



7.3.2 Supervisors

Mr. LIU Fulin (劉福林) An employee representative Supervisor and the chairman of the Board of Supervisors

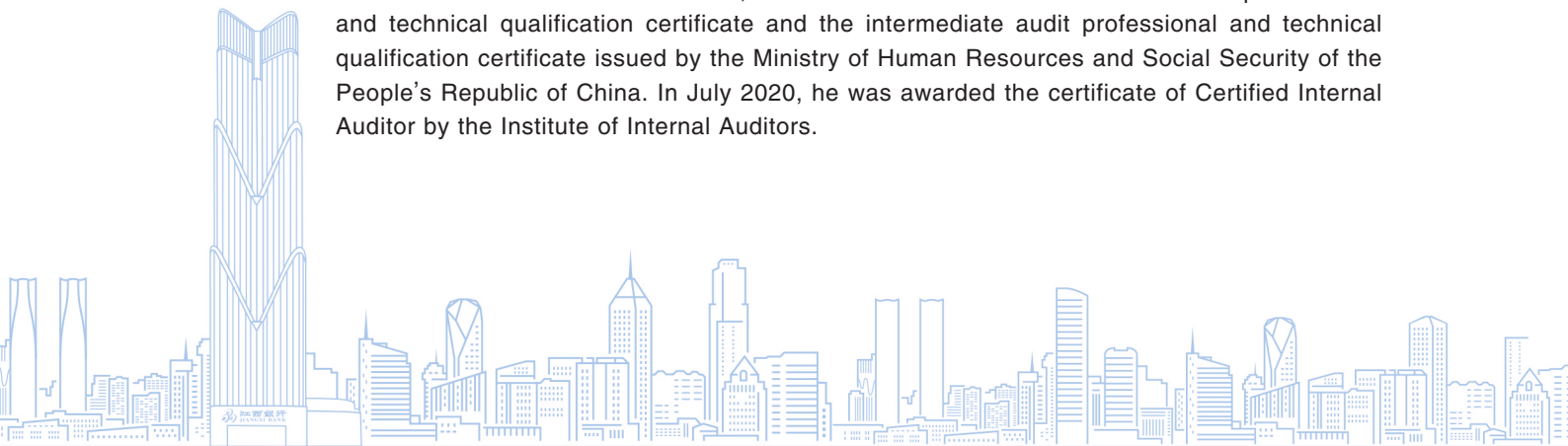
From July 1985 to September 1988, Mr. Liu was a teacher and a teaching assistant at Jiangxi Institute of Economic Administrators (江西經濟管理幹部學院). From July 1990 to March 2010, Mr. Liu was with Jiangxi Government and successively served as (i) a cadre, senior staff member and principal staff at the financial division of the General Office, (ii) the director of the financial division of the General Office in Bureau of Government Offices Administration (機關事務管理局), (iii) a deputy director and researcher of commercial and finance division (商金處) of the General Office, (iv) a deputy director and researcher of the financial division of the General Office and (v) the director of financial division General Office. From March 2010 to January 2016, Mr. Liu was with Financial Office of People's Government of Jiangxi Province (江西省政府金融辦) and successively served as the director of the division of capital market, a deputy head and the head. From December 2015 to present, Mr. Liu has been an employee representative Supervisor and chairman of the Board of Supervisors of the Bank.

Mr. Liu obtained his bachelor's degree in mathematics from Jiangxi Normal University in July 1985 and master's degree in accounting from Shanghai University of Finance and Economics (上海財經大學) in Shanghai, China, in January 1994.

Mr. WANG Wei (王威) An employee representative Supervisor

From July 2014 to April 2018, Mr. Wang was a clerk of the Jiangxi Audit Office of China Construction Bank. From June 2018 to July 2020, Mr. Wang was the on-site audit officer of the audit department of Jiangxi Bank. From July 2020 to present, he has served as the manager of the audit department and the office of the Board of Supervisors of Jiangxi Bank.

Mr. Wang obtained a bachelor's degree in statistics from Zhejiang Gongshang University in June 2010 and a master's degree in economics from Shanghai University of Finance and Economics in June 2014. In November 2019, he obtained the intermediate economic professional and technical qualification certificate and the intermediate audit professional and technical qualification certificate issued by the Ministry of Human Resources and Social Security of the People's Republic of China. In July 2020, he was awarded the certificate of Certified Internal Auditor by the Institute of Internal Auditors.



CHAPTER VII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, EMPLOYEES AND INSTITUTIONS

Mr. ZHOU Minhui (周敏輝) A shareholder representative Supervisor

He has been with Jiangxi Copper Company Limited since 1982. From July 2016 to April 2018, Mr. Zhou served as the general manager of the financial management department of that company. From April 2018 to present, Mr. Zhou has been a full-time director and supervisor of an investment enterprise of Jiangxi Copper Company Limited.

Mr. Zhou completed his long distance learning courses in industrial accounting offered by Jiangxi Radio & TV University (江西廣播電視大學) in July 1986. He also completed his correspondence undergraduate course in Party School of the Central Committee of Communist Party of China, majoring in law in December 2004. Mr. Zhou was qualified as an accountant by the Ministry of Finance of the PRC in December 1992.

Mr. LUO Ping (羅平) An external Supervisor

Mr. Luo has successively served as a staff member, deputy director and director of the International Department, Department I and Department of Banking Administration of the People's Bank of China, the deputy director of the International Department and the director of the training center of the China Banking Regulatory Commission. He was the chairman of the supervisory committee of Bank of Kunlun from 2014 to 2017. He is an independent director of Bank of Shizuishan from 2018 to the present; an independent director of Fudian Bank from 2020 to present; an external supervisor of Bank of Tangshan from 2020 to present.

Mr. Luo obtained a master's degree in banking and finance from the University of Wales, United Kingdom in 1990.



CHAPTER VII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, EMPLOYEES AND INSTITUTIONS

Ms. WANG Guizhi (王桂芝) An external Supervisor

Ms. WANG has successively served as Deputy Director of the Finance Department of Henan Financial Management Cadre College, General Manager of the Planning and Management Department of China Guangfa Bank Head Office, Secretary of the Party Committee and President of China Guangfa Bank Nanjing Branch, Member of the Party Committee of China Guangfa Bank Head Office and Secretary of the Party Committee and President of China Guangfa Bank Guangzhou Branch. In July 2011, she was appointed as Member of the Party Committee, Assistant to the President and Deputy President of China Guangfa Bank Head Office. Since 2013, she has also served as Chairman of the Supervisory Board of China UnionPay, Executive Deputy Director of the 3rd and 4th Financial Professional Committee, Guangdong Association for Promotion of Cooperation among Guangdong, Hong Kong&Macao, etc. From January 2018 to September 2020, she was a member of the Party Committee and Chairman of the Supervisory Committee of the Head Office of China Guangfa Bank. She currently is the Vice Chairman of Guangdong Province Financial Think Tank and an MBA and MP tutor at the School of Management of Sun Yat-sen University.

Ms. WANG obtained an EMBA degree from China Europe International Business School in 2004.

Mr. LI Xunlei (李迅雷) An external Supervisor

Mr. Li served as a staff member of the library of Shanghai University of Finance and Economics from September 1985 to September 1993, and as an assistant researcher of Institute of Finance of Shanghai University of Finance and Economics from September 1993 to September 1996. Mr. Li was the deputy director of research institute of Junan Securities Co., Ltd. (君安證券公司) from September 1996 to August 1999, deputy director of the research institute of Guotai Junan Securities Co., Ltd. from August 1999 to May 2000, director of the research institute and general manager of sales and trading department of Guotai Junan Securities Co., Ltd. from May 2000 to December 2008 (during the period from October 2006 to December 2008, he was the assistant to president of Guotai Junan Securities Co., Ltd.), chief economic manager and chief economist of Guotai Junan Securities Co., Ltd. and director of CPIC Fund Management Co., Ltd. from January 2009 to October 2011. Mr. Li was the chief economist and director of the research and institutional business committee of Haitong Securities Co., Ltd from October 2011 to March 2012, the Vice President and chief economist of Haitong Securities Co., Ltd from March 2012 to December 2016, currently is the chief economist and director of the Institutional Business Committee of Zhongtai Securities, vice chairman of the China Chief Economist Forum and a member of the Central Committee of the Jiusan Society.

Mr. Li obtained a bachelor's degree in statistics from Shanghai University of Finance and Economics in July 1985 and a master's degree in international trade from Shanghai University of Finance and Economics in July 1991.

7.3.3 Senior Management Members

Mr. YU Jian (俞健) The vice president

He has served as the vice president of the Bank since May 2020. Mr. Yu joined the Bank in July 2008, and took various positions in the Bank, including (i) a deputy general manager of the asset risk management department, (ii) a deputy general manager of the corporate banking department, (iii) a secretary to the party branch and president of Fengcheng Sub-branch, (iv) a secretary to the party branch and president of Gongren Sub-branch, (v) a secretary to the party branch and president of Bayi Sub-branch, (vi) the vice president of the Bank and a secretary to the Party branch of Bayi Sub-branch. Prior to joining the Bank, Mr. Yu was with the Agricultural Bank of China from July 1995 to July 2008, and successively served as the deputy head and head of the Zhenzhushan business office of Wuyuan County Sub-branch, the manager of asset management department of Wuyuan County Sub-branch, the head of the auditing office of Dexing City under Shangrao Branch, the vice president of Shangrao County Sub-branch, the deputy head of business department of Shangrao Branch, the manager of asset risk management department of Shangrao Branch, and the president of Xinjiang Sub-branch, Shangrao Branch.

Mr. Yu obtained a bachelor's degree in law from Nanchang University, a master's degree in industrial engineering from Nanchang University, and a master's degree in corporate management from East China University of Technology in July 2005, January 2008 and June 2012, respectively.

Mr. CHENG Zongli (程宗禮) The vice president

He served as the vice president of the Bank since December 2010. Mr. Cheng joined the Bank when it was established and took various positions in the Bank, including: (i) a deputy director of asset risk management division; (ii) a deputy manager of special assets management department; (iii) a vice president of Yongxing Sub-branch and Minde Sub-branch; (iv) a deputy general manager of corporate business department (taking charge); (v) the general manager of credit management department; (vi) the president of Railway Sub-branch; and (vii) a vice president and member of Party committee of the Bank. Mr. Cheng's previous working experiences also include serving as (i) a clerk in Nanchang City Credit Union (南昌城市信用社) from October 1994 to August 1997 and (ii) a physician at Nanchang No. 9 Hospital (南昌市第九醫院) from August 1989 to October 1994.

Mr. Cheng obtained a bachelor's degree in clinical medicine from Jiangxi Medical College (江西醫學院) (currently known as the Medical School of Nanchang University) in July 1989. He also obtained a bachelor's degree in money and banking by completing the correspondence course offered by Peking University in July 1999 and a master's degree of business administration from Nanchang University in January 2010. Mr. Cheng was qualified as a senior economist by the General Office of Professional Title in Jiangxi Province in November 2016.

CHAPTER VII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, EMPLOYEES AND INSTITUTIONS

Mr. CAI Xiaojun (蔡小俊) The vice president

He has served as the vice president of the Bank since August 2011. Prior to joining the Bank, Mr. Cai was with the CBRC Jiangxi Office (中國銀行業監督管理委員會江西監管局) from October 2003 to August 2011 and held various positions successively, including: (i) a principal staff member of supervision division of Industrial and Commercial Bank of China (工行監管處), (ii) a deputy director of supervision division of Industrial and Commercial Bank of China, (iii) a deputy director and party committee member of CBRC Jingdezhen Bureau (景德鎮銀監分局), (iv) a deputy director of statistical and information division (統計信息處), and (v) a deputy director of supervision division of city commercial banks (城市商業銀行監管處). From September 1994 to October 2003, Mr. Cai was with PBOC and successively served as: (i) a staff member of the planning division of Financial Research Institution of PBOC Jiangxi Branch (中國人民銀行江西省分行金融研究所), (ii) a vice president of PBOC Jiangxi Xiushui County Subbranch (中國人民銀行江西省修水縣支行), (iii) a deputy section chief of the general department of planning and fund division in PBOC Nanchang Supervision Office (中國人民銀行南昌監管辦計劃資金處綜合科), (iv) a deputy section chief of the general division in PBOC Nanchang Supervision Office (中國人民銀行南昌監管辦綜合處) and (v) a principal staff member of the general division in PBOC Nanchang Supervision Office, supervision division of banks in PBOC Nanchang Supervision Office (中國人民銀行南昌監管辦銀行檢查處) and supervision division of Industrial and Commercial Bank of China.

Mr. Cai obtained a bachelor's degree in applied mathematics, a master's degree in operational research and cybernetics and a master's degree of business administration from Huazhong College of Engineering (華中工學院) (currently known as Huazhong University of Science and Technology), Fudan University, and Southwestern University of Finance and Economics (西南財經大學) in July 1986, July 1994 and December 2002, respectively. Mr. Cai was qualified as a senior economist by Senior Professional and Technical Qualification of Economist Review Committee of PBOC (中國人民銀行經濟系列高級專業技術資格評審委員會) in October 2004.



7.3.4 Company Secretaries

Dr. NGAI Wai Fung (魏偉峰) The joint company secretary

He currently is a director and the chief executive officer of SWCS Corporate Services Group (Hong Kong) Limited and Dr. Ngai has over 30 years of professional practice and senior management experience including acting as the executive director, chief financial officer and company secretary, most of which are in the areas of finance, accounting, internal control and regulatory compliance, corporate governance and company secretarial work for listed issuers including major red chips companies.

Dr. Ngai was the president of the Hong Kong Institute of Chartered Secretaries (now known as the Hong Kong Chartered Governance Institute) (2014-2015), a non-official member of the Working Group on Professional Services under the Economic Development Commission of the Hong Kong Special Administrative Region (2013-2018) and a member of the Qualification and Examination Board of the Hong Kong Institute of Certified Public Accountants (2013-2018). Dr. Ngai was appointed as a member of the General Committee and the Chairman of Membership Services of Sub-Committees of the Chamber of Hong Kong Listed Companies in June 2014 and September 2020, respectively, and was appointed as a Finance Expert Consultant by the Ministry of Finance in June 2016.

Dr. Ngai is a fellow member of the Hong Kong Chartered Governance Institute, a fellow member of the Chartered Governance Institute, a member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants in the United Kingdom, and a member of the Chartered Institute of Arbitrators.

Dr. Ngai held a master's degree in business administration from Andrews University in the United States, a bachelor's degree (Honours) in law from the University of Wolverhampton in the United Kingdom, a master's degree in corporate finance from the Hong Kong Polytechnic University, and a doctoral degree in economic majoring in finance from the Shanghai University of Finance and Economics.

Ms. ZHANG Na (張娜) The joint company secretary

She joined the Bank since June 2014 and currently serves as an executive in Securities Affairs of the office of the Board of the Bank. Ms. Zhang graduated from the Queen Mary University of London with a master's degree in Economics in December 2013.



CHAPTER VII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, EMPLOYEES AND INSTITUTIONS

7.4 CONFIRMATION OF INDEPENDENCE FROM INDEPENDENT NON-EXECUTIVE DIRECTORS

The Bank has received annual confirmation of independence from each independent non-executive Directors, confirming all independent non-executive directors are independent pursuant to Rule 3.13 of Hong Kong Listing Rules.

7.5 INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

As at December 31, 2022, the interests and short positions of the Directors, Supervisors and chief executives of the Bank in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Bank and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) which were required to be notified to the Bank and the Stock Exchange pursuant to the Model Code, were as follows:

- I) Directors: Nil
- II) Supervisors:

Name	Position	Class of shares	Nature of interest	Number of shares directly or indirectly held (Unit: share)	Approximate percentage of the issued share capital of the relevant share class	Approximate percentage of the total share capital in the Bank
LIU Fulin ⁽¹⁾	Employee representative Supervisor	Domestic shares	Interest of spouse	2,000	0.000043%	0.000033%

Note:

- 1 Mr. Liu Fulin is deemed to be interested in 2,000 Domestic Shares held by his spouse, Ms. Nie Lei (聶磊), by virtue of the SFO.

- III) Chief executives: Nil

7.6 INFORMATION OF EMPLOYEES

7.6.1 Composition of Employees

As of the end of the Reporting Period, the Bank has a total of 5,221 official employees.

By age

The Bank has 1,829 employees aged 30 or under, accounting for 35.03% of the total number of employees; 2,354 employees aged 31 to 40, accounting for 45.09% of the total number of employees; 823 employees aged 41 to 50, accounting for 15.76% of the total number of employees; and 215 employees aged over 51, accounting for 4.12% of the total number of employees.

By education

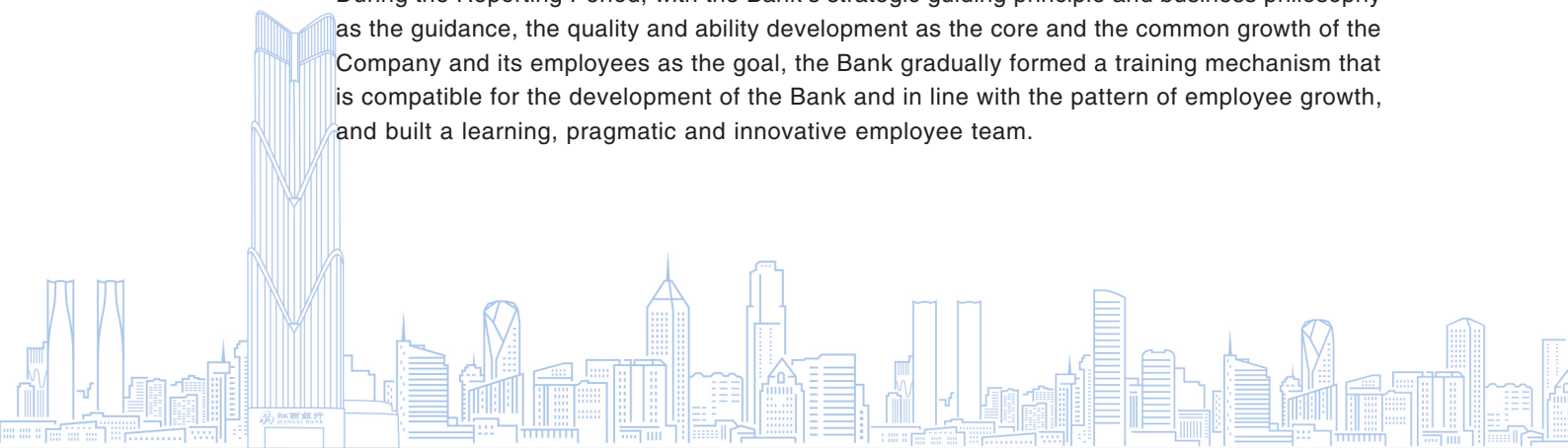
The Bank has 4,891 employees with a bachelor degree or above, accounting for 93.68% of the total number of employees, and 330 employees with a college degree or below, accounting for 6.32% of the total number of employees.

By gender

The Bank has 2,387 male employees and 2,834 female employees. The Bank attaches great importance to gender diversity. As of the end of the Reporting Period, the ratio of male employees to female employees (including senior management) of the Bank was 45.72% and 54.28%, respectively. The Bank believes that gender diversity at the level of employees (including senior management) has been achieved during the Reporting Period. The Bank will continue to implement measures to support gender diversity of employees.

7.6.2 Employee Training Plan

During the Reporting Period, with the Bank's strategic guiding principle and business philosophy as the guidance, the quality and ability development as the core and the common growth of the Company and its employees as the goal, the Bank gradually formed a training mechanism that is compatible for the development of the Bank and in line with the pattern of employee growth, and built a learning, pragmatic and innovative employee team.



CHAPTER VII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, EMPLOYEES AND INSTITUTIONS

During the Reporting Period, in accordance with the requirements of regular epidemic prevention and control, and in connection with the Work Plan for Employees' Educational Training for 2022 of the Bank, the Bank gave full play to the advantages of the online learning platform of unlimited locations and learning at any time, timely carried out live streaming training on new businesses and new products, actively participated in online training held by external agencies. Through the combination of internal and external training, theory and practice as well as camp training and self-study, the Bank enhanced the employees' sense of recognition with the company, improving the employees' working ability and standard.

7.6.3 Employee Remuneration Policy

Remuneration Policy

In strict compliance with the Supervisory Guidelines on Sound Compensation in Commercial Banks and other relevant regulations, the Bank established a value – oriented compensation system of “unified position and salary, salary changes for ranking changes and bonus based on performance” to undertake the construction of dual – channel promotion mechanism for position and rank, and deferred the payment for the pro rata performance-based compensation to the Bank's senior management members and positions that have a significant impact on risks in accordance with regulatory requirements. Employees enjoy the enterprise annuity, supplementary medical insurance and other welfares, in addition to the basic pension insurance, basic medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, housing provident fund and other various legal welfares specified by the state.

Linkage between remuneration policy and risk

In order to further strengthen risk management, enhance risk awareness, give full play to the guiding role of remuneration in risk management and control, and promote the stable operation and sustainable development of the Bank, the Bank has established and improved the deferred payment and recourse and deduction mechanism of performance-based remuneration in accordance with the Supervisory Guidelines on Sound Compensation in Commercial Banks and the Notice on the Guidance on the Establishment and Improvement of the Recourse and Deduction Mechanism of Performance-based Remuneration of Banking and Insurance Institutions. The responsible personnel of the Bank responsible for the distressed assets shall be determined according to the principal amount of the distressed liabilities, and the corresponding performance-based remuneration shall be recovered.

Total amount of unpaid and paid deferred compensation

In 2022, the Bank's total amount of accrued unpaid and paid deferred compensation was RMB105,721,500 and RMB23,168,000 respectively.

CHAPTER VII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, EMPLOYEES AND INSTITUTIONS

7.7 ORGANIZATIONAL STRUCTURE



CHAPTER VII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, EMPLOYEES AND INSTITUTIONS

7.8 BASIC INFORMATION OF BRANCHES AND SUB-BRANCHES

Area	Name of institutions	Business address (in China)	Notes
Nanchang, Jiangxi	Head office	No. 699 Financial Street, Honggutan New District, Nanchang, Jiangxi Province	Governing 77 licensed branches and sub-branches in Nanchang
Pingxiang, Jiangxi	Pingxiang branch	No. 198 Jianshe Middle Road, Anyuan District, Pingxiang, Jiangxi Province	Governing 8 licensed institutions in Pingxiang
Jiujiang, Jiangxi	Jiujiang branch	No. 248 Changhong Avenue, Lianxi District, Jiujiang, Jiangxi Province	Governing 14 licensed institutions in Jiujiang
Ganzhou, Jiangxi	Ganzhou branch	Building 8, Shenghui City Center, Ganxian Road, Zhanggong District, Ganzhou, Jiangxi Province	Governing 22 licensed institutions in Ganzhou
Yichun, Jiangxi	Yichun branch	No.636 Yichun North Road, Yichun, Jiangxi Province	Governing 14 licensed institutions in Yichun
Xinyu, Jiangxi	Xinyu branch	No.69 Zhongshan Road, Yushui District, Xinyu, Jiangxi	Governing 4 licensed institutions in Xinyu
Shangrao, Jiangxi	Shangrao branch	Block 20, No. 32 Xingyuan Avenue, Shangrao Economic and Technical Development Zone, Jiangxi Province	Governing 13 licensed institutions in Shangrao
Ji'an, Jiangxi	Ji'an branch	1/F, Tianhong Shopping Plaza, West of Jinggangshan Avenue and North of Guangchang South Road, Jizhou District, Ji'an, Jiangxi	Governing 15 licensed institutions in Ji'an

CHAPTER VII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, EMPLOYEES AND INSTITUTIONS

Area	Name of institutions	Business address (in China)	Notes
Fuzhou, Jiangxi	Fuzhou branch	No. 618 Gandong Avenue, Linchuan District, Fuzhou, Jiangxi Province	Governing 11 licensed institutions in Fuzhou
Yingtian, Jiangxi	Yingtian branch	No. 1 Yuqing Road, Xinjiang New District, Yingtian, Jiangxi Province	Governing 4 licensed institutions in Yingtian
Jingdezhen, Jiangxi	Jingdezhen branch	Building 1, West Area 1, Crown Shopping Plaza, Guangchang South Road, Zhushan District, Jingdezhen, Jiangxi Province	Governing 16 licensed institutions in Jingdezhen
Guangzhou	Guangzhou branch	Room 102, 1/F, Block 3 and Rooms 201-202, 2/F, Block 3, No. 986 Jiefang North Road, Yuexiu District, Guangzhou, Guangdong Province	Governing 5 licensed institutions in Guangzhou
Suzhou	Suzhou branch	Rongsheng Business Center, No. 135 Wangdun Road, Suzhou Industrial Park, Jiangsu Province	Governing 5 licensed institutions in Suzhou
Nanchang, Jiangxi	Small Enterprise Credit Center	No.96 Zhanqian Road, Xihu District, Nanchang, Jiangxi Province	Governing 8 licensed institutions in Jiangxi



CHAPTER VIII CORPORATE GOVERNANCE REPORT

8.1 OVERVIEW OF CORPORATE GOVERNANCE

During the Reporting Period, the Bank continued to improve the transparency of corporate governance to protect the interests of shareholders and enhance corporate value.

The Bank has established a relatively comprehensive corporate governance structure pursuant to the provisions of the Hong Kong Listing Rules. The composition of the Board and the special committees under the Board complies with the requirements of the Hong Kong Listing Rules. The Bank clearly defines the responsibilities of the shareholders' general meeting, the Board, the Board of Supervisors, and senior management. The shareholders' general meeting is the highest authority of the Bank, and the Board is responsible to the shareholders' general meeting. The Board has set up six special committees that operate under the leadership of the Board and offer opinions on the Board's decision-making. The Board of Supervisors supervises the performance of duties by the Board and senior management as well as the Bank's financial activities, risk management, and internal control. Under the leadership of the Board, senior management is responsible for implementing the resolutions of the Board and for daily business and management of the Bank, and reports to the Board and the Board of Supervisors on a regular basis. The President of the Bank, appointed by the Board, is responsible for the overall business operation and management of the Bank.

The Bank has adopted Appendix 14 to the Hong Kong Listing Rules headed Corporate Governance Code (the "Code"). The Bank has met the requirements of the measures for the administration of domestic commercial banks and the corporate governance requirements and has established a sound corporate governance system. During the Reporting Period, the Bank has complied with all applicable Code provisions as set forth in Appendix 14 to the Hong Kong Listing Rules except for the Code provision C.2.1. From August 25, 2022, the Bank has complied with the requirements of the Code provision C.2.1. Please refer to paragraph 8.8 of this chapter for details of compliance of the Code provision C.2.1.

Reference is made to the announcement of the Bank dated June 28, 2022 in relation to, among others, the election of Directors of the third session of the Board at the 2021 annual general meeting of the Bank. Among them, some of the elected Directors (including independent non-executive Directors) will perform their duties upon the approval of their qualifications as directors by the China banking and insurance regulatory authorities, thus failing to meet the requirements that the Board must include at least three independent non-executive directors and the audit committee must comprise a minimum of three members under Rule 3.10(1) and Rule 3.21 of the Listing Rules, respectively. As of the Latest Practicable Date, the Bank has complied with the requirements under Rule 3.10(1) and Rule 3.21 of the Listing Rules.

The Bank commits itself to maintaining high-standard corporate governance. The Bank will continue to strengthen its corporate governance to ensure compliance with the Code and live up to the expectations of shareholders and potential investors.

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8.2 SHAREHOLDERS' GENERAL MEETING

In 2022, the Bank convened three shareholders' general meetings in Nanchang, Jiangxi Province, details of which are set out below:

1. On June 28, 2022, the Bank held the 2021 Annual General Meeting, and considered and approved the proposals on the election of Directors of the third session of the Board of Jiangxi Bank, the election of Supervisors of the third session of the Board of Supervisors of Jiangxi Bank, the 2021 annual financial account report and 2022 financial budget plan, 2021 profit distribution proposal and 2022 capital expenditure plan of Jiangxi Bank Co., Ltd., the extension of the validity period and authorization period of the issuance of undated capital bonds of Jiangxi Bank and the amendments to the Articles of Association of Jiangxi Bank Co., Ltd., etc.
2. On June 28, 2022, the Bank held the 2022 First Class Meeting of Domestic Shareholders, and considered and approved the proposals on the extension of the validity period and authorization period of the issuance of undated capital bonds of Jiangxi Bank and the amendments to the Articles of Association of Jiangxi Bank Co., Ltd.
3. On June 28, 2022, the Bank held the 2022 First Class Meeting of H Shareholders, and considered and approved the proposals on the extension of the validity period and authorization period of the issuance of undated capital bonds of Jiangxi Bank and the amendments to the Articles of Association of Jiangxi Bank Co., Ltd.

The above general meetings were convened in line with the procedures specified by relevant laws and regulations. For details of the attendance, main issues and voting of the general meetings, please refer to the announcement of Poll Results of 2021 Annual General Meeting, 2022 First Class Meeting of Domestic Shareholders and 2022 First Class Meeting of H Shareholders dated June 28, 2022 published by the Bank on the websites of the Hong Kong Stock Exchange and the Bank.

For the attendance rate of each Director at the general meetings, please refer to the section 8.3.5.



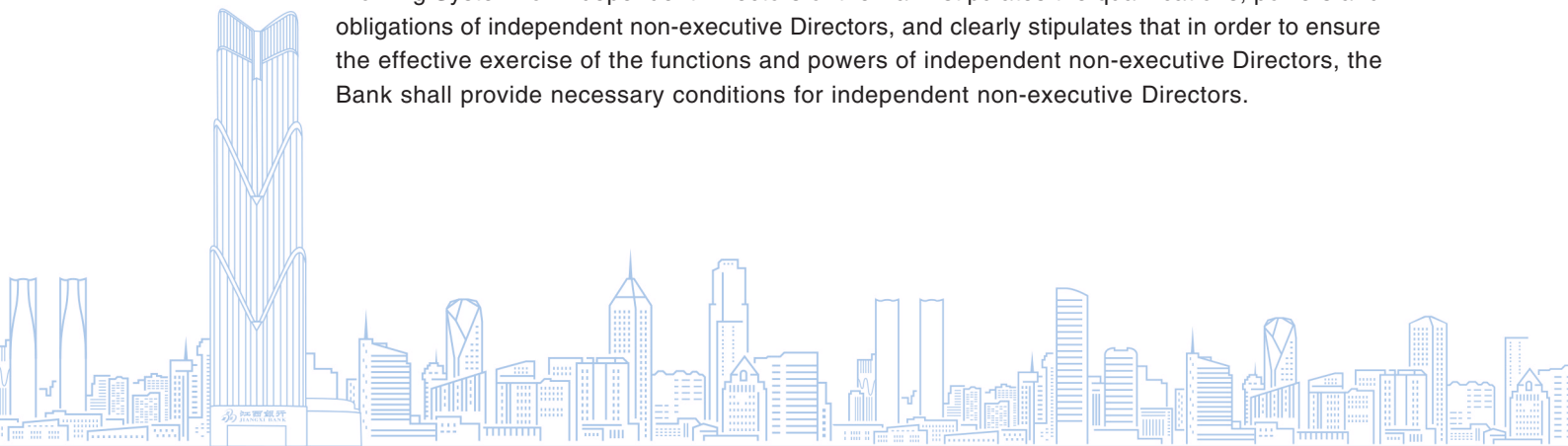
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8.3 BOARD

8.3.1 Operation of the Board

Regular meetings of the Board shall be convened at least once each quarter and other meetings shall be scheduled if necessary. A meeting of the Board may be held on site or by circulation of a written resolution. The Board shall notify all directors prior to Board meetings and provide sufficient information (including background information and other information and data of the proposals presented to assist the directors in making informed decisions) to all directors in a timely manner. For regular meetings of the Board, all directors and supervisors must be notified in writing 14 days before the convening of the meetings, and the meeting agenda and relevant meeting documents shall be sent to all directors 3 days before the convening of the meetings; and for other Board meetings, a notice shall be sent to all directors 5 days before the convening of the meetings. A good communication and reporting mechanism has been established between the Board and senior management. The President is responsible to the Board and reports to the Board on a regular basis, and is subject to the supervision by the Board of Supervisors. At the Board meetings, all directors are free to express their opinions, and discuss important decisions in detail before making such decisions. The Board has a Board office that serves as the daily office of the Board. The Board office is responsible for preparing the general meetings and Board meetings and meetings of special committees under the Board and processing the tasks assigned by the general meetings, Board meetings, and meetings of the special committees under the Board. The Board and senior management exercise their respective powers corresponding to their responsibilities contained in the Articles of Association. Directors who have a material interest in the proposals must give up the right of participating in the discussion and voting on relevant proposals and must not be included in the quorum of the relevant proposals.

The Board has established relevant mechanisms to ensure that the Board receives independent views and opinions. According to the Articles of Association and the Work System for Independent Directors formulated by the Bank, the number of independent non-executive Directors shall be no less than three and shall not be less than one-third of the total number of Directors. The Working System for Independent Directors of the Bank stipulates the qualifications, powers and obligations of independent non-executive Directors, and clearly stipulates that in order to ensure the effective exercise of the functions and powers of independent non-executive Directors, the Bank shall provide necessary conditions for independent non-executive Directors.



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In addition, independent non-executive Directors shall also express objective, fair and independent opinions on the matters discussed by the Bank. The independent non-executive Directors of the Bank do not hold any positions in the Bank other than that of Directors, do not have any relationship with the Bank and its substantial shareholders that may affect their independent and objective judgments, and do not have any business or financial interests in the Bank and its subsidiaries. The Board also assesses the independence of independent non-executive Directors annually. As such, the participation of independent non-executive Directors also ensures the presence of a sufficient independent element on the Board. The Board will review the implementation and effectiveness of the aforesaid mechanism on an annual basis.

8.3.2 Composition of the Board

As of the Latest Practicable Date, the Board of the Bank consists of eleven Directors, including two executive Directors, namely, Ms. ZENG Hui, and Mr. LUO Xiaolin; five non-executive Directors, namely, Mr. YU Minxin, Mr. DENG Yonghang, Ms. XIONG Jiemin, Mr. LI Shuiping, and Ms. ZHUO Liping; and four independent non-executive Directors, namely, Ms. WANG Yun, Mr. WONG Hin Wing, Mr. LIU Xinghua, and Mr. YANG Ailin.

For the biographies and term of office of Directors, please refer to Chapter VII “Directors, Supervisors, Senior Management Members, Employees and Institutions” in this annual report. None of the Board members are associated with other members.

8.3.3 Authority of the Board

The Board is responsible to the shareholders’ general meeting and exercises the following functions and powers:

to convene a shareholders’ general meeting and report to the meeting on the work of the Board;

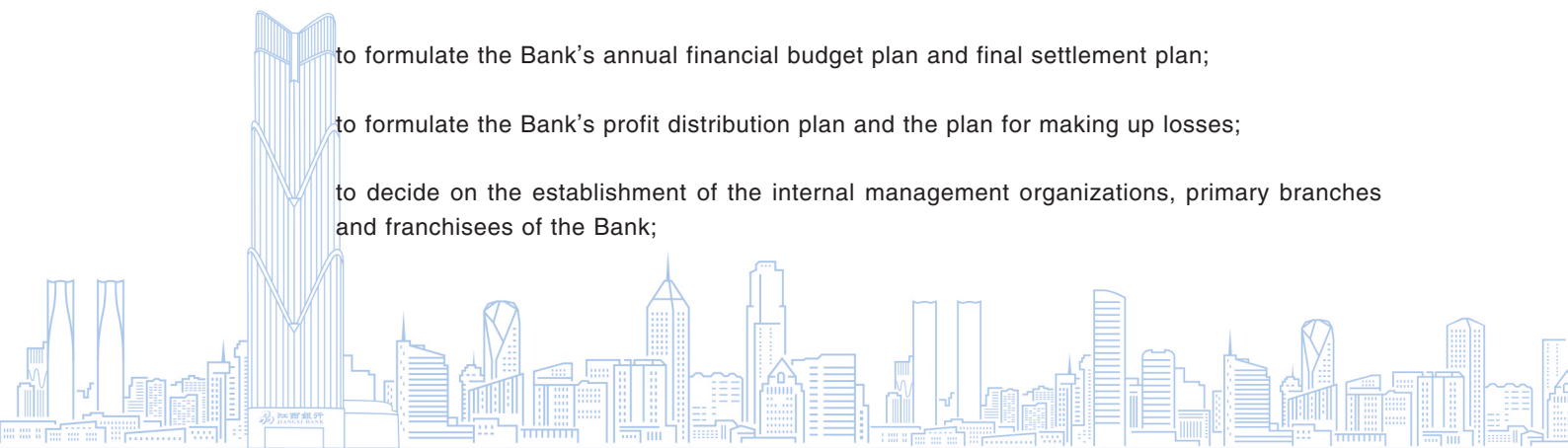
to implement the resolutions of the shareholders’ general meetings;

to decide on the business plans and investment plans of the Bank;

to formulate the Bank’s annual financial budget plan and final settlement plan;

to formulate the Bank’s profit distribution plan and the plan for making up losses;

to decide on the establishment of the internal management organizations, primary branches and franchisees of the Bank;



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to formulate proposals for increases in or reductions of registered share capital, issuance of bonds or other securities and listing;

to formulate proposals for material acquisitions, purchase of the Bank's shares, merger, division, dissolution and change of corporate form of the Bank;

to appoint or dismiss senior management personnel, decide on their remuneration, rewards and punishments, and supervise the performance of duties by senior management in accordance with regulatory provisions;

to consider and approve the Bank's external investment, assets purchase, assets disposal and write-off, assets mortgage, related transactions, data management, and external donations in accordance with laws and regulations, regulatory provisions and the Articles of Association of the Bank;

to formulate the development strategies of the Bank, and supervise the implementation of the strategies;

to formulate the capital planning of the Bank, and assume the ultimate responsibility for capital or solvency management;

to formulate the risk tolerance, risk management and internal control policies of the Bank, and assume the ultimate responsibility for overall risk management of the Bank;

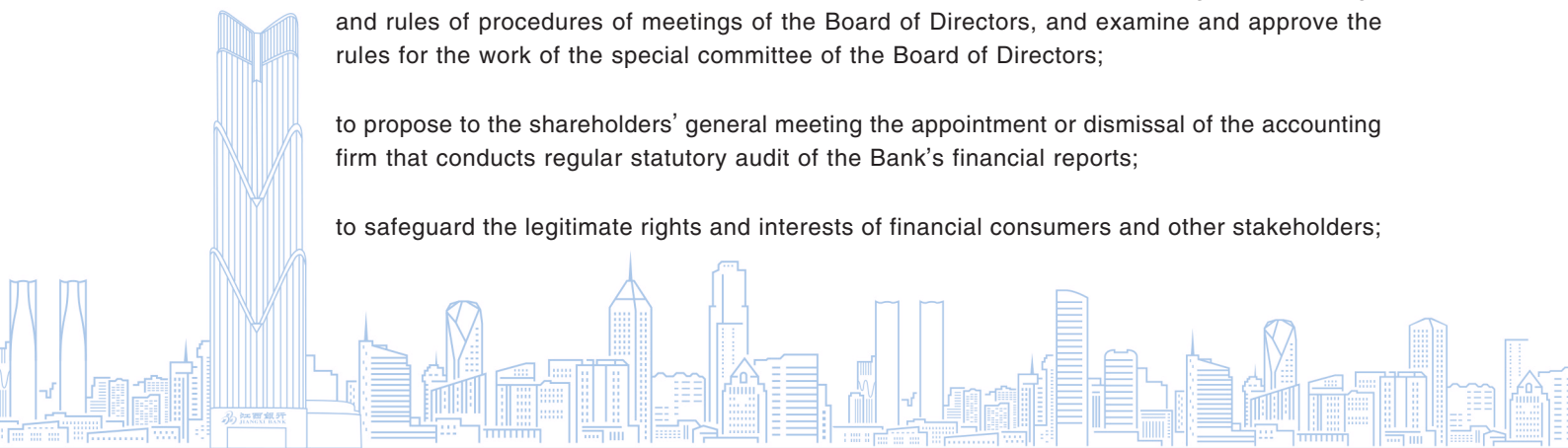
to be responsible for the disclosure of information of the Bank, and bear ultimate responsibility for the authenticity, accuracy, completeness and timeliness of the Bank's accounting and financial report;

to regularly evaluate and improve the governance of the Bank;

to establish the basic management system of the Bank; to formulate proposals for any amendment to the Articles, formulate the rules of procedures for shareholders' general meetings and rules of procedures of meetings of the Board of Directors, and examine and approve the rules for the work of the special committee of the Board of Directors;

to propose to the shareholders' general meeting the appointment or dismissal of the accounting firm that conducts regular statutory audit of the Bank's financial reports;

to safeguard the legitimate rights and interests of financial consumers and other stakeholders;



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to establish the identification, investigation and management mechanism for conflicts of interest between the Bank and Shareholders especially substantial Shareholders;

to take responsibility for the management of Shareholders' affairs;

to listen to the work report of senior management and check its work, supervise and ensure that senior management personnel fulfill their management duties effectively;

to listen to the senior management's opinions on the supervision of the regulatory authorities, management suggestions put forward by the external auditors, etc.;

to evaluate the performance of duties by Directors and appraise the due diligence of senior management members;

other functions and powers as set forth in laws and regulations, the listing rules of the stock exchange(s) where the stocks of the Bank are listed or the Articles of Association of the Bank, and granted by the shareholders' general meeting.

8.3.4 Directors' Responsibilities for Preparing Financial Statements

The Directors confirm that they are responsible for preparing financial statements for the year ended December 31, 2022 which should truly and fairly reflect the business status and performance of the Bank. To prepare financial statements, the directors shall select and apply appropriate accounting policies, and use accounting estimates that are appropriate for relevant circumstances. With the assistance of accounting and finance personnel, the directors ensure that they have prepared the financial statements for the Bank in accordance with statutory requirements and applicable financial reporting standards.



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8.3.5 Board Meetings and the Attendance of Directors

During the Reporting Period, the Board convened a total of 21 Board meetings, at which the Bank debriefed on, considered and approved 126 proposals mainly involving topics such as adoption and/or revision of various corporate governance measures, profit distribution plans, development plans, and business performance. Details of the Board meetings convened during the Reporting Period are set out below:

Session	Date	Form
Periodic meetings		
The thirteenth meeting of the second session of the Board	March 25, 2022	On-site meeting
The fourteenth meeting of the second session of the Board	May 24, 2022	On-site meeting
The second meeting of the third session of the Board	August 26, 2022	On-site meeting
The eighth meeting of the third session of the Board	December 29, 2022	On-site meeting
Extraordinary meetings		
The first extraordinary meeting for 2022 of the second session of the Board	January 10, 2022	On-site meeting
The second extraordinary meeting for 2022 of the second session of the Board	February 07, 2022	Circulating written resolutions
The third extraordinary meeting for 2022 of the second session of the Board	February 18, 2022	Circulating written resolutions
The fourth extraordinary meeting for 2022 of the second session of the Board	February 22, 2022	On-site meeting
The fifth extraordinary meeting for 2022 of the second session of the Board	March 03, 2022	Circulating written resolutions
The sixth extraordinary meeting for 2022 of the second session of the Board	March 24, 2022	Circulating written resolutions
The seventh extraordinary meeting for 2022 of the second session of the Board	April 12, 2022	Circulating written resolutions
The eighth extraordinary meeting for 2022 of the second session of the Board	April 29, 2022	Circulating written resolutions

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Session	Date	Form
The ninth extraordinary meeting for 2022 of the second session of the Board	May 09, 2022	On-site meeting
The tenth extraordinary meeting for 2022 of the second session of the Board	May 19, 2022	Circulating written resolutions
The eleventh extraordinary meeting for 2022 of the second session of the Board	May 30, 2022	Circulating written resolutions
The first meeting of the third session of the Board	June 28, 2022	On-site meeting
The third extraordinary meeting of the third session of the Board	September 27, 2022	Circulating written resolutions
The fourth extraordinary meeting of the third session of the Board	October 19, 2022	Circulating written resolutions
The fifth extraordinary meeting of the third session of the Board	October 21, 2022	Circulating written resolutions
The sixth extraordinary meeting of the third session of the Board	November 23, 2022	Circulating written resolutions
The seventh extraordinary meeting of the third session of the Board	December 23, 2022	Circulating written resolutions



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The attendance of each Director at the Shareholders' general meetings and Board meetings during the Reporting Period is as follows:

Members of the Board	Number of Attendance Required at Board Meetings	Number of Attendances in Person at Board Meetings	Number of Attendances by Proxy at Board Meetings	Attendance Rate at Board Meetings ¹	Number of Attendances/Attendances Required at Shareholders' General Meetings
ZENG Hui ²	8	8	0	100%	0/0
LUO Xiaolin ³	8	8	0	100%	0/0
YU Minxin	21	20	0	95%	1/1
DENG Yonghang ⁴	8	8	0	100%	0/0
XIONG Jiemin ⁴	8	8	0	100%	0/0
LI Shuiping ⁴	8	8	0	100%	0/0
ZHUO Liping	21	21	0	100%	1/1
WANG Yun	21	20	1	95%	1/1
WONG Hin Wing	21	21	0	100%	0/1
LIU Xinghua ⁵	8	8	0	100%	0/0
YANG Ailin ⁵	8	8	0	100%	0/0
Resigned Directors					
CHEN Xiaoming ⁶	3	3	0	100%	0/0
XU Jihong ⁷	9	9	0	100%	0/0
LUO Yan	13	0	0	0%	0/1
LI Zhanrong ⁸	13	12	1	92%	1/1
LIU Sanglin ⁸	13	13	0	100%	0/1
DENG Jianxin ⁸	13	13	0	100%	0/1
ZHANG Rui ⁸	13	13	0	100%	1/1
ZHANG Wangxia ⁸	13	12	1	92%	1/1

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Notes:

1. During the Reporting Period, attendance by way of proxy was not treated as attendance, and it is the same below.
2. On August 4, 2022, the appointment of Ms. ZENG Hui was approved by the China banking regulatory authority, that is, she started to perform her duties from August 4, 2022.
3. On August 3, 2022, the appointment of Mr. LUO Xiaolin was approved by the China banking regulatory authority, that is, he started to perform his duties from August 3, 2022.
4. On September 5, 2022, the appointments of Mr. DENG Yonghang, Ms. XIONG Jiemin and Mr. LI Shuiping were approved by the China banking regulatory authority, that is, they started to perform their duties from September 5, 2022.
5. On August 25, 2022, the appointments of Mr. LIU Xinghua and Mr. YANG Ailin were approved by the China banking regulatory authority, that is, they started to perform their duties from August 25, 2022.
6. On February 21, 2022, Mr. CHEN Xiaoming submitted a written resignation to the Board of Directors to resign as an executive director, the chairman of the Board and the chairperson of the Strategy Committee of the Board of the Bank with effect from the date of resignation.
7. On May 9, 2022, Mr. XU Jihong submitted a written resignation to the Board of Directors to resign as an executive director, the vice president, the joint secretary to the Board, the company secretary, the chairperson of the of the Risk Management Committee of the Board, a member of the Strategy Committee, a member of the Remuneration and Nomination Committee and a member of the Information and Technology Management Committee of the Bank with effect from the date of resignation.
8. On June 28, 2022, due to the expiration of the term of office, Mr. LI Zhanrong, Mr. LIU Sanglin, Mr. DENG Jianxin, Ms. ZHANG Rui and Ms. ZHANG Wangxia ceased to serve as Directors of the Bank.

8.3.6 Independent Non-executive Directors

The Board of the Bank has four independent non-executive Directors and the number is in compliance with the requirements of the Hong Kong Listing Rules concerning the appointment of at least three independent non-executive directors (representing at least one-third of the Board members), with at least one possessing appropriate professional qualifications or accounting or related financial management expertise.

During the Reporting Period, the independent non-executive Directors fulfilled their fiduciary duties, due diligence responsibilities, and those obligations required by the Articles of Association and safeguarded the overall interests of the Bank and its shareholders. The independent non-executive Directors of the Bank duly attended the Board meetings and the meetings of special committees, at which they provided objective and independent opinions on multiple matters, and participated in the decision-making of the Board and supervised the Board.

The Bank has received an annual confirmation of independence confirming the independence of each of the independent non-executive Directors in writing, which was issued by such Directors according to the requirements of the Hong Kong Listing Rules. Therefore, the Bank confirms that all independent non-executive Directors have complied with the requirements of the Hong Kong Listing Rules in respect of the independence thereof.

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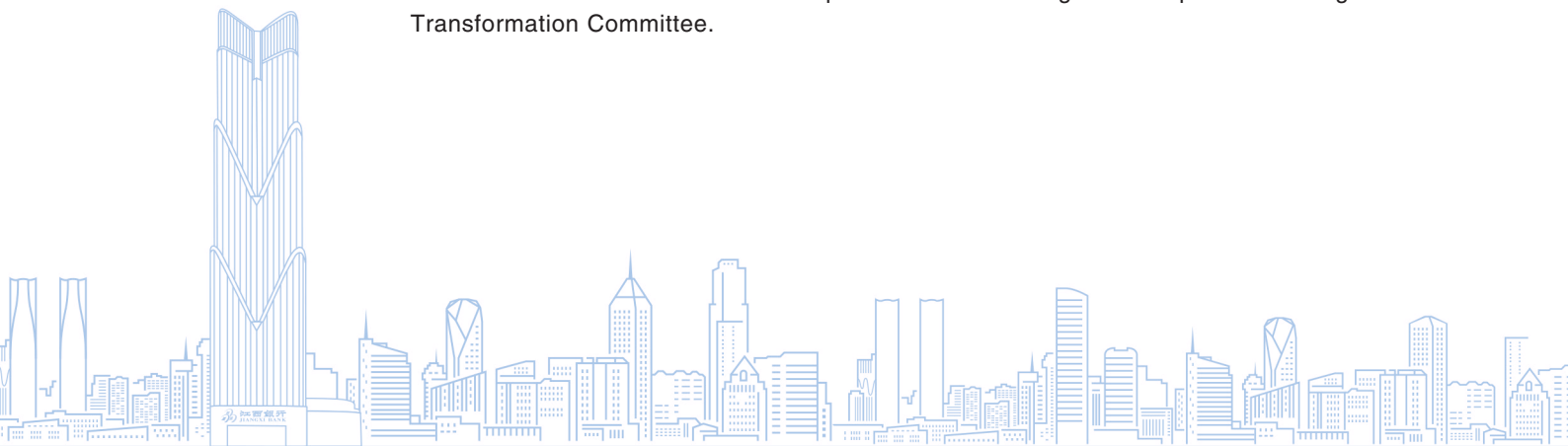
8.3.7 Special Committees of the Board

The Bank held the 2021 annual general meeting to approve the establishment of the third session of the Board of Directors. The third session of the Board of Directors optimized and adjusted the special committees under the Board of Directors. The original eight special committees, namely the Strategic Committee, the Audit Committee, the Risk Management Committee, the Related Party Transactions Control Committee, the Information and Technology Management Committee, the Remuneration and Nomination Committee, the Consumer Rights Protection Committee and the Compliance Management Committee, were adjusted to six special committees, namely the Strategic Development and Digital Transformation Committee (merger of the former Strategic Committee and the Information and Technology Management Committee), the Remuneration and Nomination Committee, the Risk Management Committee, the Audit Committee, the Related Party Transactions Control Committee, the Compliance Management and Consumer Rights Protection Committee (merger of the former Consumer Rights Protection Committee and the Compliance Management Committee).

As of the Latest Practicable Date, the Board of the Bank has six special committees, including the Strategic Development and Digital Transformation Committee, Remuneration and Nomination Committee, Risk Management Committee, Audit Committee, Related Party Transactions Control Committee, and Compliance Management and Consumer Rights Protection Committee.

1 Strategic Development and Digital Transformation Committee (composition, duties, main resolutions approved, and attendance)

The Strategic Development and Digital Transformation Committee of the third session of the Board of Directors of the Bank was formed from the merger of the former Strategic Committee and the Information and Technology Management Committee. As of the end of the Reporting Period, the Strategic Development and Digital Transformation Committee consists of four Directors, namely Ms. ZENG Hui, Mr. LUO Xiaolin, Mr. YU Minxin and Mr. LIU Xinghua. Ms. ZENG Hui and Mr. LUO Xiaolin are executive Directors, and Mr. YU Minxin is a non-executive Director. Mr. LIU Xinghua is an independent non-executive Director. Ms. ZENG Hui is the chairperson of the Strategic Development and Digital Transformation Committee.



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The duties of the Strategic Development and Digital Transformation Committee primarily include:

to draw up the Bank's development strategy and business objectives and supervise the implementation thereof, and regularly evaluate the implementation thereof;

to focus on the goal of serving the real economy and major national strategic deployment, scientifically formulate and implement the digital transformation strategy, incorporate it into the overall strategic planning of the organization, clarify the phased implementation goals, and make long-term investment and continuous promotion. The Strategic Development and Digital Transformation Committee shall urge the senior management to promote digital transformation and regularly listen to digital work reports, including but not limited to the overall structure and mechanism design of digital transformation, management evaluation and assessment system of digital transformation, digital culture construction, and the collaborative promotion of transformation of various business lines;

to review and approve information technology strategies to ensure that they are consistent with the overall business strategies and major strategies of the Bank;

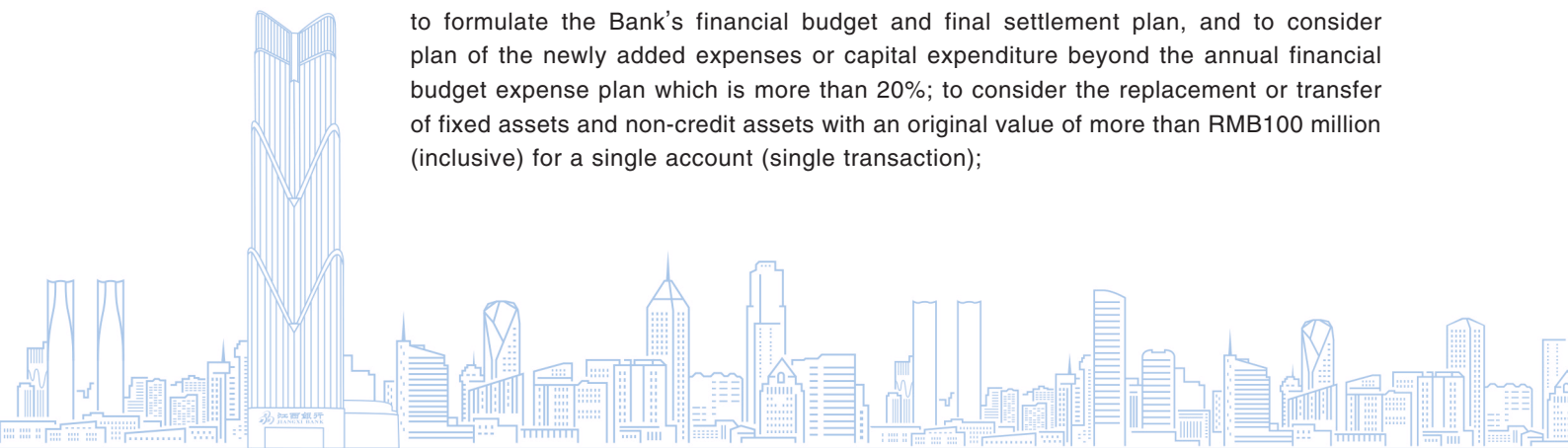
to consider the annual work report of the Information Technology Committee of the Bank on a regular basis, including but not limited to the implementation of the strategic plan of information technology, the information technology budget and actual expenditure, and overall status of information technology;

to consider the construction and operation of major information technology and listen to important work reports;

to supervise and inspect the implementation of the annual business plan;

to consider the establishment of the internal management organizations, primary branches and franchisees of the Bank;

to formulate the Bank's financial budget and final settlement plan, and to consider plan of the newly added expenses or capital expenditure beyond the annual financial budget expense plan which is more than 20%; to consider the replacement or transfer of fixed assets and non-credit assets with an original value of more than RMB100 million (inclusive) for a single account (single transaction);



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to formulate the Bank's profit distribution plan and the plan for making up losses;

to consider the Bank's annual capital expenditure plan (excluding equity investments), and to consider the purchase of newly added fixed assets and intangible assets beyond the annual capital expenditure plan which is more than 20%;

to consider external equity investments of the Bank;

to formulate proposals for increases in or reductions of registered capital, repurchase of shares of the Bank and issuance of bonds or other securities and listing;

to draw up capital adequacy targets that are compatible with the Bank's development strategy, draw up the Bank's internal capital adequacy procedures, and ensure that capital fully covers major risk; and supervise the implementation of capital plans, and satisfy the Bank's requirements for continuing operations and replenishing emergency capital;

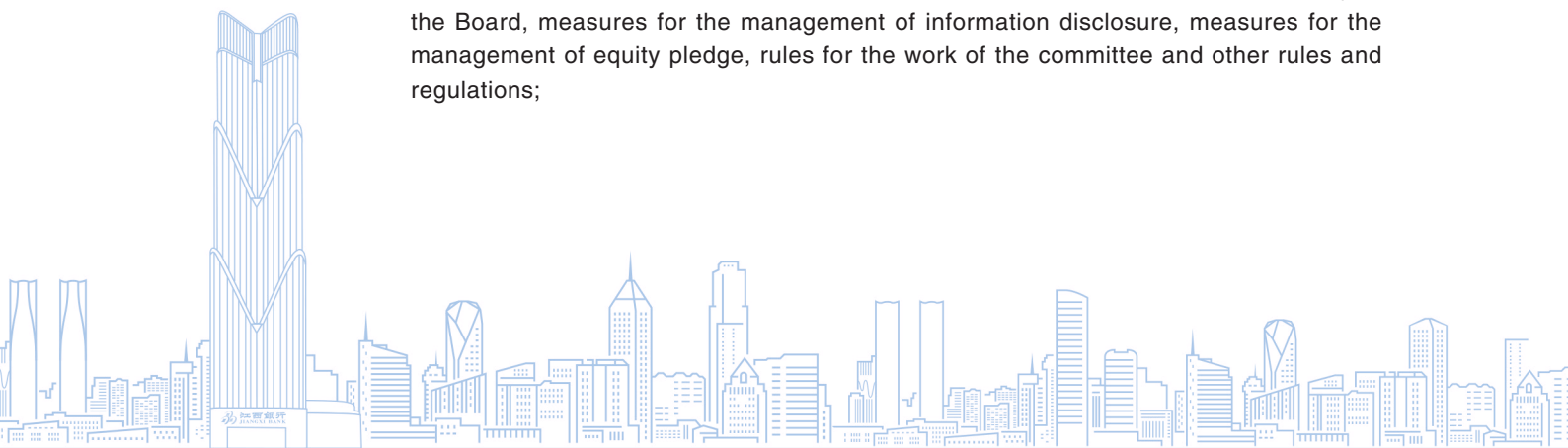
to formulate the Bank's environmental, social and governance (ESG) strategy and its rules and regulations, and supervise the implementation of the Bank's ESG efforts;

to draw up the strategy objectives of green credit for the Bank, review the senior management's report on the implementation of green credit, and supervise and evaluate the implementation of the Bank's development strategy of green credit;

to regularly evaluate and improve the corporate governance of the Bank;

to formulate or amend the Bank's Articles of Association, rules of procedure for the Shareholders' general meeting, rules of procedure for the Board, rules for the work of independent Directors, measures for equity management and other rules and regulations;

to formulate or amend the measures for the administration of authorization by the Board to the President, rules for the work of the President, rules for the work of secretary to the Board, measures for the management of information disclosure, measures for the management of equity pledge, rules for the work of the committee and other rules and regulations;



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to consider the qualifications of Shareholders and equity transfer;

to consider the donations in which a single external donation amounts to more than RMB10 million and total donations amount to more than RMB30 million for the year;

to perform other duties as set forth in laws, regulations, rules, normative documents, listing regulations of the stock exchange(s) where the stocks of the Bank are listed, the Articles of Association of the Bank, authorized by the Board and determined by the chairman of the Board, the president or relevant meeting of the management as required to be submitted.

During the Reporting Period, the Strategic Committee of the second session of the Board convened a total of three meetings mainly involving topics such as the Institutional Plan of Jiangxi Bank for 2021, the Engagement by Jiangxi Bank of Convertible Negotiated Deposit Business to Replenish Additional Tier-one Capital, the Report on the Strategic Development Plan of Jiangxi Bank for 2021-2025 (including the green finance strategy), and the Amendments to the Articles of Association of Jiangxi Bank Co., Ltd. The Information and Technology Management Committee of the second session of the Board convened a total of 1 meeting, mainly involving topics such as the Rules for the Work of the Information and Technology Management Committee of the Board for 2022, IT Investment Implementation Report of Jiangxi Bank for 2021, and the IT Project Investment Plan for 2022. The Strategic Development and Digital Transformation Committee of the third session of the Board convened a total of 4 meetings, mainly involving topics such as the Plan for Implementation of the Strategic Planning of the Third Session of the Board of Jiangxi Bank (2022.7-2025.6), the Plan for the Establishment and Termination of Organizations of Jiangxi Bank for 2022, the Capital Adequacy Ratio Report of Jiangxi Bank for the First Half of 2022 and the Report on Promoting the Integration of Sub-branches in Nanchang.



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The attendance of each committee member at the related meetings during the Reporting Period is as follows:

Members of the Committee	Number of Attendances Required at Meetings	Number of Attendances in Person at Meetings	Number of Attendances by Proxy at Meetings	Attendance Rate at Meetings
The Strategic Committee of the second session of the Board				
CHEN Xiaoming	1	1	0	100%
XU Jihong	3	3	0	100%
DENG Jianxin	3	3	0	100%
The Information and Technology Management Committee of the second session of the Board				
WANG Yun	1	1	0	100%
XU Jihong	1	1	0	100%
LIU Sanglin	1	1	0	100%
The Strategic Development and Digital Transformation Committee of the third session of the Board				
ZENG Hui	4	4	0	100%
LUO Xiaolin	4	4	0	100%
YU Minxin	4	4	0	100%
LIU Xinghua	4	4	0	100%

Note:

1. On June 28, 2022, the Board adjusted the special committees, merged the former Strategic Committee and Information and Technology Management Committee into the Strategic Development and Digital Transformation Committee.



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2 *Audit committee (composition, duties, main resolutions approved, and attendance)*

As of the end of the Reporting Period, the Audit Committee consists of three Directors, namely, Ms. WANG Yun, Ms. XIONG Jiemin and Mr. WONG Hin Wing. Ms. WANG Yun is the chairperson of the Audit Committee. Ms. WANG Yun and Mr. WONG Hin Wing are independent non-executive Directors, and Ms. XIONG Jiemin is a non-executive Director. The majority of the members of the Audit Committee of the Bank shall be independent non-executive Directors and the chairperson is an independent non-executive Director.

The duties of the Audit Committee primarily include:

to review important systems such as the constitution of internal audit;

to review various important reports of the Bank's internal audit, such as comprehensive audit report, special audit report on information technology risk management, special audit report on performance assessment and remuneration mechanism and implementation, special audit report on capital adequacy ratio management and implementation of internal capital adequacy assessment procedures, and special audit report on consolidated management and other important reports;

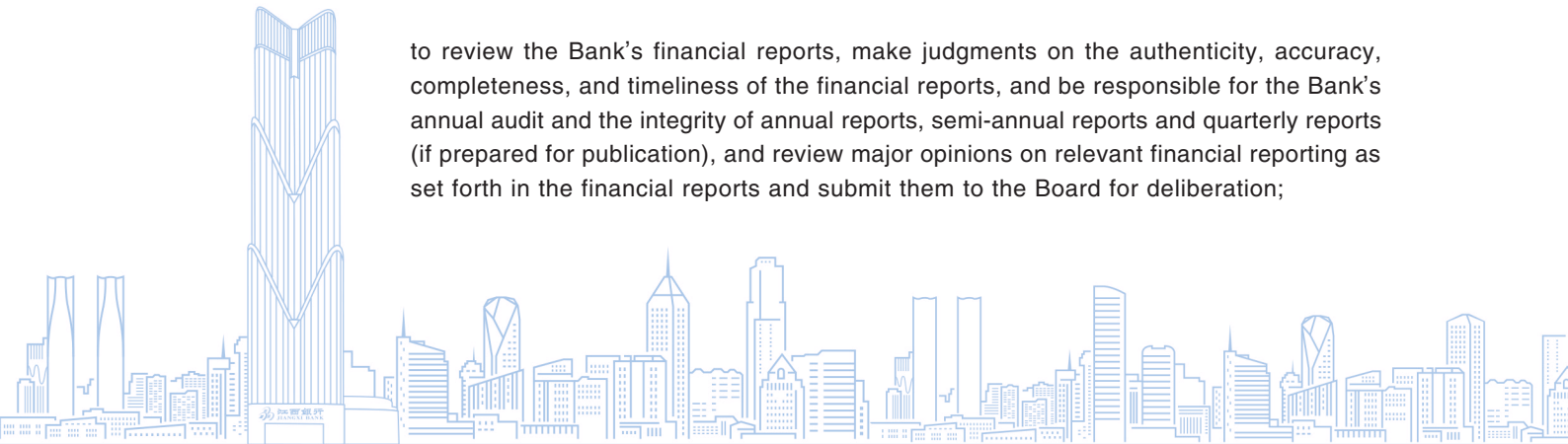
to review the special audit report on related party transactions by the Bank's internal audit, such as the audit report on the implementation of related party transaction management, and report to the Board for consideration;

to review the medium and long-term audit plan and annual audit plan, and report to the Board for consideration; to guide and evaluate internal audit work;

to nominate to the Board to appoint or dismiss the chief auditor/head of the audit department of the bank;

to review the internal audit outsourcing plan and the results of the outsourcing projects, and report to the Board for consideration;

to review the Bank's financial reports, make judgments on the authenticity, accuracy, completeness, and timeliness of the financial reports, and be responsible for the Bank's annual audit and the integrity of annual reports, semi-annual reports and quarterly reports (if prepared for publication), and review major opinions on relevant financial reporting as set forth in the financial reports and submit them to the Board for deliberation;



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to make recommendations to the Board on the appointment, re-appointment, removal or non-reappointment of external auditors, approve the remuneration and terms of engagement of external auditors, and deal with any questions of resignation or dismissal of external auditors;

to review and monitor the independence and objectivity of the external auditors and the effectiveness of the audit procedures; to discuss with the external auditors the nature and scope of the audit and the relevant reporting obligations before the audit, and to coordinate and evaluate the external audit work conducted by the auditors engaged by the Bank;

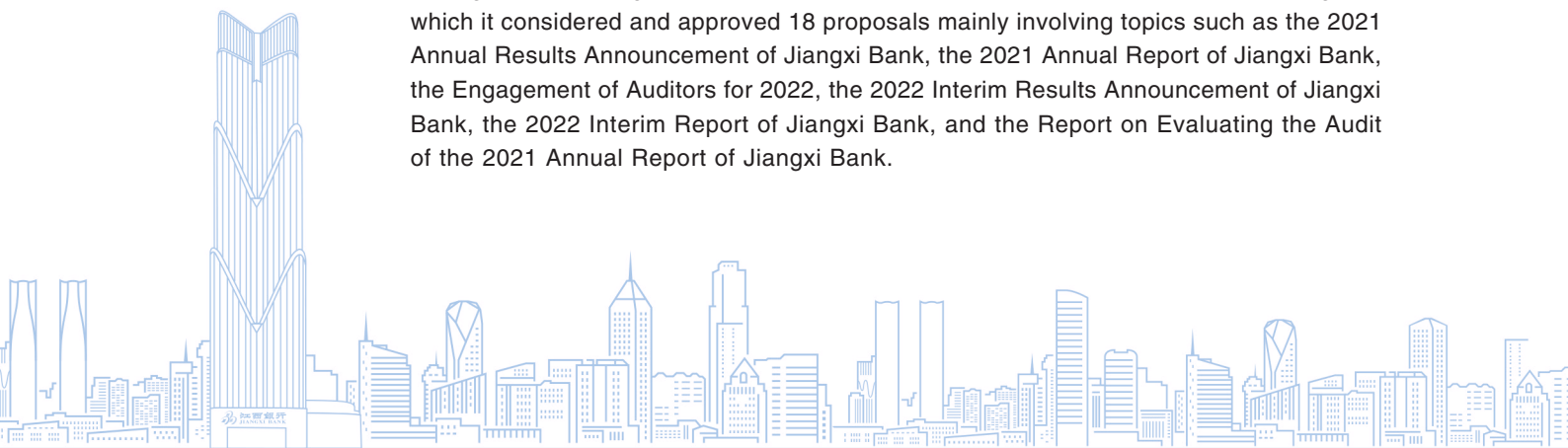
to act as the key representative body for overseeing the Bank's relations with the external auditors;

to review the external auditors' management letter, any material queries raised by the external auditors to the senior management about accounting records, financial accounts or systems of surveillance and the senior management's response, and to ensure that the Board will provide a timely response to the issues raised in the external auditors' management letter;

to ensure that proper arrangements are in place for employees to raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters and for fair and independent investigation of these matters and for appropriate follow-up action;

to perform other duties as set forth in laws, regulations, rules, normative documents, supervisory regulations of the stock exchange(s) where the stocks of the Bank are listed, the Articles of Association of the Bank, authorized by the Board and determined by the chairman of the Board, the president or relevant meeting of the management as required to be submitted.

During the Reporting Period, the Audit Committee convened a total of six meetings, at which it considered and approved 18 proposals mainly involving topics such as the 2021 Annual Results Announcement of Jiangxi Bank, the 2021 Annual Report of Jiangxi Bank, the Engagement of Auditors for 2022, the 2022 Interim Results Announcement of Jiangxi Bank, the 2022 Interim Report of Jiangxi Bank, and the Report on Evaluating the Audit of the 2021 Annual Report of Jiangxi Bank.



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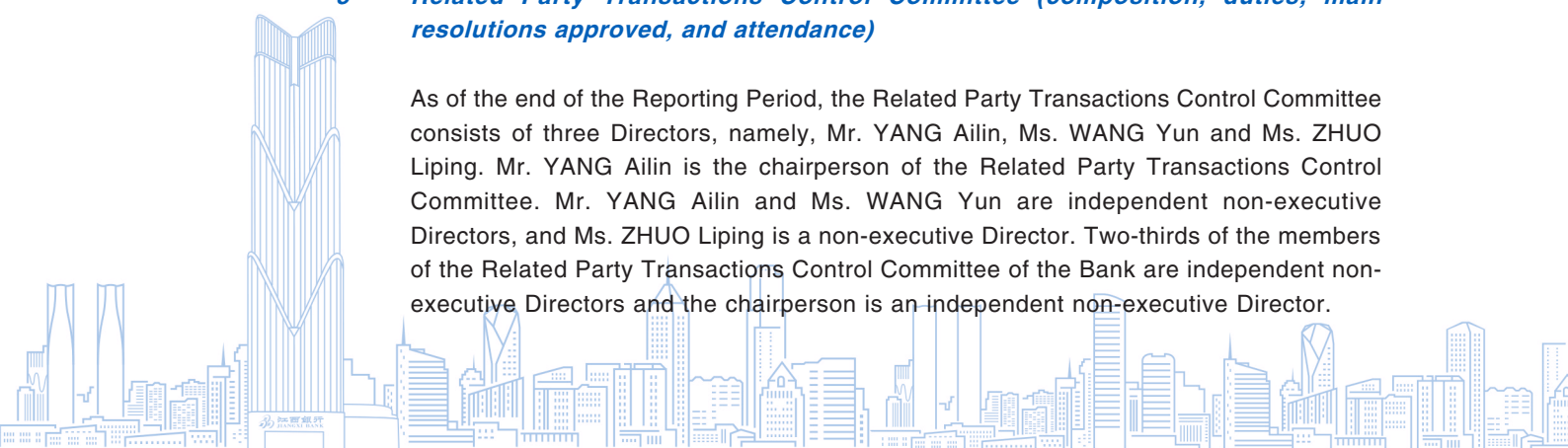
The Audit Committee arranged for the preparation and review of the 2021 Annual Report and the 2022 Interim Report in compliance with the relevant disclosure provisions of the annual financial report. During the Reporting Period, the Audit Committee convened meetings and communicated with external auditors in the absence of executive directors and senior management. As at March 24, 2022, the Audit Committee reviewed the audited consolidated financial statements for the year ended December 31, 2021, which were prepared in accordance with the Bank's accounting principles and policies. The Audit Committee also reviewed the effectiveness of the internal control system and the internal audit function of the Bank by regularly listening to the report of the audit department on the internal audit.

The attendance of each committee member at the Audit Committee meetings during the Reporting Period is as follows:

Members of the Committee	Number of Attendances Required at Meetings	Number of Attendances in Person at Meetings	Number of Attendances by Proxy at Meetings	Attendance Rate at Meetings
The Audit Committee of the second session of the Board				
ZHANG Rui	2	2	0	100%
LI Zhanrong	2	2	0	100%
ZHUO Liping	2	2	0	100%
WONG Hin Wing	2	2	0	100%
The Audit Committee of the third session of the Board				
WANG Yun	4	4	0	100%
XIONG Jiemin	4	4	0	100%
WONG Hin Wing	4	4	0	100%

3 **Related Party Transactions Control Committee (composition, duties, main resolutions approved, and attendance)**

As of the end of the Reporting Period, the Related Party Transactions Control Committee consists of three Directors, namely, Mr. YANG Ailin, Ms. WANG Yun and Ms. ZHUO Liping. Mr. YANG Ailin is the chairperson of the Related Party Transactions Control Committee. Mr. YANG Ailin and Ms. WANG Yun are independent non-executive Directors, and Ms. ZHUO Liping is a non-executive Director. Two-thirds of the members of the Related Party Transactions Control Committee of the Bank are independent non-executive Directors and the chairperson is an independent non-executive Director.



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The duties of the Related Party Transactions Control Committee primarily include:

to be responsible for the management of related party (connected) transactions of the Bank, timely review of related party (connected) transactions and control the risk of related party (connected) transactions;

to improve the internal control mechanism of related party (connected) transactions, optimize the management process of related party (connected) transactions, and focus on the compliance, fairness and necessity of related party (connected) transactions of the Bank;

to revise the management measures for the Bank's related party (connected) transactions, and the working rules for the committee;

to formulate the annual work plan of the committee;

to submit a special report on the overall status of related party (connected) transactions to the Board every year, which will then be submitted to the general meeting for consideration after being reviewed by the Board; and to be responsible for submitting a special report on related party (connected) transactions to the CBIRC or its agencies;

to review material related party transactions in which the amount of a single transaction between the Bank and a single related party reaches more than 1% of the Bank's net capital at the end of the previous quarter, or cumulatively reaches more than 5% of the Bank's net capital at the end of the previous quarter, and submit the same to the Board for approval.

After the cumulative transaction amount between the Bank and a single related party reaches the standard in the preceding paragraph, the subsequent related party transactions shall be re-identified as major related party transactions each time the cumulative amount reaches more than 1% of the net capital at the end of the previous quarter;

to file general related party (connected) transactions reviewed by the management in accordance with the company's internal management system and authorization procedures;

to guide and urge the Related Party Transactions Management Office to deal with daily affairs such as identification and maintenance of related (connected) parties and management of related party (connected) transactions, and to review the proposals submitted by the Related Party Transactions Management Office;

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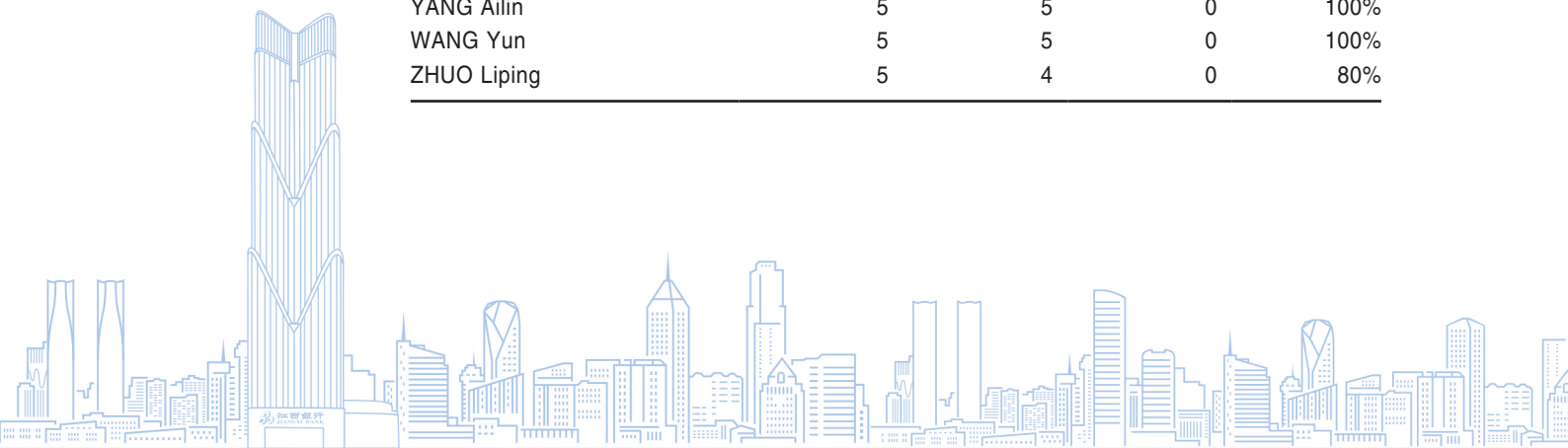
to review the accountability of internal personnel who fail to report related (connected) parties or conduct related party (connected) transactions in violation of regulations;

to perform other duties as set forth in laws, regulations, rules, normative documents, listing regulations of the stock exchange(s) where the stocks of the Bank are listed, the Articles of Association of the Bank, authorized by the Board and determined by the chairman of the Board, the president or relevant meeting of the management as required to be submitted.

During the Reporting Period, the Related Party Transactions Control Committee convened a total of 9 meetings, at which it reviewed, considered and approved, among others, the Special Report on Related-party Transactions of Jiangxi Bank Co., Ltd. for 2021, Administrative Measures for Related Party (Connected) Transactions of Jiangxi Bank Co., Ltd. (2022 version), and Rules for the Work of the Related Party Transactions Control Committee of Jiangxi Bank Co., Ltd. (2022 Revision).

The attendance of each committee member at the Related Party Transactions Control Committee meetings during the Reporting Period is as follows:

Members of the Committee	Number of Attendances Required at Meetings	Number of Attendances in Person at Meetings	Number of Attendances by Proxy at Meetings	Attendance Rate at Meetings
The Related Party Transactions Control Committee of the second session of the Board				
WANG Yun	4	4	0	100%
DENG Jianxin	4	4	0	100%
ZHANG Rui	4	4	0	100%
ZHUO Liping	4	4	0	100%
The Related Party Transactions Control Committee of the third session of the Board				
YANG Ailin	5	5	0	100%
WANG Yun	5	5	0	100%
ZHUO Liping	5	4	0	80%



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4 *Risk Management Committee (composition, duties, main resolutions approved, and attendance)*

As of the end of the Reporting Period, the Risk Management Committee consists of four Directors, namely, Mr. LUO Xiaolin, Mr. YANG Ailin, Mr. LIU Xinghua and Ms. ZHUO Liping. Mr. LUO Xiaolin is the chairperson of the Risk Management Committee. Mr. LUO Xiaolin is an executive Director, Mr. YANG Ailin and Mr. LIU Xinghua are independent non-executive Directors, and Ms. ZHUO Liping is a non-executive Director.

The duties of the Risk Management Committee primarily include:

to establish risk culture;

to formulate risk management strategy;

to set risk preference and ensure the establishment of risk limits;

to examine and approve the significant risk management policies and procedures;

to review the comprehensive risk management report and supervise the senior management to carry out comprehensive risk management;

to formulate the consolidated management policy and risk preference of the Group, to review the corporate governance and operation of major subsidiaries; and to approve and supervise significant matters related to consolidated management;



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to review the matters beyond the right of permission of the management;

to review credit risk management reports and understand the credit risk, changes in large risk exposures and the management of the Bank;

to consider the market risk management reports, and examine and approve the strategies, policies, and procedures for market risk management;

to review liquidity risk management reports and stress testing reports, and examine and approve management strategies, important policies and procedures for liquidity risk;

to review the management reports on capital adequacy ratio and evaluation reports on internal capital adequacy, and examine and approve the management plan for capital adequacy ratio and other important policies and procedures;

to review relevant reports on data governance, make suggestions for improvement to the Board of Directors, conduct annual evaluation on data governance, make suggestions for improvement to the Board of Directors, and urge the senior management to implement the rectification;

to review the risk report of bank's book interest rate, and examine and approve risk management policies of bank's book interest rate;

to consider management reports on business continuity, and examine and approve management strategies, policies, and procedures for business continuity;

to consider information technology risks management annual reports, information technology outsourcing risk assessment reports and other special reports, and approve the information technology risks management system and polices;



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to consider management reports on reputational risks, and examine and approve the polices and overall goals of reputational risk management;

to consider operational risk management reports, and examine and approve the duties, authority, and system of operational risks;

to review anti-money laundering reports, and keep abreast of significant money laundering risk incident and its handling;

to review new products and new business-related plans with major innovations in the business model;

to perform other duties as set forth in laws, regulations, rules, normative documents, listing regulations of the stock exchange(s) where the stocks of the Bank are listed, the Articles of Association of the Bank, authorized by the Board and determined by the chairman of the Board, the president or relevant meeting of the management as required to be submitted.

The Bank reviewed the Bank's risk management and internal control system at least once a year to ensure the effectiveness of the existing system. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. During the Reporting Period, the Risk Management Committee convened a total of 15 meetings, at which it considered and approved the 2022 Risk Appetite Statement of Jiangxi Bank, the 2021 Comprehensive Risk Management Report of Jiangxi Bank, and the 2021 Annual Credit Risk Management Reports of Jiangxi Bank. The Risk Management Committee believed that the Bank's existing risk management and internal control system is sufficient and effective.



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The attendance of each committee member at the Risk Management Committee meetings during the Reporting Period is as follows:

Members of the Committee	Number of Attendances Required at Meetings	Number of Attendances in Person at Meetings	Number of Attendances by Proxy at Meetings	Attendance Rate at Meetings
The Risk Management Committee of the second session of the Board				
XU Jihong	7	7	0	100%
LI Zhanrong	7	7	0	100%
DENG Jianxin	7	7	0	100%
ZHANG Wangxia	7	7	0	100%
The Risk Management Committee of the third session of the Board				
LUO Xiaolin	8	8	0	100%
YANG Ailin	8	8	0	100%
LIU Xinghua	8	8	0	100%
ZHUO Liping	8	7	0	87.50%

5 *Remuneration and Nomination Committee (composition, duties, main resolutions approved, and attendance)*

As of the end of the Reporting Period, the Remuneration and Nomination Committee consists of three Directors, namely, Mr. LIU Xinghua, Ms. WANG Yun and Mr. DENG Yonghang. Mr. LIU Xinghua is the chairperson of the Remuneration and Nomination Committee. Mr. LIU Xinghua and Ms. WANG Yun are independent non-executive Directors, and Mr. DENG Yonghang is a non-executive Director. More than half of the members of the Remuneration and Nomination Committee of the Bank are independent non-executive Directors and the chairperson is an independent non-executive Director.



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The duties of the Remuneration and Nomination Committee primarily include:

to advise the Board on the management system, policies, and structure of the remuneration of the entire Bank, and supervise the implementation of the remuneration system;

to advise the Board on the establishment of formal and transparent procedures for formulating remuneration policies;

to formulate remuneration schemes for directors and senior management in accordance with the corporate policies and objectives set by the Board, advise the Board on remuneration plans, and supervise the implementation of the plans;

to advise the Board on the remuneration packages of individual executive directors and senior management personnel;

to advise the Board on the remuneration of non-executive directors;

to make reference to salary level, working time and responsibility requirements of companies of similar nature and the actual need of the Bank to determine employment conditions;

to review and approve the compensation payable to executive directors and senior management personnel for their loss or termination of their duties or appointments, to ensure that such compensation is in conformity with the terms of the contract or the compensation is fair and reasonable;

to review and approve the compensation arrangements arising from the dismissal of certain directors or removal of certain directors from office due to the misconduct of the directors, to ensure that the arrangements are in conformity with the terms of the contract or the compensation is reasonable and appropriate;

to ensure that any director or any of its associates (as defined in the Hong Kong Listing Rules) will not participate in determining his own remuneration;

to review and/or approve the matters in relation to share schemes as referred in Chapter 17 of the Hong Kong Listing Rules;

to evaluate the performance of duties by Directors, appraise the due diligence of senior management personnel, and make recommendations for evaluation and appraisal to the Board;

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to advise the Board on the scale and composition of the Board based on the Bank's business activities, asset size, and equity structure and review the structure, number of people, and composition of the Board (including skills, knowledge, experience, and diversity) at least annually, and make recommendations on proposed changes to the Board in line with the Bank's strategy;

to work out the procedure and standard for appointing members of the Board and senior management, identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships;

to initially review the qualifications and credentials of directors and senior management personnel (reviewing the qualifications of independent director candidates, with the focus on independence, professional knowledge, experience, and ability) and make recommendations to the Board;

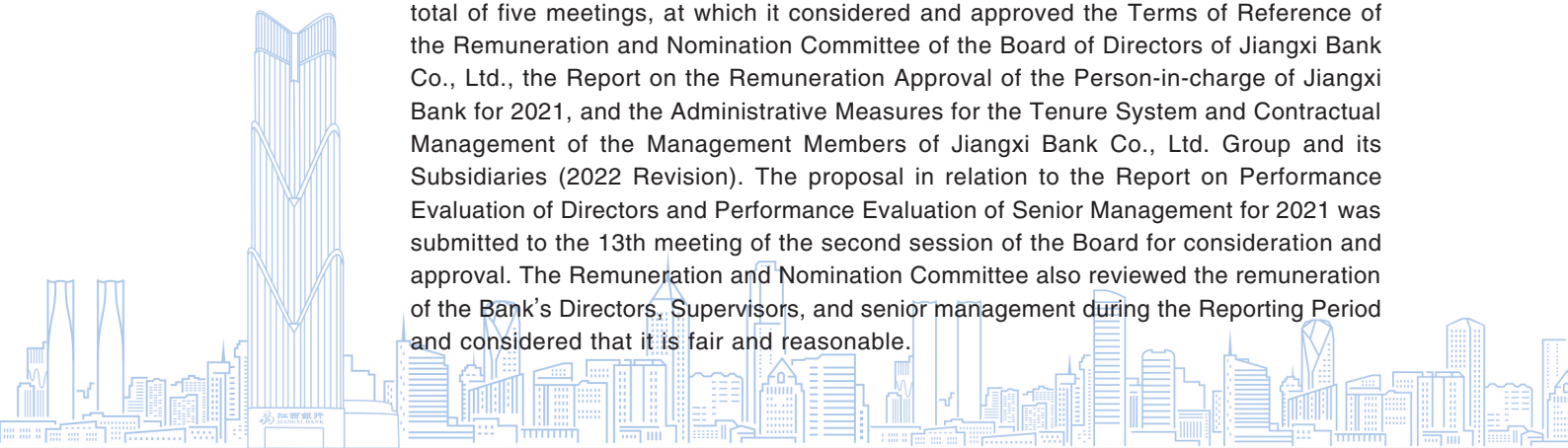
to develop and review the Board Diversity Policy; review the measurable objectives that the Board has set for implementing the Board Diversity Policy and the progress on achieving the objectives; and make disclosure of its review results in the Corporate Governance Report annually;

to assess the independence of independent Directors;

to advise the Board on the appointment or re-appointment of directors and the succession plan of the directors (particularly the chairman of the Board and president);

to perform other duties as set forth in laws, regulations, rules, normative documents, listing regulations of the stock exchange(s) where the stocks of the Bank are listed, the Articles of Association of the Bank, authorized by the Board and determined by the chairman of the Board, the president or relevant meeting of the management as required to be submitted.

During the Reporting Period, the Remuneration and Nomination Committee convened a total of five meetings, at which it considered and approved the Terms of Reference of the Remuneration and Nomination Committee of the Board of Directors of Jiangxi Bank Co., Ltd., the Report on the Remuneration Approval of the Person-in-charge of Jiangxi Bank for 2021, and the Administrative Measures for the Tenure System and Contractual Management of the Management Members of Jiangxi Bank Co., Ltd. Group and its Subsidiaries (2022 Revision). The proposal in relation to the Report on Performance Evaluation of Directors and Performance Evaluation of Senior Management for 2021 was submitted to the 13th meeting of the second session of the Board for consideration and approval. The Remuneration and Nomination Committee also reviewed the remuneration of the Bank's Directors, Supervisors, and senior management during the Reporting Period and considered that it is fair and reasonable.



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The Bank has adopted the Board Diversity Policy that aims to set out the approach to achieving diversity in the Board. All Board appointment will be based on merit while taking into account diversity including gender diversity. The Remuneration and Nomination Committee will regularly review the measurable objectives to ensure its effectiveness to achieve diversity in the Board. The following measurable objectives are set up for implementing the Board diversity policy:

- inclusion of candidates for Board members with overseas working experience (outside of PRC);
- ensuring that there is no limitation on gender in the selection of directors;
- inclusion of candidates for Board members with working experience in other industries; and
- inclusion of candidates for Board members with knowledge and skills in different fields.

As at the Latest Practicable Date, the above objectives were fulfilled. Among the eleven Directors, there is one Director with overseas working experience and ten with accounting or other professional qualifications.

The Board values the importance and benefits of gender diversity at the Board level. Currently, the eleven Directors of the Board of Directors of the Bank include four female Directors. The Board considers that the current composition of the Board complies with the requirements of the Listing Rules in relation to gender diversity of Board members and is in line with the diversity policy formulated by the Bank. The Board diversity policy of the Bank ensures that there will be potential successors on the Board to continue the existing gender diversity of the Board.

For the diversity of the Bank's employees, please refer to "7.6 Information of Employees" in this report.



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Nomination Policy

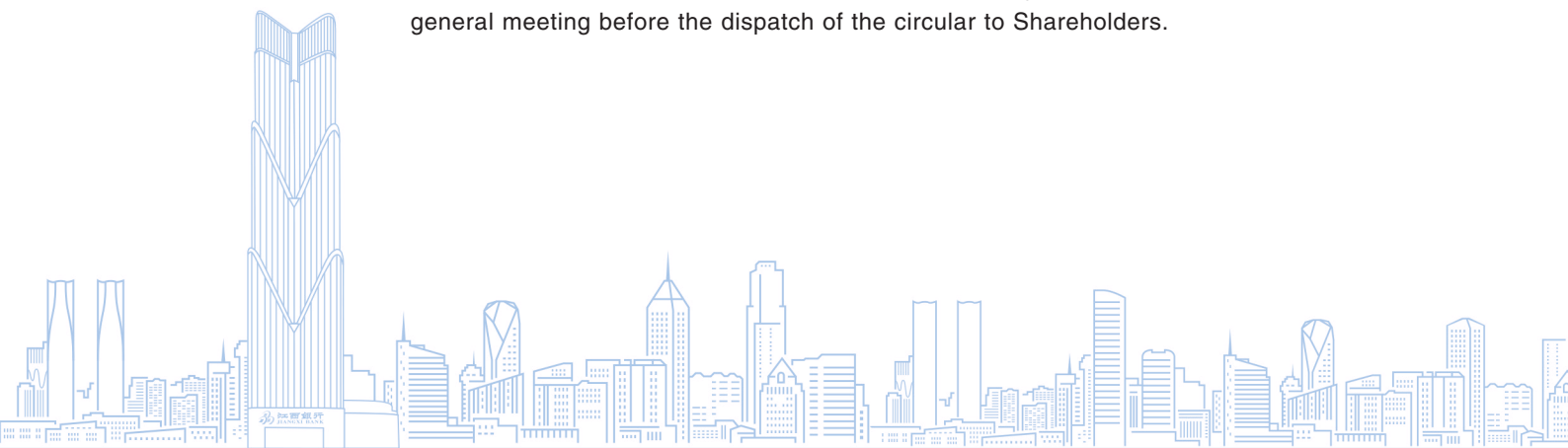
The Bank has formulated director nomination policy. In the assessment of candidates, the Remuneration and Nomination Committee considers the following factors including but not limited to:

- basic requirements of the Articles of Association of the Bank;
- achievements and experiences in banking or other industries;
- time available for engagement in the Bank;
- diversity of the Board in various aspects including but not limited to gender, age, cultural and educational background, ethnicity, professional experiences, skills, knowledge and term of service, etc.

The Remuneration and Nomination Committee shall convene a meeting and ask the Board members to nominate candidates (if any) for consideration by the Remuneration and Nomination Committee before the meeting. The Remuneration and Nomination Committee can also nominate candidates who are not nominated by Board members.

The Remuneration and Nomination Committee will conduct a preliminary review of the qualifications and conditions of director candidates. Qualified candidates will be submitted to the Board for consideration and, upon approval by the Board, to the shareholders' general meeting by written proposals.

In order to provide the information of candidates who are nominated by the Board and proposed to the general meeting and to invite the shareholders to nominate candidates, the Bank will dispatch a circular to shareholders which sets out the time limit for them to deliver the nomination. The information of candidates will be set forth in the circular to shareholders pursuant to applicable laws, rules, and regulations. The nominated person shall not assume that he/she has been recommended by the Board and proposed to the general meeting before the dispatch of the circular to Shareholders.



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The attendance of each committee member at the Remuneration and Nomination Committee meetings during the Reporting Period is as follows:

Members of the Committee	Number of Attendances Required at Meetings	Number of Attendances in Person at Meetings	Number of Attendances by Proxy at Meetings	Attendance Rate at Meetings
The Remuneration and Nomination Committee of the Third Session of the Board				
LIU Xinghua	5	5	0	100%
WANG Yun	5	5	0	100%
DENG Yonghang	5	5	0	100%

Note:

- The Remuneration and Nomination Committee of the second session of the Board did not convene any meeting. The Remuneration and Nomination Committee of the third session of the Board, established on June 28, 2022, held five meetings.

6 **Compliance Management and Consumer Rights Protection Committee (composition, duties, main resolutions approved, and attendance)**

The Compliance Management and Consumer Rights Protection Committee of the third session of the Board of the Bank was established as a merger of the former Compliance Management Committee and Consumer Rights Protection Committee. As of the end of the Reporting Period, the Compliance Management and Consumer Rights Protection Committee consisted of four Directors, namely Mr. DENG Yonghang, Ms. XIONG Jiemin, Mr. LI Shuiping and Mr. WONG Hin Wing. Mr. DENG Yonghang, Ms. XIONG Jiemin and Mr. LI Shuiping are non-executive Directors, and Mr. WONG Hin Wing is an independent non-executive Director. Mr. DENG Yonghang is the chairperson of the Compliance Management and Consumer Rights Protection Committee.

The duties of the Compliance Management and Consumer Rights Protection Committee primarily include:

according to the Bank's overall development strategy, to consider the Bank's strategies, policies, and procedures for compliance risk management, internal control management, and case prevention and control; supervise senior management in the performance of their duties in compliance risk management, internal control management, practitioners behavior assessment, and case prevention and control; and make positive proposals and suggestions to the Board to ensure the establishment of a compliance risk management system compatible with the Bank's business scope, organizational structure, and business scale.

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to consider the Bank's basic system for compliance risk management and the report on the Bank's compliance risk management, and make proposals and suggestions; ensure the effective identification and management of compliance risks; and ensure coherent adherence to compliance management policies and procedures within the Bank;

to consider the Bank's basic system for internal control management and the report on the Bank's internal control management, and make proposals and suggestions; ensure that the Bank establishes and implements a fully effective internal control system; and ensure that the Bank operates prudently within the legal and policy framework;

to submit work reports on consumer rights protection, annual reports and major event reports and information disclosure reports to the Board;

to consider the Bank's basic system for case prevention and control and the report on the Bank's case prevention and control, and make proposals and suggestions; and ensure that the Bank realizes the goal of case prevention and control;

to establish a bank-wide compliance policy covering investment business, and strengthen the daily supervision of compliance risks of investment business;

to set the tone of compliance in the Bank; specify that compliance is the common responsibility of all employees of the Bank; establish the principle that all employees take the initiative in conducting compliance operations under the leadership of senior management to create value; put into practice the work ethics and values of honesty and integrity; and enhance the compliance awareness of all employees;

to discuss the internal control, compliance, and case prevention and control systems with the management to ensure that the management has fulfilled its duties to establish an effective system;

to study major issues and important policies for the protection of consumer rights;

to guide and supervise the establishment and improvement of the management system for consumer rights protection, ensure that relevant system and regulations are in line with the corporate governance, corporate culture construction, and operation and development strategies;



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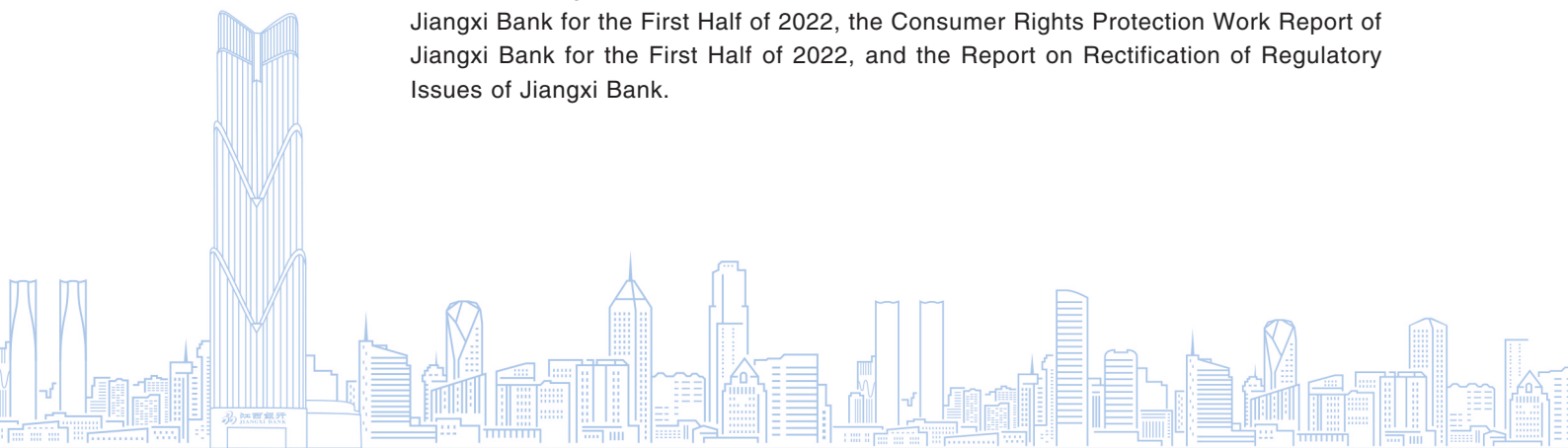
to supervise the comprehensiveness, promptness and effectiveness of the work of the senior management and the Consumer Rights Protection Department in accordance with regulatory requirements and the implementation of strategies, policies and objectives of consumer rights protection;

to hold regular working conferences on consumer rights protection, review the work reports of the senior management and the Consumer Rights Protection Department; to study the audit reports, regulatory notices, and internal evaluation results related to the annual consumer rights protection, and urge the senior management and relevant departments to implement the issues found in the rectification in a timely manner;

to cooperate with the Board of Supervisors in its supervisory activities;

to perform other duties as set forth in laws, regulations, rules, normative documents, listing regulations of the stock exchange(s) where the stocks of the Bank are listed, the Articles of Association of the Bank, authorized by the Board and determined by the chairman of the Board, the president or relevant meeting of the management as required to be submitted.

During the Reporting Period, the Compliance Management Committee of the second session of the Board convened a total of two meetings, mainly involving topics such as the Work Plan of the Compliance Management Committee of the Board of Jiangxi Bank for 2022, the Report on Rectification of Regulatory Findings of Jiangxi Bank, and the Compliance Risk Management Report of Jiangxi Bank for 2021. The Consumer Rights Protection Committee of the second session of the Board convened one meeting mainly involving topics such as the Summary Report on Consumer Rights Protection in 2021 and the Work Plan for 2022 of Jiangxi Bank, the Work Plan of Consumer Rights Protection Committee of the Board of Jiangxi Bank for 2022, and learning of legal system in written form and typical cases of consumer rights protection. The Compliance Management and Consumer Rights Protection Committee of the third session of the Board convened a total of four meetings, mainly involving topics such as the Compliance Risk Management Report of Jiangxi Bank for the First Half of 2022, the Case Prevention Work Report of Jiangxi Bank for the First Half of 2022, the Consumer Rights Protection Work Report of Jiangxi Bank for the First Half of 2022, and the Report on Rectification of Regulatory Issues of Jiangxi Bank.



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The attendance of each committee member at the Committee meetings during the Reporting Period is as follows:

Members of the Committee	Number of Attendances Required at Meetings	Number of Attendances in Person at Meetings	Number of Attendances by Proxy at Meetings	Attendance Rate at Meetings
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The Compliance Management Committee of the second session of the Board

LIU Sanglin	2	2	0	100%
WONG Hin Wing	2	2	0	100%
ZHUO Liping	2	2	0	100%

The Consumer Rights Protection Committee of the second session of the Board

LIU Sanglin	1	1	0	100%
WONG Hin Wing	1	1	0	100%
ZHUO Liping	1	1	0	100%

The Compliance Management and Consumer Rights Protection Committee of the third session of the Board

DENG Yonghang	4	4	0	100%
XIONG Jiemin	4	4	0	100%
LI Shuiping	4	4	0	100%
WONG Hin Wing	4	4	0	100%

Note:

- On June 28, 2022, the Board adjusted the special committees, merged the former Compliance Management Committee and Consumer Rights Protection Committee into the Compliance Management and Consumer Rights Protection Committee.



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8.4 CORPORATE GOVERNANCE FUNCTIONS

The Bank has not established a corporate governance committee. The Board is responsible for the corporate governance functions of the Bank, such as the development and review of the Bank's policies and corporate governance practices; review and monitoring of the training and continuous professional development of the directors, supervisors and senior management; review and monitoring of the Bank's compliance with policies and practices stipulated in laws and regulatory provisions; formulation and review of the code of conduct and compliance manual which are applicable to directors, supervisors and employees; and review of the Bank's compliance with the Code and disclosure in the corporate governance report.

8.5 BOARD OF SUPERVISORS

The board of supervisors is the supervisory body of the Bank, responsible to the Shareholders' general meeting, established to protect the legitimate rights and interests of the Bank, shareholders, employees, creditors, and other stakeholders. The board of supervisors is responsible for monitoring the Bank's financial activities, risk management, internal control, and the performance of duties by the Board, senior management and its members.

8.5.1 Composition of the Board of Supervisors

As of the end of Reporting Period, the board of supervisors had six supervisors, including two employee representative supervisors, one shareholder representative supervisor, and three external supervisors. The member structure of the board of supervisors is reasonable, sufficiently professional, and independent to ensure that the board of supervisors effectively performs its supervisory functions.

During the Reporting Period, the board of supervisors was able to perform its duties conscientiously, supervise the legal compliance of the Bank's Board, and senior management and its members in their performance of duties, and supervise the Bank's financial activities, risk management, and internal control according to relevant regulations.



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8.5.2 Meetings of the Board of Supervisors and the Attendance of Supervisors

During the Reporting Period, the board of supervisors convened a total of eight meetings, at which it considered and approved 18 proposals, including the 2021 Work Report on the Board of Supervisors of Jiangxi Bank Co., Ltd., the 2021 Report on the Evaluation of the Performance of Duties of Jiangxi Bank Co., Ltd., and the Opinions on the Supervision and Evaluation of Internal Control and Compliance Management by the Board of Supervisors of Jiangxi Bank Co., Ltd.

Meetings of the board of supervisors

Session	Date	Form
Thirteenth session of the second board of supervisors	March 25, 2022	On-site meeting
Fourteenth session of the second board of supervisors	April 29, 2022	On-site meeting
Fifteenth session of the second board of supervisors	May 24, 2022	On-site meeting
Sixteenth session of the second board of supervisors	June 17, 2022	Circulating written resolutions
First session of the third board of supervisors	June 28, 2022	On-site meeting
Second session of the third board of supervisors	August 26, 2022	On-site meeting
Third session of the third board of supervisors	September 29, 2022	Circulating written resolutions
Fourth session of the third board of supervisors	December 29, 2022	On-site meeting



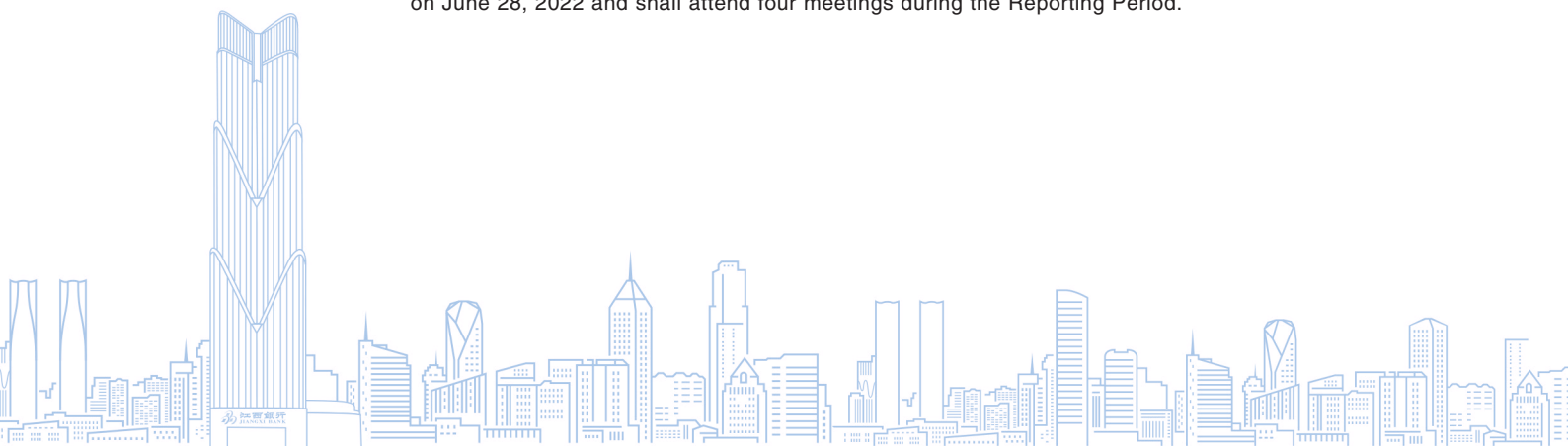
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Attendance of Supervisors at Meetings of the Board of Supervisors during the Reporting Period

Supervisor	Number of Attendances Required	Number of Attendances in Person	Number of Attendances by Proxy	Attendance Rate
LIU Fulin	8	8	0	100%
LUO Ping	4	3	0	75%
WANG Guizhi	4	4	0	100%
LI Xunlei	4	4	0	100%
ZHOU Minhui	8	8	0	100%
WANG Wei	4	4	0	100%
Resigned Supervisors				
YU Han	3	3	0	100%
WANG Ruiqiang	3	3	0	100%
SHI Zhongliang	4	4	0	100%
LI Danlin	4	4	0	100%
SHI Jing	4	4	0	100%
LOU Mingnong	4	1	0	25%
CHEN Xinxiang	4	4	0	100%

Notes:

1. Mr. YU Han, Mr. WANG Ruiqiang, Mr. SHI Zhongliang, Ms. LI Danlin, Mr. SHI Jing, Mr. LOU Mingnong and Mr. CHEN Xinxiang should attend four meetings during the Reporting Period, of which Mr. YU Han and Mr. WANG Ruiqiang should attend three meetings due to their involvement in the abstention matters;
2. The term of office of Mr. LI Xunlei, Mr. LUO Ping, Ms. WANG Guizhi and Mr. WANG Wei commenced on June 28, 2022 and shall attend four meetings during the Reporting Period.



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8.5.3 Committees under the Board of Supervisors

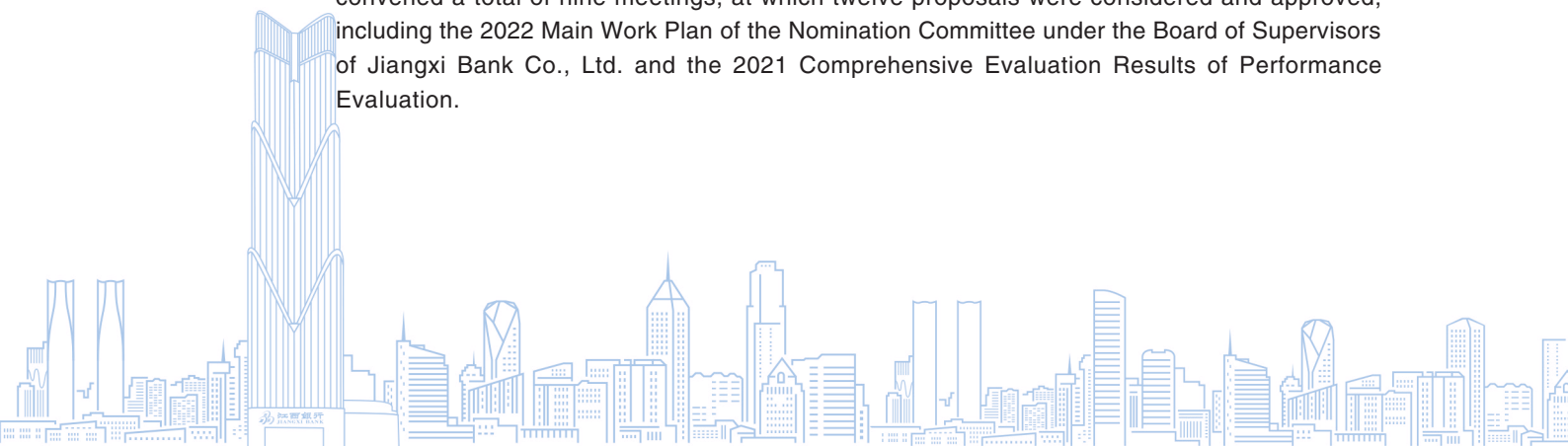
No.	Special Committees under the Board of Supervisors	Chairperson	Member
1	Nomination Committee	LUO Ping	LIU Fulin and LI Xunlei
2	Supervision Committee	WANG Guizhi	ZHOU Minhui and WANG Wei

Nomination Committee under the Board of Supervisors

The duties of the Nomination Committee primarily include:

- to draw up the selection procedures and standards for supervisors and advise the board of supervisors;
- to conduct a preliminary review of the qualifications and credentials of the supervisor candidates and submit the opinion to the board of supervisors;
- to supervise the selection and appointment procedures for directors;
- to conduct a comprehensive evaluation of the performance of the Board, the board of supervisors, and senior management and its members, and report the evaluation result to the board of supervisors;
- to supervise the scientificity and rationality of the management system and policies of remuneration across the Bank and the remuneration schemes of senior management;
- to perform other duties as authorized by the board of supervisors.

During the Reporting Period, the Nomination Committee under the board of supervisors convened a total of nine meetings, at which twelve proposals were considered and approved, including the 2022 Main Work Plan of the Nomination Committee under the Board of Supervisors of Jiangxi Bank Co., Ltd. and the 2021 Comprehensive Evaluation Results of Performance Evaluation.



CHAPTER VIII CORPORATE GOVERNANCE REPORT

Supervision Committee under the Board of Supervisors

The duties of the Supervision Committee primarily include:

- to be responsible for drawing up the supervision plans for the Bank's financial activities and implementing related inspections;
- to supervise the Board to establish a sound business philosophy and value criteria and develop a development strategy that is in line with the Bank's actual development;
- to supervise and inspect the operating policy decisions, risk management, and internal control of the Bank;
- to perform other duties as authorized by the board of supervisors.

During the Reporting Period, the Supervision Committee under the Board of Supervisors convened a total of six meetings, at which twelve proposals were considered and approved, including the Report of the Supervision Committee under the Board of Supervisors of Jiangxi Bank Co., Ltd. on Supervision and Inspection of Internal Control and Compliance and the Report of the Supervision Committee under the Board of Supervisors of Jiangxi Bank Co., Ltd. on Supervision and Inspection of Case Prevention and Control Management.

8.5.4 Attendance at Shareholders' General Meetings During the Reporting Period

During the Reporting Period, the supervisors attended the annual general meeting of the Bank and supervised on site the legal compliance of the meeting procedures and the voting process.

8.5.5 Performance of External Supervisors

During the Reporting Period, in line with their duties, the external supervisors attended the shareholders' general meeting, Board meetings, and meetings of the board of supervisors and its special committees. The external supervisors participated in special training on supervision practices and corporate governance by "online + offline" means, in addition to the supervision and inspection on performance evaluation, financial activities, internal control and risk management. They also conducted special research on the Risk Management Department, the Compliance Department and other functional departments. All in all, they conscientiously fulfilled the supervision duties of external supervisors.

CHAPTER VIII CORPORATE GOVERNANCE REPORT

8.6 DIRECTORS' AND SUPERVISORS' TRAINING, DEVELOPMENT, AND RESEARCH DURING THE REPORTING PERIOD

The Bank's directors confirmed that they have complied with the code provision C.1.4 of the Corporate Governance Code. During the year, all the directors, namely Ms. ZENG Hui, Mr. LUO Xiaolin, Mr. YU Minxin, Mr. DENG Yonghang, Ms. XIONG Jiemin, Ms. ZHUO Liping, Mr. LI Shuiping, Ms. WANG Yun, Mr. WONG Hin Wing, Mr. LIU Xinghua and Mr. YANG Ailin, have participated in continuous professional development by attending seminars, courses, conferences or reading related materials to develop and refresh their knowledge and skills.

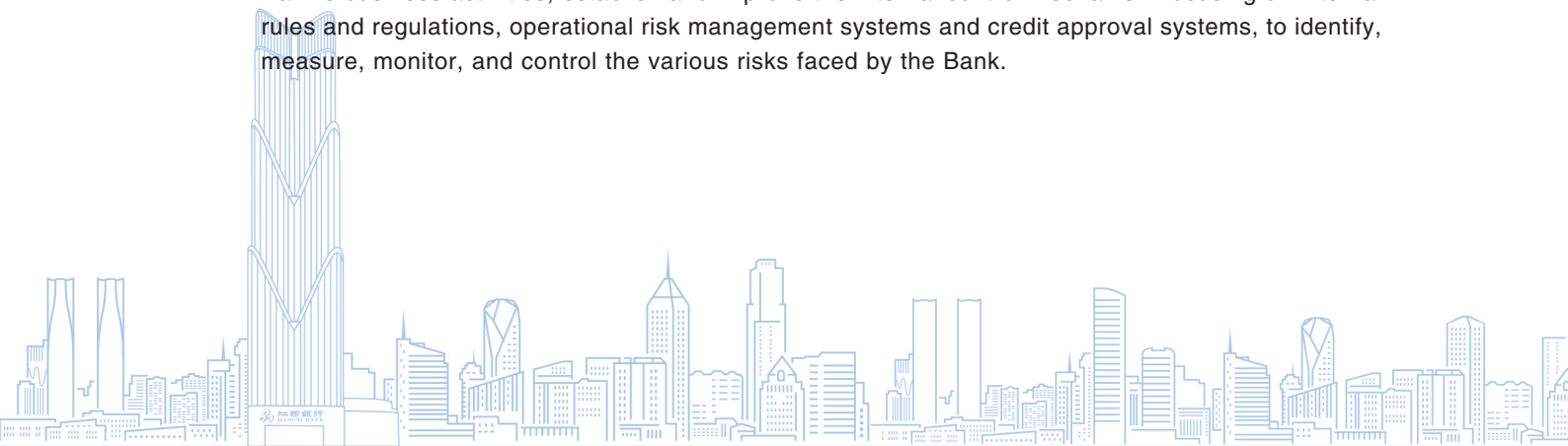
During the Reporting Period, directors and supervisors participated in the training on compliance management and directors' responsibilities organized by the Bank. The board of supervisors organized the supervisors to learn domestic and foreign laws, regulations and regulatory requirements related to regulatory work, and the latest Measures for the Supervision and Assessment of Corporate Governance for Banking and Insurance Institutions to enhance the supervisors' ability to perform supervisory duties.

During the Reporting Period, the board of supervisors arranged for supervisors to conduct field research in some of departments of head offices and branches/sub-branches. Afterwards, the supervisors wrote special research reports.

8.7 SENIOR MANAGEMENT

Senior management has the power granted by the Board to manage the daily operation of the Bank. The President of the Bank is primarily responsible for implementing the decisions of the Board and is required to report the implementation to the Board. The Bank has also appointed three vice presidents and other senior management members who shall fulfill their respective management responsibilities to cooperate with the President.

The Board and the management represented by the president perform their respective duties in accordance with their respective terms of reference established by the Articles of Association. According to the Articles of Association, the senior management of the Bank shall, as required by the Bank's business activities, establish and improve the internal control mechanism focusing on internal rules and regulations, operational risk management systems and credit approval systems, to identify, measure, monitor, and control the various risks faced by the Bank.



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8.8 CHAIRMAN OF THE BOARD AND PRESIDENT

On October 15, 2021, the Board of Directors of the Bank resolved to dismiss Mr. LUO Yan from the position of President of the Bank. During the period from October 15, 2021 to January 28, 2022, Mr. CHEN Xiaoming performed the duties of president of the Bank (the “Transitional Arrangement”). On January 10, 2022, Mr. LUO Xiaolin was appointed as the president of the Bank by the Board of Directors of the Bank, and his qualification was approved by CBIRC Jiangxi Office on January 28, 2022.

Although the above transitional arrangement deviates from the requirement of the C.2.1 of the Corporate Governance Code, in order to ensure that the operation of the Board and the daily operation of the Bank are not affected, the Board considers that the transitional arrangement is an appropriate arrangement prior to the completion of the nomination and election of candidates for President, and such arrangement will not have any material adverse impact on the operation of the Bank and its subsidiaries, nor will it undermine the balance of power and authority between the Board and the management of the Company. As at the Latest Practicable Date, the Bank has complied with the requirements C.2.1 of the Corporate Governance Code.

In addition to the transitional arrangements described above, during the Reporting Period, the positions of the chairman of the Board and the president of the Bank were held by different individuals. The responsibilities of the chairman and the president were clearly defined and complied with the Hong Kong Listing Rules.

As at the date of this annual report, Ms. ZENG Hui is the Chairman of the Board of the Bank, responsible for the overall work of the Party Committee and the Board. Mr. LUO Xiaolin is the President of the Bank, responsible for the overall operation and management of the Bank.

8.9 COMPANY SECRETARIES

Ms. ZHANG Na has been appointed as a joint company secretary of the Bank since October 2022. Dr. NGAI Wai Fung has served as a joint company secretary of the Bank since May 2018. Dr. NGAI Wai Fung is a director and the chief executive officer of SWCS Corporate Services Group (Hong Kong) Limited, and is responsible for assisting Ms. ZHANG Na in secretarial matters of the Company. Ms. ZHANG Na is the main contact person of Dr. NGAI Wai Fung in the Bank.

For the year ended December 31, 2022, each of Ms. ZHANG Na and Dr. NGAI Wai Fung has taken no less than 15 hours of the relevant professional training on review of the Listing Rules and other compliance requirements.

CHAPTER VIII CORPORATE GOVERNANCE REPORT

8.10 RELATIONSHIP AMONG DIRECTORS, SUPERVISORS, AND SENIOR MANAGEMENT

There is no financial, business, or family relationship among the Bank's directors, supervisors, and senior management.

8.11 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

On June 28, 2022, the Bank held the 2021 Annual General Meeting, the 2022 First Class Meeting of Domestic Shareholders, and the 2022 First Class Meeting of H Shareholders, and the Bank considered and approved the resolution to amend the Articles of Association. The amendments to the Articles of Association are subject to the approval of CBIRC Jiangxi Office.

8.12 COMMUNICATION WITH SHAREHOLDERS

The Bank values the opinions and suggestions of Shareholders and actively organizes various communication activities with investors and analysts, to maintain good relations and respond promptly to the reasonable requirements of Shareholders. Information shall be communicated to the Shareholders and the investment community mainly through the Bank's website (www.jx-bank.com) and the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk), including the Bank's financial reports (interim and annual reports), announcements, circulars and other disclosures as well as the direct communication platform provided at the annual general meeting held each year and any other general meetings that may be convened as and when required. The Bank ensures effective and timely dissemination of information to Shareholders and the investment community at all times. After the implementation of the above measures and review, the Bank is of the view that the existing Shareholders' Communication Policy is adequate and effective. Shareholders can make inquiries to the Board through the Board office. The contact information of the Board is as follows:

Address: No. 699 Financial Street, Honggutan District, Nanchang, Jiangxi Province, the PRC

Postal code: 330038

Contact number: +86-0791-86791009

Fax: +86-0791-86791100

Email: xuc03@jx-bank.com



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8.13 SHAREHOLDERS' RIGHTS

8.13.1 Procedures for Convening Extraordinary General Meetings

The Bank effectively protects shareholders' rights in strict accordance with applicable laws and regulations, Hong Kong Listing Rules, Articles of Association, and corporate governance systems.

According to the Articles of Association and rules of procedure for the shareholders' general meeting:

Shareholders individually or in aggregate holding 10% or more of the Bank's shares for more than 90 consecutive days (hereinafter referred to as "Requesting Shareholders") shall have the right to request the Board to convene an extraordinary general meeting in writing. The Board shall, according to the provisions of laws, regulations, and Articles of Association, provide written feedback on whether to agree or disagree with the convening of the extraordinary general meeting in ten days after the receipt of the request.

In case the Board agrees to convene an extraordinary general meeting, the Board shall, within five days after the Board resolution is made, issue a notice on convening an extraordinary general meeting. The change in the original proposal in the notice shall be subject to the approval of the Requesting Shareholders.

In case the Board does not agree to convene an extraordinary general meeting, or does not provide written feedback within ten days after the receipt of the request, the Requesting Shareholders shall have the right to request the board of supervisors to convene an extraordinary general meeting in writing.

In case the board of supervisors agrees to convene an extraordinary general meeting, the board of supervisors shall, within five days after the receipt of the request, issue a notice on convening an extraordinary general meeting. The change in the original proposal in the notice shall be subject to the approval of the Requesting Shareholders.

The failure of the board of supervisors to issue a notice on convening an extraordinary general meeting within the prescribed time limit will be deemed that the board of supervisors does not convene an extraordinary general meeting, and the Requesting Shareholders may unilaterally convene.

Before a resolution is made at the extraordinary general meeting, the shareholding percentage of the Requesting Shareholders shall be not less than 10%.

For further details, shareholders may refer to the Articles of Association available on the websites of the Hong Kong Stock Exchange and the Bank.

CHAPTER VIII CORPORATE GOVERNANCE REPORT

8.13.2 Procedure for Submitting Proposals at Shareholders' General Meetings

Shareholders, individually or in the aggregate, holding 3% or more of the Shares with voting rights of the Bank (hereinafter referred to as the "Requesting Shareholders") shall have the right to submit proposals to the Bank. The Requesting Shareholders may make extraordinary proposals and submit them to the convener in writing ten days before the shareholders' general meeting is convened. For the extraordinary proposals whose content and forms comply with the provisions of the Articles of Association, the convener shall, within two days after the receipt of the proposals, issue a supplementary notice to inform the shareholders' general meeting of the content of the extraordinary proposals. In case the listing rules of the stock exchange(s) where the stocks of the Bank are listed stipulate otherwise, the proposals shall also meet these stipulations.

8.14 EXTERNAL AUDITORS AND THEIR REMUNERATION

For the year of 2022, RMB3,465,000 and RMB1,485,000 of the remuneration for audit services and non-audit services were agreed to be paid by the Company to BDO China Shu Lun Pan Certified Public Accountants LLP and BDO LIMITED, respectively. The non-audit services included the review of 2022 interim report.

8.15 REMUNERATION OF SENIOR MANAGEMENT

Details of the remuneration of the senior management of the Bank are set out in note 9 to the financial statements.

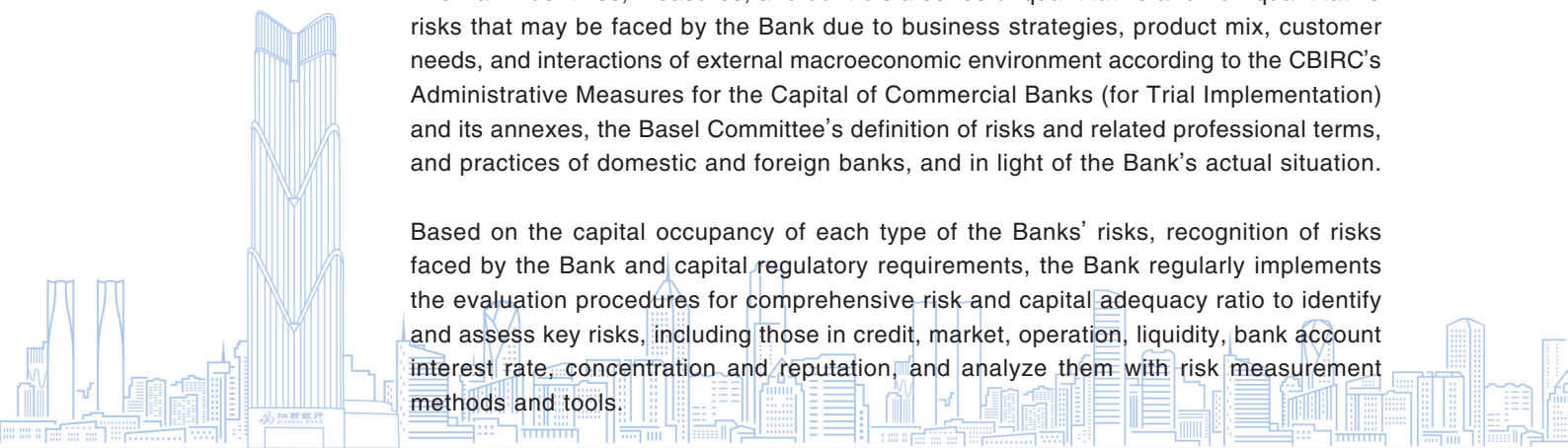
8.16 RISK MANAGEMENT AND INTERNAL CONTROL

8.16.1 Risk Management

1 Procedures for identifying, evaluating, and managing significant risks

The Bank identifies, measures, and controls a series of quantitative and non-quantitative risks that may be faced by the Bank due to business strategies, product mix, customer needs, and interactions of external macroeconomic environment according to the CBIRC's Administrative Measures for the Capital of Commercial Banks (for Trial Implementation) and its annexes, the Basel Committee's definition of risks and related professional terms, and practices of domestic and foreign banks, and in light of the Bank's actual situation.

Based on the capital occupancy of each type of the Banks' risks, recognition of risks faced by the Bank and capital regulatory requirements, the Bank regularly implements the evaluation procedures for comprehensive risk and capital adequacy ratio to identify and assess key risks, including those in credit, market, operation, liquidity, bank account interest rate, concentration and reputation, and analyze them with risk measurement methods and tools.



CHAPTER VIII CORPORATE GOVERNANCE REPORT

2 *Characteristics of the risk management system*

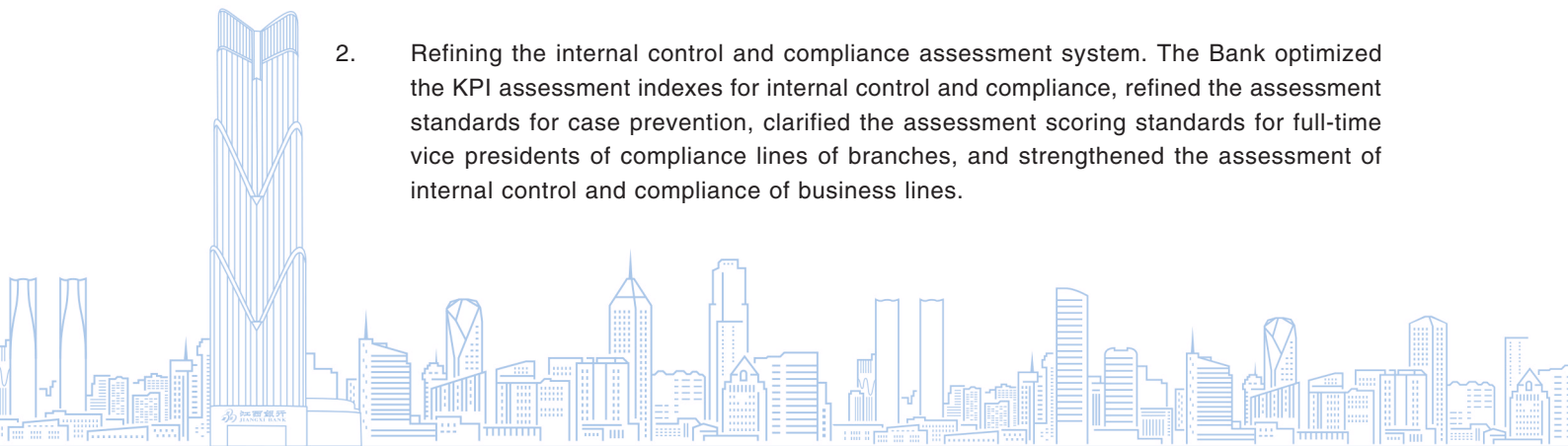
In the face of increasingly complicated and ever-changing internal and external environments, the Bank optimized the risk management system based on the strategic development plan and the actual operating conditions by drawing on relevant experience of domestic advanced banks, specifically:

- (1) to foster compliant and sound risk culture, foster the awareness of comprehensive risk management, continue the critical battle of forestalling and defusing risks, and strictly adhere to the risk bottom line;
- (2) to improve the risk management structure, optimize the mechanism for risk management and control, and effectively improve risk prevention capabilities;
- (3) to continuously strengthen the construction of the risk system, optimize the features of the post-lending monitoring system, and enhance early warning and monitoring; and
- (4) to accelerate the development and improvement of the risk measurement model, and provide decision support for risk management for the online retail business of the Bank.

8.16.2 Internal Control

During the Reporting Period, the Bank continued to improve its internal control management system:

1. Deepening the construction of internal control management system. The Bank formulated the Implementation Plan for Compliance Management System and Mechanism Optimization of Jiangxi Bank and the Internal Control System Construction Plan of Jiangxi Bank, improved the construction of internal control system, strengthened internal process control, and enhanced the endogenous power of compliance operation of the Bank.
2. Refining the internal control and compliance assessment system. The Bank optimized the KPI assessment indexes for internal control and compliance, refined the assessment standards for case prevention, clarified the assessment scoring standards for full-time vice presidents of compliance lines of branches, and strengthened the assessment of internal control and compliance of business lines.



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3. Improving the quality and efficiency of internal control and compliance supervision and inspection. The Bank paid close attention to key business areas and weak links of internal control, and carried out internal control and compliance inspection projects such as “three investigations” of loans, counter business and financial management in an orderly manner. Through the thorough investigation of the deficiencies in internal control management and system implementation, the Bank analyzed the root causes and potential risks in detail, urged the investigated institutions to sort out relevant business processes, continued to improve internal management, and effectively made up for shortcomings, blocked loopholes, and built a better mechanism.
4. Strengthening employee behavior big data management. The Bank continued to improve the internal control and compliance management system, conducted multi-dimensional and all-round tracking of employees, comprehensively built employee behavior profiles, dynamically differentiated risk levels, captured the signs of violations and potential risks, actively promoted the online dynamic early warning and monitoring of employee behavior, and continuously promoted the deep integration of internal control and compliance and technological innovation.
5. Strengthening the management of key positions and key personnel. Based on the industry situation and the development needs of the Bank, the Bank timely adjusted the organizational structure and job responsibilities to further improve the position management of the Bank. The Bank sorted out incompatible positions in operation management, credit business and planning and finance at the head office, branches and sub-branches, and formulated annual work plans for job rotation and compulsory leave to fully ensure the separation and balance of positions.

8.16.3 Internal Audit

The Group has established an independent internal audit system and the Board assumes ultimate responsibility for the independence and effectiveness of internal audit. The Board has established an Audit Committee to guide and supervise the internal audit of the Bank. The board of supervisors is responsible for supervising the internal audit. The audit department reports to the Board, the Audit Committee and the board of supervisors on a regular basis and informs the senior management. The audit department prepares an annual audit plan and submits it to the Audit Committee and the Board for approval. In daily audit, the Group reviews its operation, information system, financial reporting and risk management through systematic and standardized internal audit methods, and evaluates the effectiveness of the Bank's internal control and corporate governance. The Group also conducts special audits on various risks faced by the Bank, including those in credit, market, operation and information technology. The Group conducts internal audit work on-site or offsite and then issues an audit report. To ensure that the audited department takes appropriate corrective actions according to audit suggestions, the audit department of the Bank continuously follows up on the results of corrective actions and supervises the implementation of the corrections.

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During the Reporting Period, the Group's internal audit department carried out work guided by Party building, the work is centered on business development and directed at risk audits, with the guarantee of technology – facilitated audits. Specifically, the internal audit department earnestly performed audit duties by conducting audits in a rigorous and orderly manner and completing other aspects of work in an all-round way, to escort the steady development of the Bank's business.

8.17 SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS, AND RELATED EMPLOYEES

The Bank has adopted Appendix 10 to the Listing Rules headed “Model Code for Securities Transactions by Directors of Listed Issuers” as the code of conduct for securities transactions by directors, supervisors, and related employees. Having been made specific inquiries by the Bank, all directors and supervisors confirmed that they have complied with requirements under the above Model Code throughout the Reporting Period.

During the Reporting Period, the directors and supervisors did not have any dealings in the Bank's shares.



CHAPTER IX REPORT OF THE BOARD OF DIRECTORS

9.1 PRINCIPAL BUSINESS AND BUSINESS REVIEW

The Bank is primarily engaged in banking businesses and related financial services, including corporate banking, retail banking, financial markets business and other business. A review of the Bank's business during the Reporting Period is set out in Chapter V "Management Discussion and Analysis" in this annual report.

The Bank's business review and analysis of key indicators of financial performance, major risks and uncertainties, and future development prospects of the business during the Reporting Period were set out in Chapter V "Management Discussion and Analysis" in this annual report.

9.2 ANNUAL GENERAL MEETING AND DIVIDENDS

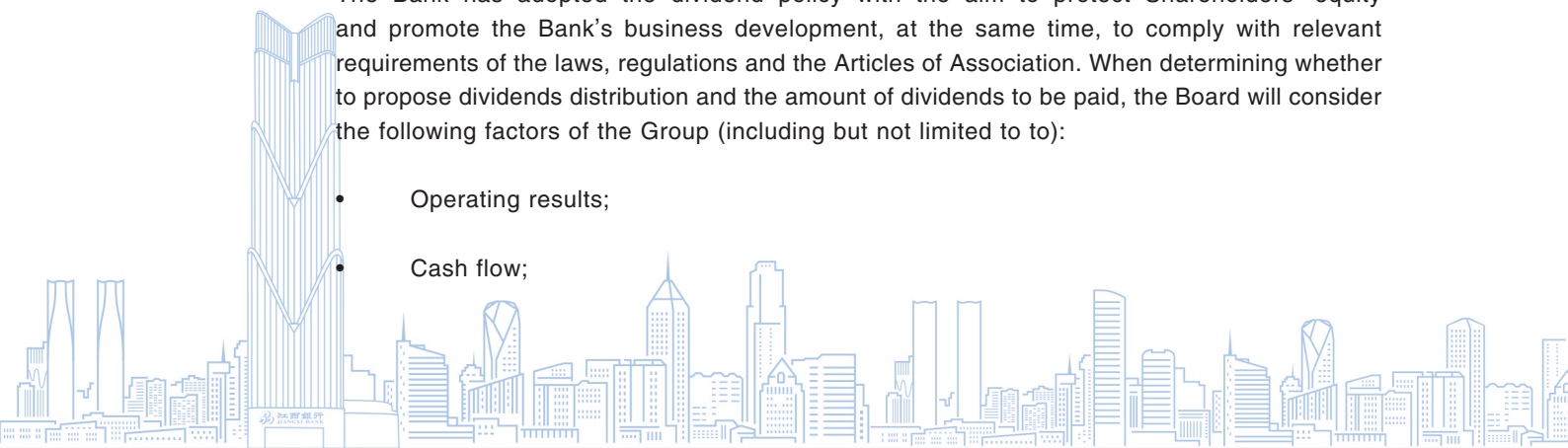
9.2.1 Annual General Meeting

The Bank proposes to hold the 2022 Annual General Meeting on Tuesday, May 30, 2023. In order to determine the list of Shareholders who are entitled to attend and vote at the Annual General Meeting, the Bank's register of members will be closed from Sunday, April 30, 2023 to Tuesday, May 30, 2023, both days inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the Annual General Meeting, all transfer documents together with relevant share certificates and other appropriate documents shall be sent to the office of the Board of the Bank at No. 699 Financial Street, Honggutan New District, Nanchang, Jiangxi Province, the PRC (for holders of Domestic Shares) or to the H Share Registrar, namely, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) before 4:30 p.m. on Friday, April 28, 2023 for registration. A circular and the notice of the 2022 Annual General Meeting of the Bank will be published and dispatched to the Shareholders in due course.

9.2.2 Dividend Policy

The Bank has adopted the dividend policy with the aim to protect Shareholders' equity and promote the Bank's business development, at the same time, to comply with relevant requirements of the laws, regulations and the Articles of Association. When determining whether to propose dividends distribution and the amount of dividends to be paid, the Board will consider the following factors of the Group (including but not limited to to):

- Operating results;
- Cash flow;



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- Financial conditions;
- Capital adequacy ratio;
- Future business prospects;
- Statutory and regulatory restrictions on the payment of dividends; and
- Other factors that the Board considers relevant.

9.2.3 Dividends

The Shareholders of the Bank have approved the 2021 profit distribution plan at the 2021 Annual General Meeting held on June 28, 2022. The Bank has approved to distribute cash dividends at RMB0.05 per share (tax inclusive) for 2021, amounting to RMB301.2 million, which has been distributed to the holders of the Bank's shares on August 26, 2022.

The Board of Directors proposed the payment of a final dividend for the year ended 31 December, 2022 of RMB0.05 in cash per share (tax inclusive), representing a distribution amount of RMB301.2 million. The proposed final dividend is expected to be distributed to Shareholders within two months from the date of the 2022 Annual General Meeting, subject to the approval of the Shareholders at this meeting. The Bank would make further announcement(s) in respect of the book closure period and record date in relation to the proposed final dividend.

9.2.4 Tax Relief

Withholding foreign non-resident enterprises' enterprise income tax

Pursuant to the applicable provisions and the implementing regulations of the Enterprise Income Tax Law of the PRC, Notice of the State Taxation Administration on Issues Concerning the Disbursement of Dividends by Chinese Resident Enterprises to Shareholders of Overseas H-Share Non-Resident Enterprises and Deduction of Enterprise Income Tax (Guo Shui Han [2008] No. 897) and Approval of the State Taxation Administration on the Issue of Enterprise Income Tax on Non-Resident Enterprises Obtaining B Shares and Other Stock Dividends (Guo Shui Han [2009] No. 394), the Bank shall withhold the enterprise income tax at the rate of 10% for non-resident enterprise holders of H Shares (including the H Shares registered in the name of HKSCC Nominees Limited) when distributing final dividends for 2022 to the non-resident enterprises listed on the register of member of H shares. Holders of H shares of non-resident enterprises who enjoy the treatment under Tax Treaty pursuant to relevant regulations shall be treated correspondingly.

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Withholding foreign non-resident individual shareholder's individual income tax

Pursuant to the applicable provisions and the implementing regulations of the Individual Income Tax Law of the PRC and Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 issued by State Administration of Taxation as well as the Announcement of the State Taxation Administration on the Promulgation of Measures for “the Administration of the Treatment of Non-Resident Taxpayer under Tax Treaty” (hereinafter referred to as “Tax Treaty”), the Bank shall withhold individual income tax from the holders of H Shares according to the following arrangement when distributing final dividends for 2022 to the non-resident individual shareholders listed on the register of member of H Shares:

For an individual holder of H Shares who is a resident of Hong Kong, Macau or a country/region that has signed a tax treaty with the PRC stipulating a dividend rate of 10%, the Bank shall withhold and pay individual income tax at the rate of 10% on behalf of such H Shareholders when distributing the final dividend;

For an individual holder of H Shares who is a resident of a country/region which has signed a tax treaty with the PRC stipulating a dividend rate of lower than 10%, the Bank shall temporarily withhold and pay individual income tax at the rate of 10% on behalf of such holders of H Shares while distributing the final dividend. In case the relevant holders of H Shares are to apply for refund of the tax over-withheld, the Bank will follow the Notice of Tax to handle the application of the relevant tax benefits on their behalf. The qualified holders of H Shares are required to submit in a timely manner the written authorization and all application materials to the H Share Registrar of the Bank, Computershare Hong Kong Investor Services Limited; the Bank will forward the received documents to the competent tax authorities for review, and if approved, the Bank will assist in handling the refund of the over-withheld tax;

For an individual holder of H Shares who is a resident of a country/region that has signed a tax treaty with the PRC stipulating a dividend rate higher than 10% but lower than 20%, the Bank shall withhold and pay individual income tax at the applicable rate stipulated in the relevant tax treaty while distributing the final dividend; and

For an individual holder of H Shares who is a resident of a country/region which has signed a tax treaty with the PRC stipulating a dividend rate of 20% or has no tax treaty with the PRC or otherwise, the Bank shall withhold and pay individual income tax at the rate of 20% while distributing the final dividend.

9.3 SHARE CAPITAL AND SHAREHOLDERS

For details of the share capital and substantial Shareholders of the Bank, please refer to the section headed “Changes in Share Capital and Information on Shareholders”

CHAPTER IX REPORT OF THE BOARD OF DIRECTORS

9.4 INFORMATION DISCLOSURE

The Bank strictly abided by relevant laws, regulations and regulatory requirements for information disclosure, strengthened its information disclosure system, and revised the Bank's measures for information disclosure. The revisions incorporated the latest regulatory requirements and standardized the information disclosure process and publication channels. The Bank actively fulfilled its information disclosure obligations, ensured the truthfulness, accuracy, completeness and timeliness of the information disclosure, and continuously improved its information disclosure level.

During the Reporting Period, the full texts of the annual report and the interim report in both English and Chinese are available for download on the website of the Bank. Meanwhile, the Chinese and English versions of the annual report and interim report are available for review by the investors and stakeholders in the general office of the Board of the Bank.

9.5 MANAGEMENT OF INSIDER INFORMATION

The Bank managed inside information strictly in accordance with laws, regulations, regulatory requirements, and rules of the Bank. The Bank formulated the Management Measures on Personnel with Inside Information, and strictly implemented the confidentiality requirements regarding inside information, timely collected the contents of confidential information, standardized information transmission process, controlled the scope of insiders, and prepared and disclosed related information in accordance with laws and regulations. The Bank was not aware of any insider trading of the shares of the Bank by taking the advantage of inside information during the Reporting Period.

9.6 BOND ISSUE AND REPURCHASE

9.6.1 Bonds issued

Approved by the PBOC and CBIRC Jiangxi Office, in August 2021, the Bank issued the 5+N-year undated capital bonds with a total principal amount of RMB4 billion (the coupon rate of the bonds will be adjusted in stages, with a coupon rate adjustment period every 5 years from the issue payment deadline. The first 5 years will be calculated at a fixed interest rate of 4.80% per annum, and the interest payment method is annual payment. The Bonds will continue to be outstanding so long as the Issuer's business continues to operate). The Bonds Issuance sets conditional redemption rights for the Issuer. From the fifth anniversary since the issuance of the bonds, the Bank may redeem the Bonds in whole or in part on each distribution payment date (including August 25, 2026). The proceeds from this capital bond issue have been used to replenish other tier-one capital of the Bank according to applicable laws and approvals of regulatory authorities.

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Approved by the PBOC and CBIRC Jiangxi Office, in September 2022, the Bank issued the 5+N-year undated capital bonds with a total principal amount of RMB2 billion (the coupon rate of the bonds will be adjusted in stages, with a coupon rate adjustment period every 5 years from the issue payment deadline. The first 5 years will be calculated at a fixed interest rate of 3.67% per annum, and the interest payment method is annual payment. The Bonds will continue to be outstanding so long as the Issuer's business continues to operate). The Bonds Issuance sets conditional redemption rights for the Issuer. From the fifth anniversary since the issuance of the bonds, the Bank may redeem the Bonds in whole or in part on each distribution payment date (including September 23, 2027). The proceeds from this capital bond issue have been used to replenish other tier-one capital of the Bank according to applicable laws and approvals of regulatory authorities.

Approved by the PBOC and CBIRC Jiangxi Office, in December 2022, the Bank issued the 5+N-year undated capital bonds with a total principal amount of RMB2 billion (the coupon rate of the bonds will be adjusted in stages, with a coupon rate adjustment period every 5 years from the issue payment deadline. The first 5 years will be calculated at a fixed interest rate of 4.79% per annum, and the interest payment method is annual payment. The Bonds will continue to be outstanding so long as the Issuer's business continues to operate). The Bonds Issuance sets conditional redemption rights for the Issuer. From the fifth anniversary since the issuance of the bonds, the Bank may redeem the Bonds in whole or in part on each distribution payment date (including December 19, 2027). The proceeds from this capital bond issue have been used to replenish other tier-one capital of the Bank according to applicable laws and approvals of regulatory authorities.

Detailed information of bonds

Stock name	Variety of bonds	Issue size	Duration	Interest rate of bonds	Interest payment method
21 Jiangxi Bank Perpetual Bond 01	Floating rate	RMB4.0 billion	5+N years (redemption rights with preconditions at the end of the fifth year)	4.80%	Annual payment
22 Jiangxi Bank Perpetual Bond 01	Floating rate	RMB2.0 billion	5+N years (redemption rights with preconditions at the end of the fifth year)	3.67%	Annual payment
22 Jiangxi Bank Perpetual Bond 02	Floating rate	RMB2.0 billion	5+N years (redemption rights with preconditions at the end of the fifth year)	4.79%	Annual payment



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9.6.2 Issue of interbank deposit receipts

As of December 31, 2022, the Bank has successfully issued 179 interbank deposit receipts throughout the year, totaling book balance of interbank deposit of RMB52.162 billion.

9.6.3 Repurchase

Approved by the PBOC and CBRC Jiangxi Office, in June 2017, the Bank issued the 10-year tier-2 capital bonds with a total principal amount of RMB3 billion (calculated at a fixed interest rate of 5.00% per annum, and the interest payment method is annual payment, which will expire on June 7, 2027). The proceeds from this capital bond issue have been used as supplementary tier-2 capitals of the Bank according to applicable laws and approvals of regulatory authorities. The bonds have been fully repurchased by the Bank on June 7, 2022, upon approval by the relevant regulatory authorities.

Approved by the PBOC and CBRC Jiangxi Office, in September 2017, the Bank issued the 10-year tier-2 capital bonds with a total principal amount of RMB3 billion (calculated at a fixed interest rate of 5.00% per annum, and the interest payment method is annual payment, which will expire on September 28, 2027). The proceeds from this capital bond issue have been used as supplementary tier-2 capitals of the Bank according to applicable laws and approvals of regulatory authorities. The bonds have been fully repurchased by the Bank on September 28, 2022, upon approval by the relevant regulatory authorities.

Save for the above, the Bank or any of its subsidiaries did not repurchase any bonds during the Reporting Period.

9.7 RESERVE

Details of the changes in the reserves of the Group for the year ended at the end of the Reporting Period are set out in the consolidated statements of changes in Shareholders' equity.

9.8 PROPERTY AND EQUIPMENT

Details of changes in the property and equipment of the Group for the year ended at the end of the Reporting Period are set out in note 22 to the financial statements.

CHAPTER IX REPORT OF THE BOARD OF DIRECTORS

9.9 RELATED PARTY TRANSACTIONS

In the ordinary and usual course of business, the Bank provides commercial banking services and products to the public in China, including connected persons such as Shareholders, Directors, Supervisors, President and their respective associates. Pursuant to the Listing Rules, such transactions, being conducted on normal commercial terms in the ordinary and usual course of the business of the Bank, shall be exempted from reporting, annual review, disclosure and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Bank has reviewed all its related party transactions and acknowledged that those transactions had complied with the requirements under Chapter 14A of the Listing Rules.

The definition of connected persons under Chapter 14A of the Listing Rules is different from the definition of related parties under International Accounting Standard, and its interpretations by the IASB. Certain related party transactions set out in Note 37 to the financial statements also constitute connected transactions or continuing connected transactions as defined under the Listing Rules, but none of them constitutes any connected transaction required to be disclosed as defined under the Listing Rules.

9.10 DIRECTORS AND SUPERVISORS AND SENIOR MANAGEMENT MEMBERS

Details regarding the Directors, Supervisors and senior management of the Bank are set out in the section headed "Directors, Supervisors, Senior Management Members, Employees and Institutions" in this annual report.

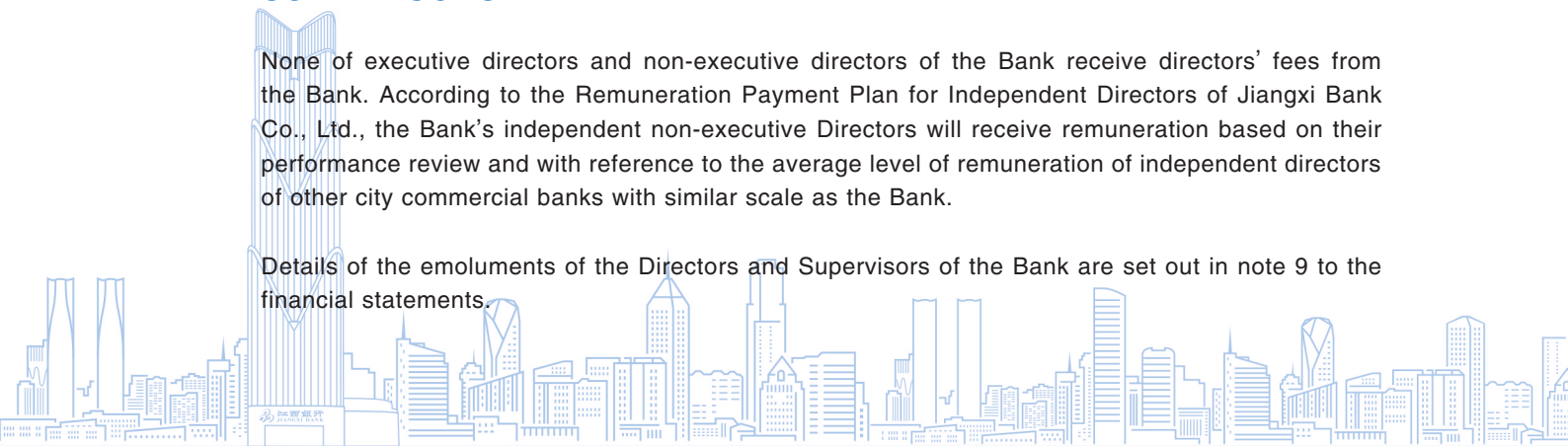
9.11 INTERESTS OF DIRECTORS AND SUPERVISORS IN BUSINESS IN COMPETITION WITH THE BANK

None of Directors and Supervisors of the Bank holds any interest in any business which competes or is likely to compete, whether directly or indirectly, with the Bank.

9.12 REMUNERATION AND RETIREMENT BENEFITS OF DIRECTORS AND SUPERVISORS

None of executive directors and non-executive directors of the Bank receive directors' fees from the Bank. According to the Remuneration Payment Plan for Independent Directors of Jiangxi Bank Co., Ltd., the Bank's independent non-executive Directors will receive remuneration based on their performance review and with reference to the average level of remuneration of independent directors of other city commercial banks with similar scale as the Bank.

Details of the emoluments of the Directors and Supervisors of the Bank are set out in note 9 to the financial statements



CHAPTER IX REPORT OF THE BOARD OF DIRECTORS

9.13 SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

During the Reporting Period, none of the Directors or Supervisors of the Bank entered into any service contract, pursuant to which the Bank shall compensate to the Director or Supervisor if the contract is terminated within one year for the Bank's reason (excluding statutory compensation).

9.14 INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

As at December 31, 2022, none of the Bank's Directors and Chief Executive had any interests or short positions in any of the shares, underlying shares and debentures of the Bank or its associated corporations.

The interests and short positions of the Bank's supervisors are set out in the section headed "Directors, Supervisors, Senior Management Members, Employees and Institutions" of this annual report.

9.15 MATERIAL INTERESTS OF DIRECTORS AND SUPERVISORS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

During the Reporting Period, neither the Bank nor any of its subsidiaries entered into any significant transaction, arrangement or contract in which the Bank or entity connected with the Bank's Directors or Supervisors directly or indirectly had a material interest.

9.16 ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the Reporting Period, was the Bank or any of its subsidiaries entered into any arrangement to enable the Directors and Supervisors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

9.17 MANAGEMENT CONTRACTS

During the Reporting Period, no management or administrative contracts regarding the whole or any substantial part of any business were entered into by the Bank.

9.18 PERMITTED INDEMNITY PROVISIONS

During the Reporting Period, the Bank has purchased appropriate liability insurance to indemnify its Directors, Supervisors and senior management in respect of the liabilities arising from engaging in the activities of the Bank. Such arrangements remained effective during the Reporting Period.

CHAPTER IX REPORT OF THE BOARD OF DIRECTORS

9.19 PURCHASE, SALE OR REPURCHASE OF LISTED SECURITIES OF THE BANK

Save as disclosed in the section headed “9.6 Bond Issue and Repurchase” in this chapter, during the Reporting Period, the Bank and its subsidiaries did not purchase, sell or redeem any listed securities of the Bank.

9.20 PRE-EMPTIVE RIGHTS

During the Reporting Period, the Bank did not have provisions in respect of pre-emptive rights in the Articles of Association and under PRC law.

9.21 DONATION

During the Reporting Period, the Group made charitable and other donations totaling approximately RMB6,065,700.

9.22 EQUITY-LINKED AGREEMENTS

In order to actively implement the government’s special debt policy of RMB200 billion, enhance the Bank’s capital strength and improve the level of risk resistance, the Bank entered into the Agreement on the Replenishment of “Convertible Negotiated Deposit” for the Capital of Small and Medium-sized Banks with Special Bonds (the “Agreement”) with Jiangxi Provincial Department of Finance on August 20, 2021. According to the Agreement, after the Jiangxi Provincial Department of Finance obtained the corresponding funds through the issuance of local government special bonds, the Jiangxi Provincial Department of Finance deposited a total of RMB3.9 billion in five installments in the form of convertible negotiated deposits.

When the following conversion conditions as set out in the Agreement are satisfied, Jiangxi Provincial Department of Finance will convert the negotiated deposits into ordinary shares of the Bank in accordance with laws and regulations and in accordance with the Agreement:

- ① the core tier-one capital adequacy ratio of the Bank is lower than 5.125%;
- ② the class and number of the converted ordinary Shares and the shareholding structure of the Bank after the conversion shall satisfy the particular requirement of the Hong Kong Stock Exchange for the minimum public float, otherwise all or part of the Shares shall be held by the independent third parties.



CHAPTER IX REPORT OF THE BOARD OF DIRECTORS

Upon the satisfaction of the above conversion conditions set out in the Agreement, the Bank shall issue H Shares of the Bank to Jiangxi Provincial Department of Finance or its designated institution at a nominal value of RMB1 per share in accordance with the conditions and conversion price agreed in the Agreement (which is determined based on the average trading price of H Shares of the Bank for the 20 trading days preceding the date of the Board resolution approving the convertible negotiated deposit (i.e. March 26, 2021) and converted into RMB at the central parity rate of RMB to HKD announced by the State Administration of Foreign Exchange on the date of the Board resolution) (the “Initial Conversion Price”), being the Initial Conversion Price of HKD3.29 (equivalent to approximately RMB2.78), or the higher of the net assets per share attributable to the owners of the parent company in the consolidated financial statements after capital verification at the time of conversion of the convertible negotiated deposit. If the conversion conditions are triggered within 9-10 years (inclusive) after the issuance date of the special bonds, the convertible deposit involved is RMB0.7 billion, which can be converted into a maximum of 1,402,877,697 H shares of the Bank (approximately 18.89% of the enlarged total share capital of the Bank) if the conversion conditions are met.

If the conversion conditions set out in the Agreement are not met, the Bank will repay the principal and interest in tranches after the maturity of the convertible negotiated deposit in accordance with the Agreement. The interest rate of convertible negotiated deposits is in line with the corresponding interest rate of local government special bonds. According to the interest rates of recent local government bonds issued in Jiangxi Province, the interest rate range of specific bonds is expected to be 2.5% to 4.5%. If the interest rate of the specific bonds exceeds the range, the Bank will submit it separately to the shareholders’ general meeting for consideration and approval.

The term of the Agreement shall commence from the issue date of the Special Bonds until the earlier of (i) the date on which Jiangxi Provincial Department of Finance holds the Conversion Shares and withdraws from the Special Bonds, (ii) the maturity date of the Special Bonds, or (iii) the expiry date of 10 years from the issue date of the Special Bonds.

As of the Latest Practicable Date, the conversion conditions set out in the Agreement have not been satisfied, and the Bank has not issued any Shares pursuant to the Agreement. Please refer to the circular of the Bank dated May 6, 2021 and the announcement of the Bank dated August 20, 2021 for details of the replenishment of other tier-one capital by convertible negotiated deposit business.

Save for the above, during the Reporting Period, the Bank did not enter into or renew any other equity-linked agreements.

CHAPTER IX REPORT OF THE BOARD OF DIRECTORS

9.23 SUPPLIERS, RELATIONS WITH EMPLOYEES AND CUSTOMERS

The Bank treats its employees as the most valuable asset of the Bank and pays great attention to safeguarding the legitimate rights and interests of its employees, striving to establish a harmonious and stable employment relationship. The Bank enters into labor contracts with its employees in accordance with the relevant laws and regulations, continuously improves labor employment system and employee security system. The Bank developed the Salary Management System of Jiangxi Bank, under which it pays employees full salaries on time, contributes various social insurance and housing provident fund and built a multi-level pension and medical security system. At the same time, the Bank provides employees with professional training to help them grow up quickly.

Due to the nature of business, the Bank has no major suppliers and the total percentage of purchases attributable to our five largest suppliers is less than 30%.

For details of the relations between the Bank and its suppliers, employees and customers, please refer to the Environment, Social and Governance Report issued by the Bank.

9.24 PUBLIC FLOAT

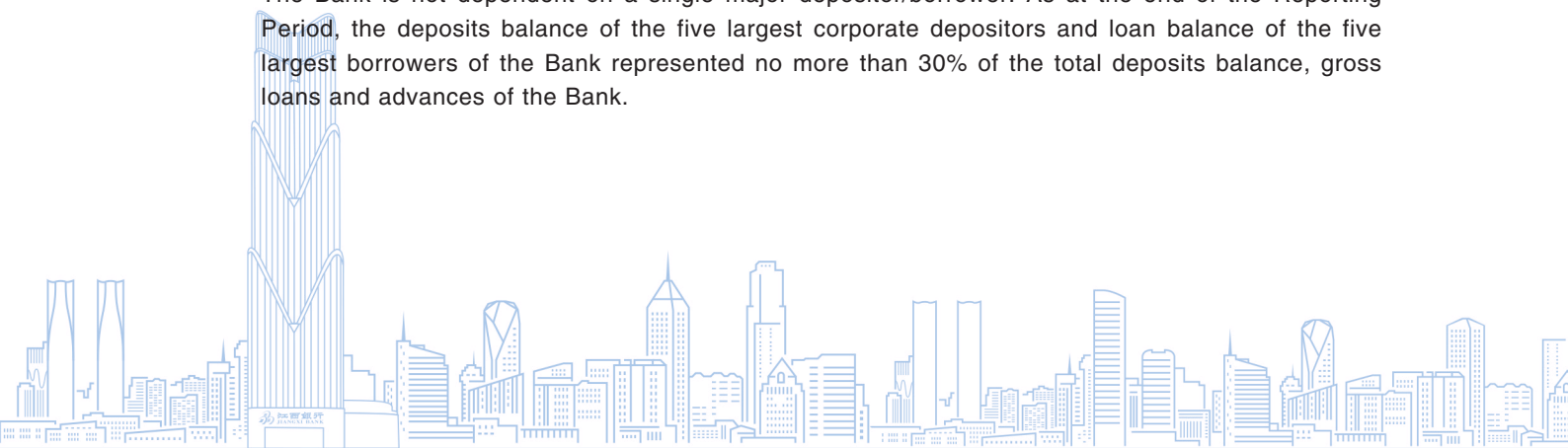
As at the Latest Practicable Date, according to the data publicly available to the Bank and to the knowledge of Directors, the Bank has complied with the public float requirements under the Listing Rules.

9.25 CORPORATE GOVERNANCE

The Bank is committed to maintaining a high standard of corporate governance. Details of corporate governance of the Bank are set out in the section headed “Corporate Governance Report” of this annual report.

9.26 MAJOR DEPOSITORS AND BORROWERS

The Bank is not dependent on a single major depositor/borrower. As at the end of the Reporting Period, the deposits balance of the five largest corporate depositors and loan balance of the five largest borrowers of the Bank represented no more than 30% of the total deposits balance, gross loans and advances of the Bank.



CHAPTER IX REPORT OF THE BOARD OF DIRECTORS

9.27 ENVIRONMENTAL POLICIES

In recent years, the Bank has actively undertaken the social responsibilities under relevant environmental policies. The Bank actively advocates the concept of environmental protection in the course of operation. Specifically, the Bank optimizes online services, practices green office, advocates green public welfare and develops green credit to promote green financial undertakings. Meanwhile, in order to actively carry out green financial innovation, the Bank introduces environmental risk stress tests and incorporates environmental factors into its risk management process. For details of the Bank's environmental policies and performance, please refer to the Environment, Social and Governance Report issued by the Bank.

9.28 COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Bank has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Bank.

9.29 SUBSEQUENT EVENTS

As at March 24, 2023, Ms. WANG Guizhi submitted a written resignation letter to the Bank, resigning from the position of external supervisor of the Bank due to personal reasons, with effect from the date of resignation.

By Order of the Board
ZENG Hui
Chairman

Nanchang, China
March 31, 2023



CHAPTER X REPORT OF THE BOARD OF SUPERVISORS

10.1 MAJOR WORKS

Solid and normalized supervision to steadily improve the timeliness of duty performance

During the Reporting Period, the Board of Supervisors focused on the statutory supervision duties, conducted practical and detailed daily supervision on a regular basis, disclosed risks and problems in a timely manner, and promoted early detection, early warning and early resolution of hidden risks. During the year, the Board of Supervisors and the special committees convened 23 meetings and considered 42 resolutions of various topics. In response to the problems or management shortcomings found in daily supervision and off-site inspections, 5 daily supervision briefings were issued. Through regular reporting and organizing special research meeting on the implementation of rectification and improvement of supervision issues, the Board of Supervisors guided and supervised the rectification of various problems, and strived to promote the implementation of rectification.

Actively focusing on key areas of supervision and steadily improving the effectiveness of duty performance

During the Reporting Period, the Board of Supervisors focused on the hot topics of regulatory concern and the key difficulties in business management. During the year, the Board of Supervisors organized and carried out 8 special inspection projects including comprehensive risk management, internal control and compliance case prevention management, financial management and information disclosure, issued 5 evaluation opinions for supervision, 1 duty performance evaluation report and 3 written audit opinions, and put forward 41 targeted opinions and suggestions.



CHAPTER X REPORT OF THE BOARD OF SUPERVISORS

Continuing to strengthen self-construction and steadily improving the standardization of duty performance

During the Reporting Period, the Board of Supervisors combined the latest regulatory requirements and the development trend of the banking industry. Firstly, the Board of Supervisors empowered the supervision work with technology, organized the establishment of the supervision and management system of the Board of Supervisors, and strived to improve the standardization, process and informatization level of supervision work; secondly, the Board of Supervisors completed the re-election of the Board of Supervisors in accordance with laws and regulations, selected and recruited experienced talents with high professional quality in the financial industry to join the Board of Supervisors, and further optimized the personnel structure of the Board of Supervisors; thirdly, the Board of Supervisors revised and improved the system of the Board of Supervisors in accordance with the latest laws, regulations and regulatory policy requirements, comprehensively sorted out the responsibilities and authorities, operation procedures and operation mechanism of the Board of Supervisors, and compiled the work manual of the Board of Supervisors; fourthly, through the “online + offline” learning method, the Bank organized supervisors to participate in special training on internal and external compliance management and corporate governance, and enhanced the supervisors’ ability to perform supervisory duties.

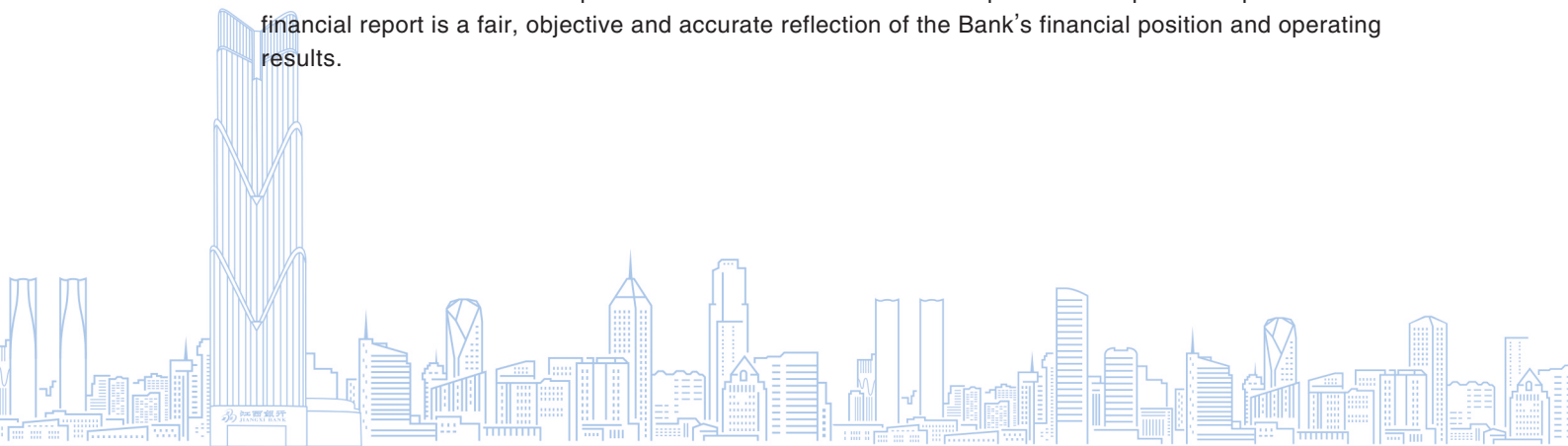
10.2 INDEPENDENT OPINIONS ON RELEVANT MATTERS

Supervision Opinions on Legal Operation

During the Reporting Period, the Bank complied with laws and regulations; its decision-making procedures were in line with laws and regulations and the requirements of the Articles of Association of the Bank. Members of the Board of Directors and senior management have performed their duties conscientiously. No violations against laws and regulations or acts that harmed the Bank were found.

Supervision Opinions on Financial Reporting

During the Reporting Period, BDO Limited and BDO China SHU LUN PAN Certified Public Accountants LLP audited our financial report and issued a standard audit report with unqualified opinions. The financial report is a fair, objective and accurate reflection of the Bank’s financial position and operating results.



CHAPTER X REPORT OF THE BOARD OF SUPERVISORS

Supervision Opinions on Risk Management

During the Reporting Period, the Board of Directors and senior management supported and provided guarantee for the high-quality development of the Bank by adjusting and improving the risk management structure, upgrading and reforming the risk control system, perfecting the assessment mechanism and other management processes, and conscientiously performed their duties related to responsibilities of liquidity risk management and reputational risk management.

Supervision Opinions on Capital Management

During the Reporting Period, the Board of Directors and senior management were able to implement relevant national regulations and regulatory requirements, gradually improve the organizational structure, refine the administrative regulations and constantly promote the effective implementation of capital management, thus better fulfilling the relevant duties of capital management.

Supervision Opinions on Stress Test Management

During the Reporting Period, the Board of Directors and senior management conducted regular stress tests in accordance with the requirements of the Guidelines on Stress Testing for Commercial Banks, formulated and implemented risk improvement measures, and conscientiously performed their duties related to stress test management.

Supervision Opinions on Implementation of General Meeting's Resolutions

During the Reporting Period, the Board of Supervisors had no objection to the contents of reports and proposals submitted by the Board of Directors to the general meeting for consideration. The Board of Supervisors supervised the implementation of general meeting's resolutions and believed that the Board of Directors was able to conscientiously implement the relevant resolutions of the general meeting.



CHAPTER XI IMPORTANT MATTERS

11.1 USE OF PROCEEDS

As of the end of the Reporting Period, the Bank issued 1,345.5 million H Shares in total, and the balance of the net proceeds from the global offering amounted to approximately HK\$8.598 billion. All funds raised by the Bank from the global offering were used in accordance with the purposes disclosed in the Prospectus, i.e. reinforcing the Bank's capital base so as to support the sustained growth of the Group's business.

11.2 MAJOR LAWSUITS, ARBITRATIONS AND MAJOR CASES DURING THE REPORTING PERIOD

As of the end of the Reporting Period, there were 65 pending litigation and arbitration cases with a principal balance of RMB30 million or above claimed by the Bank as a plaintiff and an arbitration applicant, involving a total principal balance of approximately RMB7.101 billion (including the amount written off); there were ten pending litigation and arbitration cases with the principal amount of RMB10 million or above with the Bank as a defendant and a respondent, involving a total principal amount of approximately RMB946 million.

As of the end of the Reporting Period, the Bank expected that the above ongoing litigation or arbitration cases (whether individually or jointly) will not have a material adverse impact on the Bank's operating and financial position.

11.3 SIGNIFICANT RELATED PARTY TRANSACTIONS

During the Reporting Period, there were no significant related party transactions of the Bank which adversely affected its operating results and financial position.

11.4 PUNISHMENT AGAINST THE BANK AND THE BANK'S DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Reporting Period, our directors, supervisors and senior management have never been subject to any inspection, administrative penalty, circulation of notice of criticism from the China Securities Regulatory Commission, public punishment from the Stock Exchange and any punishment with significant impact on the Bank's operations from other regulatory agencies.

11.5 MATERIAL CONTRACTS AND THEIR PERFORMANCE

During the Reporting Period, the Bank did not have any material contracts subject to disclosure.

CHAPTER XI IMPORTANT MATTERS

11.6 MAJOR GUARANTEES AND COMMITMENTS

11.6.1 Major Guarantees

The provision of guarantee is one of the ordinary business of the Bank. During the Reporting Period, the Bank did not have any material guarantees which were required to be disclosed save for the financial guarantees within its business scope as approved by the PBOC and CBRC.

11.6.2 Major Commitments

As of the end of the Reporting Period, there was no major commitment of the Bank.

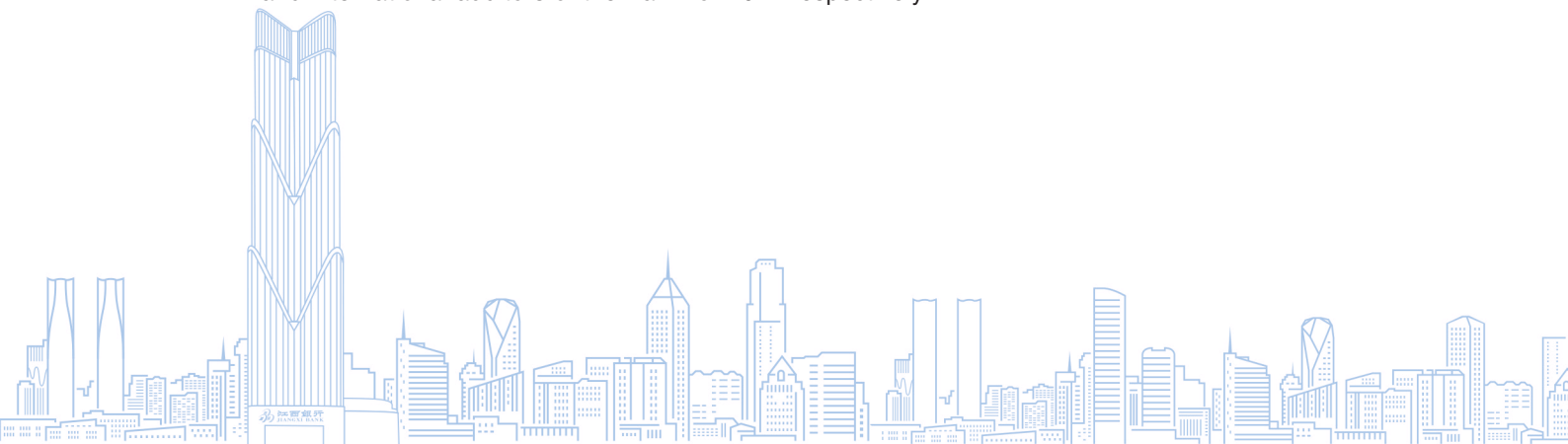
11.7 AUDIT REVIEW

The annual financial statements which have been prepared in accordance with IFRS disclosed in this annual report have been audited by BDO China Shu Lun Pan Certified Public Accountants. BDO China Shu Lun Pan Certified Public Accountants has issued an audit report with unqualified opinions. This annual financial report has been reviewed and approved by the Audit Committee under the Board of Directors and the Board of the Directors of the Bank.

11.8 APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

Pursuant to the Administrative Measures for Selection and Appointment of Accounting Firms by State-owned Financial Enterprise (Caijin [2020] No. 6) issued by the Ministry of Finance, the term of consecutive engagement of the same accounting firm by a financial enterprise shall not exceed five years. KPMG Huazhen LLP and KPMG has been consecutively engaged as the accounting firms of the Bank for six years as of the end of 2021. In order to comply with above requirement, the Bank has reached a mutual understanding with KPMG on the non-renewal of its appointment.

At the 2021 Annual General Meeting held on June 28, 2022, the Bank considered and approved to appoint BDO China Shu Lun Pan Certified Public Accountants LLP and BDO LIMITED as domestic and international auditors of the Bank for 2022 respectively.



CHAPTER XI IMPORTANT MATTERS

11.9 MAJOR ASSETS ACQUISITIONS, SALES AND BUSINESS MERGERS

During the Reporting Period, the Group did not have any major assets acquisitions, sales and business mergers.

11.10 SIGNIFICANT INVESTMENTS

During the Reporting Period, the Group did not have any significant investment plans.

11.11 LOAN AGREEMENT

During the Reporting Period, the Group did not violate any loan agreements.

11.12 SHARE OPTION SCHEME

During the Reporting Period, the Group did not implement any share option schemes.



CHAPTER XII INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the shareholders of Jiangxi Bank Co., Ltd.

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

OPINION

We have audited the consolidated financial statements of Jiangxi Bank Co., Ltd. (the "Bank") and its subsidiaries (together the "Group") set out on pages 188 to 352, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

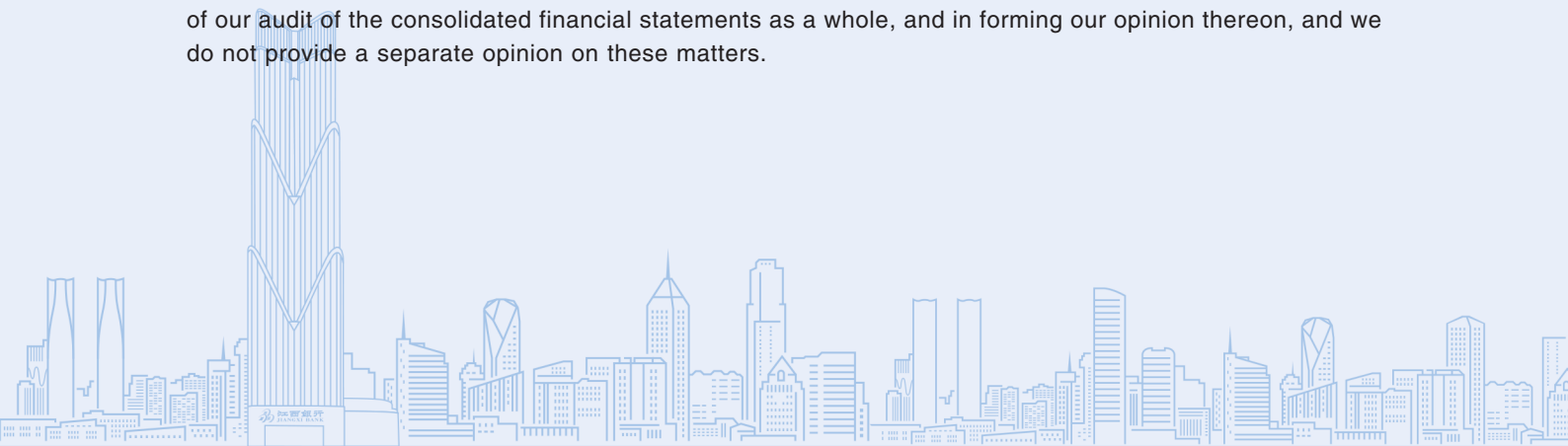
In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



CHAPTER XII INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Loss allowances of loans and advances to customers and financial investments measured at amortised cost

Refer to Note 18 and Note 19 to the consolidated financial statements and the accounting policies in Note 2(9) and Note 2(28).

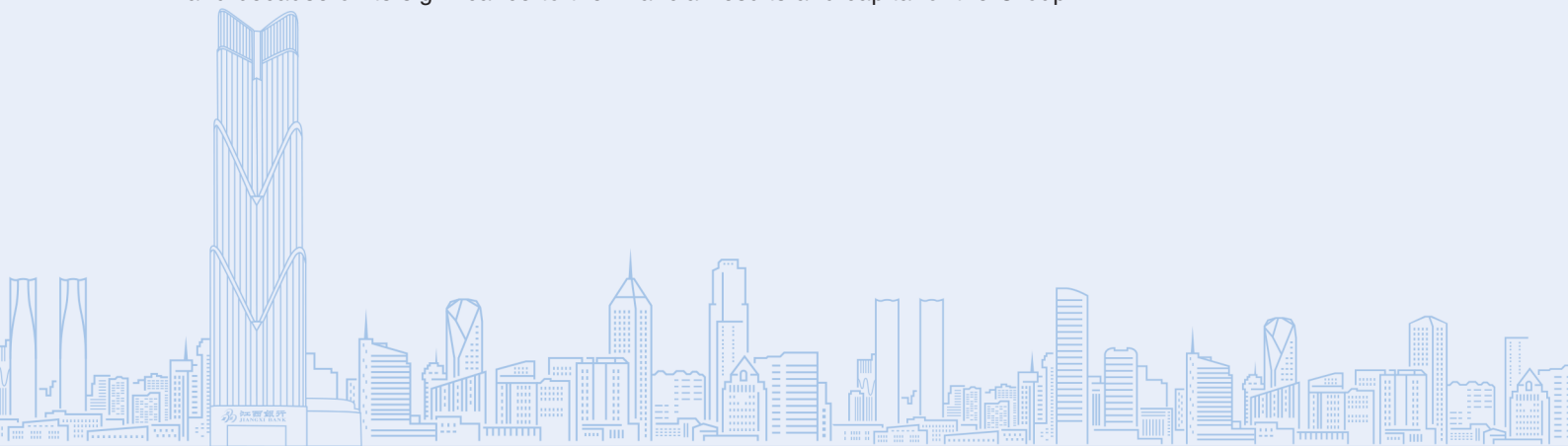
The Key Audit Matter

The determination of loss allowances using the expected credit loss model is subject to a number of key parameters and assumptions, including the identification of loss stages, estimates of probability of default, loss given default, exposures at default and discount rate, adjustments for forward-looking information and other adjustment factors. Management judgement is involved in the selection of those parameters and the application of the assumptions.

In particular, the determination of the loss allowances is heavily dependent on the external macro environment and the Group's internal credit risk management strategy. The expected credit losses for corporate loans and advances and financial investments are derived from estimates including the historical losses, internal and external credit grading and other adjustment factors. The expected credit losses for personal loans are derived from estimates whereby management takes into consideration historical overdue data, the historical loss experience for personal loans and other adjustment factors.

Management also exercises judgement in determining the quantum of loss given default based on a range of factors. These include available remedies for recovery, the financial situation of the borrower, the recoverable amount of collateral, the seniority of the claim and the existence and cooperativeness of other creditors. The enforceability, timing and means of realisation of collateral can also have an impact on the recoverable amount of collateral and, therefore, the amount of loss allowances as at the end of the reporting period.

We identified the impairment of loans and advances to customers and financial investments measured at amortised cost as a key audit matter because of the inherent uncertainty and management judgement involved and because of its significance to the financial results and capital of the Group.



CHAPTER XII INDEPENDENT AUDITOR'S REPORT

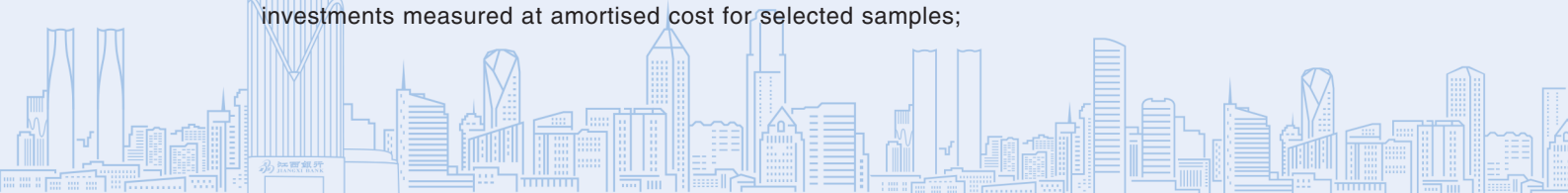
KEY AUDIT MATTERS (continued)

Loss allowances of loans and advances to customers and financial investments measured at amortised cost (continued)

How the matter was addressed in our audit

Our audit procedures to assess loss allowances of loans and advances to customers and financial investments measured at amortised cost included the following:

- understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the approval, recording and monitoring of loans and advances to customers and financial investments measured at amortised cost, the credit grading process and the measurement of loss allowances;
- assessing the reliability of the expected credit loss model used by management in determining loss allowances, including assessing the appropriateness of the key parameters and assumptions in the expected credit loss model, including the identification of loss stages, probability of default, loss given default and other management adjustments;
- assessing the completeness and accuracy of data used for the key parameters in the expected credit loss model. For key parameters derived from internal data relating to original loan agreements, we compared the total balance of the loans and advances to customers and financial investments measured at amortised cost list used by management to assess the loss allowances with the general ledger, selecting samples and comparing individual loans and advances to customers and financial investments measured at amortised cost information with the underlying agreements and other related documentation to assess the accuracy of compilation of loans and advances to customers and financial investments measured at amortised cost list. For key parameters derived from external data, we selected samples to inspect the accuracy of such data by comparing them with public resources;
- for key parameters involving judgement, critically assessing input parameters. As part of these procedures, we challenged the reasons for modifications to estimates and input parameters compared with prior period and considered the consistency of judgement. We compared the macro-economic factors used in the models with market information to assess whether they were aligned with market and economic development;
- for key parameters used in the expected credit loss model which were derived from system-generated internal data, we involved our IT specialists to assess the logics and compilation of the overdue information and the operational process of the credit grading of corporate customers and financial investments measured at amortised cost for selected samples;



CHAPTER XII INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Loss allowances of loans and advances to customers and financial investments measured at amortised cost (continued)

How the matter was addressed in our audit (continued)

- evaluating the validity of management's assessment on whether the credit risk of the loan has, or has not, increased significantly since initial recognition. We checked loan overdue information, making enquiries of the credit managers about the borrowers' business operations, checking borrowers' financial information and researching market information about borrowers' businesses;
- for selected samples of loans and advances to customers and financial investments measured at amortised cost that are credit-impaired, we also evaluated the timing and means of realisation of collateral, evaluated the forecast cash flows, challenged the viability of the Group's recovery plans, evaluated management's assessment of the value of any property collateral held by comparison with market prices and management's evaluation and evaluated other credit enhancements that are integral to the contract terms. We assessed the accuracy of the amount of credit loss allowance using the expected credit loss model based on the above work for a sample of loans and advances to customers and financial investments measured at amortised cost; and
- evaluating whether the disclosures on impairment of loans and advances to customers and financial investments measured at amortised cost comply with the disclosure requirements of the prevailing accounting standards.

Fair value of financial instruments

Refer to Note 38 to the consolidated financial statements and the accounting policies in Note 2(9) and Note 2(28).

The Key Audit Matter

Financial instruments carried at fair value account for a significant part of the Group's assets. The effect of fair value adjustments of financial instruments may impact either the profit or loss or other comprehensive income.

The valuation of the Group's financial instruments measured at fair value is based on a combination of market data and valuation models which often require a considerable number of inputs. Many of these inputs are obtained from readily active market readily available data. For level 2 financial instruments in the fair value hierarchy, the valuation techniques use quoted market prices and observable inputs.

The Group has developed its own models to value certain level 3 financial instruments, which also involve significant management judgement.

CHAPTER XII INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Fair value of financial instruments (continued)

The Key Audit Matter (continued)

Global economic uncertainty influenced movements in market rates including interest rates and foreign exchange rates. Increased market volatility resulted in greater ranges of values in management's assessment of the valuation of financial instruments held.

We identified assessing the fair value of financial instruments as a key audit matter because of the degree of complexity involved in valuing certain financial instruments and because of the degree of judgement exercised by management in determining the inputs used in the valuation models.

How the matter was addressed in our audit

Our audit procedures to assess the fair value of financial instruments included the following:

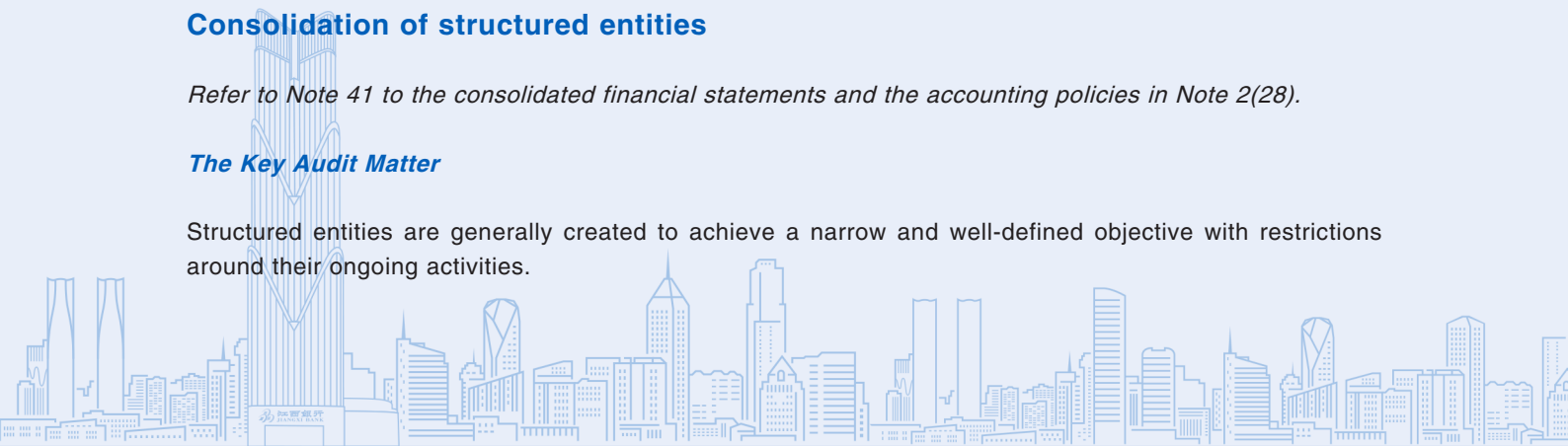
- understanding and assessing the design, implementation and operating effectiveness of key internal controls over the valuation, front office and back office reconciliations and model approval for financial instruments;
- involving our internal valuation specialists to assist us in performing independent valuations, on a sample basis, of financial instruments and comparing these valuations with the valuations of the Group. Our procedures included comparing the valuation models of the Group with our knowledge of practice, testing inputs to the fair value calculations and, establishing parallel valuation models to perform revaluations; and
- assessing whether the disclosures in the consolidated financial statements appropriately reflected the Group's exposure to financial instrument valuation risk and met the requirements of the prevailing accounting standards.

Consolidation of structured entities

Refer to Note 41 to the consolidated financial statements and the accounting policies in Note 2(28).

The Key Audit Matter

Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities.



CHAPTER XII INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Consolidation of structured entities (continued)

The Key Audit Matter (continued)

The Group may acquire or retain an ownership interest in, or act as a sponsor to, a structured entity, through issuing a wealth management product, or act as an investor to a structured entity through investing in an asset management plan, a trust plan or an asset-backed security.

In determining whether a structured entity is required to be consolidated by the Group, management is required to consider the power the Group is able to exercise over the activities of the entity and its ability to influence the Group's own returns from the entity. In certain circumstances the Group may be required to consolidate a structured entity even though it has no equity interest therein.

We identified the consolidation of structured entities as a key audit matter because it involves significant management judgement to determine whether a structured entity is required to be consolidated by the Group or not and because the impact of consolidating a structured entity on the consolidated statement of financial position and relevant regulatory capital requirements could be significant.

How the matter was addressed in our audit

Our audit procedures to assess the consolidation of structured entities included the following:

- understanding the key internal controls of financial reporting over consolidation of structured entities;
- assessing the Group's analysis and conclusions on whether it controls structured entities by reviewing the Group's analysis on its power over structured entities, the magnitude and variability of variable returns from its involvement with structured entities. On a sample basis, reviewing the terms of the relevant contracts to assess whether the Group should consolidate a structured entity;
- evaluating whether the disclosures in the consolidated financial statements in relation to structured entities meet the requirements of the relevant accounting standards.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 25 March 2022.

CHAPTER XII INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Bank's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

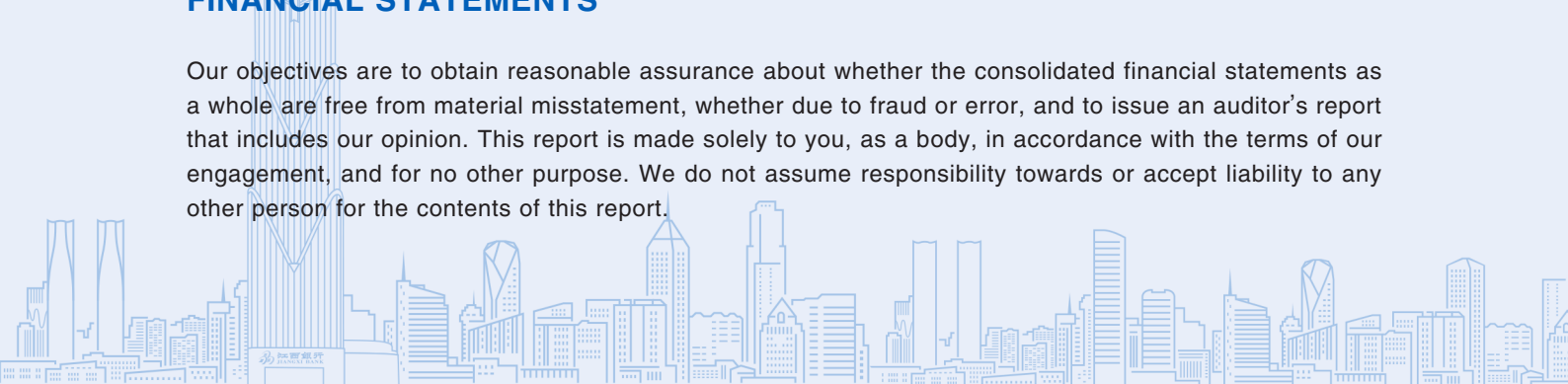
The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



CHAPTER XII INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

CHAPTER XII INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited

Certified Public Accountants

Chan Wing Fai

Practising Certificate Number P05443

Hong Kong, 31 March 2023



CHAPTER XIII FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 RMB'000	2021 RMB'000
Interest income		20,990,725	19,965,718
Interest expense		(11,366,399)	(11,203,911)
Net interest income	3	9,624,326	8,761,807
Fee and commission income		786,807	804,098
Fee and commission expense		(144,717)	(104,611)
Net fee and commission income	4	642,090	699,487
Net trading gains	5	121,323	200,621
Net gains arising from financial investments	6	2,129,216	1,441,067
Other operating income	7	197,082	41,441
Operating income		12,714,037	11,144,423
Operating expenses	8	(3,643,917)	(3,647,662)
Impairment losses on assets	11	(7,396,765)	(5,006,614)
Operating profit		1,673,355	2,490,147
Share of profits of associates		7,608	6,034
Profit before taxation		1,680,963	2,496,181
Income tax expense	12	(80,444)	(384,626)
Profit for the year		1,600,519	2,111,555
Attributable to:			
Equity shareholders of the Bank		1,549,551	2,070,307
Non-controlling interests		50,968	41,248

The notes on pages 197 to 352 form part of these financial statements. Details of dividends payable to equity shareholders of the Bank attributable to the profit for the year are set out in Note 35(a).

CHAPTER XIII FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 RMB'000	2021 RMB'000
Profit for the year		1,600,519	2,111,555
Basic and diluted earnings per share (in RMB)	13	0.23	0.34
Other comprehensive income for the year, 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		499,728	(1,068,529)
net movement in impairment losses		16,328	683,007
less: income tax effect		(440,682)	267,132
Other comprehensive income for the year, net of tax	34(a)	75,374	(118,390)
Total comprehensive income for the year		1,675,893	1,993,165
Attributable to:			
Equity shareholders of the Bank		1,624,925	1,951,917
Non-controlling interests		50,968	41,248
Total comprehensive income for the year		1,675,893	1,993,165

The notes on pages 197 to 352 form part of these financial statements.

CHAPTER XIII FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	31 December 2022 RMB'000	31 December 2021 RMB'000
Assets			
Cash and deposits with the central bank	14	35,792,748	46,464,971
Deposits with banks and other financial institutions	15	1,451,495	2,090,061
Placements with banks and other financial institutions	16	5,632,339	3,589,203
Financial assets held under resale agreements	17	4,331,584	2,695,943
Loans and advances to customers	18	300,312,767	270,658,225
Financial investments:	19		
– Financial investments at fair value through profit or loss		43,546,143	39,446,073
– Financial investments at fair value through other comprehensive income		23,484,887	24,940,618
– Financial investments at amortised cost		90,065,861	107,390,589
Interest in associates	20	133,283	125,675
Property and equipment	22	2,155,188	2,352,138
Deferred tax assets	23	5,463,885	4,793,074
Other assets	24	3,202,471	4,013,238
Total assets		515,572,651	508,559,808
Liabilities and equity			
Liabilities			
Borrowing from the central bank		18,797,977	19,242,201
Deposits from banks and other financial institutions	25	13,266,957	25,221,005
Placements from banks and other financial institutions	26	4,103,534	6,128,333
Borrowing from other financial institutions	27	4,302,920	8,981,228
Financial assets sold under repurchase agreements	28	17,209,176	16,283,666
Deposits from customers	29	352,711,370	343,726,221
Income tax payable		850,047	745,465
Debt securities issued	30	52,161,884	41,099,181
Other liabilities	31	5,353,747	5,499,072
Total liabilities		468,757,612	466,926,372

The notes on pages 197 to 352 form part of these financial statements.

CHAPTER XIII FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	31 December 2022 RMB'000	31 December 2021 RMB'000
Equity			
Share capital	32	6,024,277	6,024,277
Other equity instruments			
– Perpetual debt	33	7,997,961	3,999,037
Capital reserve	34	13,590,739	13,515,365
Surplus reserve	34	3,220,431	3,081,890
General reserve	34	7,019,104	6,689,104
Retained earnings	35	8,195,440	7,607,644
<hr/>			
Total equity attributable to equity shareholders of the Bank		46,047,952	40,917,317
Non-controlling interests		767,087	716,119
<hr/>			
Total equity		46,815,039	41,633,436
<hr/>			
Total liabilities and equity		515,572,651	508,559,808

Approved and authorised for issue by the Board of Directors on 31 March 2023.

ZENG Hui
Legal Representative

LUO Xiaolin
President

CHENG Zongli
*The Person In Charge of
Accounting Affairs*

PENG Long
*The Head of the
Accounting Department*

Jiangxi Bank Co., Ltd.
(Company stamp)

The notes on pages 197 to 352 form part of these financial statements.

CHAPTER XIII FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Attributable to equity shareholders of the Bank								Total RMB'000		
	Note	Share capital RMB'000	Other equity instruments			Surplus reserve RMB'000	General reserve RMB'000	Retained earnings RMB'000		Sub-total RMB'000	Non- controlling interests RMB'000
			Capital reserve RMB'000	Reserve RMB'000	Other equity instruments RMB'000						
Balance at 1 January 2022		6,024,277	3,999,037	13,515,365	3,081,890	6,689,104	7,607,644	40,917,317	716,119	41,633,436	
Changes in equity for the year											
Profit for the year		-	-	-	-	-	1,549,551	1,549,551	50,968	1,600,519	
Other comprehensive income	34(a)	-	-	75,374	-	-	-	75,374	-	75,374	
Total other comprehensive income		-	-	75,374	-	-	1,549,551	1,624,925	50,968	1,675,893	
Issuance of perpetual debt	33	-	3,998,924	-	-	-	-	3,998,924	-	3,998,924	
Appropriation of profit	35	-	-	-	138,541	-	(138,541)	-	-	-	
- Appropriation to surplus reserve		-	-	-	-	330,000	(330,000)	-	-	-	
- Appropriation to general reserve		-	-	-	-	-	(301,214)	(301,214)	-	(301,214)	
- Appropriation to shareholders		-	-	-	-	-	(192,000)	(192,000)	-	(192,000)	
- Appropriation to perpetual debt interest		-	-	-	-	-	-	-	-	-	
Balance at 31 December 2022		6,024,277	7,997,961	13,590,739	3,220,431	7,019,104	8,195,440	46,047,952	767,087	46,815,039	

The notes on pages 197 to 352 form part of these financial statements.

CHAPTER XIII FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Attributable to equity shareholders of the Bank							Total RMB'000		
	Note	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Retained earnings		Sub-total	Non-controlling interests
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		RMB'000	RMB'000
Balance at 1 January 2021		6,024,277	-	13,633,755	2,887,970	6,100,641	6,620,934	35,267,577	674,871	35,942,448
Changes in equity for the year										
Profit for the year		-	-	-	-	-	2,070,307	2,070,307	41,248	2,111,555
Other comprehensive income	34(a)	-	-	(118,390)	-	-	-	(118,390)	-	(118,390)
Total other comprehensive income		-	-	(118,390)	-	-	2,070,307	1,951,917	41,248	1,993,165
Issuance of perpetual debt	33	-	3,999,037	-	-	-	-	3,999,037	-	3,999,037
Appropriation of profit	35	-	-	-	193,920	-	(193,920)	-	-	-
- Appropriation to surplus reserve		-	-	-	193,920	-	(193,920)	-	-	-
- Appropriation to general reserve		-	-	-	-	588,463	(588,463)	-	-	-
- Appropriation to shareholders		-	-	-	-	-	(301,214)	(301,214)	-	(301,214)
Balance at 31 December 2021		6,024,277	3,999,037	13,515,365	3,081,890	6,689,104	7,607,644	40,917,317	716,119	41,633,436

The notes on pages 197 to 352 form part of these financial statements.

CHAPTER XIII FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 RMB'000	2021 RMB'000
Cash flows from operating activities			
Profit before taxation		1,680,963	2,496,181
<i>Adjustments for:</i>			
Impairment losses on assets		7,396,765	5,006,614
Depreciation and amortisation		471,813	523,960
Interest income on financial investments		(5,845,929)	(6,062,328)
Unrealised foreign exchange (gains)/losses		(80,227)	21,823
Net losses/(gains) on changes in fair value		3,569	(34,557)
Net gains arising from financial investments		(2,129,216)	(1,441,067)
Share of profits of associates		(7,608)	(6,034)
Interest expense on lease liabilities		38,046	50,707
Interest expense on debt securities issued		1,475,076	1,328,910
Net (gains)/losses on disposal of non-current assets		(3,850)	3,264
Others		(219,635)	(94,197)
		2,779,767	1,793,276
<i>Changes in operating assets</i>			
Net decrease in deposits with the central bank		1,422,837	3,671,981
Net (increase)/decrease in deposits with banks and other financial institutions		(86,494)	16,000
Net increase in placements with banks and other financial institutions		–	(1,269,502)
Net increase in loans and advances to customers		(34,987,768)	(55,931,498)
Net decrease/(increase) in financial investments held for trading purpose		2,744,623	(2,818,384)
Net decrease in other operating assets		848,415	195,607
		(30,058,387)	(56,135,796)

The notes on pages 197 to 352 form part of these financial statements.

CHAPTER XIII FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 RMB'000	2021 RMB'000
Cash flows from operating activities (continued)			
<i>Changes in operating liabilities</i>			
Net (decrease)/increase in borrowing from the central bank		(495,479)	3,406,292
Net (decrease)/increase in deposits from banks and other financial institutions		(12,195,636)	3,731,660
Net (decrease)/increase in placements from banks and other financial institutions		(2,020,000)	2,920,000
Net (decrease)/increase in borrowing from other financial institutions		(4,632,000)	1,642,000
Net increase in financial assets sold under repurchase agreements		918,650	5,109,850
Net increase in deposits from customers		8,200,346	27,639,346
Net (decrease)/increase in other operating liabilities		(13,873)	645,884
		(10,237,992)	45,095,032
Net cash flows used in operating activities before tax			
Income tax paid		(1,087,355)	(969,427)
		(38,603,967)	(10,216,915)
Cash flows from investing activities			
Proceeds from disposal and redemption of investments		54,123,641	47,858,292
Net cash received from investment gains and interest		7,174,334	7,861,436
Proceeds from disposal of property and equipment and other assets		4,856	1,121
Payments on acquisition of investments		(41,800,398)	(43,460,220)
Payments on acquisition of property and equipment, intangible assets and other assets		(124,138)	(389,102)
		19,378,295	11,871,527

The notes on pages 197 to 352 form part of these financial statements.

CHAPTER XIII FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 RMB'000	2021 RMB'000
Cash flows from financing activities			
Proceeds from debt securities issued	36(c)	78,949,493	58,460,405
Repayment of debt securities issued	36(c)	(69,061,866)	(60,710,000)
Interest paid on debt securities issued	36(c)	(300,000)	(419,953)
Capital element of lease rentals paid	36(c)	(154,862)	(170,742)
Proceeds from Perpetual Debt issued		3,998,924	3,999,037
Dividends paid		(303,210)	(307,964)
Perpetual debt interest paid		(192,000)	–
Net cash flows generated from financing activities		12,936,479	850,783
Effect of foreign exchange rate changes on cash and cash equivalents			
		58,864	(14,723)
Net (decrease)/increase in cash and cash equivalents	36(a)	(6,230,329)	2,490,672
Cash and cash equivalents as at 1 January		25,271,056	22,780,384
Cash and cash equivalents as at 31 December	36(b)	19,040,727	25,271,056
Net cash flows used in operating activities include:			
Interest received		15,348,724	13,902,797
Interest paid		(8,857,923)	(9,441,622)

The notes on pages 197 to 352 form part of these financial statements.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1. BACKGROUND INFORMATION

Jiangxi Bank Co., Ltd. (the “Bank”), formerly known as Nanchang Bank Co., Ltd., headquartered in Nanchang, Jiangxi Province. On 31 December 1997, the Bank was established by Nanchang Municipal Bureau of Finance, several business entities and natural persons, on the basis of formerly 40 urban credit cooperatives located in Nanchang City, with the approval of the People’s Bank of China (“PBOC”). On 18 February 1998, the Bank was registered as Nanchang City Commercial Bank Co., Ltd., with the approval of Jiangxi Province Administration of Industry and Commerce.

On 6 August 2008, the Bank changed its name from Nanchang City Commercial Bank Co., Ltd. to Nanchang Bank Co., Ltd.. On 3 December 2015, the former China Banking Regulatory Commission (the “former CBRC”) promulgated Yinjianfu 2015 No.658 <Approval of the Acquisition of Jingdezhen City Commercial Bank by Nanchang Bank>. On 7 December 2015, Jiangxi Province State Council promulgated GanFuzi 2015 No. 85 <Notice on the Issuance of Establishment Plan for Jiangxi Bank Co., Ltd.>, Nanchang Bank Co., Ltd. acquired Jingdezhen City Commercial Bank Co., Ltd. by acquiring its entire equity interest and changed its name to Jiangxi Bank Co., Ltd. on 11 December 2015.

The Bank obtained its finance permit No. B0792H236010001 from the China Banking and Insurance Regulatory Commission (the “CBIRC”) of the PRC. The principal activities of the Bank and its subsidiaries (collectively referred to as the “Group”) are deposit taking; granting of loans; domestic settlement; foreign exchange business, bill acceptances and discounting; issuing financial bonds; acting as agent to issue, settle and underwrite government bonds; trading of government bonds; inter-bank placement; providing guarantee; acting as agent on inward and outward payments, acting as insurance agent; safe-box service; entrusted loans based on local government fund and other business activities approved by the CBIRC. The Bank is regulated by China Banking Insurance Regulatory Commission (the “CBIRC”) authorised by the State Council.

In June 2018, the Bank’s H Shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (Stock code: 1916).



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

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 Group are disclosed below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(3) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(2) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2022 comprise the Bank and its subsidiaries and the Group’s interest in associates.

The measurement basis used in the preparation of the financial statements is the historical basis, except that financial investments at fair value through other comprehensive income or financial investments at fair value through profit or loss (see Note 2(9)) 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.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(2) Basis of preparation of the financial statements (continued)

Judgments made by management in the application of IFRSs that have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 2(28).

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

(3) Changes in accounting policies

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

Amendments to IFRS 3, References to Conceptual Framework

The amendments updated the Conceptual Framework and added to IFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitute an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, Provision, Contingent Liabilities and Contingent Assets. This exception is added to avoid an unintended consequence of updating the reference. Without the exception, an entity would have recognised some liabilities on the acquisition of a business that it would not recognise in other circumstances. Immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain.

Amendments to IAS 16, Property, Plant and Equipment: Proceeds before Intended Use

The amendments prohibits an entity from deducting from the cost of property, plant and equipment amount received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related costs in profit or loss.

Amendments to IAS 37, Provision, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract

The amendments is to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that related directly to fulfilling contracts.

Annual Improvements to IFRS 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

IFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the onther’s behalf. The Group has applied the amendment prospectively from 1 January 2022.

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

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(4) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

(5) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-Group balances, transactions and cash flows and any unrealised profits arising from intra-Group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-Group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Bank, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Bank. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Bank.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(5) Subsidiaries and non-controlling interests (continued)

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

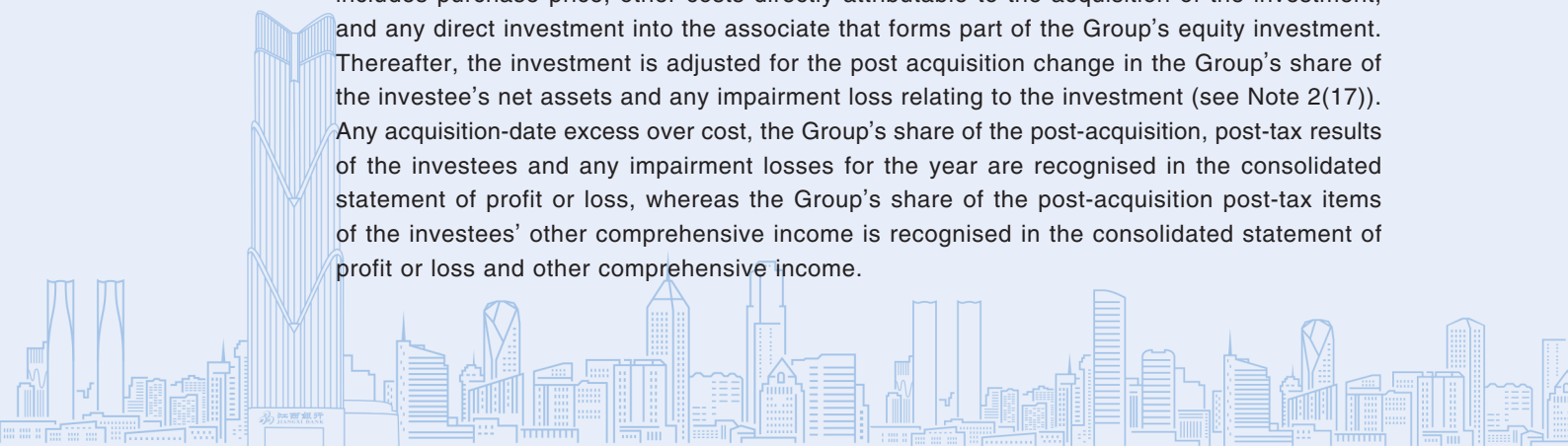
When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(9)) or, when appropriate, the cost on initial recognition of an investment in an associate (see Note 2(6)).

In the Bank's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(17)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(6) Associates

An associate is an entity in which the Group or the Bank has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 2(17)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(6) Associates (continued)

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with the Group's any other long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In the Bank's statement of financial position, investments in associates are stated at cost less impairment losses (see Note 2(17)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

(7) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Bank initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

(8) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, non-restricted balances with central bank, short-term deposits and placements with banks and other financial institutions, financial assets held under resale agreements and highly liquid short-term investments which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(9)(vi).

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(9) Financial instruments

Financial instruments include cash and deposits with the central bank, financial investments, receivables, payables, loans and advances to customers, debt securities issued and share capital.

(i) *Recognition and initial measurement of financial assets and financial liabilities*

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

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

(ii) *Classification and subsequent measurement of financial assets*

(a) *Classification of financial assets*

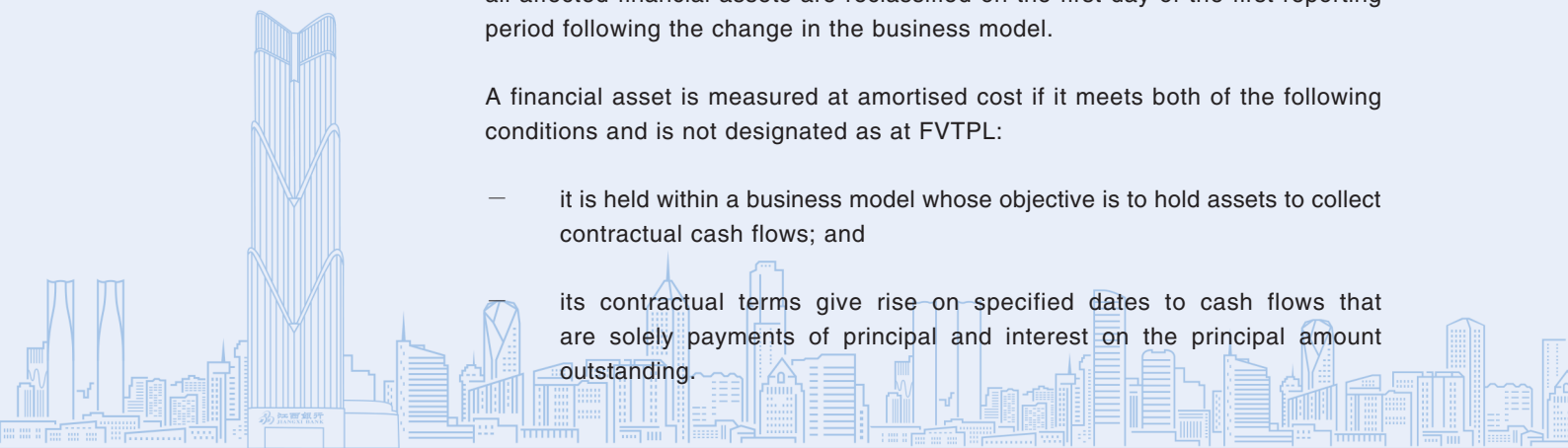
The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at fair value through other comprehensive income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

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

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(9) Financial instruments (continued)

(ii) Classification and subsequent measurement of financial assets (continued)

(a) Classification of financial assets (continued)

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

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

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

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

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

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(9) Financial instruments (continued)

(ii) Classification and subsequent measurement of financial assets (continued)

(b) Subsequent measurement of financial assets

- Financial assets at FVTPL

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss unless the financial assets are part of a hedging relationship.

- Financial assets at amortised cost

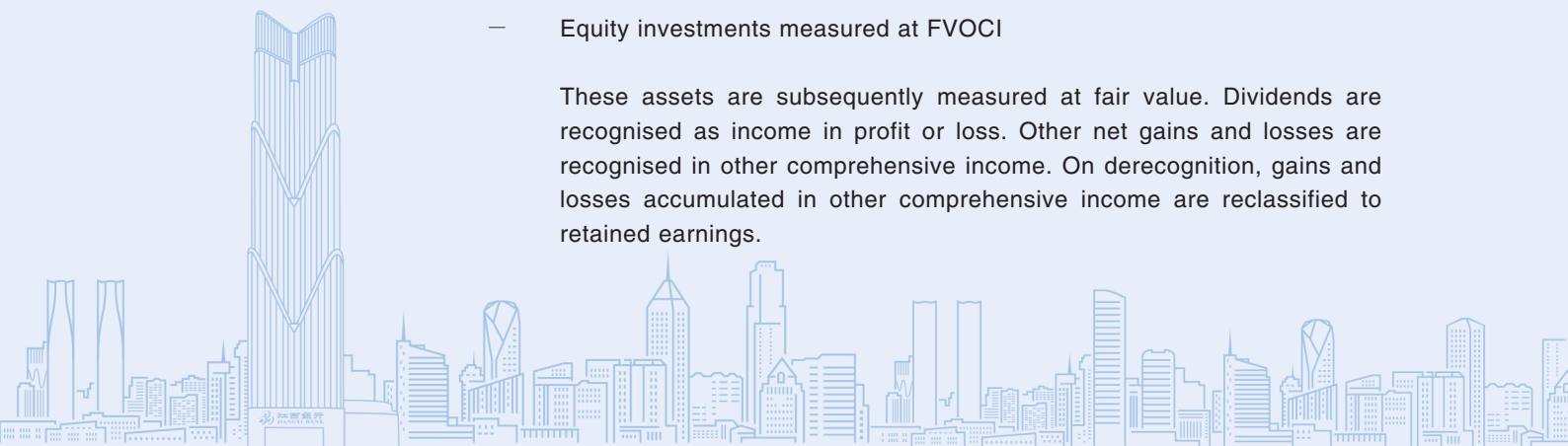
These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss when the financial asset is derecognised, through the amortisation process or in order to recognise impairment gains or losses.

- Debt investments measured at FVOCI

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

- Equity investments measured at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(9) Financial instruments (continued)

(iii) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL or amortised cost.

- Financial liabilities at FVTPL

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

Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss, unless the financial liabilities are part of a hedging relationship.

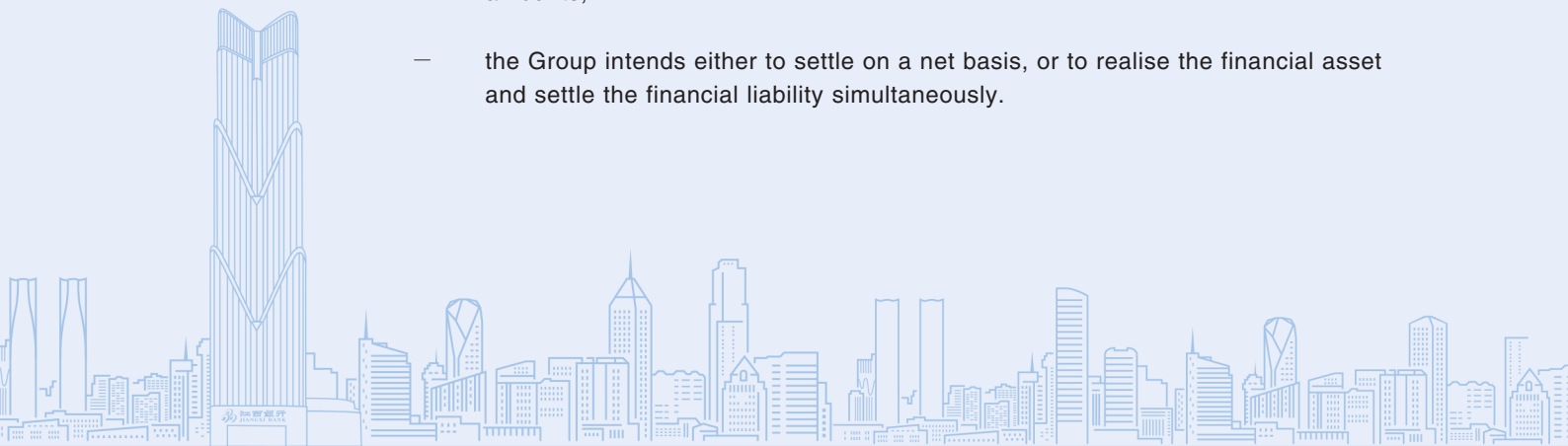
- Financial liabilities at amortised cost

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

(iv) Offsetting

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

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



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(9) Financial instruments (continued)

(v) *Derecognition of financial assets and financial liabilities*

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

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

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

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

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



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(9) Financial instruments (continued)

(vi) Impairment

The Group recognises loss allowances for expected credit loss (ECL) on:

- financial assets measured at amortised cost
- loans and advances to customers and debt investments measured at FVOCI
- lease receivables
- credit commitments

Other financial assets measured at fair value, including debt or equity securities at FVTPL and equity securities designated at FVOCI (non-recycling), are not subject to the ECL assessment.

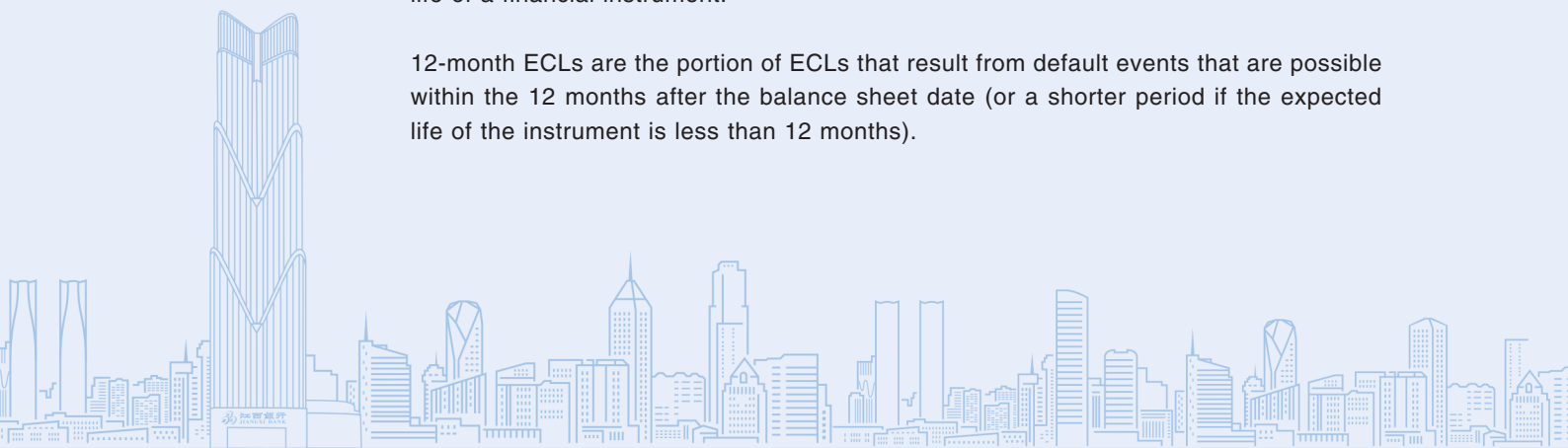
Measurement of ECLs

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

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

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

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



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(9) Financial instruments (continued)

(vi) Impairment (continued)

Measurement of ECLs (continued)

The Group measures loss allowances at an amount equal to 12-month ECL for the following financial instruments, and at an amount equal to lifetime ECL for all other financial instruments.

- If the financial instrument is determined to have low credit risk at the balance sheet date;
- If the credit risk on a financial instrument has not increased significantly since initial recognition.

Financial instruments that have low credit risk

The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(9) Financial instruments (continued)

(vi) Impairment (continued)

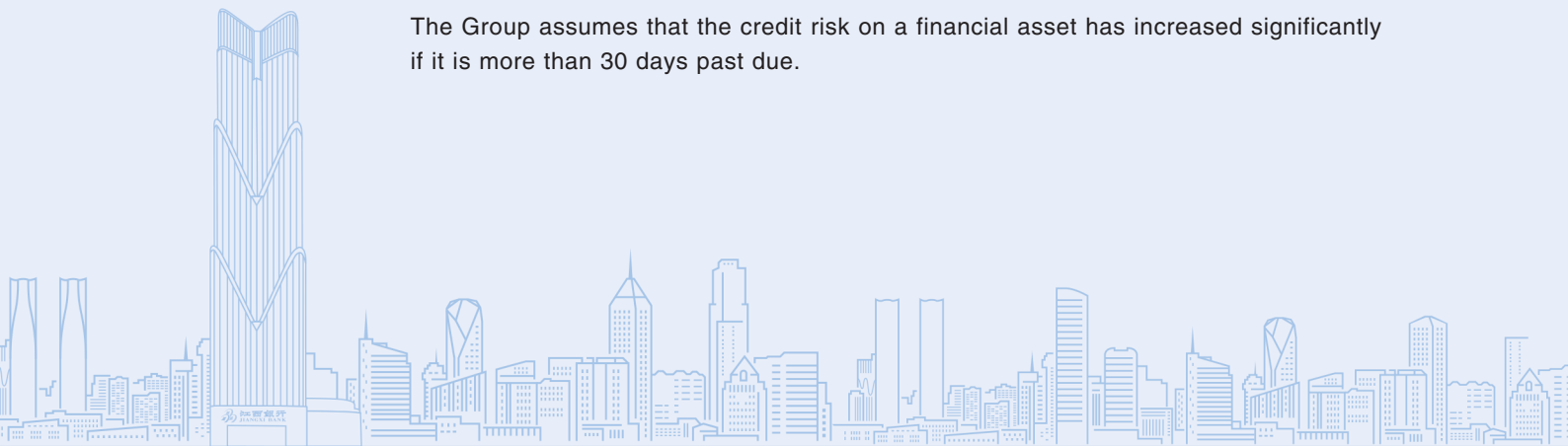
Significant increases in credit risk (continued)

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

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

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

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



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(9) Financial instruments (continued)

(vi) Impairment (continued)

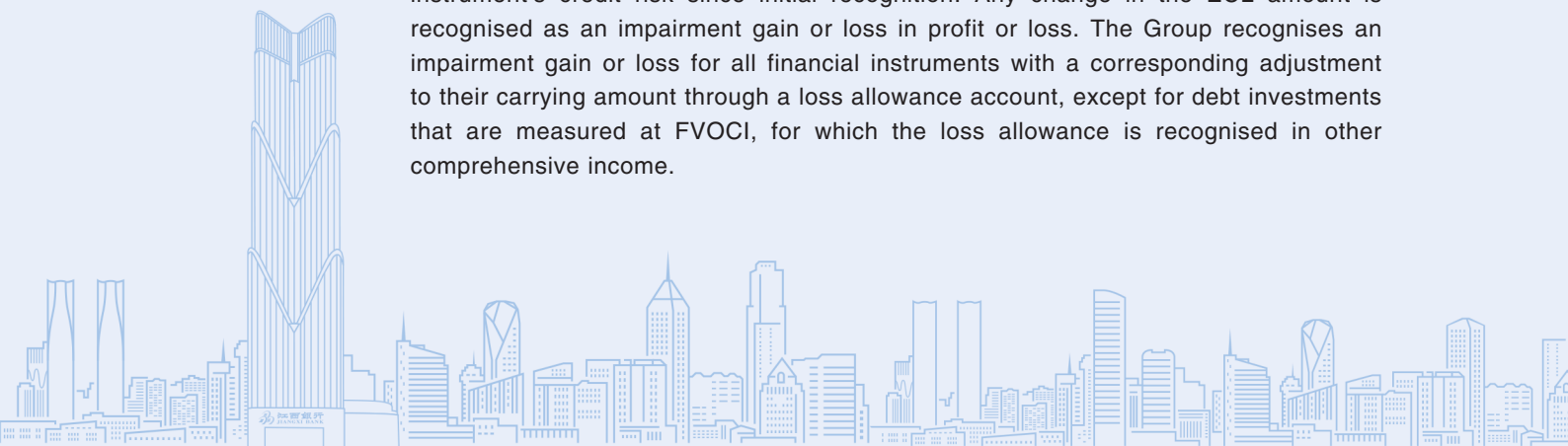
Credit-impaired financial assets

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

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

Presentation of allowances for ECL

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



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(9) Financial instruments (continued)

(vi) Impairment (continued)

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

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

(10) Financial assets held under resale and repurchase agreements

Financial assets purchased under agreements to resell are reported not as purchases of the assets but as receivables and are carried in the statements of financial position at amortised cost. Financial assets held under resale agreements are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(9)(vi).

Financial assets sold subject to a simultaneous agreement to repurchase these assets are retained in the statements of financial position and measured in accordance with their original measurement principles. The proceeds from the sale are reported as liabilities and are carried at amortised cost.

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



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(11) Investment in subsidiaries

In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the principles described in Note 2(5).

In the Bank's financial statements, investments in subsidiaries are accounted for using the cost method. An investment in a subsidiary acquired other than through a business combination is initially recognised at actual payment cost if the Bank acquires the investment by cash. The investment is stated at cost less impairment loss (see Note 2(17)) in the statements of financial position. Except for declared but not yet distributed cash dividends or profits distribution that have been included in the price or consideration paid in obtaining the investments, the Group recognises its share of the cash dividends or profit distribution declared by the investees as investment income.

(12) Investment property

Investment property is a property held either for earning rental income or for capital appreciation or for both. Investment property is accounted for using the cost model and stated in the statements of financial position at cost less accumulated depreciation and impairment loss (see Note 2(17)). Investment property is depreciated using the straight-line method over its estimated useful life after taking into account its estimated residual value.

	Estimated useful life	Estimated rate of residual value	Depreciation rate
Premises	20 years	3.00%	4.85%
Land use rights	30 – 50 years	2.00%	1.96% – 3.27%

(13) Property and equipment and construction in progress

Property and equipment are assets held by the Group for operation and administration purposes with useful lives over one year.

Property and equipment are stated in the statements of financial position at cost less accumulated depreciation and impairment loss (see Note 2(17)). Construction in progress is stated in the statements of financial position at cost less impairment loss (see Note 2(17)).



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(13) Property and equipment and construction in progress (continued)

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

All direct and indirect costs that are related to the construction of property and equipment and incurred before the assets are ready for their intended use are capitalised as the cost of construction in progress. Construction in progress is transferred to property and equipment when the item being constructed is ready for its intended use. No depreciation is provided against construction in progress.

Where the individual component parts of an item of property and equipment have different useful lives or provide benefits to the Group in different patterns thus necessitating use of different depreciation rates or methods, they are recognised as a separate property and equipment.

The subsequent costs including the cost of replacing part of an item of property and equipment are recognised in the carrying amount of the item if the recognition criteria are satisfied, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

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

Property and equipment are depreciated using the straight-line method over their estimated useful lives, after taking into account their estimated residual values. The estimated useful lives, residual values and depreciation rates of each class of property and equipment are as follows:

Asset category	Estimated useful life	Estimated rate of residual value	Depreciation rate
Premises	5 – 20 years	3.00% – 5.00%	4.75% – 19.40%
Electronic equipments	3 – 5 years	3.00% – 5.00%	19.00% – 32.33%
Fixtures	5 – 20 years	0.00% – 5.00%	4.75% – 20.00%
Others	3 – 10 years	3.00% – 5.00%	9.50% – 32.33%

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

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(14) Leases assets

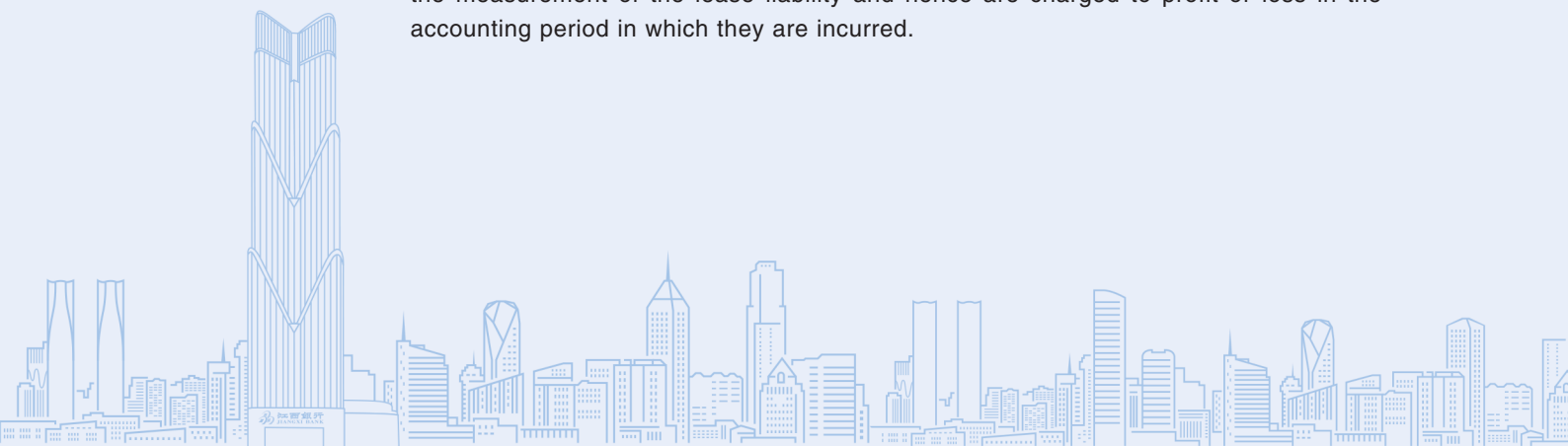
At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) *As a lessee*

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(14) Leases assets (continued)

(i) As a lessee (continued)

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(17)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in "other assets" and presents lease liabilities in "other liabilities" separately in the statement of financial position.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 2(22).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(14)(i), then the Group classifies the sub-lease as an operating lease.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(15) Intangible assets

The intangible assets of the Group have finite useful lives. The intangible assets are stated at cost less accumulated amortisation and impairment loss (see Note 2(17)). The cost of intangible assets less residual value and impairment loss is amortised on the straight-line method over the estimated useful lives.

The respective amortisation periods for intangible assets are as follows:

– Land use rights	30 – 50 years
– Real estate use rights	20 – 25 years
– Computer software	3 – 10 years
– Core deposits	10 years
– Others	20 years

(16) Repossessed assets

Repossessed assets are physical assets or property rights obtained by the Group from debtors, warrantors or third parties following the enforcement of its creditor's rights. The repossessed assets are initially recognised at fair value, and are subsequently measured at the lower of the carrying value and net recoverable amount. If the recoverable amount is lower than the carrying value of the repossessed assets, the assets are written down to the recoverable amount.

(17) Allowances for impairment losses on non-financial assets

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

- property and equipment;
- construction in progress;
- intangible assets;
- right-of-use assets;
- investment property measured using a cost model;
- long-term deferred expenses; and
- investment in subsidiaries and associates.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(17) Allowances for impairment losses on non-financial assets (continued)

If any indication exists that an asset may be impaired, the recoverable amount of the asset is estimated.

A cash-generating unit (“CGU”) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. A CGU is composed of assets directly relating to cash-generation. Identification of a CGU is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups. In identifying an asset group, the Group also considers how management monitors the Group’s operations and how management makes decisions about continuing or disposing of the Group’s assets.

The recoverable amount of an asset or CGU, or a group of CGUs (hereinafter called “asset”) is the higher of its fair value less costs to sell and its present value of expected future cash flows. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset; if it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the assets belongs.

An asset’s fair value less costs to sell is the amount determined by the price of a sale agreement in an arm’s length transaction, less the costs that are directly attributable to the disposal of the asset. The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using a pre-tax discount rate that reflects expected future cash flows, the useful life and the discount rate specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. A provision for an impairment loss of the asset is recognised accordingly.

If, in a subsequent period, the amount of impairment loss of the non-financial asset decreases and the decrease can be linked objectively to an event occurring after impairment was recognised, the previously recognised impairment loss is reversed through the profit or loss. A reversal of impairment loss is limited to the asset’s carrying amount that would have been determined had no impairment loss been recognised in prior periods.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(18) Employee benefits

(i) *Short-term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

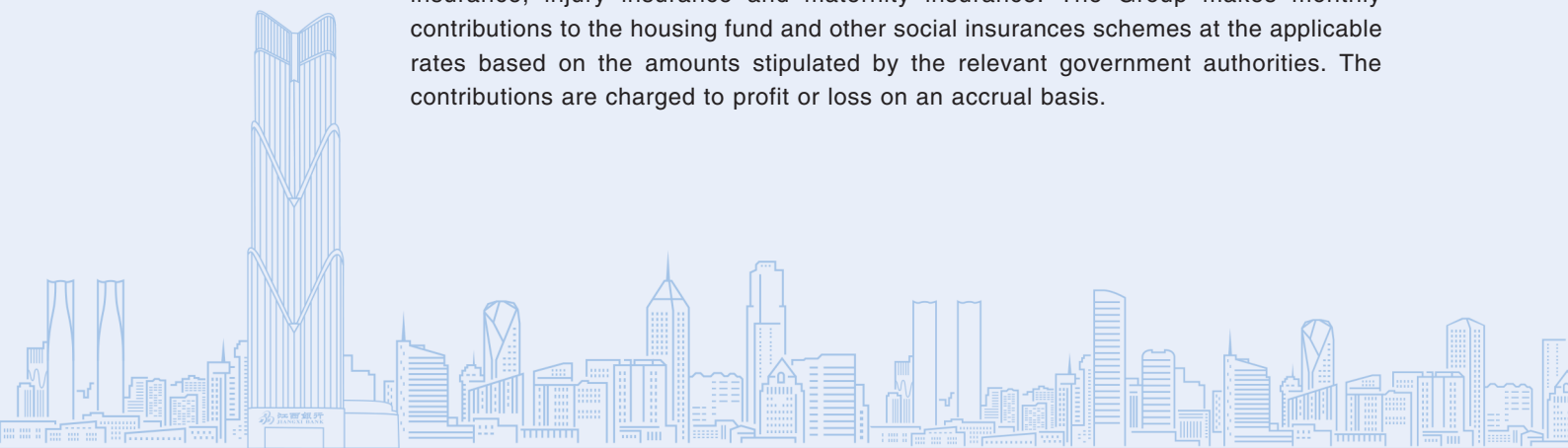
The defined contribution retirement plans of the Group include the social pension schemes.

Social pension schemes

Pursuant to the relevant laws and regulations in the PRC, the Group has participated in the social pension schemes for the employees arranged by local government labour and security authorities. The Group makes contributions to the retirement schemes at the applicable rates based on the amounts stipulated by the government. The contributions are charged to the profit or loss on an accrual basis. When employees retire, the local government labour and security authorities are responsible for the payment of the basic retirement benefits to the retired employees.

Housing fund and other social insurances

In addition to the retirement benefits above, the Group has joined social security contributions schemes for employees pursuant to the relevant laws and regulations of the PRC. These schemes include a housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances schemes at the applicable rates based on the amounts stipulated by the relevant government authorities. The contributions are charged to profit or loss on an accrual basis.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(18) Employee benefits (continued)

(ii) Supplementary retirement benefits

Early retirement benefits

According to the Group's policy on early retirement benefits, certain employees are entitled to take leave of absence and in return receive a certain level of staff salaries and related benefits from the Group. The salaries and benefit payments are made from the date of early retirement to the normal retirement date. The amounts of retirement benefits expense and present value of these liabilities are dependent on assumptions used in calculating such amounts. These assumptions include discount rates, retirement benefit growth rates and other factors. Gains and losses arising from the changes in assumptions and amendments to pension plans are recognised in the income statement as they occur.

Retirement benefit annuity plan

In addition to the basic pension insurance scheme, employees and early retirees of the Group also participate in a defined contribution plan established by the Group (the "Annuity Plan"). The Group and its employees are required to contribute a certain percentage of the employees' previous year basic salaries to the Annuity Plan. The contribution is charged to the income statement when it incurs. The Group has no obligation to pay further contributions if the Annuity Plan does not hold sufficient assets to pay all employee benefits. Contributions to the defined contribution retirement plan are recognised as expenses when incurred, and there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

(19) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(19) Income tax (continued)

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

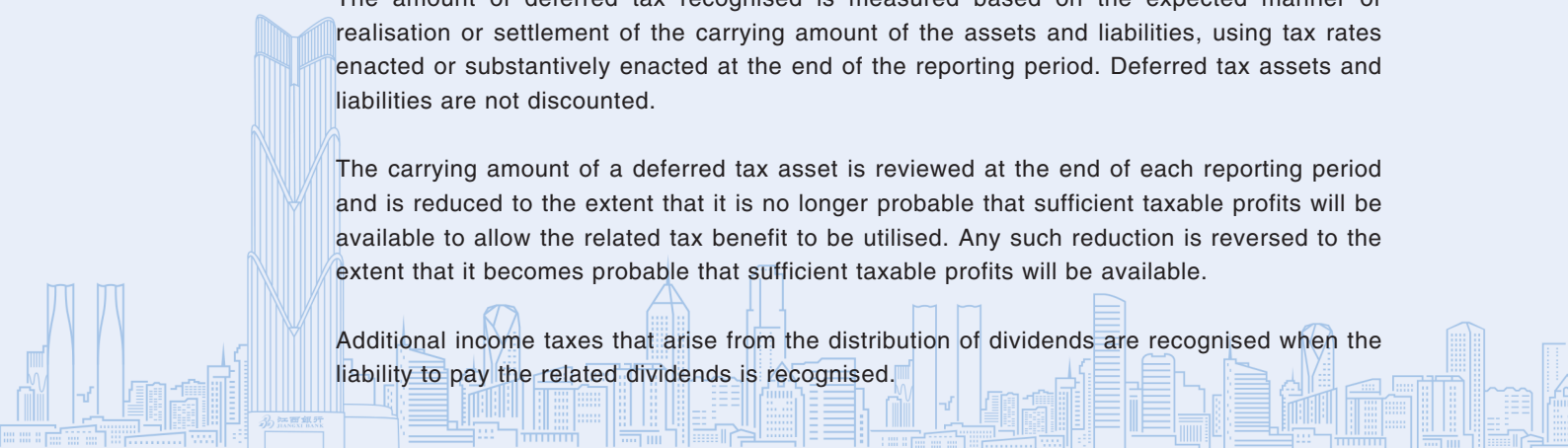
Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(19) Income tax (continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Bank or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Bank or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(20) Credit related commitment, financial guarantees, provisions and contingent liabilities

(i) Credit-related commitments and financial guarantees

Financial guarantees contract requires the provider to provide reimbursement guarantee for the contract holder, that is, when the guarantee fails to fulfil the terms of the contract at maturity, to compensate for the loss of the contract holder by the guarantor. Such financial guarantees are provided to banks, financial institutions and other entities to secure customer loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised at fair value on the date the guarantee was provided. On the date of financial report, the subsequent measurement shall be made according to the larger of the amortised value of the contract and the amount of impairment provision determined by the expected credit loss model, any increase in the liability relating to guarantees is recognised in the statement of profit or loss.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(20) Credit related commitment, financial guarantees, provisions and contingent liabilities (continued)

(i) Credit-related commitments and financial guarantees (continued)

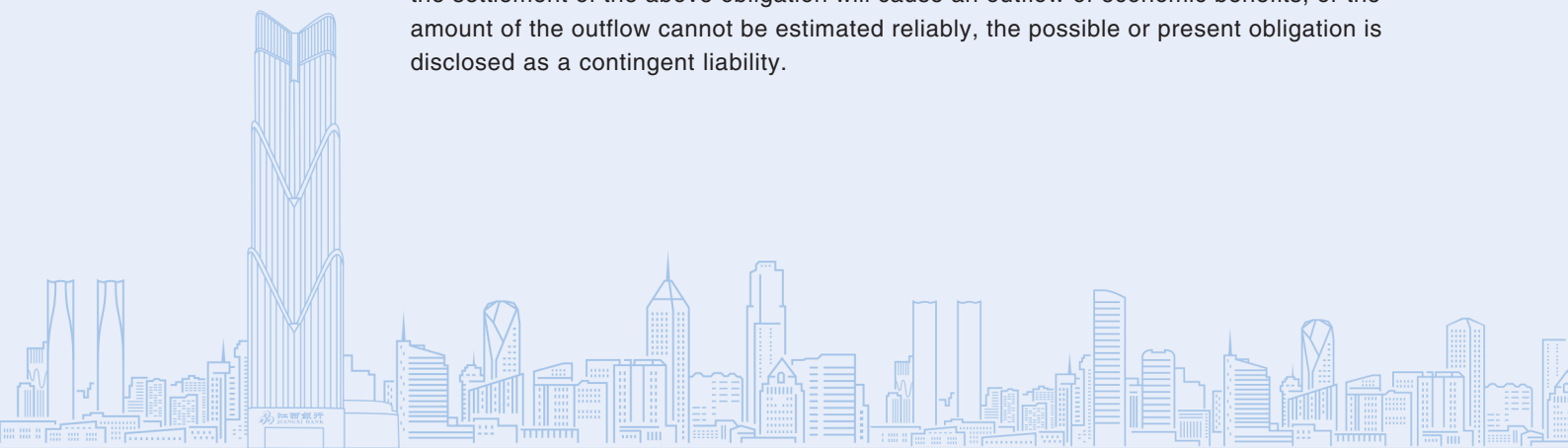
Credit-related commitment is provided by the Group to the customer to extend credit-related financial assets to the customer within the commitment period on the agreed terms of the contract. The Group normally does not lend at below-market rates or provide customers with credit-related commitments to be settled in cash or by issuing other financial instruments. Impairment losses on credit-related commitment are recognised according to the expected credit loss model.

The Group shows the impairment provision of the financial guarantee contracts and credit-related commitment in provision.

(ii) Other provisions and contingent liabilities

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

For a possible obligation resulting from a past transaction or event whose existence will only be confirmed by the occurrence or non-occurrence of uncertain future events or a present obligation resulting from a past transaction or event, where it is not probable that the settlement of the above obligation will cause an outflow of economic benefits, or the amount of the outflow cannot be estimated reliably, the possible or present obligation is disclosed as a contingent liability.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(21) Fiduciary activities

The Group acts in a fiduciary activity as a manager, a custodian, or an agent for customers. Assets held by the Group and the related undertakings to return such assets to customers are recorded as off-balance sheet items as the risks and rewards of the assets reside with customers.

The Group enters into entrusted loan agreements with customers, whereby the customers provide funding (“entrusted funds”) to the Group, and the Group grants loans to third parties (“entrusted loans”) under instructions of the customers. As the Group does not assume the risks and rewards of the entrusted loans and the corresponding entrusted funds, the entrusted loans and funds are recorded as off-balance sheet items at their principal amount. No allowances for impairment loss is made for entrusted loans.

(22) Income recognition

Income is recognised when the Group satisfies the performance obligation in the contract which by transferring the control over relevant goods or services to the customers.

The following is the description of accounting policies regarding income from the Group’s principal activities.

(i) Interest income

Interest income for financial assets is recognised in profit or loss as it is incurred, based on the time for alienation of right to use capital and effective interest rates. Interest income includes the amortisation of any discount or premium or differences between the initial carrying amount of an interest-bearing asset and its amount at maturity calculated using the effective interest rate.

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

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(22) Income recognition (continued)

(i) Interest income (continued)

For the financial assets acquired or originated without any credit impairment, but incurred credit impairment in the subsequent period, the Group calculates the interest income in accordance with the amortised cost and the effective interest rate of the financial assets.

(ii) Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. The fee and commission income recognised by the Group reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring promised services to customers, and income is recognised when its performance obligation in contracts is satisfied.

The Group recognises income over time by measuring the progress towards the complete satisfaction of a performance obligation, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the customer controls the service provided by the Group in the course of performance;
- the Group does not provide service with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date; or
- in other cases, the Group recognises revenue at a point in time at which a customer obtains control of the promised services.

(iii) Government grants

Government grants are recognised in the statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(22) Income recognition (continued)

(iv) Other income

Other income is recognised on an accrual basis.

(23) Expenses recognition

(i) Interest expense

Interest expense from financial liabilities is calculated using the effective interest method by applying the effective interest rate to the amortised cost of the financial liability and the time of occupation.

(ii) Other expenses

Other expenses are recognised on an accrual basis.

(24) Dividends

Dividends or distributions of profits proposed in the profit appropriation plan which will be authorised and declared after the end of each of the reporting period are not recognised as a liability at the end of each of the reporting period but disclosed separately in the notes to the consolidated financial statements.

(25) Perpetual bonds

At initial recognition, the Group classifies the perpetual bonds issued or their components as financial assets, financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definition of financial assets, financial liabilities and equity instruments.

Perpetual bonds issued that should be classified as equity instruments are recognised in equity based on the actual amount received. Any distribution of dividends or interests during the instruments' duration is treated as profit appropriation. When the perpetual bonds are redeemed according to the contractual terms, the redemption price is charged to equity.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(26) Related parties

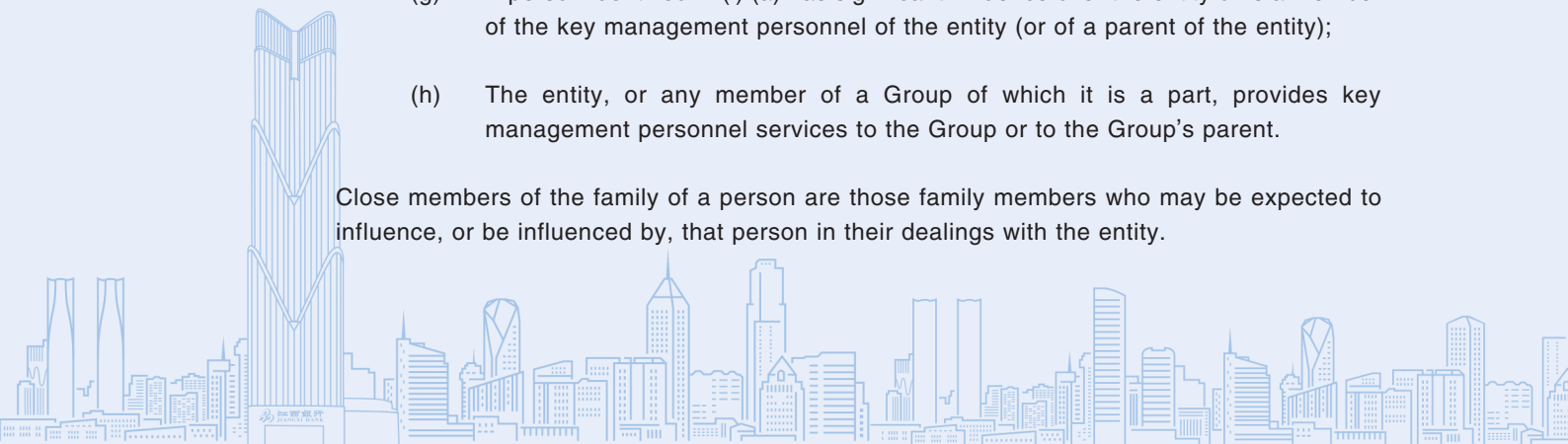
(i) A person, or a close member of that person's family, is related to the Group if that person:

- (a) has control or joint control over the Group;
- (b) has significant influence over the Group; or
- (c) is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

- (a) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member);
- (c) Both entities are joint ventures of the same third party;
- (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (f) The entity is controlled or jointly controlled by a person identified in (i);
- (g) A person identified in (i) (a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
- (h) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(27) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of the Group's various lines of business and geographical locations.

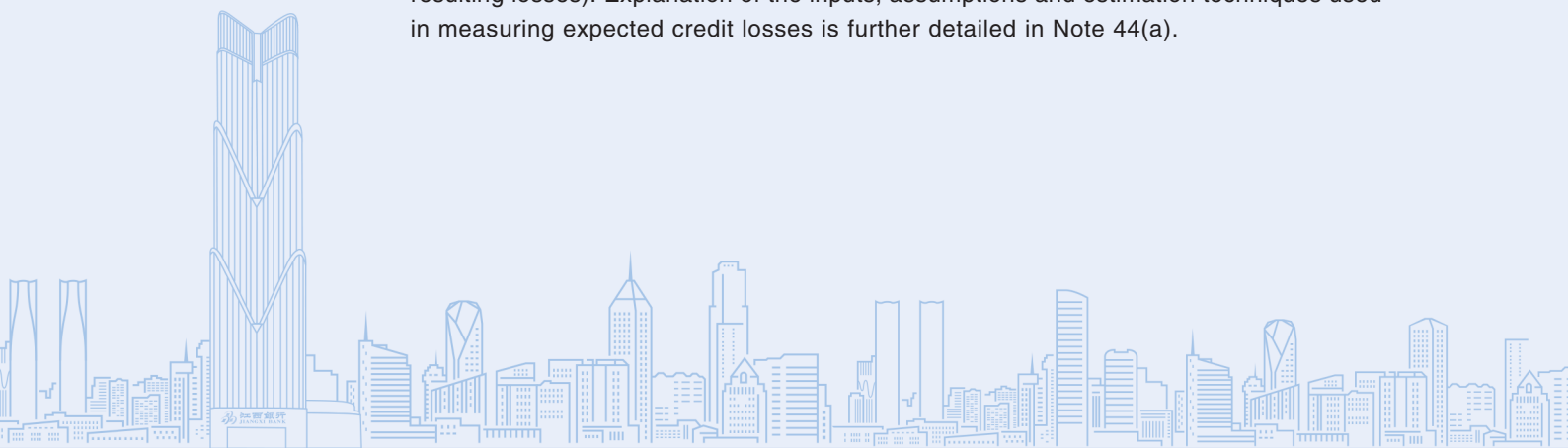
Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(28) Significant accounting estimates and judgements

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

(a) *Measurement of expected credit loss*

The measurement of the expected credit loss allowance for the investment in financial assets and debt instruments measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring expected credit losses is further detailed in Note 44(a).



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(28) Significant accounting estimates and judgements (continued)

(a) *Measurement of expected credit loss (continued)*

A number of significant judgements are required in applying the accounting requirements for measuring expected credit losses,

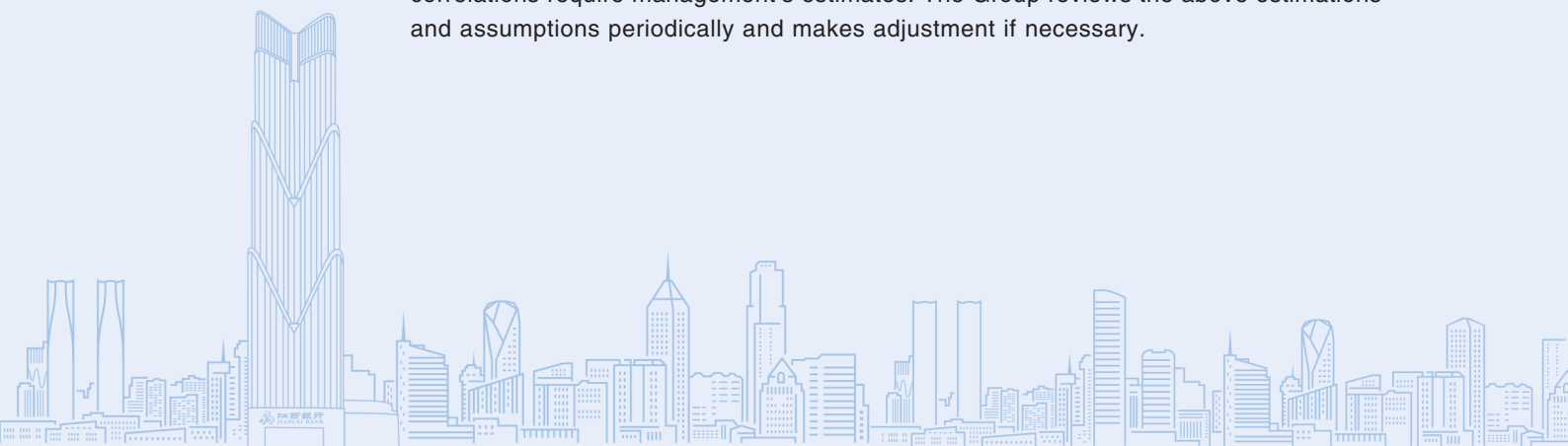
such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of expected credit losses;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated expected credit losses.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in Note 44(a) credit risk.

(b) *Fair value of financial instruments*

There are no quoted prices from an active market for a number of financial instruments. The fair values for these financial instruments are established by using valuation techniques. These techniques include using recent arm's length market transactions by referring to the current fair value of similar instruments, discounted cash flow analysis, and option pricing models. Valuation models established by the Group make maximum use of market input and rely as little as possible on the Group's specific data. However, it should be noted that some input, such as credit and counterparty risk, and risk correlations require management's estimates. The Group reviews the above estimations and assumptions periodically and makes adjustment if necessary.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(28) Significant accounting estimates and judgements (continued)

(c) *Income taxes*

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates the tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

(d) *Impairment of non-financial assets*

Non-financial assets are reviewed regularly to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is provided.

Since the market price of an asset (the asset bank) may not be obtained reliably, the fair value of the asset may not be estimated reliably. In assessing the present value of future cash flows, significant judgements are exercised over the asset's selling price, related operating expenses and discounting rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the selling price and related operating expenses based on reasonable and supportable assumption.

(e) *Depreciation and amortisation*

Investment properties, property and equipment, intangible assets and right-use-of assets are depreciated and amortised using the straight-line method over their estimated useful lives after taking into account residual values. The estimated useful lives are regularly reviewed to determine the depreciation and amortisation costs charged in each of the reporting period. The estimated useful lives are determined based on historical experiences of similar assets and the estimated technical changes. If there is an indication that there has been a change in the factors used to determine the depreciation or amortisation, the amount of depreciation or amortisation will be revised.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(28) Significant accounting estimates and judgements (continued)

(f) *Determination of control over structured entities*

Management applies its judgement to determine whether the control indicators indicate that the Group controls a non-principal guaranteed wealth management product and an asset management plan.

The Group acts as manager to a number of non-principal guaranteed wealth management products and asset management plans. Determining whether the Group controls such a structured entity usually focuses on the assessment of the aggregate economic interests of the Group in the entity (comprising any carried interests and expected management fees) and the decision-making authority of the entity. For all these structured entities managed by the Group, the Group's aggregate economic interest is in each case not significant and the decision makers establish, market and manage them according to restricted parameters as set out in the investment agreements as required by laws and regulations. As a result, the Group has concluded that it acts as agent as opposed to principal for the investors in all cases, and therefore has not consolidated these structured entities.

For further disclosure in respect of unconsolidated non-principal guaranteed wealth management products and asset management plans in which the Group has an interest or for which it is a sponsor, see Note 41.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

3. NET INTEREST INCOME

	2022 RMB'000	2021 RMB'000
Interest income arising from		
Deposits with the central bank	462,894	540,092
Deposits with banks and other financial institutions	6,716	7,013
Placements with banks and other financial institutions	70,337	83,901
Financial assets held under resale agreements	351,509	404,733
Loans and advances to customers		
– Corporate loans and advances	9,081,892	7,899,964
– Personal loans and advances	4,265,129	4,229,724
– Discounted bills	906,319	737,963
Financial investments	5,845,929	6,062,328
Sub-total	20,990,725	19,965,718
Interest expense arising from		
Borrowing from the central bank	(416,987)	(306,218)
Deposits from banks and other financial institutions	(493,057)	(712,082)
Placements from banks and other financial institutions	(113,229)	(119,963)
Borrowing from other financial institutions	(234,934)	(323,709)
Financial assets sold under repurchase agreements	(401,028)	(456,998)
Deposits from customers	(8,232,088)	(7,956,031)
Debt securities issued	(1,475,076)	(1,328,910)
Sub-total	(11,366,399)	(11,203,911)
Net interest income	9,624,326	8,761,807



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

4. NET FEE AND COMMISSION INCOME

	2022 RMB'000	2021 RMB'000
Fee and commission income		
Agency and custody services fees	416,002	370,797
Acceptance and guarantee service fees	180,831	162,746
Settlement and electronic channel business fees	91,800	104,220
Financial leasing service fees	15,969	86,632
Bank card service fees	71,656	77,778
Advisory and consulting fees	493	1,162
Others	10,056	763
Sub-total	786,807	804,098
Fee income, other than amounts included in determining the effective interest rate, arising from financial assets or financial liabilities that are not held for trading or designated at FVPL	38,721	60,966
Fee income on trust and other fiduciary activities where the Group holds or invests on behalf of its customers	32	41,359
Fee and commission expense		
Transaction fees	(79,455)	(59,470)
Settlement and clearing fees	(38,258)	(22,006)
Financial leasing service fees	(14,074)	(18,716)
Platform cooperation fees	(11,787)	(3,630)
Others	(1,143)	(789)
Sub-total	(144,717)	(104,611)
Fee expense, other than amounts included in determining the effective interest rate, arising from financial assets or financial liabilities that are not held for trading or designated at FVPL	(31,790)	(23,842)
Net fee and commission income	642,090	699,487

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

5. NET TRADING GAINS

	2022 RMB'000	2021 RMB'000
Net gains from debt securities	121,323	200,621

Net gains from debt securities include gains arising from the buying or selling of, the interest income gained from, and changes in fair value of financial assets held for trading.

6. NET GAINS ARISING FROM FINANCIAL INVESTMENTS

	Note	2022 RMB'000	2021 RMB'000
Net gains on financial investments at fair value through profit or loss	(i)	1,543,897	835,746
Realised gains from investment funds		302,176	565,897
Net gains on financial investments at fair value through other comprehensive income		38,108	32,028
Dividend income		8,000	7,396
Investment income from debt restructuring		237,035	—
Total		2,129,216	1,441,067

(i) Net gains on 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.

7. OTHER OPERATING INCOME

	2022 RMB'000	2021 RMB'000
Government grants	128,960	69,810
Rental income	4,251	2,654
Foreign exchange gains/(losses)	60,624	(21,520)
Net gains/(losses) on disposal of non-current assets	13,914	(3,264)
Others	(10,667)	(6,239)
Total	197,082	41,441

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

8. OPERATING EXPENSES

	2022 RMB'000	2021 RMB'000
Staff costs		
– Salaries, bonuses and allowances	1,480,666	1,685,703
– Social insurance and supplementary retirement benefits	286,695	182,416
– Housing fund	120,533	114,604
– Staff welfares	108,698	106,601
– Employee education expenses and labour union expenses	44,539	50,040
– Others	65,165	61,053
Sub-total	2,106,296	2,200,417
Depreciation and amortisation	471,813	523,960
Tax and surcharges	147,914	141,972
Interest expense on lease liabilities	38,046	50,707
Other general and administrative expenses	879,848	730,606
Total	3,643,917	3,647,662

Auditor's remuneration for the year ended 31 December 2022 was RMB4.95 million (year ended 31 December 2021: RMB3.50 million).



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

9. DIRECTORS', SUPERVISORS' AND OTHER KEY MANAGEMENT PERSONNELS' EMOLUMENTS

Directors' and supervisors' emoluments disclosed pursuant to Section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Year ended 31 December 2022								
Note	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Sub-total RMB'000	Contributions by the employer to social insurance and staff welfares, housing fund, etc RMB'000	Other welfares RMB'000	Total RMB'000	
Executive directors								
Zeng Hui (1)	-	387	-	387	75	32	494	
Luo Xiaolin (1)	-	574	-	574	92	42	708	
Chen Xiaoming (2)	-	782	-	782	20	2	804	
Xu Jihong (2)	-	867	-	867	37	10	914	
Luo Yan (1)	-	547	-	547	-	-	547	
Non-executive directors								
Yu Minxin	-	-	-	-	-	-	-	
Li Zhanrong (1)	-	-	-	-	-	-	-	
Liu Sanglin (1)	-	-	-	-	-	-	-	
Zhuo Liping	-	-	-	-	-	-	-	
Deng Jianxin (1)	-	-	-	-	-	-	-	
Li Shuiping (1)	-	-	-	-	-	-	-	
Xiong Jiemin (1)	-	-	-	-	-	-	-	
Deng Yonghang (1)	-	-	-	-	-	-	-	
Independent non-executive directors								
Zhang Rui (1)	182	-	-	182	-	-	182	
Wang Yun	185	-	-	185	-	-	185	
Zhang Wangxia (1)	191	-	-	191	-	-	191	
Wong Hin Wing	228	-	-	228	-	-	228	
Liu Xinghua (1)	-	-	-	-	-	-	-	
Yang Ailin (1)	-	-	-	-	-	-	-	

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

9. DIRECTORS', SUPERVISORS' AND OTHER KEY MANAGEMENT PERSONNELS' EMOLUMENTS (continued)

Year ended 31 December 2022							
Note	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Sub-total RMB'000	Contributions by the employer to social insurance and staff welfares, housing fund, etc RMB'000	Other welfares RMB'000	Total RMB'000
Internal supervisors							
Liu Fulin	-	1,232	-	1,232	102	45	1,379
Wang Wei (3)	-	97	-	97	42	10	149
Lou Mingnong (4)	-	651	85	736	24	2	762
Chen Xinxiang (4)	-	296	18	314	43	10	367
Zhou Minhui	-	-	-	-	-	-	-
Yu Han (4)	-	-	-	-	-	-	-
Wang Ruiqiang (4)	-	-	-	-	-	-	-
External supervisors							
Li Xunlei (4)	-	-	-	-	-	-	-
Luo Ping (4)	-	-	-	-	-	-	-
Wang Guizhi (4)	-	-	-	-	-	-	-
Shi Zhongliang (4)	75	-	-	75	-	-	75
Li Danlin (4)	75	-	-	75	-	-	75
Shi Jing (4)	100	-	-	100	-	-	100
Other key management personnels							
Cai Xiaojun (5)	-	1,130	-	1,130	102	37	1,269
Cheng Zongli (6)	-	1,129	-	1,129	102	37	1,268
Yu Jian (7)	-	590	-	590	102	37	729
Chen Yong (8)	-	448	-	448	25	11	484
Yao XiaoHui (9)	-	1,129	-	1,129	102	37	1,268
Total	1,036	9,859	103	10,998	868	312	12,178

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

9. DIRECTORS', SUPERVISORS' AND OTHER KEY MANAGEMENT PERSONNELS' EMOLUMENTS (continued)

Year ended 31 December 2021								
Note	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Sub-total RMB'000	Contributions by the employer to social insurance and staff welfares, housing fund, etc RMB'000	Other welfares RMB'000	Total RMB'000	

Executive directors

Chen Xiaoming	–	2,077	–	2,077	94	45	2,216	
Xu Jihong	–	1,729	–	1,729	94	37	1,860	
Luo Yan	(1)	–	1,642	–	1,642	94	151	1,887

Non-executive directors

Zhuo Liping	(10)	–	–	–	–	–	–
Li Zhanrong	(1)	–	–	–	–	–	–
Liu Sanglin	(1)	–	–	–	–	–	–
Yu Minxin	(11)	–	–	–	–	–	–
Deng Jianxin	(1)	–	–	–	–	–	–

Independent non-executive directors

Zhang Rui	(1)	177	–	–	177	–	–	177
Zhang Wangxia	(1)	189	–	–	189	–	–	189
Wong Hin Wing		227	–	–	227	–	–	227
Wang Yun		186	–	–	186	–	–	186

Internal supervisors

Liu Fulin		–	2,162	–	2,162	94	45	2,301
Chen Xinxiang		–	475	39	514	83	21	618
Lou Mingnong	(12)	–	801	38	839	94	31	964
Zhou Minhui		–	–	–	–	–	–	–
Yu Han		–	–	–	–	–	–	–
Wang Ruiqiang		–	–	–	–	–	–	–

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

9. DIRECTORS', SUPERVISORS' AND OTHER KEY MANAGEMENT PERSONNELS' EMOLUMENTS (continued)

Year ended 31 December 2021								
Note	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Sub-total RMB'000	Contributions by the employer to social insurance and staff welfares, housing fund, etc RMB'000	Other welfares RMB'000	Total RMB'000	
External supervisors								
Shi Zhongliang	155	-	-	155	-	-	155	
Li Danlin	156	-	-	156	-	-	156	
Shi Jing	206	-	-	206	-	-	206	
Other key management personnels								
Cai Xiaojun (5)	-	1,703	-	1,703	94	37	1,834	
Cheng Zongli (6)	-	1,671	-	1,671	94	37	1,802	
Yu Jian (7)	-	905	-	905	94	37	1,036	
Chen Yong (8)	-	1,723	-	1,723	94	37	1,854	
Yao Xiaohui (9)	-	1,725	-	1,725	94	37	1,856	
Total	1,296	16,613	77	17,986	1,023	515	19,524	

(1) At the 2021 Shareholders' annual general meeting held on 28 June 2022, Zeng Hui, Luo Xiaolin, Xiong Jiemin, Li Shuiping, Deng Yonghang, Liu Xinghua and Yang Ailin were elected as directors of the third session of the board of directors of the Bank, and Luo Yan, Li Zhanrong, Liu Sanglin, Deng Jianxin, Zhang Rui and Zhang Wangxia ceased to be directors of the Bank since the change of the Board of Directors. The CBRIC has approved the appointments of Zeng Hui as a director and chairman of the Bank on 4 August 2022; The CBRIC has approved the appointments of Luo Xiaolin as a director and the vice chairman of the Bank of the third session of the board of directors on 3 August 2022; The CBRIC has approved the appointments of Liu Xinghua and Yang Ai Lin as independent non-executive directors of the third session of the board of directors on 25 August 2022; The CBRIC has approved the appointments of Li Shuiping, Deng Yonghang and Xiong Jiemin as non-executive directors of the third session of the board of directors of the Bank on 5 September 2022.

(2) Chen Xiaoming and Xu Jihong resigned as executive directors on 21 February 2022 and 9 May 2022, respectively.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

9. DIRECTORS', SUPERVISORS' AND OTHER KEY MANAGEMENT PERSONNELS' EMOLUMENTS (continued)

- (3) On June 24, 2022, the employee representatives' meeting of Jiangxi Bank Co., Ltd. elected Mr. Wang Wei as the employee representative supervisor.
- (4) At the 2021 Shareholders' annual general meeting held on 28 June 2022, Li Xunlei, Luo Ping, Wang Guizhi were elected as supervisors of the third session of the board of supervisors of the Bank. Lou Mingnong, Chen Xinxiang, Yu Han, Wang Ruiqiang, Shi Zhongliang, Li Danlin and Shi Jing quit as supervisors start from the end of appointment of the the second session of the board of supervisors of the Bank.
- (5) On 24 October 2011, Cai Xiaojun was appointed as the vice president of the Bank.
- (6) On 25 April 2011, Cheng Zongli was appointed as the vice president of the Bank.
- (7) On 28 May 2020, Yu Jian was appointed as the vice president of the Bank.
- (8) On 16 June 2006, Chen Yong was appointed as the vice president of the Bank. On 25 March 2022, Chen Yong ceased to be the vice president of the Bank as he reached retirement age.
- (9) On 27 June 2016, Yao Xiaohui was appointed as the union president of the Bank.
- (10) At the 2018 Shareholders' annual general meeting held on 31 May 2019, Zhuo Liping was elected as non-executive directors of the Bank. The CBRIC has approved the appointment of Zhuo Liping on 11 May 2020.
- (11) At the 2020 Shareholders' annual general meeting held on 21 May 2021, Que Yong resigned as shareholder director of the Bank, and Yu Minxin was elected as shareholder director.
- (12) At the employee representatives' meeting held on 28 May 2020, Tao Yulan resigned as internal supervisor of the Bank, and Lou Mingnong was elected as internal supervisor.

There was no amount paid during the year ended 31 December 2022 to the directors in connection with their retirement from employment or compensation for loss of office with the Group, or inducement to join the Group (year ended 31 December 2021: nil). There was no arrangement under which a director or supervisor waived or agreed to waive any remuneration during the year ended 31 December 2022 (year ended 31 December 2021: nil).

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid individuals in the Group in 2022 and 2021 were directors, supervisor, and other key personnels, details of their emoluments are included in Note 9 above.

11. IMPAIRMENT LOSSES ON ASSETS

	2022 RMB'000	2021 RMB'000
Loans and advances to customers	5,846,036	2,704,122
Financial investments	966,314	2,072,864
Others	584,415	229,628
Total	7,396,765	5,006,614

12. INCOME TAX EXPENSE

(a) Income tax expense:

	Note	2022 RMB'000	2021 RMB'000
Current tax		1,221,992	1,318,756
Tax filing differences		(30,055)	(16,317)
Changes in deferred tax	23(b)	(1,111,493)	(917,813)
Total		80,444	384,626



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

12. INCOME TAX EXPENSE (continued)

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

	Note	2022 RMB'000	2021 RMB'000
Profit before taxation		1,680,963	2,496,181
Statutory tax rate		25%	25%
Income tax calculated at statutory tax rate		420,241	624,045
Non-taxable income	(i)	(431,113)	(392,481)
Non-deductible expenses		110,651	169,379
Tax filing differences		(30,055)	(16,317)
Others		10,720	—
Income tax expense		80,444	384,626

(i) The non-taxable income mainly represents the interest income arising from the PRC government bonds and realised gains from investment funds.

13. BASIC AND DILUTED EARNINGS PER SHARE

	2022 RMB'000	2021 RMB'000
Net profit attributable to equity shareholders of the Bank	1,549,551	2,070,307
Less: Distribution to perpetual bondholders	(192,000)	—
Adjusted net profit attributable to equity shareholders of the Bank	1,357,551	2,070,307
Weighted average number of ordinary shares (in thousands)	6,024,277	6,024,277
Basic and diluted earnings per share attributable to equity shareholders of the Bank (in RMB)	0.23	0.34

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

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

14. CASH AND DEPOSITS WITH THE CENTRAL BANK

	Note	31 December 2022 RMB'000	31 December 2021 RMB'000
Cash on hand		879,119	806,061
Deposits with the central bank			
– Statutory deposit reserves	(a)	26,433,391	27,833,953
– Surplus deposit reserves	(b)	8,222,080	17,543,492
– Fiscal deposits		245,677	268,322
Sub-total		35,780,267	46,451,828
Accrued interest		12,481	13,143
Total		35,792,748	46,464,971

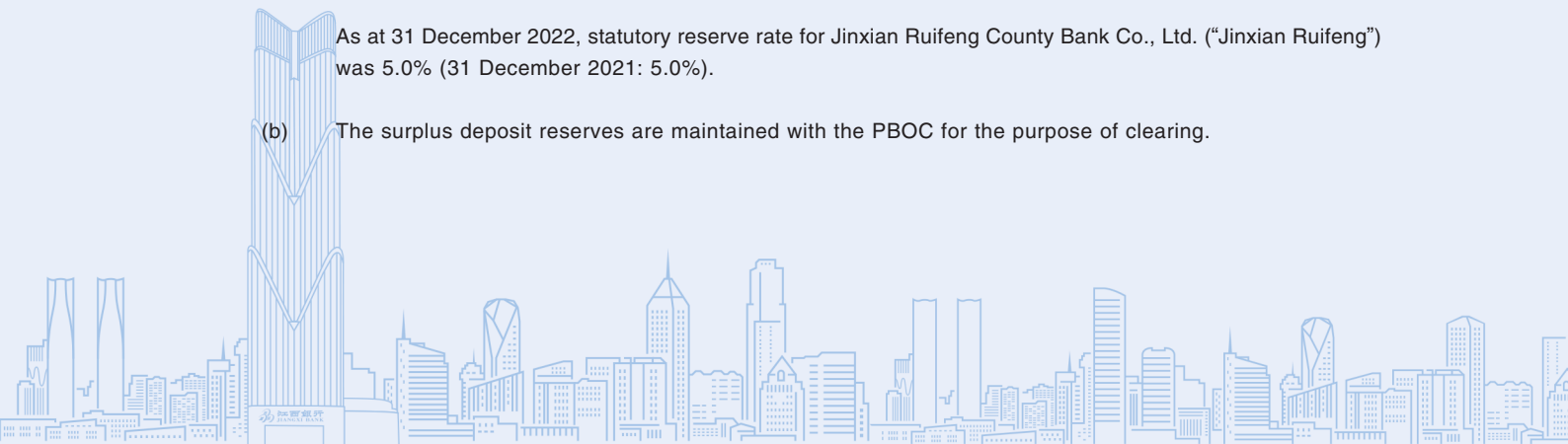
- (a) The Bank places statutory deposit reserves with the PBOC in accordance with relevant regulations. The statutory deposit reserves are not available for the Bank's daily business.

The statutory deposit reserve ratios applicable to the Bank were as follows:

	31 December 2022 RMB'000	31 December 2021 RMB'000
Reserve ratio for RMB deposits	7.5%	8.0%
Reserve ratio for foreign currency deposits	6.0%	9.0%

As at 31 December 2022, statutory reserve rate for Jinxian Ruifeng County Bank Co., Ltd. ("Jinxian Ruifeng") was 5.0% (31 December 2021: 5.0%).

- (b) The surplus deposit reserves are maintained with the PBOC for the purpose of clearing.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

15. DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty

	31 December 2022 RMB'000	31 December 2021 RMB'000
In mainland China		
– Banks	863,279	1,505,308
Outside mainland China		
– Banks	587,669	584,535
Gross balance	1,450,948	2,089,843
Accrued interest	1,782	938
Less: Allowances for impairment losses	(1,235)	(720)
Net balance	1,451,495	2,090,061

16. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty

	31 December 2022 RMB'000	31 December 2021 RMB'000
In mainland China		
– Other financial institutions	5,600,000	3,550,000
Gross balance	5,600,000	3,550,000
Accrued interest	33,744	39,718
Less: Allowances for impairment losses	(1,405)	(515)
Net balance	5,632,339	3,589,203

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

17. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(a) Analysed by type and location of counterparty

	31 December 2022 RMB'000	31 December 2021 RMB'000
In mainland China		
– Banks	4,330,580	2,695,660
Gross balance	4,330,580	2,695,660
Accrued interest	1,051	290
Less: Allowances for impairment losses	(47)	(7)
Net balance	4,331,584	2,695,943

(b) Analysed by type of collateral

	31 December 2022 RMB'000	31 December 2021 RMB'000
Debt securities		
– Government	2,889,000	–
– Policy Banks	700,870	2,197,500
– Commercial banks and other financial institutions	500,460	498,160
– Corporate	240,250	–
Gross balance	4,330,580	2,695,660
Accrued interest	1,051	290
Less: Allowances for impairment losses	(47)	(7)
Net balance	4,331,584	2,695,943

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

18. LOANS AND ADVANCES TO CUSTOMERS

(a) Analysed by nature

	31 December 2022 RMB'000	31 December 2021 RMB'000
Loans and advances to customers measured at amortised cost		
Corporate loans and advances	183,678,108	161,422,739
Personal loans and advances		
– Residential mortgage	59,915,694	63,707,264
– Personal business loans	16,785,421	10,441,273
– Personal consumption loans	3,413,978	2,282,860
– Credit cards	3,536,890	3,767,571
Sub-total	83,651,983	80,198,968
Gross loans and advances to customers measured at amortised cost	267,330,091	241,621,707
Accrued interest	816,211	563,785
Less: Allowances for impairment losses on loans and advances to customers measured at amortised cost	(11,984,613)	(7,619,872)
Net loans and advances to customers measured at amortised cost	256,161,689	234,565,620
Loans and advances to customers measured at FVOCI		
Corporate loans and advances – Forfeiting	5,626,030	3,385,471
Discounted bills	38,525,048	32,707,134
Total amount of loans and advances to customers measured at FVOCI	44,151,078	36,092,605
Net loans and advances to customers	300,312,767	270,658,225

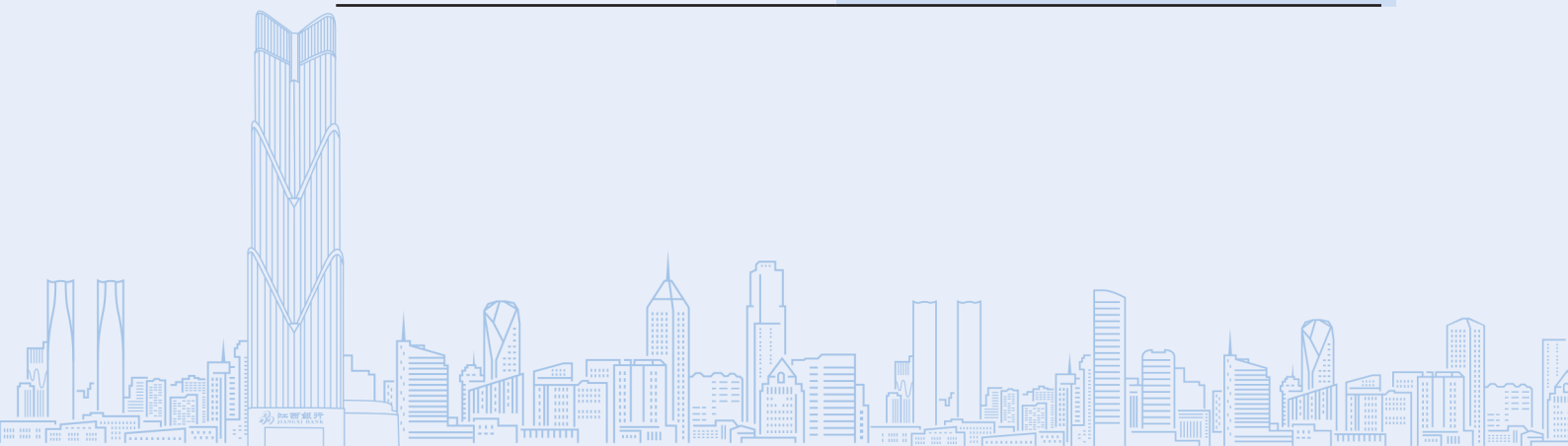
CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(b) Analysed by industry sector

	31 December 2022		
	Amount RMB'000	Percentage	Loans and advances secured by collaterals RMB'000
Leasing and commercial services	59,994,250	19.26%	8,957,045
Wholesale and retail trade	27,268,364	8.75%	3,095,662
Water conservancy, environment and public facility management	25,917,405	8.32%	669,824
Construction	20,794,233	6.68%	1,756,934
Manufacturing	20,700,397	6.65%	2,710,074
Real estate	9,336,321	3.00%	3,305,274
Transportation, storage and postal services	5,995,436	1.92%	508,231
Finance	3,670,493	1.18%	–
Production and distribution of electricity, heating power, gas and water	2,379,332	0.76%	622,577
Information transmission, software and information technology services	1,056,394	0.34%	546,970
Others	12,191,513	3.91%	950,125
Sub-total of corporate loans and advances	189,304,138	60.77%	23,122,716
Personal loans and advances	83,651,983	26.86%	68,998,507
Discounted bills	38,525,048	12.37%	–
Gross loans and advances to customers	311,481,169	100.00%	92,121,223



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(b) Analysed by industry sector (continued)

	31 December 2021		Loans and advances secured by collaterals RMB'000
	Amount RMB'000	Percentage	
Leasing and commercial services	52,369,358	18.86%	11,396,840
Wholesale and retail trade	29,519,272	10.63%	4,113,290
Water conservancy, environment and public facility management	21,595,950	7.78%	1,971,040
Manufacturing	17,140,904	6.17%	3,145,316
Construction	13,901,676	5.01%	1,874,867
Real estate	7,725,054	2.78%	2,218,609
Finance	4,696,015	1.69%	–
Transportation, storage and postal services	4,392,879	1.58%	1,030,968
Production and distribution of electricity, heating power, gas and water	2,959,923	1.07%	1,909,343
Information transmission, software and information technology services	2,405,558	0.87%	678,300
Others	8,101,621	2.90%	706,028
Sub-total of corporate loans and advances	164,808,210	59.34%	29,044,601
Personal loans and advances	80,198,968	28.88%	66,613,598
Discounted bills	32,707,134	11.78%	–
Gross loans and advances to customers	277,714,312	100.00%	95,658,199

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(c) Analysed by geographical area

	31 December 2022	
	Amount RMB'000	Percentage
Within Jiangxi Province (apart from Nanchang area)	133,910,375	42.99%
Nanchang area	126,567,232	40.63%
Head office	29,795,745	9.57%
Outside Jiangxi Province	21,207,817	6.81%
Gross loans and advances to customers	311,481,169	100.00%

	31 December 2021	
	Amount RMB'000	Percentage
Within Jiangxi Province (apart from Nanchang area)	113,980,863	41.04%
Nanchang area	106,537,521	38.37%
Head office	35,692,515	12.85%
Outside Jiangxi Province	21,503,413	7.74%
Gross loans and advances to customers	277,714,312	100.00%

(d) Analysed by type of collateral

	31 December 2022 RMB'000	31 December 2021 RMB'000
Unsecured loans	32,199,668	31,278,465
Guaranteed loans	179,639,482	142,517,906
Collateralised loans	92,121,223	95,658,199
Pledged loans	7,520,796	8,259,742
Gross loans and advances to customers	311,481,169	277,714,312
Accrued interest	816,211	563,785
Less: Allowances for impairment losses on loans and advances to customers measured at amortised cost	(11,984,613)	(7,619,872)
Net loans and advances to customers	300,312,767	270,658,225

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(e) Overdue loans analysed by overdue period

	31 December 2022				
	Overdue within three months (inclusive) RMB'000	Overdue more than three months to one year (inclusive) RMB'000	Overdue more than one year to three years (inclusive) RMB'000	Overdue more than three years RMB'000	Total RMB'000
Unsecured loans	1,086,945	375,034	30,036	7,336	1,499,351
Guaranteed loans	2,757,169	2,249,409	1,068,126	273,099	6,347,803
Collateralised loans	4,538,265	1,586,795	220,968	177,498	6,523,526
Pledged loans	398,216	53,312	6	43	451,577
Total	8,780,595	4,264,550	1,319,136	457,976	14,822,257
As a percentage of gross loans and advances to customers	2.82%	1.37%	0.42%	0.15%	4.76%

	31 December 2021				
	Overdue within three months (inclusive) RMB'000	Overdue more than three months to one year (inclusive) RMB'000	Overdue more than one year to three years (inclusive) RMB'000	Overdue more than three years RMB'000	Total RMB'000
Unsecured loans	78,105	147,882	253,720	6,961	486,668
Guaranteed loans	2,167,009	497,228	971,670	87,586	3,723,493
Collateralised loans	603,015	680,420	189,841	159,086	1,632,362
Pledged loans	–	–	329	43	372
Total	2,848,129	1,325,530	1,415,560	253,676	5,842,895
As a percentage of gross loans and advances to customers	1.02%	0.48%	0.51%	0.09%	2.10%

Overdue loans represent loans, of which the whole or part of the principal or interest are overdue for one day or more.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

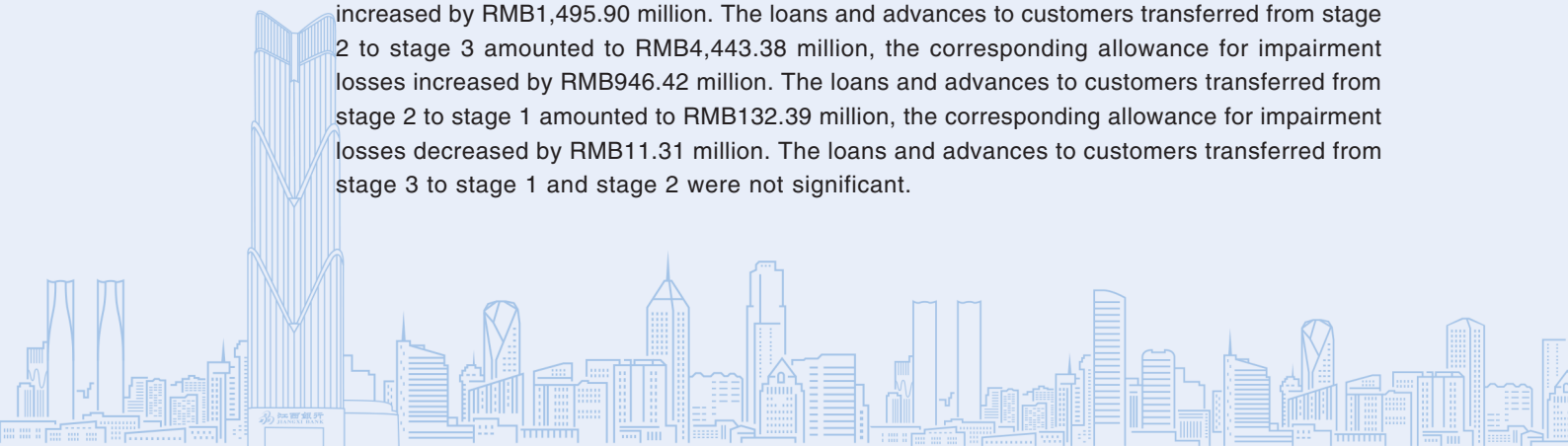
FOR THE YEAR ENDED 31 DECEMBER 2022

18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(f) Loans and advances and allowances for impairment losses

	31 December 2022			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
Total loans and advances to customers measured at amortised cost	237,377,693	14,490,090	15,462,308	267,330,091
Accrued interest	590,256	32,248	193,707	816,211
Less: Allowances for impairment losses on loans and advances to customers measured at amortised cost	(2,250,464)	(1,877,003)	(7,857,146)	(11,984,613)
Carrying amount of loans and advances to customers measured at amortised cost	235,717,485	12,645,335	7,798,869	256,161,689
Carrying amount of loans and advances to customers measured at FVOCI	44,151,078	–	–	44,151,078
Total carrying amount of loans and advances to customers	279,868,563	12,645,335	7,798,869	300,312,767

As at 31 December 2022, the Group adjusted the customer ratings of the loans and advances to customers. The loans and advances to customers transferred from stage 1 to stage 2 and stage 3 amounted to RMB5,750.79 million, the corresponding allowance for impairment losses increased by RMB1,495.90 million. The loans and advances to customers transferred from stage 2 to stage 3 amounted to RMB4,443.38 million, the corresponding allowance for impairment losses increased by RMB946.42 million. The loans and advances to customers transferred from stage 2 to stage 1 amounted to RMB132.39 million, the corresponding allowance for impairment losses decreased by RMB11.31 million. The loans and advances to customers transferred from stage 3 to stage 1 and stage 2 were not significant.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(f) Loans and advances and allowances for impairment losses (continued)

	31 December 2021			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
Total loans and advances to customers measured at amortised cost	220,226,718	14,790,251	6,604,738	241,621,707
Accrued interest	538,183	23,543	2,059	563,785
Less: Allowances for impairment losses on loans and advances to customers measured at amortised cost	(2,196,886)	(1,595,654)	(3,827,332)	(7,619,872)
Carrying amount of loans and advances to customers measured at amortised cost	218,568,015	13,218,140	2,779,465	234,565,620
Carrying amount of loans and advances to customers measured at FVOCI	36,092,605	–	–	36,092,605
Total carrying amount of loans and advances to customers	254,660,620	13,218,140	2,779,465	270,658,225

As at 31 December 2021, the Group adjusted the customer ratings of the loans and advances to customers. The loans and advances to customers transferred from stage 1 to stage 2 and stage 3 amounted to RMB9,117.46 million, the corresponding allowance for impairment losses increased by RMB1,612.43 million. The loans and advances to customers transferred from stage 2 to stage 3 amounted to RMB505.56 million, the corresponding allowance for impairment losses increased by RMB250.66 million. The loans and advances to customers transferred from stage 2 to stage 1 amounted to RMB43.75 million, the corresponding allowance for impairment losses decreased by RMB17.26 million. The loans and advances to customers transferred from stage 3 to stage 1 and stage 2 were not significant.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(g) Movements of allowances for impairment losses

(i) *Movements of allowances for impairment losses on loans and advances to customers measured at amortised cost:*

	Year ended 31 December 2022			
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	Total RMB'000
As at 1 January	2,196,886	1,595,654	3,827,332	7,619,872
Transferred:				
– to 12-month ECL	22,332	(11,356)	(10,976)	–
– to lifetime ECL not credit-impaired	(30,493)	33,030	(2,537)	–
– to lifetime ECL credit-impaired	(16,062)	(378,877)	394,939	–
Charged/(released) for the year	77,801	638,552	5,089,984	5,806,337
Transferred out	–	–	(412,898)	(412,898)
Recoveries	–	–	276,365	276,365
Write-offs	–	–	(1,085,428)	(1,085,428)
Others	–	–	(219,635)	(219,635)
As at 31 December	2,250,464	1,877,003	7,857,146	11,984,613

	Year ended 31 December 2021			
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	Total RMB'000
As at 1 January	1,455,456	1,986,341	3,130,993	6,572,790
Transferred:				
– to 12-month ECL	56,193	(40,640)	(15,553)	–
– to lifetime ECL not credit-impaired	(91,952)	93,041	(1,089)	–
– to lifetime ECL credit-impaired	(50,666)	(116,843)	167,509	–
Charged/(released) for the year	827,855	(326,245)	2,218,949	2,720,559
Transferred out	–	–	(342,035)	(342,035)
Recoveries	–	–	332,719	332,719
Write-offs	–	–	(1,569,964)	(1,569,964)
Others	–	–	(94,197)	(94,197)
As at 31 December	2,196,886	1,595,654	3,827,332	7,619,872

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(g) Movements of allowances for impairment losses (continued)

(ii) *Movements of allowances for impairment losses on loans and advances to customers measured at fair value through other comprehensive income:*

	Year ended 31 December 2022			
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	Total RMB'000
As at 1 January	49,427	–	–	49,427
Charged/(released) for the year	39,699	–	–	39,699
As at 31 December	89,126	–	–	89,126

	Year ended 31 December 2021			
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	Total RMB'000
As at 1 January	65,864	–	–	65,864
Charged/(released) for the year	(16,437)	–	–	(16,437)
As at 31 December	49,427	–	–	49,427

(h) Disposal of loans and advances to customers

In 2022, the Group disposed certain loans with gross amount of RMB271.52 million (2021: RMB1,288.06 million) to asset management companies at a consideration of RMB156.35 million (2021: RMB630.09 million).

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

19. FINANCIAL INVESTMENTS

	Note	31 December 2022 RMB'000	31 December 2021 RMB'000
Financial investments at fair value through profit or loss	(a)	43,546,143	39,446,073
Financial investments at fair value through other comprehensive income	(b)	23,484,887	24,940,618
Financial investments at amortised cost	(c)	90,065,861	107,390,589
Total		157,096,891	171,777,280

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

	Note	31 December 2022 RMB'000	31 December 2021 RMB'000
Debt securities issued by the following institutions in mainland China	(i)		
– Government		2,208,300	3,189,099
– Policy banks		2,674,714	3,517,978
– Commercial banks and other financial institutions		2,004,040	564,290
– Corporate		4,817,255	7,574,561
Sub-total		11,704,309	14,845,928
Equity instruments	(ii)	189,290	110,925
Fund investments	(iii)	28,504,849	20,766,123
Other financial investments	(iv)	3,147,695	3,723,097
Total		43,546,143	39,446,073
Listed		97,829	101,941
Unlisted		43,448,314	39,344,132
Total		43,546,143	39,446,073

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

19. FINANCIAL INVESTMENTS (continued)

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

- (i) Certain debt securities were pledged for repurchase agreements (Note 40(e)). No other investment were subject to material restrictions in the realisation.
- (ii) Equity instruments are acquired by the Group through debt repayments. The Group intends to dispose of them at appropriate opportunity.
- (iii) The fund investments held by the Group are monetary market funds and bond funds issued by financial institutions.
- (iv) Other financial investments held by the Group at FVTPL include wealth management products issued by financial institutions and investment management products managed by securities companies and trust plans.

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

	Note	31 December 2022 RMB'000	31 December 2021 RMB'000
Debt securities issued by the following institutions in mainland China	(i)		
– Government		3,088,808	2,695,331
– Policy banks		11,767,543	12,666,648
– Commercial banks and other financial institution		1,093,690	–
– Corporate		1,714,014	2,507,551
Sub-total		17,664,055	17,869,530
Equity instruments	(ii)	10,250	10,250
Investment management products managed by securities companies and trust plans		5,448,410	6,627,130
Accrued interest		362,172	433,708
Total		23,484,887	24,940,618
Unlisted		23,484,887	24,940,618
Allowances for impairment losses recognised in OCI	(iii)	(1,173,874)	(1,197,245)

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

19. FINANCIAL INVESTMENTS (continued)

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

- (i) Certain debt securities were pledged for repurchase agreements (Note 40(e)). No other investment were subject to material restrictions in the realisation.
- (ii) The Group designated the investments shown in the table below as equity instruments that are measured at FVOCI, as the Group intended to hold the equity instruments for a long term. The details are as follows:

	Dividend income recognised for the year ended		Dividend income recognised for the year ended	
	31 December 2022	31 December 2022	31 December 2021	31 December 2021
	RMB'000	RMB'000	RMB'000	RMB'000
Clearing Centre for City Commercial Banks	250	–	250	–
China UnionPay	10,000	8,000	10,000	2,600
Total	10,250	8,000	10,250	2,600
Unlisted	10,250		10,250	

The Group did not sell the above equity instruments in 2022.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

19. FINANCIAL INVESTMENTS (continued)

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

(iii) The movements in the gross carrying amount of financial investments at FVOCI are summarised as follows:

	Year ended 31 December 2022			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
As at 1 January	23,817,098	1,001,755	111,515	24,930,368
New financial assets originated or purchased	3,911,209	–	–	3,911,209
Financial assets derecognised during the year	(5,488,898)	(1,000)	(636,154)	(6,126,052)
Transfers:				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit-impaired	–	–	–	–
– to lifetime ECL credit-impaired	(1,350,000)	–	1,350,000	–
Changes in accrual interest	(71,076)	(460)	–	(71,536)
Exchange differences	–	–	–	–
Changes in fair value	771,175	(16,257)	75,730	830,648
As at 31 December	21,589,508	984,038	901,091	23,474,637

	Year ended 31 December 2021			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
As at 1 January	27,833,459	–	821,915	28,655,374
New financial assets originated or purchased	5,007,481	–	–	5,007,481
Financial assets derecognised during the year	(7,285,879)	–	(60,000)	(7,345,879)
Transfers:				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit-impaired	(1,000,000)	1,000,000	–	–
– to lifetime ECL credit-impaired	–	–	–	–
Changes in accrual interest	(33,755)	2,004	–	(31,751)
Exchange differences	–	–	–	–
Changes in fair value	(704,208)	(249)	(650,400)	(1,354,857)
As at 31 December	23,817,098	1,001,755	111,515	24,930,368

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

19. FINANCIAL INVESTMENTS (continued)

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

(iii) (continued)

Movements of allowances for impairment of financial investments at fair value through other comprehensive income:

	Year ended 31 December 2022			Total RMB'000
	ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
As at 1 January	91,888	101,718	1,003,639	1,197,245
Addition/(Reversal), net	(69,248)	154,743	38,143	123,638
Transfer out	–	–	–	–
Written-offs	–	–	(147,009)	(147,009)
Recovery after written-offs	–	–	–	–
Transfers:				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit-impaired	–	–	–	–
– to lifetime ECL credit-impaired	(127)	–	127	–
Remeasurement	–	–	–	–
Exchange differences	–	–	–	–
As at 31 December	22,513	256,461	894,900	1,173,874

	Year ended 31 December 2021			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
As at 1 January	144,562	201,384	151,855	497,801
Addition/(Reversal), net	(39,291)	88,335	650,400	699,444
Transfer out	–	–	–	–
Written-offs	–	–	–	–
Recovery after written-offs	–	–	–	–
Transfers:				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit-impaired	(13,383)	13,383	–	–
– to lifetime ECL credit-impaired	–	(201,384)	201,384	–
Remeasurement	–	–	–	–
Exchange differences	–	–	–	–
As at 31 December	91,888	101,718	1,003,639	1,197,245

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

19. FINANCIAL INVESTMENTS (continued)

(c) Financial investments at amortised cost

	Note	31 December 2022 RMB'000	31 December 2021 RMB'000
Debt securities issued by the following institutions in mainland China	(i)		
– Government		33,384,251	31,410,161
– Policy banks		20,188,295	21,285,429
– Corporate		5,423,635	6,722,144
Sub-total		58,996,181	59,417,734
Investment management products managed by securities companies and trust plans		34,114,389	51,760,816
Accrued interest		965,106	1,336,390
Less: Allowances for impairment losses	(ii)	(4,009,815)	(5,124,351)
Net carrying amount		90,065,861	107,390,589
Unlisted		90,065,861	107,390,589

- (i) Certain debt securities were pledged for repurchase agreements (Note 40(e)). No other investment were subject to material restrictions in the realisation.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

19. FINANCIAL INVESTMENTS (continued)

(c) Financial investments at amortised cost (continued)

- (ii) The movements in the gross carrying amount of financial investments at amortised cost are summarised as follows:

	Year ended 31 December 2022			
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	Total RMB'000
As at 1 January	104,284,015	128,938	8,101,987	112,514,940
New financial assets originated or purchased	6,313,325	–	1,050,803	7,364,128
Financial assets derecognised during the year	(22,915,265)	(410,813)	(2,106,029)	(25,432,107)
Transfers:				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit-impaired	(4,075,854)	4,953,310	(877,456)	–
– to lifetime ECL credit-impaired	(449,135)	–	449,135	–
Changes in accrual interest	(191,633)	12,651	(192,303)	(371,285)
Exchange differences	–	–	–	–
As at 31 December	82,965,453	4,684,086	6,426,137	94,075,676

	Year ended 31 December 2021			
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	Total RMB'000
As at 1 January	102,608,935	2,270,036	6,365,359	111,244,330
New financial assets originated or purchased	13,315,151	–	6,858,258	20,173,409
Financial assets derecognised during the year	(11,496,619)	–	(7,563,879)	(19,060,498)
Transfers:				
– to 12-month ECL	547,000	(547,000)	–	–
– to lifetime ECL not credit-impaired	–	–	–	–
– to lifetime ECL credit-impaired	(755,838)	(1,567,265)	2,323,103	–
Changes in accrual interest	65,386	(26,833)	119,146	157,699
Exchange differences	–	–	–	–
As at 31 December	104,284,015	128,938	8,101,987	112,514,940

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

19. FINANCIAL INVESTMENTS (continued)

(c) Financial investments at amortised cost (continued)

Movements of allowances for impairment of financial investments at amortised cost:

	Year ended 31 December 2022			
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	Total RMB'000
As at 1 January	574,963	18,429	4,530,959	5,124,351
Addition/(Reversal), net	(319,176)	(152,941)	1,314,793	842,676
Transfer out	–	–	(834,113)	(834,113)
Written-offs	–	–	(1,204,896)	(1,204,896)
Recovery after written-offs	–	–	81,797	81,797
Transfers:				
– to 12-month ECL	18,429	(18,429)	–	–
– to lifetime ECL not credit-impaired	(45,591)	503,658	(458,067)	–
– to lifetime ECL credit-impaired	(114)	–	114	–
Remeasurement	–	–	–	–
Exchange differences	–	–	–	–
As at 31 December	228,511	350,717	3,430,587	4,009,815

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

19. FINANCIAL INVESTMENTS (continued)

(c) Financial investments at amortised cost (continued)

Movements of allowances for impairment of financial investments at amortised cost: (continued)

	Year ended 31 December 2021			
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	Total RMB'000
As at 1 January	843,583	313,043	3,732,214	4,888,840
Addition/(Reversal), net	(222,512)	(10,471)	1,606,403	1,373,420
Transfer out	–	–	(30,035)	(30,035)
Written-offs	–	–	(1,107,874)	(1,107,874)
Recovery after written-offs	–	–	–	–
Transfers:				
– to 12-month ECL	71,880	(36,816)	(35,064)	–
– to lifetime ECL not credit-impaired	–	–	–	–
– to lifetime ECL credit-impaired	(117,988)	(247,327)	365,315	–
Remeasurement	–	–	–	–
Exchange differences	–	–	–	–
As at 31 December	574,963	18,429	4,530,959	5,124,351

(d) Disposal of financial investments

In 2022, the Group disposed certain financial investments with gross amount of RMB148.00 million (2021: RMB56.07 million) to asset management companies at a consideration of RMB41.48 million (2021: RMB32.09 million).



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20. INTEREST IN ASSOCIATES

The following list contains the Group's associates, all of which are individually immaterial to the Group and are unlisted rural banks whose quoted market price are not available:

	Note	31 December 2022 RMB'000	31 December 2021 RMB'000
Nanchang Dafeng County Bank Co., Ltd. ("南昌大豐村鎮銀行有限責任公司")		66,566	63,399
Nanfeng Judu County Bank Co., Ltd. ("南豐桔都村鎮銀行有限責任公司")		29,280	27,963
Si Ping Tie Dong De Feng County Bank Co., Ltd. ("四平鐵東德豐村鎮銀行股份有限公司")		23,097	21,354
Guangchang Nanyin County Bank Co., Ltd. ("廣昌南銀村鎮銀行股份有限公司")		14,340	12,959
Total	(a)/(b)	133,283	125,675

(a) The following table illustrates the aggregate information of the Group's associates that are not individually material:

	31 December 2022 RMB'000	31 December 2021 RMB'000
Aggregate carrying amount of the individually immaterial associates in the consolidated statements of financial position of the Group	133,283	125,675
Aggregate amounts of the Group's share of results of the associates		
– Profit from continuing operations	7,608	6,034
– Total comprehensive income	7,608	6,034

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

20. INTEREST IN ASSOCIATES (continued)

- (b) Detailed information of the Group's associates that are not individually material is as follows:
- (i) Nanchang Dafeng County Bank Co., Ltd. ("Nanchang Dafeng") was incorporated on 30 September 2010 at Nanchang County, Jiangxi Province, with registered capital of RMB220.00 million. The principal activities of Nanchang Dafeng are the provision of corporate and retail banking services. As of 31 December 2022, the Bank holds 28.18% of equity interest of Nanchang Dafeng (31 December 2021: 28.18%).
 - (ii) Nanfeng Judu County Bank Co., Ltd. ("Nanfeng Judu") was incorporated on 20 December 2011 at Nanfeng County, Fuzhou City, Jiangxi Province, with registered capital of RMB55.11 million. The principal activities of Nanfeng Judu are the provision of corporate and retail banking services. As of 31 December 2022, the Bank holds 40.00% of equity interest of Nanfeng Judu (31 December 2021: 40.00%).
 - (iii) Si Ping Tie Dong De Feng County Bank Co., Ltd. ("Si Ping De Feng") was incorporated on 22 July 2011 at Si Ping City, Jilin Province, with registered capital of RMB30.00 million. The principal activities of Si Ping De Feng are the provision of corporate and retail banking services. As of 31 December 2022, the Bank holds 20.00% of equity interest of Si Ping De Feng (31 December 2021: 20.00%).
 - (iv) Guangchang Nanyin County Bank Co., Ltd. ("Guangchang Nanyin") was incorporated on 30 December 2013 at Fuzhou City, Jiangxi Province, with registered capital of RMB50.00 million. The principal activities of Guangchang Nanyin are the provision of corporate and retail banking services. As of 31 December 2022, the Bank holds 30.00% of equity interest of Guangchang Nanyin (31 December 2021: 30.00%).



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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21. INVESTMENTS IN SUBSIDIARIES

	Note	31 December 2022 RMB'000	31 December 2021 RMB'000
Jiangxi Financial Leasing Co., Ltd. ("江西金融租賃股份有限公司")	(i)	1,734,000	1,734,000
Jinxian Ruifeng County Bank Co., Ltd. ("進賢瑞豐村鎮銀行有限責任公司")	(ii)	59,916	59,916
Total		1,793,916	1,793,916

- (i) Jiangxi Financial Leasing Co., Ltd. ("JXFL") was incorporated on 24 November 2015 at Nanchang City, Jiangxi Province, with registered capital of RMB1.00 billion. The principal activities of JXFL are financial leasing services and the location of its principal activities is Nanchang, and it is a corporate legal entity and a non-wholly-owned subsidiary of the Bank. On 13 February 2018, the Bank subscribed for 1.02 billion shares at the price of RMB1.20 per share. Upon the completion of capital injection, the Bank acquired 75.74% of equity interest of JXFL. As of 31 December 2022, the Bank holds 75.74% of equity interest of JXFL (31 December 2021: 75.74%).
- (ii) Jinxian Ruifeng County Bank Co., Ltd. ("Jinxian Ruifeng") was incorporated on 15 June 2012 at Jinxian County, Jiangxi Province, with registered capital of RMB100.00 million. The principal activities of Jinxian Ruifeng are the provision of corporate and retail banking services, and it is a corporate legal entity and a non-wholly-owned subsidiary of the Bank.

On 15 July 2020, the Bank acquired 4.50 million shares in Jinxian Ruifeng at the price of RMB1.395 million from Nanchang Jinyu Stainless Steel Products Co., Ltd., a shareholder of Jinxian Ruifeng. After the acquisition, the Bank held 39.00% of equity interest of Jinxian Ruifeng.

On 25 December 2020, the Bank subscribed for 50.00 million shares at the price of RMB1.00 per share in Jinxian Ruifeng, with the approval of CBIRC Jiangxi Office. Upon the completion of the capital injection, the Bank acquired 69.50% of the shares and voting interest in Jinxian Ruifeng and obtained the control of Jinxian Ruifeng. As of 31 December 2022, the Bank holds 69.50% of equity interest of Jinxian Ruifeng (31 December 2021: 69.50%).

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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22. PROPERTY AND EQUIPMENT

	Premises RMB'000	Construction in progress RMB'000	Electronic equipment RMB'000	Fixtures RMB'000	Others RMB'000	Total RMB'000
Cost:						
As at 1 January 2021	2,871,248	28,021	775,822	278,765	365,130	4,318,986
Additions	33,243	51,211	70,397	5,133	11,111	171,095
Transfers (out of)/from construction in progress	–	(33,758)	9,122	9,750	–	(14,886)
Disposals	(438)	–	(32,704)	(1,126)	(21,782)	(56,050)
As at 31 December 2021	2,904,053	45,474	822,637	292,522	354,459	4,419,145
As at 1 January 2022	2,904,053	45,474	822,637	292,522	354,459	4,419,145
Additions	4,539	42,340	33,476	1,646	16,250	98,251
Transfers out of construction in progress	–	(34,948)	–	12,044	–	(22,904)
Disposals	(2,985)	–	(93,429)	(4,924)	(14,598)	(115,936)
As at 31 December 2022	2,905,607	52,866	762,684	301,288	356,111	4,378,556
Accumulated depreciation:						
As at 1 January 2021	(803,879)	–	(672,350)	(171,295)	(215,287)	(1,862,811)
Charged for the year	(133,234)	–	(43,929)	(34,560)	(44,173)	(255,896)
Disposals	438	–	30,479	277	20,506	51,700
As at 31 December 2021	(936,675)	–	(685,800)	(205,578)	(238,954)	(2,067,007)
As at 1 January 2022	(936,675)	–	(685,800)	(205,578)	(238,954)	(2,067,007)
Charged for the year	(134,005)	–	(44,827)	(37,042)	(39,796)	(255,670)
Disposals	1,114	–	85,217	4,469	8,509	99,309
As at 31 December 2022	(1,069,566)	–	(645,410)	(238,151)	(270,241)	(2,223,368)
Net book value:						
As at 31 December 2021	1,967,378	45,474	136,837	86,944	115,505	2,352,138
As at 31 December 2022	1,836,041	52,866	117,274	63,137	85,870	2,155,188

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

22. PROPERTY AND EQUIPMENT (continued)

As at 31 December 2022, the net book value of premises of which title deeds were not yet finalised was RMB8.32 million (31 December 2021: RMB8.88 million). Among them, the group has completed the application process for RMB5.85 million of the above premises in January 2023. The Group is still in the progress of application for the outstanding title deeds for the above premises. The directors of the Bank are of the opinion that there would be no significant cost in obtaining the title deeds.

The net book values of premises at 31 December were analysed by the remaining terms of the leases as follows:

	31 December 2022 RMB'000	31 December 2021 RMB'000
Held in mainland China – Medium-term leases (10 – 50 years)	1,836,041	1,967,378

23. DEFERRED TAX ASSETS AND LIABILITIES

(a) Analysed by nature

	31 December 2022		31 December 2021	
	Deductible temporary differences RMB'000	Deferred income tax assets RMB'000	Deductible temporary differences RMB'000	Deferred income tax assets RMB'000
Allowance for impairment losses	19,049,017	4,762,254	15,215,996	3,803,999
Fair value changes in financial instruments	1,322,546	330,637	2,731,282	682,821
Accrued staff cost	719,094	179,774	494,506	123,627
Deferred income	600,403	150,101	545,866	136,467
Others	164,480	41,119	184,641	46,160
Net balances	21,855,540	5,463,885	19,172,291	4,793,074

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

23. DEFERRED TAX ASSETS AND LIABILITIES (continued)

(b) Movements of deferred tax

	Net balance of deferred tax assets RMB'000
At 1 January 2021	3,608,129
Recognised in profit or loss	917,813
Recognised in other comprehensive income	267,132
At 31 December 2021	4,793,074
At 1 January 2022	4,793,074
Recognised in profit or loss	1,111,493
Recognised in other comprehensive income	(440,682)
At 31 December 2022	5,463,885

- (i) Net gains or losses on fair value changes of financial instruments are subject to tax when realised.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

24. OTHER ASSETS

	Note	31 December 2022 RMB'000	31 December 2021 RMB'000
Interests receivable	(a)	1,026,090	820,522
Right-of-use assets	(b)	798,774	1,097,549
Prepayments for acquisition of property and equipment		629,333	755,596
Land use rights	(c)	194,650	203,593
Repossessed assets	(d)	153,009	149,949
Intangible assets	(e)	146,221	142,251
Receivables from disposal of financial assets		85,074	629,673
Long-term deferred expenses		74,690	89,485
Deferred expenses		54,942	78,740
Settlement and clearing accounts		20,841	19,476
Goodwill		7,126	7,126
Investment property		1,954	12,347
Others		231,674	86,210
Gross balance		3,424,378	4,092,517
Less: Allowances for impairment losses		(221,907)	(79,279)
Net balance		3,202,471	4,013,238

(a) Interests receivable

	31 December 2022 RMB'000	31 December 2021 RMB'000
Interests receivable arising from:		
Financial investments	971,092	793,859
Loans and advances to customers	54,998	26,663
Total	1,026,090	820,522

Interest receivable only includes interest that has been due for the relevant financial instruments but not yet received at the balance sheet date. Interest on financial instruments based on the effective interest method has been reflected in the balance of corresponding financial instruments.

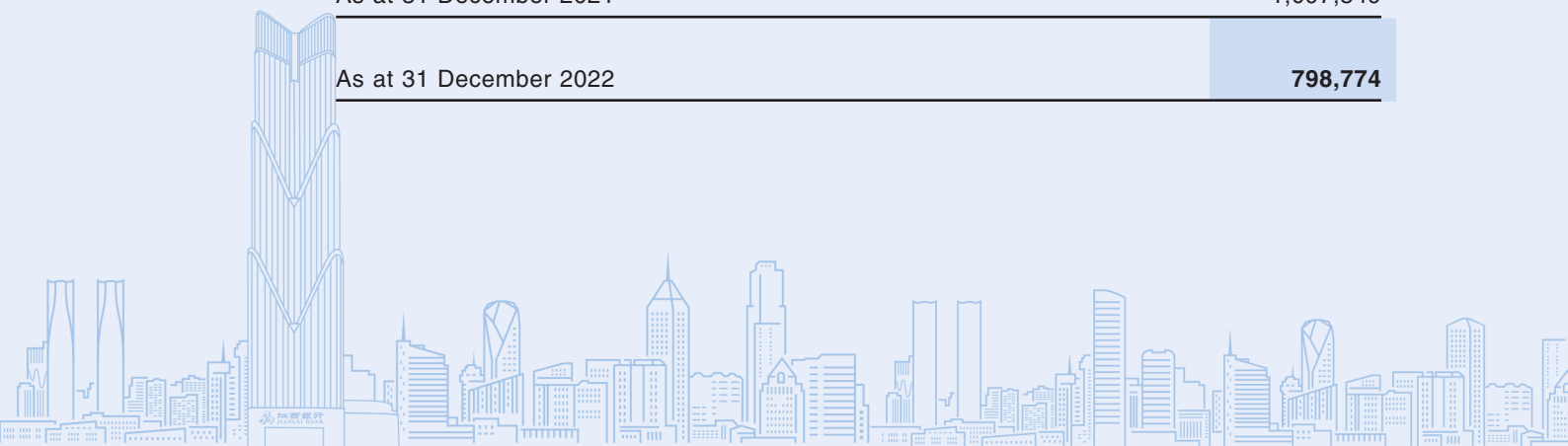
CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

24. OTHER ASSETS (continued)

(b) Right-of-use assets

	RMB'000
Cost:	
As at 1 January 2021	1,401,968
Additions	155,258
Disposals	(24,788)
As at 31 December 2021	1,532,438
Additions	59,830
Disposals	(388,973)
As at 31 December 2022	1,203,295
Accumulated depreciation:	
As at 1 January 2021	(278,601)
Charged for the year	(173,960)
Disposals	17,672
As at 31 December 2021	(434,889)
Charged for the year	(132,139)
Disposals	162,507
As at 31 December 2022	(404,521)
Net book value:	
As at 31 December 2021	1,097,549
As at 31 December 2022	798,774



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

24. OTHER ASSETS (continued)

(c) Land use rights

	31 December 2022 RMB'000	31 December 2021 RMB'000
Located in Mainland China		
Over 50 years	22,583	22,959
10 – 50 years	172,067	180,634
Total	194,650	203,593

(d) Repossessed assets

	31 December 2022 RMB'000	31 December 2021 RMB'000
Land use rights and buildings	153,009	149,949
Less: Impairment allowances	(32,822)	(37,600)
Net repossessed assets	120,187	112,349



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

24. OTHER ASSETS (continued)

(e) Intangible assets

	RMB'000
Cost:	
As at 1 January 2021	231,283
Additions	16,652
Disposals	(280)
As at 31 December 2021	247,655
As at 1 January 2022	247,655
Additions	26,883
Disposals	(264)
As at 31 December 2022	274,274
Accumulated depreciation:	
As at 1 January 2021	(85,597)
Charged for the year	(20,087)
Disposals	280
As at 31 December 2021	(105,404)
As at 1 January 2022	(105,404)
Charged for the year	(22,649)
Disposals	-
As at 31 December 2022	(128,053)
Net book value:	
As at 31 December 2021	142,251
As at 31 December 2022	146,221

Intangible assets include core deposits, real estate use rights, computer software, etc. Core deposits are accounts that a financial institution expects to maintain for an extended period of time due to ongoing business relationships. The core deposit intangibles reflect the present value of the additional cash flow resulting from the use of the account deposit at a lower alternative financing cost in the future period.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

25. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty

	31 December 2022 RMB'000	31 December 2021 RMB'000
In mainland China		
– Banks	2,448,635	4,395,156
– Other financial institutions	10,284,271	20,533,386
Gross Balance	12,732,906	24,928,542
Accrued interest	534,051	292,463
Total	13,266,957	25,221,005

26. PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty

	31 December 2022 RMB'000	31 December 2021 RMB'000
In mainland China		
– Banks	4,100,000	6,120,000
Gross Balance	4,100,000	6,120,000
Accrued interest	3,534	8,333
Total	4,103,534	6,128,333

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

27. BORROWING FROM OTHER FINANCIAL INSTITUTIONS

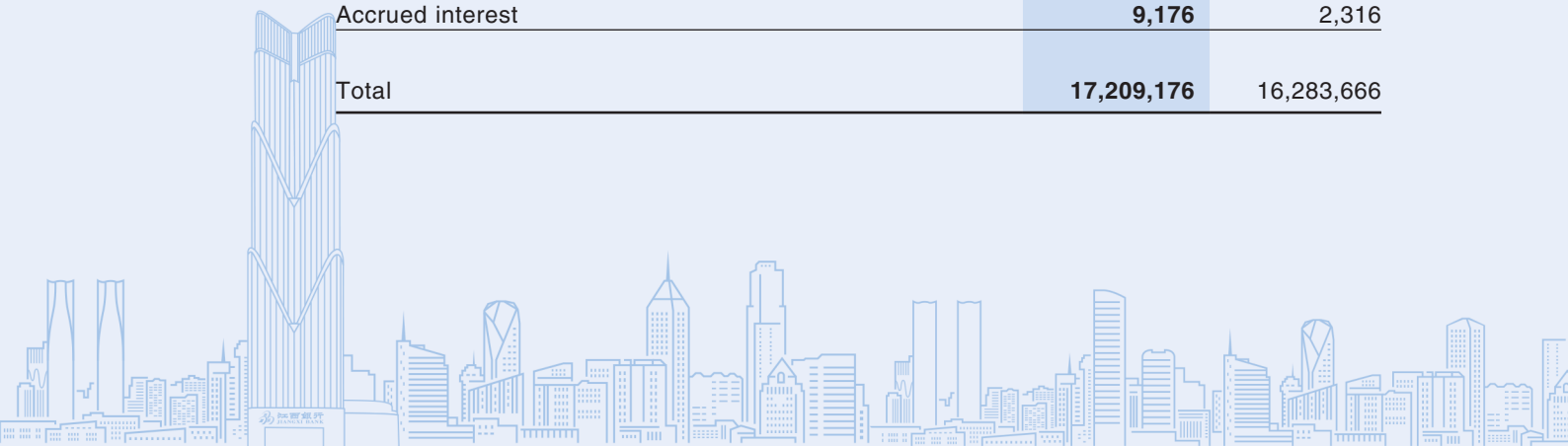
Analysed by type and location of counterparty

	31 December 2022 RMB'000	31 December 2021 RMB'000
In mainland China – Other financial institutions	4,210,000	8,842,000
Gross Balance	4,210,000	8,842,000
Accrued interest	92,920	139,228
Total	4,302,920	8,981,228

28. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(a) Analysed by type and location of counterparty

	31 December 2022 RMB'000	31 December 2021 RMB'000
In mainland China – Banks	17,200,000	16,281,350
Gross Balance	17,200,000	16,281,350
Accrued interest	9,176	2,316
Total	17,209,176	16,283,666



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

28. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(continued)

(b) Analysed by type of collateral

	31 December 2022 RMB'000	31 December 2021 RMB'000
Debt securities		
– Government	4,500,000	3,499,000
– Policy banks	12,700,000	12,782,350
Gross Balance	17,200,000	16,281,350
Accrued interest	9,176	2,316
Total	17,209,176	16,283,666



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

29. DEPOSITS FROM CUSTOMERS

	Note	31 December 2022 RMB'000	31 December 2021 RMB'000
Demand deposits			
– Corporate customers		108,088,433	122,223,640
– Individual customers		24,080,467	22,570,873
Sub-total		132,168,900	144,794,513
Time deposits			
– Corporate customers		57,801,948	64,897,322
– Individual customers		136,470,102	112,931,926
Sub-total		194,272,050	177,829,248
Pledged deposits			
– Acceptances		13,178,991	8,553,057
– Letters of guarantees		1,938,129	2,712,972
– Letters of credit		2,483,319	1,915,440
– Others		18,085	38,887
Sub-total		17,618,524	13,220,356
Inward and outward remittances		45,206	60,217
Convertible negotiated deposit	(a)	3,900,000	3,900,000
Accrued interest		4,706,690	3,921,887
Total		352,711,370	343,726,221

(a) Convertible negotiated deposit

Jiangxi Provincial Department of Finance has saved funds of negotiated deposit raised from local government special bond into deposit account of Jiangxi Provincial Department of Finance in the Bank of Jiangxi. The deposit can be converted into ordinary shares to replenish other tier-one capital of the Bank. The maturity of the deposit shall be set in accordance with the maturity requirements of the convertible negotiated deposit in batches. Among them, RMB0.8 billion is for the six-year maturity, RMB0.8 billion for the seven-year maturity, RMB0.8 billion for the eight-year maturity, RMB0.8 billion for the nine-year maturity and RMB0.7 billion for the ten-year maturity. The interest is paid semiannually on the convertible negotiated deposit, and the interest rate shall match with the corresponding local government special bond issuance interest rate. The conversion for convertible negotiated deposit into ordinary shares of the Bank shall satisfy the following conditions at the same time: (i) the core tier-one capital adequacy ratio of the Bank is lower than 5.125%; (ii) Jiangxi Provincial Department of Finance consent to the conversion; and (iii) the class and number of the converted ordinary shares and the shareholding structure of the Bank after the conversion shall satisfy the particular requirement of the Hong Kong Stock Exchange for the minimum public float. When the conditions are met, the negotiated deposits will be converted into ordinary shares periodically and included in the core tier-one capital.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

30. DEBT SECURITIES ISSUED

	Note	31 December 2022 RMB'000	31 December 2021 RMB'000
Tier-two capital debts issued	(a)	–	5,997,421
Certificates of interbank deposits issued	(b)	52,161,884	34,977,239
Accrued interest		–	124,521
Total		52,161,884	41,099,181

(a) Tier-two capital debts issued

- (i) The Group issued 10-year fixed-rate tier-two capital bonds with face value of RMB3,000.00 million on 5 June 2017. The coupon interest rate per annum is 5.00%. The Group has redeemed the bonds on 7 June 2022.
- (ii) The Group issued 10-year fixed-rate tier-two capital bonds with face value of RMB3,000.00 million on 26 September 2017. The coupon interest rate per annum is 5.00%. The Group has redeemed the bonds on 28 September 2022.

(b) Certificates of interbank deposits issued

In 2022, the Group issued a number of certificates of interbank deposit with total nominal amount of RMB80,200 million (31 December 2021: RMB59,470.00) and duration between 1-12 months (31 December 2021: 1-12 months). The effective interest rates range from 1.33% to 2.85% per annum (31 December 2021: 2.00% to 3.50% per annum).

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

31. OTHER LIABILITIES

	Note	31 December 2022 RMB'000	31 December 2021 RMB'000
Accrued staff costs	(a)	1,465,450	1,347,336
Lease liabilities		883,087	1,192,489
Settlement and clearing accounts		746,724	203,461
Guarantee deposits from leases		741,581	1,051,759
Provisions	(b)	626,209	342,957
Deferred income		194,348	133,749
Other tax payables		159,792	138,331
Receipt in advance		68,097	107,877
Payables for purchase of fixed assets		38,380	42,976
Non-performing assets collection		23,639	18,704
Dividend payable		13,729	15,726
Notes payable		—	398,835
Others		392,711	504,872
Total		5,353,747	5,499,072

(a) Accrued staff costs

	31 December 2022 RMB'000	31 December 2021 RMB'000
Salaries, bonuses and allowances	1,345,516	1,206,234
Social insurance	957	1,518
Housing fund	304	315
Employee education costs and labor union expenditure	16,682	19,371
Supplementary retirement benefits	101,991	119,898
Total	1,465,450	1,347,336

Contributions to the defined contribution retirement plan are recognised as expenses when incurred, and there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

(b) Provisions

	Note	31 December 2022 RMB'000	31 December 2021 RMB'000
Credit commitments provision	(i)	594,540	319,405
Litigations and disputes provision		31,669	23,552
Total		626,209	342,957

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

31. OTHER LIABILITIES (continued)

(b) Provisions (continued)

(i) Movements of credit commitments provision is as follows:

	Year ended 31 December 2022			
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	Total RMB'000
As at 1 January	316,347	1,060	1,998	319,405
Transferred:				
– to 12-month ECL	172	(172)	–	–
– to lifetime ECL not credit-impaired	(5)	5	–	–
– to lifetime ECL credit-impaired	(12,039)	(14)	12,053	–
Charged for the year	(83,652)	(600)	359,387	275,135
As at 31 December	220,823	279	373,438	594,540

	Year ended 31 December 2021			
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	Total RMB'000
As at 1 January	252,276	391	–	252,667
Transferred:				
– to 12-month ECL	224	(224)	–	–
– to lifetime ECL not credit-impaired	(7)	7	–	–
– to lifetime ECL credit-impaired	(4)	(24)	28	–
Charged for the year	63,858	910	1,970	66,738
As at 31 December	316,347	1,060	1,998	319,405

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

32. SHARE CAPITAL

	31 December 2022 RMB'000	31 December 2021 RMB'000
Ordinary shares in Mainland China	4,678,777	4,678,777
Ordinary shares listed in Hong Kong (H-share)	1,345,500	1,345,500
Total	6,024,277	6,024,277

33. OTHER EQUITY INSTRUMENTS

(a) Perpetual debt outstanding at the end of the year

Financial instrument outstanding	Time issued	Accounting Classifications	Initial Interest rate	Issue price	Quantities	In RMB thousand	Maturity
Perpetual Debts	23 August 2021	Equity	4.80%	RMB100/bond	40,000,000	4,000,000	None
Perpetual Debts	21 September 2022	Equity	3.67%	RMB100/bond	20,000,000	2,000,000	None
Perpetual Debts	15 December 2022	Equity	4.79%	RMB100/bond	20,000,000	2,000,000	None
Less: issuing cost						(2,039)	
Book Value						7,997,961	



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

33. OTHER EQUITY INSTRUMENTS (continued)

(b) Main clause

Perpetual debts presented in the balance sheet represent the undated capital bonds issued by the Bank. With the authorisation of the annual general meeting and the approval from regulatory authorities, the Bank was permitted to issue undated capital bonds of an amount no more than RMB8 billion in 2021.

With the approval of Jiangxi Banking and Insurance Regulatory Bureau on Jiangxi Bank's Issuance of undated capital bonds (Jiangxi Banking and Insurance Regulatory Bureau [2020] No. 362) and the Decision of the People's Bank of China on Granting Administrative License (Bank Approval Word [2021] No. 22), the Bank issued a total of RMB4 billion (first tranche) on 23 August 2021. The unit par value of the bond is RMB100, the interest rate for the first 5 years is 4.80%, and the coupon rate adjusted period will be every 5 years from the issuance of the Bonds. In any coupon rate adjusted period, the coupon rate of the Bonds will be made at a prescribed fixed coupon rate.

The Bank issued the "2022 Capital Bond with No Fixed Maturity (First Tranche)" for a total of RMB2 billion on 21 September 2022. The unit par value of the bond is RMB100, the interest rate for the first 5 years is 3.67%, and the coupon rate adjusted period will be every 5 years from the issuance of the Bonds. In any coupon rate adjusted period, the coupon rate of the Bonds will be made at a prescribed fixed coupon rate. The book value of the instruments was RMB1,999.5 million which was the result of purchase price deduct the issuance cost of RMB0.5 million.

The Bank issued the "2022 Capital Bond with No Fixed Maturity (Second Tranche)" for a total of RMB2 billion on 15 December 2022. The unit par value of the bond is RMB100, the interest rate for the first 5 years is 4.79%, and the coupon rate adjusted period will be every 5 years from the issuance of the Bonds. In any coupon rate adjusted period, the coupon rate of the Bonds will be made at a prescribed fixed coupon rate. The book value of the instruments was RMB1,999.5 million which was the result of purchase price deduct the issuance cost of RMB0.5 million.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

33. OTHER EQUITY INSTRUMENTS (continued)

(b) Main clause (continued)

The Bonds will continue to be outstanding so long as the Bank's business continues to operate. This bond issuance is subject to the Bank's conditional redemption clause. The Issuer shall have the right to redeem the current Bonds in whole or in part on the annual coupon payment date (including the coupon payment date of the fifth year after the issuance date) five years after the issuance date. The issuer has the right to redeem the Bonds in whole, but not in part, in the event of an unpredictable regulatory change that prevents the current issuance from being counted as other Tier 1 capital. The issuer shall exercise the right of redemption upon the approval of the CBIRC and upon meeting the following conditions: (1) replace the redeemed bond with a capital instrument of the same or higher class, and the replacement of the capital instrument shall be implemented only if the profitability of the Bank remains sustainable; (2) Or the capital adequacy ratio remains significantly higher than the regulatory after the exercise of the right.

The Bank has the right to cancel, in whole or in part, distributions on the Bonds and any such cancellation does not constitute an event of default. The Bank will fully consider the interests of bondholders when exercising this right. The Bank is free to use the interest of the cancelled bond for other due debts. Cancellation of any distributions to the Bonds, no matter in whole or in part, will not impose any other restriction on the Bank, except in relation to dividend distributions to ordinary shares. The dividend is paid on a non-cumulative basis, that is, the dividend not paid in full to the shareholder previously will not accumulated to the next interest-bearing year.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

34. RESERVES

(a) Capital reserve

	Note	31 December 2022 RMB'000	31 December 2021 RMB'000
Share premium		13,291,249	13,291,249
Other comprehensive income	(i)	299,490	224,116
Total		13,590,739	13,515,365

(i) Other comprehensive income

	2022 RMB'000	2021 RMB'000
As at 1 January	224,116	342,506
Changes in fair value recognised in other comprehensive income	506,605	(1,049,108)
Transfer to profit or loss upon disposal	(6,877)	(19,421)
Changes in impairment losses recognised in other comprehensive income	16,328	683,007
Less: Income tax effect	(440,682)	267,132
As at 31 December	299,490	224,116



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

34. RESERVES (continued)

(b) Surplus reserve

The surplus reserve at the end of each of the reporting period represented statutory surplus reserve fund and discretionary surplus reserve fund. Pursuant to the Company Law of the PRC and the Article of Association of the Bank, the Bank is required to appropriate 10% of its net profit as on an annual basis determined under the People's Republic of China Generally Accepted Accounting Principles ("PRC GAAP") after making good prior year's accumulated loss, to statutory surplus reserve fund until the reserve fund balance reaches 50% of its registered capital.

The Bank appropriated an amount of RMB138.54 million to the statutory surplus reserve fund for the year ended 31 December 2022 (year ended 31 December 2021: RMB193.92 million).

The Bank may also appropriate discretionary surplus reserve fund in accordance with the resolution of the shareholders.

(c) General reserve

Pursuant to the "Measures on Impairment Allowances for Financial Enterprises (Cai Jin [2012] No. 20)" issued by the Ministry of Finance ("MOF"), the Bank is required to set aside a general reserve through net profit appropriation which should not be lower than 1.5% of the ending balance of its gross risk-bearing assets on an annual basis. The balance of the general reserve amounted to RMB7,019.10 million as at 31 December 2022 (31 December 2021: RMB6,689.10 million).



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

35. RETAINED EARNINGS

(a) Appropriation of profits

In accordance with the resolution of the Bank's Board of Directors Meeting held on 31 March 2023, the proposed profit appropriations for the year ended 31 December 2022 is listed as follows:

- Appropriation of statutory surplus reserve amounted to RMB138.54 million;
- Appropriation of general reserve amounted to RMB330.00 million; and
- Declaration of cash dividend of RMB0.50 per 10 shares before tax and in an aggregation amount of RMB301.21 million to all existing shareholders of record.

On August 25, 2022, the Bank distributed the interest of 2021 capital bonds with no fixed term (first tranche) of RMB192.00 million.

The profit appropriation resolution mentioned above has yet to be approved by the shareholders' general meeting.

In accordance with the resolution of the Bank's Board of Directors Meeting held on 25 March 2022, the proposed profit appropriations for the year ended 31 December 2021 is listed as follows:

- Appropriation of statutory surplus reserve amounted to RMB193.92 million;
- Appropriation of general reserve amounted to RMB588.46 million; and
- Declaration of cash dividend of RMB0.50 per 10 shares before tax and in an aggregation amount of RMB301.21 million to all existing shareholders of record.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

35. RETAINED EARNINGS (continued)

(b) Movements in components of equity

Details of the changes in the Bank's individual components of equity between the beginning and the end of the year are set out below.

	Share capital RMB'000	Other equity instruments RMB'000	Capital reserve RMB'000	Surplus reserve RMB'000	General reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2022	6,024,277	3,999,037	13,528,210	3,081,890	6,500,158	7,295,880	40,429,452
Changes in equity for the year							
Profit for the year	-	-	-	-	-	1,790,476	1,790,476
Other comprehensive income	-	-	75,374	-	-	-	75,374
Total comprehensive income	-	-	75,374	-	-	1,790,476	1,865,850
Issuance of perpetual debt	-	3,998,924	-	-	-	-	3,998,924
Appropriation of profits							
- Appropriation to surplus reserve	-	-	-	138,541	-	(138,541)	-
- Appropriation to general reserve	-	-	-	-	330,000	(330,000)	-
- Appropriation to shareholders	-	-	-	-	-	(301,214)	(301,214)
- Appropriation to perpetual debt interest	-	-	-	-	-	(192,000)	(192,000)
Balance at 31 December 2022	6,024,277	7,997,961	13,603,584	3,220,431	6,830,158	8,124,601	45,801,012



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

35. RETAINED EARNINGS (continued)

(b) Movements in components of equity (continued)

	Share capital RMB'000	Other equity instruments RMB'000	Capital reserve RMB'000	Surplus reserve RMB'000	General reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2021	6,024,277	–	13,646,600	2,887,970	5,923,256	6,428,715	34,910,818
Changes in equity for the year							
Profit for the year	–	–	–	–	–	1,939,201	1,939,201
Other comprehensive income	–	–	(118,390)	–	–	–	(118,390)
Total comprehensive income	–	–	(118,390)	–	–	1,939,201	1,820,811
Issuance of perpetual debt	–	3,999,037	–	–	–	–	3,999,037
Appropriation of profits							
– Appropriation to surplus reserve	–	–	–	193,920	–	(193,920)	–
– Appropriation to general reserve	–	–	–	–	576,902	(576,902)	–
– Appropriation to shareholders	–	–	–	–	–	(301,214)	(301,214)
Balance at 31 December 2021	6,024,277	3,999,037	13,528,210	3,081,890	6,500,158	7,295,880	40,429,452

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

36. NOTES TO CONSOLIDATED CASH FLOW STATEMENTS

(a) Net (decrease)/increase in cash and cash equivalents

	2022 RMB'000	2021 RMB'000
Cash and cash equivalents as at 31 December	19,040,727	25,271,056
Less: Cash and cash equivalents as at 1 January	(25,271,056)	(22,780,384)
Net (decrease)/increase in cash and cash equivalents as at 31 December	(6,230,329)	2,490,672

(b) Cash and cash equivalents

	31 December 2022 RMB'000	31 December 2021 RMB'000
Cash on hand	879,119	806,061
Deposits with the central bank	8,222,080	17,543,492
Deposits with banks and other financial institutions	1,408,948	2,075,843
Placements with banks and other financial institutions	4,200,000	2,150,000
Financial assets held under resale agreements	4,330,580	2,695,660
Total	19,040,727	25,271,056



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

36. NOTES TO CONSOLIDATED CASH FLOW STATEMENTS (continued)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Debt securities issued RMB'000	Accrued interest arising from debt securities issued RMB'000	Lease liabilities RMB'000	Total RMB'000
Balance at 1 January 2022	40,974,660	124,521	1,192,489	42,291,670
Changes from financing cash flows:				
– Proceeds from debt securities issued	78,949,493	–	–	78,949,493
– Interest paid on debt securities issued	–	(300,000)	–	(300,000)
– Repayment of debt securities issued	(69,061,866)	–	–	(69,061,866)
– Repayment of lease liabilities	–	–	(154,862)	(154,862)
Total changes from financing cash flows	50,862,287	(175,479)	1,037,627	51,724,435
Other changes:				
– Net decrease in lease liabilities	–	–	(192,586)	(192,586)
– Interest expense	1,299,597	175,479	38,046	1,513,122
Balance at 31 December 2022	52,161,884	–	883,087	53,044,971

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

36. NOTES TO CONSOLIDATED CASH FLOW STATEMENTS (continued)

(c) Reconciliation of liabilities arising from financing activities (continued)

	Debt securities issued RMB'000	Accrued interest arising from debt securities issued RMB'000	Lease liabilities RMB'000	Total RMB'000
Balance at 1 January 2021	42,268,417	171,402	1,182,055	43,621,874
Changes from financing cash flows:				
– Proceeds from debt securities issued	58,460,405	–	–	58,460,405
– Interest paid on debt securities issued	–	(419,953)	–	(419,953)
– Repayment of debt securities issued	(60,710,000)	–	–	(60,710,000)
– Repayment of lease liabilities	–	–	(170,742)	(170,742)
Total changes from financing cash flows	40,018,822	(248,551)	1,011,313	40,781,584
Other changes:				
– Net decrease in lease liabilities	–	–	130,469	130,469
– Interest expense	955,838	373,072	50,707	1,379,617
Balance at 31 December 2021	40,974,660	124,521	1,192,489	42,291,670



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

37. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Related parties of the Group

(i) Major shareholders

Major shareholders include shareholders of the Bank with direct or indirect 5% or above shareholding, or with the right to appoint a director in the Bank.

Shareholding in the Bank:

	Registered location	Legal representative	Business	Percentage of shares held as at 31 December 2022	Percentage of shares held as at 31 December 2021
Jiangxi Provincial Communications Investment Group Co., Ltd. ("江西省交通投資集團有限責任公司")	Nanchang	Wang Jiangjun	Infrastructure	15.56%	15.56%
Jiangxi Financial Holding Group Co., Ltd. ("江西省金融控股集團有限公司")	Nanchang	Qi Wei	Financial investment and advisory services	5.77%	5.77%
China National Tobacco Corporation Jiangxi Branch ("中國煙草總公司江西省公司")	Nanchang	Jiang Kai	Wholesale	4.37%	4.37%
Nanchang Municipal Bureau of Finance ("南昌市財政局")	Nanchang	Wan Yuyuan	Government	N/A	3.79%

The official names of these related parties are in Chinese. The English translation is for reference only.

Registered capital of major shareholders and its changes:

	Currency	31 December 2022 RMB	31 December 2021 RMB
Jiangxi Provincial Communications Investment Group Co., Ltd. ("江西省交通投資集團有限責任公司")	RMB	9,505 Million	9,505 Million
Jiangxi Financial Holding Group Co., Ltd. ("江西省金融控股集團有限公司")	RMB	8,000 Million	5,064 Million
China National Tobacco Corporation Jiangxi Branch ("中國煙草總公司江西省公司")	RMB	287 Million	287 Million
Nanchang Municipal Bureau of Finance ("南昌市財政局")	RMB	—	—

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

37. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(a) Related parties of the Group (continued)

(ii) *Subsidiaries of the Bank*

The detailed information of the Bank's subsidiaries is set out in Note 21.

(iii) *Associates of the Bank*

The detailed information of the Bank's associates is set out in Note 20.

(iv) *Other related parties*

Other related parties can be individuals or enterprises, including members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals; entities (and their subsidiaries) controlled or jointly controlled by members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals; and entities controlled or jointly controlled by the major shareholders of the Bank as set out in Note 37(a) or their controlling shareholders.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

37. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

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

(i) Transactions between the Group and major shareholders

	2022		2021	
	Amount RMB'000	Percentage	Amount RMB'000	Percentage
Transactions during the year:				
Interest income	25,527	0.13%	69,526	0.36%
Interest expense	913	0.01%	448,094	4.11%

	31 December 2022		31 December 2021	
	Amount RMB'000	Percentage	Amount RMB'000	Percentage
Balances as at the year end:				
Loans and advances to customers	400,464	0.14%	2,121,329	0.82%
Deposits from customers	40,465	0.01%	23,462,585	6.83%

(ii) Transactions between the Bank and subsidiaries

The subsidiaries of the Bank are its related parties. The transactions between the Bank and its subsidiaries are eliminated on consolidation.

	2022		2021	
	Amount RMB'000	Percentage	Amount RMB'000	Percentage
Transactions during the year:				
Interest income	42,267	0.21%	19,566	0.10%
Interest expense	32,714	0.29%	44,039	0.40%
Fee and commission income	–	0.00%	205	0.03%

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

37. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(b) Transactions with related parties other than key management personnel (continued)

(ii) Transactions between the Bank and subsidiaries (continued)

	31 December 2022		31 December 2021	
	Amount RMB'000	Percentage	Amount RMB'000	Percentage
Balances as at the year end:				
Placements with banks and other financial institutions	2,551,741	31.18%	50,003	1.37%
Deposits from banks and other financial institutions	2,879,884	17.84%	926,180	3.54%
Bank acceptances	–	0.00%	398,835	1.60%

(iii) Transactions between the Bank and associates

	2022		2021	
	Amount RMB'000	Percentage	Amount RMB'000	Percentage
Transactions during the year:				
Interest expense	1,915	0.02%	8,773	0.08%
Fee and commission income	–	0.00%	12	0.00%

	31 December 2022		31 December 2021	
	Amount RMB'000	Percentage	Amount RMB'000	Percentage
Balances as at the year end:				
Deposits with banks and other financial institutions	–	0.00%	70,004	6.44%
Deposits from banks and other financial institutions	169,673	1.05%	343,793	1.31%

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

37. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(b) Transactions with related parties other than key management personnel (continued)

(iv) Transactions between the Bank and other related parties

	2022		2021	
	Amount RMB'000	Percentage	Amount RMB'000	Percentage
Transactions during the year:				
Interest income	1,485	0.01%	184,729	0.96%
Interest expense	70,103	0.63%	148,577	1.36%
Fee and commission income	–	0.00%	1,866	0.26%

	31 December 2022		31 December 2021	
	Amount RMB'000	Percentage	Amount RMB'000	Percentage
Balances as at the year end:				
Loans and advances to customers	4,820,797	1.65%	4,089,647	1.59%
Deposits from customers	4,107,008	1.17%	4,667,476	1.36%
Deposits from banks and other financial institutions	–	0.00%	365,042	1.40%
Bank acceptances	47,857	0.16%	1,326,623	5.33%
Letters of guarantees	195,000	1.79%	43,405	0.22%
Letters of credit	67,887	0.83%	–	0.00%

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

37. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(c) Key management personnel

The key management personnel are those persons who have the authority and responsibility to plan, direct and control the activities of the Group, directly or indirectly, including members of the Board of Directors, the Board of Supervisors and executive officers.

(i) Transactions between the Bank and key management personnel

	2022		2021	
	Amount RMB'000	Percentage	Amount RMB'000	Percentage
Transactions during the year:				
Interest expense	72	0.00%	652	0.01%
Balances as at the year end:				
Loans and advances to customers	–	0.00%	–	0.00%
Deposits from customers	7,527	0.00%	17,646	0.01%

(ii) Key management personnel compensation

The aggregate compensation of key management personnel is listed as follows:

	2022 RMB'000	2021 RMB'000
Salaries and other emoluments	10,895	16,184
Discretionary bonuses	103	77
Contributions by the employer to social insurance and staff welfares, housing fund, etc.	868	929
Other welfares	312	478
Total	12,178	17,668

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

38. FAIR VALUE

(a) Methods and assumptions for measurement of fair value

The Group adopts the following methods and assumptions when evaluating fair values:

(i) *Debt securities and equity investments*

The fair values of debt securities and equity investments that are traded in an active market are based on their quoted market prices in an active market at the end of the reporting period.

(ii) *Financial investments and other financial assets*

Fair values are estimated as the present value of the future cash flows, discounted at the market interest rates at the end of the reporting period.

(iii) *Debt securities issued and other financial liabilities*

Fair values of debt securities issued are based on their quoted market prices at the end of the reporting period, or the present value of estimated future cash flows. The fair values of other financial liabilities are valued at the present value of estimated future cash flows. The discount rates are based on the market interest rates at the end of the reporting period.

The Group has established policies and internal controls with respect to the measurement of fair values, specified the framework of fair value measurement of financial instruments, fair value measurement methodologies and procedures.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

38. FAIR VALUE (continued)

(b) Fair value measurement

(i) *Financial assets*

The Group's financial assets mainly consist of cash and deposits with the central bank, receivables with banks and other financial institutions, loans and advances to customers, and financial investments.

Deposits with the central bank and receivables with banks and other financial institutions are mostly priced at market interest rates and due within one year. Accordingly, the carrying amounts approximate the fair values.

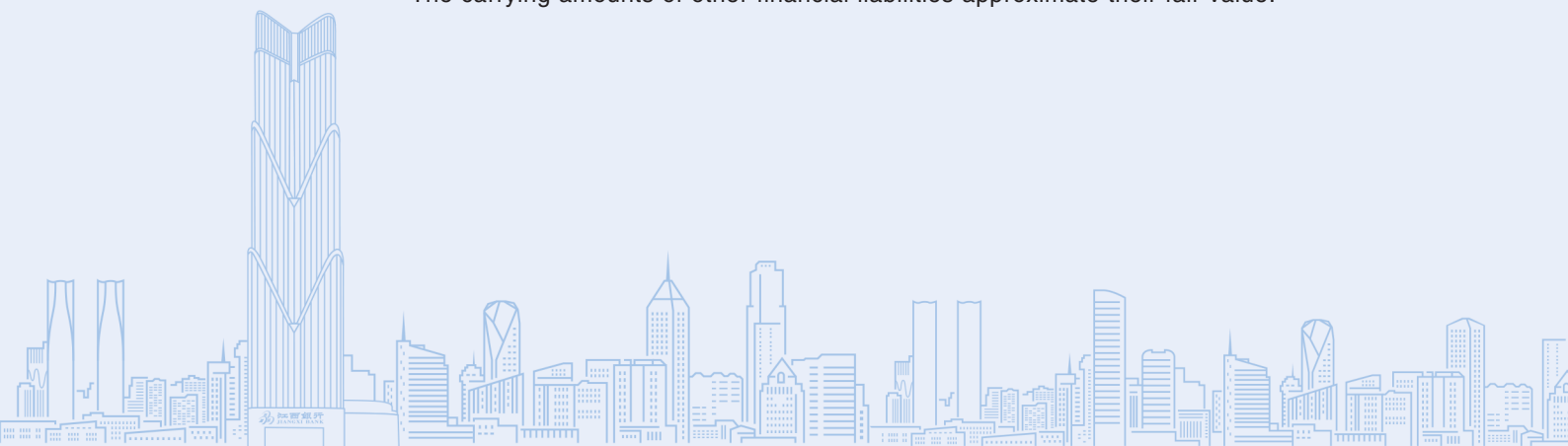
Loans and advances to customers are mostly priced at floating rates close to the PBOC rates. Accordingly, the carrying amounts approximate the fair values. The fair values of loans and advances to customers measured at fair value through other comprehensive income are based on valuation techniques.

Financial investments at fair value through other comprehensive income and financial investments at fair value through profit or loss are stated at fair value. The carrying amounts of financial investments at amortised cost are the reasonable approximations of their fair values because, for example, they are short-term in nature or repriced at current market rates frequently.

(ii) *Financial liabilities*

The Group's financial liabilities mainly include payables to banks and other financial institutions, deposits from customers and debt securities issued.

The book value and the fair value of debt securities issued are presented in Note 38(d). The carrying amounts of other financial liabilities approximate their fair value.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

38. FAIR VALUE (continued)

(c) Fair value hierarchy

The following table presents the fair value of financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair Value Measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1 and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available; and
- Level 3: Fair value measured using significant unobservable inputs.

Financial investments

If there is a reliable market quote for financial instruments, the fair value of financial instruments is based on quoted market prices. If a reliable quoted market price is not available, the fair value of the financial instruments is estimated using valuation techniques. Valuation techniques applied include reference to the fair value of another instrument that is substantially the same and discounted cash flow analysis. The inputs used in valuation techniques include risk-free and benchmark interest rates, and credit spreads. Where discounted cash flow analysis is used, estimated cash flows are based on the management's best estimates and the discount rate used is reference to another instrument that is substantially the same.

Loans and advances to customers

Discounted bills and forfeiting in loans and advances to customers are valued by using a discounted cash flow model, the discounted rate is established based on the interbank offered rates and spreads adjusted by credit risk and liquidity.

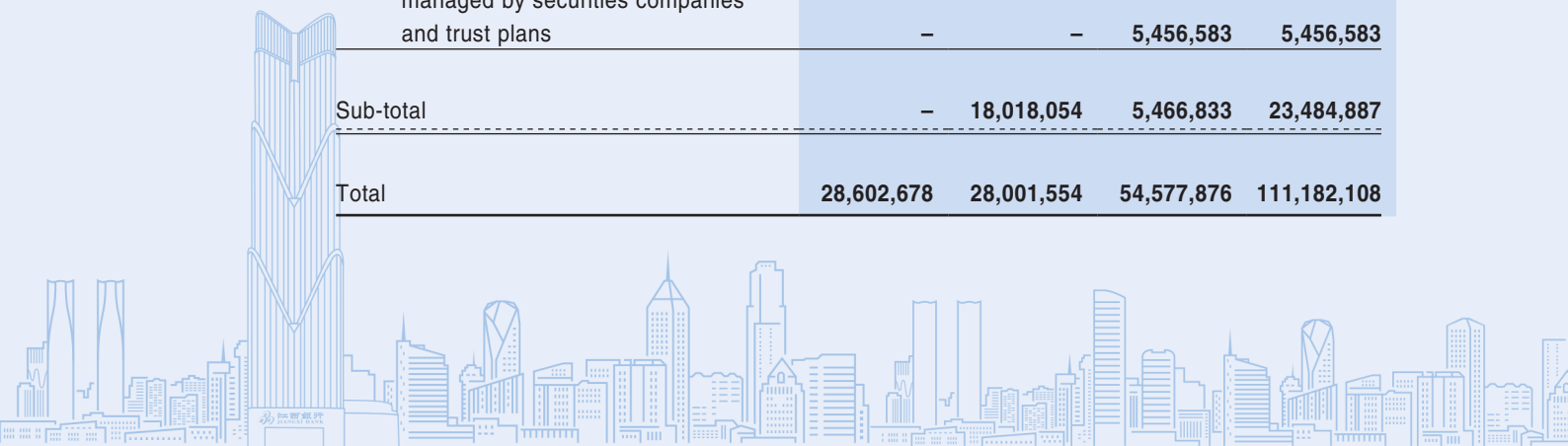
CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

38. FAIR VALUE (continued)

(c) Fair value hierarchy (continued)

	31 December 2022			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Recurring fair value measurements assets				
<i>Loans and advances to customers measured at FVOCI</i>				
– Corporate loans and advances	–	–	5,626,030	5,626,030
– Discounted bills	–	–	38,525,048	38,525,048
Sub-total	–	–	44,151,078	44,151,078
<i>Financial investments at fair value through profit or loss</i>				
– Debt securities	–	9,983,500	1,720,809	11,704,309
– Equity instruments	97,829	–	91,461	189,290
– Fund investments	28,504,849	–	–	28,504,849
– Other financial investments	–	–	3,147,695	3,147,695
Sub-total	28,602,678	9,983,500	4,959,965	43,546,143
<i>Financial investments at fair value through other comprehensive income</i>				
– Debt securities	–	18,018,054	–	18,018,054
– Equity instruments	–	–	10,250	10,250
– Investment management products managed by securities companies and trust plans	–	–	5,456,583	5,456,583
Sub-total	–	18,018,054	5,466,833	23,484,887
Total	28,602,678	28,001,554	54,577,876	111,182,108



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

38. FAIR VALUE (continued)

(c) Fair value hierarchy (continued)

	31 December 2021			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Recurring fair value measurements assets				
<i>Loans and advances to customers measured at FVOCI</i>				
– Corporate loans and advances	–	–	3,385,471	3,385,471
– Discounted bills	–	–	32,707,134	32,707,134
Sub-total	–	–	36,092,605	36,092,605
<i>Financial investments at fair value through profit or loss</i>				
– Debt securities	–	13,678,312	1,167,616	14,845,928
– Equity instruments	101,941	–	8,984	110,925
– Fund investments	20,766,123	–	–	20,766,123
– Other financial investments	–	–	3,723,097	3,723,097
Sub-total	20,868,064	13,678,312	4,899,697	39,446,073
<i>Financial investments at fair value through other comprehensive income</i>				
– Debt securities	–	18,270,836	–	18,270,836
– Equity instruments	–	–	10,250	10,250
– Investment management products managed by securities companies and trust plans	–	–	6,659,532	6,659,532
Sub-total	–	18,270,836	6,669,782	24,940,618
Total	20,868,064	31,949,148	47,662,084	100,479,296

During the reporting period, the Group had no significant transfers among instruments in Level 1, Level 2 and Level 3.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

38. FAIR VALUE (continued)

(c) Fair value hierarchy (continued)

A reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy on an on-going basis is as below:

	Year ended 31 December 2022	
	Loans and advances to customers RMB'000	Financial investments RMB'000
As at 1 January 2022	36,092,605	11,569,479
Total gains or (losses)		
– In profit or loss for the current year	1,100,901	1,078,895
– In other comprehensive income for the current year	(75,840)	(613,511)
Purchases	70,488,897	–
Settlements	(63,455,485)	(1,608,065)
As at 31 December 2022	44,151,078	10,426,798
Total unrealised gains or losses for the year included in profit or loss for assets and liabilities held at the end of the year	(39,699)	(732,098)



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

38. FAIR VALUE (continued)

(c) Fair value hierarchy (continued)

	Year ended 31 December 2021	
	Loans and advances to customers RMB'000	Financial investments RMB'000
As at 1 January 2021	26,844,528	20,332,806
Total gains or (losses)		
– In profit or loss for the current year	851,794	(728,865)
– In other comprehensive income for the current year	35,013	663,508
Purchases	69,325,327	–
Settlements	(60,964,057)	(8,697,970)
As at 31 December 2021	36,092,605	11,569,479
Total unrealised gains or losses for the year included in profit or loss for assets and liabilities held at the end of the year	16,437	(868,713)

During the year ended 31 December 2022, there were no significant transfers into or out of Level 3 (year ended 31 December 2021: nil).

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

38. FAIR VALUE (continued)

(c) Fair value hierarchy (continued)

The valuation techniques used and the qualitative and quantitative information of key parameters for recurring fair value measurements categorised within Level 3. Quantitative information of Level 3 fair value measurement is as below:

	Fair value as at 31 December 2022 RMB'000	Valuation techniques	Unobservable input
Loans and advances to customers measured at FVOCI			
– Corporate loans and advances	5,626,030	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Discounted bills	38,525,048	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through profit or loss			
– Debt securities	1,720,809	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Equity instruments	91,461	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Other financial investments	3,147,695	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through other comprehensive income			
– Equity instruments	10,250	Market comparison technique	Adjusted market multiple
– Investment management products managed by securities companies and trust plans	5,456,583	Discounted cash flow	Risk-adjusted discount rate, cash flow



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

38. FAIR VALUE (continued)

(c) Fair value hierarchy (continued)

	Fair value as at 31 December 2021 RMB'000	Valuation techniques	Unobservable input
Loans and advances to customers measured at FVOCI			
– Corporate loans and advances	3,385,471	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Discounted bills	32,707,134	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through profit or loss			
– Debt securities	1,167,616	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Equity instruments	8,984	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Other financial investments	3,723,097	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through other comprehensive income			
– Equity instruments	10,250	Market comparison technique	Adjusted market multiple
– Investment management products managed by securities companies and trust plans	6,659,532	Discounted cash flow	Risk-adjusted discount rate, cash flow

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

38. FAIR VALUE (continued)

(c) Fair value hierarchy (continued)

During the year ended 31 December 2022, there were no significant change in the valuation techniques (year ended 31 December 2021: nil).

As at 31 December 2022, unobservable inputs such as risk-adjusted discount rate and cash flow were used in the valuation of financial investments at fair value classified as Level 3, which were mainly discounted bills and forfeiting in loans and advances to customers and investment management products managed by securities companies and trust plans. The fair value of these financial investments fluctuates according to the changes in the unobservable inputs.

The sensitivity of the fair value measurement on changes in unobservable inputs for Level 3 financial instruments measured at fair value on an ongoing basis.

(d) Financial instruments carried at other than fair value

As at the end of the reporting period, the carrying amounts and the fair value of the financial assets and the financial liabilities of the Group have no significant difference except following items.

	31 December 2022				
	Carrying amount RMB'000	Fair value RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Financial assets					
– Financial investments at amortised cost – debt securities	59,002,411	58,794,724	–	58,794,724	–
Financial liabilities					
– Tier-two capital debts issued	–	–	–	–	–
– Certificates of interbank deposits issued	52,161,884	52,152,747	–	52,152,747	–
Total	52,161,884	52,152,747	–	52,152,747	–

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

38. FAIR VALUE (continued)

(d) Financial instruments carried at other than fair value (continued)

	31 December 2021				
	Carrying amount RMB'000	Fair value RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Financial assets					
– Financial investments at amortised cost – debt securities	58,447,952	58,781,790	–	58,781,790	–
Financial liabilities					
– Tier-two capital debts issued	5,997,421	6,069,540	–	6,069,540	–
– Certificates of interbank deposits issued	34,977,239	34,748,407	–	34,748,407	–
Total	40,974,660	40,817,947	–	40,817,947	–

39. ENTRUSTED LENDING BUSINESS

The Group provides entrusted lending business services to customers. All entrusted loans are funded by entrusted funds from these customers. The Group does not take any credit risk in relation to these transactions. The Group acts as an agent to hold and manage these assets and liabilities at the direction of the entrustor and receives fee income for the services provided. The entrusted assets are not the assets of the Group and are not recognised in the statements of financial position. Surplus funding is accounted for as deposits from customers.

As at 31 December, the entrusted assets and liabilities were as follows:

	31 December 2022 RMB'000	31 December 2021 RMB'000
Entrusted loans	20,599,918	28,529,525
Entrusted funds	(20,599,918)	(28,529,525)

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

40. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Credit commitments

The Group's credit commitments take the form of approved loans with signed contracts, unused 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 Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Acceptances comprise of undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

	31 December 2022 RMB'000	31 December 2021 RMB'000
Loan commitments		
– Original contractual maturity within one year	–	–
– Original contractual maturity more than one year (inclusive)	40,000	66,000
Sub-total	40,000	66,000
Unused credit card commitments		
– Original contractual maturity within one year	7,639,961	6,856,201
Sub-total	7,639,961	6,856,201
Bank acceptances	29,296,015	24,475,808
Letters of guarantees	10,923,202	19,294,389
Letters of credit	8,217,024	6,019,450
Total	56,116,202	56,711,848

The Group may be exposed to credit risk in all the above credit businesses. The management periodically assesses credit risk and makes allowances 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.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

40. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

(b) Credit risk-weighted amount

	31 December 2022 RMB'000	31 December 2021 RMB'000
Credit risk-weighted amount	19,961,584	27,644,251

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

(c) Capital commitments

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

	31 December 2022 RMB'000	31 December 2021 RMB'000
Contracted but not paid for	3,292	1,884

(d) Outstanding litigations and disputes

As at 31 December 2022, there was no outstanding legal proceedings that had a significant impact on the financial statements against the Group (31 December 2021: nil).



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

40. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

(e) Pledged assets

(i) Assets pledged as collaterals

Analysed by type of collateral

	31 December 2022 RMB'000	31 December 2021 RMB'000
Debt securities		
– Government	3,850,000	3,660,000
– Policy banks	14,401,000	13,493,200
Total	18,251,000	17,153,200

Analysed by type of asset

	31 December 2022 RMB'000	31 December 2021 RMB'000
Financial investment		
– Financial assets at fair value through other comprehensive income	7,771,000	1,440,100
– Financial assets at amortised cost	10,480,000	15,713,100
Total	18,251,000	17,153,200

Financial assets pledged by the Group as collaterals for liabilities are for repurchase agreements.

(ii) Received pledged assets

As part of the reverse repurchase agreements, the Group has received securities as collateral that allowed to sell or repledge in the absence of default by their owners; the fair value of such collateral accepted by the Group was nil as at 31 December 2022 (31 December 2021: nil).



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

40. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

(f) Redemption obligations

As an underwriting agent of PRC government bonds, the Group has the responsibility to buy back its bonds if the holders decide to early redeem the bonds held. The redemption price for the bonds at any time before their maturity date is based on the coupon value plus any interest unpaid and accrued up to the redemption date. Accrued interest payable to the bond holders are calculated in accordance with relevant rules of the MOF and the PBOC. The redemption price may be different from the fair value of similar instruments traded in the markets at the redemption date. The redemption obligations below represent the nominal value of government bonds underwritten and sold by the Group, but not yet matured at the end of the reporting period:

	31 December 2022 RMB'000	31 December 2021 RMB'000
Redemption obligations	2,669	2,583

The Group expects that the amount of redemption before the maturity date of these government bonds through the Group will not be material.

41. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

(a) Structured entities sponsored by third party institutions in which the Group holds an interest

The Group holds interests in certain structured entities sponsored by third party institutions through investments in the units issued by these structured entities. Such structured entities include investment management products managed by securities companies and trust plans and wealth management products issued by financial institutions. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of third party investors. These vehicles are financed through the issue of units to investors.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

41. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

(continued)

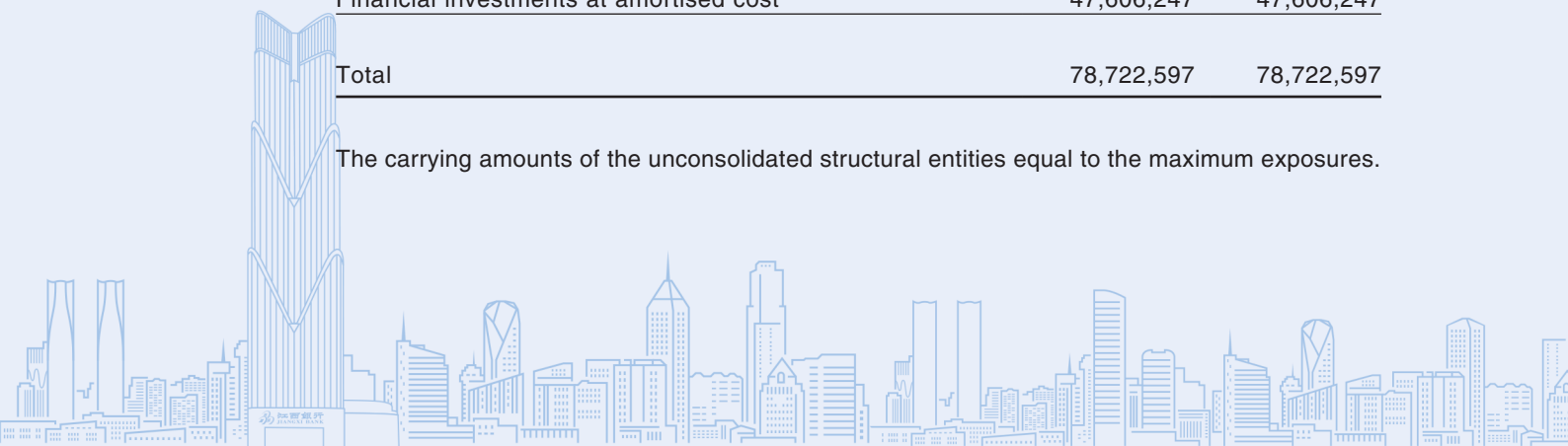
(a) Structured entities sponsored by third party institutions in which the Group holds an interest (continued)

The following table sets out an analysis of the carrying amounts of interests held by the Group in unconsolidated structured entities, as well as an analysis of the line items in the consolidated statement of financial position in which relevant assets are recognised:

	31 December 2022	
	Carrying amount RMB'000	Maximum exposure RMB'000
Financial investments at fair value through profit or loss	31,566,213	31,566,213
Financial investments at fair value through other comprehensive income	5,456,583	5,456,583
Financial investments at amortised cost	31,063,450	31,063,450
Total	68,086,246	68,086,246

	31 December 2021	
	Carrying amount RMB'000	Maximum exposure RMB'000
Financial investments at fair value through profit or loss	24,489,220	24,489,220
Financial investments at fair value through other comprehensive income	6,627,130	6,627,130
Financial investments at amortised cost	47,606,247	47,606,247
Total	78,722,597	78,722,597

The carrying amounts of the unconsolidated structural entities equal to the maximum exposures.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

41. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

(continued)

(b) Structured entities sponsored by the Group which the Group does not consolidate but holds an interest in

The types of unconsolidated structured entities sponsored by the Group include non-principal-guaranteed wealth management products. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of units to investors. Interest held by the Group includes investments in units issued by these structured entities and fees charged by providing management services.

As at 31 December 2022, the amount of assets held by the unconsolidated non-principal-guaranteed wealth management products, which are sponsored by the Group, was RMB30,023.47 million (31 December 2021: RMB35,523.04 million). For the year ended 31 December 2022, the Group recorded commission income as the manager of these wealth management products amounting to RMB352.02 million (year ended 31 December 2021: RMB275.84 million).

(c) Unconsolidated structure entities sponsored by the Group during the year which the Group does not consolidate and does not have an interest in

During the year ended 31 December 2022, the aggregated amount of the non-principal guaranteed wealth management products sponsored and issued by the Group after 1 January, but matured before 31 December amounted to nil (year ended 31 December 2021: RMB5,882.50 million).



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

42. CAPITAL MANAGEMENT

The Group's capital management includes capital adequacy ratio management, capital financing management and economic capital management, of which the primary focus is on capital adequacy ratio management. The Group calculates the capital adequacy ratio in accordance with guidelines issued by the CBIRC. The capital of the Group is divided into core tier-one capital, other core tier-one capital and tier-two capital.

Capital adequacy ratio management is the key in capital management. The capital adequacy ratio reflects the soundness of the Group's operations and risk management capabilities. The main objective in capital adequacy ratio management is to set an optimal capital adequacy ratio that meets the regulatory requirements by benchmarking against the capital adequacy ratio level of leading peer banks with reference to its own business environment and conditions.

The Group considers its strategic development plans, business expansion plans and risk variables when conducting scenario analysis and stress testing and executing other measures to forecast, plan and manage its capital adequacy ratio.

The Group calculates its capital adequacy ratios in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)" and other relevant regulations promulgated by the CBIRC.

The Group considers its strategic development plans, business expansion plans and risk variables when conducting scenario analysis and stress testing and executing other measures to forecast, plan and manage its capital adequacy ratio.

The Group calculates its capital adequacy ratios in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)" and other relevant regulations promulgated by the CBIRC.

The CBIRC requires commercial banks to meet the requirements of capital adequacy ratios by the end of 2018 in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)". For non-systemically important banks, the minimum ratios for core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio are 7.50%, 8.50% and 10.50%, respectively.

The on-balance sheet risk-weighted assets are measured using different risk weights, which are determined according to the credit, market and other risks associated with each asset and counterparty, taking into account any eligible collaterals or guarantees. Similar practice is adopted for off-balance sheet exposure, with adjustments made to reflect the more contingent nature of any potential losses. Market risk-weighted assets are calculated using the standardised approach. Operational risk-weighted assets are calculated using basic indicator approach.

The capital adequacy ratios and related components of the Group illustrated below are computed based on the Group's statutory financial statements prepared in accordance with PRC GAAP.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

42. CAPITAL MANAGEMENT (continued)

The Group's capital adequacy ratios calculated in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)" and relevant requirements promulgated by the CBIRC are as follows:

	31 December 2022 RMB'000	31 December 2021 RMB'000
Total core tier-one capital	38,307,156	37,181,681
– Share capital	6,024,277	6,024,277
– Qualifying portion of capital reserve	13,590,739	13,515,365
– Surplus reserve	3,220,431	3,081,890
– General reserve	7,019,104	6,689,104
– Retained earnings	8,195,440	7,607,644
– Qualifying portions of non-controlling interests	257,165	263,401
Core tier-one capital deductions	(1,940,624)	(1,369,622)
Net core tier-one capital	36,366,532	35,812,059
Other tier-one capital	11,932,250	7,934,157
Net tier-one capital	48,298,782	43,746,216
Tier-two capital	4,439,616	9,665,819
– Qualifying portions of tier-two capital instruments issued	–	6,000,000
– Surplus allowances for loan impairment	4,371,039	3,595,579
– Qualifying portions of non-controlling interests	68,577	70,240
Net capital base	52,738,398	53,412,035
Total risk weighted assets	376,684,503	370,658,530
Core tier-one capital adequacy ratio	9.65%	9.66%
Tier-one capital adequacy ratio	12.82%	11.80%
Capital adequacy ratio	14.00%	14.41%

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

43. SEGMENT REPORTING

(a) Operating segments

The Group manages its business by business lines. Consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group 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 and deposit taking activities, agency services, consulting and advisory services, remittance and settlement services and guarantee services.

Retail banking and credit card

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

Financial markets business

This segment covers the Group's financial markets business operations. The financial markets business includes 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 Group'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 Group'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".

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

43. SEGMENT REPORTING (continued)

(a) Operating segments (continued)

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-group balances and intra-group 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.

	Year ended 31 December 2022				
	Corporate banking RMB'000	Retail banking and credit card RMB'000	Financial markets business RMB'000	Others RMB'000	Total RMB'000
External net interest income/(expense)	5,082,870	(274,114)	4,815,570	–	9,624,326
Internal net interest income/(expense)	78,472	2,581,549	(2,624,688)	(35,333)	–
Net interest income/(expense)	5,161,342	2,307,435	2,190,882	(35,333)	9,624,326
Net fee and commission income/(expense)	272,900	30,326	360,174	(21,310)	642,090
Net trading gains	–	–	121,323	–	121,323
Net gains/(losses) arising from financial investments	42,339	(28,953)	2,115,830	–	2,129,216
Other operating income/(expense)	28,202	(549)	(28,904)	198,333	197,082
Operating income	5,504,783	2,308,259	4,759,305	141,690	12,714,037
Operating expenses	(703,016)	(1,145,375)	(1,782,076)	(13,450)	(3,643,917)
Impairment losses on assets	(5,501,697)	(448,480)	(1,313,860)	(132,728)	(7,396,765)
Share of profits of associates	–	–	–	7,608	7,608
(Loss)/profit before taxation	(699,930)	714,404	1,663,369	3,120	1,680,963
Segment assets	190,816,674	94,391,115	229,227,316	1,137,546	515,572,651
Segment liabilities	(193,666,086)	(164,748,034)	(109,535,594)	(807,898)	(468,757,612)
Other segment information					
– Credit commitments	48,476,241	7,639,961	–	–	56,116,202
– Depreciation and amortisation	18,713	115,216	337,884	–	471,813
– Capital expenditure	13,036	43,719	128,209	–	184,964

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

43. SEGMENT REPORTING (continued)

(a) Operating segments (continued)

	Year ended 31 December 2021				
	Corporate banking RMB'000	Retail banking and credit card RMB'000	Financial markets business RMB'000	Others RMB'000	Total RMB'000
External net interest income	3,642,976	53,504	5,065,327	–	8,761,807
Internal net interest income/(expense)	1,282,677	2,087,490	(3,322,675)	(47,492)	–
Net interest income/(expense)	4,925,653	2,140,994	1,742,652	(47,492)	8,761,807
Net fee and commission income/(expense)	342,365	52,298	355,094	(50,270)	699,487
Net trading gains	–	–	200,621	–	200,621
Net gains arising from financial investments	13,030	–	1,428,037	–	1,441,067
Other operating income	14,314	628	1,374	25,125	41,441
Operating income	5,295,362	2,193,920	3,727,778	(72,637)	11,144,423
Operating expenses	(1,075,599)	(1,090,503)	(1,480,470)	(1,090)	(3,647,662)
Impairment losses on assets	(2,760,190)	(118,864)	(2,085,501)	(42,059)	(5,006,614)
Share of profits of associates	–	–	–	6,034	6,034
Profit/(loss) before taxation	1,459,573	984,553	161,807	(109,752)	2,496,181
Segment assets	174,715,936	91,386,161	240,473,755	1,983,956	508,559,808
Segment liabilities	(223,664,850)	(142,666,403)	(99,828,443)	(766,676)	(466,926,372)
Other segment information					
– Credit commitments	49,855,647	6,856,201	–	–	56,711,848
– Depreciation and amortisation	154,524	156,671	212,765	–	523,960
– Capital expenditure	125,017	126,755	172,139	–	423,911

(b) Geographical segments

Geographically, the Group mainly conducts its business in Jiangxi Province of the PRC and majority of its customers and assets are located in Jiangxi Province of the PRC.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

44. RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments: credit risk, market risk, liquidity risk and operational risk.

This note presents information about the Group's exposure to each of the above risks and their sources, and the Group's objectives, policies and procedures for measuring and managing these risks.

The Group aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and minimise potential adverse effects.

The Board of Directors is the highest decision-making authority within the Group in terms of risk management and oversees the Group's risk management functions through the Risk Management Committee. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Senior management is the highest execution level in the risk management structure and reports directly to the Risk Management Committee of the Board of Directors. Based on the risk management strategies determined by the Board of Directors, senior management is responsible for formulating and implementing risk management policies and systems, as well as supervising, identifying and controlling the risks that various businesses are exposed to.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

44. RISK MANAGEMENT (continued)

(a) Credit risk

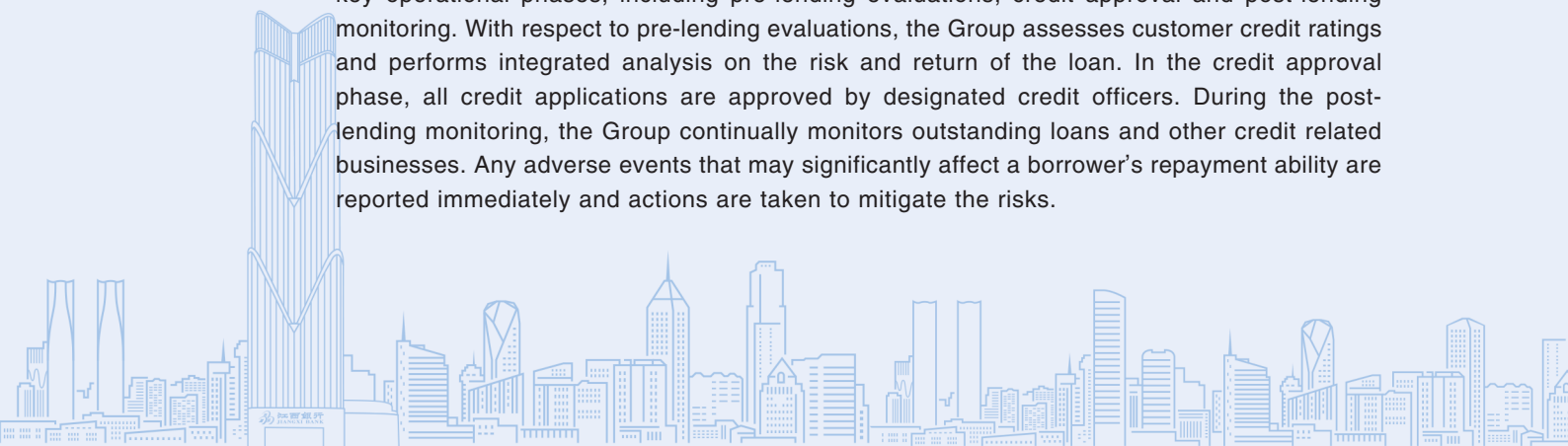
Credit risk represents the potential loss that may arise from the failure of a debtor or counterparty to meet its contractual obligation or commitment to the Group. It arises primarily from credit and bond investment portfolios and guarantees granted.

Credit business

The Board of Directors is responsible for setting the Group's risk management strategy and the overall risk tolerance level. The Board of Directors also monitors the Group's risk management process and regularly assesses the Group's risk position and risk management strategies. The Board of Directors gives advice on internal controls relating to risk management. The responsible departments for credit risk management include the Credit Approval Department and Risk Management Department. The Risk Management Department is responsible for implementing the Group's overall risk management system. Besides risk monitoring and control, the Risk Management Department is also responsible for formulating risk management policies. To ensure the independence of credit approval, the Credit Approval Department is independent from customer relationship and product management departments. Front office departments of branches carry out credit businesses according to the Group's risk management policies and procedures.

The Group continuously improves the internal control mechanism and strengthens the management of the credit business. The Group has established comprehensive assessment and inquiry mechanisms, assigning the credit management accountability to the relevant departments and individuals.

For corporate and institutional businesses, the Group has established industry-specific limits for credit approval. It has put in place continuous monitoring mechanism, with regular reporting of credit exposures to the Board of Directors. The Group's credit risk management covers key operational phases, including pre-lending evaluations, credit approval and post-lending monitoring. With respect to pre-lending evaluations, the Group assesses customer credit ratings and performs integrated analysis on the risk and return of the loan. In the credit approval phase, all credit applications are approved by designated credit officers. During the post-lending monitoring, the Group continually monitors outstanding loans and other credit related businesses. Any adverse events that may significantly affect a borrower's repayment ability are reported immediately and actions are taken to mitigate the risks.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

44. RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Credit business (continued)

For personal credit operation business, credit assessment of applicants is used as the basis for loan approval. In the credit assessment, customer relationship managers are required to assess the income level, credit history and repayment ability of the applicant. The customer relationship managers then forward the application and their recommendations to the loan-approval departments for further approval. The Group monitors borrowers' repayment ability, the status of collaterals and any changes to their value during the post-lending phase. Once a loan becomes overdue, the Group starts the recovery process according to standardised loan recovery procedures.

Treasury Business

The Group's treasury business are exposed to the credit risk associated with the investment business and interbank business. The Group manages the credit risk exposures by setting up credit on its treasury business and interbank business. Credit risk exposure is closely monitored on a systematic and real-time basis. Credit risk limits are reviewed and updated regularly.

Measurement of ECL

Based on whether there is a significant increase in credit risk and whether the asset has incurred credit impairment, the Group measures allowances for loss of different assets with 12-month ECL or lifetime ECL respectively.

The Group measures loss provision of the financial instruments that meet the following conditions according to the amount of expected credit losses within the next 12 months and measures loss allowances for other financial instruments in accordance with the amount of lifetime expected credit losses.

- The financial instruments that are determined to have low credit risk at the reporting date; or
- The financial instruments for which credit risk has not increased significantly since initial recognition.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

44. RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Measurement of ECL (continued)

(i) *Significant increase in credit risk*

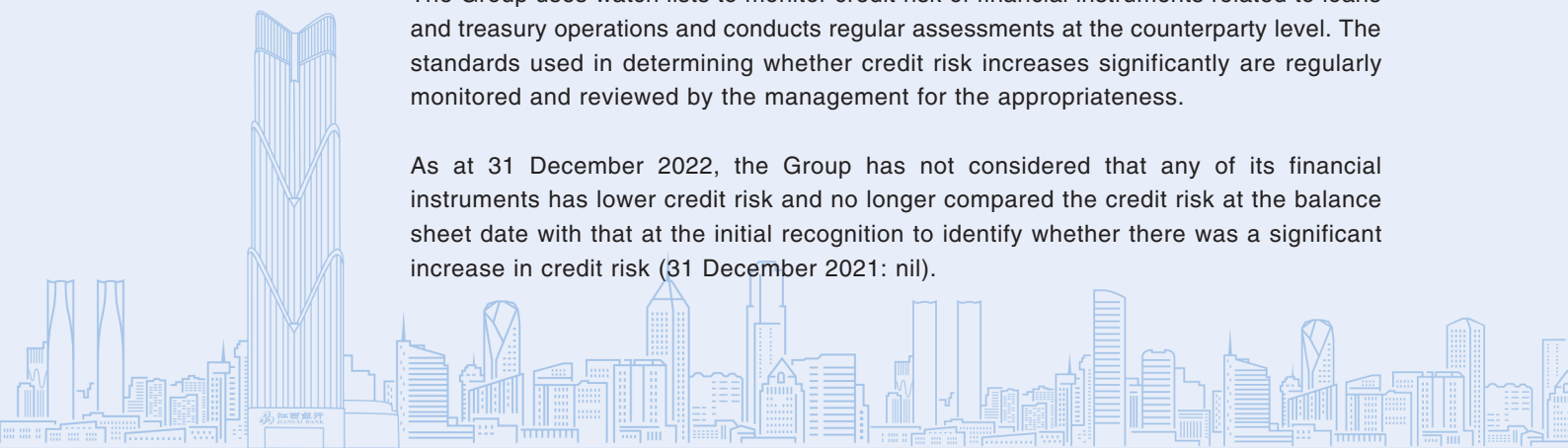
When one or more quantitative and qualitative standards or upper limits are triggered, the Group assumes that credit risk on financial instruments has increased significantly.

If the counterparty is listed in the watch list and one or more of the following criteria are met:

- The credit spread increases significantly;
- Significant changes with an adverse effect that have taken place in the counterparty's business, financial and economic status;
- Application of a grace period or debt-restructuring;
- Significant changes with an adverse effect in the counterparty's operating conditions;
- Less value of the collaterals (for the collateralised loans and pledged loans only);
- Early indicators of problems of cash flow/liquidity, such as late payment of accounts payable/repayment of loans; and
- The payment is more than 30 days past due.

The Group uses watch lists to monitor credit risk of financial instruments related to loans and treasury operations and conducts regular assessments at the counterparty level. The standards used in determining whether credit risk increases significantly are regularly monitored and reviewed by the management for the appropriateness.

As at 31 December 2022, the Group has not considered that any of its financial instruments has lower credit risk and no longer compared the credit risk at the balance sheet date with that at the initial recognition to identify whether there was a significant increase in credit risk (31 December 2021: nil).



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

44. RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Measurement of ECL (continued)

(ii) *Definition of “default” and “credit-impaired assets”*

When a financial instrument meets one or more of the following conditions, the Group considers the financial asset to be in default and the criteria are consistent with the definition of credit-impaired assets.

(a) Quantitative criterion

The financial asset is more than 90 days past due.

(b) Qualitative criterion

The counterparty meets the criterion of “having difficulty in repayment”, which indicates that the counterparty has significant financial difficulty, including:

- the counterparty has been in the grace period for a long time;
- the death of the counterparty;
- the counterparty enters bankruptcy;
- the counterparty breaches (one or more) terms of the contract that the debtor shall be subject to;
- the disappearance of an active market for the related financial asset because of financial difficulties faced by the counterparty;
- the creditor makes concessions due to the financial difficulties faced by the counterparty;
- it becomes probable that the counterparty will enter bankruptcy; and
- a higher discount was obtained during the acquisition of assets and the assets has incurred credit loss when they are acquired.

The above criteria apply to all financial instruments of the Group and they are consistent with the definition of “default” adopted by the internal management of credit risk.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

44. RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Measurement of ECL (continued)

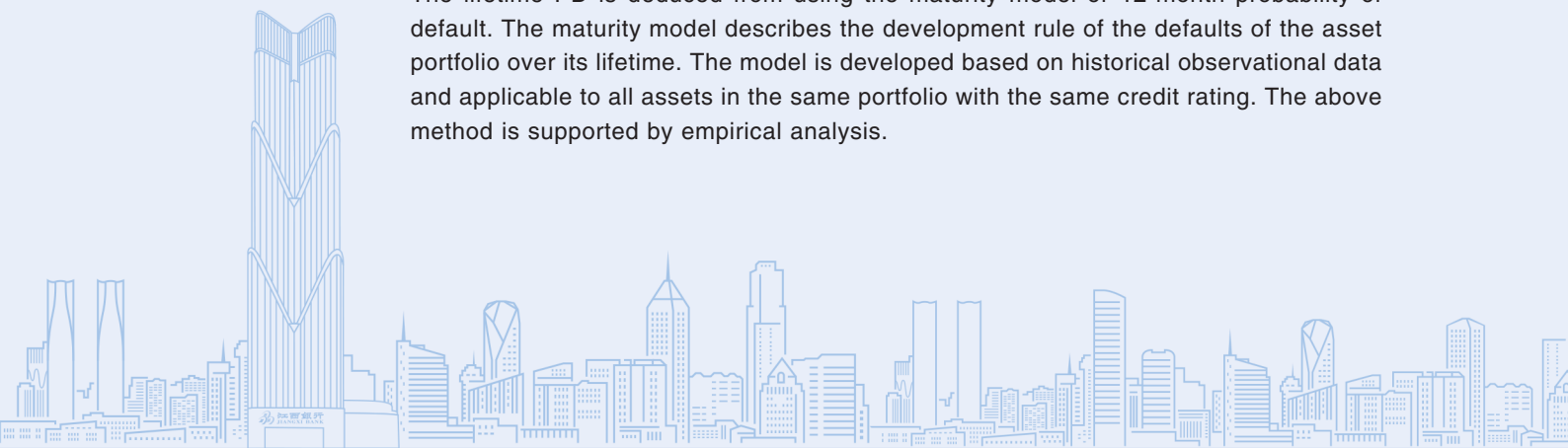
(iii) Notes to the parameters, assumptions and valuation techniques

The ECL is the result of the discounted product of probability of default (PD), exposure at default (EAD) and loss given default (LGD). The definitions of these terms are as follows:

- PD refers to the likelihood that a counterparty will be unable to meet his repayment obligations over the next 12 months or the remaining lifetime of the loan;
- EAD is the amount that the Group should be reimbursed upon default of an obligor over the next 12 months or the remaining lifetime of the loan;
- LGD refers to the expected degree of loss arising from the exposure at default which is predicted by the Group. LGD varies according to different types of counterparties, methods and priority of recovering debts, and the availability of collaterals or other credit support.

The Group determines the expected credit losses by estimating the PD, LGD and EAD of individual exposure or asset portfolios in the future months. The Group multiplies these three parameters and makes adjustments according to the probability of their continuance (i.e. there is no prepayment or default at an earlier period). By adopting this approach, the Group can calculate the expected credit losses for the future months. The results of calculation for each month are then discounted to the balance sheet date and added up. The discount rate used in the calculation of ECL is the initial effective interest rate or its approximate value.

The lifetime PD is deduced from using the maturity model or 12-month probability of default. The maturity model describes the development rule of the defaults of the asset portfolio over its lifetime. The model is developed based on historical observational data and applicable to all assets in the same portfolio with the same credit rating. The above method is supported by empirical analysis.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

44. RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Measurement of ECL (continued)

(iii) Notes to the parameters, assumptions and valuation techniques (continued)

The 12-month EAD and lifetime EAD are determined based on expected repayment arrangements, which are different according to different types of products.

- In respect of the loans with instalment repayments and bullet repayment, the Group determines 12-month or lifetime EAD according to the repayment schedule agreed in the contract and makes adjustment based on prediction of over-limit repayment and prepayments/refinancing made by the counterparty;
- In respect of the products of revolving credit agreement, the Group estimates the remaining withdrawal within the limits by using the balance of the loan after previous withdrawals and the “credit conversion factor”, so as to predict the exposure at default. Based on the Group’s analysis on recent default data, these assumptions vary based on differences in product type and utilisation rate of the limits;
- The Group determines the 12-month LGD and lifetime LGD based on the factors that affects post-default recovery. LGD for different product types are different;
- As to loans classified as guarantees, the Group determines the LGD according to the types of collaterals and their expected value, the discount rate at the compulsory sale, the recovery time and the estimated recovery cost;
- As to fiduciary loans, the Group usually determines LGD in the product level due to the limited differences in recoverable amounts from different counterparties. The LGD is affected by the recovery strategies, which include the transfer plan and pricing of loans;
- Forward-looking economic information should be considered when determining the 12-month and lifetime PD, EAD and LGD.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

44. RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Measurement of ECL (continued)

(iii) Notes to the parameters, assumptions and valuation techniques (continued)

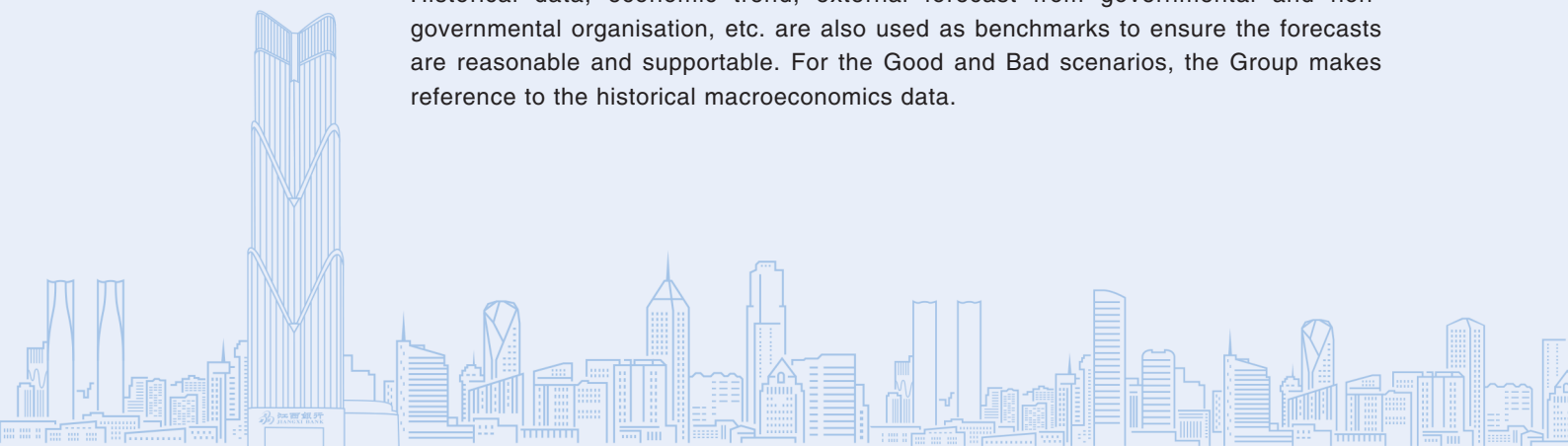
The Group quarterly monitors and reviews assumptions related to the calculation of expected credit losses, including the changes in PD and the value of collaterals under the different time limits.

Both the assessment of the significant increase in credit risk and the measurement of expected credit losses involve forward-looking information. Based on the analysis on historical data, the Group identified critical economic indicators that affect the credit risk and expected credit losses of all asset portfolios, including GDP, increase in RMB loans, PPI, etc.

There has been no significant changes in the valuation techniques and key assumptions during the reporting period. For the year ended 31 December 2022, the Group has fully considered the impact of COVID-19 pandemic on macroeconomic and the banking industry when assessing the forward-looking information used in the expected credit loss model.

The Group adopts three economic scenarios in the ECL measurement to meet the requirements of IFRS 9. The “Baseline” scenario represents a most likely outcome and the other two scenarios, referred to as “Good” scenario and “Bad” scenario, represent less likely outcomes which are more optimistic or more pessimistic compared to Baseline scenario.

The Baseline scenario is prepared by our Economics & Strategic Planning Department. Historical data, economic trend, external forecast from governmental and non-governmental organisation, etc. are also used as benchmarks to ensure the forecasts are reasonable and supportable. For the Good and Bad scenarios, the Group makes reference to the historical macroeconomics data.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

44. RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Measurement of ECL (continued)

(iii) Notes to the parameters, assumptions and valuation techniques (continued)

The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each asset portfolio such as Gross Domestic Product Growth, Consumer Price Index, Property Price Index and Unemployment Rate. The Group evaluates and forecasts these economic indicators at least annually and applied them in the impairment model.

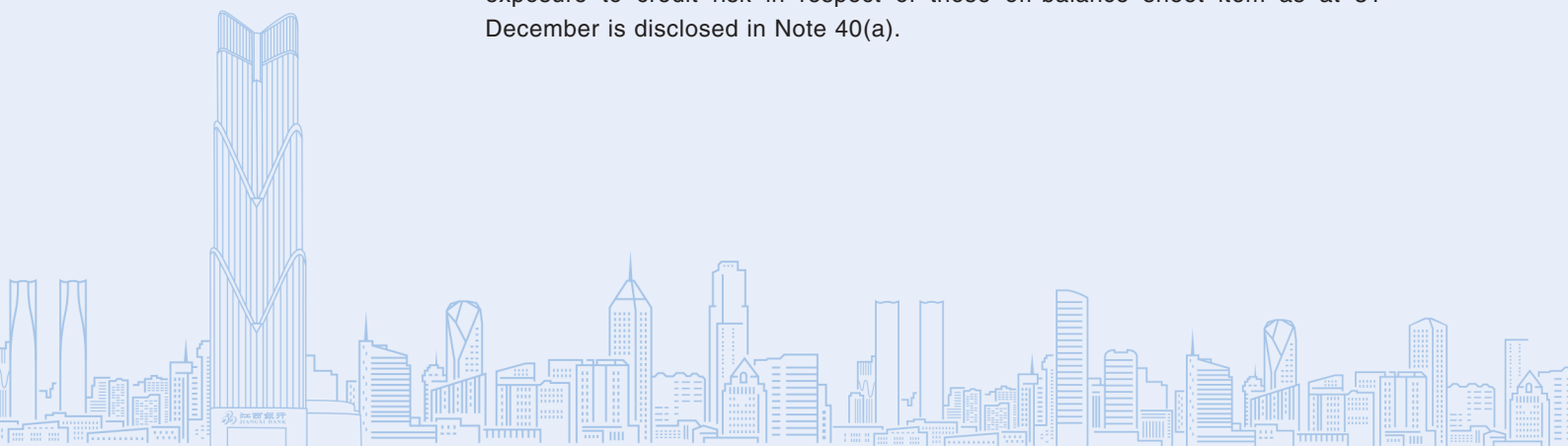
The probability weight assigned for each scenario reflects the Group's view for the economic environment, which implements the Group's prudent and consistent credit strategy of ensuring the adequacy of impairment allowance.

As at 31 December 2022, the Group assigned a higher probability weight to the Bad scenario, weights greater than the baseline and good scenario models to reflect accurate forward-looking forecasts for the year. (31 December 2021: the baseline scenario is weighted higher than the good and bad scenario).

The calculation of ECL is affected by macroeconomic factors and economic scenarios. If more pessimistic macroeconomic factors are applied in ECL assessment or a higher probability weight is assigned to the Bad scenario, it would result in an increase in ECL.

(1) Maximum credit risk exposure

The maximum exposure to credit risk is represented by the net carrying amount of each type of financial assets at the end of the reporting period. The maximum exposure to credit risk in respect of those off-balance sheet item as at 31 December is disclosed in Note 40(a).



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

44. RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Measurement of ECL (continued)

(iii) *Notes to the parameters, assumptions and valuation techniques (continued)*

(2) The credit quality of financial assets is analysed as follows:

	31 December 2022			
	Loans and advances to customers	Deposits/placements with banks and other financial institutions	Financial assets held under resale agreements	Financial investments (Note (a))
	RMB'000	RMB'000	RMB'000	RMB'000
Balance of financial assets that are assessed for expected credit losses over the next 12 months				
– Overdue but not credit-impaired	–	–	–	–
– Neither overdue nor credit-impaired	282,119,027	7,086,474	4,331,631	104,554,959
Sub-total	282,119,027	7,086,474	4,331,631	104,554,959
Balance of financial assets that are not credit impaired and assessed for lifetime expected credit losses				
– Overdue but not credit-impaired	3,324,301	–	–	–
– Neither overdue nor credit-impaired	11,198,037	–	–	5,668,125
Sub-total	14,522,338	–	–	5,668,125
Balance of credit-impaired financial assets that are assessed for lifetime expected credit losses				
– Overdue and credit-impaired	11,497,956	–	–	4,975,014
– Credit-impaired but not overdue	4,158,059	–	–	2,352,215
Sub-total	15,656,015	–	–	7,327,229
Less: Allowances for impairment losses	(11,984,613)	(2,640)	(47)	(4,009,815)
Total	300,312,767	7,083,834	4,331,584	113,540,498

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

44. RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Measurement of ECL (continued)

(iii) Notes to the parameters, assumptions and valuation techniques (continued)

(2) The credit quality of financial assets is analysed as follows: (continued)

	31 December 2021			
	Loans and advances to customers RMB'000	Deposits/ placements with banks and other financial institutions RMB'000	Financial assets held under resale agreements RMB'000	Financial investments (Note (a)) RMB'000
Balance of financial assets that are assessed for expected credit losses over the next 12 months				
– Overdue but not credit-impaired	–	–	–	–
– Neither overdue nor credit-impaired	256,857,506	5,680,499	2,695,950	128,101,111
Sub-total	256,857,506	5,680,499	2,695,950	128,101,111
Balance of financial assets that are not credit impaired and assessed for lifetime expected credit losses				
– Overdue but not credit-impaired	483,181	–	–	–
– Neither overdue nor credit-impaired	14,330,613	–	–	1,130,693
Sub-total	14,813,794	–	–	1,130,693
Balance of credit-impaired financial assets that are assessed for lifetime expected credit losses				
– Overdue and credit-impaired	5,359,714	–	–	4,691,411
– Credit-impaired but not overdue	1,247,083	–	–	3,522,093
Sub-total	6,606,797	–	–	8,213,504
Less: Allowances for impairment losses	(7,619,872)	(1,235)	(7)	(5,124,351)
Total	270,658,225	5,679,264	2,695,943	132,320,957

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

44. RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Measurement of ECL (continued)

(iii) *Notes to the parameters, assumptions and valuation techniques (continued)*

(2) The credit quality of financial assets is analysed as follows: (continued)

- (a) Financial investments comprise financial investments at amortised cost and financial investments at fair value through other comprehensive income (excluding equity instruments).

The fair value of collaterals held against loans and advances to customers that are overdue but not credit-impaired at 31 December 2022 amounted to RMB1,483.2 million (31 December 2021: RMB331.86 million).

The fair value of collaterals held against loans and advances to customers that are credit-impaired at 31 December 2022 amounted to RMB16,112.88 million (31 December 2021: RMB2,924.87 million). The collaterals mainly include land use rights, buildings, machinery and equipment, etc. The fair value of collaterals were estimated by the Bank based on the latest external valuations available, adjusted in light of disposal experience and current market conditions.

(3) Rescheduled loans and advances to customers

The Group has formulated a set of loan restructuring policies to reschedule the contractual terms with customers, to maximise the collectability of loans and to manage customer relationships.

The carrying amount of rescheduled loans and advances to customers is as follows:

	31 December 2022 RMB'000	31 December 2021 RMB'000
Rescheduled loans and advances to customers	475,117	275,282
Credit-impaired loans and advances to customers included in above	358,961	275,282

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

44. RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Measurement of ECL (continued)

(iii) *Notes to the parameters, assumptions and valuation techniques (continued)*

(4) Credit rating of debt securities

The Group adopts a credit rating approach in managing the credit risk of the debt securities portfolio. Debt securities are rated with reference to major rating agencies where the issuers of the securities are located. The carrying amounts of debt securities investments analysed by the rating agency designations as at the end of the reporting period are as follows:

	31 December 2022 RMB'000	31 December 2021 RMB'000
Impaired debt securities	1,224,125	–
Sub-total	1,224,125	–
Neither overdue nor credit-impaired		
<i>Ratings</i>		
– AAA	76,720,424	77,144,464
– AA- to AA+	8,693,965	13,224,950
– A- to A+	365,450	367,122
– C	–	620,820
Sub-total	85,779,839	91,357,356
<i>Unrated</i>	1,720,809	2,736,407
Sub-total	1,720,809	2,736,407
Total	88,724,773	94,093,763

The above financial investments include debt securities issued by the government and policy banks, which amounted to RMB77.472 billion as at 31 December 2022 (31 December 2021: RMB75.894 billion).

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

44. RISK MANAGEMENT (continued)

(b) Market risk

Market risk is the risk of loss, in respect of the Group's activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, commodity prices, stock prices and other prices.

The Board of Directors is ultimately responsible for monitoring the Group's market risk to ensure that the Group has effectively identified, measured and monitored all types of market risk. The Risk Management Committee monitors the market risk management process within the scope authorised by the Board of Directors, which include review and approval of market risk management strategies, policies and procedures. The Group is primarily exposed to market risk in its financial markets business. The Financial Market Department is responsible for carrying out capital investments and transactions. The Finance Management Department and International Business Department are responsible for monitoring and managing the interest rate risk and foreign exchange risk on a daily basis. The Risk Management Department is responsible for formulating the market risk management policies and procedures, as well as identifying, measuring and monitoring the Group's market risk.

Sensitivity analysis is a technique which assesses the sensitivity of the Group's overall risk profile and its risk profile for each period with reference to the interest rate risks for different maturities.

Scenario analysis is a multi-factor analysis method which assesses the impact of multiple factors interacting simultaneously, taking into consideration of the probabilities of various scenarios.

Foreign currency gap analysis is a technique which estimates the impact of foreign exchange rate movements on the Group's current profit or loss. The foreign currency gap mainly arises from the currency mismatch in the Group's on/off-balance sheet items.

Sensitivity gap analysis is a technique which estimates the impact of interest rate movements on the Group's current profit or loss. It is used to work out the gap between future cash inflows and outflows by categorising each of the Group's interest-bearing assets and interest-taking liabilities into different periods based on repricing dates.

The results of stress testing are assessed against a set of forward-looking scenarios using stress moves in market variables. The results are used to estimate the impact on profit or loss.

Effective duration analysis is a technique which estimates the impact of interest rate movements by giving a weight to each period's exposure according to its sensitivity, calculating the weighted exposure, and summarising all periods' weighted exposures to estimate the non-linear impact of a change in interest rates on the Group's economic value.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

44. RISK MANAGEMENT (continued)

(b) Market risk (continued)

Interest rate risk

The Group is primarily exposed to interest rate risk arising from repricing risk in its commercial banking business and the risk of financial markets business position.

Repricing risk

Repricing risk, which is also known as “maturity mismatch risk”, is the most common form of interest rate risk. It is caused by the differences in timing between the maturities (related to fixed interest instruments) or repricing (related to floating interest instruments) of assets, liabilities and off-balance sheet items. The mismatch of repricing timing causes the Group’s income or its inherent economic value to vary with the movement in interest rates.

The Finance Management Department is responsible for measuring, monitoring and managing interest rate risk. The Group regularly performs assessment on the interest rate repricing gap between the assets and liabilities that are sensitive to changes in interest rates and sensitivity analysis on the net interest income as a result of changes in interest rates. The primary objective of interest rate risk management is to minimise potential adverse effects on its net interest income or its inherent economic value caused by interest rate volatility.

Trading interest rate risk

Trading interest rate risk mainly arises from the financial markets business’ investment portfolios. Interest rate risk is monitored using the effective duration analysis method. The Group employs other supplementary methods to measure its interest rate sensitivity, which is expressed as changes in the investment portfolios’ fair value given a 100 basis points (1%) movement in the interest rates.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

44. RISK MANAGEMENT (continued)

(b) Market risk (continued)

Interest rate risk (continued)

- (i) The following tables indicate the assets and liabilities at the end of the reporting period by the expected next repricing dates or by maturity dates, depending on which is earlier:

	31 December 2022					
	Total RMB'000	Non-interest bearing RMB'000	Less than three months RMB'000	Between three months and one year RMB'000	Between one year and five years RMB'000	More than five years RMB'000
Assets						
Cash and deposits with the central bank	35,792,748	1,137,277	34,655,471	-	-	-
Deposits with banks and other financial institutions	1,451,495	589,175	862,320	-	-	-
Placements with banks and other financial institutions	5,632,339	33,744	4,498,737	1,099,858	-	-
Financial assets held under resale agreements	4,331,584	1,051	4,330,533	-	-	-
Loans and advances to customers (Note (a))	300,312,767	824,304	43,876,457	119,377,711	57,598,054	78,636,241
Financial investments (Note (b))	157,096,891	1,550,275	42,289,704	19,712,862	57,267,753	36,276,297
Others	10,954,827	10,954,827	-	-	-	-
Total assets	515,572,651	15,090,653	130,513,222	140,190,431	114,865,807	114,912,538
Liabilities						
Borrowing from the central bank	18,797,977	147,788	4,075,749	14,574,440	-	-
Deposits from banks and other financial institutions	13,266,957	534,051	11,890,906	842,000	-	-
Placements from banks and other financial institutions	4,103,534	3,534	1,100,000	3,000,000	-	-
Borrowing from other financial institutions	4,302,920	92,920	1,100,000	900,000	2,210,000	-
Financial assets sold under repurchase agreements	17,209,176	9,176	17,200,000	-	-	-
Deposits from customers	352,711,370	4,757,052	184,610,620	64,157,332	95,788,165	3,398,201
Debt securities issued	52,161,884	-	25,329,873	26,832,011	-	-
Others	6,203,794	5,320,707	35,928	104,158	377,261	365,740
Total liabilities	468,757,612	10,865,228	245,343,076	110,409,941	98,375,426	3,763,941
Asset-liability gap	46,815,039	4,225,425	(114,829,854)	29,780,490	16,490,381	111,148,597

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

44. RISK MANAGEMENT (continued)

(b) Market risk (continued)

Interest rate risk (continued)

- (i) The following tables indicate the assets and liabilities at the end of the reporting period by the expected next repricing dates or by maturity dates, depending on which is earlier: (continued)

	31 December 2021					
	Total RMB'000	Non-interest bearing RMB'000	Less than three months RMB'000	Between three months and one year RMB'000	Between one year and five years RMB'000	More than five years RMB'000
Assets						
Cash and deposits with the central bank	46,464,971	1,087,526	45,377,445	-	-	-
Deposits with banks and other financial institutions	2,090,061	585,301	1,490,769	13,991	-	-
Placements with banks and other financial institutions	3,589,203	39,718	2,449,625	1,099,860	-	-
Financial assets held under resale agreements	2,695,943	290	2,695,653	-	-	-
Loans and advances to customers (Note (a))	270,658,225	563,785	133,936,062	93,488,151	35,780,420	6,889,807
Financial investments (Note (b))	171,777,280	2,143,399	30,213,380	20,134,489	82,365,025	36,920,987
Others	11,284,125	11,284,125	-	-	-	-
Total assets	508,559,808	15,704,144	216,162,934	114,736,491	118,145,445	43,810,794
Liabilities						
Borrowing from the central bank	19,242,201	96,532	6,586,728	12,558,941	-	-
Deposits from banks and other financial institutions	25,221,005	292,463	8,175,542	16,703,000	50,000	-
Placements from banks and other financial institutions	6,128,333	8,333	3,720,000	2,400,000	-	-
Borrowing from other financial institutions	8,981,228	139,228	2,940,000	5,862,000	40,000	-
Financial assets sold under repurchase agreements	16,283,666	2,316	16,281,350	-	-	-
Deposits from customers	343,726,221	3,993,095	186,563,980	66,842,053	82,425,362	3,901,731
Debt securities issued	41,099,181	124,521	12,203,627	22,773,611	-	5,997,422
Others	6,244,537	6,244,537	-	-	-	-
Total liabilities	466,926,372	10,901,025	236,471,227	127,139,605	82,515,362	9,899,153
Asset-liability gap	41,633,436	4,803,119	(20,308,293)	(12,403,114)	35,630,083	33,911,641

(a) As at 31 December 2022, for loans and advances to customers, the category "Less than three months" of the Group includes overdue amounts (net of allowances for impairment losses) of RMB8,762.09 million (31 December 2021: RMB2,596.76 million).

(b) As at 31 December 2022, for financial investments, the category "Less than three months" of the Group includes overdue amounts (net of allowances for impairment losses) of RMB4,461.46 million (31 December 2021: RMB1,522.98 million).

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

44. RISK MANAGEMENT (continued)

(b) Market risk (continued)

Interest rate risk (continued)

(ii) Interest rate sensitivity analysis

The Group uses sensitivity analysis to measure the impact of changes in interest rate on the Group's net profit and equity. The following table sets forth the results of the Group's interest rate sensitivity analysis on net profit and equity with an assumption that all other variables held constant.

	31 December 2022 (decrease)/ increase RMB'000	31 December 2021 (decrease)/ increase RMB'000
Changes in net profit		
Up 100 bps parallel shift in yield curves	(770,949)	(347,272)
Down 100 bps parallel shift in yield curves	759,323	321,471

	31 December 2022 (decrease)/ increase RMB'000	31 December 2021 (decrease)/ increase RMB'000
Changes in equity		
Up 100 bps parallel shift in yield curves	(353,341)	(378,396)
Down 100 bps parallel shift in yield curves	379,287	405,061



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

44. RISK MANAGEMENT (continued)

(b) Market risk (continued)

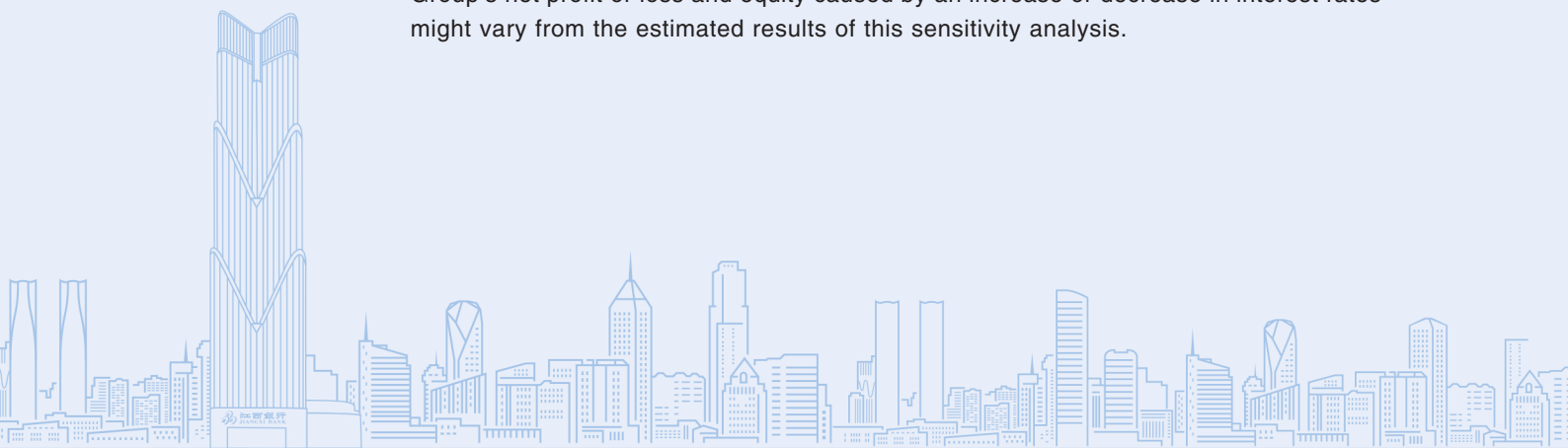
Interest rate risk (continued)

(ii) Interest rate sensitivity analysis (continued)

The sensitivity analysis above is based on a static interest rate risk profile of the Group's assets and liabilities. This analysis measures only the impact of changes in interest rates within one year, showing how annualised net profit or loss and equity would have been affected by repricing of the Group's assets and liabilities within the one-year period. The sensitivity analysis is based on the following assumptions:

- Interest rate movements at the end of each of the reporting period apply to financial instruments of the Group;
- At the end of each of the reporting period, an interest rate movement of 100 basis points is based on the assumption of interest rates movement over the next 12 months;
- There is a parallel shift in the yield curve with the changes in interest rates;
- There are no other changes to the assets and liabilities portfolio;
- Other variables (including exchange rates) remain unchanged; and
- The analysis does not take into account the effect of risk management measures taken by the management.

Due to the adoption of the aforementioned assumptions, the actual changes in the Group's net profit or loss and equity caused by an increase or decrease in interest rates might vary from the estimated results of this sensitivity analysis.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

44. RISK MANAGEMENT (continued)

(b) Market risk (continued)

Foreign exchange risk

Foreign currency risk

The Group's currency risk mainly arises from foreign currency deposits with banks and other financial institutions, loans and advances to customers and deposits from customers. The Group manages currency risk by matching its foreign currency denominated assets with corresponding liabilities in the same currencies.

(i) The Group's currency exposures as at 31 December were as follows:

	31 December 2022				
	RMB	USD	HKD	Others	Total
	(RMB equivalent)	(RMB equivalent)	(RMB equivalent)	(RMB equivalent)	(RMB equivalent)
Assets					
Cash and deposits with the central bank	35,773,621	17,517	1,333	277	35,792,748
Deposits with banks and other financial institutions	727,674	701,409	5,878	16,534	1,451,495
Placements with banks and other financial institutions	5,632,339	-	-	-	5,632,339
Financial assets held under resale agreements	4,331,584	-	-	-	4,331,584
Loans and advances to customers	298,849,162	1,463,605	-	-	300,312,767
Financial investments	157,096,891	-	-	-	157,096,891
Others	10,954,827	-	-	-	10,954,827
Total assets	513,366,098	2,182,531	7,211	16,811	515,572,651
Liabilities					
Borrowing from the central bank	18,797,977	-	-	-	18,797,977
Deposits from banks and other financial institutions	13,266,957	-	-	-	13,266,957
Placements from banks and other financial institutions	4,103,534	-	-	-	4,103,534
Borrowing from other financial institutions	4,302,920	-	-	-	4,302,920
Financial assets sold under repurchase agreements	17,209,176	-	-	-	17,209,176
Deposits from customers	352,484,090	216,639	9,824	817	352,711,370
Debt securities issued	52,161,884	-	-	-	52,161,884
Others	5,877,219	326,572	-	3	6,203,794
Total liabilities	468,203,757	543,211	9,824	820	468,757,612
Net position	45,162,341	1,639,320	(2,613)	15,991	46,815,039
Credit commitments	49,891,833	6,223,706	-	663	56,116,202

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

44. RISK MANAGEMENT (continued)

(b) Market risk (continued)

Foreign exchange risk (continued)

Foreign currency risk (continued)

(i) The Group's currency exposures at the end of the reporting period are as follows: (continued)

	31 December 2021				
	RMB (RMB equivalent)	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
Assets					
Cash and deposits with the central bank	46,434,692	27,156	2,834	289	46,464,971
Deposits with banks and other financial institutions	1,451,151	600,343	15,778	22,789	2,090,061
Placements with banks and other financial institutions	3,589,203	-	-	-	3,589,203
Financial assets held under resale agreements	2,695,943	-	-	-	2,695,943
Loans and advances to customers	270,156,996	501,229	-	-	270,658,225
Financial investments	171,777,280	-	-	-	171,777,280
Others	11,282,953	1,172	-	-	11,284,125
Total assets	507,388,218	1,129,900	18,612	23,078	508,559,808
Liabilities					
Borrowing from the central bank	19,242,201	-	-	-	19,242,201
Deposits from banks and other financial institutions	25,221,005	-	-	-	25,221,005
Placements from banks and other financial institutions	6,128,333	-	-	-	6,128,333
Borrowing from other financial institutions	8,981,228	-	-	-	8,981,228
Financial assets sold under repurchase agreements	16,283,666	-	-	-	16,283,666
Deposits from customers	343,484,616	217,507	23,387	711	343,726,221
Debt securities issued	41,099,181	-	-	-	41,099,181
Others	6,187,454	57,053	-	30	6,244,537
Total liabilities	466,627,684	274,560	23,387	741	466,926,372
Net position	40,760,534	855,340	(4,775)	22,337	41,633,436
Credit commitments	50,187,325	6,509,367	-	15,156	56,711,848

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

44. RISK MANAGEMENT (continued)

(b) Market risk (continued)

Foreign exchange risk (continued)

Foreign currency risk (continued)

(ii) Exchange rate sensitivity analysis

	31 December 2022 (decrease)/ increase RMB'000	31 December 2021 (decrease)/ increase RMB'000
Changes in net profit		
Foreign exchange rates decreases by 100 bps	(12,395)	(6,547)
Foreign exchange rates increases by 100 bps	12,395	6,547

The sensitivity analysis mentioned above is based on a static foreign exchange exposure profile of assets and liabilities and certain simplified assumptions as set out below:

- The foreign exchange sensitivity is the gain and loss recognised as a result of 100 basis points fluctuation in the foreign currency exchange rates against RMB;
- The fluctuation of exchange rates by 100 basis points is based on the assumption of exchange rates movement over the next 12 months;
- The exchange rates against RMB for the US dollars and other foreign currencies change in the same direction simultaneously and thus other foreign currencies are converted into US dollars for the sensitivity analysis mentioned above to show how net profit or loss would have been affected; and
- Other variables (including interest rates) remain unchanged.

The analysis does not take into account the effect of risk management measures taken by the Group.

Due to the assumptions adopted, actual changes in the Group's net profit or loss resulting from the increase or decrease in foreign exchange rates may vary from the estimated results of this sensitivity analysis.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

44. RISK MANAGEMENT (continued)

(c) Liquidity risk

Liquidity risk is the risk that a commercial bank is unable to obtain funds on a timely basis or obtain funds at a reasonable cost to sustain its asset business or meet repayment obligations. This risk exists even if a bank's solvency remains strong. In accordance with liquidity policies, the Group monitors the future cash flows and maintains an appropriate level of highly liquid assets.

The Asset and Liability Management Committee ("ALMC") is responsible for managing the Group's overall liquidity risk. The ALMC is responsible for the formulation of the liquidity policies in accordance with regulatory requirements and prudential principles. Such policies include:

- Maintaining liquidity at a stable and sufficient level; establishing integrated liquidity risk management system; ensuring the meeting on a timely basis of liquidity requirements and the payment of assets, liabilities and off-balance sheet business, whether under a normal operating environment or a state of stress; balancing the effectiveness and security of funds in an efficient manner; and
- Making timely and reasonable adjustments to capital structure and scale in response to market changes and business developments; pursuing profit maximisation and cost minimisation to a modest extent while ensuring appropriate liquidity; achieving the integration of the security, liquidity and effectiveness of the Bank's funds.

The Finance Management Department takes the lead to execute liquidity management policies and is responsible for formulating and revising the liquidity management strategies, and for identifying, measuring, monitoring and releasing the liquidity risk of the Bank. It is also responsible for managing and forecasting the working capital on a regular basis together with the Finance Market Department and ensuring the liquidity of working capital meets management requirements based on the liquidity strategies. The Finance Market Department is responsible for performing the operation following the instructions of the Finance Management Department. Significant disbursement or portfolio changes must be reported to the ALMC on a timely basis.

A substantial portion of the Group's assets are funded by deposits from customers. These deposits from customers, which have been growing in recent years, are widely diversified in terms of type and duration and represent a stable source of funds.

The Group principally uses liquidity gap analysis to measure liquidity risk. Scenario analysis and stress testing are also adopted to assess the impact of liquidity risk.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

44. RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

The following tables provide an analysis of assets and liabilities of the Group into relevant maturity groupings based on the remaining periods to repayment at 31 December:

	Indefinite (Note (a)/(b)/(c)) RMB'000	Repayable on demand RMB'000	Within one month RMB'000	31 December 2022				Total RMB'000
				Between one month and three months RMB'000	Between three months and one year RMB'000	Between one year and five years RMB'000	More than five years RMB'000	
				RMB'000	RMB'000	RMB'000	RMB'000	
Assets								
Cash and deposits with the central bank	26,679,068	9,113,680	-	-	-	-	-	35,792,748
Deposits with banks and other financial institutions	-	1,408,641	14,284	28,570	-	-	-	1,451,495
Placements with banks and other financial institutions	-	-	3,300,704	1,210,867	1,120,768	-	-	5,632,339
Financial assets held under resale agreements	-	-	4,331,584	-	-	-	-	4,331,584
Loans and advances to customers	6,853,945	1,750,579	11,728,921	55,554,188	88,190,839	57,598,054	78,636,241	300,312,767
Financial investments	4,658,535	30,250,790	4,195,709	3,369,757	19,833,484	58,123,779	36,664,837	157,096,891
Others	4,497,165	5,551,815	11,251	25,581	134,271	381,258	353,486	10,954,827
Total assets	42,668,713	48,075,505	23,582,453	60,188,963	109,279,362	116,103,091	115,654,564	515,572,651



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

44. RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	Indefinite (Note (a)/(b)/(c)) RMB'000	Repayable on demand RMB'000	Within one month RMB'000	31 December 2022				Total RMB'000
				Between one month and three months RMB'000	Between three months and one year RMB'000	Between one year and five years RMB'000	More than five years RMB'000	
Liabilities								
Borrowing from the central bank	-	147,788	1,101,977	2,973,772	14,574,440	-	-	18,797,977
Deposits from banks and other financial institutions	-	975,263	397,355	6,042,218	4,899,842	952,279	-	13,266,957
Placements from banks and other financial institutions	-	-	100,086	1,000,862	3,002,586	-	-	4,103,534
Borrowing from other financial institutions	-	-	1,140,835	942,364	2,219,721	-	-	4,302,920
Financial assets sold under repurchase agreements	-	-	17,209,176	-	-	-	-	17,209,176
Deposits from customers	-	147,345,848	21,666,106	18,146,529	65,025,046	97,083,680	3,444,161	352,711,370
Debt securities issued	-	-	10,233,374	15,096,499	26,832,011	-	-	52,161,884
Others	820,556	3,758,570	53,789	70,325	267,831	831,840	400,883	6,203,794
Total liabilities	820,556	152,227,469	51,902,698	44,272,569	116,821,477	98,867,799	3,845,044	468,757,612
Long/(short) position	41,868,157	(104,151,964)	(28,320,245)	15,916,394	(7,542,115)	17,235,292	111,809,520	46,815,039

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

44. RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	Indefinite (Note (a)/(b)/(c)) RMB'000	Repayable on demand RMB'000	Within one month RMB'000	31 December 2021				Total RMB'000
				Between one month and three months RMB'000	Between three months and one year RMB'000	Between one year and five years RMB'000	More than five years RMB'000	
Assets								
Cash and deposits with the central bank	28,102,275	18,362,696	-	-	-	-	-	46,464,971
Deposits with banks and other financial institutions	-	2,076,064	-	-	13,997	-	-	2,090,061
Placements with banks and other financial institutions	-	-	1,769,289	707,747	1,112,167	-	-	3,589,203
Financial assets held under resale agreements	-	-	2,695,943	-	-	-	-	2,695,943
Loans and advances to customers	2,948,609	3,814,676	10,784,969	20,916,831	98,788,891	60,720,135	72,684,114	270,658,225
Financial investments	3,499,503	22,979,853	2,785,891	3,567,750	21,110,183	81,273,325	36,560,775	171,777,280
Others	9,073,091	823,720	14,585	29,624	186,522	646,758	509,825	11,284,125
Total assets	43,623,478	48,057,009	18,050,677	25,221,952	121,211,760	142,640,218	109,754,714	508,559,808



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

44. RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	Indefinite (Note (a))/(b)/(c) RMB'000	Repayable on demand RMB'000	Within one month RMB'000	31 December 2021				Total RMB'000
				Between one month and three months RMB'000	Between three months and one year RMB'000	Between one year and five years RMB'000	More than five years RMB'000	
Liabilities								
Borrowing from the central bank	-	-	5,559,475	1,060,458	12,622,268	-	-	19,242,201
Deposits from banks and other financial institutions	-	2,849,836	2,233,406	3,180,900	16,904,466	52,397	-	25,221,005
Placements from banks and other financial institutions	-	-	2,423,295	1,301,770	2,403,268	-	-	6,128,333
Borrowing from other financial institutions	-	-	1,326,585	1,677,639	5,936,948	40,056	-	8,981,228
Financial assets sold under repurchase agreements	-	-	16,283,666	-	-	-	-	16,283,666
Deposits from customers	-	151,235,513	14,817,613	22,736,133	67,613,517	83,376,682	3,946,763	343,726,221
Debt securities issued	-	-	4,662,467	7,541,983	22,897,309	-	5,997,422	41,099,181
Others	533,170	112,563	799,579	1,102,797	1,164,731	1,725,285	806,412	6,244,537
Total liabilities	533,170	154,197,912	48,106,086	38,601,680	129,542,507	85,194,420	10,750,597	466,926,372
Long/(short) position	43,090,308	(106,140,903)	(30,055,409)	(13,379,728)	(8,330,747)	57,445,798	99,004,117	41,633,436

- (a) Indefinite amount of cash and deposits with the central bank represents the statutory deposit reserves and fiscal deposits with the central bank.
- (b) Indefinite amount of loans and advances to customers includes all the credit-impaired loans as well as those overdue more than one month. Loans and advances to customers with no credit-impairment but overdue within one month are classified into the category of "Repayable on demand".
- (c) Financial investments comprise financial investments at amortised cost, financial investments at fair value through profit or loss and financial investments at fair value through other comprehensive income. Indefinite amount of financial investments represent credit-impaired investments or those overdue more than one month. Equity investments is listed in the category of Indefinite.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

44. RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

The following tables provide an analysis of the Group's contractual undiscounted cash flow and credit commitments at the end of the reporting period:

	31 December 2022								
	Carrying amount RMB'000	Contractual undiscounted cash flow RMB'000	Indefinite RMB'000	Repayable on demand RMB'000	Within one month RMB'000	Between one month and three months RMB'000	Between three months and one year RMB'000	Between one year and five years RMB'000	More than five years RMB'000
Financial liabilities									
Borrowing from the central bank	18,797,977	19,058,418	-	147,788	1,103,346	2,984,821	14,822,463	-	-
Deposits from banks and other financial institutions	13,266,957	13,984,804	-	975,263	404,540	6,387,021	5,063,447	1,154,533	-
Placements from banks and other financial institutions	4,103,534	4,129,521	-	-	100,661	1,008,237	3,020,623	-	-
Borrowing from other financial institutions	4,302,920	5,003,423	-	-	1,140,857	1,622,457	2,240,109	-	-
Financial assets sold under repurchase agreements	17,209,176	17,221,415	-	-	17,221,415	-	-	-	-
Deposits from customers	352,711,370	361,405,976	-	147,345,848	22,046,780	18,829,969	67,368,127	101,966,705	3,848,547
Debt securities issued	52,161,884	52,560,000	-	-	10,320,000	15,190,000	27,050,000	-	-
Lease liabilities	883,087	1,095,174	-	-	23,378	12,731	106,900	423,977	528,188
Total financial liabilities	463,436,905	474,456,731	-	148,468,899	52,360,977	46,035,236	119,671,669	103,545,215	4,376,735
Credit commitments	56,116,202	56,116,202	-	16,182,584	6,030,592	5,440,782	24,418,975	3,497,062	546,207

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

44. RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	31 December 2021								
	Carrying amount RMB'000	Contractual undiscounted cash flow RMB'000	Indefinite RMB'000	Repayable on demand RMB'000	Within one month RMB'000	Between one month and three months RMB'000	Between three months and one year RMB'000	Between one year and five years RMB'000	More than five years RMB'000
Financial liabilities									
Borrowing from the central bank	19,242,201	19,458,200	-	-	5,562,795	1,065,618	12,829,787	-	-
Deposits from banks and other financial institutions	25,221,005	25,768,206	-	2,849,836	2,264,736	3,259,005	17,336,904	57,725	-
Placements from banks and other financial institutions	6,128,333	6,177,072	-	-	2,443,571	1,312,183	2,421,318	-	-
Borrowing from other financial institutions	8,981,228	9,180,811	-	-	1,341,962	1,700,829	6,093,904	44,116	-
Financial assets sold under repurchase agreements	16,283,666	16,289,538	-	-	16,289,538	-	-	-	-
Deposits from customers	343,726,221	351,704,449	-	151,235,513	15,183,553	23,393,763	69,768,983	87,707,666	4,414,971
Debt securities issued	41,099,181	42,020,000	-	-	4,670,000	7,580,000	23,170,000	-	6,600,000
Lease liabilities	1,192,489	1,492,408	-	-	26,051	20,868	131,355	574,103	740,031
Total financial liabilities	461,874,324	472,090,684	-	154,085,349	47,782,206	38,332,266	131,752,251	88,383,610	11,755,002
Credit commitments	56,711,848	56,711,848	-	14,531,665	4,885,164	9,566,963	19,801,414	7,347,299	579,343

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

44. RISK MANAGEMENT (continued)

(d) Operational risk

Operational risk refers to the risk of losses associated with internal processes deficiencies, personnel mistakes and information system failures, or impact from other external events.

The Group establishes a framework of policies and procedures to identify, assess, control, manage and report operational risk. The framework covers all business functions ranging from corporate banking, retail banking, trading, corporate finance, settlement, intermediary business, asset management and all supporting functions, including human resource management, financial management, legal affairs, anti-money laundering and administration management. The key elements of the framework are listed as below:

- A multi-level operational risk management framework with segregation of duties between front and back offices under the leadership of senior management;
- A series of operational risk management policies covering all businesses on the basis of core operational risk management policy;
- An emergency plan and a business continuity system designed to deal with emergent and adverse circumstances, including public relation issues, natural disasters, IT system errors, bank runs, robberies, etc.;
- An evaluation system on the operational risk management as well as an inquiry and disciplinary system on the non-compliance issues; and
- An independent risk assessment framework based on the internal audit and the compliance review.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

45. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	31 December 2022 RMB'000	31 December 2021 RMB'000
Assets		
Cash and deposits with the central bank	35,773,615	46,441,784
Deposits with banks and other financial institutions	1,408,320	1,087,282
Placements with banks and other financial institutions	8,183,324	3,639,198
Financial assets held under resale agreements	4,331,584	2,695,943
Loans and advances to customers	292,545,387	257,409,531
Financial investments:		
– Financial investments at fair value through profit or loss	43,447,027	39,442,400
– Financial investments at fair value through other comprehensive income	23,484,887	24,940,618
– Financial investments at amortised cost	89,915,561	107,157,280
Interest in associates	133,283	185,590
Investment in subsidiaries	1,793,916	1,734,000
Property and equipment	2,129,331	2,315,477
Deferred tax assets	5,236,247	4,477,711
Other assets	3,092,444	3,844,032
Total assets	511,474,926	495,370,846
Liabilities and equity		
Liabilities		
Borrowing from the central bank	18,797,977	19,240,299
Deposits from banks and other financial institutions	16,146,861	26,147,040
Placements from banks and other financial institutions	4,003,106	4,103,302
Financial assets sold under repurchase agreements	17,209,176	16,283,666
Deposits from customers	352,446,485	343,494,034
Income tax payable	850,047	708,750
Debt securities issued	52,161,884	41,099,181
Other liabilities	4,463,443	3,865,122
Total liabilities	466,078,979	454,941,394

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

45. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (continued)

	31 December 2022 RMB'000	31 December 2021 RMB'000
Equity		
Share capital	6,024,277	6,024,277
Other equity instruments		
– Perpetual debt	7,997,961	3,999,037
Capital reserve	13,603,584	13,528,210
Surplus reserve	3,220,431	3,081,890
General reserve	6,830,158	6,500,158
Retained earnings	7,719,536	7,295,880
Total equity	45,395,947	40,429,452
Total liabilities and equity	511,474,926	495,370,846



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

46. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2022

Up to the date of issue of these financial statements, a number of amendments, new standards and interpretations are issued which are not yet effective for the year ended 31 December 2022 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting period beginning on or after
<i>IFRS 17, Insurance contracts</i>	1 January 2023
<i>Amendments to IAS 1, Presentation of financial statements: Classification of liabilities as current or non-current</i>	1 January 2023
<i>Amendments to IAS 1, Presentation of financial statements and IFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies</i>	1 January 2023
<i>Amendments to IAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates</i>	1 January 2023
<i>Amendments to IAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction</i>	1 January 2023
<i>Amendments to IFRS 10, Consolidated financial statements and IAS 28, Investments in associate or joint venture</i>	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.



UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2022

The information set out below does not form part of the consolidated financial report and is included herein for information purpose only.

In accordance with the Hong Kong Listing Rules and Banking (Disclosure) Rules, the Bank discloses the unaudited supplementary financial information as follows:

1. LIQUIDITY COVERAGE RATIO AND LEVERAGE RATIO

Liquidity coverage ratio

	31 December 2022	Average for the year ended 31 December 2022
Liquidity coverage ratio (RMB and foreign currency)	323.78%	378.10%

	31 December 2021	Average for the year ended 31 December 2021
Liquidity coverage ratio (RMB and foreign currency)	387.45%	328.00%

Pursuant to the Administrative Measures for Liquidity Risk Management of Commercial Banks, the liquidity coverage ratio of commercial banks shall reach 100% by the end of 2019.

Leverage Ratio

	31 December 2022	31 December 2021
Leverage Ratio	8.68%	7.98%

Pursuant to the Leverage Ratio Management of Commercial Banks issued by the CBIRC and was effective since 1 April 2015, a minimum leverage ratio 4% is required for commercial banks.

The above liquidity coverage ratio and leverage ratio are calculated in accordance with the formula promulgated by the CBIRC and based on the financial information prepared in accordance with PRC GAAP.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2022

2. CURRENCY CONCENTRATIONS

	31 December 2022			Total RMB'000
	USD (RMB'000 equivalent)	HKD (RMB'000 equivalent)	Others (RMB'000 equivalent)	
Spot assets	2,786,595	9,831	15,153	2,811,579
Spot liabilities	(3,034,374)	(9,825)	(15,135)	(3,059,334)
Net position	(247,779)	6	18	(247,755)

	31 December 2021			Total RMB'000
	USD (RMB'000 equivalent)	HKD (RMB'000 equivalent)	Others (RMB'000 equivalent)	
Spot assets	1,136,107	18,622	23,093	1,177,822
Spot liabilities	(280,766)	(23,397)	(756)	(304,919)
Net position	855,341	(4,775)	22,337	872,903

The Group has no structural position as at the end of reporting period.

3. INTERNATIONAL CLAIMS

The Group is principally engaged in business operations within Mainland China, and regards all claims on third parties outside Mainland China as international claims.

International claims include loans and advances to customers, balances with the central bank, amounts due from banks and other financial institutions.

A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account all risk transfers. Risk transfers are only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose Head Office is located in another country.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2022

3. INTERNATIONAL CLAIMS (continued)

	31 December 2022			
	Banks and other financial institutions RMB'000	Public sector entities RMB'000	Others RMB'000	Total RMB'000
All regions outside Mainland China	587,671	–	530,095	1,117,766

	31 December 2021			
	Banks and other financial institutions RMB'000	Public sector entities RMB'000	Others RMB'000	Total RMB'000
All regions outside Mainland China	584,535	–	–	584,535



UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2022

4. GROSS AMOUNT OF OVERDUE LOANS AND ADVANCES

	31 December 2022 RMB'000	31 December 2021 RMB'000
Gross loans and advances which have been overdue with respect to either principal or interest for years of		
– Between 3 and 6 months (inclusive)	611,787	539,688
– Between 6 months and 1 year (inclusive)	3,652,763	785,842
– Over 1 year	1,777,112	1,669,236
Total	6,041,662	2,994,766
As a percentage of gross loans and advances		
– Between 3 and 6 months (inclusive)	0.20%	0.19%
– Between 6 months and 1 year (inclusive)	1.17%	0.29%
– Over 1 year	0.57%	0.60%
Total	1.94%	1.08%



In accordance with the regulatory requirements of the CBRC, Jiangxi Bank Co., Ltd. supplemented the disclosure of material related party transactions considered by the Board of Directors:

During the Reporting Period, in accordance with the Administrative Measures for the Related Party Transactions of Banking and Insurance Institutions, the Administrative Measures for the Related Party Transactions between Commercial Banks and Insiders and Shareholders (valid until March 1, 2022) and the Interim Measures for the Equity Management of Commercial Banks, Jiangxi Bank Co., Ltd. submitted the material related party transactions related to related parties as defined in the above-mentioned documents ("Related Party Involving with CBRC") to the Board for approval, as follows:

Time	Content	Credit line (Expressed In Renminbi Yuan)	Comment
February 18, 2022	Third interim meeting of the second session of the Board of Directors in 2022	Report on material related party transaction of a group credit of RMB4,999.76 million by Nanchang Municipal Utilities Investment Holding Co., Ltd.	4,999,760,000
April 12, 2022	Seventh interim meeting of the second session of the Board of Directors in 2022	Report on material related party transaction of a group credit of RMB5 billion by Jiangxi Financial Holding Group Co., Ltd.	5,000,000,000
April 29, 2022	Eighth interim meeting of the second session of the Board of Directors in 2022	Proposal on material related party transaction of a credit of RMB4.9 billion by Jiangxi Financial Leasing Co., Ltd.	4,900,000,000
August 26, 2022	Second meeting of the third session of the Board of Directors	Proposal on material related party transaction of a group credit of RMB4.95 billion by Jiangxi Communications Investment Group Co., Ltd.	4,950,000,000
		Proposal on material related party transaction of a group credit of RMB2.7 billion by Jiangxi Copper Corporation Limited	2,700,000,000

APPENDIX

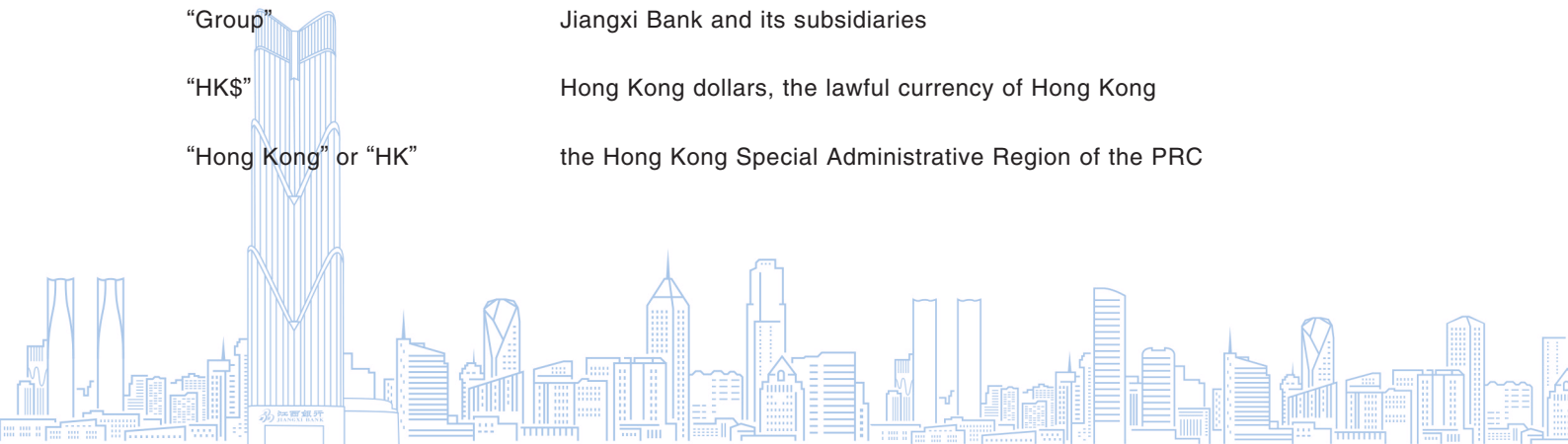
Time	Content	Credit line (Expressed In Renminbi Yuan)	Comment
November 23, 2022	Sixth interim meeting of the third session of the Board of Directors	Proposal on material related party transaction of a group credit of RMB4.9 billion by Nanchang Municipal Public Group Co., Ltd.	4,900,000,000
		Proposal on material related party transaction of a group credit of RMB5 billion by Jiangxi Financial Holding Group Co., Ltd.	5,000,000,000



DEFINITIONS

In this annual report, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Articles of Association”	articles of association of the Bank (as modified from time to time)
“Bank”, “Company” or “Jiangxi Bank”	Jiangxi Bank Co., Ltd.
“Board” or “Board of Directors”	the board of directors of the Bank
“Board of Supervisors”	the board of supervisors of the Bank
“CBIRC”	China Banking and Insurance Regulatory Commission
“CBRC Jiangxi Office”	China Banking Regulatory Commission Jiangxi Office
“CBIRC Jiangxi Office”	China Banking and Insurance Regulatory Commission Jiangxi Office
“Corporate Governance Code”	Corporate Governance Code in Appendix 14 of the Listing Rules
“China” or “PRC”	the People’s Republic of China, but for the purpose of this annual report only, excluding the Hong Kong and Macau Special Administrative Regions and Taiwan
“Director(s)”	director(s) of the Bank
“Domestic Share(s)”	ordinary share(s), with a nominal value of RMB1.00 each in the Bank’s share capital, which are subscribed for or credited as paid up in Renminbi
“Domestic Shareholder(s)”	holder(s) of Domestic Shares
“Group”	Jiangxi Bank and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC



DEFINITIONS

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Share(s)”	overseas listed foreign share(s) with a nominal value of RMB1.00 each in the Bank’s share capital, which are listed on the Main Board of the Hong Kong Stock Exchange
“Latest Practicable Date”	March 31, 2023, being the Latest Practicable Date prior to the printing of this annual report for ascertaining certain information contained herein
“Listing Rules” or “Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PBOC”	the People’s Bank of China (中國人民銀行)
“Prospectus”	the prospectus issued by the Bank on June 13, 2018 for the global public offering
“Reporting Period”	the twelve months from January 1, 2022 to December 31, 2022
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Shareholders”	shareholders of the Bank
“Supervisors”	supervisors of the Bank
“USD”	United States dollars, the lawful currency of the United States

