



晋商银行
Jinshang Bank

晋商银行股份有限公司
JINSHANG BANK CO., LTD.

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

Stock Code: 2558

2022
Environmental, Social and
Governance Report



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

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Opening

(I) The Board's Statement

As the decision-making body, the Board of Directors of Jinshang Bank comprehensively supervises, and is responsible for, the review of major ESG-related matters of the Bank, including clarifying ESG development goals, formulating ESG strategic plans, reviewing major ESG issues, supervising the progress of ESG-related matters, and fulfilling ESG work requirements on the Board of Directors set by the listing regulators. The Directors of Jinshang Bank present a new list of achievements in performing ESG responsibilities to each stakeholder.

Improving ESG management structure. The Board of Directors and senior management of Jinshang Bank are responsible for formulating ESG-related strategies and supervising the progress of ESG matters throughout the Bank. The Office of the Board of Directors coordinates the specific work and regularly tracks the implementation of the proposals. All relevant departments of the head office and branches report ESG work to the Office of the Board of Directors regularly.

Clarifying ESG management strategies. The Bank's Office of the Board of Directors conducts the stakeholder communication and survey, and clarifies major ESG issues and key tasks of the year through materiality analysis. In 2022, Jinshang Bank paid high attention to eight major issues such as "real economy service", "digital transformation", "financial consumer rights protection", etc., which were incorporated into the Bank's ESG strategies and plans as the highlights disclosed in 2022 ESG Report, and continued to follow up the implementation.

Progress review on ESG goals. In 2022, the Board of Directors and its special committee of the Bank successively reviewed and approved ESG-related proposals such as *the 2021 ESG Report of JINSHANG BANK CO., LTD.*, *Action Plan for Green Finance of Jinshang Bank* and *Reform Plan for Inclusive Finance of Jinshang Bank* and put forward systematic opinions and requirements on the relevant measures taken by the Bank in the aspects of environment, society and governance.

Enhancing the construction of the capacity of ESG. In 2022, the Board of Directors of the Bank held one training session for ESG management improvement. The Board and senior management were organized to learn ESG policies and ESG good practices, etc. for the purpose of improving the ESG management of the Bank.

This report fully discloses the management and practice progress of Jinshang Bank on the above work and other ESG issues, which were reviewed and approved by the Board of Directors in March 2023.



(II) Chairman's Statement

We make progressive efforts to achieve long-term stability. In 2022, a year of exceptional significance, Jinshang Bank upheld its strategic determination and irreversible transformation, composing a new chapter with solid moves which manifested our tenacity to promote new development in this era under the strong leadership of the Provincial Party Committee and the Provincial Government of Shanxi Province.

Adhering to the guidance of Party building, we took part in building the new development pattern.

With the general principle of seeking progress while ensuring stability in mind, we fully implemented Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, continued to promote the mutual integration and promotion between Party building and operation management, as well as instituted an accountability list regarding full and strict governance over the Party for the management personnel at all levels. To build a clean Jinshang Bank in an all-round way, warnings were issued to employees on a regular basis. Based on good practices and guidelines of the industry on our development characteristics, we have incorporated ESG into the development strategy and corporate governance to constantly improve the governance system and drive the enhancement of governance efficiency. During the Reporting Period, a female director joined the Board of Directors, which further promoted its diversity.

Never forsaking our mission, we concentrated on our main responsibilities and businesses to help with local economic development.

Focusing on supporting the real economy, we made targeted efforts in various fields such as Taiyuan and Xinzhou Integration, construction of development zones, multiplication of market players, reform of state-owned assets and state-owned enterprises, rural revitalization, and resident consumption to overcome difficulties facing the markets and stabilize the overall economy of Shanxi Province. To make a contribution to the realization of the carbon peaking and carbon neutrality goals, we integrated the ESG concept into the business development; we actively propelled the low-carbon transformation and upgrade of industries and supported green industries in all aspects, while controlling the credit issuance to industries with high energy consumption, high pollution or overcapacity; and we constantly explored innovative green financial products. In 2022, we continued to optimize the green financial management system, completed a climate risk stress test, and published the first *Environmental Information Disclosure Report of Jinshang Bank* to accelerate the improvement of our comprehensive capability of green services. During the Reporting Period, the total amount of various loans was RMB186.052 billion.

With the ongoing improvement of quality and efficiency, we tapped into the technology trend to promote the digital transformation.

Empowering service quality and efficiency through financial technology, we took concrete steps to protect consumers' rights and interests; we carried out campaigns for financial knowledge publicity and elderly-oriented modification; we continued to reinforce customer information security and privacy protection, while promptly and efficiently responding to customers' concerns, thereby creating a considerate institution. During the Reporting Period, the replacement rate of e-banking was 89.16%. 348 consumer complaints were addressed with a 100% customer handling rate.



Gathering every strength, we joined the cause of building warm communities. As a champion of equal employment, we protected the rights and interests of employees, created a warm workplace for them, and built a “learning bank” to help them improve their self-worth. We remained devoted to public welfare undertakings by participating in public welfare activities to help disadvantaged groups, which conduced to warm communities.

With courage and perseverance, we will overcome difficulties ahead and attain growth. High-quality development is the primary task of building a socialist modern country on all fronts. In the new development stage, Jinshang Bank will thoroughly implement the new development philosophy and actively integrate itself into a new development pattern. By deeply integrating the concept of environment, social responsibility and corporate governance into the whole process of operation and management, we will continue to refine our capabilities of sustainable development and value creation, and create the glories of Jinshang Bank along with high-quality development.



Chairwoman of JINSHANG BANK CO., LTD.
Hao Qiang



(III) Company Overview

JINSHANG BANK CO., LTD. (hereinafter referred to as “Jinshang Bank”, HKEX stock code: 2558.HK), headquartered in Taiyuan, Shanxi, was renamed from Taiyuan Commercial Bank on December 30, 2008 with the approval of China Banking Regulatory Commission (CBRC). It was officially established on February 28, 2009 and listed on the Hong Kong Stock Exchange on July 18, 2019.

Under the correct leadership of the Provincial Party Committee and the Provincial Government of Shanxi Province, and with the guidance and assistance of regulatory authorities, Jinshang Bank has achieved strategic breakthroughs such as introducing strategic investors and listing of H-shares, and gradually embarked on a development path of a modern commercial bank featuring steady development, good performance and controllable risks, and the main regulatory indicators met the regulatory requirements.



Company name	晉商銀行股份有限公司
English name	JINSHANG BANK CO., LTD.
Listing code	2558.HK
Headquarter address	No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province
By the end of 2022,	
Total assets	RMB336.420 billion
Total deposits	RMB248.434 billion
Total loans	RMB186.052 billion
Capital adequacy ratio (CAR)	12.40%
Core tier 1 capital adequacy ratio	10.50%
Provision coverage ratio	177.04%
Total number of employees	4,402
<ul style="list-style-type: none"> The Bank ranked 74th in the “List of Top 100 Banking Industry of China in 2022” 	<ul style="list-style-type: none"> The Bank ranked 391st among the “Top 1000 World Banks 2022” issued by the British Magazine The Banker

Since its establishment, by adhering to the “customer-centric” service concept, Jinshang Bank has expanded its outlet services into 11 prefecture-level cities in Shanxi Province. With 154 outlets under its supervision, the Bank established a small enterprises financial service center, invested in the establishment of Qingxu Jinshang Village Bank Co., Ltd. (hereinafter referred to as “Village Bank”), and initiated the establishment of the first consumer finance company in Shanxi Province – Jinshang Consumer Finance Co., Ltd. (hereinafter referred to as “Consumer Finance Company”). In addition, electronic channels such as online banking, mobile banking, WeChat banking and direct banking have been steadily promoted, forming an “integrated online and offline” financial service pattern.

Jinshang Bank has been widely recognized by the Provincial Party Committee and the Provincial Government of Shanxi Province, and all sectors of society for its excellent business performance and quality financial services. It has been successively named the “Most Competitive National Brand among China’s City Commercial Banks”, “Most Competitive Small- and Medium-sized Bank in China”, “Meritorious Enterprise in Shanxi Province” and “Most Popular Bank in Shanxi”, and won the “May 1st Labor Award in Shanxi Province”.

(IV) Building a Responsible Bank

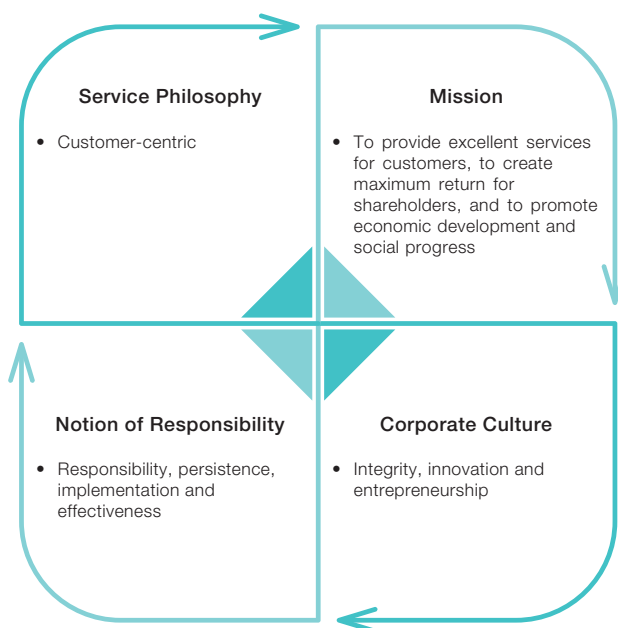
Dedicated to building a responsible bank, Jinshang Bank promoted its ESG management in various aspects such as strategic height, governance structure, engagement with stakeholders, and determination of major issues, so as to promote the high-quality development of the Bank across the board.



• **Integrating ESG into the strategic development and business philosophy**

To follow the concept of sustainable development in its daily business activities, the Bank has integrated the ESG concept into its strategic development and expressed it in specific tasks.

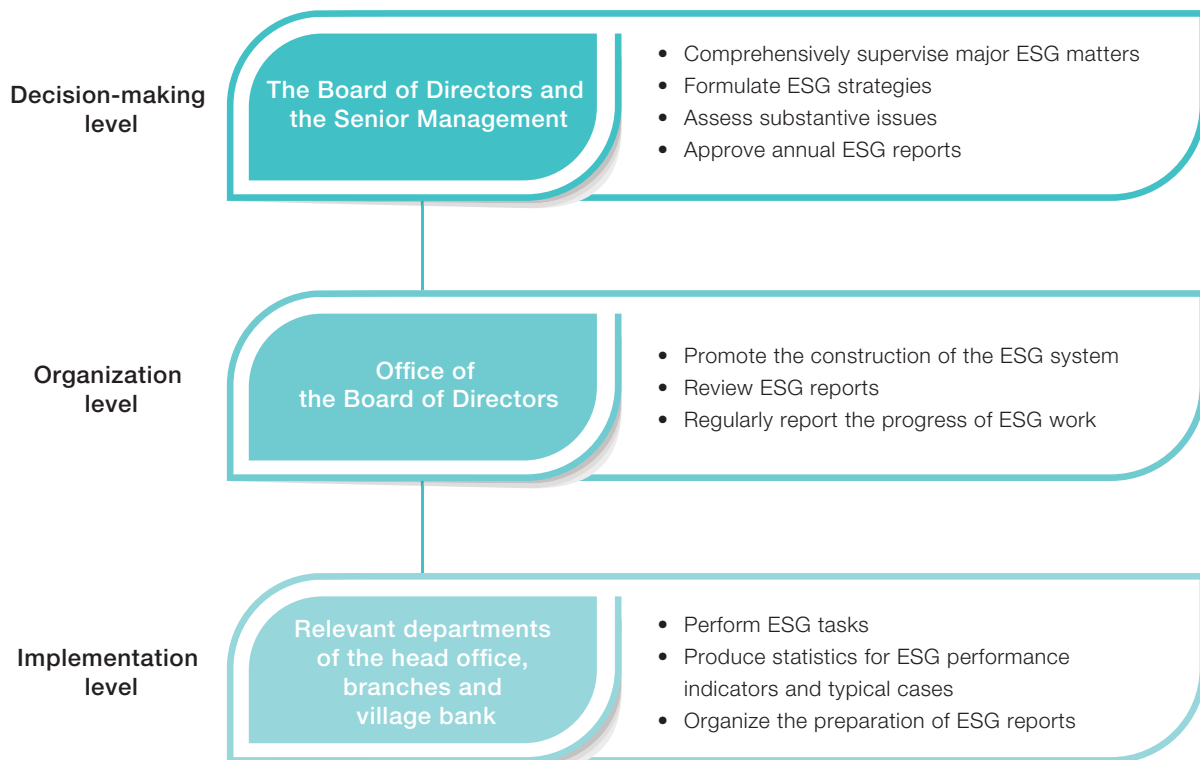
Strategic Vision	Pursuing safe development, and building an excellent listed Bank in the region.		
Safe development: Always put safety first; work hard on “buttressing the bottom line, strengthening governance, and improving the performance”; adhere to the general principle of seeking progress while maintaining stability in work; focus on risk prevention and control and safe development; improve capabilities; strengthen the overall Party leadership in terms of risk management; strictly fulfill regulatory requirements; prepare for contingencies and lay a solid foundation for safe development.	Regional bank: Grasp the opportunities arising from the rise of central China, center on the implementation of important decisions and plans of the Provincial Party Committee and the Provincial Government of Shanxi Province, and serve the comprehensive reform of energy revolution and transformation of Shanxi Province.	Boutique bank: Establish a customer-centric concept, continue to promote professional operation and refined management, and deliver lean products and services, fine customer experience, and refined operation management.	Listed bank: Benchmark against leading listed banks and comprehensively improve the level of operation and management.
Strategic Positioning	Regional positioning: Rooted in Sanjin, serving Shanxi.		
	Market positioning: Serving the local economy, serving micro and small and medium enterprises, serving urban and rural residents.		
	Business positioning: Strengthening corporate business, refining retails, optimizing inclusive finance, and specializing in the financial market.		





• Establishing a sound ESG management structure

The Bank has established a sound ESG management structure in accordance with the requirements of The Stock Exchange of Hong Kong Limited (hereinafter referred to as “Hong Kong Stock Exchange”). The Board of Directors and senior management formulate ESG-related strategies, the Office of the Board of Directors coordinates the specific work, and relevant departments of the head office, branches and village bank cooperate with each other in a coordinated way, and jointly promote relevant activities in daily operation.





- **Constantly communicating with stakeholders**

The Bank further improved the working methods of stakeholder management, carried out stakeholder management more scientifically and systematically, enriched the communication channels with stakeholders, and improved the communication quality. The Bank referred to the global ESG standard guidelines, domestic regulatory guidelines, excellent practices in the industry, etc., combined its own business and industry attributes to identify the main stakeholders, and divided its stakeholders into six categories: government and regulatory bodies, shareholders and investors, employees, customers, suppliers and partners, and communities. The Bank listened to the diversified demands of stakeholders and carefully gave feedback, so that stakeholders can comprehensively and promptly understand the practice and performance of the Bank in fulfilling ESG responsibilities.

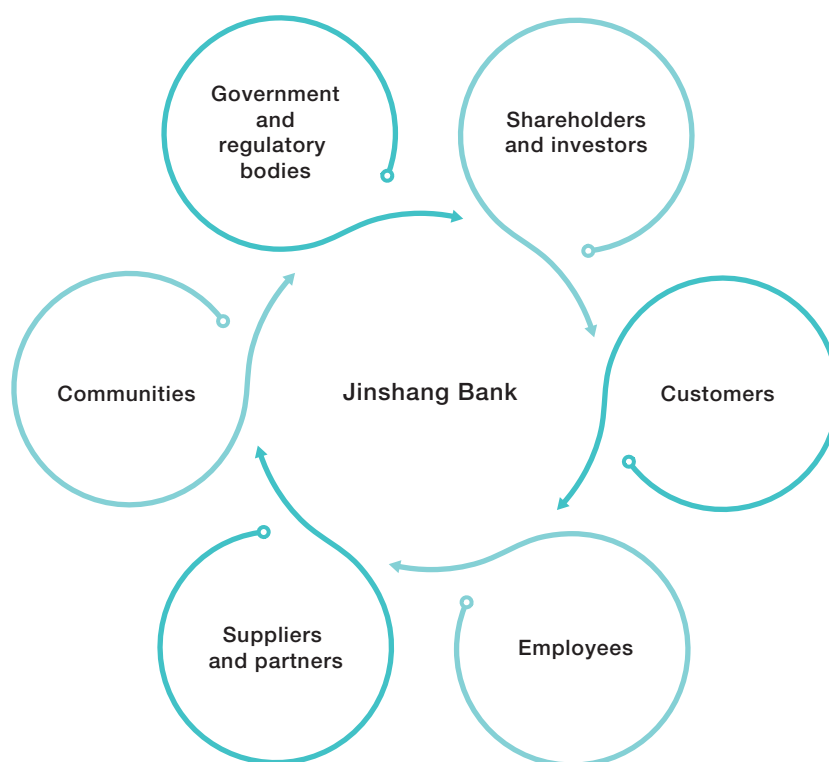


Figure: Stakeholders of Jinshang Bank



Table 1: Issues of concern of stakeholders of Jinshang Bank and responding measures

Stakeholders	Issues of concern	Methods of communication	Response measures
Government	<ul style="list-style-type: none"> • Serving the development of Shanxi • Supporting the real economy • Practicing inclusive finance • Driving energy transformation • Developing low-carbon economy 	<ul style="list-style-type: none"> • Government papers and guidelines • Reports on specific subjects • Information distribution • Working meetings 	<ul style="list-style-type: none"> • Strengthening bank-government cooperation • Serving the transformation and development of Shanxi • Vigorously supporting key projects • Supporting private and small and micro enterprises • Assisting enterprises in transformation and upgrade • Promoting green loan business
Regulatory Bodies	<ul style="list-style-type: none"> • Corporate governance • Compliant operation • Comprehensive risk management • Information disclosure • Practicing corporate responsibility 	<ul style="list-style-type: none"> • Regulatory policies • Work reports • Survey and inspection visits • Announcement • Data report 	<ul style="list-style-type: none"> • Establishing a sound internal control system • Improving the risk management system • Disclosing information in a timely and high-quality manner • Promoting rural revitalization
Shareholders and Investors	<ul style="list-style-type: none"> • Corporate strategic plans • Protection of shareholders' rights and interests • Industry competitiveness 	<ul style="list-style-type: none"> • Shareholders' general meeting • Investor communication • Investor service hotline • Information disclosure 	<ul style="list-style-type: none"> • Improving corporate governance structure • Enhancing investor relations management • Implementing development strategies and accurately disclosing information
Customers	<ul style="list-style-type: none"> • Protection of customer rights • Customer privacy protection • Data security • Fintech applications • Product innovation 	<ul style="list-style-type: none"> • Questionnaire • Customer service phone • Online survey • Digital platform • Publicity campaign 	<ul style="list-style-type: none"> • Improving consumer protection mechanism • Improving customer service quality • Optimizing business process • Launching core system • Innovating financial products
Employees	<ul style="list-style-type: none"> • Compensation and welfare • Protecting rights and interests • Training and development • Employee support and care 	<ul style="list-style-type: none"> • Meeting of the labor union committee • Labor Union • Suggestion box • Feedback 	<ul style="list-style-type: none"> • Improving the salary incentive • Developing welfare system • Establishing a sound training system • Organizing various activities
Suppliers and Partners	<ul style="list-style-type: none"> • Supply chain management • Responsible procurement • Managing supply chain ESG risks 	<ul style="list-style-type: none"> • Tendering and bidding • Cooperation agreement 	<ul style="list-style-type: none"> • Improving procurement management system • Strengthening communication
Communities	<ul style="list-style-type: none"> • Charity • Climate change 	<ul style="list-style-type: none"> • Forums and sessions • Charitable visits • Energy conservation and emission reduction • Donation of money and goods 	<ul style="list-style-type: none"> • Volunteer service • Donations to schools • Green office



• **Determination of the major issues of the year**

The Bank carries out an analysis of major issues from the two dimensions of “influences on the stakeholders” and “influences on the sustainable development of Jinshang Bank” in accordance with the “importance” principle of Hong Kong Stock Exchange when identifying the major issues of the year. In 2022, we re-evaluated the issues highly related to the Bank’s sustainable development based on the Bank’s development strategy and major external environment changes, such as the change in supervision requirements and the adjustment of macro policies, and disclosed the Bank’s important progress in 2022 as well as its future plan to the stakeholders in this report.






According to the key work deployment of the banking industry, issues including “supporting the development of small and micro enterprises” and “financial consumer rights protection” were added; according to the domestic policies and the focuses of international rating agencies, the issue of “climate risk stress test” was added; according to the Bank’s development strategy of building a “learning Bank”, the issue of “talent training” was added to strengthen the influence of “training and development” and indicators related to employees’ vocational training were added.

Table 2: 2022 Major ESG Issues of Jinshang Bank


<p style="writing-mode: vertical-rl; transform: rotate(180deg);">High</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">↑ Influences on Stakeholders ↓</p>	<ul style="list-style-type: none"> • Supporting community development • Information disclosure • Protecting rights and interests of minority shareholders • Protecting intellectual property rights 	<ul style="list-style-type: none"> • Promoting green development • Fintech applications • Stakeholder communication • Anti-money laundering • Anti-corruption • Information security and customer privacy protection • Climate risk stress test • Optimizing credit structure 	<ul style="list-style-type: none"> • Compliance operation • Comprehensive risk management and control • Customers’ complaints handling • Green finance • Practicing inclusive finance • Promoting rural revitalization • Digital transformation • Serving the real economy
	<ul style="list-style-type: none"> • Supporting community development • Expanding cooperative environment 	<ul style="list-style-type: none"> • Protecting rights and interests of customers • Supply chain management • Diversity and inclusion • Investor education 	<ul style="list-style-type: none"> • Corporate governance • Employees’ health and safety • Employees’ compensation and welfare • Operating according to laws and regulations • Training and development • ESG innovation and practice
	<p>Middle</p>	<ul style="list-style-type: none"> • Implementing responsible investment • Responsible procurement • Participating in industry research 	<ul style="list-style-type: none"> • Volunteer service • Charitable donation
<p>Middle ← Influences on the sustainable development of Jinshang Bank → High</p>			







• Contribution to the Sustainable Development Goals of United Nations

Corresponding Sustainable Development Goals of United Nations (SDGs)	Actions of Jinshang Bank	Corresponding Chapters and Sections of the Report
 <p>1 NO POVERTY</p>	<p>Consolidating the achievements of poverty alleviation</p> <p>Rural revitalization</p> <p>Inclusive Finance</p>	<p>2.2 Actively Practicing Inclusive Finance</p> <p>5.3.1 Consolidating the achievements of poverty alleviation</p>
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<p>Staff welfare guarantee</p> <p>Social benefit service</p>	<p>5.1.3 Ensuring health and safety</p> <p>5.1.4 Employee care</p> <p>5.3.2 Carrying out volunteer services to give back to society</p>
 <p>4 QUALITY EDUCATION</p>	<p>Social benefits</p> <p>Voluntary services of employees</p>	<p>5.3.2 Carrying out volunteer services to give back to society</p>
 <p>5 GENDER EQUALITY</p>	<p>Staff employment</p> <p>Staff development</p>	<p>5.1.1 Building a fair work platform</p> <p>5.1.2 Building a “learning bank”</p>
 <p>6 CLEAN WATER AND SANITATION</p>	<p>Green operation</p>	<p>4.2.1 Building a green bank that opposes extravagance</p>



Corresponding Sustainable Development Goals of United Nations (SDGs)	Actions of Jinshang Bank	Corresponding Chapters and Sections of the Report
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>Green operation</p>	<p>4.2.1 Building a green bank that opposes extravagance</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Staff employment Staff development Protection of employees' rights and interests</p>	<p>5.1.1 Building a fair work platform 5.1.2 Building a "learning bank"</p>
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>Economic transformation Industry upgrade System construction and innovation</p>	<p>2.1 Fully Supporting the High-quality Economic Development of Shanxi</p>
 <p>10 REDUCED INEQUALITIES</p>	<p>Rural revitalization Inclusive Finance Staff employment</p>	<p>2.2 Actively Practicing Inclusive Finance 5.3.1 Consolidating the achievements of poverty alleviation 5.1.1 Building a fair work platform</p>
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>Development of the area Rural revitalization Social benefits</p>	<p>2.2 Actively Practicing Inclusive Finance 5.3.1 Consolidating the achievements of poverty alleviation 5.3.2 Carrying out volunteer services to give back to society</p>



Corresponding Sustainable Development Goals of United Nations (SDGs)	Actions of Jinshang Bank	Corresponding Chapters and Sections of the Report
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>ESG construction Risk management Compliance operation Green operation Responsible investment</p>	<p>Opening (IV) Building a Responsible Bank 1.3 Enhancing the Bottom Line against Risks 1.4 Strictly Strengthening Internal Control and Compliance 4.2 Practicing Low-carbon Operations</p>
 <p>13 CLIMATE ACTION</p>	<p>Conducting climate risk stress test Response to climate change Support the goal of “carbon peaking and carbon neutrality”</p>	<p>1.3.3 Enhancing ESG risk control 1.3.5 Improving risk management and control capabilities 4.2 Practicing Low-carbon Operations</p>
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>Corporate governance Anti-corruption management Anti-money laundering</p>	<p>1.2 Corporate Governance 1.4.2 Building a clean bank 1.4.3 Improving the level of anti-money laundering management</p>
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	<p>Protection of consumers' rights and interests Customer service Industrial cooperation Responsible procurement</p>	<p>3.1 Improving Service Experience 3.2 Protecting the Rights and Interests of Customers 5.2.1 Promoting industry construction 5.2.2 Responsible procurement</p>



(V) Social Recognition

- ESG recognition

In December 2022, the Bank was awarded the “2022 ESG Practice Tianji Award of China Banking Industry (2022年度中國銀行業ESG實踐天璣獎)” by Securities Times, which manifested its high recognition for the ESG work of the Bank.

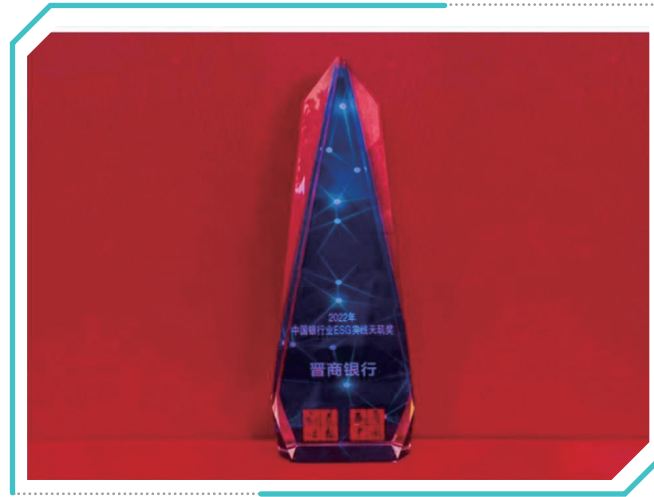


Figure: The Bank was awarded the 2022 ESG Practice Tianji Award of China Banking Industry (2022年度中國銀行業ESG實踐天璣獎)



• Other major social recognition

Area of Contribution		Awards	Awarding Unit	Issuing Time
Environment	Carbon peaking and carbon neutrality goals	2022 Excellent Case Award of Carbon Peaking and Carbon Neutrality (2022年度碳達峰碳中和優秀案例獎)	China Economic Information Service	January 2023
Society	Products and services	Outstanding Contribution Award for UnionPay Credit Card of Jinshang Bank (晉商銀行銀聯信用卡突出貢獻獎)	China UnionPay	December 2022
		2022 Outstanding Credit Card of Jinshang Bank (晉商銀行2022年度卓越信用卡)	China Golden Tripod Award	November 2022
		Annual Favorite Credit Card Award of Jinshang Bank (晉商銀行年度最受用戶喜愛信用卡獎)	Financial Digital Development Alliance	November 2022
		Annual Wealth Management Award (年度財富管理獎)	National Business Daily	November 2022
		The 13th Fund and Wealth Management • Jie Fu Awards in 2022 – Outstanding Asset Management Award for City Commercial Bank (2022年第十三屆基金與財富管理•介甫獎 – 優秀城商行資產管理獎)	www.caishiv.com	July 2022
		The 13th Fund and Wealth Management • Jie Fu Awards in 2022 – Outstanding Net Value Wealth Management Product (2022年第十三屆基金與財富管理•介甫獎 – 優秀淨值型理財產品)	www.caishiv.com	July 2022



Area of Contribution		Awards	Awarding Unit	Issuing Time
		The 13th Fund and Wealth Management • Jie Fu Awards in 2022 – Outstanding Cash Management Product (2022年第十三屆基金與財富管理•介甫獎 – 優秀現金管理產品)	www.caishiv.com	July 2022
		The 13th Fund and Wealth Management • Jie Fu Awards in 2022 – Outstanding Investment and Research Team (2022年第十三屆基金與財富管理•介甫獎 – 優秀投研團隊)	www.caishiv.com	July 2022
		2022 Excellent Innovative Asset Management Bank (2022年卓越創新資產管理銀行)	PY Standard	June 2022
		2022 Outstanding Innovative Banking Wealth Management Product – Wealth Management Product of “Fengying Hongli Jijihong Series” (2022年優秀創新銀行理財產品 – 「豐盈弘利季季紅系列」理財產品)	PY Standard	June 2022
Society	Digital transformation	“Iron Horse – Most Characteristic Small and Medium-Sized Bank in Business” Award (「鐵馬 – 最具業務特色中小銀行」獎)	Modern Bankers	November 2022
		“Excellent Case Award for Scenarios Finance Innovation” in the Excellent Case Selection of Urban Financial Service in 2022 – Jin Salary Manager (2022年度城市金融服務優秀案例評選「場景金融創新優秀案例獎」 – 晉薪管家)	City Commercial Banks Clearing Co., Ltd. (城銀清算服務有限責任公司)	December 2022



Area of Contribution	Awards	Awarding Unit	Issuing Time
	2022 Digital Finance Golden List Award of Jinshang Bank – Best Scene Innovation Award for Digital Finance (晉商銀行2022年數字金融金榜獎 – 數字金融最佳場景創新獎)	www.cebnet.com.cn	December 2022
	Excellent Case Award of 2022 China Digital Fintech Innovative Application (Digital Marketing Type) – the Corporate Customer Visual and Marketing Management (Qiming) System (2022年度中國數字化金融與科技創新應用優秀案例獎(數字化營銷類) – 對公客戶視圖及營銷管理(啟明)系統)	Zhanxin Fintech Research Institute/New Finance Observation (瞻新金融科技研究院 / 金融新觀察)	December 2022
	<i>Security Management Standards for Mobile Finance Application of Jinshang Bank, Q/JSHBANK 003-2021</i> awarded as 2021 Enterprise Standard “Top Runner” (《晉商銀行移動金融客戶端應用軟件安全管理規範》Q/JSHBANK 003-2021獲2021年企業標準「領跑者」)	National Internet Finance Association of China	February 2022
Protection of consumers' rights and interests	The Team Second Prize for Financial Institutions in the Knowledge Competition on Financial Consumer Rights and Interests Protection “People-oriented Financial Services and Consumer Protection” in Shanxi Province (山西省「金融為民 消保護航」金融消費權益保護知識競賽金融機構團體二等獎)	Taiyuan Central Sub-branch of the People's Bank of China	September 2022



Area of Contribution		Awards	Awarding Unit	Issuing Time
		Special Contribution Award for Network Civilized University Theme Publicity of 2022 “Gathering Youthful Positive Energy and Striving to be a Good Netizen on Campus” in Shanxi Province (山西省2022年「網聚青春正能量 爭做校園好網民」網絡文明高校主題宣傳特殊貢獻獎)	Taiyuan Central Sub-branch of the People’s Bank of China	November 2022
	Social benefits	Public Welfare Plaque of “Caring about Public Welfare to Deliver Love and Donate Blood” (「熱心公益匯愛心、獻熱血」公益牌匾)	Taiyuan Blood Center	March 2022
Governance	Legal and compliance	2021 “National Copyright Demonstration Unit (Software Legalization)” (2021年度「全國版權示範單位(軟件正版化)」)	National Copyright Administration	March 2022



Figure: Display of pictures of some of the Bank's awards

Chapter I

Management —

Fulfilling Responsibilities through Actions and Maintaining Strategic Determination

- 1.1 Making Concerted Efforts for Development under the Guide of Party Building
- 1.2 Corporate Governance
- 1.3 Enhancing the Bottom Line against Risks
- 1.4 Strictly Strengthening Internal Control and Compliance

Under the guidance of Party building, Jinshang Bank adhered to the long-term value, continued to deepen the concept of compliance operation, and based on its own endowment, the Bank has built up its business advantages and organically integrated sustainable and high-quality development with corporate governance. The Bank comprehensively strengthened the construction of internal control and compliance management, continued to improve the level of anti-money laundering compliance management, actively built a clean bank to provide a strong guarantee for the high-quality development of the Bank.





1.1 Making Concerted Efforts for Development under the Guide of Party Building

In 2022, Jinshang Bank gave full play to the leadership advantages of the Party, promoted the requirements of the Party building work of “Entering the *Articles of Association*”, improved the “First Topic” system of the Party committee, and formulated *the Implementation Opinions on Strengthening the Party’s Leadership in Improving Corporate Governance, the Implementation Rules on Regulating Operation and Management and the List of Powers and Responsibilities for Major Decision-making of the Party Committee*. The Bank conducted pre-research on all major issues submitted to the Board of Directors, the Board of Supervisors and senior management for decision-making to ensure that the decisions and deployments of the Party Central Committee and Provincial Party Committee were fully, correctly and resolutely implemented.

1.1.1 Learning and implementing the spirit of the 20th CPC National Congress

The Bank took learning, publicizing and implementing the spirit of the 20th CPC National Congress as the primary political task, formulated and issued *the Implementation Plan on Earnestly Learning, Publicizing and Implementing the Spirit of the 20th CPC National Congress*, published the thematic activities arrangements of “Learning the 20th CPC National Congress, Striving for a New Journey” and “Ten Ones” series. The Theoretical Central Learning Group of the Party Committee organized 13 thematic study on the spirit of the 20th CPC National Congress, and the “full-coverage” lectures from top to bottom across the Bank were conducted through organizing reading class for the middle and senior leadership cadres as well as rotating training class for the Party branch secretary for the purpose of learning and implementing of the spirit of the 20th CPC National Congress to ensure full coverage and no omissions in the learning and implementing work to the grassroots and the front line. Meanwhile, the Bank kept innovating the mode of theoretical learning scenarios, firmly promoted the regular, long-term study of the Party’s history, and consolidated theoretical study with diversified ideas and powerful measures.



Figure: A study and communication activity on the 20th CPC National Congress conducted by Jinshang Bank



1.1.2 Adhering to the overall leadership of the Party





1.1.3 Consolidating the construction of the organizational system

We make great efforts to build strong grassroots organizations, conscientiously implement the requirements of the Provincial Party Committee's "Strengthening the Party building at the grassroots level in Sanjin district" project, continue to deepen the standardization and normalization of the construction of Party branches, implement Party branch quality improvement project, and be strict with grassroots Party organizations election, the development of Party members, Party fee collection and other work. Adhering to the development orientation of Party building and business integration, 184 Party branches across the Bank have identified their own Party building brands and continued to create, cultivate, select and name such brands. In 2022, "Building '123' Matrix of Party Organizations, and Leading High-Quality Business Development" of the Party Committee of Jinyang Sub-branch was selected as an excellent Party building brand of Shanxi provincial government agencies, which makes grassroots Party building more scientific, institutionalized and standardized.

1.2 Corporate Governance

The Bank continuously improves its corporate governance to ensure compliance with regulatory requirements. In 2022, the Bank amended and issued *the Articles of Association* in accordance with the latest regulatory requirements, of which a number of articles were revised and improved. In 2022, *the Rules of Procedure of the General Meeting of Shareholders* and *the Rules of Procedure of the Board of Directors* were revised successively to continuously optimize and standardize the structure and operation of the Board of Directors and to ensure a solid improvement of the governance level of the Board of Directors for the Bank's sustainable development work.

Under the leadership of the Party Committee of the Bank and in accordance with the requirements of modern corporate governance, a corporate governance structure of "Shareholders' General Meetings, the Board of Directors, the Board of Supervisors and Senior Management" has been established, and relevant special committees and internal organizations have been established respectively, forming a relatively sound operation system.



Organizational Structure of JINSHANG BANK CO., LTD.

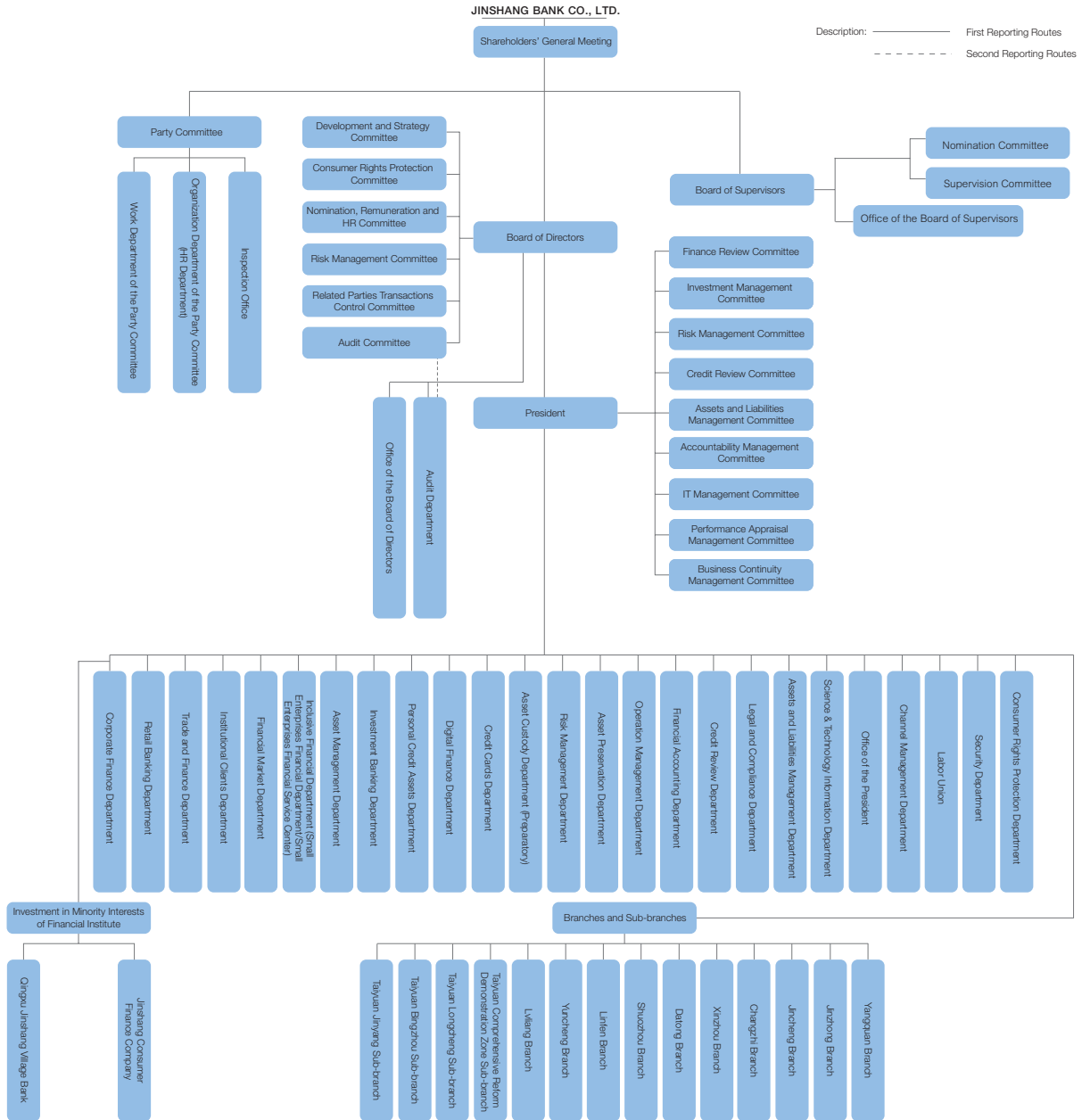


Figure: Organizational Structure of JINSHANG BANK CO., LTD.



1.2.1 Board governance

With *the Articles of Association* as the basic document, a number of policy documents were formulated by the Bank to effectively support the efficient and stable operation of the corporate governance mechanism.

The Board of Directors is the decision-making body, which is responsible for the shareholders' general meeting and has the Development and Strategy Committee, the Nomination, Remuneration and HR Committee, the Audit Committee, the Risk Management Committee, the Related Parties Transactions Control Committee and the Consumer Rights Protection Committee. The Board of Supervisors is the supervisory body and is accountable to the shareholders' general meeting. It has the Nomination Committee and the Supervision Committee.

The Bank continued improving performance of all special committees of the Board of Directors. In accordance with *the Articles of Association* and the working rules of each special committee of the Board of Directors, the Bank sorted out and standardized the work responsibilities of the secretarial bodies, executive bodies and other relevant functional departments of the special committees, organized and held communication training sessions for special committees of the Board of Directors and gave full play to the performance of special committees of the Board of Directors through communications in the centralized training.

The Bank continued to enhance the diversity of the Board of Directors on merit basis to enhance the Bank's risk sensitivity and resilience. The selection of members of the Board of Directors is based on the skills and experience required for overall sound operation of the Board of Directors, taking into consideration a number of indicators, including but not limited to gender, age, cultural and educational background, nationality, industry experience, technical and professional skills and/or qualification, knowledge, and length of service. In the change of session of the Board at the end of 2022, a new female director was appointed, which increased the proportion of women in the composition of the Board of Directors of the Bank. Besides, the new director is a professional in science and technology information, further promoting the professionalism in performing duties and the diversification of the covered fields of the Board of Directors.

Composition of the Board



The change of session of the Board was completed in December 2022. The Board of Directors consists of 12 Directors, including

- **2** Executive Directors, **5** Non-executive Directors, **5** Independent Directors
- **2** Female Directors

Performance of the Board



As of the end of December 2022,

- **8** Board meetings and **30** meetings of special committees were held
- **64** proposals were reviewed and approved and **57** reports were listened by the Board of Directors



1.2.2 Supervision of the Board of Supervisors

The Board of Supervisors strictly implemented the requirements of regulatory policies and focused on its supervisory function by reinforcing the supervision measures and strengthening the construction of a comprehensive risk system to actively promote the safe development of the Bank.

With institutional development as the impetus, the formation of a supervisory service system was accelerated. During the Reporting Period, the Bank revised and improved *the Rules of Procedure for the Board of Supervisors* and *the Work Rules of the Office of the Board of Supervisors*, in order to further standardize matters in regards to optimization of procedures, clarification of responsibilities, and improvement of efficiency as well as to highlight the guiding role of systems in guaranteeing quality and efficiency. The supervision over collective deliberations has been continuously strengthened, and the pressure from the supervision function has been constantly transmitted. The Bank urged the Board of Supervisors as the entity and the special committees as two wings to function by means of inquiring matters regarding key risk prevention and control areas of 51 persons in charge on site and offering more than 140 supervisory opinions and suggestions, which enhanced the role of supervision in securing safety.

The Bank systematically strengthened daily supervision, paid close attention to the quality of supervision services as to the legally compliant performance of duties by members of the Board of Directors, the Board of Supervisors and the senior management, comprehensive risk management, financial management and internal control supervision, so as to promote the normalization of strict supervision; the Bank innovated the form of supervision by guiding the reinforcement of joint supervision with internal supervision departments to achieve the synergy during in-depth supervision; flexible investigations and supervision were conducted as the supervisory bodies took their initiative to form themed supervision services and fulfill the distinct investigations and supervision; the Bank also took concrete steps to build up the team, intensified study and discussion, and enhanced mutual learning among peers for upgrading its level of professional supervision.

Composition of the Board of Supervisors



The change of session of the Board of Supervisors was completed in December 2022, and the Board of Supervisors consists of 9 Supervisors, including

- **3** Shareholder Supervisors, **3** External Supervisors, **3** Employee Supervisors
- **1** Female Supervisor

Performance of the Board of Supervisors



As of the end of December 2022, the Board of Supervisors of the Bank

- held **20** meetings of the Board of Supervisors and its special committees, considered **94** resolutions and heard **38** reports
- attended **8** Board meetings, and monitored and inspected the performance of the Directors for **once**



1.2.3 Strengthening shareholder equity management

The Bank has formulated *the Measures for Major Shareholders' Commitment of Jinshang Bank* to assess the major shareholders' qualification and fulfillment of commitments for 2021, regulate the daily conduct of substantial shareholders and major shareholders, and protect the relevant rights and interests of small and medium shareholders such as the right to know, the right to propose, the right to receive income and the right to vote. During the Reporting Period:

- the Bank performed layer-by-layer penetration checks on the Bank's shareholders holding 20 million (including 20 million) shares, implemented self-inspection of shareholders' behavior, and reported to the regulatory authorities.
- the Bank conducted self-inspection to the Bank's shareholder penetration management and shareholder access, and formulated a self-inspection report to report to the regulatory authorities.
- the Bank assisted consumer finance companies and Qingxu Village Bank to identify the related relationship between its shareholders and related relationship between more than 10,000 customers and the Bank's shareholders.
- the Bank completed the distribution of dividends on Domestic Shares and H Shares for 2021.

1.2.4 Timely and compliant disclosure of information

The Bank accurately and efficiently completed the information disclosure in strict accordance with regulatory requirements. The Bank actively coordinated with relevant institutions and departments to complete the preparation and release of information disclosure documents such as *2021 Annual Results Announcement of Jinshang Bank Co., Ltd.*, *2021 Annual Report of Jinshang Bank Co., Ltd.* and *2021 Environmental, Social and Governance Report of Jinshang Bank Co., Ltd.* with high efficiency and quality within the specified period.

As of the end of December 2022, the Bank issued 46 information disclosure documents on Hong Kong Stock Exchange, which were synchronizing with the official website of the Bank. In addition, in accordance with the requirements of Shanxi Provincial Government on the Disclosure of Financial and Other Important Information of Provincial State-owned Enterprises, the Bank has completed the disclosure of important information such as financial information of 2021, financial information of the first quarter of 2022, interim financial information of 2022, and financial information of the third quarter of 2022.



1.3 Enhancing the Bottom Line against Risks

The Bank actively responded to *the Guidelines of the CBIRC on Promoting the High-Quality Development of the Banking and Insurance Industries* 《中國銀保監會關於推動銀行業和保險業高質量發展的指導意見》, prevented and defused various risks in an accurate and efficient manner, adhered to the steady and prudent risk management concept and the theme of “Risk Management by the Party”, kept the bottom line of no systematic financial risk, and continuously improved the comprehensive risk management system. The Bank deepened the construction of risk capacity and its application through developing risk management structure applied resident-model, improving the construction of system, raising awareness of climate risks and strengthening management of related transactions, to ensure sustainable and high-quality development.

1.3.1 Improving the risk management and control system

Developing risk management structure applied resident-model

According to the principle of “verticality, independence and comprehensive coverage”, the Bank defined the risk management responsibilities of the leadership of the head office and branches, and consolidated the primary responsibilities of risk management. The designated personnel were penetrated into each principal business line, key business department and branch, which formed the risk management structure that intersected vertically and horizontally with comprehensive coverage. By strengthening the functions of supervision, service and support, the Bank supervised each front office department to handle business in a standardized manner, cultivated the awareness of daily risk management in each institution and improved the level of operation and risk prevention of the customer managers. The Bank also transmitted various risk management policies to the business lines and branches in a timely manner and effectively controlled all kinds of risks to promote the healthy and orderly development of various businesses. For all kinds of risk events occurred in the course of business, risk early warning was issued by the designated staff through real-time monitoring to ensure the safety of credit assets. As of the end of December 2022, the personnel dispatched to the business department of the head office for risk management purpose had approved a total of 30,444 businesses with an approval amount of RMB6,769.381 billion, and issued a total of 60 risk early-warning notices, which was effectively played the role of risk management structure applied resident-model.

Improving the risk management system

In 2022, the Bank thoroughly implemented the requirements of “Year of System Implementation”, sorted out and improved the institutional system, formulated and revised a total of 23 risk-related systems and policies, constantly improved the risk control and management system, identified, monitored and measured credit risk, liquidity risk, market risk and operational risk to fully prevent the occurrence of systematic financial risks.



1.3.2 Enhancing the prevention and control of various risks

In 2022, there are many uncertain factors in China's economy, resulting in the large pressure on economic downturn and the increasing pressure on the dual-control of energy consumption. The Bank integrated the overall and forward-looking concept of risk management into all links of operation management, improved the initiative and forward-looking of risk prevention and control, strictly prevented and controlled risks in key areas, continuously improved the risk management of liquidity risk, compliance risk, credit risk, operational risk, market risk, reputation risk, etc., and carried out 7 risk investigations and self-examinations. In 2022, the prevention and control of risks in key areas were sound and no major risk event occurred, and all indicators met regulatory requirements.

Credit Risk

No major credit risk event occurred in 2022

- Adjusting and optimizing credit structure, and increasing support for inclusive finance, green finance, and rural revitalization
- Optimizing the asset preservation management system and mechanism, and improving the assessment, evaluation, incentive and control management mechanism
- Implementing the requirements for prudent management of the real estate finance and making more efforts on risk investigation in the real estate business
- Continuously promoting technological empowerment and improving the effectiveness of risk monitoring and early warning

Large-scale Risk Exposure

Other than customers with exemption, all limit indicators for the large-scale risk exposure were in compliance with the regulatory requirements in 2022

- Strictly implementing regulatory requirements, formulating management rules for large-scale risk exposure, and establishing an organizational structure and management system
- Promoting the construction of information system, and regularly reporting to regulators on large-scale risk exposure indicators and related management so as to effectively control customer concentration risks

Market Risk

The stable level of overall market risk in 2022

- Strengthening the management of market risk procedure, conducting comprehensive review of the risk of the whole process of transaction business, while strengthening the risk-control measures for the key risk points
- Establishing a system for market risk management policies that is compatible with the nature, scale, complexity and risk characteristics of businesses
- Strengthening bond investment risk management and the management of market valuation fluctuations of bonds

**Liquidity Risk****Regulatory indicators for the liquidity risk met the regulatory requirements in 2022**

- Strengthening monitoring frequency and precision, and continuously improving the ability of active management
- Strengthening active management of liabilities and management of limit indicators for liquidity risk
- Conducting liquidity stress tests and improving the early-warning mechanism for liquidity risk

Operational Risk**No major operational risk event occurred in 2022**

- Optimizing and upgrading the structure, policy and system of the operational risk management, and carrying out the “System Implementation Year” activities
- Continuously strengthening business continuity management and carrying out emergency drills for major businesses
- Strengthening the management and control procedure of whole outsourcing risks
- Conducting anti-money laundering training

Strategic Risk**No strategic risk event occurred in 2022**

- Strengthening the follow-up evaluation of the strategy implementation effect and completing the annual strategy implementation evaluation
- Strengthening assessment and supervision, and implementing the primary responsibility for the implementation of strategic plans in all institutions
- Identifying its risks and industry development trends in a timely and accurate manner

Reputational Risk**With stable situation of public opinion, no major reputational event occurred in 2022**

- Implementing the management and control of public opinion and reputation risk management requirements
- Matrix of traditional media and new media complementary to each other



Promoting the implementation of credit management

The Bank handled the application of credit system users as per time limit and upgraded the employment records of credit system users on a monthly basis while filing inquiries with regulatory authorities regarding user account activation and deactivation in a timely manner to reinforce the users' system operating capacity. The Bank's corporate credit data was reported on a daily basis, and feedbacks were handled promptly to further ensure the quality of the Bank's corporate credit data. The relevant business departments and branches of the head office were organized to carry out credit publicity to enhance public awareness of maintaining good credit standing.

Improving the risk prevention and control, early warning and supervision system

In 2022, to thoroughly implement the decisions and deployments of the Provincial Party Committee and the Provincial Government of Shanxi Province to effectively maintain the intrinsic safety of local finance and meet the requirements of establishing a full-coverage and penetrating supervision system of local financial institutions, the Bank cooperated with the Shanxi Local Financial Supervision and Administration Bureau to report supervision indexes data and completed the supervision of early-warning indicators for the Bank, providing active fintech support against systemic and regional risks in Shanxi Province while effectively enhancing the risk identification capability of the Bank.

The supervision indexes data cover five aspects:

- Bank function risk monitoring
- Risk formation mechanism monitoring
- Internal management risk monitoring
- Product service risk monitoring
- Compensation capability risk monitoring



1.3.3 Enhancing ESG risk control

- **Conducting climate risk pressure test**

Deeply aware of the importance of climate risk and environmental risk to the long-term stable operation of society, the Bank has established the climate risk sensitivity pressure test project team. The Bank considered climate risk as the focus of risk management in 2022, which was included in *the Guidelines on 2022 Risk Management of Jinshang Bank*, and submitted it to the 25th meeting of the fifth session of the Board of Directors for review. The Bank actively carried out research and exploration on climate risk pressure test, and completed the requirements of *the Notice on Conducting Climate Risk Sensitivity Pressure Test in Shanxi Province* (《關於開展山西省氣候風險敏感性壓力測試工作的通知》) by Taiyuan Central Sub-branch of the People's Bank of China in 2022, and performed climate risk pressure test on credit assets of eight high-carbon industries and a total of ten industries including coal and coking.

The test set up a climate risk scenario based on the credit data at the end of December 2020 and the Bank's asset data at the end of December 2021. The risk was mainly derived from policies, and the impacts were from carbon price, carbon tax and resource tax, respectively, and there were three pressure scenarios: mild, moderate and severe, to test the changes in the financial situation and repayment ability of the participating enterprises due to the increase of carbon-related costs in the next 9 years, which facilitated an analysis of the impact on the credit asset quality and capital adequacy level of the participating banks and an improvement in the Bank's ability to manage risks related to climate change.

Based on the results of the climate risk pressure test, the Bank will continue to explore the management mechanism and the application of innovative tools to improve the climate risk control mechanism.

- **Incorporated ESG risks into credit management**

The Bank actively responded to the requirements of the China Banking and Insurance Regulatory Commission (hereinafter referred to as "CBIRC") and other regulatory authorities, effectively transformed the ESG concept into momentum to support the Bank's high-quality development, and contributed to the high-quality development through business implementation. In 2022, the Bank incorporated environmental and social risk management requirements into the process management of customer investigation and credit business review by issuing *the Notice on the Addition of "Environmental and Social Risk Analysis" at the Investigation and Review Stage of Credit Business*.

The Environmental and Social Risk Analysis has been included in the template of *Investigation Report on Comprehensive Credit Business of Jinshang Bank*. At the pre-loan investigation and review stage, the Bank was required to fully understand the customers' "green credit" status, assess the customers' environmental and social performance throughout the process, evaluate and analyze the potential environmental protection, safety, health and other hidden dangers as well as the prevention and control measures taken, so as to further achieve the goal of green transformation while enhancing the Bank's sustainable development capability.



1.3.4 Strengthening the management of related party transactions

The Bank improved compliance in the management of related party transactions by updating the list in a timely manner, conducting daily monitoring, and regularly submitting reports and data to the regulators. As of the end of December 2022, the Bank determined 3,455 related legal persons and 809 related natural persons in terms of CBIRC, 5,349 connected legal persons and 149 connected natural persons in terms of listing.

We review the list of related parties approved by the Board on a quarterly basis, and update the list of deregistered companies, name-changed companies, etc. through OA in a timely manner.

We improve the related party transaction system, promote the online operation of the system, and continuously optimize the system functions according to the new requirements put forward by the regulation.

We carry out daily monitoring of related party transactions and complete monitoring of all regulatory indicators of related party transactions on a monthly basis to ensure that all related party transactions of the Bank meet regulatory requirements.

We report on related party transactions and related business data to the regulatory department on a quarterly basis to improve the compliance of related party transactions management.

We completed the signing of the framework agreement on the fee income cap for 2023-2025 with Changzhi Nanye Group, our Shareholder, and disclosed it in accordance with the Hong Kong Listing Rules.

1.3.5 Improving risk management and control capabilities

The Bank makes steady efforts in building a normalized learning mechanism. In 2022, the Bank conducted a total of 26 internal and external trainings on risk management, compiled comprehensive risk management training materials for risk lines, established a study question bank, covering laws, regulations, rules and internal provisions related to comprehensive risk management, which laid a solid foundation for risk management.

Practical training contents

Contents include: climate risk stress testing, related party transactions, credit system operation, collateral management, loan approval, credit-solicitation management, submission of statements, key points of credit review, post-loan management, etc.

Rich training forms

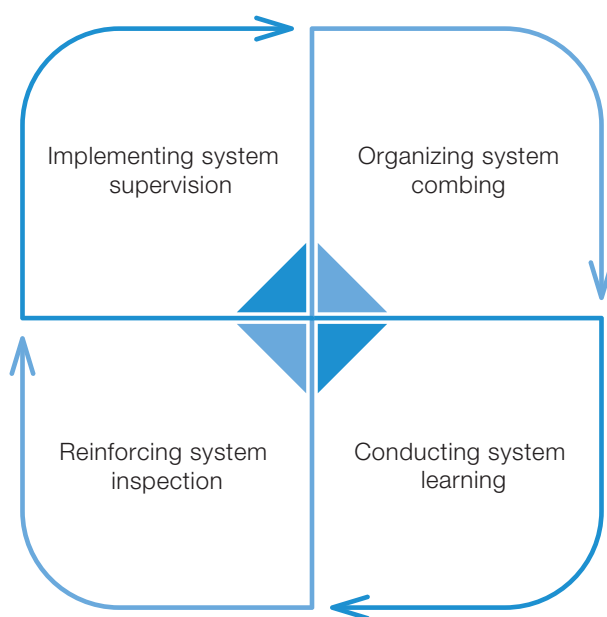
Forms include: on-site training, on-site face-to-face instruction in a small class, video conference, online Zhi Niao APP



1.4 Strictly Strengthening Internal Control and Compliance

In 2022, guided by the spirit of the 20th CPC National Congress, Jinshang Bank conscientiously implemented the decisions and deployments of the Provincial Party Committee and the Party Committee of the Head Office. With a focus on the five-year strategic planning goals and the three-year action plan for safe development, Jinshang Bank continuously enhanced its legal compliance management methods, consolidated its legal compliance culture, and ameliorated its internal control and compliance management system to ensure its safe and stable operation.

1.4.1 Improving the compliance management system



Organizing system combing: The Bank updated more than 8,500 external rules and regulations of the operational risk system, collected more than 470 financial policy compilation documents, and sorted out more than 190 internal office circulation policies and documents, providing a basic guarantee for its system combing.

Conducting system learning: The Bank incorporated system learning into an important part of the construction of a “learning bank”, organized such activities as training months themed on “System Implementation Year”, and adopted such forms as centralized learning, individual self-study and quizzes to ensure learning effectiveness.

Reinforcing system inspection: The Bank incorporated rules and regulations management into its 2022 annual compliance assessment, refined the inspection efforts, organized and conducted special inspections around the key points to ensure that the system construction, learning and implementation operate within the prescribed track.

Implementing system supervision: The Bank tracked and reported the system sorting, defect reporting and feedback submitted by various institutions, made random checks on the completion of system plans and training and learning, and continuously urged all departments and institutions to orderly promote the completion of various tasks through external regulation internalization, system compliance review, interview notification, etc.



During the Reporting Period, the legal compliance system of the Bank completed:	891 system sorting, including 121 new systems, 241 revised systems, and 376 abolished existing systems
	237 internal system compliance reviews
	36 external regulations internalization

1.4.2 Building a clean bank

The Bank strictly complied with relevant laws and regulations, continued to promote the construction of a clean bank, the shaping of clean culture and the establishment of a clean demonstration unit, and formulated and issued *the Implementation Plan on Comprehensive Construction of Clean Jinshang Bank* and *the Implementation Plan on Strengthening the Construction of Clean Culture*. The Bank embedded *the Notice of Integrity and Self-discipline* as an essential element in key business areas such as credit and centralized procurement, and implemented the supervision over the integrity of employees in key positions through spot checks and follow-up visits, so as to strengthen the bottom line of employees' integrity.

The Bank strengthened supervision around key links and key positions in the financial sector, and improved the institutional mechanism for preventing and controlling corruption by establishing "Three Mechanisms", namely, dispatching disciplinary inspection and supervision team to consult with the Party Committee, to coordinate with the supervisory department and to submit urgent information of major emergencies. The Bank has properly promoted the clean culture, and integrated the promotion of mechanisms ensuring that officials do not dare, are not able, and ultimately have no desire to be corrupt. In 2022, the Bank developed a new channel for publicity by launching a new WeChat official account, held five online training sessions for special training month of "Construction of Clean Jinshang Bank", which covered the Board, senior management and employees at primary level, etc., and carried out diversified publicity campaigns around the "clean culture" to strengthen clean training and cultural publicity and implementation.



“Clean Culture” Publicity Campaign



Collection of anti-corruption themed family letters

The Bank organized all cadres, employees and family members to build a strong ideological defense against corruption and anti-degeneration in the family with family letters as the carrier, and collected a total of 220 works



Visiting the warning education base

The Bank organized a visit to the large-scale theme exhibition of “Keeping in Mind the Original Aspiration and Mission” for Party conduct and clean government education to effectively build a strong ideological defense against corruption and anti-degeneration



Holding the keynote speech contest of “Enhancing Ability, Transforming Style, and Welcoming the 20th CPC National Congress”

The Bank demonstrated the spirit of Party members’ loyal performance of their duties and making commitment, and their firm belief in making contributions to ordinary posts



Creation of the WeChat official account of “Clean Jinshang”

The Bank launched the WeChat official account of “Clean Jinshang” to publish real-time updates on the Bank’s disciplinary inspection work and unify the reporting channels for Party conduct and clean government issues. In 2022, 48 issues including a total of 203 articles were published



Carrying out the “Compliance and Clean Jinyang” Warning Education Publicity Appraisal Competition

In March 2022, the directly-controlled bank of Jinyang organized the “Compliance and Clean Jinyang” (合規你我·清廉晉陽) warning education lecture and the first internal trainer appraisal competition, with the theme of “Compliance and Clean Jinyang” (合規你我·清廉晉陽), in which a total of 28 employees participated. In order to solidly carry out the construction of a clean culture, several on-site lectures were conducted in various branches before the competition to effectively improve the level of internal trainers and create a clean atmosphere.



Figure: “Compliance and Clean Jinyang” warning education publicity appraisal competition

1.4.3 Improving the level of anti-money laundering management

We have conscientiously implemented the laws and regulations, such as *the Anti-Money Laundering Law of the PRC* 《中華人民共和國反洗錢法》, *the Law of the People’s Republic of China on the People’s Bank of China* 《中華人民共和國中國人民銀行法》, *the Anti-Terrorism Law of the PRC* 《中華人民共和國反恐怖主義法》, and *Measures for the Supervision and Administration of Combating Money Laundering and Financing of Terrorism by Financial Institutions* 《金融機構反洗錢和反恐怖融資監督管理辦法》, and revised three anti-money laundering internal control systems during the Reporting Period: *the Implementation Rules for Anti-Money Laundering and Anti-Terrorist Financing in Cross-Border Business of Jinshang Bank*, *the Implementation Rules for Anti-Money Laundering in Trade Finance Business of Jinshang Bank* and *the Implementation Rules for Anti-Money Laundering Work in Digital Finance Business of Jinshang Bank*. We have also continued to optimize the assessment system including customer money laundering risk, business money laundering risk and institutional money laundering risk, and conducted assessments on the money laundering risks exposure to customers, businesses and institutions in accordance with regulatory requirements. We optimize customer identification, large transaction and suspicious transaction monitoring, analysis and reporting functions, promote the building of anti-money laundering system functions, actively conduct training on anti-money laundering and create a good atmosphere. We take practical action to protect the stability of the financial system and implement social responsibility.



In 2022, the Bank's anti-money laundering performance is as follows:

Strict reporting of large and suspicious transactions

- As of the end of December 2022, the Bank had presented a total of 415,158 large transaction reports, successfully dissuaded and intercepted 167 money-laundering-related risk events, and conducted 104 training sessions for over 3,000 trainees throughout the year.

Completion of self-assessment on money laundering and terrorist financing risk

- We completed the bank-wide self-assessment of money laundering and terrorist financing risks for 2021 and submit a report to the People's Bank of China.

Ongoing anti-money laundering risk screening

- We organized a bank-wide self-inspection of anti-money laundering information security and suspicious account screening, and carried out special inspections by using the anti-money laundering off-site supervision platform. We carried out timely risk alerts and issue notifications on problems found in the screening.

Strengthening the governance of stock data issues

- The Bank analyzed the causes for historical data issues, negotiated solutions and actively promoted data governance and system improvements.

Ongoing system optimization and construction

- We comprehensively sorted out 22 types of intra-bank blacklist management and control information, improved the risk rating processing logic of the anti-money laundering system, and optimized 25 suspicious monitoring model indicators for crime-related types.



1.4.4 Construction of compliance culture

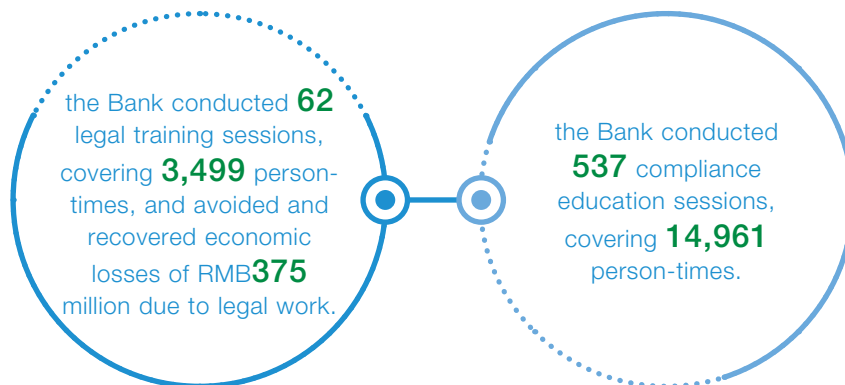
Fostering a good compliance culture can enhance the professional ethics and quality of staff, which in turn can improve the Bank's risk management and control capabilities and level. In 2022, the Bank built the risk-aware behavioral boundaries of its staff through strengthening the construction of a compliance culture, so that we can be reminded to be vigilant in peace time, get prepared for dangers, and stay free from calamity with such preparations.

We published compliance information through the "Jinshang Bank Compliance Perspective" WeChat public account, covering risk warnings, industry dynamics, economic hot-spots, system interpretation, regulatory policies, laws and regulations, business topics, etc.

We launched a special competition for the legal compliance line, covering 14 key systems in the business line, 23 key systems in the legal compliance line and 10 external regulatory policies, with examination questions covering interpretation of key systems in the business line, review of systems and policies, and compliance work, etc.

We cooperated with regulator's requirements to carry out a variety of thematic publicity campaigns. For example, according to the *Notice by the Shanxi Office of the China Banking and Insurance Regulatory Commission of Forwarding and Participating in the "Anti-Fraud and Promoting Compliance" Financial Fraud Prevention Knowledge Answering Activities* 《山西銀保監局辦公室關於轉發參加「反欺詐促合規」防範金融詐騙知識答題活動的通知》, the Bank carried out a thematic answering activity. We co-operated with the Shanxi Office of the China Banking and Insurance Regulatory Commission in organizing the bank-wide micro-video collection for the 18th National Rule of Law Animation Campaign and submitted 11 entries.

During the Reporting Period,



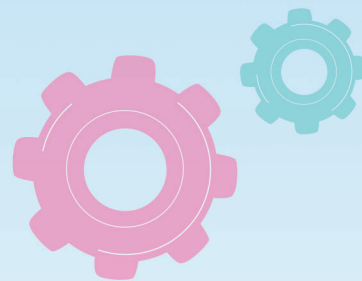


1.4.5 Intellectual property protection

According to the *Patent Law of the People's Republic of China* 《中華人民共和國專利法》, the *Copyright Law of the People's Republic of China* 《中華人民共和國著作權法》, the *Trademark Law of the People's Republic of China* 《中華人民共和國商標法》, the *Commercial Bank Law of the People's Republic of China* 《中華人民共和國商業銀行法》, the *Measures for the Registration of Computer Software Copyright* 《計算機軟件著作權登記辦法》 and other national laws, regulations and regulatory rules, the Bank formulated the *Measures for the Administration of Intellectual Property Rights of Jinshang Bank* in 2020, which provides institutional guarantee for strengthening the protection and utilization of intellectual property rights, promoting the independent innovation throughout the Bank, avoiding intellectual property infringement and preventing infringement. In 2022, the Bank revised the *Measures for Technology Risk Management of Jinshang Bank* and the *Measures for Network Security Management of Jinshang Bank* etc. to refine key management and control requirements such as intellectual property protection, and organized the thematic campaigns of intellectual property protection. In 2022, the Bank did not have any disputes or reputation risks arising from intellectual property.



Chapter II



Development — Trying Best to Move forward and Serve Real Economy



- 2.1 Fully Supporting the High-quality Economic Development of Shanxi
- 2.2 Actively Practicing Inclusive Finance
- 2.3 Standing up as a Committed Provider of Financial Services

Always bearing in mind the essential nature of finance serving the real economy, Jinshang Bank has made new plans, opened new bases, made efforts and made practical moves to promote quality change and innovation, actively played the role of a local corporate bank in serving and supporting to the development of the regional economy and made contributions to promote comprehensive and high-quality development in Shanxi. During the Reporting Period, the total loans of the Bank amounted to RMB186.052 billion.





2.1 Fully Supporting the High-quality Economic Development of Shanxi

The Bank strives to implement the fundamental concept of “serving Shanxi, serving transformation and serving the real economy”, supports the transformation and upgrading of traditional robust industries with financial strength, expands strategic emerging industries, and promotes the construction of the Taiyuan and Xinzhou Integrated Economic Zone to push the industrial system of Shanxi to a higher level.

2.1.1 Supporting the Shanxi strategy with a leading example

Dedicated support for the construction of the Taiyuan and Xinzhou Integrated Economic Zone

In January 2022, the Provincial Party Committee and the Provincial Government of Shanxi Province issued *the Guidance on Promoting the Taiyuan and Xinzhou Integrated Economic Development of Central City Cluster of Shanxi* 《關於推進山西中部城市群太忻經濟一體化發展的指導意見》, which provided five strategic positions such as integrating into Beijing, Tianjin and Hebei and serving the Xiongan New District as an important corridor, the development uplift of the central city cluster, the provincial advanced manufacturing cluster, the world-class tourism and health destination, and the demonstration area for the construction of ecological civilization.

As a financial leader in firmly serving local economic development, the Bank resonated with the economic development of Shanxi Province, earnestly implemented the requirement of “promoting high-quality development on an all-round way” of Shanxi Province, strongly supported the construction of the Taiyuan and Xinzhou Integrated Economic Zone, formulated *the Financial Services Action Plan for Taiyuan and Xinzhou Integrated Economic Zone of Jinshang Bank* in 2022, and established the Financial Support Action Center of Jinshang Bank for Development of Taiyuan and Xinzhou Economic Integration, with the Chairwoman as the Chairperson, and coordinated the four directly-controlled branches and Xinzhou Branch to set up the Action Group for Financial Services Assurance for Taiyuan and Xinzhou Economic Integration, forming a solid organizational guarantee. At the same time, it has introduced a series of initiatives in terms of marketing guidelines, favorable policies, resource matching, license utilization, product innovation and service assurance, and actively established smooth contact channels with governmental authorities of Shanxi Province, Taiyuan City and Xinzhou City to provide efficient financial services with no distance to market players settling in the Taiyuan and Xinzhou Economic Zone.

As of the end of December 2022, the Bank promoted 25 construction projects in the Taiyuan and Xinzhou Integrated Economic Zone, the scale of supporting special financing amounted to RMB15.3 billion with cumulative credit of RMB1.495 billion. The Bank focused on supporting projects such as park development and construction, industrial transformation, green and clean energy, and the integration of cultural, tourism and health industries, contributing to the construction of urban and rural regional development layout of “one cluster, two zones and three circles” in Shanxi Province, proactively participating in the coordinated development of Beijing, Tianjin and Hebei, and serving the construction of a new development pattern.



Case: RMB353 million to support the construction of the cultural and tourism sectors

In order to respond to the “Eight Actions” of *the Ground-breaking Starting Action Plan for Three Tourism Sectors in 2018* 《2018年三大旅遊板塊突破性開局行動方案》 proposed by the General Office of Shanxi Provincial People's Government, including advancing the implementation of road and network, introducing strategic investment, construction of large-scale projects, medical and wellness tourism actions, the Bank signed a letter of intent for cooperation with a cultural tourism company in Shanxi Province and established a professional service team led by branches and sub-branches' leaders, and visited the clients on a regular basis to track the progress of the projects in 2020. In June 2022, the Bank disbursed a loan of RMB353 million for this project to provide the finance support for the construction of the three tourism sectors of the Yellow River, the Great Wall and Taihang.

Case: RMB3.2 billion to support the development of intelligent manufacturing for iron and steel enterprises in Shanxi Province

The manufacturing technology industrial park and mechanical and electrical equipment industrial park project invested and constructed by an iron and steel enterprise is a key project for the transformation and upgrading of Shanxi Province, and is also a key support project in the field of high-end equipment intelligent manufacturing. In order to actively promote Shanxi's energy revolution, the Bank provided the enterprise with credit support of RMB3.2 billion in 2022, to support the industrial park project to introduce the most advanced international technology and equipment, extend the upstream and downstream industrial chains, and improve resource utilization.



2.1.2 Professional and efficient service to the real economy

Keeping in mind the essential nature of financial services serving the real economy, the Bank implemented the new concept for development thoroughly, accurately and comprehensively, adhered to attaching equal importance to quality and quantity and the collaboration with different levels throughout the Bank, reinforced support for the real economy, and accelerated the pace of transformation and development. During the Reporting Period, the total loans of the Bank amounted to RMB186.052 billion, injecting financial resources into serving the development of the real economy.

Case: RMB100 million green debt financing scheme to support the development of green economy

A heavy industry enterprise is the first heavy machinery manufacturer designed and built by the state itself, specializing in high-end manufacturing, engineering complete sets and productive services of wind power generation equipment, rail transportation equipment, port machinery, construction machinery and other products. In the process of service, the Bank keenly grasped the business opportunity brought by the green transformation and upgrading of the financier and designed a green debt financing plan product tailored for the client. In May 2022, the Bank supported the enterprise to issue the first green debt financing plan for a city merchant bank in Shanxi Province at the Beijing Financial Assets Exchange for RMB100 million, which was well received by Beijing Financial Assets Exchange and the enterprises, making significant efforts in strengthening the development of the green economy in Shanxi.

Case: RMB350 million to support the infrastructure construction of the Taiyuan and Xinzhou Integrated Economic Zone

A large-scale group focuses on the investment, construction, operation and management of infrastructure, and has Grade A qualifications of multiple general contracting and several professional contracting for national highways, municipal administration, water conservancy and construction. Its subsidiaries fully entered the Shanxi's market in 2021, responding to policy of vigorously developing Taiyuan and Xinzhou integration in Shanxi Province. In July 2022, the Bank disbursed a loan of RMB350 million to the company to support the supporting infrastructure construction project (Phase I) road network engineering construction project of the Taiyuan and Xinzhou Integrated Economic Zone (Dayu Industrial New City) Start-up Zone undertaken by it, to provide financial support for the construction of Taiyuan and Xinzhou Integrated Economic Zone.



2.2 Actively Practicing Inclusive Finance

Jinshang Bank has steadily advanced the work requirements for rural revitalization, conscientiously implemented the inclusive financial work, and improved the management mechanism of inclusive financial. The Bank comprehensively increased the expansion of small and micro businesses, innovated credit products, improved the guarantee mechanism for digital inclusive business, and took the lead in developing financial services for new citizens. In the self-evaluation work of Jinshang Bank's small and micro financial services in 2021, the CBIRC Shanxi Office gave the Bank a Type A Class II evaluation result, ranking second in the evaluation level in Shanxi Province, and tied for first in legal person institutions. In the self-evaluation work of Jinshang Bank's financial services for rural revitalization in 2021, the People's Bank of China gave the Bank a "good" evaluation result and recognized the Bank's efforts in promoting inclusive finance and rural revitalization and development.

2.2.1 Establishing the inclusive financial management system

In May 2022, the Bank revised *the Inclusive Financial Reform Program of Jinshang Bank* to quickly initiate the inclusive financial reform, with the aim of developing an integrated financial service system as well as an efficient and coordinated management system and mechanism.

In terms of realizing multiplication of market players, the Bank deepened the structural reform, and established the leading group in 2022 to clarify the responsibilities of members and departments, and formulated *the Action Plan Serving the Multiplication of Market Players of Jinshang Bank* and *the Notice on the Implementation of Financial Policies for Multiplication of Market Players of Jinshang Bank*, which provided for the development goals, work direction and protection measures.

A pre-approval and filing system was established to facilitate approval. The Bank set up the Inclusive and Small and Micro Enterprises Credit Review Committee of Jinshang Bank in September 2022, and issued the working rules of meetings of the Credit Review Committee, improving the review and decision level.

In terms of optimizing resource allocation, the Bank organized a number of special competitions and measures for performance evaluation for inclusive finance, vigorously promoted the progress of business-related indicators, and set evaluation indicators for "inclusive finance".

As of the end of December 2022, the balance of inclusive loans to small and micro enterprises of the Bank (operation data of discounted bills and re-discounts have been excluded according to the regulatory assessment of "two increases" in 2022) amounted to RMB7.533 billion, representing an increase of RMB1.787 billion from the end of December 2021; the number of inclusive small and micro enterprise customers was 3,280, representing an increase from the end of December 2021, achieving the target of "two increases". The annualized interest rate of accumulative inclusive loans to small and micro enterprises of the Bank was 4.81%, representing a decrease of 0.51 percentage point compared with 2021, as the lending comprehensive cost was controlled at a reasonable level.



2.2.2 Improving the inclusive financial product system

- **Optimizing existing products**

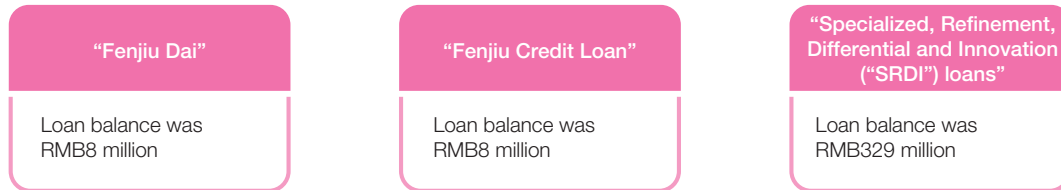
In 2022, the Bank optimized a total of seven financial products for small and micro enterprises, to better respond to various needs and promote the development of inclusive finance.

Name of product	Product Introduction	Balance as at the end of the Reporting Period (RMB)
“Yi Bao Dai”	Loan products provided to the borrowers of hospitals and pharmacies that are settled through the medical insurance administration service center and with the settlement payment in the medical insurance center as the main source of repayment.	The balance of loans was RMB103 million, representing a net increase of RMB11 million as compared to the beginning of the year.
“Jian Ya Kuai Dai”	Business loans to borrowers who provide real estate as collaterals.	The balance of loans was RMB416 million, representing a net increase of RMB82 million as compared to the beginning of the year.
“Kuai Ya Dai”	Loans to small and micro enterprises, which are secured by collateral of real estate provided by the enterprises that meets the Bank’s requirements and are used for legitimate operating activities.	The balance of loans was RMB157 million, representing a net increase of RMB52 million as compared to the beginning of the year.
“Xu Dai Tong”	Loan services of provision of non-repaying principal and renewal loan support for existing small and micro enterprises corporate customers.	The balance of loans was RMB57 million, representing a net increase of RMB57 million as compared to the beginning of the year.
“Cai Gou Yi Dai”	Loans to small and micro enterprises suppliers that have won a bid for (reached a deal of) government or state-owned enterprise procurement projects, with government or state-owned enterprises procurement behavior as the business scenarios. Among which, the business occurred in government procurement scenarios is called “Zheng Cai Kuai Dai” and the business occurred in state-owned enterprises procurement scenarios is called “Qi Cai Yi Dai”.	The balance of loans was RMB181 million, representing a net increase of RMB178 million as compared to the beginning of the year.
“Financing guarantee and trade credit”	Batch guaranteed loans issued in cooperation with guarantee companies to small and micro enterprises, “Sannong (三農)” entities, entrepreneurial and innovative market players, and borrowers of strategic emerging industry enterprises.	The balance of loans was RMB3 million, representing a net increase of RMB3 million as compared to the beginning of the year.
“Core downstream credit loan”	Loans business to downstream distributors recommended by core enterprises, using for paying prepayment loans and purchase loans to the core enterprises.	The balance of loans was RMB15 million, representing a net increase of RMB15 million as compared to the beginning of the year.



- **Actively developing new products**

During the Reporting Period, the Bank established a special team for research and development of products for small and micro enterprises, intensified research and exploration of inclusive financial products, and developed three inclusive financial products based on regional characteristics and the Bank's actual situation. As of the end of December 2022, the products were recognized by the market.



Case: Focusing on small giants and serving "SRDI" customers through multi-channels

Focusing on serving the "small giant" group, the Bank successfully developed exclusive products to serve "SRDI" customers. In 2022, the Bank supported 98 "SRDI" small and medium-sized enterprises with credit capital loan of RMB1.563 billion.



Figure: Jinshang Bank serves for the business development exchanges of "SRDI" enterprises



2.2.3 Expanding the inclusive financial business system

In 2022, the Bank continued to expand the coverage of inclusive financial services by developing systems and policies to standardize the marketing direction of small and micro businesses, transforming and optimizing business models, and improving its abilities to acquire customers through mass marketing, manage clustered customers and provide precise service to customer groups. During the Reporting Period, we formulated:

- *Guidelines for Marketing of Small and Micro Businesses of Jinshang Bank in 2022*
- *Guidelines for Inclusive Finance "Cluster Program" Business of Jinshang Bank*

Leveraging inclusive finance to support rural revitalization and expand rural financial cooperation channels

We actively promoted channel cooperation and carried out in-depth business research. We understood customer needs from multiple angles, proactively pushed forward the building of payment channels, and issued Jinshang Bank cards themed on rural revitalization, which incorporated multiple basic rights and interests in agriculture, rural areas and farmers, and could be used for payment for agricultural production, living consumption, etc. In addition, we organized and attended the forum and reception meetings for heads of key supported counties of rural revitalization convened by Rural Revitalization Bureau of Shanxi Province and the thematic meetings on finance serving rural revitalization to learn about the financing demand of different counties (districts) and information about leading corporate customers, and provided consistent supervision, guidance and support for the marketing and exchange of branches. Since 2022, we have provided financial support of RMB2.01 billion in total to 72 key rural revitalization projects in animal husbandry, grain and oil, and Chinese medicinal materials, building a new model of inclusive finance serving rural small and micro businesses.



Supply chain business

- We reviewed the qualifications of core enterprises for “credit loans for core upstream and downstream enterprises” and “pledged note loans for small and micro enterprises”.
- In 2022, we extended credit loans to 87 core upstream and downstream enterprises, amounting to RMB659 million. We extended pledged note loans to 117 small and micro enterprises, amounting to RMB404 million.

“Specialized, Refinement, Differential and Innovation” business

- For revolving working capital loans targeted at loan applicants identified as “SRDI” small and medium-sized enterprises, we required branches to actively extend loans to shortlisted enterprises.

“Cai Gou Yi Dai (採購易貸)” business

- For loans targeted at small and micro suppliers who won the bid for purchase orders placed by government or state-owned enterprises, we urged branches to keep abreast of government procurement announcements and bid-winning contract announcements.

“Housing e Loan (房e貸)” business

- We helped further the digital transformation of related business of such borrowers as individual industrial and commercial households and small and micro enterprises. As of the end of December 2022, we extended “Housing e Loan” to a total of 1,810 borrowers, amounting to RMB831 million and with a loan balance of RMB680 million.

Agriculture guarantee business

- In order to ensure “featured loan services in each branch”, we paid site visits to Lvliang and Datong and met with local leading agricultural enterprises and breeding farmers to learn about their needs from different perspectives, based on which we worked with branches to market loans dedicated for supply and marketing and beef cattle breeding.



Figure: Visit to a leading agricultural enterprise in Shanxi Province



2.3 Standing up as a Committed Provider of Financial Services

In order to thoroughly carry out the spirit of the document *Measures for the Financial System of Shanxi Province to Accelerate the Work and Production Resumption and Service Industry Recovery* (《山西省金融系統助力加快復工復產和服務業復甦若干措施》), to vigorously promote financial support for the real economy and to help accelerate the work and production resumption and service industry recovery, Jinshang Bank formulated the *Implementation Plan of Jinshang Bank to Help Accelerate the Work and Production Resumption and Service Industry Recovery* in 2022, to make every effort to guarantee financial services and to join hands with enterprises to tide over the difficulties together.

2.3.1 Ensuring the stability of financial services

In 2022, China's economic and social development encountered multiple impacts of unexpected factors at home and abroad, with unprecedented risks and challenges. The Bank immediately organized its forces to sort out and aggregate existing loans under repayment schedules in April 2022 and established a special job log, so as to be fully informed of the counterpart enterprises' actual needs of loan extension or deferred interest payment and check if there were any overdue repayments of principal and interest due to special circumstances. Meanwhile, we conducted telephone interviews with the enterprises to proactively understand the impacts on their business operations, and formulated plans in a timely manner to continuously meet their demand for corporate financial services, thereby weathering the hard times together with customers.



Figure: Releasing measures to guarantee services through the WeChat official account platform

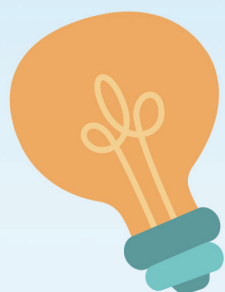
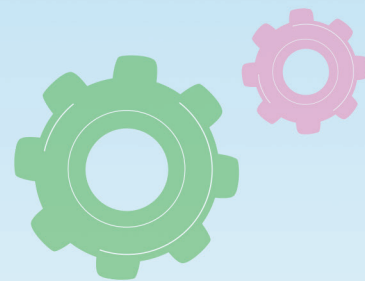


2.3.2 Delayed policy to relieve difficulties for small and micro enterprises

The Bank, as a provincial financial enterprise, has actively shouldered the responsibility and effectively alleviated the capital turnover pressure of small and micro enterprises when the survival of small and micro enterprises is in crisis. In accordance with *the Implementation Plan of Jinshang Bank to Help Accelerate the Work and Production Resumption and Service Industry Recovery* the Bank provides comprehensive support for small and micro enterprises from various aspects such as accelerated review, deferred repayment and proactive communication.



Chapter III



Service — Pursuing Perfection and Creating Excellent Service

3.1 Improving Service Experience

3.2 Protecting the Rights and Interests of Customers

Jinshang Bank always adheres to the “customer-centric” service concept, puts customers’ rights and interests first, aggregates comprehensive financial services for customers, continuously improves the quality and efficiency of financial services, and provides customers with warm, intelligent and diverse caring services.





3.1 Improving Service Experience

We integrate financial services into people's livelihood, conduct refined management on the service process of the outlets, improve staff services, strengthen service guidance, improve emergency support, enhance system functions, and step up efforts for publicity and communication, so as to provide better financial service experience for special groups such as the elderly and the disabled.

3.1.1 Serving people's livelihood and making a layout for scenario finance

With the goal of building a "Jinshang+" scenario financial ecosystem, and centering on the strategy of "deeply cultivating scenarios and opening up services", the Bank launched four scenario financial products in 2022, including Sanjin Cloud Payment, Sanjin Smart Community, Smart Campus, and Jin Salary Manager, involving customer groups including schools, communities, payment enterprises and institutions and various enterprises. In 2022, we signed contracts with 132 new customers, involving a transaction amount of RMB30.4078 million.

Smart Campus Products

Signed contracts with **28** schools

- Fully meet the needs of kindergartens, primary schools and middle schools in daily management, fee collection, security, teaching management, etc.

Sanjin Cloud Payment Platform

Signed contracts with **13** payment institutions

- A platform with multi-type and multi-mode payment management functions, suitable for different payment scenarios of various enterprises and institutions, including billing models initiated by charging units such as property fees, tuition fees, and labor union fees, and pre-deposit payment models initiated by payers such as mobile communication fees, water fees and electricity fees.
- It not only improves our customer service capabilities in mobile banking and other mobile terminals, but also can be exported to the self-owned platforms of enterprises and institutions, with a high degree of flexible application.

Jin Salary Manager

Signed contracts with **87** companies

- With functions such as enterprise management, smart pay, smart expense control, financial distribution, and smart personnel, the platform will focus on user experience, reduce manpower investment and improve management efficiency for enterprises through product functions.

Sanjin Smart Community

Signed contracts with **2** property companies

- According to the property companies' demands, we connect their peripheral management systems to form a comprehensive service platform for multi-process and multi-platform intelligent management. By integrating the advantages and needs of property management companies, community owners and financial institutions, we provide a complete smart property management system to enable property owners to enjoy convenient property services and financial services, property management companies to realize low-cost intelligent management, and financial institutions to increase the availability rate of financial products.



In addition, we actively expand the local life service scenarios and enhance our local, open and inclusive platform ecology capabilities. In cooperation with China UnionPay Shanxi Branch, we became the first city commercial bank in Shanxi Province to fully access the UnionPay Internet payment product. Through connection to local supermarkets and other merchants involved in card coupons, tourism, medical examination and travel, we implant financial services into customers' life scenarios, and open up new paths to reach customers. We actively introduce leading merchant platforms across the country to enhance the coverage and diversity of scenarios.

3.1.2 Building a swift bank and optimizing online channels

The Bank continued to enhance the competitiveness of electronic banking channel, and took it as one of the main fronts for customer service. The Bank continuously improved the functions of mobile banking, personal Internet banking and corporate Internet banking to expand the coverage of electronic banking services.

Mobile banking



- Upgrade and improve the business functions of mobile banking, expand offline business coverage, and make full use of artificial intelligence (AI), biometrics and other technologies to enhance intelligence and security.
- Build an open user system, lower and simplify the entry threshold for users, and add personalized services such as push notification and dynamic layout.
- Build mobile development platform, micro service development platform and distributed business control platform for mobile banking.

Personal Internet banking



- Add transaction history printing function, which enables individual customers to check the transaction history for a specified time interval and send relevant information to the designated receiving mailbox.
- Launch transfer function for large-denomination certificates of deposit, by which customers are able to manage pending orders, and prospective customers can purchase such certificates of deposit via e-banking.
- Complete the upgrade of domestic cryptographic algorithm for personal Internet banking.

Corporate Internet banking



- Complete the optimization and upgrade of the functions of corporate Internet banking such as electronic commercial draft, transfer transaction, cloud shield management, financial management, and domestic cryptographic algorithm alteration.
- Improve process management, security and response speed of corporate Internet banking, and efficiently meet the production and operation needs of corporate users.



Case: The insurance agency business function was launched for mobile banking

On August 1, 2022, the insurance agency business function was officially launched for mobile banking, which enables customers to read risk assessment questionnaires, risk indication letters, insurance application forms and other documents through mobile banking, and sign relevant business statements without filling out or signing relevant paper documents, further optimizing the business process and enhancing customer experience.



Figure: Insurance agency business interface of mobile banking of Jinshang Bank

3.1.3 Making optimal use of artificial intelligence and promoting the upgrade of outlets

Adhering to the core idea of “optimizing the layout of outlets, accelerating the transformation of outlets and enhancing customer experience”, the Bank actively promoted the optimization of the layout of outlets and the expansion of service channels into grassroots, and pushed forward the transformation of physical channels to intelligent and community-based channels. Taking into account its five-year strategic development plan and actual business development, the Bank formulated *the 2022 Channel Construction Plan of Jinshang Bank* (《晋商银行2022年度渠道建设规划》) and *the Plan for Optimized Adjustment of the Layout of Physical Outlets of Jinshang Bank* (《晋商银行物理网点布局优化调整方案》). In 2022, the Bank launched the preparatory work for 5 new sub-branches and terminated 8 community sub-branches.

The Bank encouraged customers to make appointments via mobile phones in advance. In 2022, the Bank reduced the time required for account opening to 1.05 hours, representing a decrease of 2.24 hours as compared to 3.29 hours in the corresponding period last year, which improved the efficiency of account opening by nearly 68%. On the premise of ensuring the compliance operation, the Bank adjusted the on-site approval procedures for some of its OTC business.



Intelligent security construction of outlets

Enhancing the upgrade and reform of video monitoring facilities of old outlets

- We upgraded and reformed the analog video monitoring facilities for 13 old outlets in phases.

Propelling the upgrade of monitoring center

- We connected the access control of the cash replenishment rooms of outlets in Taiyuan to the monitoring center to achieve the remote access control over the outlets.
- We connected the fire alarm signals of eligible outlets in Taiyuan to the monitoring center to provide protection for unattended outlets at night.

Actively promoting the online security management system

- We coordinated such matters as safety duty performance, advancement of preplanned drills, emergencies, safety education, and external inspections.
- We ensured the bank-wide security by electronic system and achieved paperless office, making security management more convenient and efficient.



3.1.4 Adapting to market dynamics and developing innovative products

In 2022, the Bank aimed to comprehensively enhance the competitiveness of the online channel and support its business operations, continued to enrich the functions and enhanced the experience to make the omni-channel coverage service initially shaped.

Case: Expanding credit card customer base and issuing the credit card of Amex Card

In May 2022, the Bank officially issued Jinshang Bank Amex RMB credit cards. The card is an Amex classic series – Centurion series credit card issued in cooperation with American Express. Leveraging the global brand influence and comprehensive rights and benefits system of Amex, the card provides world-class services and personal privileges to the middle and high-end customers, being one of the important strategic deployments for the high-quality transformation and development of retail business. As of the end of December 2022, the Bank had issued a total of 28,125 Amex cards, which played a positive role in improving the structure of the Bank's credit card customer base.

Case: White list project for the synergy among corporates and individuals

The Bank continued to carry out marketing activities of synergy among corporates and individuals, conducted accurate marketing targeting the cooperative institutional customers, corporate customers, small enterprises customers, payroll enterprises, and potential quality customers. The approved projects can make credit card applications through the instant approval mode, realizing real-time card issuance and instant activation, and improving card processing efficiency. As of the end of December 2022, a total of approximately 300 units were approved through synergy among corporates and individuals, and more than 10,000 applications were submitted to our system through this channel, achieving a win-win situation and sustainable development of "corporate" and "individual" business.

Case: Application for business card issuance qualifications

In order to further improve the credit card product system, the Bank has applied to the Shanxi Finance Bureau for the issuance qualifications of business cards. Upon the approval of the qualifications, the Bank can issue credit cards to the officially registered employees of provincial budget units, mainly used for the cardholders' daily official expenses, financial reimbursement business and other business expenses as well as private consumption. The launch of the business card business further improved the customer base structure, strengthened the business foundation and enhanced the ability of credit cards to serve customers.

3.2 Protecting the Rights and Interests of Customers

In 2022, the Bank established 6 new systems and revised 16 previous systems for the protection of consumer rights and interests, to actively strengthen supervision and management in this regard and to ensure that the philosophy of protecting consumer rights and interests is kept in mind and acted upon. The Bank optimized measures for the protection of consumer rights and interests in all aspects, including assessment and evaluation, product and service review, marketing and publicity management, information disclosure, financial literacy, improvement of the investor trading system and contingency planning for major complaints, in order to maintain financial stability and fulfill its social responsibility.



3.2.1 Ensuring the confidentiality of customer information

The Bank strictly complied with laws, regulations, and regulatory codes such as *the Personal Information Protection Law of the People’s Republic of China* (《中華人民共和國個人信息保護法》), *Guidelines on Data Governance of Banking Financial Institutions* (《銀行業金融機構數據治理指引》), *Information Security Technology-Personal Information Security Specification* (《信息安全技術個人信息安全規範》) and *the Advertising Law of the People’s Republic of China* (《中華人民共和國廣告法》), in accordance with which the Bank formulated *the Jinshang Bank Financial Information Safety Management Measures for Individual Customers* to safely manage individual information through its entire life cycle and to collect, transmit, store, use, delete and destroy customer information legally.

In 2022, based on *the Code of Practice for Security Management of Mobile Financial Client Applications* (《移動金融客戶端應用軟件安全管理規範》) and other industry standards, the Bank formulated and promulgated *the Code of Practice for Security Management of Mobile Financial Clients of Jinshang Bank*. For this, it was certified as the “pioneer” in establishing enterprise standards, which enhanced its management system for customer information protection by providing guidelines and specifications for technical measures.

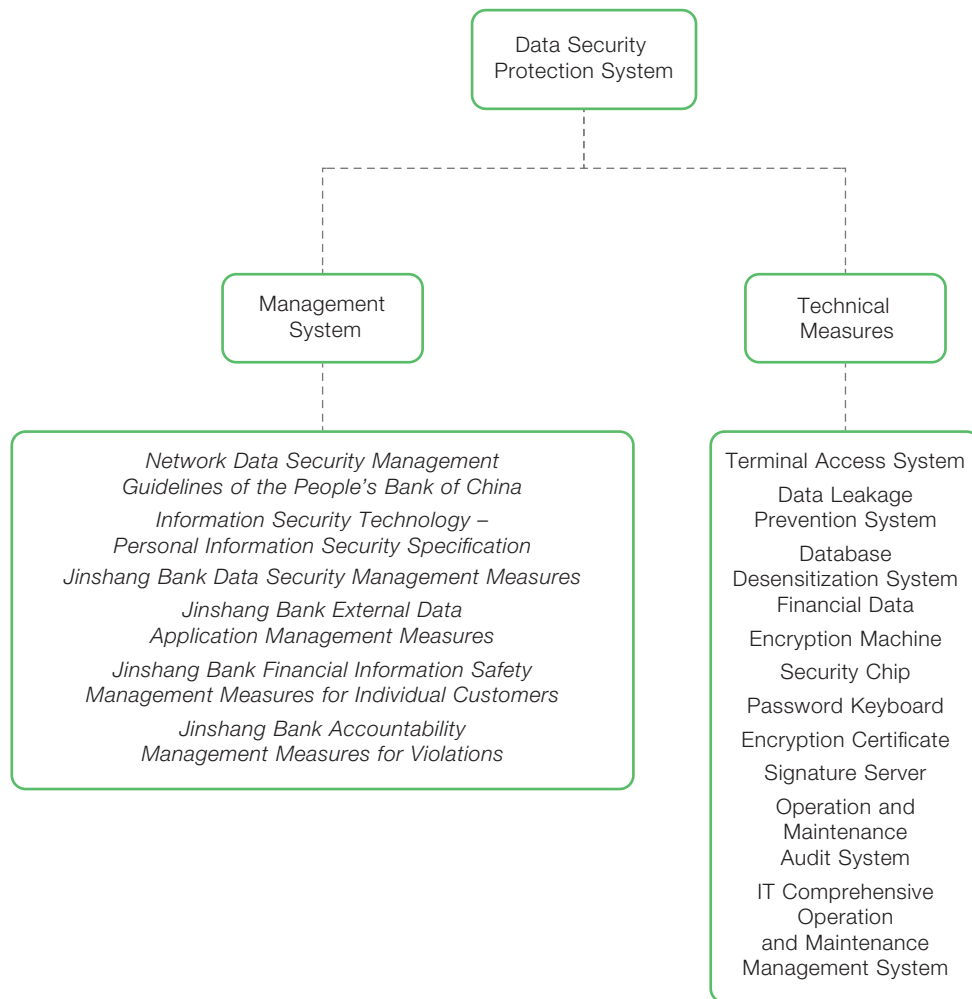


Figure: Jinshang Bank’s data security protection management system and technical measures



Additionally, in 2022, the Bank conducted an assessment of the online banking systems' network security level protection in accordance with *the Cybersecurity Law of the People's Republic of China* (《中華人民共和國網絡安全法》), and the result was excellent.

Strengthening information technology risk management

The Bank has initially established a defense-in-depth system. Regarding compliance management, the Bank has formulated security requirement standards in 13 areas, including new business opening and privacy policy changes, information protection and data security, information sharing and transfer, data interaction security, transaction verification security, transaction confirmation and account moving reminders, incident complaints and handling, tips on the use of new technologies, supplementary risk measures, security points that need to be focused on in internet-based systems, face recognition interfacing, etc. These standards are based on various regulatory standards recently released and the challenges faced by the financial industry. During the regular production process of the Bank's systems, the requirement review process is conducted to continuously improve information risk management.

3.2.2 Building an investor education system

Enhancing investor education is a long-term endeavor that the Bank is committed to. We insist on incorporating the investment philosophy of "wealth management is not a deposit; products are risky; and investment requires caution" into our work. We are also continuously building and improving our investor education system, facilitating the transformation of wealth management business to net value, and ensuring the orderly development of the wealth management market.

- We expanded the monthly investment education content on the "Promoting Wealth" official account of the Private Banking Center, including new sections on "Fund Investment Education" and "Insurance Investment Education." We provided guidance and support to financial managers to conduct investor education activities.

- We continued to engage in "Sanjin Bank" investment education activities with our customers. In line with the "718 Financial Season – Promotion Accompanying" theme, we hosted a series of thematic salon events, such as "Talking about Net Worth Products" and "It's the Right Time for Fund Investment". We also developed a comic booklet titled "Investor's Encyclopedic Knowledge Base – Unlocking the 12 Secrets of Net Worth Products".

- We continued to hold the "Monthly Private Banking Product Operation and Macro Investment Strategy Meeting", released quarterly *Private Banking Product Operation Reports*, and provided guidance and supervision to wealth management managers in carrying out after-sales support for customers holding private banking products.



3.2.3 Strengthening the popularization of financial knowledge

The Bank normalized the popularization and publicity of financial knowledge, strictly implemented the requirements of regulatory authorities, and organized special publicity campaigns. In 2022, more than 700 publicity campaigns were carried out across bank outlets; meanwhile, the Bank expanded its publicity platform in line with the social media trend and produced more than 210 video clips, which were forwarded more than 3,700 times through new media channels such as TikTok. The Bank was awarded the “Special Contribution Award” in the 2022 University-based Internet Civilization Campaign themed on “Gathering Youthful Positive Energy and Striving to be a Good Netizen on Campus”, and received a letter of appreciation from the Office of Cyberspace Affairs Commission of the CPC Shanxi Provincial Committee in recognition of its commitment to social responsibility in this campaign.

Themes	<ul style="list-style-type: none"> – Keeping up with external market hotspots and placing equal emphasis on financial knowledge education and risk warnings, the Bank has designed themes such as “Red Financial History”, “Anti-fraud” and “Teenager’s Consumption Outlook”
Activities	<ul style="list-style-type: none"> – Regular publicity campaigns: “Financial Knowledge Journey”, “Popularizing Financial Knowledge, Keeping the ‘Money Bag’” and “Joint Publicity Month for Financial Knowledge” – Careful organization of special publicity campaigns: “Special Publicity for New Citizens”
Platforms	<ul style="list-style-type: none"> – Online: WeChat official account, TikTok – Offline: Shanxi Financial Education Demonstration Base

Case: Establishing a financial education demonstration base and carrying out financial education activities for teenagers

Committed to incorporating financial education for young children at early stage into the education system, the financial education demonstration base of the Longcheng Sub-branch of Jinshang Bank has organized a number of special educational activities themed on “Little Bankers, Little Jinshang People” for institutions such as Golden Cradle and Beijing Yitong Kindergarten to guide teenagers to establish a correct view of money, value and consumption. By lecturing thematic courses on the origin of money, types of currency and identification of counterfeit currency in the form of graphics and text and videos, such activities that effectively integrated theory and practice could help teenagers cultivate a scientific and reasonable concept of consumption and financial management and won wide acclaim from parents and teachers.



3.2.4 Actively responding to customer complaints

The Bank regards consumer rights protection as its core competitiveness, and customer complaint management is an important part of the corporate culture of consumer rights protection. In order to further standardize and strengthen consumer complaint management, continuously optimize the complaint handling process, and establish a collaborative and efficient complaint management mechanism, the Bank revised *the Implementation Rules for Consumer Complaint Handling of Jinshang Bank* in 2022, which further specify the principles of processing, organization management, acceptance channels, handling procedures, work assessment, archives management and other contents to enhance consumers' sense of gain, happiness and security.

Continuing to improve customer complaint management measures



Implementation of “first-inquiry accountability”. The Bank effectively fulfills the main responsibility for complaint handling, takes the initiative to shorten the time for complaint handling, and increases the resolution rate of the first complaint.

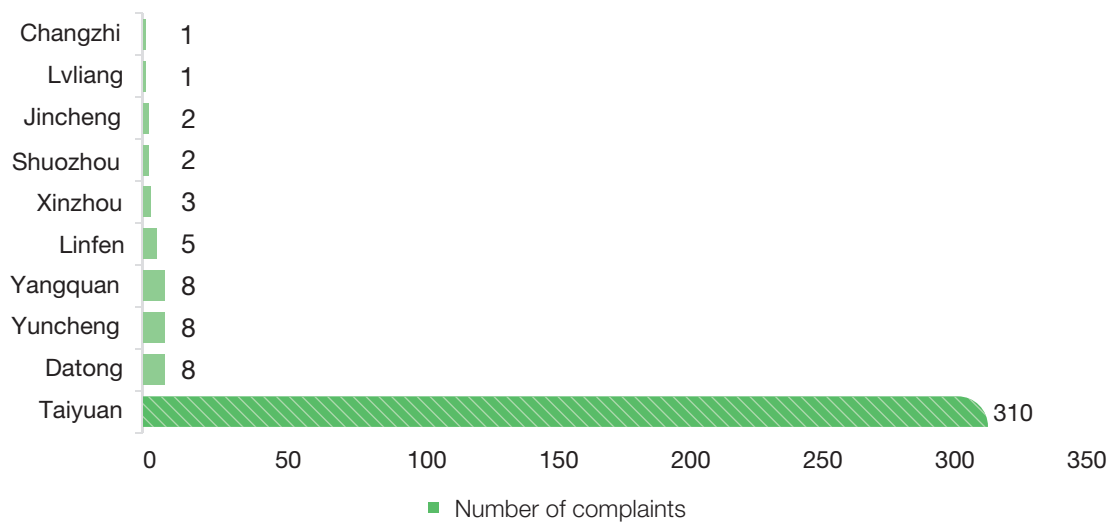
Maintaining smooth and broadening channels for complaint acceptance. By publicizing the complaint acceptance channels and procedures on the official website, the Bank strives to resolve conflicts and disputes immediately in the first place to provide customers with more convenient and efficient service experience.

Strengthening rectification based on thorough investigations. The Bank treats customer demand as the first resource to improve and enhance its operation and management, customer satisfaction as an important standard for testing the service quality and efficiency, and customer feedback as an important basis for product and service improvement, so as to create a more efficient, convenient and safe financial consumption environment for consumers.

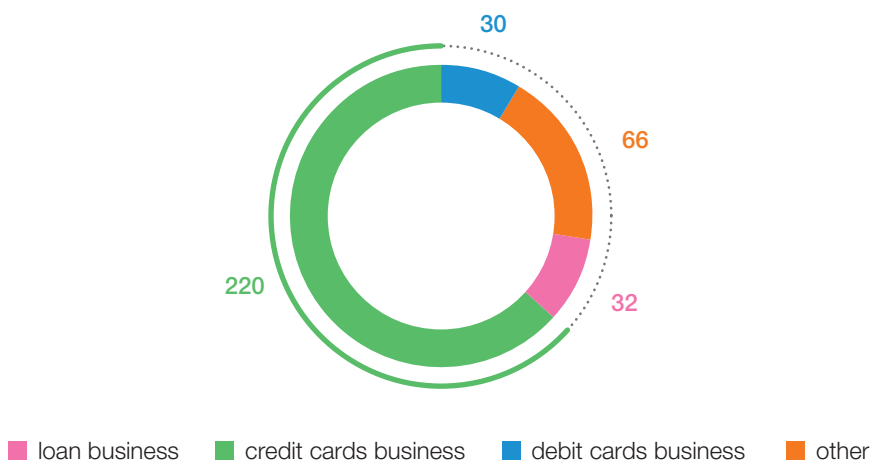
In 2022, the Bank accepted a total of 348 consumer complaints, with a complaint handling rate of 100%, and summarized and analyzed the regions and business types with more complaints, in order to continuously improve customer complaint management.



Number of consumer complaints of Jinshang Bank in 2022
(by region/complaint)



Number of consumer complaints of Jinshang Bank in 2022
(by business type/complaint)





Conducting training on interpretation of *Implementation Rules for Consumer Complaint Handling of Jinshang Bank*

Bank-wide attention to consumer complaints is essential for better handling customer complaints. For this purpose, the Bank conducted online training on comprehensive interpretation of relevant policy in June 2022. In addition, it proposed rectification suggestions based on thorough investigations in such aspects as service improvement, policy improvement, and system optimization in the form of a “contact list of consumer rights and interests protection”, and established a check-off system for one-on-one tracking. Through this training, the relevant departments and branches learned that they should focus more on the handling of consumer complaints and strictly adhere to the requirements of the policy, to serve the goal of raising the bar for and increasing the efficiency of handling consumer complaints, reducing customer complaints and building a warm bank.

3.2.5 Optimizing services for special groups

Caring for elderly customers and strengthening “elderly-friendly” transformation

- **Improving system functions for elderly customers**

Door-to-door bank card opening, contract signing for product purchase and other functions are added on the mobile marketing terminal. According to the “elderly-friendly” arrangement and with reference to opinions and suggestions from previous branches and sub-branches survey, debit card password reset, account verification, face recognition authentication upgrade and other functions were added on the mobile marketing terminal to effectively solve service problems for the elderly customers and special groups of customers. In May 2022, a concise version of STM smart device was developed for the elderly, which features a custom-made menu comprising 9 high-frequency transactions, bold and oversized fonts, color matching for high visual attention and other targeted modifications.



- **Strengthening service guidance and improving staff service**

Providing thoughtful services to suit the habits of elderly customers

- In the process of business handling, all branches continue to provide services to elderly customers using conventional means, such as paper passbooks and deposit certificates, and never push them to use bank cards or act illegally on their behalf.

Providing guidance to ensure that business is handled smoothly for elderly customers

- Giving elderly customers business assistance, such as help with forms, questions, self-service, and the use of smart devices, to ensure that they can conduct business safely and easily.
- To make it easier for the elderly customers to conduct business, reading glasses are available in the hallway on the counter and filling stations.

Flexible arrangements to enhance emergency support for elderly customers

- Each outlet is required to take effective measures to flexibly arrange manpower, reduce waiting times, and flexibly open cash business counters when necessary during the peak periods for elderly customers handling business, such as the days for payment of salary and insurance premium through bank accounts. Staff members are assigned to provide on-site service as needed for elderly and infirm customers who have mobility issues.

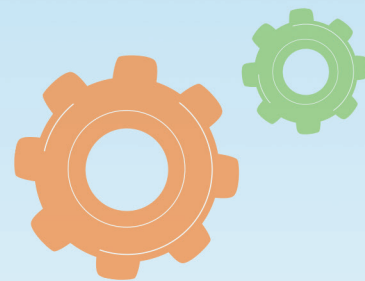
Improving the experience of customers with disabilities by building barrier-free facilities

All business outlets within the Bank's jurisdiction have set up barrier-free channels and warning signs as needed. Some business outlets have set up green channels or dedicated service windows, and are equipped with facilities such as priority seats.



Figure: The counter is equipped with reading glasses and blood pressure meter for elderly customers, and braille card for disabled customers

Chapter IV



Environment — Guarding Our Hometown and Constructing a Green Bank

4.1 Deepening Green Finance Efforts

4.2 Practicing Low-carbon Operations

As the first banking institution in Shanxi Province to issue “carbon neutrality bonds”, Jinshang Bank continues to advance its green finance practice, focuses on green industries, launches innovative green products, and resorts to diversified strategic models to become an enabler of industrial transformation and upgrading. At the same time, the Bank actively practices low-carbon development, incorporates green development into all aspects of business, operation and management, and labels itself as a “green bank”. As at the end of the Reporting Period, the Bank’s balance of green loans was RMB9.082 billion.





4.1 Deepening Green Finance Efforts

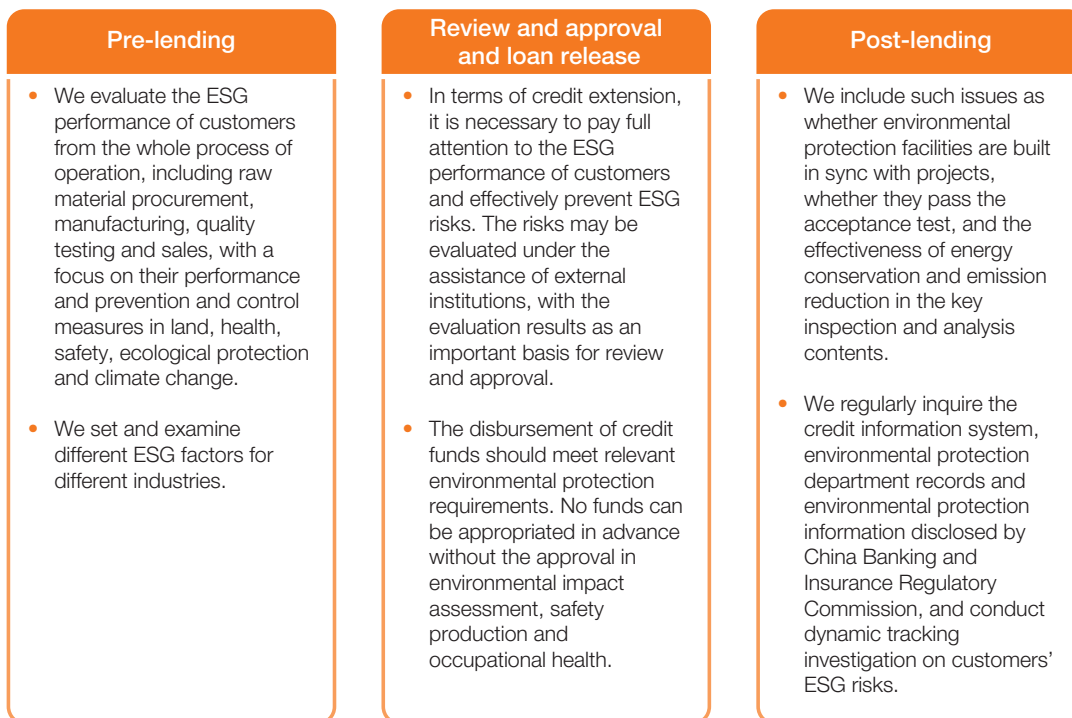
In response to *the Guidelines on Green Finance for the Banking and Insurance Industries* (《銀行業保險業綠色金融指引》) promulgated by the China Banking and Insurance Regulatory Commission, the Bank promoted green finance from a strategic perspective, and coordinated and promoted organizational management, system building, information disclosure, capacity building and other aspects. The Bank won the 2022 “Xinhua Credit Jinlan Cup (‘新華信用金蘭杯’)” as an outstanding example of carbon peaking and carbon neutrality.



Figure: The Bank won the “Xinhua Credit Jinlan Cup (「新華信用金蘭杯」)” as an outstanding example of carbon peaking and carbon neutrality

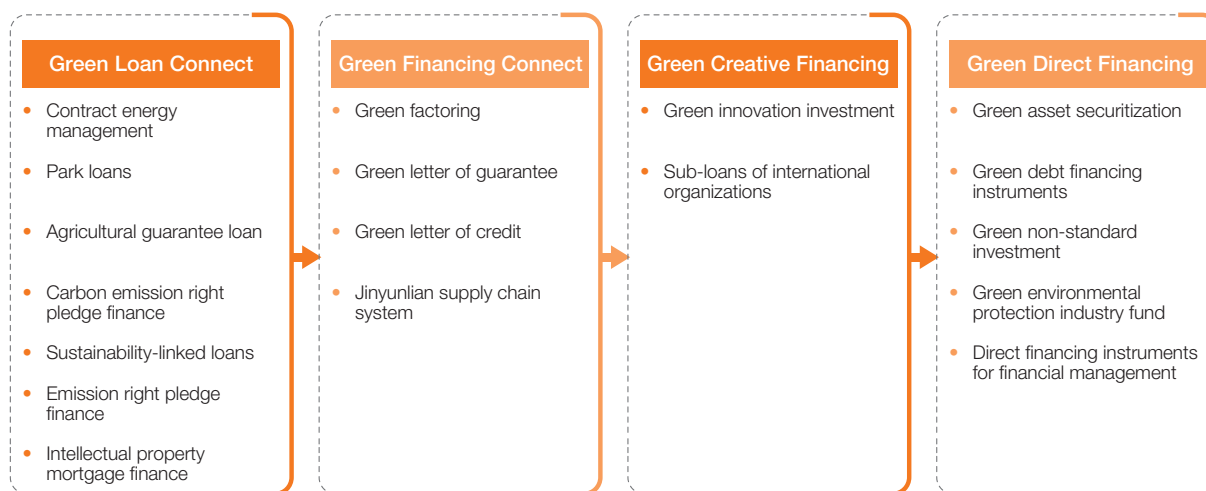
4.1.1 Improving green credit process management

In 2022, the Bank revised *the Management Measures for Green Credit Business of Jinshang Bank*, providing further guidance on the standardization of green credit. According to the requirements of *the Guidelines on Green Finance for the Banking and Insurance Industries*, the Bank incorporated environmental and social factors into the whole process management before, during and after lending, and integrated ESG concepts into daily business. In addition, for green credit business, the Bank established credit supply mechanism, opened up green channels, strengthened the management of key links, gave priority to acceptance, review and approval, shortened the cycle chain, and improved the loan processing efficiency.



4.1.2 Innovating green financial products

The Bank's "green series" green finance innovative product system provides customers with all-round and one-stop financial services through differentiated and distinctive products to meet their multi-level financing needs and build a featured green finance brand.





In April 2022, the Bank formulated *the Implementation Rules for the Operation of Carbon Emissions Rights Pledge Financing Business of Jinshang Bank* to further expand the mortgage and pledge financing channel for environmental rights and interests and constantly explore and establish an innovative product system. As of the end of December 2022, the Bank's green loan balance was RMB9.082 billion and had launched the following innovative green financial products:

- Loans collateralized by emission rights
- Agricultural guarantee loan business
- Contract energy management
- Green innovation investment business
- Carbon emission rights pledge loan business

Case: Financing of RMB200 million collateralized by emission rights

In March 2022, the Bank provided a company with a comprehensive credit line of RMB200 million, and the company's machinery equipment, 1.3 million tons of coking production capacity and total emission indicators of major pollutants were pledged to the Bank. The overall mortgage/pledge ratio of the loan is 13.65%, and the estimated value of the enterprise's emission right is RMB25,099,400.



Figure: Xinzhou Branch introduces green financial products to the public



4.1.3 Promotion of green financial system

The Bank actively used technologies to empower green development and built a green financial project management system on the basis of the existing credit system. Based on *Special Statistical System for Green Loans* (《綠色貸款專項統計制度》), *the Catalogue of Projects Supported by Green Bonds* (《綠色債券支持項目目錄》) of the People's Bank of China and other systems, the system adopts artificial intelligence and utilizes OCR and NLP technologies to intelligently identify credit business data, thus improving the efficiency and accuracy of green labeling. The system automatically summarizes and conducts statistics in accordance with the statement requirements of the People's Bank of China and the CBIRC after the end of the credit granting and use process, and automatically calculates environmental benefits based on project information, which solves problems such as asymmetric financing information for enterprises and effectively reduces financing costs for enterprises, playing a supporting role in improving the financing environment of enterprises, and promoting the green development and low-carbon operation of enterprises. As of the end of December 2022, the Bank's green financial system has served 80 corporate customers in Shanxi Province, issued 225 green loan projects and provided green credit funding support of RMB14.560 billion.

The Bank's green financial system has three main highlights:

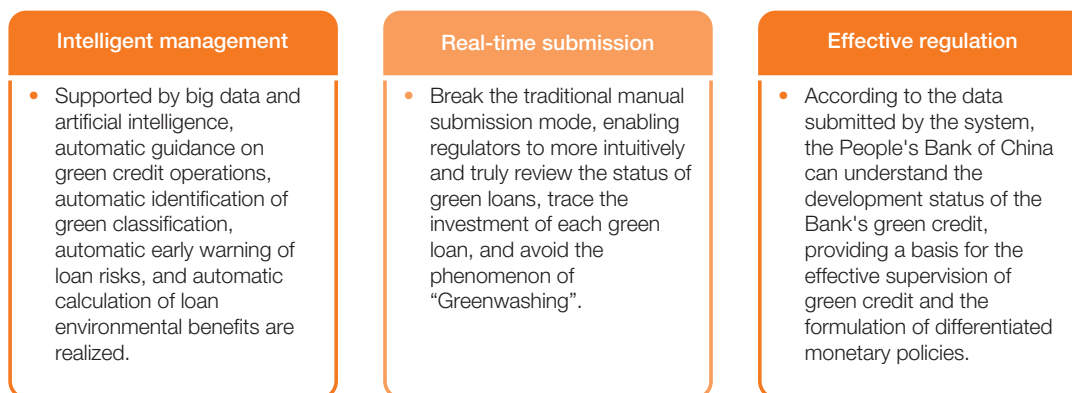


Figure: Green financial system page



4.1.4 Improving environmental information disclosure

The Bank actively participated in the pilot work of the People's Bank of China on environmental information disclosure of financial institutions and joined the pilot project on environmental information disclosure of financial institutions in Shanxi Province in August 2021. In accordance with the requirements of *the Guidelines for Financial Institutions Environmental Information Disclosure* 《金融機構環境信息披露指南》 issued by the People's Bank of China and the advice of external experts, the Bank formulated *the Content Framework of Environmental Information Disclosure of Jinshang Bank* and disclosed the first environmental information report in July 2022, which illustrated the Bank's environmental responsibilities in terms of green financial governance structure, development of green financial system, innovation of green financial products and services, environmental footprint of investment and financing, green operation and communication, etc. in detail and was publicly disclosed on the official website in a timely manner to show the results of the Bank's green finance and low-carbon operation work to various stakeholders in a timely manner.



Figure: Cover of 2021 Environmental Information Disclosure Report of Jinshang Bank and the disclosure page on its official website

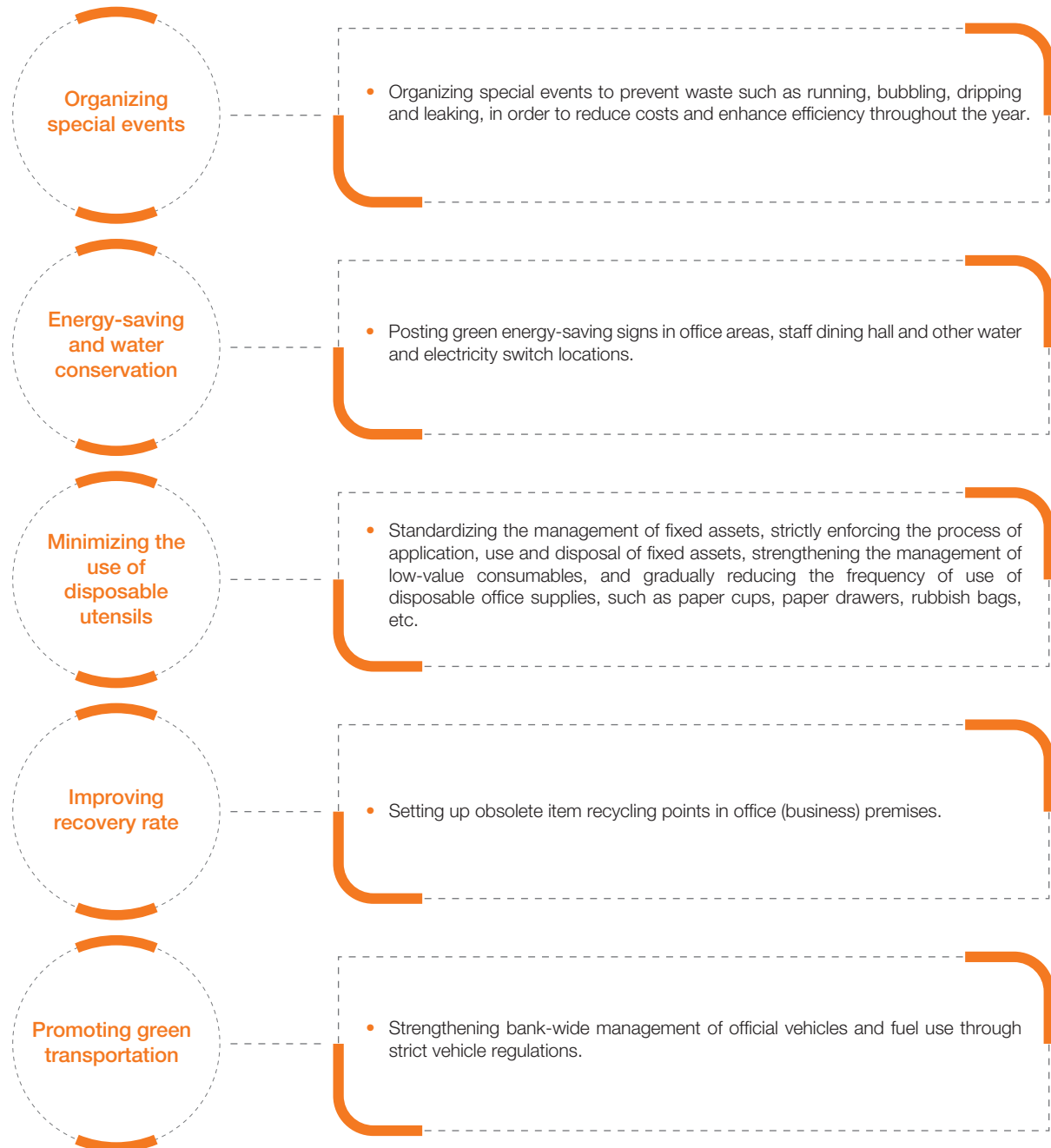
4.2 Practicing Low-carbon Operations

Jinshang Bank actively responded to the impact of climate change, conducted climate risk stress tests, promoted the building of a green bank that opposes extravagance, integrated “green office and low-carbon life” into the whole process of business operation, improved its low-carbon operation level and actively practiced green public welfare activities.



4.2.1 Building a green bank that opposes extravagance

In February 2022, the Bank launched popularization month of “practicing thrift and opposing food and beverage waste”, and issued the “Proposal for resolutely curbing food and beverage waste and encouraging everyone to participate in the clear your plate campaign” through the “Learning Rally”, which aimed to raise awareness among staff on the importance of being frugal to build a bank that opposes extravagance. The Bank also explored new initiatives to reduce energy consumption, water consumption and waste of resources in accordance with the “Proposal for practicing thrift and advocating civilized fashion”. During the Reporting Period, the Bank did not incur any administrative penalties for environmental pollution.





4.2.2 Building a new “green bank” business card

The Bank publicized and reported green finance-related standards, green finance featured products, experience and practices on its official website and WeChat public account. For example, the Bank utilized its WeChat public account to promote “practicing green concept of development, and building financial development samples” and other relevant green finance developments. This initiative aimed to enhance customers’ understanding of green finance and extend the reach, influence and timeliness of green finance knowledge.

The Bank was selected by the city commercial bank working committee of the China Banking Association as the cover unit for the third issue of City Commercial Banks Newsletter 《城商行通訊》 of 2022. An interview article by HAO Qiang, Secretary of the Party Committee and Chairwoman of the Bank, entitled Developing Green Finance and Serving Shanxi to Promote High-Quality Development in All Directions 《發展綠色金融 服務山西全方位推動高質量發展》 was published, which showcased the Bank’s active exploration of the path of green finance development, its effective guidance in adjusting the industrial structure, and its contribution to Shanxi’s high-quality economic development.

In 2022, our vice president LI Yanbin was invited to participate in the TV program named Transformation in Progress 《轉型進行時》 of Shanxi Radio and Television Station, sharing our experience in guiding resource allocation and supporting the green transformation of enterprises to build a new business card for the “green bank”.



Figure: Vice President LI Yanbin (first from right) was invited to participate in a talk show on green finance



Jinshang Bank “green business card”

- Being an Advisory member of the Green Credit Committee of the China Banking Association for the revision of the Green Self-Assessment System.
- Participated in the green credit subsidy system led by the Shanxi Finance Bureau.
- Served as a member of the research group of environmental information disclosure led by the Green Finance Committee, China Society for Finance & Banking (中國金融學會綠色金融專業委員會). In this role, the Bank proposed issues and recommendations in environmental disclosure practice, with the working group releasing a key results report in November 2022.



Chapter V

Society —

Building a Warm Society together with Righteous Virtue

- 5.1 Working with Employees to Build a Beautiful Hometown
- 5.2 Joining Hands with Partners to Promote the Healthy Development of the Industry Ecology
- 5.3 Joining Hands for a Brighter Society

Jinshang Bank insisted on “moving people with emotion, warming people with sincerity, gathering people with affability, enlightening people with reason, and convincing people with virtue” to create a fair and warm workplace and protect the rights and interests of the employees. The Bank built a learning bank to progress and grow with employees, strengthened humanistic care and maintained the vitality to keep pace with the times. At the same time, the Bank actively established communication channels with regulators and peers to promote the standardized development of the industry. Starting with little things around, the Bank strengthened assistance for vulnerable groups and took concrete steps to consolidate the achievements of poverty alleviation. During the Reporting Period, the Bank’s employees purchased over RMB500,000 of agricultural products and donated 10,600 ml of blood, gathering great love with a bit of love.





5.1 Working with Employees to Build a Beautiful Homeland

The Bank strictly complied with the requirements of *the Labour Law of the People's Republic of China* 《中華人民共和國勞動法》, *the Regulations on Work-Related Injury Insurance* 《工傷保險條例》 and other laws and regulations, followed the principles of openness, fairness and justice in the recruitment of employees, safeguarded the legitimate rights and interests of the employees, provided development channels and diversified training for employees and supported the employees in improving their skills. The Bank took a number of measures such as providing supplementary insurance and conducting fire drills to protect the physical and mental health and safety of its employees. It carried out wonderful and interesting activities to make employees work with fun. In 2022, the Bank established and revised a total of 18 human resources systems, with no case of forced labor or illegal employment of child labor and other incidents.

5.1.1 Building a fair work platform

- ***Practicing fair, open and diverse-form recruitment***

The Bank advocated the concept of Putting People First and strictly complied with the national laws and regulations. The Bank revised *the Administrative Measures for Staff Employment of Jinshang Bank* in 2022, to specify the conditions and process of recruitment, and strengthen supervision during the recruitment process to ensure open, fair and impartial recruitment process, recruitment form and recruitment procedure.

The Bank resolutely opposed employment discrimination, and explicitly prohibited employment of child labor and forced labor. In 2022, the Bank had 4,402 employees, of which 2,394 are female and 2,008 are male. The coverage of labor contracts was 100% and the social security coverage ratio was 100%. There was no case of forced labour, illegal employment and other incidents.

In 2022, 80 people joined the Bank through campus recruitment and special recruitment by state-owned enterprises, and one ex-serviceman was resettled, achieving steady succession of human resources.

- ***Optimizing the employee remuneration system***

In 2022, the Bank continuously optimized the remuneration system of “value distribution based on value creation”, revised *the Administrative Measures for Ranking Bank of Jinshang Bank*, and introduced measures such as incremental indicator incentives, differentiated scoring ranges, benchmark evaluation, full coverage in line with the orientation of the five-year development plan and the application of ranking bank and dynamic post remuneration to give full play to the leading role of ranking bank. The Bank revised *the Administrative Measures for Deferred Payment of Performance Remuneration of Jinshang Bank*, strengthened and improved the incentive and restraint mechanism of performance remuneration, gave full play to the guiding role of performance remuneration in the Bank’s operation and management, and enhanced the risk awareness and responsibility awareness of senior management and personnel in key positions to promote the steady operation and sustainable development of the Bank.



- **Improving the employee welfare system**

In 2022, the Bank continuously improved the employee welfare system. While paying the “five insurances and housing fund” for its employees on time and in full, the Bank provided them with enterprise annuity, supplementary medical insurance and other welfare. In addition, the Bank protected the rights and interests of employees and raised their consciousness of protection of labor rights and interests by conducting self-checks on the relevant rights and interests of its employees on an irregular basis, which in turn enhanced the happiness and satisfaction of employees.

Supplementary insurance	– The Bank insured all incumbent employees with supplementary medical insurance, actively organized the lectures on supplementary medical insurance, promoted the insurance claims of employees, and held two health lectures on “Newborn Care” and “Treatment and Prevention of Cardiovascular and Cerebrovascular Diseases” for employees.
Employees’ vacation	– The Bank revised and optimized <i>the Administrative Measures for the Leave of Absence and Vacation of Employees of Jinshang Bank</i> , which increased the parental leave and care leave for employees, thus heightening their satisfaction.
Enterprise annuity	– The Bank paid annuity for employees in full on a monthly basis, and further standardized the procedures for the transfer-in, transfer-out and payment of annuity for employees.

5.1.2 Building a “learning bank”

In 2022, according to the concept of “party building leading, close to business, pragmatic and efficient, and service operation”, the Bank carried out the work of building a “learning bank”. With a focus on its strategic decision-making as a whole and key work deployment, the Bank provided teachings and trainings based on demand and aptitude to cultivate management experts, professional talents, business cadres and position models as the goal to carry out corresponding training programs, which promoted its high-quality development.

- **Setting up a talent training system with tailor-made policies**

Based on the working idea of “systematic design, project promotion, practical assessment, and market-oriented operation”, the Bank established and improved a tiered and classified talent training system that conforms to the characteristics of positions, conducted leadership training for management staff, carried out professional and technical personnel training according to the characteristics of each business line and drew learning maps to systematically reinforce the quality of employees.



Strengthening the leadership of management team



- “Lectures from famous experts of Jinshang”: External experts gave lectures to management staff of the Bank to address the pain points and difficulties in the reform and transformation of the company.
- “Wild Goose Plan”: The plan enhanced the comprehensive quality of the presidents of 106 sub-branches.
- Forum involving the presidents of sub-branches: The Bank invited the presidents of sub-branches with rich working experience to exchange and share their ideas, with a total of 125 person-times in 5 sessions.
- On-site survey: The Bank organized the management staff to visit excellent peers for survey and study.

Cultivating compound high-end professionals



- “Fledgling Training Program”: The plan helped 119 new employees adapt to the company rapidly.
- The month of thematic training sessions: A total of 9 thematic training sessions were conducted on a monthly basis, including “office skills”, “digital transformation”, “making up for shortcomings and turning weaknesses into strengths in company credit”, etc.
- “Digital sailing”: The Bank offered training on improvement of data analytic capabilities.
- “Striving for Excellence of Jinshang” Employee Skills Competition: The Bank improved and tested the skills of its employees and strengthened their learning and training through competition.

Helping employees grow by the learning map



- “Learning map”: Conducting pilot work on three core positions at the company, retail and operation lines and taking into account the duties and competency model of each position, the Bank drew an integrated professional line “learning map”, covering qualifications of positions, basic learning materials and lessons, position qualification examinations and question banks and continuing education management.



- **Online + offline platform to improve training effectiveness**



We promote the online learning platform, and optimize the online learning and management platform “Zhi Niao” to integrate high-quality education and training resources to provide employees with rich and convenient training skills, knowledge and ideas. Learning is recorded by the system to assess learning effectiveness and analyze training needs, providing a reliable basis for evaluation. In 2022, “Zhi Niao” platform gave full play to its advantages to achieve a “soft landing” for learning and promote the building of a “learning bank”.



In 2022, the Bank held various training courses of over 600, including:

Offline	– Accumulated over 100 offline training sessions.
Online	– In 2022, “Zhi Niao” platform organized 1,494 live broadcasts, 811 courses and 1,079 examinations, and online training covered more than 4,000 people.
	– “Zhi Niao” platform had covered a total of 1,145,000 person-times, with a total of 439,000 hours of learning and 95 hours of learning per person.

- ***School-enterprise cooperation enables the win-win situation of talent cultivation and enterprise development***

A two-way communication system was established between high-level talents of the Bank and well-known universities in Shanxi Province. In accordance with the requirements of the “12 bases (12 大基地)” construction program of the Shanxi Provincial Party Committee, the Bank entered into a strategic cooperation agreement with Shanxi University of Finance and Economics to strengthen cooperation in jointly building science and technology innovation platforms, carrying out cooperative education and implementing major projects together. The “Shanxi University of Finance and Economics-Jinshang Bank • Big Data (IT) Financial Innovation and Development Research Centre” was established in June 2022.

In addition, in 2022, the Bank held a “Forum on Deepening the Strategic Cooperation between the Bank and the University” with Shanxi University and School of Finance, SWUFE, where in-depth exchanges were held on cooperation plans and modes of cooperation in the areas of industry-university-research transformation, talent exchange and cultivation, and education and training, and in-depth discussions were held on deepening cooperation in the areas of training of high-end financial talents, construction of postgraduate innovation bases, think-tank cooperation and research on banking business topics.



- **Encouraging employees to upgrade their qualifications**

During the Reporting Period, the Bank organized employees to participate in various occupational qualification exams and guided them to become the professionals required by the Bank, which is conducive to their own long-term development while improving the construction of the talent system and driving high-quality development.

- A total of 5 examinations for sales qualification of wealth management products were organized, with an accumulation of 625 people passing.
- Pre-test training for the qualification to engage in fund business was organized, and the number of people who passed the subject of *Fund Laws and Regulations, Professional Ethics and Business Practices* (《基金法律法規、職業道德與業務規範》) was 185, with a passing rate of 63.57%.
- The number of people who passed the subject of *Fundamental Knowledge on Securities Investment Funds* (《證券投資基金基礎知識》) was 120, with a passing rate of 44.44%.
- The number of newly registered fund practitioners was 106.
- The professional certification examination for Certified Data Governance Associate (CDGA) was organized and carried out, and 24 people across the bank passed the first batch of certification examination.

In addition, the Bank also organized pre-test counselling and training for professional qualification of Associate Financial Planner (AFP) and Certified Financial Planner (CFP) to enhance the certification rate of employees.

5.1.3 Ensuring health and safety

In 2022, the Bank conducted a series of activities for the “safety production publicity month”, focusing on the theme of “complying with the production safety law and being the first responsible person”, and got to know timely through psychological care plan to help employees maintain mental health. During the Reporting Period, there was one work-related casualty in the Bank.

Three-year action plan for psychological care

Psychological problems can lead to a vicious antagonistic relationship between employees and the company in terms of emotions and interests, which in turn affects the stability of the company. As such, the Bank paid high attention to employees’ mental health and carried out the “three-year action plan for psychological care”. The year of 2022 was the third year of the action plan. The Bank helped the employees to relieve the pressure of work and life by continually carrying out the psychological care group counselling activities without any interruption to enhance the happiness of employees. As of the end of December 2022, the following activities had been carried out:

carried out special micro-courses and provided **9** online micro-courses on psychological care

provided care and listening services for over **140** employees on duty

collected **3,255** effective mental health survey questionnaires

conducted **11** rounds of group counseling research in the form of interviews



In 2022, the Bank proactively fulfilled its duty of safeguarding the well-being of its employees by partnering with a third-party organization to provide online micro-courses on psychological care for those who were on duty or working from home. These courses covered topics such as psychological self-care during quarantine, managing the work-life balance while working from home, and taking care of children's emotions. By providing these resources, the Bank aimed to ensure that its employees could work with peace of mind, confidence, and happiness.



Figure: Screenshots of Jinshang Bank's Employee Psychological Care Special Micro-courses



5.1.4 Employee care

The Bank organized cultural and physical activities and thematic activities for its employees to enrich their leisure time and take care of their physical and mental health. In 2022, the Bank established interest groups for outdoor activities, carried out fitness lessons, and organized outdoor activities for many times to improve employees' physical well-being.

- ***Organized cultural and physical activities***

Case: Organized Fitness Lesson Activities

In June 2022, the Bank organized fitness lessons, with a focus on “functional training” and “classified training”, to guide employees in carrying out scientific fitness activities. Over 80 employees participated in the lessons, which had a positive impact on promoting a happy work-life and improving their physical health.



Figure: Jinshang Bank's employees participate in fitness lessons



Case: Fire Safety Learning + “Vertical Marathon” Stair Climbing Competition

In February 2022, the Bank organized a “Vertical Marathon” stair climbing competition. To ensure safety, supply stations were set up at all check-in points, along with fire safety knowledge exhibition shelves. Additionally, sections were established along the route for employees to learn and practice wearing fire masks. More than 130 employees participated in this stair climbing competition, which not only promoted scientific fitness, but also emphasized the importance of safety production, enhancing employee cohesion during the activity.



Figure: Jinshang Bank “Vertical Marathon” competition site



Case: "Love for Children and Dream for Future" Printing and Calligraphy Theme Activity

The Bank organized the "Love for Children and Dream for Future" printing and calligraphy theme activity on June 1, aimed at promoting the family civility construction of employees and providing children with more activity spaces. Through these activities, the Bank was able to further enrich its corporate culture construction.



Figure: Jinshang Bank organized an event for Children's Day on June 1

- **Caring for female employees**

Case: "Brilliant Future" thematic activities for female employees

In celebration of the International Women's Day on March 8, the Bank organized "Brilliant Future" thematic activities for female employees, which enriched the culture life of female employees of the head office and improved the health literacy, creating a healthy and warm working environment.



Figure: Poster for activities of the International Women's Day on March 8 of Jinshang Bank



- **Caring for retired employees**

Case: Organizing the activity for Double Ninth Festival

In September 2022, the Bank held the activity for the Double Ninth Festival of “Celebrating the Double Ninth Festival and the National Day and Welcoming the 20th National Congress of CPC”, which exhibited the achievements and works of retired employees in participating in the ideological and political construction and Qiushi classroom for interest. At the party held by the Bank, the retired employees gave a dozen of performances including songs, dance, model show, taiji, recital, guzheng and African drum performances, and the absent retired employees could watch highlights of the performances by WeChat. These activities contributed to the formation of the sense of “curiosity, happiness and worthiness for the elderly” among the retired employees of the whole bank, gradually agglomerating into a positive booster to the high-quality development.



Figure: The scene of Jinshang Bank's the activity for the Double Ninth Festival

5.2 Joining Hands with Partners to Promote the Healthy Development of the Industry Ecology

5.2.1 Promoting industry construction

The Bank was actively involved in industry construction and stayed in close communication with regulatory authorities to learn about the impact of the latest policy trend and forward-looking judgement on the operations of the Bank. Moreover, the Bank has established benign partnership with peers and research institutions and promoted the healthy development of the industry ecology through its own high-quality development driven by practices of industry benchmarking partners, contributing to a win-win situation where both the capital market and the Bank marched toward high-quality development.



5.2.2 Responsible procurement

The purchasing management of the Bank follows the principle of legal compliance and is carried out in accordance with *the Working Procedures of Centralized Procurement Committee of Jinshang Bank* and *the Classification Table of Centralized Procurement Items of Jinshang Bank*, putting the responsible procurement into the mind and into practice. At the same time, the Bank advocates the concept of green environmental protection, and gives preference to suppliers with more environmental and sustainable development concepts, provided that they meet the same procurement requirements, quality and service standards, promoting suppliers to improve ESG awareness.

In 2022, the Bank cooperated with 151 suppliers, including 62 suppliers in Shanxi Province, accounting for 41.06% of its suppliers. During the Reporting Period, the Bank actively conveyed the concept of sustainable and high-quality development. While practicing responsible procurement, the Bank supported the development of local enterprises and contributed to the economic development of Shanxi Province.

5.3 Joining Hands for a Brighter Society

Actively responding to the call of General Secretary Xi to carry forward the voluntary spirits of dedication, friendship, mutual assistance and progress, the Bank mobilized the majority of young people to base on the new era and make new achievements, successively carried out different themes of volunteer activities, such as supporting examinations, voluntary tree planting, and youth blood donation. In 2022, the total volunteer service time of employees was approximately 245.50 hours, the total number of employee volunteers was approximately 456 and the number of beneficiaries was 3,971.

5.3.1 Consolidating the achievements of poverty alleviation

2022 is a crucial year of effective connection between consolidating and expanding the achievements of poverty alleviation and rural revitalization strategy. The Bank was actively adapting to the new situation of work transition, adjusting and optimizing the ways and means of stationing officials in villages to boost poverty alleviation, continuing to solidly promote the effective connection between consolidating and expanding the achievements of poverty alleviation and rural revitalization strategy, and helping create a new situation of comprehensive promotion of rural revitalization.

Promote the development of industrial projects. Based on the actual situation of the five villages for assistance in Yunzhou District, Datong and comprehensive consideration of regional industrial bases, market demand, actual situation of the Bank and others, the Bank selected specific projects reflecting local characteristics, such as the expansion of drying houses, supporting agricultural machinery, the construction of wells and new shops in accordance with the principles of better assistance results, wide benefit, long-lasting use and easy management. In 2022, a total of RMB635,000 assistance fund was invested in projects to help the five villages to promote sustainable income growth for those who have been lifted out of poverty.



The Bank encouraged and advocated poverty alleviation through consumption. The resident working team gave full play to its function as a bridge to proactively connect the local cooperatives to arrange supply of products as well as distribution and transportation. In 2022, more than 4,000 employees of the Bank purchased more than RMB500,000 of agricultural products, which helped increase the income of the villagers and constantly improved the employees' sense of gain, happiness and security from helping others.



Figures: The Bank attended meetings of poverty reoccurrence prevention monitoring and concentrated investigation for assistance in Mutou Village (left); condolences were carried out by Jinshang Bank's resident working team in Xiguan Village (right)



5.3.2 Carrying out volunteer services to give back to society

- **Organizing employees to donate blood**

In March 2022, the head office cooperated with the directly-controlled branch in Longcheng and carried out voluntary blood donation themed on “upholding the Party’s leadership to create a better world”. The voluntary blood donation was a public welfare activity organized in the situation where the blood for clinical use was in desperately short supply. It aimed to deepen the employees’ awareness and understanding of voluntary blood donation, and plant the voluntary service spirit of “dedication, friendship, mutual assistance and progress” in the mind of every employee. That day, as many as 40 employees donated up to 10,600 ml of blood. Taiyuan Blood Center awarded the public welfare plaques to the head office and the directly-controlled branch in Longcheng, respectively.



Figure: Public welfare plaque awarded by Taiyuan Blood Center

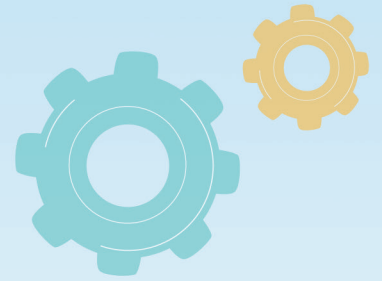


- **Participating in “99 Giving Day” activity**

To further fulfill its responsibilities for social public welfare activities, the Bank vigorously launched the online fund-raising activity of “Jinshang Bank Showing Love on 99 Giving Day” to support the public welfare project of “Shanxi Charity Plan for the Disabled”. The activity was highly valued by organizations at all levels of the Bank and widely applauded by the cadres and employees, who introduced the active participation of their friends and relatives. The Bank donated a total amount of RMB50,044.44 in the charity activity for the disabled on “99 Giving Day” in 2022, ranking No. 1 among 129 charity teams, showing the Bank’s care for people with disabilities and further building its image as a “Warm Bank”.



Figure: The representatives of the aided institution Meizhimu Rehabilitation Training Centre for Exceptional Children visited Jinshang Bank



Special Theme —



Digital Transformation Empowering High-quality Development

- 6.1 Smart Operation Management
- 6.2 Data Capacity Construction
- 6.3 Technology Capabilities Construction
- 6.4 Empowering Safe and Stable Production

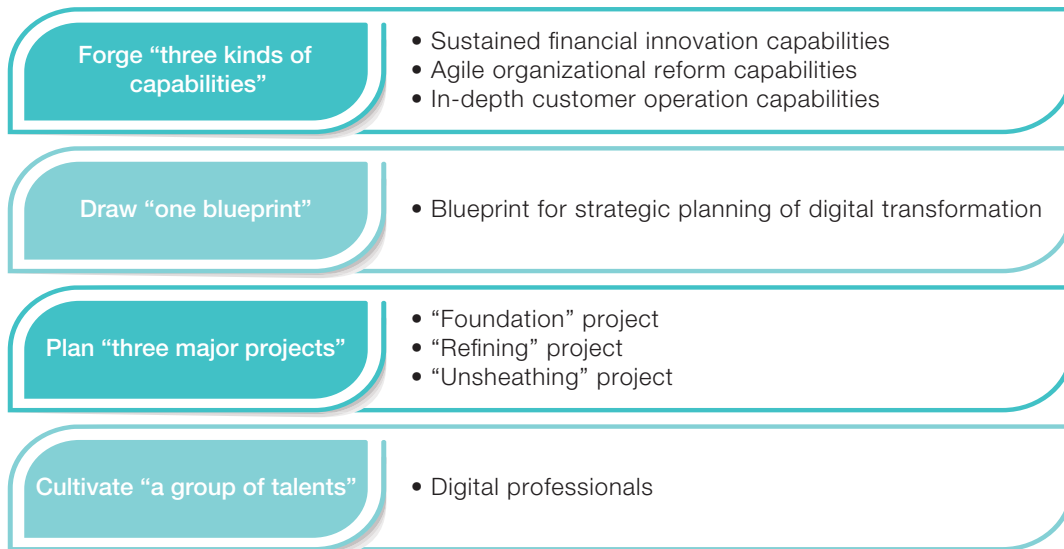
Accelerating digital transformation is not only a requirement for implementing relevant policies, but also a need to adapt to social development and changes. Jinshang Bank actively explored the safe application of emerging technologies such as AI, big data, cloud computing, and blockchain in the financial field, and continuously promoted the mode innovation of customer service, operation management and risk control in digital transformation through technological transformation. Driven by digital transformation, the Bank leveraged Fintech to provide more efficient and convenient financial services in line with social development.





6.1 Smart Operation Management

Based on its own conditions, with the transformation goal of “giving play to data value, empowering operation and management and realizing sustainable and high-quality development”, Jinshang Bank focused on the keys and priorities of business development, planned and formulated the top-level design of digital transformation, set the path of digital transformation planning and realization, established, improved and implemented management mechanism, promoted the construction of supporting systems, thereby formed the “3131” digital transformation strategic system.



On this basis, in 2022, the Bank initiated the first batch of seven key projects relating to digital transformation, and set up relevant mechanisms for digital transformation, so as to promote smart management across the Bank and in various business lines and propel the achievement transformation and effective implementation of new technologies, new products and new business forms in the financial field.

6.1.1 Developing industrial digital finance

Based on industrial demand scenarios, the Bank made innovation in financial services and improved integrated operation service capabilities in trade finance, supply chain finance, payment and settlement, and financial management. The Bank strengthened the risk profiling of small and micro enterprises and agriculture-related themes, and developed online financing products. Based on regional advantages, the Bank developed characteristic business and promoted the innovation of product and service models.

Case: Digital finance supported small and micro finance

Technologies such as AI and IoT were used to promote scene integration and accurately identify the financing needs of agriculture-related enterprises. The Bank built the financing system of digital product “Jinyun Chain” according to local conditions to realize online opening of “Jinyun Account” for circulation, settlement, financing and other online functions, met the capital needs of multi-level chain enterprises (the majority of small and micro enterprises and the theme of agriculture, rural areas and farmers), and further expanded the application scenarios of digital financial products. As of the end of December 2022, the financing system of “Jinyun Chain” has benefited 38 core enterprises and 132 chain enterprises, with total financing amount of RMB5.208 billion.



6.1.2 Promoting the digital transformation of retail business

The Bank accelerated the digital transformation of service channels and built diversified online channels. The Bank actively built the management system for client base, improved the level of customer acquisition through platforms, scenarios and big data, strengthened customer experience management, enhanced its ability of insight into customer needs, promoted marketing, trading, service, online and intelligent risk control, and improved the availability of financial products and services.

Case: Digital transformation enabled retail business to have accurate insight into customer needs

The Bank comprehensively implemented digital transformation of retail business and customers' operation and management, and built a unified view system for retail customers. Based on customer management and marketing management, the Bank formed a complete label system for retail customers to have a comprehensive product portrait for customers and help front-line marketing personnel to accurately understand customers' needs.

6.1.3 Constructing digital scene operation system

Focusing on customer value enhancement, the Bank continued to deepen operations of products, markets and services, and built a characteristic financial ecology based on its own advantages. The Bank promoted the organic integration of operation and front-end business to realize the centralized, online and intelligent transformation, accelerated the construction of a digital risk control system in line with its development strategies, and promoted the digitalization of monitoring and early warning and the automation of process and decision.

Case: Building a remote banking system to improve handling efficiency

The Bank has built a remote banking system to meet the needs of customers for handling business without leaving their homes through technologies such as biometrics, real-time audio/video, screen sharing, real-time message, recording for storage and electronic signature. At present, remote banking has realized scenarios for business procedures, including password reset and mobile banking professional version signing. After the official launch, it will resolve the last mile problem of online business handling, greatly improving customer experience and business handling efficiency.

6.1.4 Building a safe and win-win financial service ecosystem

Focusing on the needs of customers in the full-life cycle, the Bank cooperated with enterprises in different sectors according to laws and regulations, built service scenarios, and formed a safe, reliable and win-win cooperation ecosystem.

Case: Integrating financial services into people's livelihood with enterprises

Relying on the advantages of local characteristics, the Bank integrated into the regional development strategy to facilitate people's livelihood. The Bank introduced the national leading merchant platform, actively expanded cooperation with enterprises in different fields, and enhanced the ecological capacity of localized, open and inclusive platform.



Creating the life circle of the Bank:

Expanding the service scenarios in local people's life

- Through cooperation with the Shanxi Branch of China UnionPay, the Bank has become the first urban commercial bank in Shanxi province to integrally connected to the Cloud QuickPass online payment products.
- The Bank proactively interfaces with local merchants engaging in running supermarkets, coupons, tourism, physical examination and travel to open, export and integrate financial services into the context of customers' life, in order to develop new channels to reach customers.

Cooperative construction of scenario ecosystem:

In respect of the consumption vouchers issued by governments

- The Bank carried out the marketing capital account custody business for Cloud QuickPass and the transformation of its cash management system in support of the function of capital settlement for accounts.

In respect of separate accounting, payroll payment etc. for enterprises

- Cooperating with Shanxi Ningbaifu Big Data Technology Services Co., Ltd., the Bank provided that enterprise with payment agency service for its flexible employment e-commerce platform "Baifu Big Data Service Platform" through the payment agency module of "Jinshang E Payment", which enables real-time separate accounting and real-time salary payment, thus activating the free flow of talents, helping industrial upgrading and improving the operating efficiency of the industry.



6.2 Data Capacity Construction

Taking governance as the basis, the Bank comprehensively promotes data governance. During the Reporting Period, the Bank deepened the promotion of the data governance project and data culture project to make the construction of data governance system more scientific, systematic, professional and institutionalized. The Bank provided data analysts with training on flex data inquiry, analysis, and data mining to empower self-service data services and improve business capabilities.

6.2.1 Strengthening strategic planning for big data

The Bank has formulated big data development strategies, planned big data development and usage scenarios, determined implementation roadmap, and given play to the multiplier effect of data elements on production efficiency. The Bank has built a full-life-cycle data asset management system, planned data architecture, and reinforced the accumulation of data assets. In 2022, the Bank had a data asset catalog in place to thoroughly review the data in key business areas and clarify data management responsibilities and data application logic.

6.2.2 Improving the data governance system

The Bank has formed a data quality control mechanism based on data accountability by heightening the inspection, supervision and accountability of data governance and taking actions to improve data quality. Step by step, the Bank has established an enterprise-level data standard system, which fortifies the management of shared and basic data. In 2022, the Bank further improved its data governance system. The Bank standardized and guided the bank-wide data governance in an orderly manner, fully optimized the workflow for data quality improvement, and promoted the procedural and online management of data quality problems to improve the effectiveness of enhancing data quality. The Bank strengthened the supervision, inspection and assessment of data governance, promoted the implementation of various tasks of data governance, and consolidated the data base foundation for its digital transformation.

6.2.3 Advancing data application capabilities

In 2022, the Bank built a data asset management system. Based on data, diverse data products and services are fast delivered through processing and integration as well as multidimensional computing, which leverages the role of big data in aggregation and appreciation.



6.3 Technology Capabilities Construction

The Bank is committed to applying advanced technology to original business process, improving the efficiency, ease of application and accuracy of instruments, and at the same time actively enhancing its technology capabilities to form a complete and sophisticated series of technological instruments system, making it a crucial step for internal management and providing guideline for adjusting business strategies and streamlining operational procedures.

6.3.1 Promoting the agile transformation of technological management

The Bank designed an agile system for research, development, operations and maintenance, and developed a full-cycle delivery management process that can adapt to both “agile state” and “steady state”, enabling it to realize full online operation of project initiation, needs, development, testing, deployment and management.

In 2022, the Bank formulated the *Working Procedures for Agile Development of Jinshang Bank*, carried out the digitalization of technological processes based on agile developing model, and updated and optimized the information and technological management related systems and processes. Meanwhile, the Bank launched two pilot projects for agile development for the operation of retail online customer groups and the application of data assets in 2022. Through the pilot projects, the Bank explored agile developing models compatible with the Bank’s actual technological and business developments.

6.3.2 Enhancing the ability to use new technologies and self-reliance

In 2022, the Bank strengthened its capacity for self-research and development by placing a special emphasis on critical business system, channel system, management system, data system and operation and maintenance automation.

Case: Electronic treasury bond function transformation

Taking the optimization of electronic treasury bond system as an opportunity, the development staff of the Bank have learned and mastered the development framework, business processing logic and other technical implementation processes of electronic treasury bond system through code analysis and review of relevant documents, etc., and completed the design and development and integrated test support of project, such as the function transformation of sale of electronic treasury bond by mobile banking, transformation of new mobile banking in support of electronic treasury bond system and the related optimization and transformation of counter electronic treasury bond, etc., empowering them with development capabilities and daily operation and maintenance capabilities of the regular functions of the electronic treasury bond system. At present, the operation and maintenance of the electronic treasury bond system and the subsequent renovation of new requirements are entirely undertaken by the Bank’s internal staff independently.

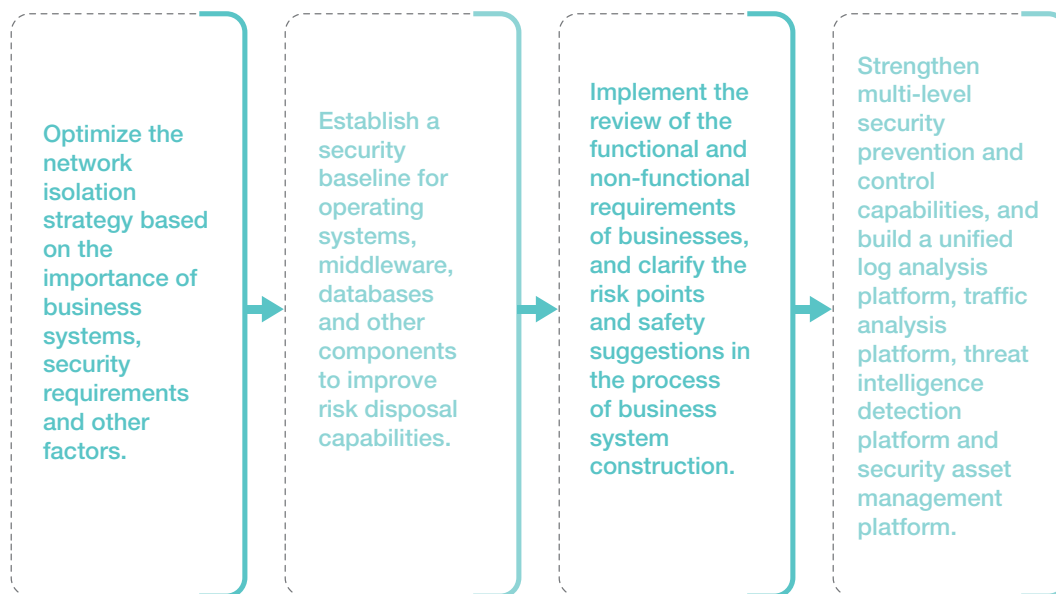


6.4 Empowering Safe and Stable Production

The Bank actively built an intelligent security network and carried out various drills to ensure the safety and stability of the production system. The Bank stepped up efforts in promoting and deepening the emergency management work, and empowered the implementation of the responsibility for safety production as an entity through financial technology to improve the bank-wide safety level.

6.4.1 Intelligent security construction

In 2022, the Bank further implemented the safety production responsibility system for all employees, and made use of big data analysis to conduct work with a focus on the network layer, system layer, business layer and data layer. The Bank tightened its responsibilities for safety production in all aspects and links, paid close attention to the special rectification of safety production and daily safety production management, and deepened the investigation and governance of risks and hidden dangers to achieve stable development of intelligent security construction.





6.4.2 System stability guarantee

In terms of strengthening daily operation and maintenance, the Bank carried out several rounds of basic monitoring and configuration inspections to ensure the stability of the production system, and identified hidden dangers through technical means to guarantee the steady operation of the production system. The Bank achieved an overall availability rate of 99.99% in its business system, meeting the requirements of business continuity.

The Bank made contingency plans in advance and arranged for on-duty shifts at all important posts to keep guard 24 hours a day, which provided a strong guarantee for the normal business operation during special periods. Thanks to its multi-pronged efforts, the Bank had no major production incidents throughout the year.

During the Reporting Period,

- the Bank conducted **125** information system emergency drills, **8** network emergency drills, and **2** information security-related emergency drills, covering **111** information systems.
- the Bank held **4** performance and capacity analysis meetings to review the performance and capacity of **34** important information systems, and made regular inspections of application backups every week.



Appendixes

Report Compilation Descriptions

This report is the fourth annual Environmental, Social and Governance Report (hereinafter referred to as “this report” or ESG Report) issued by JINSHANG BANK CO., LTD. (hereinafter referred to as “Jinshang Bank” or “the Bank”) after listing. This report truly and objectively describes the corporate social responsibility fulfillment activities of the head office, branches, directly-controlled branches and village bank of Jinshang Bank in 2022, and focuses on disclosing the Bank’s environmental, social and governance information.

- **Reporting Period**

This report is an annual report covering the period from January 1, 2022 to December 31, 2022 (the “Reporting Period”), with some information exceeding the Reporting Period.

- **Reporting Scope**

This report is primarily about Jinshang Bank and covers the head office, branches, directly-controlled branches and village bank, unless otherwise specified.

- **Reporting Language**

This report is available in both traditional Chinese and English versions. For any inconsistency in this report, the traditional Chinese version shall prevail.

- **Reporting Guidelines**

- Appendix 27 – *Environmental, Social and Governance Reporting Guide of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* issued by the Hong Kong Stock Exchange
- *Guidelines on Green Finance for the Banking and Insurance Industries* issued by CBIRC
- *Sustainable Development Reporting Guidelines (G4.0)* issued by Global Reporting Initiative

- **Basis of Data**

The financial data in this report comes from the audited annual report of the Bank for 2022. In case of any inconsistency between the data contained in this report and that in the annual report, the annual report shall prevail. Other statistical data cover the head office, branches, directly-controlled branches and village bank of the Bank, unless otherwise specified.

Unless otherwise stated, amounts referred to in this report are in RMB.



- **Reporting Principles**

- **Materiality:** This report identifies and responds to important Environmental, Social and Governance (“ESG”) issues that affect the Bank’s sustainable development based on online surveys and data analysis of stakeholders, please refer to page 12
- **Quantitative:** This report has disclosed the Bank’s key ESG quantization performance, please refer to page 102
- **Consistency:** The indicators used in different Reporting Periods are as consistent as possible in this report. In case of any change in key performance indicators, the changed indicators will be explained
- **Balance:** This report reflects the objective facts and discloses the positive and negative indicators at the same time

- **Independent Assurance of the Third Party**

To ensure the authenticity and reliability of this report, KPMG Huazhen LLP is engaged to provide limited assurance on the selected key data as disclosed in this report and produce an independent assurance report of the third party.

- **Issuance**

This report is available in electronic version. The electronic version of this report can be downloaded from the official website of Jinshang Bank (<https://www.jshbank.com>) and the website of the Hong Kong Stock Exchange (<https://www.hkex.com.hk>).



Annual ESG Performance

- Economic performance**

Economic performance table

Indicator	Unit	2022	2021	2020
Operating income	RMB100 million	52.60	53.91	48.68
Net profits	RMB100 million	18.35	16.79	15.71
Total assets	RMB100 million	3,364.20	3,032.92	2,709.44
Total deposits	RMB100 million	2,484.34	1,992.07	1,767.82
Total loans	RMB100 million	1,860.52	1,557.41	1,361.05
Basic earnings per share	RMB	0.31	0.29	0.27
Average return on total assets	%	0.57	0.58	0.61
Return on average equity	%	8.07	7.77	7.63
Non-performing loan ratio	%	1.80	1.84	1.84
Provision coverage ratio	%	177.04	184.77	194.06
Capital Adequacy Ratio (CAR)	%	12.40	12.02	11.72

- Environmental performance**

Green finance and capacity construction

Indicator	Unit	2022	2021	2020
Balance of green loans	RMB100 million	90.82	76.77	52.15
Training on ESG and green finance	person-times	162	160	153

Green operation

Indicator	Unit	2022	2021	2020
Replacement rate of e-banking	%	89.16	91.45	83.23
Number of mobile banking transactions	10,000 transactions	1,470.50	632.29	585.05
Number of Internet banking transactions throughout the year	10,000 transactions	375.95	519.40	412.59



Resource consumption and greenhouse gas emissions

Indicator	Unit	2022	2021	2020
Total office electricity consumption ¹	kWh	5,540,471.24	4,979,297.20	3,656,253.00
Total office water consumption ²	m ³	38,556.50	29,950.37	54,996.00
Natural gas	m ³	48,955.32	50,143.23	68,025.45
Diesel	L	1,714.79	2,626.87	3,122.00
Gasoline	L	48,972.22	46,537.99	42,395.97
Total energy consumption ³	kWh	6,512,620.92	5,995,206.33	–
Energy consumption per square meter of office area	kWh/m ²	51.92	–	–
– Total direct energy consumption	kWh	972,149.67	1,015,909.13	1,134,259.15
– Total indirect energy consumption	kWh	5,540,471.56	4,979,297.20	3,709,326.68
Total greenhouse gas ⁴ emissions (Scope 1 and Scope 2)	t	5,265.91	4,143.57	4,112.30
Greenhouse gas emission per square meter of office area (Scope 1 and Scope 2)	t/m ²	0.04	–	–
– Direct emissions ⁵ (Scope 1)	t	1,193.97	339.33	249.04
– Indirect emissions ⁶ (Scope 2)	t	4,071.94	3,804.24	3,863.26
NOx emissions	kg	593.06	655.82	–
Sulfur dioxide emissions	kg	0.72	26.65	–
Carbon monoxide emissions	kg	1,427.68	273.12	–
Particulate matter emissions	kg	4.93	2.41	–
Total hazardous wastes ⁷	pc.	588.01	7,090.00	–
Total non-hazardous electronic wastes ⁸	pc.	194.00	501	–
Total non-hazardous wastes ⁹	t	570.20	479.41	–
Paper consumption	pkg	17,515.00	–	–
Office waste	t	566.55	411.71	–
Kitchen wastes	L	154,244.00	–	–
Office consumable wastes	t	3.65	67.70	–



Notes:

1. The scope of data on total office electricity consumption for 2022 includes the head office, 4 directly-controlled branches, 10 tier-one branches and 1 village bank.
2. The scope of data on total office water consumption for 2022 includes the head office, 4 directly-controlled branches, 10 tier-one branches and 1 village bank.
3. The data on energy consumption was calculated according to relevant conversion factors provided in the national standards of the People's Republic of China, *General Rules for Calculation of Comprehensive Energy Consumption (GB/T2589-2008)*, which includes purchased electricity, natural gas, diesel consumption of facilities, coal and fuel consumption of official vehicles.
4. Greenhouse gas emissions data is presented as carbon dioxide equivalent and calculated based on *the Guidelines for Accounting and Reporting of Corporate Greenhouse Gas Emissions: Power Generation Facilities (Revised in 2021)* issued by the Ministry of Ecology and Environment of China and *the 2006 IPCC Guidelines for National Greenhouse Gas Inventories* published by the Intergovernmental Panel on Climate Change (IPCC). Based on the Bank's business scope, greenhouse gas includes carbon dioxide, methane, and nitrous oxide.
5. Direct greenhouse gas emissions mainly came from the consumption of natural gas, diesel fuel for facilities, coal, and fuel for official vehicles.
6. Indirect greenhouse gas emissions mainly came from the consumption of purchased electricity.
7. The hazardous wastes involved in the Bank's operations in 2022 were mainly waste lead-acid batteries and waste fluorescent tubes, which were handed over to qualified professional companies for disposal. In 2021, the statistical was named total hazardous waste, including waste lead-acid batteries, waste fluorescent tubes, waste carbon powder, waste toner cartridges, waste ink boxes, waste ribbons, waste electronic consumables and waste electronic products.
8. The non-hazardous electronic wastes involved in the Bank's operations were mainly microcomputer mainframes, monitors, laptops, printers, servers and other wasted electronic information products.
9. The non-hazardous wastes involved in the Bank's operations in 2022 included paper consumption, domestic waste, kitchen waste, and discarded office supplies. The non-hazardous wastes in 2021 only included office garbage and office consumable waste.



• Social performance

Customer service performance

Customer service performance table

Indicator	Unit	2022	2021	2020
Customers' complaints accepted	case	348	333	368
Customer handling rate	%	100	100	99.73

Supplier performance

Supplier performance table

Indicator	Unit	2022	2021	2020
Total suppliers ¹	number	151	228	301
Number of suppliers in Shanxi Province	number	62	65	127

Note 1: The total suppliers refer to the number of the cooperative suppliers in the current year during the Reporting Period.

Employee performance

Employee composition performance table

Indicator	Unit	2022	2021	2020	
Total employees ¹ (official staff)	person	4,402	4,424	4,492	
By gender	Male	person	2,008	1,964	2,007
	Female	person	2,394	2,460	2,485
	Percentage of male employees	%	45.62	44.39	44.68
	Percentage of female employees	%	54.38	55.61	55.32
By age	>50	person	464	338	220
	40 to 50	person	412	627	721
	30 to 40	person	2,299	2,066	1,799
	20 to 30	person	1,227	1,393	1,752
By education	Master and above	person	873	409	896
	Bachelor	person	3,016	3,410	3,007
	Others	person	513	605	589

Note 1: The statistics of total employees are based on the head office, 4 directly-controlled branches, 10 tier-one branches and 1 village bank of Jinshang Bank.



Employment performance table

Indicator	Unit	2022	2021	2020
Employee turnover rate	%	2.81	3.26	1.96
By gender	Male	1.45	1.54	0.93
	Female	1.36	1.72	1.03
By age	>50	0.02	0.11	0
	40 to 50	0.20	0.09	0
	30 to 40	1.53	1.45	0.58
	20 to 30	1.07	1.61	1.38
Number of new staff	person	93	25	472
Number of disabled staff	person	12	11	14

Note: The above statistics are based on the head office, 4 directly-controlled branches, 10 tier-one branches and 1 village bank of Jinshang Bank.

Employee rights performance table

Indicator	Unit	2022	2021	2020
Coverage of labor contracts	%	100	100	100
Social security coverage ratio	%	100	100	100
Number of work-related fatalities	person	1	0	0
Lost days due to work injury	day	30	0	0

Note: The above statistics are based on the head office, 4 directly-controlled branches, 10 tier-one branches and 1 village bank of Jinshang Bank.



Employee training performance table

Indicator	Unit	2022	2021	2020
Coverage of employee training	person-times	1,145,004	67,090	12,727
The training coverage of employees	%	94	93	78
Total length of training of staff	hour	438,815	67,970	10,074
The number of anti-money laundering training sessions	person-times	104	74	91
Total training investment	rmb10 thousand	568.07	854.60	589.11

Note: The statistics are based on the head office, 4 directly-controlled branches, 10 tier-one branches and 1 village bank of Jinshang Bank.



Social contribution performance

Indicator	Unit	2022	2021	2020
Balance of agriculture-related loans	RMB100 million	588.13	537.87	449.15
Balance of loans to small and micro enterprises	RMB100 million	628.90	475.11	444.40
Balance of inclusive loans to small and micro enterprises	RMB100 million	75.33	57.46	67.43
The number of outlets	number	154	162	160
Charity and other donations	RMB10 thousand	9.90	66.47	180
Duration of volunteer activities	hour	245.50	320	280



HKEX ESG Reporting Guide Index

KPIs	KPIs	Disclosure Location
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Appendixes Annual ESG Performance Employee performance
A1.1	The types of emissions and respective emissions data	Appendixes Annual ESG Performance Employee performance
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity	Appendixes Annual ESG Performance Employee performance
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity	Appendixes Annual ESG Performance Employee performance
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity	Appendixes Annual ESG Performance Employee performance
A1.5	Description of emissions target(s) set and steps taken to achieve them	As the Bank is in the financial industry, its direct impact on the environment is relatively limited. The Bank is gradually improving its work and plans to make detailed disclosures in the future
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	4.2.1 Building a green bank that opposes extravagance Appendix Annual ESG Performance Environmental performance



KPIs	KPIs	Disclosure Location
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	4.2.1 Building a green bank that opposes extravagance
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity	Appendixes Annual ESG Performance Employee performance
A2.2	Water consumption in total and intensity	Appendixes Annual ESG Performance Employee performance
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	As the Bank is in the financial industry, energy use efficiency is not an important issue for the Bank, and the Bank plans to make detailed disclosures in the future
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	As the Bank is in the financial industry, the use and management of water resources is not an important issue for the Bank, and the Bank plans to make detailed disclosures in the future
A2.5	Total packaging material used for finished products and with reference to per unit produced	As the Bank is in the financial industry, its main products and services do not involve packaging materials, so this content is not disclosed



KPIs	KPIs	Disclosure Location
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources	1.3.3 Enhancing ESG risk control 4.1 Deepening Green Finance Efforts
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	1.3.3 Enhancing ESG risk control 4.1 Deepening Green Finance Efforts
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	1.3.3 Enhancing ESG risk control 4.1 Deepening Green Finance Efforts
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	1.3.3 Enhancing ESG risk control 4.1 Deepening Green Finance Efforts



KPIs	KPIs	Disclosure Location
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	5.1.1 Building a fair work platform
B1.1	Total workforce by gender, employment type, age group and geographical region	Appendixes Annual ESG Performance Employee performance
B1.2	Employee turnover rate by gender, age group and geographical region	Appendixes Annual ESG Performance Employee performance
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	5.1.3 Ensuring health and safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Appendixes Annual ESG Performance Employee performance
B2.2	Lost days due to work injury	Appendixes Annual ESG Performance Employee performance
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	5.1.3 Ensuring health and safety



KPIs	KPIs	Disclosure Location
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	5.1.2 Building a learning bank
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Appendixes Annual ESG Performance Employee performance
B3.2	The average training hours completed per employee by gender and employee category	Appendixes Annual ESG Performance Employee performance
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	5.1.1 Building a fair work platform
B4.1	Description of measures to review employment practices to avoid child and forced labour	5.1.1 Building a fair work platform
B4.2	Description of steps taken to eliminate such practices when discovered	The Bank plans to disclose in the future



KPIs	KPIs	Disclosure Location
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	5.2.2 Responsible procurement
B5.1	Number of suppliers by geographical region	5.2.2 Responsible procurement Appendixes Annual ESG Performance Employee performance
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	5.2.2 Responsible procurement
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	5.2.2 Responsible procurement The Bank is gradually improving its supplier environmental and social risks management mechanism
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	5.2.2 Responsible procurement The Bank is gradually improving its supplier environmental and social risks management mechanism



KPIs	KPIs	Disclosure Location
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	3.2.1 Ensuring the confidentiality of customer information
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	The Bank is in the financial industry and this indicator is not applicable
B6.2	Number of products and service related complaints received and how they are dealt with	3.2.4 Actively responding to customer complaints
B6.3	Description of practices relating to observing and protecting intellectual property rights	1.4.5 Intellectual property protection
B6.4	Description of quality assurance process and recall procedures	The Bank is in the financial industry and this indicator is not applicable
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	3.2.1 Ensuring the confidentiality of customer information



KPIs	KPIs	Disclosure Location
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	1.4.1 Improving the compliance management system 1.4.2 Building a clean bank 1.4.3 Improving the level of anti-money laundering management
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases	The Bank plans to disclose in the future
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	The Bank plans to disclose in the future
B7.3	Description of anti-corruption training provided to directors and staff	1.4.2 Building a clean bank 1.4.4 Construction of compliance culture



KPIs	KPIs	Disclosure Location
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	3.2.2 Building an investor education system 3.2.3 Strengthening the popularization of financial knowledge 5.3 Joining hands for a brighter society
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	3.2.2 Building an investor education system 3.2.3 Strengthening the popularization of financial knowledge 5.3 Joining hands for a brighter society
B8.2	Resources contributed (e.g. money or time) to the focus area	3.2.2 Building an investor education system 3.2.3 Strengthening the popularization of financial knowledge 5.3 Joining hands for a brighter society



Independent Limited Assurance Report



Independent Limited Assurance Report

To the Board of Directors of Jinshang Bank Company Limited:

We were engaged by the Board of Directors of Jinshang Bank Company Limited (“Jinshang Bank”) to perform limited assurance on the 2022 selected key data for the 2022 *Environmental, Social and Governance Report of Jinshang Bank Company Limited* (the “ESG Report”) prepared by Jinshang Bank. This English version is a translation, should there be inconsistency between the English edition and the Simplified Chinese edition, the Simplified Chinese edition shall prevail.

I. Key data

This Report covers the limited assurance procedures performed on the following 2022 selected key data for the ESG Report:

- Total office electricity consumption (kWh)
- Total office water consumption (m³)
- Total number of employees (person)
- Proportion of female employees (%)
- Total training investment (RMB 10 thousand)
- Total number of branches
- Number of internet banking transactions throughout the year (10,000 transactions)
- Resolution rate of customer complaints (%)
- Number of compliance education (session)
- Balance of green loans (RMB 100 million)
- Balance of agriculture-related loans (RMB 100 million)

Our assurance work was limited to the selected key data as of 31 December 2022 and for the year then ended in the ESG Report. Other data disclosed in the ESG Report or data of 2021 and previous years was not included in our work scope.

II. Criteria

The criteria adopted by Jinshang Bank for preparing the ESG Report are described in the basis of key data preparation (the “Basis of Preparation”) attached hereto.

III. The Board of Directors’ responsibility

It is the Board of Directors’ responsibility to prepare key data for the ESG Report according to the basis of preparation, including designing, implementing, and maintaining internal controls relevant to the preparation of key data for the ESG Report to ensure that the data are free from material misstatement, whether due to fraud or error.



IV. Our independence and quality control

We comply with the independence and other ethical requirement of the *International Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which has been founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies the *International Standard on Quality Control No. 1* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

V. Auditors' responsibility

Our responsibility is to express a conclusion on the key data for the ESG Report based on our assurance.

We conducted our work in accordance with the *International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, which requires us to plan and conduct our work to form an assurance conclusion.

VI. Summary of work performed

The procedures performed in a limited assurance engagement vary in nature and timing from a reasonable assurance engagement, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The extent of procedures selected depends on our judgment, including our assessment of risk of major discrepancy between the selected key data and the basis of preparation. We do not conduct our work to express an opinion on the effectiveness of Jinshang Bank's internal controls.

Within our work scope, the assurance procedures were implemented at the head office of Jinshang Bank.

Our work mainly included:

- 1) Interviewing the departments of Jinshang Bank engaged to provide the selected key data for the ESG Report;
- 2) Implementing analytical procedures on the selected key data in the ESG Report;
- 3) Carrying out sampling inspection on the selected key data in the ESG Report;
and
- 4) Performing recalculation.



VII. Inherent limitation

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities.

VIII. Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the 2022 selected key data for the 2022 ESG Report of Jinshang Bank is not prepared, in all material respects, in accordance with the Basis of Preparation.

IX. Restriction on use

This Report can only be used by the Board of Directors to prepare its ESG Report and is not applicable and shall not be used for other purposes. We shall not be liable to any third party other than the Board of Directors of Jinshang Bank.



KPMG Huazhen LLP

Beijing, China

27 April 2023



Appendix: Basis of Key Data Preparation

Total office electricity consumption (kWh): The total office electricity consumption disclosed in the ESG Report refers to the total electricity consumption of Jinshang Bank and rural bank, and the data only includes the head office of Jinshang Bank, 4 directly affiliated branches, 10 first tier branches, and 1 rural bank.

Total office water consumption (m³): The total office water consumption disclosed in the ESG Report refers to the total water consumption of Jinshang Bank and rural bank, and the data only includes the head office of Jinshang Bank, 4 directly affiliated branches, 10 first tier branches, and 1 rural bank.

Total number of employees (person): The total number of employees disclosed in the ESG Report refers to the total number of formal employees who have signed labor contracts with the head office of Jinshang Bank, 4 directly affiliated branches, 10 first tier branches, and 1 rural bank, as well as labor dispatch workers.

Proportion of female employees (%): The proportion of female employees disclosed in the ESG Report = the number of female employees / the number of employees, who have signed labor contracts with the head office of Jinshang Bank, 4 directly affiliated branches, 10 first tier branches, and 1 rural bank, as well as labor dispatch workers.

Total training investment (RMB 10 thousand): The total training investment disclosed in ESG Report refers to all expenses related to the training project of the head office of Jinshang Bank, 4 directly affiliated branches, 10 first tier branches, and 1 rural bank, including training fees, rent for online training platforms, purchase of course fees, lecture fees for offline external teachers, meals, accommodation, transportation fees for trainees to participate in the training.

Total number of branches: The total number of branches disclosed in the ESG Report refers to all branches of Jinshang Bank that have obtained financial licenses, including those that have already obtained licenses but have not yet started operating.

Number of internet banking transactions throughout the year (10,000 transactions): The number of internet banking transactions throughout the year disclosed in the ESG Report refers to the successful transactions of Jinshang Bank and rural bank on personal and corporate internet bank at the Personal Computer.

Resolution rate of customer complaints (%): The resolution rate of customer complaints disclosed in the ESG Report refers to the ratio of complaints handled by Jinshang Bank to the total number of complaints. The total number of complaints mentioned above includes complaints received within the bank, as well as complaints transferred by the China Banking and Insurance Regulatory Bureau, the People's Bank of China and government hotline.

Number of compliance education (session): The number of compliance education disclosed in the ESG Report refers to the cumulative value of compliance education and training sessions held by Jinshang Bank for employees. The data includes the number of online and offline compliance education.



Balance of green loans (RMB 100 million): The balance of green loan disclosed in ESG Report refers to the balance on the green loan balance sheet of Jinshang Bank. The green loans issued by Jinshang Bank refer to loans that can serve as borrowers according to national regulations, in order to support economic activities such as environmental improvement, climate change response, and resource conservation and efficient utilization. These loans are used to invest in areas such as energy conservation and environmental protection, clean production, clean energy, ecological environment, infrastructure green upgrading, and green services. Please refer to the "Green Industry Guidance Catalogue (2019 Edition)" for specific scope.

Balance of agriculture-related loans (RMB 100 million): The balance of agriculture-related loans disclosed in the ESG Report refers to the total amount of all agricultural loans from Jinshang Bank. The data includes loans to rural enterprises and organizations, loans to urban enterprises and organizations for agriculture-related purposes, loans to farmers, and loans to individuals other than farmers for agriculture, forestry, stockbreeding, and fishery-related purposes.



Feedback Form for Readers

Thank you for reading *the 2022 Environmental, Social and Governance Report of Jinshang Bank Co., Ltd.* For the purpose of improving our ESG management, we hope that you can share with us your valuable comments and suggestions by completing the feedback form and sending it to us via any of the following ways.

E-mail : dongban@jshbank.com
 Address : No.59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province
 Post code : 030000
 Tel : 0351-7812583

1. Which kind of stakeholder are you:
<input type="checkbox"/> Government <input type="checkbox"/> Regulator <input type="checkbox"/> Shareholder <input type="checkbox"/> Customer <input type="checkbox"/> Employee <input type="checkbox"/> Vendor <input type="checkbox"/> Partner <input type="checkbox"/> Community <input type="checkbox"/> Others
2. Your general evaluation on this report:
<input type="checkbox"/> Poor <input type="checkbox"/> Average <input type="checkbox"/> Good <input type="checkbox"/> Excellent
3. Your evaluation on Jinshang Bank in performing responsibilities for economic development:
<input type="checkbox"/> Poor <input type="checkbox"/> Average <input type="checkbox"/> Good <input type="checkbox"/> Excellent
4. Your evaluation on Jinshang Bank in performing responsibilities for the environment:
<input type="checkbox"/> Poor <input type="checkbox"/> Average <input type="checkbox"/> Good <input type="checkbox"/> Excellent
5. Your evaluation on Jinshang Bank in performing responsibilities for social progress:
<input type="checkbox"/> Poor <input type="checkbox"/> Average <input type="checkbox"/> Good <input type="checkbox"/> Excellent
6. Do you think the information disclosed in this report is complete:
<input type="checkbox"/> No <input type="checkbox"/> Average <input type="checkbox"/> Yes
7. Do you think this report is clearly stated and easy to understand:
<input type="checkbox"/> No <input type="checkbox"/> Average <input type="checkbox"/> Yes
8. Do you have any other comments or suggestions on the improvement and development of Jinshang Bank for performing social responsibilities and on this report:



晋商银行
Jinshang Bank