



# 九江銀行股份有限公司

Bank of Jiujiang Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)  
Stock Code: 6190

# 2023

## ANNUAL REPORT



# Contents

<b>2</b>	<b>Company Profile</b>
<b>7</b>	<b>Accounting Data and Financial Indicator Highlights</b>
<b>10</b>	<b>Message from the Board of Directors</b>
<b>12</b>	<b>Management Discussion and Analysis</b>
<b>67</b>	<b>Changes in Share Capital and Information on Shareholders</b>
<b>77</b>	<b>Information on Directors, Supervisors, Senior Management, Staff and Institution</b>
<b>102</b>	<b>Corporate Governance Report</b>
<b>146</b>	<b>Report of the Board of Directors</b>
<b>158</b>	<b>Report of the Board of Supervisors</b>
<b>167</b>	<b>Important Events</b>
<b>170</b>	<b>Independent Auditor's Report</b>
<b>178</b>	<b>Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>
<b>180</b>	<b>Consolidated Statement of Financial Position</b>
<b>182</b>	<b>Consolidated Statement of Changes in Equity</b>
<b>184</b>	<b>Consolidated Statement of Cash Flows</b>
<b>187</b>	<b>Notes to the Consolidated Financial Statements</b>
<b>302</b>	<b>Definition</b>

# Company Profile

## 1. BASICS

Legal name in Chinese	:	九江銀行股份有限公司*
Legal name in English	:	Bank of Jiujiang Co., Ltd.*
Legal representative	:	ZHOU Shixin (周時辛)
Company secretary	:	WONG Wai Chiu (黃偉超)
Authorized representatives	:	XIAO Jing (肖璟)
H-share exchange	:	The Stock Exchange of Hong Kong Limited
Stock short name	:	BANK OF JIUJIANG
Stock code	:	06190
Unified social credit code	:	9136040070552834XQ
License number for financial business operations	:	B0348H336040001
Registered capital	:	RMB2,847,367,200
Registered address and office address	:	No. 619 Changhong Avenue, Lianxi District, Jiujiang, Jiangxi Province, China (Postal code: 332000)
Principal place of business in Hong Kong	:	40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wan Chai, Hong Kong
Contact details	:	Tel: +86(792)7783000-1101 Fax: +86(792)8325019 Email: dshbgs6190@jjccb.com Website: www.jjccb.com Customer service hotline: +86 95316
PRC auditor	:	KPMG Huazhen LLP
International auditor	:	KPMG
PRC legal advisor	:	JunHe LLP (北京市君合律師事務所)
Hong Kong (PRC) legal advisor	:	Clifford Chance
H-share registrar and transfer office	:	Computershare Hong Kong Investor Services Limited
Domestic share depository	:	China Securities Depository and Clearing Corporation Limited (CSDC)
HKEXnews website of the Hong Kong Stock Exchange for publication of this report	:	www.hkexnews.hk

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

# Company Profile

## 2. ABOUT US

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

Since its establishment, the staff of Bank of Jiujiang, with unwavering faith, persistent pursuit, selfless dedication, and the mindset that success only comes through hard work, have endured great hardships in order to realize the achievements that Bank of Jiujiang has today. From a handful of branches to 279 outlets, we are now a renowned bank with total assets of over RMB500,000 million. Meanwhile, the Bank consistently optimized its shareholder structure and successively introduced strategic investors such as Industrial Bank and Beijing Automotive Group to enhance its brand image. In addition, the Bank has successively received numerous recognitions including "National Advanced Grassroots Party Organization" and "National May Day Labour Award".

As of December 31, 2023, Bank of Jiujiang (including controlled county banks) has 5,429 full-time employees, with an average age of 29.97. Among them, 4,736 had undergraduate degrees or graduated from junior colleges, accounting for 87.24%, while 685 had master's degrees (and above), accounting for 12.62%. We now have the head office, 13 branches and 265 sub-branches, successively leading to the establishment of 20 county banks such as Xiushui Jiuyin and Zhongshan Xiaolan. As a city commercial bank, Bank of Jiujiang was the first to realize the full coverage of cities with districts in Jiangxi Province.

## 3. MAJOR AWARDS FOR 2023 AND UP TO THE DATE OF THIS ANNUAL REPORT

In January 2023, China Central Depository & Clearing Co., Ltd. granted honors to the supporting units for the national blockchain innovation application pilot projects, and the Bank won the honorary title of the "First Batch of Supporting Units for the National Blockchain Innovation Application Pilot Projects".

In January 2023, China Central Depository & Clearing Co., Ltd. announced the 2022 CDC member business development quality election results, and the Bank was awarded the title of the "2022 Top 100 Proprietary Dealer".

In January 2023, the Export-Import Bank of China announced the list of 2022 excellent organizations and individuals of domestic RMB financial bond underwriting and market making groups, and the Bank was awarded two institutional awards including "Core Underwriter" and "Excellent Market Maker" of the 2022 domestic RMB financial bond underwriting and market making groups.

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

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

## Company Profile

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

In February 2023, the Nanchang Central Sub-branch of the People’s Bank of China and the Financial Work Office of Jiangxi Provincial People’s Government issued the Notice on Commending the Outstanding Banks of Cross-border RMB Business in Jiangxi Province in 2022, and the Bank won the “Comprehensive Excellence Award”.

In February 2023, Shanghai Commercial Paper Exchange Corporation Ltd. released the 2022 annual excellence evaluation results, and the Bank won two honors, namely “Excellent Comprehensive Business Institution” and “Excellent New-Generation Bill Business System Online Institution”, and was the only award-winning institution in Jiangxi Province.

In May 2023, the Bank was awarded the title of “Excellent Industrial Finance Bank” in the activity of “China Movable Property and Rights Financing Ecology • Excellent Enterprise Selection (from the Perspective of Supply Chain)” jointly organized by 10000 link and Shanghai University Modern Logistics Research Center.

In May 2023, the Jiujiang Poyang Lake Data Center of the Bank completed the third-party inspection of national standard grade A, and was successfully recognized as national standard grade A and the grade A certification of financial information system room power system.

In June 2023, the list of winners of the selection activity of “Yili Tianxia • 2022 Jiangxi Social Responsibility Enterprises (Entrepreneurs)” jointly hosted by Jiangxi Daily, Jiangxi Provincial Department of Agriculture and Rural Affairs, Jiangxi Provincial State-owned Assets Supervision and Administration Commission and Jiangxi Provincial Local Financial Supervision and Administration Bureau was officially announced. The Bank was awarded the title of “2022 Jiangxi Social Responsibility Enterprise” by virtue of the outstanding contributions in supporting the real economy, rural revitalization, charity and other fields.

In June 2023, the Bank passed the test and acceptance of customs revenue collection business, and has become the first urban commercial bank in Jiangxi Province that has been permitted to access the “Single Window” of China International Trade.

In June 2023, the 2023 Asset Management and Wealth Management Industry Development Forum and the Third “Golden Reputation Award” Awarding Ceremony hosted by PYSTANDARD came to a successful conclusion, and the Bank was awarded the title of “Excellent Investment Return Bank” and “Excellent Wealth Management Urban Commercial Bank”.

In August 2023, our five county banks, namely Zhongshan Xiaolan, Beijing Daxing Jiuyin, Xiushui Jiuyin, Jinggangshan Jiuyin and Duchang Jiuyin, won various titles and honors, such as the National Top 100 County Banks, National 5A-Class County Banks, National Outstanding County Banks Supporting Rural Affairs and Small Businesses, National County Banks Customer Development and Service Excellence Award, and the Most Promising County Banks, in the “2023 National Village and Township Bank Comprehensive Business Development Ranking Activity and the National Village and Township Bank Brand Value Ranking Activities” which was co-sponsored by the Organizing Committee of the Forum for the Development of Chinese Village and Township Banks, “Contemporary County Economy” magazine and other sponsors.

## Company Profile

In September 2023, the Bank won the “Jiangxi Provincial Financial System Statistical Business Competition Group Second Prize” in the Jiangxi Provincial Financial System Business Competition Finals of “Learning, Thinking, Practicing and Understanding the Guiding Principles from the 20th CPC National Congress to Deeply Promote Statistical Data Governance” held by Jiangxi Branch of the People’s Bank of China in Nanchang.

In September 2023, the Bank’s case of “Financing Supply Chain based on China Credit Reference Center Platform to Help Ease Enterprises’ Burden” won the “Excellent Case Award of Credit Investigation Services” at the 2023 Jiangxi Province credit publicity exhibition of “Ten-year Credit Investigation Services Forging Ahead on a New Journey” held by the Jiangxi Branch of the People’s Bank of China.

In September 2023, Jiangxi Provincial Tax Service of State Taxation Administration, Jiangxi Public Security Department, Jiangxi Provincial People’s Procuratorate, Jiangxi Provincial Higher People’s Court, Nanchang Customs, Jiangxi Branch of the People’s Bank of China and Jiangxi Branch of the State Administration of Foreign Exchange jointly issued the Circular on Commendation of Collectives and Individuals with Outstanding Achievements in Combating Tax-related Illegal Crimes in 2022, and the Bank was awarded the title of “Collective with Outstanding Achievements in Combating Tax-related Illegal Crimes in 2022”.

In October 2023, the Bank, for its outstanding performance in the design of the Environmental Social and Governance Report for 2022, was awarded the Honorable Mention “Design/Graphic: Environmental, Social and Governance Report” in the selection of the 37th International Annual Report Competition 2023 hosted by MerComm, Inc., an American independent institution.

In November 2023, the “2023 Banking and Insurance Industry Wealth Management Forum and the 4th Banking Industry Financial Management Golden Bull Award, the 3rd Insurance Industry Investment Golden Bull Award, and the 2nd Trust Industry Golden Bull Award Ceremony” sponsored by China Securities Journal were held in Beijing. The Bank was awarded the “Golden Bull Award for Financial Banking”.

In November 2023, the “2023 Shanghai Global Asset Management Annual Conference and ‘Golden Hazelnut (金榛子)’ Asset Management Competitiveness Excellence Case Conference” hosted by CLS (財聯社) was held in Shanghai. The Bank won the “Golden Hazelnut Award for Outstanding Bank Financial Institutions”, and the Bank’s “Xinxiang Hybrid One-year Regular Open-end No. 3 (鑫享混合類一年定開3號)”, a wealth management product, was awarded the “Golden Hazelnut Award for New Hybrid Product”.

In December 2023, Jiangxi Provincial People’s Government issued the Decision of Jiangxi Provincial People’s Government on Commending the Award-winner of the Third Ganpo Charity Award. The Bank was awarded the third Ganpo Charity Award, being the only city commercial bank in Jiangxi Province to receive this honor.

In December 2023, the Bank was awarded the “National Advanced Group of Internal Audit for 2020-2022 (2020-2022年全國內部審計先進集體)” in the commendation conference for national outstanding internal auditing organizations and individuals held by the China Institute of Internal Audit, and being the first city commercial bank in Jiangxi Province that has been awarded this honor.



## Company Profile

In December 2023, the Agricultural Development Bank of China announced the list of 2023 excellent organizations and individuals of domestic RMB financial bond underwriting and market-making groups, and the Bank was awarded four institutional awards including “Excellent Underwriter”, “Best City Commercial Bank Serving Agriculture, Rural Areas and Farmers”, “Innovation and Cooperation Award” and “Excellent Market Maker” of the 2023 domestic RMB financial bond underwriting and market-making groups. Since 2021, the Bank has been awarded “Excellent Underwriter” and “Excellent Market Maker” of the financial bond underwriting and market-making institutions by the Agricultural Development Bank of China for three consecutive years, and won the honor of “Best City Commercial Bank Serving Agriculture, Rural Areas and Farmers” for the first time.

In January 2024, China National Clearing Center held the 2023 Digital Supply Chain Financial Service Platform Operation Conference to commend institutions and individuals who have made outstanding contributions to the construction and operation of the platform. The Bank was recognized as the “Excellent Participating Institution Award in 2023”.

In January 2024, the Bank received the Letter of China UnionPay Jiangxi Branch on Commending the Advanced Unit and Excellent Individual of UnionPay Cooperation in 2023. The Bank won various honors, such as “Mobile Payment Promotion Award in 2023”, “Business Innovation Award in 2023” and “Consumption Promotion Award by Assisting Business to Benefit the People in 2023” by virtue of the outstanding performance in mobile payment and credit card business.

In January 2024, the RFID compound smart safe box program, remote counter construction program and risk management workbench (Fengxiangtai (風象台)) of the Bank was awarded the “Scenario Finance Innovation Excellent Case Award”, “Product Innovation Excellent Case Award” and “Risk Management Innovation Excellent Case Award”, respectively, at the “2023 City Financial Service Excellent Case Selection” activity held by Clearing Center for City Commercial Banks.

In January 2024, the People’s Bank of China announced the winners of the “2022 Fintech Development Award”, and the “New Generation Online Industrial Financial Platform” project declared by the Bank was awarded the “Third Prize of 2022 Fintech Development Award”, and the Bank was the only city commercial bank in the five provinces in central China that was awarded this honor.

In January 2024, China Central Depository & Clearing Co., Ltd. announced the 2023 CDC member business development quality election results, and the Bank was awarded the title of the “2023 Top 100 Proprietary Dealer”, marking the sixth consecutive year it has won the title since 2018.

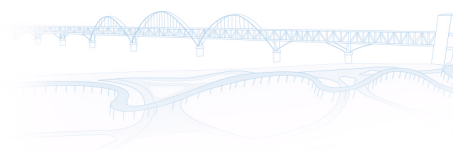
In January 2024, the Export-Import Bank of China announced the list of 2023 excellent organizations and individuals of domestic RMB financial bond underwriting and market-making groups, and the Bank was awarded two institutional awards including “Excellent Underwriter” and “Excellent Market Maker” of the 2023 RMB financial bond underwriting and market making groups, marking the fifth consecutive year it has won such titles since 2019.

In February 2024, China Foreign Exchange Trade System & National Interbank Funding Center issued the Announcement on the Results of Selected Outstanding High-quality Development of Business of the Player in Interbank Local Currency Markets for 2023 《2023年度銀行間本幣市場成員業務高質量發展評價結果的公告》. The Bank was awarded two awards including “Annual Market Influence Institution” and “Market Innovation Business Institution”. The Bank has won awards related to the interbank market for six consecutive years since 2018.

# Accounting Data and Financial Indicator Highlights

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

	For the year ended December 31,				
	2023	2022	2021	2020	2019
<b>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</b>					
<b>Results of operations</b>					
Net interest income	8,289.0	8,593.6	8,456.5	7,861.2	7,350.8
Net fee and commission income	972.2	841.7	692.8	624.0	342.3
Operating income	10,358.4	10,869.9	10,347.5	10,191.6	9,676.0
Operating expenses	(3,407.1)	(3,275.2)	(3,091.5)	(2,885.7)	(2,783.1)
Impairment losses on assets	(6,105.7)	(5,601.5)	(5,264.9)	(5,178.5)	(4,619.3)
Profit before taxation	855.1	2,001.5	1,998.4	2,137.6	2,282.5
Net profit for the year	745.4	1,680.4	1,784.8	1,709.5	1,881.2
Net profit for the year attributable to shareholders of the Bank	723.6	1,615.1	1,728.6	1,672.9	1,837.2
<b>Calculated on a per share basis (RMB)</b>					
Net assets per share attributable to the Bank’s shareholders <sup>(1)</sup>	11.65	11.89	11.50	10.79	10.27
Basic earnings per share <sup>(2)</sup>	0.15	0.53	0.72	0.69	0.76
Diluted earnings per share <sup>(2)</sup>	0.15	0.53	0.72	0.69	0.76
<b>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</b>					
<b>Profitability indicators (%)</b>					
Return on average total assets <sup>(3)</sup>	0.15	0.36	0.41	0.44	0.56
Return on average equity <sup>(4)</sup>	1.28	4.52	6.48	6.58	7.69
Net interest spread <sup>(5)</sup>	1.72	1.93	1.92	2.22	2.24
Net interest margin <sup>(6)</sup>	1.76	1.91	2.00	2.18	2.25
Net fee and commission income to operating income	9.39	7.74	6.70	6.12	3.54
Cost-to-income ratio <sup>(7)</sup>	31.56	28.91	28.57	27.28	27.75
<b>Capital adequacy indicators (%)</b>					
Core tier-one capital adequacy ratio <sup>(8)</sup>	8.64	7.93	8.28	9.02	8.97
Tier-one capital adequacy ratio <sup>(8)</sup>	11.07	10.61	11.08	9.02	8.97
Capital adequacy ratio <sup>(8)</sup>	12.01	12.62	13.21	10.71	11.64
Total equity to total assets	8.13	7.59	7.67	6.40	6.98





## Accounting Data and Financial Indicator Highlights

	For the year ended December 31,				
	2023	2022	2021	2020	2019
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)					
<b>Asset quality indicators (%)</b>					
Non-performing loan ratio <sup>(9)</sup>	2.09	1.82	1.41	1.55	1.71
General allowance ratio <sup>(10)</sup>	153.82	173.01	214.66	165.97	182.34
Allowance-to-loan ratio <sup>(11)</sup>	3.21	3.14	3.02	2.58	3.12
<b>Volume indicators</b>					
Total assets	503,849.2	479,703.5	461,503.0	415,794.1	363,351.6
Including: Net loans and advances to customers	293,410.2	271,535.2	242,938.4	205,658.2	173,368.6
Total liabilities	462,892.7	443,287.3	426,089.8	389,164.6	337,993.8
Including: Customer deposits	370,733.0	377,340.0	344,851.1	313,804.7	255,263.1
Share capital	2,847.4	2,407.4	2,407.4	2,407.4	2,407.4
Equity attributable to equity holders of the Bank	40,156.5	35,627.6	34,683.9	25,976.2	24,725.6
Non-controlling interests	800.0	788.6	729.3	653.3	632.2
Total equity	40,956.5	36,416.2	35,413.2	26,629.5	25,357.8
Net capital base <sup>(6)</sup>	44,579.4	42,594.0	42,530.5	31,323.3	32,756.9

	For the year ended December 31,				
	2023	2022	2021	2020	2019
(All amounts expressed in millions of RMB except percentages, unless otherwise stated)					
<b>Other financial indicators (%)</b>					
Leverage ratio <sup>(12)</sup>	7.12	6.53	6.75	5.70	6.34
Liquidity ratio <sup>(13)</sup>	56.40	63.69	81.42	72.65	75.57
Liquidity coverage <sup>(14)</sup>	448.64	267.97	426.31	327.77	292.92
Loan to deposit ratio	81.36	73.98	72.41	67.06	70.11
Ratio of loans and advances to single top customer <sup>(15)</sup>	0.99	0.64	0.88	1.04	1.01
Ratio of loans and advances to top 10 single customers <sup>(15)</sup>	4.55	4.24	4.82	5.84	6.26



# Accounting Data and Financial Indicator Highlights

## Notes:

- (1) Shareholders' equity attributable to the Bank after deducting other equity instruments at the end of the year, divided by total number of ordinary share capital at the end of the year.
- (2) Represents the ratio of net profit attributable to the Bank's shareholders, after deduction of the dividend on perpetual bonds paid during the year, to the weighted average ordinary share capital.
- (3) Represents the ratio of net profit for the year to the average balance of total assets at the beginning and end of the period.
- (4) Represents the ratio of net profit attributable to the Bank's shareholders, after deduction of the dividend on perpetual bonds paid during the year, to the weighted average balance attributable to the Bank's shareholders' equity after deducting other equity instruments during the year.
- (5) Calculated as the difference between the average yield on total interest-earning assets and the average interest rate of total interest-bearing liabilities, and based on daily average interest-earning assets and interest-bearing liabilities.
- (6) Calculated by dividing net interest income by average interest-earning assets, and based on daily average interest-earning assets.
- (7) Calculated by dividing operating expenses, excluding tax and surcharges, by operating income.
- (8) Calculated in accordance with the Administrative Measures for the Capital of Commercial Banks (Trial) (《商業銀行資本管理辦法》(試行)) promulgated by the former CBIRC on June 7, 2012 and other relevant provisions.
- (9) Calculated by dividing total non-performing loans by gross loans to customers.
- (10) Calculated by dividing allowance for impairment losses on loans (excluding accrued interest) by total non-performing loans.
- (11) Calculated by dividing allowance for impairment losses on loans (excluding accrued interest) by gross loans to customers.
- (12) Calculated by dividing in-sheet balance and off-sheet balance of capital (after adjustment) into tier-one net capital according to the regulatory standards and based on audited data.
- (13) Calculated by dividing current liabilities into current assets according to the regulatory standards.
- (14) Calculated by dividing net cash outflows in the next 30 days into qualified high-quality current assets according to the regulatory standards.
- (15) Ratio of loans and advances to single top customer and ratio of loans and advances to top 10 single customers were recalculated according to the regulatory standards and based on the audited data.



# Message from the Board of Directors

2023 marked the first year to fully implement the spirit of the 20th National Congress of the Communist Party of China. Halfway through the thorough execution of the nation's 14th Five-Year Plan (2021-2025), it was also the crucial year for the transformation and development of the Bank of Jiujiang. Unswervingly pursuing the main development objective of "consolidating the customer base, improving the revenue and profit, deepening the structural adjustment, and working together to promote the high-quality and sustainable development of the Bank of Jiujiang", all our staff anchored their work in the Bank's market positioning, that is, dedication to "serving the local economy, small and medium enterprises, and urban and rural residents". In its operational and managerial practices, the Bank pursued progress while ensuring stability, consolidated stability through progress, and established the new before abolishing the old.

**Upholding the guidance of Party building and intensifying political efforts.** Firstly, significant enhancements were made to the overall quality of Party building endeavors. We further studied the essence of General Secretary Xi Jinping's pivotal speeches and the key meetings of the Party Central Committee, continuously fortifying political construction, reinforcing accountability mechanisms, and solidifying ideological groundwork. Secondly, the overarching guiding role of Party building was enhanced. Benchmarks such as the "two increases and two controls (兩增兩控)", manufacturing, green credit, and rural revitalization, among others, were integrated into the ambit of Party building evaluations. We highlighted business challenges and pressing issues as focal points of our Party building initiatives, fully leveraging the steering influence of the Party committee in "setting the direction, managing the overall situation, and ensuring implementation".

**Going all out to serve the real economy by delivering financial services.** Firstly, our focus lies on augmenting the availability of credit resources within the province. Viewing the provision of services to the real economy as our long-term development strategy, we persistently elevated the supply of top-tier financial services to pivotal strategies, critical sectors, and vulnerable links across the province. By the end of 2023, credit issuance in Jiangxi Province increased by 8.2%, with the Jiujiang region experiencing a 9.4% growth. Secondly, we were committed to effectively elevating the quality and efficiency of services catering to the real economy. In 2023, the Bank relentlessly optimized credit processes and pioneered innovative service paradigms. By year-end, loans disbursed to the manufacturing sector totaled RMB43.638 billion, registering an increase of 33.3%, while agricultural loans reached RMB67.909 billion, reflecting a 6.36% uptick. These endeavors have been instrumental in propelling the development of our province, particularly in strengthening manufacturing and agricultural sectors.

**Emphasizing risk prevention and never crossing the boundaries set for compliance purposes.** Firstly, there was a growing trend towards standardization in risk management. We established a multi-dimensional risk management system, enhanced risk management platform tools, and streamlined process management by integrating procedures for risk identification, monitoring, investigation, mitigation, alerting, and oversight, thereby promoting standardization and uniformity in post-loan procedures. Secondly, our compliance management became more robust. This year, we further conducted activities such as "Year of Improving the Internal Control and Compliance Management Construction (內控合規管理建設提升年)" and "re-study, review, rectification, and further improvement", which helped address the root causes of issues and continuously enhance the Bank's internal control and compliance management standards. Thirdly, there was an improvement in the efficiency of audit inspections. We strengthened the implementation of audit findings, bolstered addressing the issues identified during the audit, and undertook rigorous audit rectification measures. As recognition of our efforts, we were honored with the title of "National Advanced Group of Internal Audit for 2020-2022 (2020-2022年全國內部審計先進集體)" by the China Institute of Internal Audit.

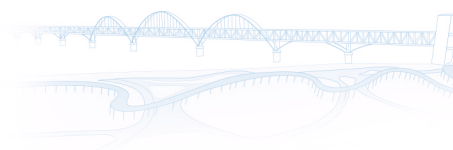


## Message from the Board of Directors

### **Deepening business transformation and seeking progress while maintaining stability in operation.**

Focusing on the strategy of “optimizing structure, saving capital, promoting compliance, controlling non-performing loans and stabilizing growth”, the entire Bank continued to optimize its business structure and made steady progress in operation and development with total assets of over RMB500,000 million. The Bank won honorary awards such as the “Golden Bull Award for Financial Banking”, the “Excellent Industrial Finance Bank”, and the “Tianxin Award – Leading Institution of Industry + Finance Integration Innovation”. Our green finance won the “Financial Innovation Contribution Award” granted by the Jiangxi Provincial Local Financial Supervision and Administration Bureau for supporting Jiangxi’s economic development by financial institutions in 2022, and we were among the first batch of institutions approved by the PBOC for expanding carbon reduction support tools. We, as the only local corporate bank in Jiangxi Province, participated in the construction of the capital flow credit information sharing platform for national small and micro enterprises.

2024 marks the 75th anniversary of the founding of the People’s Republic of China, a critical year for the accomplishment of objectives and tasks of the 14th Five-Year Plan (2021-2025), and the first year for the comprehensive implementation of the spirit of the important speeches made by General Secretary Xi Jinping during his inspection trip to Jiangxi Province. Guided by Xi Jinping’s Thought on Socialism with Chinese Characteristics for a New Era, Bank of Jiujiang will thoroughly implement the spirit of the 20th National Congress of the Communist Party of China, China’s Central Economic Work Conference, and China’s Central Financial Work Conference, and fully implement the spirit of the important speeches made by General Secretary Xi Jinping during his inspection trip to Jiangxi Province. Focusing on meeting the requirements for achieving the goal of “leading the road, striving to pioneer, and making smart moves”, we will hew to the principle of seeking progress while maintaining stability, promoting stability through progress, and establishing the new before abolishing the old. Also, we will continue to invest efforts in technology finance, green finance, inclusive finance, elderly care finance, and digital finance and orient our efforts to the market positioning of “serving the local economy, small and medium enterprises, and urban and rural residents” as an urban commercial bank, while taking firm steps towards transformation, refining business operations and management, and fully enhancing strategy execution capability, so as to contribute to the Chinese-style modernization of Jiangxi Province and build Jiujiang Municipality into an important node along the Yangtze River Economic Belt with high standards and high quality by delivering financial services.



# Management Discussion and Analysis

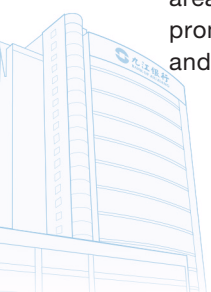
## 1. PAST ECONOMIC AND POLITICAL SCENARIOS

2023 is the first year to fully implement the guiding principles of the 20th CPC National Congress. In the face of an unusually complex international environment and the challenging tasks of advancing reform and development and ensuring stability at home, the CPC Central Committee with Comrade Xi Jinping as the core united and led the whole Party and the people of all ethnic groups in China, resisted external pressure and overcame internal difficulties with dedicated efforts. We secured a smooth transition in epidemic response following a major, decisive victory in the fight against Covid-19. The main goals and tasks for economic and social development in 2023 were accomplished, and we made steady progress in pursuing high-quality development, maintained overall social stability, and made solid advances in building a modern socialist country in all respects. In 2023, the GDP exceeded RMB126 trillion, an increase of 5.2%, which was notably faster than the economic growth rate of 3% in the previous year, and the overall economic growth rebounded.

In 2023, the whole province of Jiangxi conscientiously implemented the decision-making arrangements made by the CPC Central Committee and the State Council and the work requirements of Jiangxi Provincial Party Committee and Jiangxi Provincial Government to stabilize economic growth. With various risks and challenges effectively addressed, Jiangxi Province vigorously promoted its economic development in terms of quantity and quality, deepened reform and opening up with solid progress, consolidated and enhanced its ecological advantages, and improved the lives of its people across the board. In this way, Jiangxi Province has taken firm steps to build the socialist modernization in an all-round manner. According to data released by the National Bureau of Statistics, Jiangxi Province's GDP in 2023 reached RMB3,220.01 billion, representing a year-on-year increase of 4.1%.

In 2023, the National Financial Regulatory Administration resolutely implemented the decision-making arrangements made by the CPC Central Committee and the State Council, adhered to the general work tone of striving for progress while maintaining stability, completely, accurately and comprehensively implemented the new development concept, accelerated the construction of a new development pattern for services, supported the promotion of high-quality development, promoted the overall recovery and improvement of economic operation, and kept the bottom line of no systematic financial risks. Firstly, the main businesses of banking and insurance maintained steady growth; secondly, the support for key areas and weak links was continuously increased; thirdly, scientific and technological innovation and green development were actively supported; fourthly, the support for improving the people's livelihood was continuously increased; fifthly, the main risk supervision indicators were in a reasonable range; sixthly, the overall ability to resist risks was sufficient.

In 2023, the People's Bank of China and the State Administration of Foreign Exchange conscientiously implemented the spirit of the 20th National Congress of the CPC and the Central Economic Work Conference, accurately and forcefully implemented the prudent monetary policy, effectively prevented and controlled the financial risks, continued to deepen the financial reform, effectively improved the financial services, and comprehensively strengthened the Party building, making new achievements in all aspects of work. Firstly, the total amount of monetary credit and financing maintained a reasonable growth; secondly, the key areas and weak links of high-quality development were effectively supported; thirdly, the foreign exchange market was basically stable; fourthly, the financial risks in key areas were dealt with in an orderly manner; fifthly, the financial reform and opening up were further promoted; sixthly, the international financial cooperation continued to deepen; seventhly, the quality and efficiency of financial services and management continued to improve.



# Management Discussion and Analysis

## 2. OPERATION OVERVIEW

In 2023, the Group closely followed the working theme of “consolidating the customer base, improving the revenue and profit, deepening the structural adjustment, and working together to promote the high-quality and sustainable development of the Bank of Jiujiang”. The Group has firmly positioned itself as a bank dedicated to “serving the local economy, small and medium enterprises, and urban and rural residents”, thus seeking progress while maintaining stability in the overall operation. The Group realized operating income of RMB10,358 million and net profit of RMB745 million.

## 3. INCOME STATEMENT ANALYSIS

For the year ended December 31, 2023, the Group achieved a profit before taxation of RMB855 million; the Group achieved a net profit of RMB745 million.

	For the year ended December 31,	
	2023	2022
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>	
Interest income	19,573.8	19,947.7
Interest expense	(11,284.8)	(11,354.1)
<b>Net interest income</b>	<b>8,289.0</b>	<b>8,593.6</b>
Fee and commission income	1,105.2	975.1
Fee and commission expense	(133.0)	(133.4)
<b>Net fee and commission income</b>	<b>972.2</b>	<b>841.7</b>
Net gains arising from financial investments	910.1	1,049.3
Other operating income	187.1	385.3
<b>Operating income</b>	<b>10,358.4</b>	<b>10,869.9</b>
Operating expenses	(3,407.1)	(3,275.2)
Impairment losses on assets	(6,105.7)	(5,601.5)
Share of profits of associates	9.5	8.3
<b>Profit before taxation</b>	<b>855.1</b>	<b>2,001.5</b>
Income tax expense	(109.7)	(321.1)
<b>Net profit for the year</b>	<b>745.4</b>	<b>1,680.4</b>
<b>Attributable to:</b>		
<b>Equity shareholders of the Bank</b>	<b>723.6</b>	<b>1,615.1</b>
Non-controlling interests	21.8	65.3



# Management Discussion and Analysis

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

For the year ended December 31, 2023, the Group achieved a net interest income of RMB8,289 million, accounting for 80.0% of operating income.

For the year ended December 31, 2023, the average balance of interest-earning assets and interest-bearing liabilities, the interest income and expenses of these assets and liabilities, and the average yield of interest-earning assets and the average interest rate of interest-bearing liabilities of the Group are as follows:

	For the year ended December 31,					
	2023			2022		
	Average balance	Interest income/expense	Average yield/interest rate (%) <sup>(1)</sup>	Average balance	Interest income/expense	Average yield/interest rate (%) <sup>(1)</sup>
<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>						
<b>Interest-earning assets</b>						
Loans and advances to customers	286,513.4	13,960.9	4.87	264,571.6	13,965.9	5.28
Financial investments <sup>(2)</sup>	132,888.7	4,778.9	3.60	130,288.2	5,111.1	3.92
Financial assets held under resale agreements	19,866.7	358.1	1.80	22,648.7	388.7	1.72
Balances with the central bank <sup>(3)</sup>	28,703.0	432.3	1.51	30,025.8	452.3	1.51
Deposits with banks and other financial institutions <sup>(4)</sup>	3,423.8	43.6	1.27	2,683.4	29.7	1.11
<b>Total interest-earning assets</b>	<b>471,395.6</b>	<b>19,573.8</b>	<b>4.15</b>	<b>450,217.7</b>	<b>19,947.7</b>	<b>4.43</b>
<b>Interest-bearing liabilities</b>						
Customer deposits	362,867.3	9,162.8	2.53	356,717.5	9,395.4	2.63
Deposits from banks and other financial institutions <sup>(5)</sup>	31,238.4	608.9	1.95	31,997.8	471.0	1.47
Financial assets sold under repurchase agreements	23,592.1	369.7	1.57	17,604.7	257.9	1.46
Debt securities issued <sup>(6)</sup>	25,709.3	665.1	2.59	28,879.3	826.5	2.86
Borrowings from the central bank	20,101.2	466.1	2.32	18,864.6	386.0	2.05
Lease liabilities	316.8	12.2	3.85	346.9	17.3	4.99
<b>Total interest-bearing liabilities</b>	<b>463,825.1</b>	<b>11,284.8</b>	<b>2.43</b>	<b>454,410.8</b>	<b>11,354.1</b>	<b>2.50</b>
<b>Net interest income</b>		<b>8,289.0</b>			<b>8,593.6</b>	
<b>Net interest spread (%)<sup>(7)</sup></b>		<b>1.72</b>			<b>1.93</b>	
<b>Net interest margin (%)<sup>(8)</sup></b>		<b>1.76</b>			<b>1.91</b>	

Notes:

- (1) Calculated by dividing interest income/expense by average balance.
- (2) Consists of the financial investments measured at amortised cost and at fair value through other comprehensive income.

# Management Discussion and Analysis

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

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

	For the year ended December 31, Changes in 2023 vs. 2022 Reasons of increase/(decrease)		
	Scale <sup>(1)</sup>	Rate <sup>(2)</sup>	Net increase/ decrease <sup>(3)</sup>
<b>Interest-earning assets</b>			
Loans and advances to customers	1,169.7	(1,174.7)	(5.0)
Financial investments	93.0	(425.2)	(332.2)
Financial assets held under resale agreements	(46.5)	15.9	(30.6)
Balances with the central bank <sup>(4)</sup>	(20.0)	0.0	(20.0)
Deposits with banks and other financial institutions <sup>(5)</sup>	8.4	5.5	13.9
<b>Change in interest income</b>	<b>1,204.6</b>	<b>(1,578.5)</b>	<b>(373.9)</b>
<b>Interest-bearing liabilities</b>			
Customer deposits	130.3	(362.9)	(232.6)
Deposits from banks and other financial institutions <sup>(6)</sup>	(12.0)	149.9	137.9
Financial assets sold under repurchase agreements	85.8	26.0	111.8
Debt securities issued <sup>(7)</sup>	(92.0)	(69.4)	(161.4)
Borrowings from the central bank	25.8	54.3	80.1
Lease liabilities	(1.5)	(3.6)	(5.1)
<b>Change in interest expense</b>	<b>136.4</b>	<b>(205.7)</b>	<b>(69.3)</b>
<b>Change in net interest income</b>	<b>1,068.2</b>	<b>(1,372.8)</b>	<b>(304.6)</b>



# Management Discussion and Analysis

## Notes:

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

## 3.2 Interest income

In 2023, the Group continued to carry out and implement the national decisions and arrangements on reducing fees and making interest concessions, actively introduced measures to benefit enterprises and the people, further reduced the operating costs of the real economy and the burden on financial consumers and strived to improve the quality and efficiency of financial services. For the year ended December 31, 2023, the Group achieved interest income of RMB19,574 million, representing a year-on-year decrease of RMB374 million or 1.9%. The decrease in interest income was mainly due to the decrease in the average asset yield of interest-earning assets, partially offset by an increase in the average balances. During the reporting period, the increase in the average balance of interest-earning assets was mainly due to the increase in the loan of the Group in line with the business development; the decrease in the average asset yield was mainly due to the decreased profitability of loans and advances to customers and financial investment business as a result of the acceleration of interest rate marketization and the downward trend of the macro market interest rate, and the Group actively implemented various national policies on reducing fees and making interest concessions.

### 3.2.1 Interest income from loans and advances to customers

For the year ended December 31, 2023, interest income from the Group's loans and advances to customers was RMB13,961 million, which was basically unchanged from the same period of last year.

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

	For the year ended December 31,					
	Average balance	2023 Interest income	Average yield (%)	Average balance	2022 Interest income	Average yield (%)
<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>						
Corporate loans and advances	166,026.6	8,559.0	5.16	153,947.7	8,378.6	5.44
Retail loans and advances	93,796.8	4,847.8	5.17	90,017.8	5,081.7	5.65
Discounted bills	26,690.0	554.1	2.08	20,606.1	505.6	2.45
<b>Total</b>	<b>286,513.4</b>	<b>13,960.9</b>	<b>4.87</b>	<b>264,571.6</b>	<b>13,965.9</b>	<b>5.28</b>

# Management Discussion and Analysis

## **3.2.2 Interest income from financial investments**

For the year ended December 31, 2023, interest income from financial investments of the Group amounted to RMB4,779 million, representing a year-on-year decrease of RMB332 million or 6.5%, mainly due to the Group adopting a prudent financial investment strategy by appropriately increasing low-risk investments such as government bonds, which resulted in a decreased interest yield on financial investment and a decreased interest income correspondingly.

## **3.2.3 Interest income from financial assets held under resale agreements**

For the year ended December 31, 2023, interest income from financial assets held under resale agreements of the Group amounted to RMB358 million, representing a year-on-year decrease of RMB31 million or 7.9%, mainly due to the decrease in the average balance of financial assets held under resale agreements, partially offset by an increase in the average asset yield.

## **3.2.4 Interest income from balances with the central bank**

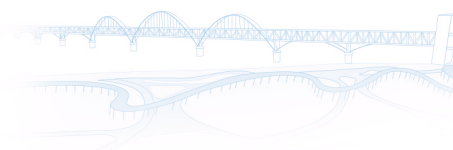
For the year ended December 31, 2023, interest income from balances with the central bank of the Group was RMB432 million, representing a year-on-year decrease of RMB20 million or 4.4%, mainly due to the decrease in the average balance of the Group's reserves in the central bank.

## **3.2.5 Interest income from deposits with banks and other financial institutions**

For the year ended December 31, 2023, the interest income with deposits with banks and other financial institutions of the Group was RMB44 million, representing a year-on-year increase of RMB14 million or 46.8%, mainly due to the increase in the yield of deposits with banks and other financial institutions and an increase in the average balance.

## **3.3 Interest expense**

For the year ended December 31, 2023, interest expense of the Group amounted to RMB11,285 million, representing a year-on-year decrease of RMB69 million or 0.6%.



# Management Discussion and Analysis

## 3.3.1 Interest expense on customer deposits

For the year ended December 31, 2023, interest expense on customer deposits of the Group amounted to RMB9,163 million, representing a year-on-year decrease of RMB233 million or 2.5%, mainly due to the decrease in the average interest rate of customer deposits, partially offset by the increase in the average balance of customer deposits. The decrease in the average interest rate of customer deposits was mainly because the Group reduced the nominal interest rate for deposits and interest rate for deposits according to the market conditions of banks; the increase in the average balance of customer deposits was mainly due to the overall growth in the scale of the deposit business as a result of progressive customer expansion by the Group.

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

	For the year ended December 31,					
	2023			2022		
	Average balance	Interest expense	Average interest rate (%)	Average balance	Interest expense	Average interest rate (%)
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>					
<b>Corporate deposits</b>						
Demand	115,556.1	1,923.0	1.66	117,625.4	2,006.9	1.71
Time	52,554.7	1,629.0	3.10	49,629.7	1,584.5	3.19
Pledged deposits	33,410.3	544.3	1.63	43,090.0	894.6	2.08
Subtotal	201,521.1	4,096.3	2.03	210,345.1	4,486.0	2.13
<b>Personal deposits</b>						
Demand	25,039.7	93.8	0.37	22,799.7	152.7	0.67
Time	134,131.7	4,909.6	3.66	121,199.6	4,693.6	3.87
Subtotal	159,171.4	5,003.4	3.14	143,999.3	4,846.3	3.37
Convertible negotiated deposits	2,000.0	63.0	3.15	2,000.0	63.0	3.15
<b>Others</b>	174.8	0.1	0.06	373.1	0.1	0.03
<b>Total customer deposits</b>	<b>362,867.3</b>	<b>9,162.8</b>	<b>2.53</b>	<b>356,717.5</b>	<b>9,395.4</b>	<b>2.63</b>

# Management Discussion and Analysis

## **3.3.2 Interest expense on deposits from banks and other financial institutions**

For the year ended December 31, 2023, interest expense on deposits from banks and other financial institutions of the Group was RMB609 million, representing a year-on-year increase of RMB138 million or 29.3%, mainly due to the increased average interest rate of deposits from banks and other financial institution.

## **3.3.3 Interest expense on financial assets sold under repurchase agreements**

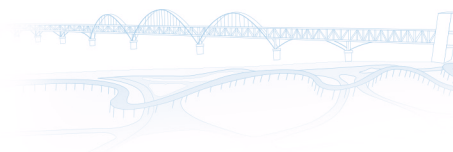
For the year ended December 31, 2023, interest expense on financial assets sold under repurchase agreements of the Group amounted to RMB370 million, representing a year-on-year increase of RMB112 million or 43.4%, mainly due to the increases in the average interest rate and average balance of the financial assets sold under repurchase agreements.

## **3.3.4 Interest expense from debt securities issued**

For the year ended December 31, 2023, interest expense from the issued debt securities of the Group amounted to RMB665 million, representing a year-on-year decrease of RMB161 million or 19.5%, mainly due to the fact that the Group excised the redemption option on the issued tier-two capital bonds during the year.

## **3.3.5 Interest expense on borrowings from the central bank**

For the year ended December 31, 2023, interest expense on borrowings from the central bank of the Group amounted to RMB466 million, representing a year-on-year increase of RMB80 million or 20.8%, mainly due to the increases in the average interest rate and average balance of borrowings from the central bank of the Group.



# Management Discussion and Analysis

## 3.4 Non-interest income

### 3.4.1 Net fee and commission income

For the year ended December 31, 2023, the net fee and commission income of the Group amounted to RMB972 million, representing a year-on-year increase of RMB131 million or 15.5%, mainly attributable to strengthening management related to net income of intermediary business of the Group.

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

	For the year ended December 31,			
	2023	2022	Amount of change	Percentage of change (%)
<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>				
<b>Fee and commission income</b>				
Settlement and clearing fees	296.6	221.1	75.5	34.1
Credit commitments and financial guarantees fees	271.7	255.9	15.8	6.2
Wealth management fees	237.4	237.2	0.2	0.1
Agency service fees	204.0	178.0	26.0	14.6
Bank card fees	86.4	71.6	14.8	20.7
Transaction and consultancy fees	9.1	11.3	(2.2)	(19.5)
Subtotal	1,105.2	975.1	130.1	13.3
<b>Fee and commission expense</b>				
Transaction fees	(76.3)	(63.5)	(12.8)	20.2
Settlement fees	(50.6)	(41.1)	(9.5)	23.1
Others	(6.1)	(28.8)	22.7	(78.8)
Subtotal	(133.0)	(133.4)	0.4	(0.3)
<b>Net fee and commission income</b>	<b>972.2</b>	<b>841.7</b>	<b>130.5</b>	<b>15.5</b>

For the year ended December 31, 2023, settlement and clearing fees income of the Group amounted to RMB297 million, representing a year-on-year increase of RMB76 million or 34.1%, mainly due to increased letters of credit fees of the Group.

For the year ended December 31, 2023, credit commitments and financial guarantees fees income of the Group amounted to RMB272 million, representing a year-on-year increase of RMB16 million or 6.2%, mainly attributable to the growth in commercial bill acceptance business income of the Group.

For the year ended December 31, 2023, the wealth management fee income of the Group amounted to RMB237 million, which basically kept flat with that of last year.

For the year ended December 31, 2023, agency service fees income of the Group amounted to RMB204 million, representing a year-on-year increase of RMB26 million or 14.6%, mainly due to increased income of securities brokerage and agency sales of wealth management products of the Group.

# Management Discussion and Analysis

## 3.4.2 Net gains arising from financial investments

For the year ended December 31, 2023, net gains arising from financial investments of the Group reached RMB910 million, representing a year-on-year decrease of RMB139 million or 13.3%, mainly due to the corresponding decrease in investment gains as a result of the declined scale of non-standard investment such as trusts for the year.

## 3.5 Operating expenses

For the year ended December 31, 2023, operating expenses of the Group amounted to RMB3,407 million, representing a year-on-year increase of RMB132 million or 4.0%, which was in line with the overall growth of the business scale of the Group.

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

	For the year ended December 31,			
	2023	2022	Amount of change	Percentage of change (%)
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>			
Staff costs	1,925.5	1,819.0	106.5	5.9
General and administrative expenses	796.4	809.8	(13.4)	(1.7)
Depreciation and amortization	439.2	422.9	16.3	3.9
Tax and surcharges	138.1	132.7	5.4	4.1
Depreciation on right-of-use assets	107.9	90.8	17.1	18.8
<b>Total operating expenses</b>	<b>3,407.1</b>	<b>3,275.2</b>	<b>131.9</b>	<b>4.0</b>

For the year ended December 31, 2023, staff costs of the Group amounted to RMB1,926 million, representing a year-on-year increase of RMB107 million or 5.9%, mainly attributable to the increase in the number of employees of the Group along with our continuous business expansion.

	For the year ended December 31,			
	2023	2022	Amount of change	Percentage of change (%)
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>			
Salaries, bonuses and allowances	1,508.2	1,467.4	40.8	2.8
Social insurance and supplementary retirement benefits	204.5	157.5	47.0	29.8
Staff welfares	86.6	87.5	(0.9)	(1.0)
Housing funds	84.7	75.4	9.3	12.3
Employee education expenses and labour union expenses	41.5	31.2	10.3	33.0
<b>Total staff costs</b>	<b>1,925.5</b>	<b>1,819.0</b>	<b>106.5</b>	<b>5.9</b>

## Management Discussion and Analysis

For the year ended December 31, 2023, general and administrative expenses of the Group were RMB796 million, representing a year-on-year decrease of RMB13 million or 1.7%, which was moderately in line with its business development and management of the Group.

For the year ended December 31, 2023, depreciation and amortisation of the Group amounted to RMB439 million, representing a year-on-year increase of RMB16 million or 3.9%. This is primarily due to changes in intangible assets, property and equipment of the Group.

For the year ended December 31, 2023, the tax and surcharges of the Group were RMB138 million, which basically kept flat with that of last year.

### 3.6 Impairment losses on assets

In 2023, the Group increased allowances for asset impairment due to the principle of prudence. For the year ended December 31, 2023, the Group's impairment losses on assets were RMB6,106 million.

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

	For the year ended December 31,			
	2023	2022	Amount of change	Percentage of change (%)
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>			
Loans and advances to customers at amortised cost	<b>4,814.9</b>	4,462.0	352.9	7.9
Loans and advances to customers at FVOCI	<b>5.1</b>	9.2	(4.1)	(44.6)
Financial investments measured at amortised cost	<b>1,299.0</b>	733.5	565.5	77.1
Financial investments measured at FVOCI	<b>(1.9)</b>	1.3	(3.2)	(246.2)
Other <sup>(1)</sup>	<b>(11.4)</b>	395.5	(406.9)	(102.9)
<b>Total impairment losses on assets</b>	<b>6,105.7</b>	5,601.5	504.2	9.0

Note:

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



# Management Discussion and Analysis

## 3.7 Income tax expense

For the year ended December 31, 2023, income tax of the Group was RMB110 million, representing a year-on-year decrease of RMB211 million or 65.8%, mainly attributable to the exemption of enterprise income tax on interest income and dividends of funds from the Group's investments in national bonds and local government bonds.

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

	For the year ended December 31,			
	2023	2022	Amount of change	Percentage of change (%)
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>			
Current income tax	375.1	1,224.2	(849.1)	(69.4)
Tax filing differences	(421.8)	42.8	(464.6)	(1,085.5)
Deferred tax	156.4	(945.9)	1,102.3	(116.5)
<b>Total income tax expenses</b>	<b>109.7</b>	<b>321.1</b>	<b>(211.4)</b>	<b>(65.8)</b>





# Management Discussion and Analysis

## 4. ANALYSIS OF MAJOR FINANCIAL POSITION ITEMS

### 4.1 Assets

As of December 31, 2023, total assets of the Group were RMB503,849 million, representing an increase of RMB24,146 million or 5.0% as compared to the end of last year, mainly due to the increases in: (i) loans and advances to customers; and (ii) financial assets held under resale agreements.

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

	As of December 31, 2023		As of December 31, 2022	
	Amount	% of total amount	Amount	% of total amount
<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>				
Gross loans and advances to customers	301,624.3	59.9	279,165.3	58.2
Accrued interest on loans and advances to customers	1,466.1	0.3	1,131.6	0.2
Less: Allowances for impairment losses	(9,680.2)	(1.9)	(8,761.7)	(1.8)
Net loans and advances to customers	293,410.2	58.3	271,535.2	56.6
Financial investments, net	145,948.9	29.0	149,026.2	31.1
Cash and balances with the central bank	33,302.5	6.6	33,148.4	6.9
Deposits with banks and other financial institutions	2,223.9	0.4	2,232.3	0.5
Placements with banks and other financial institutions	70.9	–	417.9	0.1
Financial assets held under resale agreements	14,346.2	2.8	8,974.5	1.9
Interests in associates	142.0	–	134.3	–
Other assets <sup>(1)</sup>	14,404.6	2.9	14,234.7	2.9
<b>Total assets</b>	<b>503,849.2</b>	<b>100.0</b>	<b>479,703.5</b>	<b>100.0</b>

Note:

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



# Management Discussion and Analysis

## 4.1.1 Loans and advances to customers

As of December 31, 2023, the gross loans and advances to customers of the Group amounted to RMB301,624 million, representing an increase of RMB22,459 million or 8.0% as compared to the end of last year. Such increase in the gross loans and advances to customers of the Group is primarily due to: (i) the stable growth in our corporate loans; and (ii) our continued efforts to develop retail loan business.

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

	As of December 31, 2023		As of December 31, 2022	
	Amount	% of total amount	Amount	% of total amount
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>			
Corporate loans and advances	182,283.2	60.4	162,427.3	58.2
Retail loans and advances	97,719.9	32.4	95,631.7	34.3
Discounted bills	21,621.2	7.2	21,106.3	7.5
<b>Gross loans and advances to customers</b>	<b>301,624.3</b>	<b>100.0</b>	279,165.3	100.0

### (1) Corporate loans and advances

As of December 31, 2023, the gross corporate loans and advances of the Group amounted to RMB182,283 million, representing an increase of RMB19,856 million or 12.2% as compared to the end of last year. The increase in the gross corporate loans and advances was mainly due to the fact that the Group actively expanded the corporate credit grant to support the real economy.

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

	As of December 31, 2023		As of December 31, 2022	
	Amount	% of total amount	Amount	% of total amount
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>			
Working capital loans	101,372.9	55.5	95,868.6	59.0
Fixed asset loans	55,688.0	30.6	45,648.5	28.1
Trade finance loans	20,024.9	11.0	17,754.2	10.9
Others	5,197.4	2.9	3,156.0	2.0
<b>Total corporate loans and advances</b>	<b>182,283.2</b>	<b>100.0</b>	162,427.3	100.0



## Management Discussion and Analysis

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

	As of December 31, 2023		As of December 31, 2022	
	Amount	% of total amount	Amount	% of total amount
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>			
Large enterprise <sup>(1)</sup>	21,226.2	11.6	18,031.3	11.1
Medium enterprise <sup>(1)</sup>	50,121.4	27.5	43,884.9	27.0
Small enterprise <sup>(1)</sup>	87,467.6	48.0	75,762.1	46.6
Micro enterprise <sup>(1)</sup>	21,421.9	11.8	22,083.2	13.6
Others <sup>(2)</sup>	2,046.1	1.1	2,665.8	1.7
<b>Total corporate loans and advances</b>	<b>182,283.2</b>	<b>100.0</b>	<b>162,427.3</b>	<b>100.0</b>

Notes:

(1) Classified in accordance with the classification criteria stipulated in the Classification Standards of Small and Medium Enterprises.

(2) Primarily includes the public institutions in the PRC.

### (2) Retail loans and advances

As of December 31, 2023, total retail loans and advances of the Group amounted to RMB97,720 million, representing an increase of RMB2,088 million or 2.2% as compared to the end of last year. The continuous growth of the retail loans and advances was mainly due to the stable development of the Group's personal loans for business purposes and personal loans for consumption.

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

	As of December 31, 2023		As of December 31, 2022	
	Amount	% of total amount	Amount	% of total amount
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>			
Residential mortgage loans	32,751.4	33.5	34,918.0	36.5
Personal loans for business purposes	37,829.8	38.7	35,744.4	37.4
Personal loans for consumption	21,283.3	21.8	18,311.7	19.1
Credit card	5,855.4	6.0	6,657.6	7.0
<b>Total retail loans and advances</b>	<b>97,719.9</b>	<b>100.0</b>	<b>95,631.7</b>	<b>100.0</b>

# Management Discussion and Analysis

## (3) Discounted bills

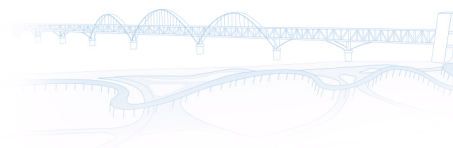
As of December 31, 2023, discounted bills of the Group were RMB21,621 million, representing an increase of RMB515 million or 2.4% as compared to the end of last year, mainly attributable to the fact that the Group increased the efforts on the bills discount business as a result of less fund utilization from discounted bills and low financing cost for customers.

## 4.1.2 Financial investments

As of December 31, 2023, the total financial investments of the Group were RMB150,627 million, representing a decrease of RMB2,849 million or 1.9% as compared to the end of last year, primarily due to the decrease in non-standard investment held by the Group.

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

	As of December 31, 2023		As of December 31, 2022	
	Amount	% of total amount	Amount	% of total amount
Financial investments at fair value through profit or loss	27,956.6	18.6	21,129.5	13.8
Financial investments at fair value through other comprehensive income	41,226.6	27.4	47,019.7	30.6
Financial investments measured at amortised cost	81,443.5	54.0	85,326.8	55.6
<b>Total financial investments</b>	<b>150,626.7</b>	<b>100.0</b>	<b>153,476.0</b>	<b>100.0</b>



## Management Discussion and Analysis

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

	As of December 31, 2023		As of December 31, 2022	
	Amount	% of total amount	Amount	% of total amount
<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>				
<b>Debt securities</b>				
Debt securities issued by government	62,509.7	41.5	61,851.1	40.2
Debt securities issued by policy banks	28,701.4	19.1	24,833.5	16.2
Debt securities issued by general corporates	15,121.7	10.0	14,726.5	9.6
Debt securities issued by commercial banks	3,424.8	2.3	9,015.9	5.9
Subtotal	109,757.6	72.9	110,427.0	71.9
<b>Non-standard investment</b>				
Trust beneficiary rights and asset management plans	19,091.4	12.7	23,929.4	15.6
Other investments at fair value through profit or loss	3,695.0	2.5	4,409.7	2.9
Subtotal	22,786.4	15.2	28,339.1	18.5
<b>Other financial investments</b>				
Fund investments	13,604.0	9.0	11,037.4	7.2
Equity investments	1,570.7	1.0	1,040.3	0.7
Subtotal	15,174.7	10.0	12,077.7	7.9
<b>Accrued interest</b>	2,908.0	1.9	2,632.2	1.7
<b>Total financial investments</b>	150,626.7	100.0	153,476.0	100.0
Less: Allowances for impairment losses	(4,677.8)		(4,449.8)	
<b>Financial investments, net</b>	145,948.9		149,026.2	

# Management Discussion and Analysis

## 4.1.3 Other Components of the Group's Assets

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

As of December 31, 2023, the total amount of cash and balances with the central bank was RMB33,303 million, which basically kept flat with the end of last year.

As of December 31, 2023, the total amount of deposits with banks and other financial institutions was RMB2,224 million, which basically kept flat with the end of last year.

As of December 31, 2023, the total amount of placements with banks and other financial institutions was RMB71 million, representing a decrease of RMB347 million or 83.0% as compared to the end of last year, mainly due to the adjustment of liquidity management measures by the Group based on the funding situation and market liquidity changes.

As of December 31, 2023, the total amount of financial assets held under resale agreements of the Group was RMB14,346 million, representing an increase of RMB5,372 million or 59.9% as compared to the end of last year. Such decrease is mainly due to the increase in financial assets held under resale agreements based on the Group's liquidity management measures.

## 4.2 Liabilities

As of December 31, 2023, the total liabilities of the Group were RMB462,893 million, representing an increase of RMB19,605 million or 4.4% as compared to the end of last year.

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

	As of December 31, 2023		As of December 31, 2022	
	Amount	% of total amount	Amount	% of total amount
<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>				
Borrowings from the central bank	28,106.6	6.1	12,841.0	2.9
Customer deposits	370,733.0	80.1	377,340.0	85.1
Deposits from banks and other financial institutions	13,088.7	2.8	12,111.0	2.7
Placements from banks and other financial institutions	4,592.1	1.0	6,145.2	1.4
Financial assets sold under repurchase agreements	4,970.3	1.1	1,700.2	0.4
Debt securities issued	37,182.7	8.0	28,799.7	6.5
Other liabilities <sup>(1)</sup>	4,219.3	0.9	4,350.2	1.0
<b>Total liabilities</b>	<b>462,892.7</b>	<b>100.0</b>	<b>443,287.3</b>	<b>100.0</b>

Note:

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

# Management Discussion and Analysis

## 4.2.1 Customer deposits

As of December 31, 2023, the Group recorded total customer deposits of RMB370,733 million, of which time deposits accounted for 52.5% and demand deposits accounted for 35.1%.

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

	As of December 31, 2023		As of December 31, 2022	
	Amount	% of total amount	Amount	% of total amount
<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>				
<b>Demand deposits</b>				
Corporate customers	103,392.6	27.9	120,221.9	31.9
Individual customers	26,711.8	7.2	26,658.1	7.0
Subtotal	130,104.4	35.1	146,880.0	38.9
<b>Time deposits</b>				
Corporate customers	56,847.0	15.3	51,741.6	13.7
Individual customers	137,877.8	37.2	127,081.0	33.7
Subtotal	194,724.8	52.5	178,822.6	47.4
<b>Pledged deposits</b>	33,335.8	9.0	39,893.6	10.6
<b>Convertible negotiated deposits</b>	2,000.0	0.5	2,000.0	0.5
<b>Other deposits<sup>(1)</sup></b>	107.5	0.1	470.2	0.1
<b>Accrued interest</b>	10,460.5	2.8	9,273.6	2.5
<b>Total customer deposits</b>	<b>370,733.0</b>	<b>100.0</b>	<b>377,340.0</b>	<b>100.0</b>

Note:

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



# Management Discussion and Analysis

## 4.2.2 Deposits from banks and other financial institutions

As of December 31, 2023, the balance of the Group's deposits from banks and other financial institutions was RMB13,089 million, representing an increase of RMB978 million or 8.1% as compared to the end of last year, mainly due to the Group's strategic adjustment on the interbank liabilities structure portfolio, and proper increase in deposits from banks and other financial institutions.

## 4.2.3 Borrowings from the central bank

As of December 31, 2023, the balance of the Group's borrowings from the central bank was RMB28,107 million, representing an increase of RMB15,266 million or 118.9% as compared to the end of last year. The increase was primarily due to the fact that the Group increased medium-term lending facilities to support the development of the real economy.

## 4.2.4 Financial assets sold under repurchase agreements

As of December 31, 2023, the Group's financial assets sold under repurchase agreements valued RMB4,970 million, representing an increase of RMB3,270 million or 192.3% as compared to the end of last year. The increase was primarily due to the adjustment of the Group on selling bonds and bills for repurchase in compliance with the capital liquidity management measures.

## 4.2.5 Debt securities issued

As of December 31, 2023, the Group's debt securities issued was RMB37,183 million, representing an increase of RMB8,383 million or 29.1% as compared to the end of last year, which was primarily due to the Group's enhancement of the active management on interbank liabilities and increase in the issuance size of interbank negotiable certificates of deposit.

## 4.3 Equity

As of December 31, 2023, the total equity of the Group was RMB40,957 million, representing an increase of RMB4,540 million or 12.5% as compared to the end of last year. As of December 31, 2023, the equity attributable to equity holders of the Bank was RMB40,157 million, representing an increase of RMB4,529 million or 12.7% as compared to the end of last year. The increase in the Group's equity was mainly due to: (i) sustainable profitability of the Group; (ii) the increased share capital and share premium as a result of the Bank's issuance of additional Domestic Shares and H Shares to certain investors in the second half of 2023.





## Management Discussion and Analysis

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

	As of December 31, 2023		As of December 31, 2022	
	Amount	% of total amount	Amount	% of total amount
<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>				
Share capital	2,847.4	7.0	2,407.4	6.6
Other equity instruments	6,997.8	17.1	6,997.8	19.2
Share premium	11,639.1	28.4	8,152.3	22.4
Surplus reserve	4,615.0	11.3	4,460.9	12.2
General reserve	5,525.6	13.5	5,313.2	14.6
Investment revaluation reserve	516.9	1.3	61.7	0.2
Retained earnings	8,014.7	19.4	8,234.3	22.6
<b>Equity attributable to equity holders of the Bank</b>	<b>40,156.5</b>	<b>98.0</b>	<b>35,627.6</b>	<b>97.8</b>
<b>Non-controlling interests</b>	<b>800.0</b>	<b>2.0</b>	<b>788.6</b>	<b>2.2</b>
<b>Total equity</b>	<b>40,956.5</b>	<b>100.0</b>	<b>36,416.2</b>	<b>100.0</b>

### 5. OFF-BALANCE SHEET COMMITMENTS

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

	As of December 31, 2023	As of December 31, 2022
<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>		
<b>Credit commitments</b>		
Acceptances	55,432.5	50,473.0
Letters of credit	19,857.3	18,207.4
Guarantees and letters of guarantees	16,109.0	16,401.7
Unused credit card commitments	12,956.1	23,093.1
<b>Total</b>	<b>104,354.9</b>	<b>108,175.2</b>

As of December 31, 2023, the Group's off-balance sheet commitments was RMB104,355 million, representing a decrease of RMB3,820 million or 3.5% as compared to the end of last year, which was mainly due to the decrease in unused credit card commitments. For details on off-balance sheet commitments, please refer to "Contingent liabilities and commitments" set out in the notes to the financial statements of this annual report.

# Management Discussion and Analysis

## 6. LOAN QUALITY ANALYSIS

As of December 31, 2023, the gross loans and advances to customers of the Group was RMB301,624 million, representing an increase of RMB22,459 million or 8.0% as compared to the end of last year.

### 6.1 Distribution of loans by five-category loan classification

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

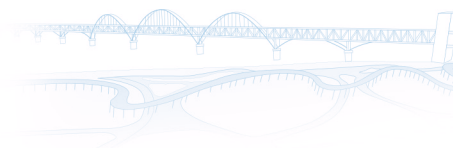
	As of December 31, 2023		As of December 31, 2022	
	Amount	% of total amount	Amount	% of total amount
Normal	284,200.0	94.22	262,127.4	93.89
Special mention	11,120.2	3.69	11,967.3	4.29
Substandard	1,343.5	0.45	1,941.1	0.70
Doubtful	1,372.0	0.45	912.6	0.33
Loss	3,588.6	1.19	2,216.9	0.79
<b>Gross loans and advances to customers</b>	<b>301,624.3</b>	<b>100.00</b>	279,165.3	100.00
<b>Non-performing loan ratio (%) <sup>(1)</sup></b>		<b>2.09</b>		1.82

Note:

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

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

As of the end of the reporting period, the Group's total normal and special mention loans amounted to RMB295,320 million, accounting for 97.91%; the total non-performing loans amounted to RMB6,304 million, the non-performing loan ratio was 2.09%.



## Management Discussion and Analysis

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

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

	As of December 31, 2023			As of December 31, 2022		
	Amount	% of total Amount (%)	Non – performing loan amount	Amount	% of total Amount (%)	Non – performing loan amount
<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>						
<b>Corporate loans and advances</b>						
Working capital loans	101,372.9	33.6	3,676.4	95,868.6	34.3	3,117.1
Fixed asset loans	55,688.0	18.5	617.5	45,648.5	16.4	296.2
Trade finance loans	20,024.9	6.6	150.5	17,754.2	6.4	0.4
Others <sup>(1)</sup>	5,197.4	1.7	59.3	3,156.0	1.1	150.7
Subtotal	182,283.2	60.4	4,503.7	162,427.3	58.2	3,564.4
<b>Retail loans and advances</b>						
Residential mortgage loans	32,751.4	10.9	288.0	34,918.0	12.5	277.7
Personal loans for business purposes	37,829.8	12.5	951.9	35,744.4	12.8	795.3
Personal loans for consumption	21,283.3	7.1	390.3	18,311.7	6.6	306.1
Credit card	5,855.4	1.9	170.2	6,657.6	2.4	127.1
Subtotal	97,719.9	32.4	1,800.4	95,631.7	34.3	1,506.2
<b>Discounted bills</b>	21,621.2	7.2	-	21,106.3	7.5	-
<b>Gross loans and advances to customers</b>	301,624.3	100.0	6,304.1	279,165.3	100.0	5,070.6

Note:

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

As of December 31, 2023, the corporate loans and advances of the Group amounted to RMB182,283 million; the non-performing loan of corporate loans and advances of the Group amounted to RMB4,504 million; the retail loans and advances of the Group amounted to RMB97,720 million; the non-performing loan of retail loans and advances of the Group amounted to RMB1,800 million.

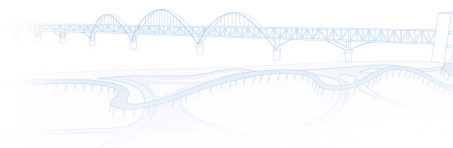
The increase in the non-performing loan ratio of loans and advances to customers of the Group was mainly due to the weakened repayment ability of certain customers.

## Management Discussion and Analysis

### 6.3 Loans and non-performing loans classified by industry

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

	As of December 31, 2023			As of December 31, 2022		
	Amount	% of total Amount (%)	Non- performing loan amount	Amount	% of total Amount (%)	Non- performing loan amount
<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>						
Manufacturing	43,638.0	14.5	761.7	32,740.7	11.7	173.1
Wholesale and retail	28,040.7	9.3	649.7	24,668.7	8.8	672.9
Real estate	24,427.8	8.1	1,459.3	25,784.2	9.2	500.5
Leasing and commercial services	23,842.4	7.9	776.3	18,525.3	6.6	758.9
Construction	21,068.4	7.0	159.2	21,016.7	7.5	243.7
Water conservancy, environment and public utility management	12,099.0	4.0	1.5	12,027.4	4.3	1.5
Education	6,107.9	2.0	10.9	5,116.4	1.8	2.9
Agriculture, forestry, animal husbandry and fishery	5,419.2	1.8	210.0	4,943.6	1.8	41.5
Health and social work	4,174.6	1.4	1.4	4,474.4	1.6	8.9
Production and supply of electricity, heating, gas and water	3,049.5	1.0	180.2	2,275.6	0.9	185.9
Mining	2,768.6	0.9	2.8	2,173.7	0.8	3.6
Accommodation and catering	2,106.8	0.7	199.3	1,623.7	0.6	184.5
Finance	1,622.8	0.5	-	2,954.2	1.1	3.7
Transportation, storage and postal services	944.0	0.3	9.8	1,909.3	0.7	688.6
Residential services, repairing and other services	929.4	0.3	-	946.2	0.3	3.3
Information transmission, software and information technology services	767.2	0.3	10.0	538.4	0.2	7.4
Culture, sports and entertainment	667.4	0.2	71.6	422.2	0.2	69.6
Scientific research and technical services	609.5	0.2	-	247.3	0.1	13.9
Public administration, public security and social organisations	-	-	-	39.3	-	-
<b>Total corporate loans and advances</b>	<b>182,283.2</b>	<b>60.4</b>	<b>4,503.7</b>	<b>162,427.3</b>	<b>58.2</b>	<b>3,564.4</b>
<b>Total retail loans and advances</b>	<b>97,719.9</b>	<b>32.4</b>	<b>1,800.4</b>	<b>95,631.7</b>	<b>34.3</b>	<b>1,506.2</b>
<b>Discounted bills</b>	<b>21,621.2</b>	<b>7.2</b>	<b>-</b>	<b>21,106.3</b>	<b>7.5</b>	<b>-</b>
<b>Gross loans and advances to customers</b>	<b>301,624.3</b>	<b>100.0</b>	<b>6,304.1</b>	<b>279,165.3</b>	<b>100.0</b>	<b>5,070.6</b>



## Management Discussion and Analysis

As of December 31, 2023, the top three industries with biggest percentage of the Group's corporate loans and advances are: manufacturing, wholesale and retail, and real estate; and the top three industries with highest amount of the non-performing loans are: real estate, leasing and commercial services, and manufacturing.

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

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

	As of December 31, 2023			As of December 31, 2022		
	Amount	% of total amount (%)	Non-performing loan amount	Amount	% of total amount (%)	Non-performing loan amount
Collateralized loans	98,967.2	32.8	3,449.5	102,803.0	36.8	2,671.4
Guaranteed loans	98,183.5	32.6	1,171.7	77,518.0	27.8	619.5
Pledged loans	55,506.6	18.4	785.7	54,083.5	19.4	1,030.1
Unsecured loans	48,967.0	16.2	897.2	44,760.8	16.0	749.6
<b>Total</b>	<b>301,624.3</b>	<b>100.0</b>	<b>6,304.1</b>	<b>279,165.3</b>	<b>100.0</b>	<b>5,070.6</b>

Note:

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

As of December 31, 2023, the Group's loans and advances to customers were mainly collateralized loans and guaranteed loans, accounted for 32.8% and 32.6% of the gross loans and advances to customers, respectively. As of December 31, 2023, the Group's non-performing loans of collateralized loans, guaranteed loans and unsecured loans were RMB3,449 million, RMB1,172 million and RMB897 million, respectively, mainly due to the weakened repayment ability of some customers; the non-performing loans of pledged loans was RMB786 million, mainly due to the Group's intensified efforts to dispose of such non-performing loans.



## Management Discussion and Analysis

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

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

	As of December 31, 2023			As of December 31, 2022		
	Amount	% of total amount (%)	Non-performing loan amount	Amount	% of total amount (%)	Non-performing loan amount
<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>						
Jiangxi Province	250,428.6	83.0	5,400.9	231,408.7	82.9	3,799.0
Including: Jiujiang City	95,669.3	31.7	1,913.7	87,429.6	31.3	1,801.1
Guangdong Province	24,869.0	8.3	533.3	23,210.6	8.3	605.3
Anhui Province	16,115.4	5.3	172.6	15,318.2	5.5	465.2
Others <sup>(1)</sup>	10,211.3	3.4	197.3	9,227.8	3.3	201.1
<b>Total</b>	<b>301,624.3</b>	<b>100.0</b>	<b>6,304.1</b>	<b>279,165.3</b>	<b>100.0</b>	<b>5,070.6</b>

Note:

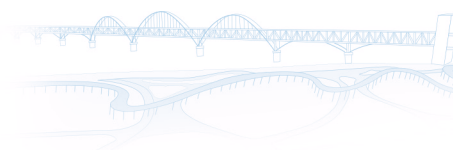
- (1) Mainly includes the provinces and cities where the controlled county banks of the Group are located such as Beijing, Shandong Province and Jiangsu Province.

As of December 31, 2023, the Group's loan released in Jiangxi Province amounted to RMB250,429 million, representing an increase of RMB19,020 million or 8.2% as compared to the end of last year, accounting for 83.0% of gross loans and advances to customers of the Group. Among which, the Group's loan released in Jiujiang City amounted to RMB95,669 million, representing an increase of RMB8,240 million or 9.4% as compared to the end of last year.

### 6.6 Borrower concentration

As of December 31, 2023, the Group's loan balance to any single borrower did not exceed 10% of the Group's net capital.

As of December 31, 2023, the Group's loan balance to the largest single borrower amounted to RMB2,983 million, representing 0.99% of the Group's total loans and accounting for 6.69% of the Group's net capital; the Group's loan balances to the ten largest single borrowers amounted to approximately RMB13,682 million, representing 4.55% of the Group's total loans and accounting for 30.69% of the Group's net capital, all of which met the regulatory requirements.



## Management Discussion and Analysis

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

		As of December 31, 2023		
Industry		Loan balance	% of total loans	% of net capital
<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>				
Borrower A	Manufacturing	2,983.0	0.99	6.69
Borrower B	Health and social work	1,500.0	0.50	3.36
Borrower C	Real estate	1,440.0	0.48	3.23
Borrower D	Manufacturing	1,403.3	0.47	3.15
Borrower E	Water conservancy, environment and public utility management	1,395.1	0.46	3.13
Borrower F	Real estate	1,077.1	0.36	2.42
Borrower G	Real estate	1,012.5	0.34	2.27
Borrower H	Construction	980.0	0.32	2.20
Borrower I	Leasing and business services	960.0	0.32	2.15
Borrower J	Real estate	930.7	0.31	2.09
<b>Total</b>		<b>13,681.7</b>	<b>4.55</b>	<b>30.69</b>

### 6.7 Large risk exposure management

In accordance with the Administrative Measures for the Large Risk Exposure of Commercial Banks and other relevant regulatory requirements, the Group carried out various work on the management of large risk exposure in an orderly manner, further improved the management system of large risk exposure, and regularly reported large risk exposure indicators and relevant management work to regulatory authorities, strengthened the limit management of large risk exposure, and continuously enhanced the management on large risk exposure.

# Management Discussion and Analysis

## 6.8 Overdue loans

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

	As of December 31, 2023		As of December 31, 2022	
	Amount	% of total amount	Amount	% of total amount
<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>				
Current loans	295,249.6	97.9	273,873.8	98.1
Overdue loans <sup>(1)</sup>				
Up to 3 months (inclusive)	1,156.9	0.4	1,477.3	0.5
3 months to 1 year (inclusive)	2,793.7	0.9	2,331.7	0.9
1 to 3 years (inclusive)	2,031.6	0.7	1,234.5	0.4
Over 3 years	392.5	0.1	248.0	0.1
Subtotal	6,374.7	2.1	5,291.5	1.9
<b>Gross loans and advances to customers</b>	<b>301,624.3</b>	<b>100.0</b>	279,165.3	100.0

Note:

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

As of December 31, 2023, the gross overdue loans amounted to RMB6,375 million; overdue loans accounted for 2.1% of gross loans and advances to customers. The increase in overdue loans was primarily due to the fact that the Group's overdue loans were under upward pressure affected by the changes in the business environment, the slowdown in economic growth, operating difficulties of small and medium-sized enterprises and other factors.

## 6.9 Changes in allowance for impairment losses on loans

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

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





# Management Discussion and Analysis

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

	As of December 31, 2023	As of December 31, 2022
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>	
Opening balance	8,761.7	7,531.4
Provision for the year	4,814.9	4,462.0
Write-offs and transfer out for the year	(4,146.4)	(3,385.1)
Recoveries of write-offs for the year	250.0	153.4
<b>Closing balance</b>	<b>9,680.2</b>	<b>8,761.7</b>

In 2023, the Group increased allowances for asset impairment due to the principle of prudence. As of December 31, 2023, the Group's allowance for impairment losses on loans amounted to RMB9,680 million.

## 7. SEGMENT REPORTING

### 7.1 By geographical region

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

	For the year ended December 31, 2023		2022	
	Amount	% of total amount	Amount	% of total amount
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>			
Jiangxi Province	9,370.9	90.5	9,761.1	89.8
Guangdong Province	463.1	4.5	490.3	4.5
Anhui Province	349.6	3.4	428.2	3.9
Other areas <sup>(1)</sup>	174.8	1.6	190.3	1.8
<b>Total operating income</b>	<b>10,358.4</b>	<b>100.0</b>	<b>10,869.9</b>	<b>100.0</b>

Note:

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

# Management Discussion and Analysis

## 7.2 By business segment

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

	For the year ended December 31, 2023		2022	
	Amount	% of total amount	Amount	% of total amount
Corporate banking	5,874.0	56.7	5,049.7	46.5
Retail banking	2,687.5	25.9	3,113.2	28.6
Financial market business	2,044.4	19.7	2,626.2	24.2
Unallocated <sup>(1)</sup>	(247.5)	(2.3)	80.8	0.7
<b>Total operating income</b>	<b>10,358.4</b>	<b>100.0</b>	<b>10,869.9</b>	<b>100.0</b>

Note:

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

## 8. ANALYSIS OF CAPITAL ADEQUACY RATIO AND LEVERAGE RATIO

### 8.1 Capital adequacy ratio

The Group continued to optimise its business structure and strengthen its capital management. As of December 31, 2023, the Group's capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio were 12.01%, 11.07% and 8.64%, respectively; capital adequacy ratio decreased by 0.61 percentage point as compared to the end of last year; tier-one capital adequacy ratio and core tier-one capital adequacy ratio increased by 0.46 percentage point and 0.71 percentage point respectively as compared to the end of last year, which met the requirements of the Administrative Measures for Capital of Commercial Banks (Trial).

The change in capital adequacy ratio was mainly due to the private placement of shares by the Group to supplement core tier-one capital and an increase in risk-weighted assets arising from the expansion of scale of the assets.



## Management Discussion and Analysis

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

	As of December 31, 2023	As of December 31, 2022
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>	
<b>Core tier-one capital</b>	<b>33,505.5</b>	28,935.4
<b>Deductions of core tier-one capital</b>	<b>(1,437.8)</b>	(2,152.6)
<b>Net core tier-one capital</b>	<b>32,067.7</b>	26,782.8
<b>Other tier-one capital</b>	<b>9,044.1</b>	9,038.6
<b>Net tier-one capital</b>	<b>41,111.8</b>	35,821.4
<b>Tier-two capital</b>	<b>3,467.6</b>	6,772.6
<b>Net capital base</b>	<b>44,579.4</b>	42,594.0
<b>Total risk-weighted assets</b>	<b>371,264.0</b>	337,617.1
<b>Core tier-one capital adequacy ratio (%)</b>	<b>8.64</b>	7.93
<b>Tier-one capital adequacy ratio (%)</b>	<b>11.07</b>	10.61
<b>Capital adequacy ratio (%)</b>	<b>12.01</b>	12.62

### 8.2 Leverage ratio

The leverage ratio of commercial banks shall not be lower than 4% in accordance with the requirements in Measures for the Administration of the Leverage Ratio of Commercial Banks (Revised). As of December 31, 2023, the Group's leverage ratio, calculated in accordance with Measures for the Administration of the Leverage Ratio of Commercial Banks (Revised), was 7.12%, which meets the regulatory requirement.

Item	As of December 31, 2023	As of December 31, 2022
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>	
Net tier-one capital	<b>41,111.8</b>	35,821.4
Adjusted balance of on-balance and off-balance sheet assets	<b>577,189.4</b>	548,749.6
<b>Leverage ratio</b>	<b>7.12%</b>	6.53%

# Management Discussion and Analysis

## 9. BUSINESS OPERATIONS

### 9.1 Corporate financing business

Adhering to the gist of macro policies, the Bank gave full play to the driving role of financial institutions, increased the lending for key areas, followed the operation philosophy of “customer first”, and continuously improved the quality and efficiency of financial services.

**Strengthen accountability and persist in serving the real economy without slackness.** The Bank adhered to the guidance of party building, and increased credit issuance to small and micro enterprises and manufacturing industry through multiple channels. Firstly, the loans to the manufacturing sector grew significantly. As of the end of 2023, the Group’s loans to the manufacturing sector amounted to RMB43.638 billion, representing an increase of RMB10.897 billion or 33.28% as compared to the end of last year. Secondly, the “two increases (i.e. increases in the balances of loans and number of accounts)” corporate loans increased steadily. As of the end of 2023, the balance of the “two increases” corporate loans amounted to RMB27.251 billion, representing an increase of RMB5.860 billion or 27.39% as compared to the end of last year; the number of accounts receiving the “two increases” corporate loans was 6,456, representing an increase of 1,220 accounts as compared to the end of last year.

**Cultivate strong customer relationships and continue to consolidate the foundation of corporate customers.** As of the end of 2023, the number of corporate deposit customers and corporate credit customers of the Bank were 95,500 and 10,300, respectively, representing increases of 15,400 and 1,709, or 19.28% and 19.89%, respectively, as compared to the end of last year. Firstly, the Bank promoted the hierarchical operation of the corporate customer group, established a coordinated marketing and service mechanism for strategic customers, formulated a strategy to generate a targeted marketing list and carried out customer marketing in a hierarchical manner. Secondly, the Bank innovated financial products, launched the Government Procurement Loan Version 2.0, supported the online and standardized approval for transactions of an amount below RMB3.00 million, and enabled online pledge registration of accounts receivable, facilitating swift completion of the entire process within the same day. In 2023, the Bank achieved a total of RMB480 million for the year, serving more than 200 customers.



# Management Discussion and Analysis

## Investment Banking Business

The Bank took capital saving as the transformation strategy and made use of the tool of investment banking to improve quality, reduce cost and increase efficiency, and laid a solid foundation for the development of asset-light business.

**Based on the local direct financing market in Jiangxi, the Bank expanded the financing channels for enterprises to help optimize the financing structure.** In 2023, the Bank underwrote 25 debt financing instruments as lead underwriter, with an issuance amount of RMB16.37 billion, ranking fourth in Jiangxi Province in terms of the number of underwritten instruments. The proportion of projects underwritten by the Bank as lead underwriter increased steadily, and the number of bond issuance customers served by the Bank in the province increased year-on-year, with a more solid customer base.

**The Bank steadily promoted the government special bond consultancy services, explored the chain marketing of special bonds, and attempted to provide comprehensive financial services on a pilot basis.** Since the commencement of local government special bond consultancy services in 2022, the Bank has been recognized by customers for its professional capabilities and steadily increased its market share. The Bank successively developed a special bond consultancy business in 7 cities in Jiangxi Province, explored and promoted the chain marketing of special bonds, and attempted to provide comprehensive financial services on a pilot basis.

**Breaking through the restrictions and obtaining the qualification of independent lead underwriter of bonds, the Bank was recognized for its professional capabilities, with the brand influence of Bank of Jiujiang enhanced.** In November 2023, the National Association of Financial Market Institutional Investors (NAFMII) officially approved the Bank to conduct the underwriting business independently as lead underwriter, and the Bank was approved to become a general lead underwriter, breaking through the original qualification restrictions as Class B lead underwriter, and expanding the scope of business beyond Jiangxi to Guangzhou and Hefei.

**The Bank strengthened the government-bank-enterprise cooperation, and undertook high-quality provincial meetings to empower the high-quality development of the direct financing market in Jiangxi.** In 2023, the Bank successfully undertook the “2023 Special Training on Debt Financing Instruments in Jiangxi Province of National Association of Financial Market Institutional Investors (NAFMII) (中國銀行間市場交易商協會2023年江西省債務融資工具專項培訓)” and the “Jiangxi Provincial Government Financing Platform Asset Revitalization and Direct Financing Innovative Varieties Training Conference (江西省政府融資平台資產盤活暨直融創新品種培訓會議)”, which helped enterprises deepen their understanding of bond investment and financing policies, so as to promote the high-quality development of the direct financing market in Jiangxi.



# Management Discussion and Analysis

## 9.2 Retail banking business

**Strengthening resource allocation and adhering to the fundamental purpose of serving the real economy.** The Bank strengthened the guidance of party building, actively explored the path of transformation, and regarded financial services for the real economy as its fundamental purpose. **Firstly**, we optimized our products and services, launched full-circle credit granting business and customer segmentation plans, carried out credit management for regional private and small and micro enterprises in a tiered and category-based manner, achieved batch access to customers in the same industry, type and level, and improved customer service effectiveness. **Secondly**, we persisted in serving the real economy, focusing on the transformation of small and micro businesses to upgrade the model in improved “accuracy” manners, focusing on inclusive people’s livelihood services to reduce fees and make interest concessions in “warmth” practices, focusing on the online process to digitize operations in “effective” ways. As of December 31, 2023, the retail loans of the Group amounted to RMB97,720 million.

**Consolidating the cornerstone of deposits to create a comprehensive customer service matrix.** We adhered to the principle of anchoring the Bank with deposits, and continuously improved the depth and breadth of customer bases operations with high-quality, high-efficiency, and high-coverage financial services. **Firstly**, the scale of deposits of the Group grew steadily. As of December 31, 2023, the size of personal deposits of the Bank amounted to RMB164,590 million, representing an increase of 7.06%. **Secondly**, the quality and efficiency of the Bank’s customer group operations improved. Based on customers’ life scenarios such as “food, clothing, housing and transportation”, the Bank provided differentiated customer rights and interests to enhance customer stickiness and activity; the Bank carried out the theme activity of “New Citizens, Bank of Jiujiang Welcomes You (“城市新市民, 九銀歡迎您”)”, covering financing, investment, pension, consumption and other aspects to help new citizens take root in the new city. As of December 31, 2023, the number of retail customers of the Bank was 5,366,100, representing an increase of 9.86%; the cumulative number of new citizen customers served throughout the year was 156,500, representing an increase of 39.36%.

**Accelerating channel building and creating a new mode of government-bank cooperation.** Centering around the customers, we fulfilled our social responsibility in the following ways as a financial institution by meeting customers’ diverse needs in various real-life scenarios. **Firstly**, we took the initiative to enhance the service functions of our online channel. Thanks to technology applications such as event tracking, we have been able to analyze the traffic data and thus proactively serve customers in a customized, scenario-based and interactive manner. As of December 31, 2023, the number of our mobile banking users reached 3,015,800. Therefore, mobile banking has become an important channel to provide customer services for our retail banking customers. **Secondly**, we created a government service system “fifteen minutes”. By giving full play to the channel benefits of our outlets and our agile technology edge, we innovatively interfaced our system with the open platform of government service channels so they can complement each other. Through this mode, we can satisfy customers’ needs in connection with social security, education, medical information, elderly care and other government services by furnishing our customers with efficient and convenient services featuring “government services + finance”.



# Management Discussion and Analysis

## Credit Card Business

Adhering to its market positioning of serving urban and rural residents, the Bank responded to the call of the 20th National Congress of the Communist Party of China, that is, “working to expand domestic demand and better leveraging the fundamental role of consumption in stimulating economic growth” by serving the real economy and residents’ better life with real work. As of the end of the reporting period, the cumulative number of credit cards issued by the Bank was 1,150,600. The credit card business maintained an overall steady operation.

**Delivering financial services for people’s interests and better lives.** Based on the brand philosophy of “an ideal life is infinitely beautiful”, the Bank focused on creating scenarios where people are encouraged to use our credit cards to pay for “food, travel” and other aspects closely related to their daily lives, thus unleashing residents’ buying power. We strived to keep pace with the times and understand consumers’ needs, as well as to inject financial vigor into the real economy and we have achieved increases in the annual amount and number of transactions in terms of credit-card-based consumption.

**Innovating specialty products and enhancing professional capabilities.** The Bank built a customer-centered credit card product matrix for all customer groups, formulated differentiated marketing strategies, and promoted business services throughout the entire life cycle of customers’ credit card use, in a bid to continuously improve customer stickiness and satisfaction. To better serve the automobile ecosystem, the Bank introduced new products such as “Good Car Card” and “Truck ETC” to automobile owners to meet the diverse needs of this customer group and enhance comprehensive customer value. By optimizing risk control strategies for loan origination, improving early warning handling mechanism for loan maintenance, and planning to launch intelligent debt collection services, the Bank improved the efficiency of front-end, middle-end and back-end digital risk management and promoted high-quality, standardized and sustainable development of our credit card business.

## 9.3 Financial market business

In 2023, the financial market business followed the guidance of macro policies, firmly implemented regulatory requirements, thus achieving high-quality and stable development.

**Continuously optimize the business structure.** As of the end of 2023, the proportion of the standardized business in the investment business of the Group increased from 79.1% as at the end of last year to 81.9%, representing an increase of 2.8 percentage points; the non-standard business decreased orderly, and the proportion of the non-standard business decreased from 18.5% as at the end of last year to 15.2%, representing a decrease of 3.3 percentage points.

**Continuously improve the level of digitalization.** The Bank developed the layout around building a digital, scientific and intelligent transaction-based bank, improved and quantitated trading system, and realized automated quotation for market making, thus improving overall quotation efficiency; the Bank optimized the intelligent decision-making investment system, improved the efficiency of post-investment management, and further improved the visualization and convenience of the system.



# Management Discussion and Analysis

**Made breakthrough in honors and qualifications.** The Bank obtained the qualifications as Bond Trading Participants of SSE, SZSE and BSE. Since 2018, the Bank won the “Core Dealer” in the interbank market and the “Top 100 Settlor – Excellent Proprietary Dealer” by China Central Depository & Clearing Co., Ltd. for six consecutive years; since 2019, the Bank was awarded the “Excellent Underwriter” and the “Excellent Market Maker” of financial bond underwriting by The Export-Import Bank of China for five consecutive years; since 2021, the Bank was awarded the “Excellent Underwriting Institution” and the “Excellent Market Maker” of financial bond underwriting market makers by the Agricultural Development Bank of China for three consecutive years, and was awarded the “Best City Commercial Bank Serving Agriculture, Rural Areas and Farmers” for the first time; among them, the Bank was the only local legal entity in Jiangxi Province to receive the awards of “Excellent Market Maker” of bonds issued by the Agricultural Development Bank of China and “Excellent Market Maker” of bonds issued by The Export-Import Bank Of China.

## Wealth Management Business

**The wealth management structure was adjusted steadily.** The Bank insisted on relying on regulatory policies and head office strategies and focusing on customer needs and market evaluation, deepened the service philosophy, timely adjusted product management ideas based on business changes and continued to optimize the business structure. As of December 31, 2023, the remaining balance of wealth management products was RMB39,896 million, representing a decrease of 0.08% as compared to the end of last year.

**Service quality was improved.** The Bank adhered to the political and people-oriented nature of financial work, further improved the investment management efficiency of wealth management products and helped customers maintain and increase their wealth through detailed product management, risk prevention and control, and optimized investment transactions. At the same time, the Bank strengthened the market research and continued to optimize product management and business models based on the research results, so as to improve customer experience and service quality and efficiency.

**Jiuying brand won new awards.** In 2023, in terms of wealth management business, the Bank won such industry awards as the “Golden Bull Award for Wealth Management Banks (理財銀行金牛獎)” by China Securities Journal, the “Golden Hazel Award for Outstanding Banking Wealth Management Institutions (優秀銀行理財機構金榛子獎)” by CLS and the “Fengyun Award for City Commercial Bank (城市商業銀行風雲獎)” by Eastmoney.com. The Bank won the Golden Honor Awards of PY Standard for consecutive years, and its wealth management capabilities were recognized by the industry.





# Management Discussion and Analysis

## 9.4 Industrial finance business

As a key area of the Bank's strategic transformation, industrial finance insisted on the overall objectives of serving the real economy and regional industries, and constructed a **"five-new"** development pattern of **"new system, new track, new platform, new concept and new ecology"** by focusing on the business model of **"industry+finance+technology"** to deeply empower the upstream and downstream of the industrial chain.

**Build a new system for product portfolio.** With the two modules of industrial finance and supply chain finance, and focusing on four types of scenarios of inventory, prepayment, receivable and portfolio, the Bank customized N specific products such as trade-link, confirmed warehouse, and intelligent series, shaped a brand-new product system of **"2+4+N"**, and provided end-to-end chain services for industrial customers.

**Explore new tracks for the industrial scenarios.** Based on consolidating the original industrial scenarios, the Bank focused on the "1269 Action Plan of Jiangxi Province", relied on the Internet of Things, big data, information technology services and other process management and control methods, innovated the traditional guarantee concepts, broke through the barriers between finance and industry, opened up new tracks for business development (covering 19 industrial scenarios, including non-ferrous metals, new energy and building materials), and stimulated new kinetic energy for the transformation and development.

**Build new platforms for industrial finance services.** The Bank comprehensively initiated the construction of the industrial finance integrated service platform (including the financial service platform and industrial trading platform), effectively integrated and analyzed the "data of four flows (四流數據)" such as industrial and financial information through the one-stop management of the industrial finance platform, formed the industrial digital model, and promoted the digital support, normalized operation, and standardized development of industrial finance. Due to our industrial finance practice, the Bank was awarded the "Excellent Industrial Finance Bank" and the "Tianxin Award – Leading Institution of Industry + Finance Integration Innovation".

**Cultivate a new concept of digital and intelligent risk control.** Based on the core management and control logic under each scenario of industrial finance, the Bank built a whole life cycle risk management strategy with the development idea of **"standardized management and control plan, periodic risk seminar, normal review, digital management and control process and professional management personnel"**, to promote the new development concept of the Bank converting from corporate "body credit" to industrial "trade credit", and cultivate the Bank's own unique core competitiveness.

**Build a new ecology for integrated industrial finance.** The Bank took the lead in establishing the National Industrial Finance Association of the Small and Medium-sized Banks (全國中小銀行產業金融聯盟), to spread the industrial finance mindset, output business models, foster an industrial ecology system, cultivate the soil for the growth of industrial finance, and continued to enhance the Bank's brand image.



# Management Discussion and Analysis

## Trading and Financial Business

In 2023, the Bank's trading and financial business featured "three excellences and one enhancement (三優一強化)" of excellences in delivering products, services and performances, and enhancement to policy execution, comprehensively focusing on the real economy field, and its development tenacity continuously being strengthened.

**Policy implementation "sought to be practical" and deeply cultivated in key areas.** The Bank realized a cross-border RMB settlement scale of RMB5.509 billion, representing an increase of 29.72%, and achieved outstanding results, ranking the first among the corporate banks registered in Jiangxi Province and ranking the first in the banking industry in Jiujiang; placing equal emphasis on both of the facilitation policies and prudent compliance, the Bank was awarded the "Class A Bank" annual rating for compliance and prudent operation of foreign exchange business for consecutive years, and continued to improve the quality of its works in stabilizing foreign trade.

**Credit grant "sought to be accurate", with a focus on diversified needs.** The Bank deepened the distribution of key areas and the scale of trading and financial business in manufacturing, inclusive of small and micro enterprises and green finance increase by 16.40%, 70.09% and 25.43%, respectively, effectively meeting the needs of the entities. The Bank established the "1+N" financial scheme relying on the settlement financing integration, and served more than 1,200 upstream and downstream enterprises in the industrial chain, with cooperative capability steadily improved.

**With detail-oriented fintech, we have built a mindset of standing in the shoes of users.** The Bank became the first local corporate bank in Jiangxi Province to interface with the China International Trade Single Window, which has enabled tariff settlement automation. The Bank upgraded the full-scenario cross-border settlement module of its online banking and took the lead in delivering self-service foreign exchange purchases and sales, foreign exchange receipt and payment, and electronic slips, which has streamlined the last critical process of our digitalized services for customers. The Bank started the application of electronic contracts for trade finance and other products, significantly improving its human resources efficiency.

**With refinement-oriented transformation, our robust operation has gained momentum.** As the Bank remained committed to robust operation, the size and income of its trading and financial business increased by 9.40% and 24.10% respectively, which demonstrates that transformation works for the Bank. As the Bank prioritized customer group management, the customer bases of our international business and domestic business increased by 10.85% and 39.79% respectively, which demonstrates that there was an improvement in the Bank's management quality. As the Bank focused on adjusting the revenue composition, the income of its intermediary business increased by 47.62%, which demonstrates that the composition has been optimized.



# Management Discussion and Analysis

## Bill Business

The Bank continuously improved its ability to serve entities with bills, made great strides in innovation in supporting the development of industrial chains and supply chains, and supported the development of the real economy through the effective integration of bills and corporate financing needs.

**Deeply cultivate the industry in response to the trend, and use commercial bills channel to acquire customers.** The Bank firmly grasped the market trend and strived to promote the development of key industries using commercial bills across the Bank, serving 64 sub-sectors including steelmaking, copper processing, automobiles, rare earth, etc., forming 29 supply chain scenario application models including representative cases such as “bills + copper processing”, “bills + rare earth”, “bills + automobiles”, and the Bank’s ability to use bills to serve the industrial development was significantly improved. In 2023, the Bank handled commercial bill business of RMB7.0 billion, representing an increase of 22%, and served 308 customers through commercial bills, representing an increase of 15%.

**The overall full-process management of bills helped the development of entity enterprises.** Relying on its advantages in bill expertise, the Bank formed a unified management structure of “acceptance - credit enhancement - discounting - inter-bank discounting - rediscounting” for the full process of bills. The Bank gave full play to the unique advantages of bills in supply chain finance and effectively applied the inclusive policies of bills to small and micro enterprises and private enterprises. In 2023, bill discount serviced 1,421 customers, including 754 new discount customers.

**Realize the whole online process driven by technology to improve service efficiency and customer stickiness.** The Bank continued to promote the digital construction of bill business. In terms of customer experience, the Bank realized the rapid issuance of the bank’s acceptance bill and intelligent lending, and the volume of the bank’s acceptance bill issued rapidly exceeded RMB10 billion. In terms of business efficiency, the Bank realized the whole online process of acceptance, credit enhancement, discounting, bill pool and other business contracts. In terms of risk prevention and control, the Bank established a risk control model for bill business and relying on big data, the Bank realized the analysis and early warning before and during lending.

**Improve the market analysis ability, adjust the structure and improve the income.** The Bank adhered to the integrated development of industry, academia and research, promoted the transformation of research results, assisted in conducting the bill business, and developed the layout in advance for the purpose of the changes in bills interest rates to reduce costs and increase efficiency. In 2023, the Bank conducted the bill business with 440 banks, the interbank re-discount transactions amounted to RMB309,659 million.



# Management Discussion and Analysis

## 9.5 Specialty business

### **Inclusive Financial Business**

As of December 31, 2023, the balance of the Bank's agricultural loans (according to the People's Bank of China) was RMB67,909 million, representing an increase of RMB4,059 million or 6.36% as compared to the end of last year; the loans of legal entities in the field of rural revitalization were RMB60,471 million, representing an increase of RMB4,880 million or 8.78% as compared to the end of last year. The balance of inclusive agricultural loans was RMB13,755 million, representing an increase of RMB2,242 million or 19.48% as compared to the end of last year; 63 projects were carried out for one county and one product, serving over 10,500 customers with a loan balance of RMB11,677 million, covering planting, livestock feeding, agricultural and sideline production and processing, trade services, agricultural machinery and equipment, etc.

**Achieve the target of “two increases” as required.** As of December 31, 2023, the balance of the “two increases” loan of the Bank amounted to RMB53,912 million, representing an increase of RMB8,136 million or 17.77% as compared to the end of last year, with the growth rate higher than other loans of the Bank. There are 53,697 customers of the “two increases”, up by 2,593 from the end of last year.

**Launch inclusive products that are convenient and efficient.** In order to support the development of rural industries and farmers' entrepreneurship, the Bank continued to optimize the “Easy Farming Loan – Rural Achiever Loan (易農貸 – 鄉村能人貸)” credit products that mainly target planters, farmers, agricultural products processing traders, township mom-and-pop stores and other customer groups, thereby realizing the operation of all procedures including application, file submission, approval, signature and lending online.

### **Green Financial Business**

**Increase the release of green credit and support the green development of the economy.** As of December 31, 2023, the Bank's green loans grew steadily. According to the statistical caliber of the PBOC on green loans, the balance of green loans of the Bank was RMB33,458 million, representing an increase of RMB7,569 million as compared to the end of last year; and the average compound annual growth rate of green loans of the Bank for the latest five years was 62.5%, effectively serving the real economy and promoting the green transformation.

**Anchor the carbon peak and carbon neutrality targets and serve key areas of carbon emission reduction.** As one of the first batch of institutions approved by the PBOC for expanding carbon reduction support tools, as of the end of 2023, Bank of Jiujiang successively supported 10 carbon reduction projects in 5 cities with districts including Jiujiang, Shangrao, Pingxiang, Ganzhou and Xinyu, and promoted the investment of RMB377 million in carbon emission reduction loans, resulting in a cumulative reduction of 78,600 tons of carbon dioxide equivalent annually.

**Create transformational financial products to support the green transformation of enterprises.** The Bank launched special financial products for transformation, namely “Carbon-Efficient Loan” and “Digital and Carbon Integration”, in Jiujiang City and Pingxiang City, pilot cities of transformation finance in Jiangxi Province, innovatively linked loan pricing with the carbon emission performance of enterprises, and supported the carbon reduction of small and medium-sized industrial enterprises in production structure. Aiming at industrial and commercial distributed photovoltaic, the Bank launched a special green financial product “Photovoltaic Loan” to support the construction of distributed photovoltaic power stations and promote carbon reduction in energy consumption structure.



# Management Discussion and Analysis

**Promote multi-party cooperation and support sustainable development.** The Bank, as a city commercial bank in mainland China, took the lead in joining the Partnership for Carbon Accounting Financials (PCAF), and proactively explored the application of PCAF methodology to carry out carbon accounting in the investment and finance fields. The Bank, as a corporate bank in Jiangxi Province, was among the first to join Jiangxi New Energy Industry Association, and actively cooperated with the Jiangxi New Energy Industry Association to support expanding and strengthening the new energy industry in Jiangxi Province.

## Automobile Finance Business

**Steadily increased the business foundation, and highlighted the attributes of industrial transactions.** The number of core manufacturers and customers continued to increase, and the Bank carried out in-depth business cooperation with each of major domestic OEMs, with the automobile financial service covering 9 automobile companies, 22 automobile brands and more than 1,000 automobile dealers. In 2023, focusing on the automobile industry chain, the Bank issued electronic draft of RMB19.4 billion accumulatively, representing a year-on-year increase of 98.97%; the Bank handled 15,000 funds withdrawals throughout the year with 60 average daily funds withdrawals, and annual 1,071 funds withdrawals per capita; handled 92,000 vehicle delivery with 371 average daily vehicle delivery.

**Industrial distribution was gradually optimized, and scenario finance achieved innovative development.** The Bank deepened business depth and broadened business dimension through an innovative financial mechanism, specially built the automobile industry scenarios such as centralized purchasing, ride hailing and auto insurance, and built a financial ecological environment of “non-standard” scenario. Throughout the year, the Bank invested a total of RMB2.7 billion in lower-tier markets such as centralized purchasing, logistics, ride hailing, refitted vehicles, and new energy heavy trucks.

**Digital transformation achieved remarkable results, and risk management was steadily consolidated.** The Bank promoted the transformation and construction of “technology + industry + finance”, connected OEMs, external storage companies and the system of the Bank, and gradually realized the online, visual and refined management of the whole business process.

## 9.6 SUBSIDIARIES BUSINESS

The Bank, as the lead sponsor, established 20 Jiuyin county banks, among which 18 county banks were consolidated and controlled. For details of Jiuyin county banks, please refer to “Information on Directors, Supervisors, Senior Management, Staff and Institution – 11. Basic Information of Institutions under the Bank” and Note 46 to the financial statements of this annual report.

In 2023, Jiuyin county banks adhere to the business policy of “localization, fostering distinctive strengths, penetrating into county-level markets, avoiding blind expansion, maintaining profitable position, and securing sustainable growth”, uphold the market concept of “focusing on agriculture, rural areas and farmers to serve small and micro enterprises”, actively implement the rural revitalization strategy and strives to carry out inclusive finance, and thus effectively playing the leading role in providing financial services in rural areas.

At the end of 2023, the total assets of the controlled county banks of the Bank amounted to RMB16.815 billion, the total loans (including discounted bills) amounted to RMB10.151 billion, the balance of deposits amounted to RMB14.312 billion; the total assets of the county banks in which the Bank has shareholdings are RMB5.233 billion, the total loans (including discounted bills) amounted to RMB3.751 billion, the balance of deposits amounted to RMB4.353 billion.

The Bank, as the lead sponsoring bank of Jiuyin county banks, will continue to guide all county banks to adhere to original aspirations, strengthen beliefs, clarify direction, and press ahead resolutely. While helping county banks do their work well, the Bank will focus on “three sound managements and two good practices (三個管好、兩個做好)”, actively perform its duties as the lead bank, and fully support Jiuyin county banks in embarking on the high-quality development course towards a “small but beautiful”, “small but professional” and “small but excellent” banking institution with unique products.

# Management Discussion and Analysis

## 10. DEVELOPMENT STRATEGY

2024 marks the 75th anniversary of the founding of the People's Republic of China, a critical year for the accomplishment of objectives and tasks of the "14th Five-Year" Plan, and the first year for the comprehensive implementation of the spirit of the important speeches made by General Secretary Xi Jinping during his inspection trip to Jiangxi Province. In 2024, the working theme of the Bank is to take firm steps towards transformation, refining business operations and management, and fully enhancing strategy execution capability.

Party building will always guide the development of the Bank. The Bank will thoroughly study, publicize and implement the spirit of the 20th National Congress of the Communist Party of China, the Second Plenary Session of the 20th Central Committee of the Communist Party of China, China's Central Economic Work Conference and China's Central Financial Work Conference, fully implement the spirit of the important speeches made by General Secretary Xi Jinping during his inspection trip to Jiangxi Province. The Bank will earnestly implement the work plans proposed at the Fifth Plenary Session of the 15th Provincial Party Committee of Jiangxi Province, the Economic Work Conference of the Provincial Party Committee of Jiangxi Province and the Eighth Plenary Session of the 12th Municipal Party Committee of Jiujiang. And adhering to the principle of seeking progress while maintaining stability, promoting stability through progress and establishing the new before abolishing the old, the Bank will continue to invest efforts in technology finance, green finance, inclusive finance, elderly care finance and digital finance, while fulfilling its social responsibility as a financial enterprise.

The Bank, as an urban commercial bank, will always adhere to the market positioning of "serving the local economy, small and medium-sized enterprises, and urban and rural residents". The Bank will take firm steps towards transformation by zooming in on its marketing and risk management and vigorously developing industrial finance and inclusive finance businesses. Also, the Bank will proactively integrate its business development into regional development and take initiative to support the development of the regional economy, so as to align its development with local development. To refine its business operations and management, the Bank will bolster research and planning, improve progress in a coordinated manner, adjust the pace in time, and ensure refined process management when implementing its day-to-day work. To amplify integrated operation, the Bank will strive to develop a mechanism featuring "customers driving frontline staff, frontline staff driving front office, and front office driving middle office and back office", so that our staff can be fully empowered by better strategy execution capability.



# Management Discussion and Analysis

## 11. RISK MANAGEMENT

### 11.1 Risk management structure

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

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

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

### 11.2 Credit risk management

The Bank has always been committed to building a credit risk management culture with a unified risk appetite and prudent and sound approach. In 2023, the Bank continuously increased the effort on the management and control of asset quality, strengthened risk limit management, further promoted the construction and development of a credit risk management system, comprehensively implemented the standardization of the whole process of credit extension and made great efforts to asset quality management, disposal of risky assets and digital transformation of risk control, etc. The Bank achieved excellent results in many areas and won various honors and recognition. The Bank's non-performing loan ratio has been controlled within a reasonable range; the disposal of risky assets has been successfully completed, which has been fully affirmed by regulators and government authorities. The Bank gradually advances online control of risk limit indicators, realizes system rigid control, strengthens risk limit monitoring and analysis, and promotes refined management of risk quotas.



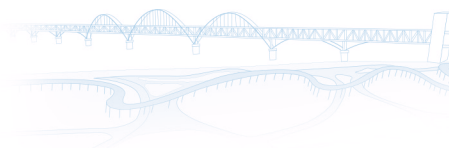
## Management Discussion and Analysis

In 2023, the risk management workbench of the Bank won the “2023 City Financial Service Excellent Case Selection Activity” – “Risk Management Innovation Excellent Case Award” of Clearing Center for City Commercial Banks; In 2022, collateral registration direct connection project of the collateral management system of the Bank won the “2022 City Financial Service Excellent Case Selection Activity” – “Top Ten Network Influence Excellent Case Award” of Clearing Center for City Commercial Banks. The business continuity management consulting and system construction project for 2021 won the 7th IDC China Digital Transformation Future Enterprise Award for 2022. The business continuity management system of the Bank passed the business continuity management system certification of the International Standard ISO22301, and the Bank became the only city commercial bank in Jiangxi Province to pass the certification.

Credit risk refers to the risk of losses due to the default of the debtors or counterparties or the reduction in their credit ratings and performance capabilities. The credit risks of the Bank mainly arise from loans and advances to customers, investment securities, inter-bank business, commitments and other on- and off-balance sheet credit risk exposures.

The credit risk management organization system of the Bank is composed of the Board of Directors, senior management, Risk Management Department, Audit Department and Credit Risk-taking Department, etc., thus forming a credit risk management structure characterized by centralized and unified management and hierarchical authorization and implementation. The Board is the Bank’s highest decision-making body for credit risk management, which undertakes the ultimate responsibility of credit risk management. The Risk Management Committee subordinate to the Board is responsible for deliberating on the strategic planning of credit risk management, major policies and risk capital allocation schemes, evaluating their implementation and effect, making recommendations to the Board and reviewing major credit risk management matters as authorized by the Board. Senior management is the Bank’s highest decision-making panel for daily credit risk management, which is responsible for fully organizing the implementation of credit risk management strategies and risk appetite approved by the Board, putting into practice credit risk management policies, procedures and measures, and undertaking the credit risk arising from business operation. Risk Management Department is the Bank’s leading department for credit risk management, which is responsible for formulating and organizing the implementation of basic policies, systems, measures, procedures and risk evaluation criteria for credit risk management. Credit Extension Department is responsible for implementing risk management of credit extension. The competent department of each line is responsible for their respective credit extension business, as well as inspection and supervision over the implementation and execution of the Bank’s credit risk-related system. Audit Department is responsible for the independent review and evaluation of the Bank’s credit risk management system, including but not limited to auditing the effectiveness of credit risk management measures and system operation.

1. Lay stress on asset quality improvement to manage and control non-performance assets in an orderly manner. The bank continued to implement the business philosophy of “asset quality is the lifeline”, improved risk identification and response mechanism and consolidated the management achievements of asset quality, so that the non-performing loan ratio was controlled within a reasonable range. Through such measures as reconstruction and optimization of credit risk management mechanism, strengthening internal appraisal, guiding risk appetite implementation, applying quota management in a reasonable manner and accelerating the standardization of the whole process of credit extension, the Bank improved the effectiveness of risk control, vigorously enhanced asset quality and protected the Shareholders’ interests.





# Management Discussion and Analysis

2. Lay stress on the improvement of credit management to strengthen risk monitoring and resolving. The Bank upheld the requirements of “early identification, early warning, early detection and early disposal” of risks to improve multidimensional credit risk monitoring system and enhance the ability of risk identification; enhanced the effectiveness of risk resolution by refining the closed-loop management of risk credit extension from detection to disposal; established the mechanisms such as suspension and resumption of credit extension and evaluation of credit officers’ comprehensive indexes to strengthen the management of credit extension institutions and personnel and build up an excellent credit extension team; and strengthened the effectiveness of post-credit management by enriching templates, optimizing processes, and conducting the post-supervision and review.
3. Lay stress on the improvement of digital and intelligent risk control to improve the risk management capability of the whole process. The Bank continued to promote the “Research + Reform” mode to deepen the 902 projects of widening the field and improvement of quality and efficiency and created a more convenient and efficient business process system; established a one-stop risk management platform and an integrated risk information disclosure platform to improve the automation and intelligence of risk management processes; promoted the intelligent construction of the collateral management system to achieve a higher level of automation, which linked to the value warning of collaterals to raise the effectiveness of mitigation tools; enhanced and promoted the utilization of intelligent risk control to constantly optimize the model and assist our business in efficient decision-making.

## 11.3 Market risk management

Market risk refers to the risk of losses to the Bank’s on- and off-balance sheet activities arising from unfavorable movements in market prices (interest rates, exchange rates, stock prices and commodity prices).

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

## 11.4 Country risk management

The country risk refers to the risks that make debtors of a country or region unable or refuse to pay debts of banking financial institutions, that make the commercial presence of the banking financial institutions in that country or region suffer losses, or that make banking financial institutions suffer other losses due to political, economic and social changes and events in a country or region.

In strict compliance with the regulatory requirements, the Bank integrated country risk management into the comprehensive risk management system, and established a country risk management system that was compatible with the strategic objectives of the Bank, and the scale of exposure and complexity of the country risks, so as to regularly monitor the operation of country risk limits and business management.

# Management Discussion and Analysis

## 11.5 Operational risk management

Operational risk refers to risks caused by problems existing in internal procedures, employees or information technology systems, as well as external incidents.

Our Bank has set up an operational risk governance organizational structure composed of the Board of Directors and the Risk Management Committee under it, the Senior Management and the implementation level. The Board is our Bank's highest decision-making body regarding operational risk management. The Board of Supervisors is responsible for supervising the performance of duties by the Board of Directors and the senior management. The senior management is responsible for executing operational risk management strategies, overall policies and systems approved by the Board of Directors. The Risk Management Department is responsible for the coordination of comprehensive risk management of our Bank. The Legal and Compliance Department leads our Bank's operational risk management.

During the reporting period, the Bank strengthened its operational risk management mainly through the following measures:

1. Constantly improve the structure of governance and control. The Bank incorporates operational risk management into the comprehensive risk management system, further clarifies the dual responsibilities where each department shall be primarily responsible in its key operational risk area, and at the same time provides relevant resources and support for other departments to manage operational risk involving its division of responsibilities and expertise, and enhances the contact person mechanism for operational risk. The Bank has formulated the appetite, limits and strategies of annual operational risk, and issued a series of risk management documents such as operational risk appetite statements to improve the risk appetite and its transmission mechanism, so as to control operational risk within a tolerable range. Taking the implementation of the new capital regulations as an opportunity, the Bank conducts external consultation to analyze the operational risk gap and make improvements; interprets the Measures for the Operational Risk Management of Banking and Insurance Institutions, and researches and deploys countermeasures and implementation plans.
2. Strengthen the use of management tools and methodologies. The Bank has enhanced the monitoring of key risk indicators (KRI). The Bank regularly monitors key operational risk indicators, covering multiple key lines such as operation and management, credit card, risk, information technology, financial planning, human resources, compliance, and auditing, and accurately identifies the changes in operational risk in various areas based on the area and frequency of indicator abnormality. The Bank has strengthened the Risk and Control Self-Assessment (RCSA). The Bank establishes a quarterly monitoring mechanism for operational risk and formulates a monitoring implementation plan, which mainly focuses on core indicators such as the "violation rate of 1,000 persons" and "operational risk loss data" to process trend analysis, so as to deeply identify specific problematic links, and submit compliance recommendations; conducts an annual operational risk assessment, which evaluates the effectiveness of the Bank's operational risk management and control based on inherent risks, control measures and remaining risks. The Bank has enhanced the identification and management of loss data collection (LDC). Taking the implementation of the new capital regulations as an opportunity, the Bank carries out the supplementary recording and re-inspection with respect to the operational risk loss data in the last five years, improves the operational risk loss database, and carries out identification, collection, confirmation and dynamic management of operational risk loss data on a regular basis.

# Management Discussion and Analysis

3. Optimize and improve management processes and mechanisms. Optimize the related system functions. Carry out the project construction of risk-weighted (RWA) system, realize the functions of operational risk capital measurement system, optimize the functions of internal control compliance and operational risk management system, and strengthen the application of the system. Strengthen full process control. Enhance system management, optimize the process of issuing institutional documents, and sort out existing systems that have been issued for more than 3 years; continuously promote the sorting of compliance key points and the embedded evaluation of processes in the “foundation engineering”, and strengthen the rigid control of various key points; complete on-site inspection and troubleshooting of operational risks as planned. Improve various management mechanisms. Establish the implementation and tracking mechanism for the operational risk resolution, formulate the implementation plan of Operational Risk Management Resolution of Bank of Jiujiang annually, and track regularly to ensure effective implementation; improve the training mechanism for operational risks and incorporate the operational risk training into the compliance training system; improve the operational risk assessment mechanism, combining the process-based assessment with outcome-based assessment of operational risks, and incorporating it into the comprehensive risk management assessment system; establish a sound mechanism for information exchange and communication, regularly link and share information on internal control, compliance, case prevention (employee behavior), business continuity, information technology, legal risks, outsourcing, etc., to achieve joint prevention and control.

## 11.6 Liquidity risk management

Liquidity risk refers to the risk of failure of commercial banks to acquire sufficient funds in a timely manner at a reasonable cost to pay off debts due or meet liquidity demands in line with expansion of business operations. The objective of the Bank’s liquidity management is to ensure sufficient fund positions to meet requirements for solvency obligations and business liquidation funds in a timely manner.

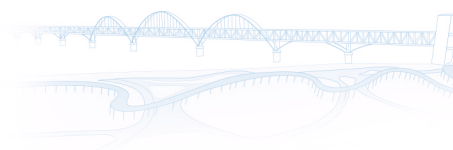
The organizational structure for liquidity risk management of the Bank consists of a decision-making system, an executive system and a supervision system. The decision-making system includes the Board of Directors and the Risk Management Committee under the Board of Directors; the executive system includes senior management and its Asset and Liability Management Committee, Risk Classification Committee and other relevant business management departments; the supervision system includes the Board of Supervisors and the Audit Department. The Board is our Bank’s highest decision-making body regarding liquidity risk management, which undertakes the ultimate responsibility for liquidity risk management. The Board of Supervisors supervises and evaluates the performance of the Board of Directors and senior management in liquidity risk management. The senior management is fully responsible for organization and implementation of the Bank’s liquidity risk management. As a comprehensive risk management functional department, the risk management department of the Head Office takes the lead in coordinating liquidity risk management, formulates risk appetite, limit management programme and risk management strategies annually, drafts risk management reports, and reports to senior management. The planning and finance department of the Head Office is the executive department of the Bank’s liquidity risk management, and is primarily responsible for management of the daily fund position, while the Capital Operation Centre and other departments (lines) in the Head Office are the executive departments of the Bank’s liquidity risk management, and are responsible for coordinating the implementation of liquidity risk management. The Audit Department performs independent audit and supervision on our Bank’s liquidity risk management activities.

## Management Discussion and Analysis

During the reporting period, the Bank managed liquidity risk mainly through the following measures. Firstly, the Bank improved its liquidity management system, optimised its organizational structure and processes, and further improved the Bank's liquidity risk management system and mechanism. Secondly, the Bank stressed main responsibilities, strengthened the daily coordination of liquidity risk, improved the liquidity limit management system, strengthened the monitoring and early warning of risk limit, and adjusted relevant indicators in a timely manner in combination with the balance sheet plans, and ensured that the value of each indicator is higher than the regulatory requirements. Thirdly, the Bank intensified the construction of liquidity early warning mechanism, effectively implemented liquidity emergency drills, conducted liquidity stress test and assessment on a quarterly basis, and increased the number of special stress tests according to the actual situation. Meanwhile, the Bank strengthened the application of stress test results in the balance sheet plans. Fourthly, the Bank optimized the allocation of assets and liabilities, strengthened the balanced management of the balance sheet plans and liquidity risk, paid attention to the management of the maturity and structure of assets and liabilities, and maintained a safe and reasonable level of maturity mismatch. Fifthly, the Bank continuously optimized the capital position management system, promoted the optimization of day-to-day position management, and improved the refinement of day-to-day liquidity control.

As of December 31, 2023, the Group's liquidity ratio, the net stable capital ratio and liquidity coverage ratio were 56.40%, 127.03% and 448.64%, respectively. Among them, the balance of high-quality liquid assets was RMB56,713 million and the net cash outflow in the next 30 days was RMB12,626 million.

Item	As of December 31, 2023	As of December 31, 2022
	<i>(All amounts expressed in millions of RMB except percentages, unless otherwise stated)</i>	
Net stable capital ratio	<b>127.03%</b>	130.87%
Available stable capital	<b>341,784.06</b>	331,637.75
Required stable capital	<b>269,050.29</b>	253,411.71



# Management Discussion and Analysis

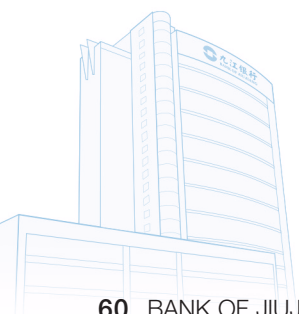
## 11.7 Compliance risk management

Compliance risk refers to risks of being subject to legal sanctions, regulatory penalties and significant financial and reputational losses as a result of a failure of commercial banks to comply with laws, regulations and rules.

Our Bank has established a compliance management organizational system under the leadership of the Party committee, where decision-made and planned by the Board of Directors and its Compliance Management Committee, advanced and implemented by the senior management, supervised and evaluated by the Board of Supervisors, with compliance management departments and positions at all levels, management departments of each business line, and each branches and sub-branches performing their respective functions and cooperating with each other. Our Bank has established a compliance management institutional system with the Compliance Policy of Bank of Jiujiang Co., Ltd. as its main backbone and the Basic System of Internal Control of Bank of Jiujiang Co., Ltd., the Measures for System Management of Bank of Jiujiang, the Grid-Based Management Measures for Case Prevention of Bank of Jiujiang and the Regulations of Compliance Management of Bank of Jiujiang as its branches. Our Bank has established a compliance management team system with full-time compliance managers from compliance management departments of head office and branches as its mainstay and part-time compliance managers from internal departments and branches as supplementary parts, covering the front, middle and back offices and the head office, branches and sub-branches.

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

1. Implementing regulatory opinions. Our Bank strictly carried out the long-term mechanism of regulatory opinions, adhered to the comprehensive and strict governance of the Bank, and effectively implemented the four process management processes, namely decomposition and transmission, process supervision, result verification, and evaluation and handling. Meanwhile, the Bank incorporated the implementation results of regulatory opinions into branch construction and departmental assessments and saw that the responsibility of management has been assumed, so as to ensure the quality and efficiency of our work.
2. Improving the quality and efficiency of compliance management efforts. Under the unified leadership of the Party Committee, the Bank carried out the “Year of Improving the Internal Control and Compliance Management Construction (內控合規管理建設提升年)” in-depth, formulated “two lists(兩清單)” and “two accounts(兩台賬)”, and organized and carried out the activity of “re-study, review, rectification, and further improvement” across the Bank; established the system of administrative punishment with economic accountability, seriously supervised and punished the internal accountability, implemented external administrative punishment with economic accountability, and established and improved the long-term rectification mechanism of supervision; and continued to promote the work of “three assessments”. The Bank continued to review and evaluate our institutions, processes and systems, and to report compliance guidelines and incorporate them into our internal process; and strictly reviewed the legal compliance. The Bank built mechanisms of centralized review of system and tracking of compliance review issue, improved the compliance pre-review mechanism for large-scale investment business, related party transactions, and plans of industry and finance business, formulated operational specifications of compliance review for the use of seal, so as to pre-control our compliance risks.



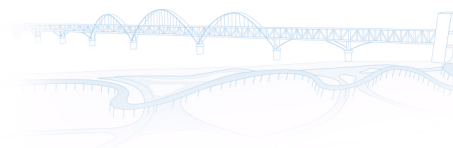
## Management Discussion and Analysis

3. Improving the product management system. The Bank amended the “Measures for the Management of New Products of Bank of Jiujiang” to improve the full life cycle management mechanism of products from project approval to evaluation and optimization, optimize the identification standards for new products, review the process of new products, start the construction of the product library, and put forward the demand for the construction of a unified inquiry channel for product catalogs, product systems, product standardization manuals in the OA.
4. Implementing “grid-based” management of case prevention. The Bank has continued to promote the grid-based management of case prevention and employee behavior, moved forward the management defense line of employee behavior, improved the mechanism of pre-investigation of employee entry, established a mechanism for retroactive investigation into the case prevention of persons with banking services suspended or resumed, highlighted the investigation of high-risk areas, teams and personnel, and strengthened the prevention and control of cases in the field of credit. The Bank organized and carried out case risk screening and employee behavior screening quarterly. The Bank strengthened the technological empowerment, distinguished different scenarios and further optimized the monitoring model of employee behavior.

### 11.8 Money laundering risk management

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

The Bank has established and improved the anti-money laundering organizational structure in which the Board of Directors, the Board of Supervisors, the senior management, the business departments, the functional departments and branches perform their own responsibilities and implement management at different levels. The Special Committee of Anti-Money Laundering of the Head Office is the leading and decision-making body of the Bank’s anti-money laundering work. The President serves as the chairperson, the bank leaders in charge of anti-money laundering and major business lines serve as the vice chairpersons, and the heads of relevant departments (offices) of the Head Office are members of the Special Committee. The Special Committee of Anti-Money Laundering has an Anti-Money Laundering Work Office, and the Legal and Compliance Department (Anti-Money Laundering Center) of the Anti-Money Laundering Work Office takes the lead in handling specific affairs.



# Management Discussion and Analysis

During the reporting period, the Bank reinforced the capability to manage money laundering risk mainly through following measures:

1. Improve the internal control mechanism and control the direction of money laundering risk management. The Bank adjusted the composition of the Anti-money Laundering Committee to ensure clear anti-money laundering work and organizational structure. In April 2023, the Anti-money Laundering Center amended the Basic System of Anti-money Laundering and Counter Terrorist Financing of Bank of Jiujiang 《九江銀行反洗錢及反恐怖融資基本制度》, updated and adjusted the contents of other anti-money laundering management measures, and issued the Implementation Rules for Anti-money Laundering of Bank of Jiujiang 《九江銀行反洗錢工作實施細則》. With the constantly optimized structure and more-instructive contents in the system, it is convenient for frontline employees to learn work methods on anti-money laundering and familiarize themselves with anti-money laundering procedures.
2. Use emerging technologies to improve the level of digitalization and intelligence in anti-money laundering. On January 3, 2023, the Bank successfully completed the switch from the old anti-money laundering system to new one, and the autonomy of the new system to monitor abnormal transactions has been significantly improved, leading to the great improvement in the accuracy of the pre-evaluation of the customer money laundering risk assessment system and more refining in the management of anti-money laundering business. With RPA replacing manual labor, the automatic submission of daily high-value and suspicious transaction reports was achieved, and the match of the identification of beneficial owners of existing and new non-natural person customers with external data on a daily basis was made, thus improving the frequency and scope of anti-money laundering data verification and ensuring the accuracy and effectiveness of anti-money laundering data.
3. Strengthen risk alert and actively fulfill anti-money laundering reporting obligations. In 2023, the Bank submitted high-value transaction reports and suspicious transaction reports through the “Data Receiving Platform for High-Value Transaction and Suspicious Transaction Reports from Banking Industry” (銀行業大額交易和可疑交易報告數據接收平台) of the Anti-money Laundering Monitoring and Analyzing Center of the People’s Bank of China. In April 2023, the People’s Bank of China Jiangxi Branch, together with the Jiangxi Public Security Department, the Jiangxi Province Procuratorate and the Jiangxi Provincial Tax Service of State Taxation Administration, launched the final “One Hundred Days Action (百日行動)” financial intelligence and clue research and transfer competition and the Bank won the third prize as a group for numerous transfer of intelligence with high value. In September, the Anti-Money Laundering Center of the Legal and Compliance Department of the Bank was rated as a group with outstanding achievements in combating tax-related crimes by the Jiangxi Provincial Tax Service of State Taxation Administration, the Jiangxi Public Security Department, the People’s Procuratorate of Jiangxi province, the Superior People’s Court of Jiangxi Province, Nanchang Customs, the People’s Bank of China Jiangxi Branch and the Jiangxi Branch of the State Administration of Foreign Exchange.



## Management Discussion and Analysis

4. Safeguard the interests of the public, and firmly improve the quality and effectiveness of anti-telecommunications network fraud efforts. Firmly focusing on the fundamental interests of the people, the Bank steadily conducted and promoted the administration efforts of the “funding chain” of telecommunications network fraud and cross-border gambling to cut off the transfer chain of fraudulent funds of criminals, and carried out police-bank cooperation to intercept fraudulent funds by blocking abnormal account opening, to comprehensively improve the effectiveness of anti-crime and administration efforts. In 2023, the Bank undertook the city’s anti-telecommunications network fraud experience exchange and work promotion meeting for financial system (“全市金融系統反電信網絡詐騙經驗交流暨工作推進會”) organized and held by the Municipal People’s Bank of China and the Municipal Public Security Bureau, which was unanimously recognized by the leaders and peers attending the meeting. In the works of cracking down bank card crimes, alert and dissuasion, police-bank cooperation, publicity and prevention, etc., the Bank has been proactive, and, with the remarkable results on its early warning in respect of funds, has received letters of thanks from provincial and municipal anti-fraud leading groups.
5. Enrich publicity contents and strengthen the public’s awareness of anti-money laundering. The Bank mobilized nearly 300 outlets and carried out more than 70 anti-money laundering publicity activities, with innovation on publicity through a combination of regular publicity and special centralized publicity throughout the year, and more than 1.8 million people attended these activities. In the anti-money laundering essay competition organized by the People’s Bank of China Jiangxi Branch, three essays submitted by the Bank won the first, second and third prizes, and were published in the core journal “Finance and Economy”. Our bank independently produced anti-money laundering promotional videos “Behind the Scenes” (《幕後》) and “Careful, the trap is one step away!” (《小心·陷阱距您一厘米!》), and won the first prize in the Jiangxi Province Anti-money Laundering Promotional Video Competition (江西省反洗錢宣傳視頻評比) and the excellence award (優秀獎) in the Jiangxi Province Short Video Competition for Preventing Illegal Fund Raising (江西省防範非法集資短視頻大賽) respectively.





# Management Discussion and Analysis

## 11.9 Information technology risk management

Information technology risk refers to any operational, legal and reputational risk arising from natural factors, human factors, technical bugs and management defects in connection with the application of information technologies by the Bank.

The Bank has set up an information technology risk management organizational structure composed of the Board of Directors, the senior management and the Information Technology Management Committee under it, and the implementation level. The information technology risk management framework of our Bank, under the leadership of our Board of Directors and our senior management, is based on the three lines of defense. The effective pre-event, during-event and post-event risk prevention systems have been jointly ameliorated.

1. Continuously conduct technology risk assessment and monitoring. We conduct risk assessments in critical technology areas, identify and collect information technology risk points, convene the Information Technology Management Committee meetings on a regular basis, and enhance problem analysis and rectification implementation.
2. Improve business continuity management across the entire Bank. We comprehensively review the business continuity management system, continuously conduct business continuity exercises, strengthen the management of contingency plans and exercise processes, and establish a long-term effective mechanism for business continuity management. In addition, we have obtained the certification for the Business Continuity Management System (ISO22301-2019), making us the only city commercial bank in Jiangxi Province to achieve this certification. Our business continuity management aligns with international standards in ten major areas including system, policies and risk response.
3. Strengthen information and network security prevention and control. We prioritize information security management and strengthen its refinement through focusing on Internet application system. The Bank's Internet area adopts the defense idea of combining border protection interception and traffic detection deployment, deploying security interception and traffic attack monitoring devices such as NTA, intrusion prevention system IPS, WEB application firewall, and anti-DDOS attack devices. Facing various security attack modes and potential security vulnerabilities, the Bank purchased the Rizhiyi platform with functions of comprehensive analysis, monitoring and proactive early warning, then incorporated the logs of the host, important information systems, security devices and key network device nodes into the platform for management, and realized early warning of security hazards by setting monitoring rules.



# Management Discussion and Analysis

## 11.10 Reputational risk management

Reputational risk refers to the risk that interested parties, the public and the media have a negative evaluation of the Bank due to the Bank's institutional behaviors, employee behaviors or external events, which damages the Bank's brand value, is harmful to the Bank's normal operation and even affects market and social stability.

The Bank attaches great importance to reputational risk management. We continuously improve our political stance, enhance risk awareness, and incorporate reputational risk management into our comprehensive risk management system. We conduct 365 days x 24 hours continuous reputational risk monitoring and regularly carry out reputational risk hazard inspections, while formulating emergency plans for reputational risk events based on identified risks and hazards, pushing the reputational risk management defense line forward, with the aim to prevent public opinion incidents from the source, continuously reduce potential reputational risks, and promote the Bank's sustained and steady operation.

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

## 11.11 Strategic risk management

Strategic risk refers to the risk caused by improper operation policies of a commercial bank or changes in the external operation environment.

Our Bank's strategic risk management goals are to set up and improve the strategic risk management system to systematically identify and evaluate potential risks in our Bank's existing strategic plans and adopt scientific decision-making approaches and risk management measures to minimize or avoid substantial losses at a maximum level.

Our Bank establishes a well-rounded strategic risk management organizational structure composed of the Board of Directors and the Strategy Committee under it, the senior management, strategy management functional departments of the Head Office and other related functional departments. During the reporting period, the Bank proactively strengthened strategic risk management: firstly, sorted rules, established systems, and implemented strategic risk systems. Our Bank executed the Management Measures for Strategy and Operation Planning of Bank of Jiujiang strictly, and proactively launched strategic risk management to identify strategic management risks. Secondly, improved systems and carried out strategic closed-loop management. The Bank balanced short-term financial goals and long-term sustainable development goals, strengthened the integration of strategy and daily operation and management, built a strategic management system of goal setting – measure implementation – implementation evaluation – feedback and improvement, and played a role in the strategic adjustment. At the same time, our Bank did well in strategic research, promoted strategy implementation, and improved the strategic leadership. Thirdly, strengthened the performance of duties and management over strategic risks. Our Bank clarified full-time strategic management personnel, continuously strengthened the performance of functions such as strategic planning, strategic monitoring and strategic execution, further improved the design of strategic systems and processes, and improved the efficiency of strategy implementation. Fourthly, broke down tasks and promoted strategy implementation. The Bank formulated and decomposed its strategic objectives in the form of three-year medium-term and long-term plans and annual business plans, strengthened the overall strategic deployment, formulated practical step-by-step implementation plans, and accelerated the establishment and improvement of effective strategy implementation management mechanisms to effectively guarantee the smooth achievement of development strategy objectives.

## Management Discussion and Analysis

By the end of 2023, our Bank's overall strategic risk level remained stable and under control, indicating our effective management over strategic risks.

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



# Changes in Share Capital and Information on Shareholders

## 1. CHANGES IN SHARE CAPITAL

As of December 31, 2023, the Bank's total number of issued shares was 2,847,367,200, including 2,365,000,000 Domestic Shares and 482,367,200 H Shares.

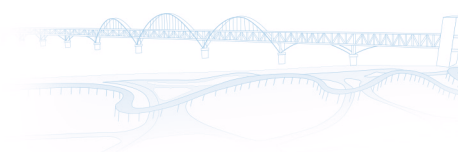
On July 26, 2023, the Bank completed the issuance of 75.00 million H Shares under the Specific Mandate; on September 19, 2023, the Bank completed the issuance of 365 million Domestic Shares under the Specific Mandate. Pursuant to which, the total number of issued shares of the Bank has increased to 2,847,367,200, comprising 2,365,000,000 Domestic Shares and 482,367,200 H Shares.

Class of shares	As at December 31, 2023		Changes in shares during the reporting period (share)	As at December 31, 2022	
	Number of shares (share)	Proportions (%)		Number of shares (share)	Proportions (%)
Domestic state-owned shares	436,618,900	15.34	70,598,900	366,020,000	15.20
Domestic state-owned legal person shares	939,679,536	33.00	300,172,600	639,506,936	26.57
Domestic social legal person shares	963,055,440	33.82	(5,610,150)	968,665,590	40.24
Domestic natural person shares	25,646,124	0.90	(161,350)	25,807,474	1.07
Overseas listed shares (H Shares)	482,367,200	16.94	75,000,000	407,367,200	16.92
Total number of ordinary shares	2,847,367,200	100.00	440,000,000	2,407,367,200	100.00

## 2. PARTICULARS OF SHAREHOLDERS

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

As at December 31, 2023, the Bank had 699 domestic shareholders in total, including 7 state-owned shareholders, 37 state-owned legal person shareholders, 55 social legal person shareholders and 600 natural person shareholders.



## Changes in Share Capital and Information on Shareholders

### 2.2 Top 10 shareholders of non-overseas listed Domestic Shares

As at December 31, 2023, the shareholdings of the top 10 shareholders who directly held non-overseas listed Domestic Shares of the Bank are as follows:

Name of shareholders	Class of shares	Number of shares held as at the end of the reporting period (share)	Approximate percentage of total issued share capital of the Bank by the end of reporting period (%)	Shares pledged or frozen	
				Particulars of shares	Number of Shares (share)
Jiujiang Finance Bureau	Domestic Shares	366,020,000	12.85	Normal	-
Beijing Automotive Group Co., Ltd.	Domestic Shares	366,020,000	12.85	Normal	-
Industrial Bank Co., Ltd.	Domestic Shares	294,400,000	10.34	Normal	-
Fangda Carbon New Material Co., Ltd.	Domestic Shares	136,070,000	4.78	Normal	-
Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd.	Domestic Shares	95,840,000	3.37	Normal	-
Ruichang State-Owned Investment Holding Group Co., Ltd.	Domestic Shares	89,760,000	3.15	Normal	-
Junhe (Xiamen) Holdings Co., Ltd.	Domestic Shares	86,653,080	3.04	Pledged	30,040,000
Jiangxi Baoshen Industrial Co., Ltd.	Domestic Shares	84,792,010	2.98	Pledged Frozen	84,792,010 84,792,010
Nanchang County Cultural Tourism Investment Co., Ltd.	Domestic Shares	57,040,000	2.00	Normal	-
Wuning County Urban Construction Investment Development Co., Ltd.	Domestic Shares	56,392,500	1.98	Normal	-
<b>Total</b>		<b>1,632,987,590</b>	<b>57.35<sup>(1)</sup></b>		

*Note:*

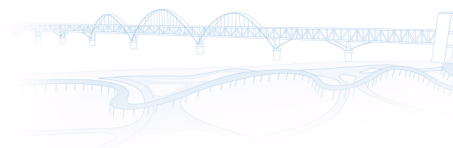
(1) The inconsistency between the sum of the numbers in this table and the total figures is due to rounding.

## Changes in Share Capital and Information on Shareholders

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

As at December 31, 2023, so far as is known to the Bank and the Directors, substantial shareholders of the Bank and other persons (other than Directors, Supervisors and chief executive officers of the Bank) who had interests and short positions in the Shares and underlying Shares of the Bank which were required to notify the Bank or the Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Bank under Section 336 of the SFO were as follows:

Name of shareholders	Class of shares	Number of shares (share)	Nature of interest	Approximate percentage of shareholding in the relevant class of share (%)	Approximate percentage of total share capital of the Bank (%)
Jiujiang Finance Bureau <sup>(2)</sup>	Domestic Shares	366,020,000(L) <sup>(3)</sup>	Beneficial Owner	15.48	12.85
	Domestic Shares	40,000,000(L) <sup>(3)</sup>	Interest of Controlled Corporation	1.69	1.40
Beijing Automotive Group Co., Ltd. <sup>(3)</sup>	Domestic Shares	366,020,000(L) <sup>(3)</sup>	Beneficial Owner	15.48	12.85
Industrial Bank Co., Ltd. <sup>(4)</sup>	Domestic Shares	294,400,000(L) <sup>(3)</sup>	Beneficial Owner	12.45	10.34
Foresea Life Insurance Co., Ltd.	H Shares	104,666,400(L) <sup>(3)</sup>	Beneficial Owner	21.70	3.68
Taiping Assets Management (HK) Company Limited	H Shares	104,666,400(L) <sup>(3)</sup>	Investment Manager	21.70	3.68
Hopson Development International Limited <sup>(5)</sup>	H Shares	20,000,000(L) <sup>(3)</sup>	Beneficial Owner	4.15	0.70
Hopeson Holdings Limited <sup>(5)</sup>	H Shares	46,037,600(L) <sup>(3)</sup>	Beneficial Owner	9.54	1.62
Tai Fung Bank Limited <sup>(6)</sup>	H Shares	46,037,600(L) <sup>(3)</sup>	Security interest in shares	9.54	1.62
R&F Properties (HK) Co., Ltd. <sup>(7)</sup>	H Shares	63,591,000(L) <sup>(3)</sup>	Beneficial Owner	13.18	2.23
Harbor Sure (HK) Investments Limited <sup>(8)</sup>	H Shares	63,591,000(L) <sup>(3)</sup>	Security interest in shares	13.18	2.23
Success Cypress Limited <sup>(9)</sup>	H Shares	43,998,600(L) <sup>(3)</sup>	Beneficial Owner	9.12	1.55
Rong De Investments Limited <sup>(10)</sup>	H Shares	33,308,200(L) <sup>(3)</sup>	Beneficial Owner	6.91	1.17
CHINA INTERNATIONAL MINERALS PTE. LTD.	H Shares	29,620,000(L) <sup>(3)</sup>	Beneficial Owner	6.14	1.04
China International Mining United Co., Limited	H Shares	29,620,000(L) <sup>(3)</sup>	Beneficial Owner	6.14	1.04
East System Investments Limited	H Shares	28,603,000(L) <sup>(3)</sup>	Beneficial Owner	5.93	1.00



# Changes in Share Capital and Information on Shareholders

## Notes:

- (1) The letter “L” denotes the person’s long position in the shares.
- (2) Jiujiang Finance Bureau, an official organ as legal person, directly or indirectly holds a total of 366.02 million Domestic Shares of the Bank, accounting for 12.85% of the Bank’s total issued share capital as at the end of the reporting period. The bureau’s legal representative is Wu Zexun. Besides, Jiujiang Finance Bureau indirectly holds 40.00 million Domestic Shares of the Bank through Jiujiang City Financial Enterprise Financial Services Co., Ltd. In accordance with the forms for filing disclosure of interests submitted on August 20, 2019, Jiujiang Finance Bureau and Jiujiang State-owned Assets Management Co., Ltd. have acted in concert or without contradictory since January 1, 2016, the Bank’s Domestic Shares held by Jiujiang State-owned Assets Management Co., Ltd. amounted to 43,454,831 shares. Therefore, Jiujiang Finance Bureau controls an aggregate of approximately 15.78% of the total issued share capital of the Bank.
- (3) Beijing Automotive Group Co., Ltd. (“**BAIC Group**”) holds 366.02 million Domestic Shares of the Bank, accounting for 12.85% of the Bank’s total issued share capital as at the end of the reporting period. BAIC Group was founded in 1958, and its legal representative is Jiang Deyi. BAIC Group is headquartered in Beijing and is one of leading automotive groups in China and a Fortune 500 Company.
- (4) Industrial Bank Co., Ltd. (“**Industrial Bank**”) holds 294.40 million Domestic Shares of the Bank, accounting for 10.34% of the Bank’s total issued share capital as at the end of the reporting period. Industrial Bank was founded in August 1988, and its legal representative is Lyu Jiajin. Industrial Bank is headquartered in Fuzhou City, Fujian province, which is one of the first joint-stock commercial banks approved by the State Council and the central bank. Industrial Bank was officially listed on Shanghai Stock Exchange on February 5, 2007 (stock code: 601166) and ranks among the Top 20 banks in the world.
- (5) Hopson Holdings Limited is a company incorporated in Hong Kong and a wholly-owned subsidiary of Hopson Development International Limited (a company incorporated in the British Virgin Islands). Hopson Development International Limited is a wholly-owned subsidiary of Hopson Development Holdings Limited (a company incorporated in the Bermuda Islands), which is held by Sounda Properties Limited (a company incorporated in the British Virgin Islands) as to 53.75%. Sounda Properties Limited is wholly owned by Chu Mang Yee. Chu Mang Yee holds equity interests in 66.0376 million H Shares of the Bank through Hopson Holdings Limited and Hopson Development International Limited, of which 46.0376 million H shares are held through Hopson Holdings Limited and the remaining 20.00 million H shares are held through Hopson Development International Limited.
- (6) Tai Fung Bank Limited is a company incorporated in Macau and is owned by Bank of China Limited as to 50.31%. Bank of China Limited is owned by Central Huijin Investment Ltd. as to 64.02%.
- (7) R&F Properties (HK) Co., Ltd. is a company incorporated in Hong Kong and a wholly-owned subsidiary of Guangzhou R&F Properties Co., Ltd. (stock code: 2777). It is principally engaged in investment holding business.
- (8) Harbor Sure (HK) Investments Limited is a company incorporated in Hong Kong and is wholly owned by ABCI Investment Management Limited (a company incorporated in the British Virgin Islands); ABCI Investment Management Limited is wholly owned by ABC International Holdings Limited (a company incorporated in Hong Kong); ABC International Holdings Limited is wholly owned by Agricultural Bank of China Limited (a company incorporated in the PRC), Agricultural Bank of China Limited is owned as to 35.29% and 40.03% by Ministry of Finance of the People’s Republic of China and Central Huijin Investment Ltd., respectively.
- (9) Success Cypress Limited is a company incorporated in the British Virgin Islands and is ultimately held by Tan Huichuan, Tan Mei, Tan Haocheng and Tan Yuehua as to 43%, 7%, 25% and 25%, respectively. It is principally engaged in investment holding business. Guangzhou Jinxiu Dadi Property Development Company Limited (“**Guangzhou Jinxiu Dadi**”) is held by Tan Huichuan as to 90%; Guangdong Nimble Real Estate (Group) Co., Ltd. (“**Guangzhou Nimble**”) is a wholly-owned subsidiary of Guangzhou Jinxiu Dadi; Guangzhou Nimble held 90% of Guangzhou Jinxiu Investment Company Limited (“**Guangzhou Jinxiu Investment**”) which is held by Tan Huichuan as to 10%; Guangzhou Jinxiu Investment held 50% of Zhaoqing Tiancheng Property Co., Ltd. (“**Zhaoqing Tiancheng**”); Faithful Edge Limited is a wholly-owned subsidiary of Zhaoqing Tiancheng; and Success Cypress Limited is a wholly-owned subsidiary of Faithful Edge Limited and the beneficial owner of the Bank.
- (10) Rong De Investments Limited is a company incorporated in the British Virgin Islands and is owned as to 36%, 34.06% and 29.94% by Liao Tengjia, Zhu Qingsong and Zhu Muzhi, respectively. It is principally engaged in investment holding business.

## Changes in Share Capital and Information on Shareholders

### 2.4 Top 10 shareholders of ordinary shares

As at December 31, 2023, the shareholdings of the top 10 shareholders who directly held ordinary shares of the Bank are as follows:

Name of shareholders	Class of shares	Number of shares held as at the end of the reporting period (share)	Approximate percentage of total issued share capital of the Bank by the end of reporting period (%)
Jiujiang Finance Bureau	Domestic Shares	366,020,000	12.85
Beijing Automotive Group Co., Ltd.	Domestic Shares	366,020,000	12.85
Industrial Bank Co., Ltd.	Domestic Shares	294,400,000	10.34
Fangda Carbon New Material Co., Ltd.	Domestic Shares	136,070,000	4.78
Foresea Life Insurance Co., Ltd.	H Shares	104,666,400	3.68
Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd.	Domestic Shares	95,840,000	3.37
Ruichang State-Owned Investment Holding Group Co., Ltd.	Domestic Shares	89,760,000	3.15
Junhe (Xiamen) Holdings Co., Ltd.	Domestic Shares	86,653,080	3.04
Jiangxi Baoshen Industrial Co., Ltd.	Domestic Shares	84,792,010	2.98
R&F Properties (HK) Co., Ltd.	H Shares	63,591,000	2.23
Total		1,687,812,490	59.28 <sup>(1)</sup>

Note:

(1) The inconsistency between the sum of the numbers in this table and the total figures is due to rounding.

### 2.5 The controlling shareholders of the Bank

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

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

#### Jiujiang Finance Bureau

Jiujiang Finance Bureau holds 366.02 million Domestic Shares of the Bank, which are state-owned shares, accounting for 12.85% of the Bank's total issued share capital as of the end of the reporting period. Jiujiang Finance Bureau is an official organ as legal person, and the bureau's legal representative is Wu Zexun.

Jiujiang Finance Bureau indirectly holds 40.00 million Domestic Shares of the Bank through Jiujiang City Financial Enterprise Financial Services Co., Ltd., the wholly-owned sub-subsidiary of Jiujiang Finance Bureau. In addition, Jiujiang Finance Bureau and Jiujiang State-owned Assets Management Co., Ltd. have acted in concert since January 1, 2016, the Bank's Domestic Shares held by Jiujiang State-owned Assets Management Co., Ltd. amounted to 43,454,831 shares. Therefore, Jiujiang Finance Bureau controls an aggregate of 15.78% of the ordinary shares of the total issued share capital of the Bank.

As of the end of the reporting period, neither Jiujiang Finance Bureau nor its related parties pledged the equity of the Bank.



# Changes in Share Capital and Information on Shareholders

## **Beijing Automotive Group Co., Ltd.**

BAIC Group holds 366.02 million Domestic Shares of the Bank, which are state-owned legal person shares, accounting for 12.85% of the Bank's total issued share capital as of the end of the reporting period. As of the end of the reporting period, BAIC Group did not pledge the equity of the Bank.

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

## **Industrial Bank Co., Ltd.**

Industrial Bank holds 294.40 million Domestic Shares of the Bank, which are social legal person shares, accounting for 10.34% of the Bank's total issued share capital as of the end of the reporting period. As of the end of the reporting period, Industrial Bank did not pledge the equity of the Bank.

Founded in August 1988 and with a registration place in Fuzhou City, Fujian province, Industrial Bank is one of the first joint-stock commercial banks approved by the State Council and the People's Bank of China. It has approximately RMB20,774 million registered capital. The company's legal representative is Lyu Jiajin. It has no controlling shareholder, concert parties or actual controller. The ultimate beneficiary is Industrial Bank. Industrial Bank was officially listed on Shanghai Stock Exchange on February 5, 2007 (stock code: 601166) and ranks among the Top 20 banks in the world.

## **2.7 Other substantial domestic shareholders**

According to the Interim Measures for the Equity Management of Commercial Banks, substantial shareholders of a commercial bank mean shareholders who hold or control 5% or more shares or voting rights of the commercial bank, or who hold less than 5% of total capital or total shares of the commercial bank but have significant influence on the business management of the commercial bank. The significant influence mentioned above includes but not limited to dispatching directors, supervisors or senior management of a commercial bank.

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

## **Fangda Carbon New Material Co., Ltd.**

Fangda Carbon holds approximately 136.07 million Domestic Shares of the Bank, which are social legal person shares, accounting for 4.78% of the Bank's total issued share capital as of the end of the reporting period. In addition, Jiangxi PXSteel Industrial Co. Ltd., a related company of Fangda Carbon holds 35.00 million Domestic Shares of the Bank. Therefore, Fangda Carbon controls an aggregate of 6.01% of the ordinary shares of the total issued share capital of the Bank. As of the end of the reporting period, Fangda Carbon and its related party did not pledge the equity of the Bank.

Founded in January 1999, Fangda Carbon, with a registration place in Lanzhou City, Gansu province and a total of RMB4,026 million registered capital, is mainly engaged in research and development and sale of carbon products and iron concentrates and is a leading enterprise of the National Science and Technology Development and Innovation Base. Fangda Carbon's legal representative is Ma Zhuo and its controlling shareholder is Liaoning Fangda Group Industrial Co., Ltd. The actual controller and ultimate beneficiary is Fang Wei. Fangda Carbon was officially listed on Shanghai Stock Exchange on August 30, 2002 (stock code: 600516).

## Changes in Share Capital and Information on Shareholders

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

Foshan Gaoming holds 95.84 million Domestic Shares of the Bank, which are social legal person shares, accounting for 3.37% of the Bank's total issued share capital as of the end of the reporting period. As of the end of the reporting period, Foshan Gaoming did not pledge the equity of the Bank.

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

### 2.8 Related parties of substantial domestic shareholders during the reporting period

No.	Name of substantial shareholders	Related parties of substantial shareholders and their concert parties (if any)
1	Jiujiang Finance Bureau	Jiujiang State-owned Assets Management Co., Ltd., Jiujiang Infrastructural Investment Limited, Yingtan Jinxin Yuncang Supply Chain Management Co., Ltd., Shangrao Jinxin Yuncang Supply Chain Management Co., Ltd., Jiujiang Dingxin Industrial Co., Ltd., Jiujiang State-owned Financing Guarantee Co., Ltd., Pengze County Natural Gas Co., Ltd., Jiangxi Guofilter New Material Co., Ltd., Jiangxi Natural Gas Duchang Co., Ltd., Jiujiang Natural Gas Co., Ltd., Jiujiang Kaida Lantian Hotel Management Co., Ltd., Jiujiang Ganghua Gas Company Limited, Jiujiang Vegetable Basket Agricultural Development Co., Ltd., etc.
2	Beijing Automotive Group Co., Ltd.	Anpeng Financial Leasing (Tianjin) Co., Ltd. (安鵬融資租賃(天津)有限公司), BAIC Group Industrial Investment Co., Ltd., Cangzhou Economic Development Zone and Xingye Industrial Park Co., Ltd. (滄州經濟開發區興業產業園有限責任公司), Beijing Beiqi Pengyuan Automobile Sales & Service Co., Ltd., etc.
3	Industrial Bank Co., Ltd.	Industrial Bank Financial Leasing Co., Ltd., China Industrial International Trust Co., Ltd., CIB Fund Management Co., Ltd., Industrial Consumer Finance Co., Ltd., CIB Research Co., Ltd., Ciit Asset Management Co., Ltd., Industrial Wealth Asset Management Co., Ltd., and Industrial Futures Co., Ltd., etc.
4	Fangda Carbon New Material Co., Ltd.	Liaoning Fangda Group Industrial Co., Ltd., Jiangxi Fangda Steel Group Co., Ltd., Jiujiang Ping Gang Steel Co., Ltd., Pingxiang Pinggang Anyuan Steel Co., Ltd., Lanzhou Fangda Ganxing Trading Co., Ltd., Fangda Special Steel Technology Co., Ltd., etc.
5	Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd.	Foshan Gaoming Standard Spectrum Garden Co., Ltd., Foshan Gaoming Hengye Real Estate Co., Ltd., and Guigang Hengfu Real Estate Co., Ltd., etc.

# Changes in Share Capital and Information on Shareholders

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

### (I) Credit related party transactions

Unit: in millions of RMB

No.	Name of shareholders	Credit balance	The controlling shareholders of the corporation	Credit balance	Actual controllers	Credit balance	Parties acting in concert	Credit balance	Ultimate beneficiary	Credit balance	Related party with related transaction(s)	Credit balance	Total
1	Jiuliang Finance Bureau	-	-	-	-	-	Jiuliang State-owned Assets Management Co., Ltd.	-	-	-	Jiuliang Infrastructural Investment Limited	212.00	584.49
											Yingnan Jinxin Yuncang Supply Chain Management Co., Ltd.	124.94	
											Shangrao Jinxin Yuncang Supply Chain Management Co., Ltd.	110.00	
											Jiuliang Dingxin Industrial Co., Ltd.	45.00	
											Jiuliang State-owned Financing Guarantee Co., Ltd.	33.04	
											Pergez County Natural Gas Co., Ltd.	10.00	
											Jiangxi Guoflier New Material Co., Ltd.	10.00	
											Jiangxi Natural Gas Duchang Co., Ltd.	9.89	
											Jiuliang Natural Gas Co., Ltd.	9.39	
											Jiuliang Kaita Lantian Hotel Management Co., Ltd.	8.00	
											Jiuliang Gaohua Gas Company Limited	7.23	
											Jiuliang Vegetable Basket Agricultural Development Co., Ltd.	5.00	
2	Beijing Automotive Group Co., Ltd.	-	Beijing State-owned Capital Operation and Management Company Limited	-	State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality	-	-	-	State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality	-	Appeng Financial Leasing (Tianjin) Co., Ltd.	53.09	133.99
3	Industrial Bank Co., Ltd.	283.85	-	-	-	-	-	-	Industrial Bank Co., Ltd.	-	-	-	283.85
4	Fangda Carbon New Material Co., Ltd.	-	Liaoning Fangda Group Industrial Co., Ltd.	1,690.00	Fang Wei	-	-	-	Fang Wei	-	Jiangxi Fangda Steel Group Co., Ltd.	2,235.00	4,982.10
5	Foshan Geomimg Jirduin Hengye Computer Special Printing Co., Ltd.	-	Wu Jiailing	-	Wu Jiailing	-	-	-	Wu Jiailing	-	Pingxiang Pinggang Anyuan Steel Co., Ltd. Jiuliang Ping Gang Steel Co., Ltd.	600.00 457.10	-
	Total	283.85		1,690.00								4,010.58	5,984.43

# Changes in Share Capital and Information on Shareholders

## (II) Related party transactions regarding transfer of assets

None.

## (III) Related party transactions regarding services

None.

## (IV) Related party transactions regarding deposits and other categories

No.	Name of shareholders	Deposit amount	The controlling shareholders of the corporation	Deposit amount	Actual controllers	Deposit amount	Parties acting in concert	Deposit amount	Ultimate beneficiary	Deposit amount	Related party with related transactions	Deposit amount	Total
1	Jiujiang Finance Bureau	-	-	-	-	-	Jiujiang State-owned Assets Management Co., Ltd.	-	-	11.00	Jiujiang Industrial Finance Guarantee Co., Ltd.	11.00	71.00
2	Fangda Carbon New Material Co., Ltd.	-	Liaoning Fangda Group Industrial Co., Ltd.	-	Fang Wei	-	-	-	Fang Wei	60.00	Jiangxi Guanggu Jimxin Technology Co., Ltd. (江西光敏金信科技有限公司)	60.00	1,308.09
										848.80	Jiujiang Ping Gang Steel Co., Ltd.	848.80	1,308.09
										260.00	Lanzhou Fangda Ganxing Trading Co., Ltd. (兰州方大鑫兴贸易有限公司)	260.00	
										194.00	Fangda Special Steel Technology Co., Ltd. (方大特钢科技股份有限公司)	194.00	
										5.29	Pingxiang Pinggang Anyuan Steel Co., Ltd.	5.29	
	Total	-	-	-	-	-	-	-	-	1,379.09	-	1,379.09	1,379.09

Note:

The data of credit related party transactions is the balance as at the end of 2023; the data of related party transactions regarding deposit is the aggregate amount incurred from the first to the fourth quarter of 2023, excluding the related party transactions exempted from consideration and disclosure as stipulated in Article 57 of the Measures for the Administration of Related Party Transactions of Banking and Insurance Institutions, and all of the deposits of Jiujiang Ping Gang Steel Co., Ltd., Lanzhou Fangda Ganxing Trading Co., Ltd., Fangda Special Steel Technology Co., Ltd., and Pingxiang Pinggang Anyuan Steel Co., Ltd. are the deposit certificates of bank deposits/guarantees deposits which were provided for the credit extension business as a pledge.

## Changes in Share Capital and Information on Shareholders

### 2.10 Pledge of equity in the Bank by substantial domestic shareholders

As of December 31, 2023, the substantial shareholders of the Bank did not pledge equity in the Bank.

### 2.11 Nomination of Directors and Supervisors by the shareholders

- (1) Jiujiang Finance Bureau nominated Mr. LUO Feng as a Director of the Bank;
- (2) Beijing Automotive Group Co., Ltd. nominated Mr. SHI Zhishan as a Director of the Bank;
- (3) Industrial Bank Co., Ltd. nominated Ms. ZHOU Miao as a Director of the Bank;
- (4) Fangda Carbon New Material Co., Ltd. nominated Mr. LIU Yinan as a Director of the Bank;  
and
- (5) Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd. nominated Ms. CHEN Zhiying as a Supervisor of the Bank.

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

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

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

- (1) As of the end of the reporting period, the Bank has 89,289,528 pledged shares held by 3 Domestic Shareholders that were involved in frozen; no pledged shares were involved in judicial auctions.
- (2) According to the Articles of Association, when the number of shares pledged by a shareholder reaches or exceeds 50% of the total shares held by him/her in the Bank, the voting rights of such shareholder at the Shareholders' General Meeting and the voting rights of the Directors nominated by such shareholder at the meetings of the Board of Directors shall be restricted. As of the end of the reporting period, the number of Domestic Shares pledged by 11 shareholders reached or exceeded 50% (inclusive) of the total shares held by them in the Bank, and voting rights represented by 165,335,508 shares were restricted, accounting for 5.81% of the total shares of the Bank.

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

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

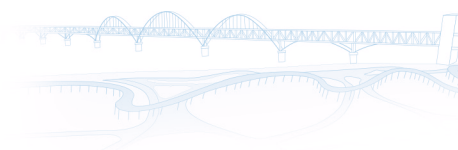


# Information on Directors, Supervisors, Senior Management, Staff and Institution

## 1. CURRENT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### Directors

Name (former name, if any)	Gender	Age	Position	Terms of appointment	Number of shares held as at December 31, 2023 (share)	Class of shares
ZHOU Shixin	Male	52	Executive Director and Chairman of the Board of Directors	September 2023-June 2026	Nil	
XIAO Jing	Male	47	Executive Director, Vice Chairman of the Board of Directors and President	June 2023-June 2026	70,000	Domestic Shares
YUAN Delei	Male	45	Executive Director, Vice President and Risk Director	June 2023-June 2026	Nil	
LUO Feng	Male	52	Non-executive Director	September 2023-June 2026	Nil	
SHI Zhishan	Male	45	Non-executive Director	June 2023-June 2026	Nil	
ZHOU Miao	Female	52	Non-executive Director	September 2023-June 2026	Nil	
LIU Yinan	Male	46	Non-executive Director	September 2023-June 2026	Nil	
WANG Wanqiu	Female	52	Independent Non-executive Director	September 2023-June 2026	Nil	
TIAN Li	Male	54	Independent Non-executive Director	September 2023-June 2026	Nil	
ZHANG Yonghong	Male	56	Independent Non-executive Director	September 2023-June 2026	Nil	
GUO Jiequn	Male	53	Independent Non-executive Director	September 2023-June 2026	Nil	



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

## Supervisors

Name (former name, if any)	Gender	Age	Position	Terms of appointment	Number of shares held as at December 31, 2023 (share)	Class of shares
YU Menglin	Female	51	Employee Representative Supervisor	June 2023-June 2026	121,400	Domestic Shares
LIAO Jingwen	Female	38	Employee Representative Supervisor	June 2023-June 2026	14,000	Domestic Shares
CHEN Zhiying	Female	56	Shareholder Supervisor	June 2023-June 2026	Nil	
TANG Xiaofeng	Male	60	External Supervisor	June 2023-June 2026	Nil	
CHUA Alvin Cheng-Hock	Male	65	External Supervisor	June 2023-June 2026	Nil	

## Senior Management

Name (former name, if any)	Gender	Age	Position	Number of shares held as at December 31, 2023 (share)	Class of shares
XIAO Jing	Male	47	Executive Director, Vice Chairman and President	70,000	Domestic Shares
XIE Haiyang	Male	40	Vice President	Nil	
YUAN Delei	Male	45	Executive Director, Vice President and Risk Director	Nil	
HUANG Chaoyang	Male	54	Assistant to President and Chairman of Zhongshan Xiaolan County Bank	500,000	Domestic Shares
QI Yongwen	Male	53	Director of Retail Banking and President of Shangrao Branch	249,900	Domestic Shares
XU Cao	Male	56	Assistant to President	217,560	Domestic Shares
WANG Yuanxin	Male	56	Assistant to President, Chairman and President of Beijing Daxing Jiuyin County Bank	220,500	Domestic Shares
CAI Jianhong	Male	55	Compliance Director	16,170	Domestic Shares
LI Guoquan	Male	54	Chief Accountant	Nil	
CHENG Zhong	Male	48	Chief Information Officer	Nil	

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

## 2. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

### 2.1 Changes in Directors

#### **Election of Directors**

Upon the consideration and approval at the sixteenth meeting of the sixth session of the Board on February 11, 2022 and the 2021 Annual General Meeting of the Bank on June 29, 2022, Mr. XIAO Jing was elected as an executive Director of the sixth session of the Board of the Bank. On May 30, 2023, the Bank received the approval from the former China Banking and Insurance Regulatory Commission Jiangxi Bureau in respect of Mr. XIAO Jing's qualifications as a Director. Accordingly, Mr. XIAO Jing has served as the executive Director of the Bank since May 30, 2023. For details, please refer to the announcements of the Bank dated June 29, 2022 and May 31, 2023.

#### **Re-election of Directors**

Upon the consideration and approval at the twenty-sixth meeting of the sixth session of the Board on May 29, 2023 and the 2022 Annual General Meeting of the Bank on June 29, 2023, the Bank has elected the members of the seventh session of the Board, including the election of Mr. ZHOU Shixin, Mr. XIAO Jing and Mr. YUAN Delei as executive Directors of the seventh session of the Board; the election of Mr. LUO Feng, Mr. SHI Zhishan, Ms. ZHOU Miao and Mr. LIU Yinan as non-executive Directors of the seventh session of the Board; the election of Ms. WANG Wanqiu, Mr. TIAN Li, Mr. ZHANG Yonghong and Mr. GUO Jiequn as independent non-executive Directors of the seventh session of the Board. Among them, the term of office of Mr. XIAO Jing, Mr. YUAN Delei and Mr. SHI Zhishan shall commence from June 29, 2023 and end on the expiration of the term of the seventh session of the Board, and they are eligible for re-elected upon the expiration of the term; The remaining newly elected Directors obtained the approval on their qualifications as Directors from Jiangxi Bureau of the National Financial Regulatory Administration on September 19, 2023, Accordingly, their term of office shall commence from September 19, 2023 and end on the expiration of the term of the seventh session of the Board, and they are eligible for re-election upon the expiration of the term of office. Independent non-executive Directors can serve for a term of not more than 6 years on an accumulative basis in the Bank.

For details of the re-election of the Directors of the Bank, please refer to the announcements of the Bank dated May 29, 2023, June 29, 2023 and September 19, 2023 respectively.

#### **Appointment of the Chairman and Vice Chairman**

Upon the consideration and approval at the first meeting of the seventh session of the Board of the Bank held on June 29, 2023, the Board of Directors elected Mr. ZHOU Shixin as the Chairman of the seventh session of the Board and Mr. XIAO Jing as the Vice Chairman of the seventh session of the Board.

On September 19, 2023, the Bank received the Approval on the Qualifications of Mr. ZHOU Shixin as a Chairman and Mr. XIAO Jing as a Vice Chairman from Jiangxi Bureau of the National Financial Regulatory Administration. Accordingly, Mr. ZHOU Shixin serves as the Chairman of the Bank, Mr. XIAO Jing as a Vice Chairman of the Bank, with the term of offices commencing from September 19, 2023 and ending on the expiration of the term of the seventh session of the Board and are eligible for re-election upon expiration of the term of office.

For details of the appointment of the Chairman and the Vice Chairman of the Bank, please refer to the announcements of the Bank dated June 29, 2023 and September 19, 2023, respectively.



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

## 2.2 Changes in Supervisors

### **Re-election of the Supervisors**

Upon the consideration and approval at the seventeenth meeting of the sixth session of the Board of Supervisors on May 29, 2023, the third meeting of the sixth session of the employees' representatives conference of the Bank on June 26, 2023, the 2022 Annual General Meeting of the Bank on June 29, 2023 and the first meeting of the seventh session of the Board of Supervisors of the Bank held on June 29, 2023, the Bank has elected the members of the seventh session of the Board of Supervisors. For details of the re-election of the Supervisors of the Bank, please refer to the announcements of the Bank dated May 29, 2023 and June 29, 2023, respectively.

### **Resignation of the Chairman of the Board of Supervisors**

Mr. MEI Mengsheng resigned as chairman of the Board of Supervisors of the Bank on October 26, 2023. For details, please refer to the announcement of the Bank dated October 26, 2023.

## 2.3 Changes in Senior Management

Upon the consideration and approval at the twentieth meeting of the sixth session of the Board on August 30, 2022 and obtaining the approval from the former China Banking and Insurance Regulatory Commission Jiangxi Bureau on July 14, 2023, Mr. CHENG Zhong was appointed as the chief information officer of the Bank.

Upon the consideration and approval at the fourth meeting of the seventh session of the Board held on September 25, 2023, the Board resolved to dismiss Ms. WANG Li from the position of the Vice President of the Bank.

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

Upon the consideration and approval at the eighth meeting of the seventh session of the Board on January 26, 2024, the Board resolved to terminate Ms. WANG Li's position as the secretary of the Board due to retirement.

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



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

## 3. BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### 3.1 Directors

**Mr. ZHOU Shixin** (周時辛), aged 52, is the secretary of the Party committee and Chairman of the Bank.

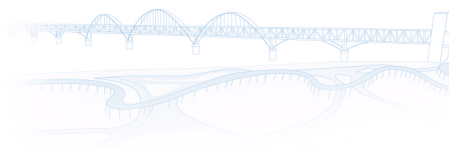
Mr. ZHOU started his career in July 1995. He has held various positions in Agricultural Bank of China (whose H shares and A shares are listed on the Hong Kong Stock Exchange (stock code: 01288) and Shanghai Stock Exchange (stock code: 601288) respectively), and successively served as associate chief officer of personnel division (Organization Department of the Party committee) of Jiangxi Branch; the Party committee member and vice president of Zhangshu Sub-branch; the Secretary of the Party committee and president of Jing'an Sub-branch; the chief officer of personnel division (Organization Department of the Party committee), the deputy general manager of E-banking Department, general manager of the credit management department and general manager of the corporate business department of Jiangxi Branch; and Secretary of the Party committee and president of Shangrao Branch. Mr. ZHOU joined the Bank in May 2023, and has served as the Secretary of the Party committee and Chairman of the Bank since May 2023 and September 2023, respectively.

Mr. ZHOU is a senior economist. He received a bachelor's degree in Economic Information Management.

**Mr. XIAO Jing** (肖璟), aged 47, is the deputy secretary of the Party committee, vice chairman and the president of the Bank.

Mr. XIAO started his career in July 1999. He has held various positions in the software development center of Industrial and Commercial Bank of China Limited (whose H shares and A shares are listed on the Hong Kong Stock Exchange (stock code: 01398) and Shanghai Stock Exchange (stock code: 601398) respectively), and successively served as the deputy manager of the second division of the technology department; the deputy manager of the second division of the system department; the manager of the second division of the system department; the senior technical deputy manager of the system department; the senior technical deputy manager of the technology department; the senior technical manager, the deputy general manager, the deputy general manager (person-in-charge) and the general manager of the Guangzhou first development division, respectively. Mr. XIAO joined the Bank in April 2014, and has successively served as the chief information officer, a Party committee member, vice president and a deputy secretary of the Party committee, the president (in an acting capacity) of the Bank. He is a deputy secretary of the Party committee, vice chairman and the president of the Bank.

Mr. XIAO is a senior engineer, a senior economist and is qualified as an internal auditor. He was also accredited as a Financial Risk Manager by the Global Association of Risk Professionals. Mr. XIAO obtained a bachelor's degree in engineering, majoring in management information systems and an MBA degree.



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

**Mr. YUAN Delei** (袁德磊), aged 45, is a member of the Party Committee, executive Director, the vice president and the risk director of the Bank.

Mr. YUAN started his career in July 2003. He has held various positions in Industrial and Commercial Bank of China Limited, and successively served as the deputy chief, chief and the deputy general manager of Legal Affairs Department of Anhui Branch; a member of the Party Committee and Vice President of the Anhui Chizhou Branch; the deputy general manager of Legal Affairs Department and the deputy general manager of Credit and Investment Management Department of the Anhui Branch. Mr. YUAN joined the Bank in November 2019, and has served as the general manager of Risk Management Department and the risk director of the Bank. He is a member of the Party Committee, executive Director, the vice president and the risk director of the Bank.

Mr. YUAN is a mid-level economist. He obtained a bachelor's degree in economics in international trade, a master's degree in law in Marxist Theory and Ideological and Political Education, and a doctorate's degree in management in Management Science and Engineering.

### Non-executive Directors

**Mr. LUO Feng** (羅峰), aged 52, is a non-executive Director of the Bank.

Mr. LUO started his career in December 1991. He has served as a cadre of Jiujiang Finance Bureau; deputy chief of the State-owned Assets Foundation Division; chief of the State-owned Assets Foundation Division, chief of Social Security Division and chief accountant of Jiujiang Finance Bureau. He is a party member and deputy director of Jiujiang Finance Bureau, branch secretary of the Municipal Non-tax Revenue Collection Administration of Jiujiang; and part-time vice chairman of the Municipal Federation of Trade Unions of Jiujiang. Mr. LUO is a non-executive Director of the Bank since September 2023.

Mr. LUO graduated from the Logistical Engineering University of the Chinese People's Liberation Army (currently known as the PLA Army Service Academy) in July 2000, majoring in accounting computerization.

**Mr. SHI Zhishan** (史志山), aged 45, is a non-executive Director of the Bank.

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

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



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

**Ms. ZHOU Miao** (周苗), aged 52, is a non-executive Director of the Bank.

Ms. ZHOU started her career in July 1993, worked for Fuzhou Branch of Xiamen International Bank Co., Ltd. Ms. ZHOU joined Industrial Bank Co., Ltd. (listed on the Shanghai Stock Exchange, stock code: 601166) in June 1995, and successively served as the staff member of the International Business Department; the deputy director and director of International Settlement Division of Business Department of the Head Office; the general manager of the International Business Department of Fuzhou Branch; the director of Accounting and Settlement Department of the Head Office; the director of Legal and Compliance Department of the Head Office; the assistant general manager and deputy general manager of Trade Finance Department of the Head Office; the deputy general manager of Corporate Financial Risk Management Department of the Head Office; the deputy general manager of the Special Assets Operation Department of the Head Office; the deputy general manager of the Interbank Finance Department of the Head Office. Ms. ZHOU is currently the general manager of the Bank Cooperation Center of Industrial Bank Co., Ltd. and a Director of Industrial Digital Financial Services (Shanghai) Co., Ltd. Ms. ZHOU has served as the non-executive Director of the Bank since September 2023.

Ms. ZHOU is an economist. She graduated from the Central Institute of Finance and Economics (currently known as the Central University of Finance and Economics) with obtaining an undergraduate degree, majoring in international finance, in June 1993.

**Mr. LIU Yinan** (劉一男), aged 46, serving as the non-executive Director of the Bank.

Mr. LIU successively worked in Vitek Technology Limited, D&S Media Group, BlueFocus Intelligent Communications Group Co., Ltd. (listed on Shenzhen Stock Exchange, stock code: 300058), China Forestry Exchange, Sun Life Everbright Life Insurance Co., Ltd., China Fortune Financial Group Limited (listed on the Hong Kong Stock Exchange, stock code: 00290) and other companies, serving as the director, the vice president, the president and other positions. Mr. LIU currently serves as the deputy party committee secretary, the executive Director, and the senior vice president of Liaoning Fangda Group Industrial Co., Ltd., and concurrently serves as the director and other positions of Fangda Carbon New Material Co., Ltd. (listed on Shanghai Stock Exchange, stock code: 600516), HNA Aviation Group Company Limited, Hainan Fangda Aviation Development Co., Ltd. (海南方大發展有限公司), Jiangxi Fangda Steel Group Co., Ltd., and other companies. Mr. LIU has served as the non-executive Director of the Bank since September 2023.

Mr. LIU is a professorate senior engineer of the People's Republic of China. He obtained a bachelor's degree in engineering from Northeastern University, majoring in computer science and technology, in July 2000. He obtained a doctorate's degree in electrical engineering from the University of Rhode Island in May 2004.



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

## Independent non-executive Directors

**Ms. WANG Wanqiu** (王宛秋), aged 52, is an independent non-executive Director of the Bank.

Ms. WANG has successively served as a lecturer, associate professor and professor at the School of Economics and Management of Beijing University of Technology since July 1997. Ms. WANG has served as an independent non-executive Director of the Bank since September 2023.

Ms. WANG obtained a doctorate's degree in management from Beijing University of Technology, majoring in management science and engineering, in June 2009.

**Mr. TIAN Li** (田力), aged 54, is an independent non-executive Director of the Bank.

Mr. TIAN has successively served as the senior manager, the executive director, the head and other positions of financial institutions such as JP Morgan Chase & Co., BOC International Holdings Limited and ABN AMRO BANK, and concurrently served as the director of Deyang Bank, the independent director of Great Wall West China Bank; the independent director of China Industrial International Trust Limited. Mr. TIAN has served as the chairman and president of International Financial Resources and Services Limited, the chairman and president of Niujiu International Holdings Inc. (紐金國際控股公司) (New York), the chairman of Windsor School, and concurrently served as a director of Shanghai Tuhong Investment Management Co., Ltd. (上海圖鴻投資管理有限公司), the executive director of Shanghai Hui Sheng Equity Investment Management Limited (上海惠盛股權投資管理有限公司), the CEO of New York Institute of Finance, the executive director of NYIF Information Technology Development Co., Ltd. In addition, Mr. TIAN has served as the independent non-executive director of China Industrial Securities International Financial Group Limited (listed on the Hong Kong Stock Exchange, stock code: 06058) since July 2016. Mr. TIAN has served as an independent non-executive Director of the Bank since September 2023.

Mr. TIAN obtained a bachelor's degree in engineering from the People's Liberation Army Institute of Engineering Corps (currently known as Army Engineering University of PLA), majoring in civil air defense construction and structure engineering, in July 1990, a master's degree of science from Cleveland State University, majoring in civil engineering, in August 1996, and a master's degree in business administration from Duke University, the United States, in May 1999.



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

**Mr. ZHANG Yonghong** (張永宏), aged 56, is an independent non-executive Director of the Bank.

Mr. ZHANG has successively worked in China Merchants Bank Co., Ltd. (whose H shares and A shares are listed on the Hong Kong Stock Exchange (stock code: 03968) and Shanghai Stock Exchange (stock code: 600036) respectively), Ping An Bank Co., Ltd. (whose A shares are listed on Shenzhen Stock Exchange, stock code: 000001), China Guangfa Bank Co., Ltd. (formerly known as Guangdong Development Bank Co., Ltd.), Bank of Hunan Corporation Limited (formerly known as Huarong Xiangjiang Bank Corporation Limited), China Huarong Financial Leasing Co., Ltd. and Huarong Qianhai Wealth Management Co., Ltd. and held positions as financial senior management. Mr. ZHANG is currently the president of Shenzhen Qianjinyuan Management Consulting Training Co., Ltd. and deputy director of the Strategy Committee of the Association of National Small and Medium-sized Banks. Mr. ZHANG has more than 30 years of working experience in economic and financial industry, with extensive experience in several fields and multi-level financial business management in banking, financial lease, wealth management and financial training. Mr. ZHANG has served as an independent non-executive Director of the Bank since September 2023.

Mr. ZHANG is a senior banking expert and a senior economist. He obtained a doctorate's degree from Wuhan University.

**Mr. GUO Jiequn** (郭傑群), aged 53, is an independent non-executive Director of the Bank.

Mr. GUO has successively served as an analyst, vice president, director, general manager, managing director and general manager of Asia Pacific and other roles in Corning Incorporated in the United States, Fannie Mae in the United States, Credit Suisse Investment Bank in the United States, Saier Asset Management Company in the United States, Interactive Data Corp in the United States and Zais Group (hedge fund) in the United States and other companies. Mr. GUO is currently the director of the China Centre of MIT Global SCALE Network, the president and the doctoral supervisor of Ningbo China Institute for Supply Chain Innovation and served concurrently as a researcher of Center for MIT CTL and a researcher of Center for Green Finance Research of Tsinghua University. Mr. GUO has served as the external Supervisor of the Bank from May 2017 to June 2023, and has served as an independent non-executive Director of the Bank since September 2023.

Mr. GUO graduated from the Department of Mathematics of Beijing Normal University (北京師範大學) in July 1992 and obtained a bachelor's degree in science from the same university at the same time. He obtained a doctorate's degree from Indiana University in the United States, majoring in economics, in May 2001.



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

## 3.2 Supervisors

**Ms. YU Menglin** (余夢林), aged 51, is an employee representative Supervisor of the Bank.

Ms. YU started her career in September 1991. Ms. YU joined Jiujiang Ronghe Urban Credit Cooperative in February 1994. She has successively served as the director of planning and finance department of Guanghua Sub-branch, the customer manager of Baishuihu Sub-branch, the assistant to the president of Baishuihu Sub-branch, the deputy general manager of risk management department of Yichun Branch, the deputy general manager of the credit approval department of the Head Office, the deputy general manager of the credit approval department of the Head Office (person-in-charge) and the deputy general manager of the compliance department of the Head Office of the Bank since November 2000. Ms. Yu has served as the deputy general manager of the mass work department of the Head Office of the Bank (person-in-charge) since February 2023.

Ms. YU is a senior economist. She graduated from Jiangnan University with a major in business administration on July 20, 2016.

**Ms. LIAO Jingwen** (廖靜文), aged 38, is an employee representative Supervisor of the Bank.

Ms. LIAO started her career and joined the Bank in August 2006. Ms. LIAO has successively served as a teller at the banking business department, human resources commissioner of the human resources department, an assistant to the general manager of the human resources department of the Bank, the deputy general manager of the county bank management headquarters and general manager of the human resources department under the county bank management headquarters of the Bank. Ms. LIAO also served as the chairperson of the board of directors of Xiushui Jiuyin County Bank LLC. Ms. LIAO has served as the member of the Party Committee of the credit center of the small enterprises of the Bank since February 2023.

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

**Ms. CHEN Zhiying** (陳芷穎), aged 56, is a shareholder Supervisor of the Bank.

Ms. CHEN served as the deputy director of the information confidentiality office of the Office of Guangdong Branch of Industrial and Commercial Bank of China Limited (whose H shares and A shares are listed on the Hong Kong Stock Exchange (stock code: 01398) and Shanghai Stock Exchange (stock code: 601398) respectively) from 1989 to 2013. She has successively served as the secretary to the chairman of the board of directors and deputy general manager of Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd. since 2013. Ms. CHEN has served as a shareholder Supervisor of the Bank since June 2023.

Ms. CHEN graduated from China Central Radio and TV University (中央廣播電視大學), majoring in finance, in November 2002.



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

**Mr. TANG Xiaofeng** (湯曉峰), aged 60, is an external Supervisor of the Bank.

Mr. TANG started his career in September 1984. He has held various positions in China Construction Bank Corporation (whose H shares and A shares are listed on the Hong Kong Stock Exchange (stock code: 00939) and Shanghai Stock Exchange (stock code: 601939) respectively) since December 1990. He has successively served as a credit clerk and engineer in a trust and investment corporation, the chief of legal affairs division, deputy general manager of legal affairs department, the general manager of legal affairs department/internal control and compliance department of Jiangxi Branch of China Construction Bank Corporation, and a senior expert in Jiangxi Branch of China Construction Bank Corporation. He also served as the director of legal affairs department of Jiangxi Dejian Corporation, a member of Jiangxi Lawyers Association, the director of the Public Lawyer and Corporate Lawyer Working Committee, the head (person-in-charge) of the right protection department of China Banking Association, director of the office of the legal affairs commission of China Banking Association and an expert of the legal experts' pool of China Banking Association. He is a member of the management talent pool of China banking industry of China Banking Association. Mr. TANG has served as an external Supervisor of the Bank since June 2023.

Mr. TANG is a senior economist. He obtained his qualification as a lawyer in the People's Republic of China in 1992 and a master's degree in Business Administration from University of Poitiers in France in March 2003.

**Mr. CHUA Alvin Cheng-Hock** (蔡清福), aged 65, is an external Supervisor of the Bank.

Mr. CHUA has been the managing director and global head of the sales sector, trading and research of securities and fixed-income products of BOC International Holdings Limited from June 2014 to September 2022. Mr. CHUA served as an independent non-executive director of China Guangfa Bank Co., Ltd. from April 2014 to June 2020, and has served as the independent non-executive Director of the Bank from August 2017 to June 2023. Mr. CHUA has been a co-founder and managing partner of Yuanbo Global Consulting Co., Ltd. (圓博全球諮詢顧問公司) since September 2022. He has been a part-time professor of Lingnan (University) College, Sun Yat-sen University (中山大學嶺南(大學)學院) since April 2014. Mr. CHUA has served as an independent non-executive director of AEON Insurance Asset Management Co., Ltd. (Shanghai) (百年保險資產管理公司(上海)) since March 2021, an independent non-executive director of TPV Technology Co., Ltd. (冠捷電子科技股份有限公司) since June 2021, and an external Supervisor of the Bank since June 2023.

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





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

## 3.3 Senior Management

For the biographical details of Mr. XIAO Jing and Mr. YUAN Delei, please refer to “3.1 Directors” in this chapter.

**Mr. XIE Haiyang** (謝海洋), aged 40, is the Party Committee Member and the Vice President of the Bank.

Mr. XIE started his career in August 2009. He has successively served as the assistant to the general manager of the Bank’s office, the assistant to the general manager and the deputy general manager of the Human Resources Department, the Party Committee Secretary and President of Hefei Branch, the Party Committee Secretary and the President of Nanchang Branch of the Bank. He now serves as the Party Committee Member and the Vice President of the Bank.

Mr. XIE received a master’s degree in Economy.

**Mr. HUANG Chaoyang** (黃朝陽), aged 54, is an assistant to the president of the Bank and the Party Committee Secretary and the Chairman of Zhongshan Xiaolan County Bank.

Mr. HUANG started his career in August 1991. He has successively served as a clerk and deputy section head of the De’an County Sub-branch of PBOC. Mr. HUANG joined the Bank in June 2001. He has successively served as the general manager of the planning and finance department, the Board secretary, compliance director, an assistant to the president and the president of the Hefei Branch of the Bank. He now serves as an assistant to the president of the Bank and the Party Committee Secretary and the Chairman of Zhongshan Xiaolan County Bank.

Mr. HUANG is a senior economist and a Certified Public Accountant in China. He obtained a bachelor’s degree in refined chemical engineering and an MBA degree.

**Mr. QI Yongwen** (齊永文), aged 53, is the director of retail banking and the Party Committee Secretary and the President of Shangrao Branch of the Bank.

Mr. QI started his career in September 1992. He served as a software engineer of the computer department of the Jiujiang Branch of China Construction Bank. Mr. QI joined the Bank in January 2001. He has successively served as deputy general manager of the technology department, the general manager of the information technology department, information director, assistant to the president of the Bank and president of the Guangzhou Branch of the Bank. Mr. QI now serves as the director of retail banking of Bank of Jiujiang and the Party Committee Secretary and the President of Shangrao Branch of the Bank.

Mr. QI obtained a bachelor’s degree of science in computer applications and an MBA degree.



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

**Mr. XU Cao** (許操), aged 56, is an assistant to the president of the Bank and the director of Party Committee Office of Head Office.

Mr. XU started his career in April 1990. Mr. XU joined the Bank in 2000. He has successively served as the general office secretary, deputy general manager (person-in-charge) of the Bank, president of the Ruichang Sub-branch of the Bank, and chairman of the board of directors and president of Zhongshan Xiaolan County Bank (中山小欖村鎮銀行). He also served as the general manager of the risk management department of the Bank and principal person-in-charge and president of Fuzhou Branch of the Bank, and the general manager of Consolidated Management Department and the director of Party Committee Office of the Bank. Mr. XU now serves as an assistant to the president of the Bank and the director of Party Committee Office of Head Office.

Mr. XU is a senior economist, and obtained an MBA degree.

**Mr. WANG Yuanxin** (王遠昕), aged 56, is an assistant to the president of the Bank and the chairman and president of Beijing Daxing Jiuyin County Bank (北京大興九銀村鎮銀行).

Mr. WANG started his career in July 1987. He successively served as the credit officer, director and manager in the sub-branches of Jiujiang Branch of Agricultural Bank of China. Mr. WANG joined the Bank in October 2004, and successively served as the deputy general manager of the credit approval department of the Bank, general manager of the business department of the head office, chairman and president of Zhongshan Xiaolan County Bank and principal person-in-charge of Beijing Daxing Jiuyin County Bank, etc. He currently serves as an assistant to the president of the Bank and the chairman and president of Beijing Daxing Jiuyin County Bank.

Mr. WANG is an intermediate economist, and graduated in finance.

**Mr. CAI Jianhong** (蔡劍洪), aged 55, is the compliance director of the Bank.

Mr. CAI started his career in February 1986. He successively served as a statistician and investigator of the planning section, auditor of the audit section and head of the administrative secretariat section of Jiujiang County Sub-branch of PBOC; personal secretary of head of office of the Jiujiang Central Sub-branch of PBOC; the head of the discipline inspection division of Jiujiang County Sub-branch of PBOC; director of the Jiujiang Regulatory Office and head of the regulatory third division of the CBRC Jiujiang Branch Office (currently CBIRC Jiujiang Branch Office). Mr. CAI joined the Bank in March 2016, and successively served as the principal person-in-charge of Guixi Jiuyin County Bank, an assistant to the president of the Bank, and the chairman and president of Guixi Jiuyin County Bank. He currently serves as the compliance director of the Bank.

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



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

**Mr. LI Guoquan** (李國全), aged 54, is the chief accountant of the Bank and the general manager of the planning and finance department of the head office.

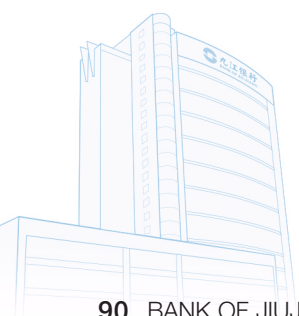
Mr. LI started his career in September 1989. He successively served as the head of the finance department of Xinxiang Foreign Trade Company; the director of the suburb office and the head of the deposit and remittance section of the Xinxiang Sub-branch of Bank of China; the manager of the finance and accounting department of Xinxiang Sub-branch, the vice president of the sub-branch under Zhengzhou Branch and the general manager of the planning and finance department of Jinan Branch of China Guangfa Bank; the general manager of the planning and finance department and the director of the risk office of the board of directors of Bank of Zhengzhou, etc. Mr. LI joined the Bank in December 2019, and currently serves as the chief accountant of the Bank and the general manager of the planning and finance department of the head office.

Mr. LI is a senior accountant and holds the chief financial officer (CFO) certificate issued by China Associate of Chief Financial Officers and the ICPA certificate issued by IPA. He obtained a bachelor's degree of economics in financing and an equivalent education level as a master postgraduate qualification in enterprise management.

**Mr. CHENG Zhong** (程中), aged 48, is the chief information officer of the Bank and the general manager of the information technology department of the head office.

Mr. CHENG started his career in July 1999. He successively served as the assistant to the manager of the second division of the technology department, the deputy manager of the second division of the system department, technical manager of the system department, senior technical deputy manager and senior technical manager of the technology department, deputy general manager and general manager of the Guangzhou first development division in the software development center of Industrial and Commercial Bank of China; the general manager of the information technology department and the person in charge of the preparation of a financial technology subsidiary in Bank of Changsha, etc. Mr. CHENG Zhong joined the Bank in June 2022 and served as the general manager of the information technology department of the Bank. He currently serves as the chief information officer of the Bank and the general manager of the information technology department of the head office.

Mr. CHENG obtained a bachelor's degree in computer science and technology and a master's degree in software engineering.



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

## 4. COMPANY SECRETARY

Mr. WONG Wai Chiu is the company secretary, the authorized representative and service of process agent of the Bank.

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

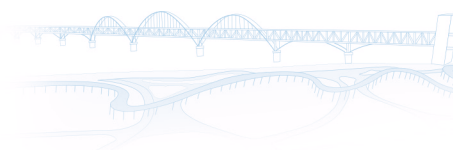
## 5. REMUNERATION POLICY AND ANNUAL REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### 5.1 Remuneration Policy

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

### 5.2 Remuneration Policy of Directors, Supervisors and Senior Management

For details of remuneration of Directors, Supervisors, senior management and five highest paid individuals of the Bank, please refer to "Note 14 to the financial statements" in this annual report. During the reporting period, the total remuneration for employees whose positions have significant impact on risks of the Bank amounted to RMB69.10 million.



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

### **6. CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

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

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

### **7. SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS AND RELEVANT EMPLOYEES**

The Bank has adopted the Model Code as the code of conduct for securities transactions of the Bank by all Directors and Supervisors. The Bank has also put in place guidelines in respect of dealings in securities for the relevant employees (as defined under the Listing Rules) of the Bank, of which the terms are no less exacting than those of the Model Code. Having made specific enquiries to all Directors and Supervisors regarding their compliance with the Model Code, each of the Directors and Supervisors confirmed that those standards as provided thereunder have been complied with during the year ended December 31, 2023. Having made specific enquiries to the relevant employees regarding their compliance with the guidelines of dealing in securities of the Bank, the Bank is not aware of any incompliance with the guidelines.



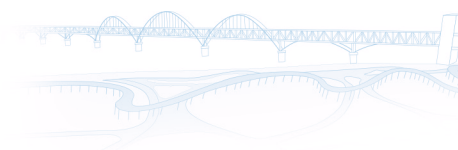
## Information on Directors, Supervisors, Senior Management, Staff and Institution

### 8. INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES

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

#### Interests in the Shares of the Bank (Long Positions)

Name	Position(s)	Class of shares	Nature of interest	Number of shares (share)	Approximate percentage of total issued share capital of the relevant class of the Bank (%)	Approximate percentage of total issued share capital of the Bank (%)
XIAO Jing	Executive Director, Vice Chairman and President	Domestic Shares	Beneficial Owner	70,000	0.00	0.00
LIAO Jingwen	Employee Representative Supervisor	Domestic Shares	Beneficial Owner	14,000	0.00	0.00
YU Menglin	Employee Representative Supervisor	Domestic Shares	Beneficial Owner	121,410	0.00	0.00



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

## Interests in Associated Corporations (Long Positions)

Name	Position(s)	Associated corporation	Nature of interest	Number of shares (share)	Approximate percentage of share capital (%)
XIAO Jing	Executive Director, Vice Chairman and President	Pengze Jiuyin County Bank Co., Ltd. (彭澤九銀村鎮銀行股份有限公司) <sup>(1)</sup>	Beneficial Owner	75,000	0.15
		Ruichang Jiuyin County Bank Co., Ltd. (瑞昌九銀村鎮銀行股份有限公司) <sup>(2)</sup>	Beneficial Owner	75,000	0.15
		Chongren Jiuyin County Bank Co., Ltd. (崇仁九銀村鎮銀行股份有限公司) <sup>(3)</sup>	Beneficial Owner	120,000	0.30
		Fenyi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司) <sup>(4)</sup>	Beneficial Owner	150,000	0.30
LIAO Jingwen	Employee Representative Supervisor	Pengze Jiuyin County Bank Co., Ltd. (彭澤九銀村鎮銀行股份有限公司) <sup>(1)</sup>	Beneficial Owner	75,000	0.15
		Ruichang Jiuyin County Bank Co., Ltd. (瑞昌九銀村鎮銀行股份有限公司) <sup>(2)</sup>	Beneficial Owner	175,000	0.35
		Chongren Jiuyin County Bank Co., Ltd. (崇仁九銀村鎮銀行股份有限公司) <sup>(3)</sup>	Beneficial Owner	80,000	0.20
		Fenyi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司) <sup>(4)</sup>	Beneficial Owner	50,000	0.10
YU Menglin	Employee Representative Supervisor	Pengze Jiuyin County Bank Co., Ltd. (彭澤九銀村鎮銀行股份有限公司) <sup>(1)</sup>	Beneficial Owner	50,000	0.10
		Ruichang Jiuyin County Bank Co., Ltd. (瑞昌九銀村鎮銀行股份有限公司) <sup>(2)</sup>	Beneficial Owner	50,000	0.10
		Chongren Jiuyin County Bank Co., Ltd. (崇仁九銀村鎮銀行股份有限公司) <sup>(3)</sup>	Beneficial Owner	40,000	0.10
		Fenyi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司) <sup>(4)</sup>	Beneficial Owner	75,000	0.15

### Notes:

- (1) The Bank holds 35.00% of equity and 53.65% of voting rights of Pengze Jiuyin County Bank Co., Ltd. (彭澤九銀村鎮銀行股份有限公司), a subsidiary of the Bank.
- (2) The Bank holds 35.00% of equity and 53.30% of voting rights of Ruichang Jiuyin County Bank Co., Ltd. (瑞昌九銀村鎮銀行股份有限公司), a subsidiary of the Bank.
- (3) The Bank holds 35.00% of equity and 54.40% of voting rights of Chongren Jiuyin County Bank Co., Ltd. (崇仁九銀村鎮銀行股份有限公司) a subsidiary of the Bank.
- (4) The Bank holds 35.00% of equity and 54.80% of voting rights of Fenyi Jiuyin County Bank Co., Ltd. (分宜九銀村鎮銀行股份有限公司), a subsidiary of the Bank.



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

## 9. POSITIONS HELD BY DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN COUNTY BANK

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

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

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

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

## 10. INFORMATION ON EMPLOYEES

### 10.1 Composition of personnel

#### By department/function

	As at December 31, 2023	
	Number of staff	Percentage of total (%)
Corporate banking	930	17.13
Retail inclusive banking	1,187	21.86
Financial market business	41	0.75
Finance and accounting	399	7.35
Risk management, internal control and audit	304	5.60
Legal and compliance, human resources and information technology	482	8.88
Management	88	1.62
Teller	1,261	23.23
Jiuyin county bank	620	11.42
Others	117	2.16
<b>Total</b>	<b>5,429</b>	<b>100.00</b>

#### By age

	As at December 31, 2023	
	Number of staff	Percentage of total (%)
Aged below 30	3,278	60.38
Aged 31-40	1,939	35.72
Aged 41-50	175	3.22
Aged over 50	37	0.68
<b>Total</b>	<b>5,429</b>	<b>100.00</b>



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

## By education level

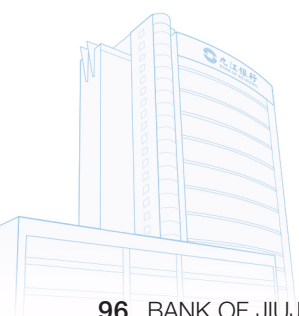
	As at December 31, 2023	
	Number of staff	Percentage of total (%)
Master's degree and above	685	12.62
Undergraduate and junior college	4,736	87.24
Others	8	0.14
Total	5,429	100.00

## 10.2 Staff training plan

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

The Bank promoted the development concept of “Digital Jiuyin”, continued to carry out online training, and fully utilized the online platform of “Jiuyin Yixue (九銀易學)” to enhance the overall quality and professional standards of the whole Bank. During the reporting period, the Bank produced 349 online courses, the online learning sessions of employees reached 748,500 times and the online learning hours of employees reached 334,000 hours, with the average learning hours per capita up to 48.58 hours.

The Bank continued to promote the construction of a closed-loop empowerment system characterized by “knowledge extraction, combination of training and application, and promoting learning through examinations”, to encourage employees to become professional, expertised and career-oriented managers. With the training work comprehensively conducted against new employees, in-service employees and management cadres, etc., the Bank established a mechanism that requested new employees to be qualified for training before they began to work, which not only improved the service level, but also prevented operational risks. The Bank actively explored new training methods in conjunction with line departments, improved the quality and efficiency of training through the combination of theory and practice, and consolidated the level of business, to form a hierarchical grid-based empowerment system for all positions. The Bank insisted on the principle of “cultivating excellent people with the most excellent people” to strengthen the team building of internal lecturers and external lecturers. During the reporting period, the Bank organized and carried out a total of 23 training sessions for new employees, 28 training sessions of position enhancement, six training sessions for the improvement of cadres, two post qualification examinations across the Bank, and one business skills competition.



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

## 10.3 Employee gender

As of December 31, 2023, the percentage of male and female employees (including senior management) is 45.48% and 54.52%, respectively. The Bank fully respects the individual differences of talents, created a professional, inclusive and diverse working atmosphere in working space, and is committed to providing equal opportunities for all employees. The Bank considered it kept a balance of the gender ratio of existing employees (including senior management). The Bank is expected to continue to maintain the gender diversity at the employee (including senior management) level in a reasonable manner.

## 10.4 Remuneration policies

### (I) Remuneration management structure and decision-making procedures

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

There is a Nomination and Remuneration Committee under the Board of Directors of the Bank, which is mainly responsible for reviewing the remuneration management system and policies of the Bank; formulates remuneration plans for Directors and the senior management, and provides suggestions to the Board on remuneration plans and supervises the implementation of remuneration plans. The Nomination and Remuneration Committee under the Board of the Bank was composed of a chairman and two members.

There is a Performance Appraisal Committee thereunder internally in the Bank, which is mainly responsible for organizing, promoting and coordinating the performance appraisal work of the Bank. The Performance Appraisal Committee is composed of the chairman, the vice-chairman and the members.

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

The Bank followed the guiding ideology of "Performance-driven" to implement a remuneration mechanism as both an incentive and constraint to employees. The remuneration is directly linked to performances and contributions to the Bank and is evaluated by EVA of each branch and FTP net income of new deposits. The remuneration adjustments of the Bank are based on operational performance and other factors, including the completion of risk cost control indicators, including at least capital adequacy ratio, non-performing loan ratio, general allowance ratio, case risk ratio, leverage ratio, etc.



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

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

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

### (IV) **Contributions to the defined contribution schemes**

The contributions that the Bank contributes to the defined contribution schemes are recognized as expenses when incurred, and will not be deducted by forfeited contributions of employees who left the scheme prior to vesting fully in such contributions. Hence, there is no such an issue that forfeited contributions may be used by the Group to reduce the existing level of contributions as described in paragraph 26(2) of Appendix D2 to the Listing Rules.

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

In order to enhance our competitive advantages and stimulate the enthusiasm of employees, the remuneration management of the Bank adheres to the principle of efficiency, fairness, performance and business orientation. The remuneration system of the personnel consists of basic salary, post salary, performance salary and allowances and benefits. The basic salary is the Bank's guaranteed compensation to ensure the daily life of the personnel; the post salary is the incentive compensation approved by the Bank based on the performance of the personnel on the post; the performance salary is a reward compensation determined by the Bank based on the performance of personnel; the allowances are the compensatory compensation determined for the personnel's special effort and labor consumption; and the benefits reflect the indirect compensation of the Bank's care for the personnel. The diversified and sound remuneration system effectively meets the needs of personnel's life and career development, enhances staff cohesion and centripetal force, and promotes the Bank's high-quality and sustainable development.



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

## 11. BASIC INFORMATION OF INSTITUTIONS UNDER THE BANK

As of December 31, 2023, the Bank operated the business through the operation department of head office in Jiujiang, 13 branches and 265 sub-branches which consisted of 175 traditional sub-branches, 81 community sub-branches and 9 small and micro enterprises sub-branches. The branch network of the Bank is primarily located in Jiangxi Province, and also covers Guangzhou, Guangdong Province and Hefei, Anhui Province. The Bank realized the full coverage of branches in districts and cities within Jiangxi Province, and the coverage rate of outlets in counties within Jiangxi Province reached 100%. In addition, the Bank established 20 Jiuyin County banks, among which 18 county banks were consolidated and controlled as of December 31, 2023.

Status of the branches of the Bank as of December 31, 2023 is set out below:

District	Name of institution	Operating address	Remark	Number
Jiangxi Province	Head Office	Bank of Jiujiang Mansion, No. 619 Changhong Avenue, Jiujiang, Jiangxi Province	1 operation department of head office, 40 traditional sub-branches, 16 community sub-branches	57
	Nanchang Branch	No. 1398 Hongguzhong Avenue, Nanchang, Jiangxi Province	1 branch, 11 traditional sub-branches, 19 community sub-branches, 1 small and micro enterprises sub-branch	32
	Ganjiang New Area Branch	No. 528 Shuanggang West Street, Jingkai District, Nanchang, Jiangxi Province	1 branch, 1 traditional sub-branch, 1 community sub-branch	3
	Ji'an Branch	New 196 Jinggangshan Avenue, Ji'an, Jiangxi Province	1 branch, 15 traditional sub-branches, 6 community sub-branches, 3 small and micro enterprises sub-branches	25
	Ganzhou Branch	Building 5, Shenghui City Center, Ganxian Road, Zhanggong District, Ganzhou, Jiangxi Province	1 branch, 19 traditional sub-branches, 13 community sub-branches, 3 small and micro enterprises sub-branches	36
	Fuzhou Branch	No. 1250 Gandong Avenue, Fuzhou, Jiangxi Province	1 branch, 12 traditional sub-branches, 8 community sub-branches	21
	Yichun Branch	No. 587 Luzhou North Road, Yiyang New District, Yichun, Jiangxi Province	1 branch, 18 traditional sub-branches, 2 community sub-branches, 1 small and micro enterprises sub-branch	22



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

District	Name of institution	Operating address	Remark	Number
	Shangrao Branch	No. 5, Fenghuang West Avenue, Guangxin District, Shangrao, Jiangxi Province	1 branch, 13 traditional sub-branches, 6 community sub-branches	20
	Jingdezhen Branch	Bank of Jiujiang Mansion, Zijing Road, Jingdezhen, Jiangxi Province	1 branch, 7 traditional sub-branches, 4 community sub-branches	12
	Pingxiang Branch	No. 121 Yuejin North Road, Pingxiang, Jiangxi Province	1 branch, 6 traditional sub-branches, 2 community sub-branches	9
	Xinyu Branch	No. 720 Xianlai East Avenue, Xinyu City, Jiangxi Province	1 branch, 4 traditional sub-branches, 2 community sub-branches	7
	Yingtian Branch	No. 619, Wangbu Road, Xinjiang New Area, Yingtian, Jiangxi Province	1 branch, 4 traditional sub-branches, 1 small and micro enterprises sub-branch	6
Guangdong Province	Guangzhou Branch	Shops 6, 7, 8 and 9/F and 10/F, Aoyuan Mansion, No. 108 Huangpu Avenue West, Tianhe District, Guangzhou	1 branch, 12 traditional sub-branches, 1 community sub-branch	14
Anhui Province	Hefei Branch	Office Building A, Jiaqiao International Plaza, Intersection of Maanshan Road and South Second Ring Road (Southwest), Baohe District, Hefei, Anhui Province	1 branch, 13 traditional sub-branches, 1 community sub-branch	15
				279



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

Status of the controlled county banks of the Bank as of December 31, 2023 is set out below:

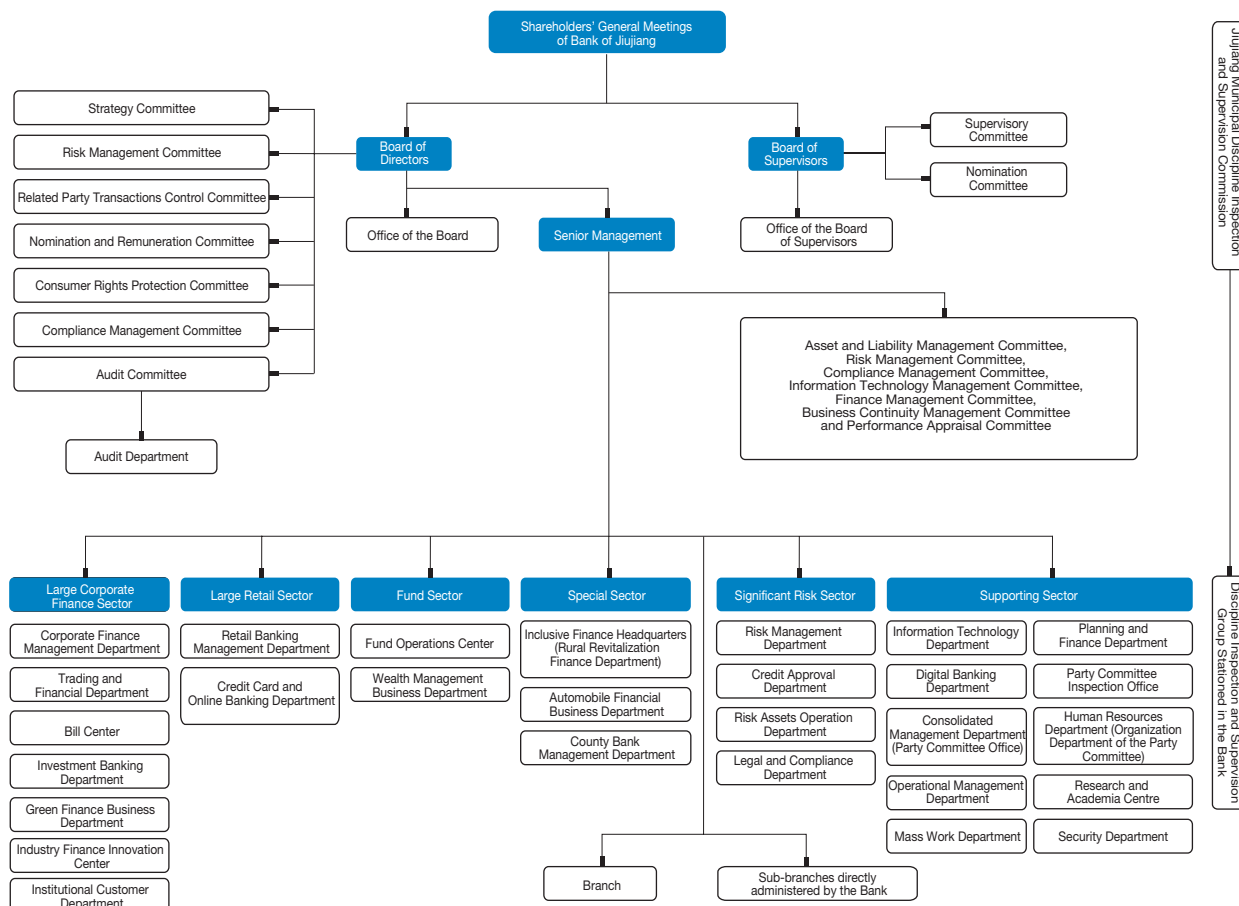
Name of subsidiaries	Operating address
Beijing Daxing Jiuyin County Bank Co., Ltd.	No. 3, No. 18 Yard, Xinrong North Street, Xihongmen Town, Daxing District, Beijing
Rizhao Jiuyin County Bank Co., Ltd.	No. 619 Lanshan West Road, Lanshan District, Rizhao, Shandong Province
Nanjing Liuhe Jiuyin County Bank Co., Ltd.	No. 103, 105, Taishan Road, Xiongzhou Street, Liuhe District, Nanjing
Xiushui Jiuyin County Bank LLC.	No. 123 Valley Avenue, Xiushui County, Jiangxi Province
Jinggangshan Jiuyin County Bank LLC.	Jinggangshan Jiuyin County Bank Building, No. 11 Yingshanhong Road, Xincheng District, Jinggangshan, Jiangxi Province
Nanchang Changdong Jiuyin County Bank Co., Ltd.	Rooms 130 and 201, Commercial Building 38#, Greenland Metropolis, No. 2977 Ziyang Avenue, High-tech Zone, Nanchang, Jiangxi Province
Pengze Jiuyin County Bank Co., Ltd.	No. 1172 Longcheng Avenue, Pengze County, Jiujiang, Jiangxi Province
Ruichang Jiuyin County Bank Co., Ltd.	No.1-46 Jianshe Road, Ruichang, Jiangxi Province
Zixi Jiuyin County Bank Co., Ltd.	No. 1-18 Bund International, Binjiang Road, Zixi County, Fuzhou, Jiangxi Province
Chongren Jiuyin County Bank Co., Ltd.	No. 8 Xianfu West Road, Chongren County, Fuzhou, Jiangxi Province
Fenyi Jiuyin County Bank Co., Ltd.	No. 83 Qianshan East Road, Fenyi County, Xinyu, Jiangxi Province
Fengxin Jiuyin County Bank Co., Ltd.	No. 619 Yingxing North Avenue, Fengxin County, Yichun, Jiangxi Province
Jing'an Jiuyin County Bank Co., Ltd.	Tower A, Yikun Building, Dongfang West Road, Shuangxi Town, Jing'an County, Yichun, Jiangxi Province
Jingdezhen Changjiang Jiuyin County Bank Co., Ltd.	No. 1268 Porcelain Avenue, Changjiang District, Jingdezhen, Jiangxi Province
Tonggu Jiuyin County Bank Co., Ltd.	No. 2 Dingjiang West Road, Tonggu County, Yichun, Jiangxi Province
Lushan Jiuyin Yishu County Bank Co., Ltd.	No. 86 Xiufeng Avenue South, Lushan, Jiujiang, Jiangxi Province
Hukou Jiuyin County Bank Co., Ltd.	No. 29 Sanli Avenue, Shuangzhong Town, Hukou County, Jiujiang, Jiangxi Province
Duchang Jiuyin County Bank Co., Ltd.	No. 99 Dongfeng Avenue, Duchang County, Jiujiang, Jiangxi Province

Status of the county banks in which the Bank has shareholdings as of December 31, 2023 is set out below:

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

# Corporate Governance Report

## 1. ORGANIZATIONAL AND MANAGEMENT CHART



# Corporate Governance Report

## 2. OVERVIEW OF CORPORATE GOVERNANCE

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

During the reporting period, the Bank continued to strengthen the quality and efficiency of corporate governance. Firstly, the Bank sought to promote the integration of Party's leadership and corporate governance, actively explored new ways and means of organic integration of Party's leadership and corporate governance, and promoted the organic unity of Party's leadership and corporate governance. Secondly, the Bank perfected its corporate governance system, further improved the equity pledge, equity management and information disclosure system against internal and external laws and regulations. At the same time, the Bank also amended the Articles of Association and supporting rules of procedures for the Board of Directors and Shareholders' General Meeting and continuously improved its corporate governance system. Thirdly, the Bank continued to enhance the governance effectiveness of major work, further improved the proposal submission process of the Board of Directors, strengthened the pre-review process and background investigation of proposal submitted, and established a working mechanism for supervising and evaluating resolutions of the Board of Directors, so as to ensure that the proposals were received according to evidence, the review process was carried out in accordance with procedures, and the implementation of resolutions could be traced. Fourthly, the Bank strengthened the performance efficiency of Directors and Supervisors, enriched the performance resources for Directors and Supervisors by sending monthly reports of the Board of Directors and Supervisors, implementation of opinions and suggestions of Directors and Supervisors and regulatory documents, and organizing a wealth of performance activities.

The Bank adopts the principles and code provisions set out in the Corporate Governance Code as our corporate governance code and the benchmark for corporate governance. The Bank has fulfilled the requirements of the Regulations Governing Commercial Banks and Corporate Governance in the PRC and has established a good corporate governance system.

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

During the reporting period, the Bank strictly complied with the provisions in Part 2 of the Corporate Governance Code in Appendix C1 to the Listing Rules and, where appropriate, adopted the proposed best practices. To the knowledge of our Directors, there is no information showing that the Bank failed to comply with the provisions contained in Part 2 of the Corporate Governance Code during the reporting period.





# Corporate Governance Report

## 3. HOLDING OF SHAREHOLDERS' GENERAL MEETINGS DURING THE REPORTING PERIOD

During the reporting period, the Bank held a total of five shareholders' general meetings (including two shareholders class meetings). Details are set out as follows:

- (1) On February 7, 2023, the Bank convened the 2023 first extraordinary general meeting, the 2023 first Domestic Shareholders class meeting and the 2023 first H Shareholders class meeting at Bank of Jiujiang Mansion.

Shareholders and authorized proxies who were entitled to vote at the 2023 first extraordinary general meeting held a total of 1,827,708,851 Shares, representing approximately 84.81% of the total number of Shares with voting rights of the Bank. The meeting deliberated on and adopted a total of 11 proposals, including the "Proposal in relation to the non-public issuance of Domestic Shares under Specific Mandate", the "Proposal in relation to the non-public issuance of H Shares under Specific Mandate", the "Proposal in relation to grant of authority to the Board to handle matters in relation to the non-public issuance of Domestic Shares and H Shares", "Proposal in relation to the change of the registered capital of the Bank upon completion of the Issuance" and the "Proposal in relation to the proposed amendments to the Articles of Association of the Bank", etc.

Shareholders and authorized proxies who were entitled to vote at the 2023 first Domestic Shareholders class meeting held a total of 1,689,734,251 Domestic Shares, representing approximately 96.68% of the total number of Domestic Shares with voting rights of the Bank. The meeting deliberated on and adopted a total of 3 proposals, including the "Proposal in relation to the non-public issuance of Domestic Shares under Specific Mandate", the "Proposal in relation to the non-public issuance of H Shares under Specific Mandate" and the "Proposal in relation to grant of authority to the Board to handle matters in relation to the non-public issuance of Domestic Shares and H Shares".

Shareholders and authorized proxies who were entitled to vote at the 2023 first H Shareholders class meeting held a total of 137,974,600 H Shares, representing approximately 33.87% of the total number of H Shares with voting rights of the Bank. The meeting deliberated on and adopted a total of 3 proposals, including the "Proposal in relation to the non-public issuance of Domestic Shares under Specific Mandate", the "Proposal in relation to the non-public issuance of H Shares under Specific Mandate" and the "Proposal in relation to grant of authority to the Board to handle matters in relation to the non-public issuance of Domestic Shares and H Shares".



# Corporate Governance Report

- (2) On June 29, 2023, the Bank held the 2022 annual general meeting at the Bank of Jiujiang Mansion.

Shareholders and authorized proxies who were entitled to vote at the 2022 annual general meeting held a total of 1,700,419,151 Shares, representing approximately 78.90% of the total number of Shares with voting rights of the Bank. The meeting deliberated on and adopted a total of 20 proposals, including the “Proposal of Deliberating on the 2022 Report of the Board of Directors of Bank of Jiujiang Co., Ltd.”, the “Proposal of Deliberating on the 2022 Report of the Board of Supervisors of Bank of Jiujiang Co., Ltd.”, the “Proposal of Deliberating on the 2022 Annual Report of Bank of Jiujiang Co., Ltd.” and the “Proposal of Deliberating on the 2022 Final Financial Accounts of Bank of Jiujiang Co., Ltd.”.

- (3) On September 25, 2023, the Bank held the 2023 second extraordinary general meeting at the Bank of Jiujiang Mansion.

Shareholders and authorized proxies who were entitled to vote at the 2023 second extraordinary general meeting held a total of 1,691,845,951 Shares, representing approximately 65.20% of the total number of Shares with voting rights of the Bank. The meeting deliberated on and adopted a total of 2 proposals, including the “Proposal in relation to the change of the registered capital of the Bank” and “Proposal in relation to the proposed formulation of the Articles of Association which will be applicable and effective upon the completion of the Issuance”.

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

Meeting	Type of meeting	Participation ratio		Convening date	Disclosure date	Disclosure index
		of investors				
2023 first extraordinary general meeting	Extraordinary general meeting	84.81%		February 7, 2023	February 7, 2023	Official websites of the Hong Kong Stock Exchange and the Bank
2023 first Domestic Shareholders class meeting	Extraordinary general meeting	96.68%		February 7, 2023	February 7, 2023	Official websites of the Hong Kong Stock Exchange and the Bank
2023 first H Shareholders class meeting	Extraordinary general meeting	33.87%		February 7, 2023	February 7, 2023	Official websites of the Hong Kong Stock Exchange and the Bank
2022 annual general meeting	Annual general meeting	78.90%		June 29, 2023	June 29, 2023	Official websites of the Hong Kong Stock Exchange and the Bank
2023 second extraordinary general meeting	Extraordinary general meeting	65.20%		September 25, 2023	September 25, 2023	Official websites of the Hong Kong Stock Exchange and the Bank



# Corporate Governance Report

## 4 BOARD OF DIRECTORS

### 4.1 Operation of Board of Directors

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

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

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

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

The Board is also responsible for formulating corporate governance policies of the Bank, and performing its duties in accordance with Code A.2.1 set out in Part 2 of the Corporate Governance Code, formulating and reviewing the Bank's policies and corporate governance practices, reviewing and monitoring training and continuous professional development of Directors, Supervisors and the senior management, reviewing and monitoring the Bank's compliance with the policies and practices as stipulated in laws and regulatory provisions, and reviewing the Bank's compliance with the Code and disclosures within the Corporate Governance Report.

### 4.2 Members of Board of Directors

As at the end of the reporting period, the Board consisted of 11 Directors, including 3 executive Directors, namely Mr. ZHOU Shixin (Chairman), Mr. XIAO Jing (Vice Chairman) and Mr. YUAN Delei, 4 non-executive Directors, namely Mr. LUO Feng, Mr. SHI Zhishan, Ms. ZHOU Miao and Mr. LIU Yanan, as well as 4 independent non-executive Directors, namely Ms. WANG Wanqiu, Mr. ZHANG Yonghong, Mr. TIAN Li, Mr. GUO Jiequn.

# Corporate Governance Report

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

## 4.3 Changes in and Remuneration of Members of Board of Directors

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

## 4.4 Board Diversity Policy

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

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

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

The Bank seeks diversity of members from multiple perspectives in designing the composition of the Board, including gender, age, cultural and education background, as well as professional experience. As at the publish date of this annual report, the Board consists of 11 Directors, of whom two are female; four are aged 40 to 49, seven are aged 50 to 59. Directors are with an extensive background in fields such as finance, accounting, audit, economics and management, while some of them have multiple professional backgrounds.

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

For details of the staff composition of the Bank, please refer to the section headed “Information on Directors, Supervisors, Senior Management, Staff and Institution” in this annual report.



# Corporate Governance Report

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

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

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

## 4.6 Duties and Powers of the Board of Directors

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

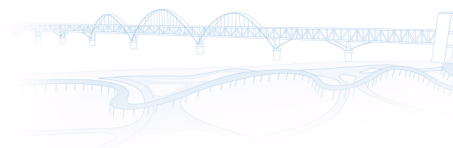
- (1) to convene Shareholders' General Meetings and to report on its duty performance to shareholders at the shareholders' general meetings;
- (2) to implement the resolutions of the Shareholders' General Meetings;
- (3) to listen to and consider the work reports of our president;
- (4) to decide on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

# Corporate Governance Report

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

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

- (1) to formulate the Bank's business development strategies and supervise the implementation thereof;
- (2) to assume ultimate responsibilities of comprehensive risk management, including the establishment of risk culture, the formulation of risk management policies, and the setting of risk appetite, risk tolerance and risk limit;
- (3) to formulate internal control policies, to ensure the establishment and implementation of a fully effective internal control system, which guarantees the Bank operates prudently within the legal and policy framework;
- (4) to formulate capital plans and assume ultimate responsibility for capital management;
- (5) to regularly evaluate and improve the corporate governance structure, internal control and risk management system of the Bank;
- (6) to manage the information disclosure matters of the Bank and bear the ultimate liability of the authenticity, accuracy, completeness, and timeliness of the Bank's accounting and financial report;



# Corporate Governance Report

- (7) to supervise and ensure that senior management effectively performs its management responsibilities, in particular compliance management, risk management and internal control management;
- (8) to safeguard the legitimate rights and interests of the depositors and other stakeholders;
- (9) to establish a mechanism for identifying, reviewing and managing the conflicts of interest between the Bank and its shareholders, especially substantial shareholders;
- (10) to formulate the Bank's data strategy, approve or authorize the approval of major issues in relation to data governance, urge senior management to improve the effectiveness of data governance, and assume ultimate responsibility for data governance;
- (11) to be responsible for considering and reviewing the Bank's anti-money laundering and counter terrorist financing policies, supervise the implementation of anti-money laundering and counter terrorist financing policies, and be ultimately responsible for the Bank's anti-money laundering and counter terrorist financing work;
- (12) to take the ultimate responsibility for Internet loan risk management.

## 4.7 Responsibilities of Directors

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

Directors have confirmed that they are responsible for the Bank's financial statements for the year ended December 31, 2023. Directors are responsible for overseeing the financial reports for each accounting period so that the financial reports truly and fairly reflect the Bank's operation conditions. In preparing the financial statements for the year ended December 31, 2023, Directors have selected the applicable accounting policies and applied them consistently, and have made prudent and reasonable judgments. With the assistance of accounting and finance personnel, Directors ensure that the Bank prepares financial statements in accordance with statutory requirements and applicable financial reporting standards.



# Corporate Governance Report

## 4.8 Board Meetings and Attendance of Directors

During the reporting period, the Bank held a total of 12 Board meetings which considered and approved 127 resolutions.

### Particulars of convening of Board meetings

Meeting	Date	Form
The 23rd Meeting of the sixth session of the Board	March 6, 2023	Correspondence meeting
The 24th Meeting of the sixth session of the Board	March 30, 2023	On-site meeting
The 25th Meeting of the sixth session of the Board	April 28, 2023	Correspondence meeting
The 26th Meeting of the sixth session of the Board	May 29, 2023	On-site meeting
The 27th Meeting of the sixth session of the Board	June 10, 2023	Correspondence meeting
The 1st Meeting of the seventh session of the Board	June 29, 2023	On-site meeting
The 2nd Meeting of the seventh session of the Board	August 14, 2023	Correspondence meeting
The 3rd Meeting of the seventh session of the Board	August 31, 2023	On-site meeting
The 4th Meeting of the seventh session of the Board	September 25, 2023	On-site meeting
The 5th Meeting of the seventh session of the Board	November 15, 2023	Correspondence meeting
The 6th Meeting of the seventh session of the Board	December 19, 2023	On-site meeting
The 7th Meeting of the seventh session of the Board	December 21, 2023	Correspondence meeting

### Particulars of attendance of Directors at Board meetings

	Expected attendance	Attendance in person	Attendance by proxy	Rate of attendance in person of Board meetings	Rate of attendance of Board meetings
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#### Members of Board of Directors

ZHOU Shixin <sup>1</sup>	5	5	0	100%	100%
XIAO Jing <sup>1,2</sup>	8	8	0	100%	100%
YUAN Delei	12	12	0	100%	100%
LUO Feng <sup>1</sup>	5	5	0	100%	100%
SHI Zhishan	12	12	0	100%	100%
ZHOU Miao <sup>1</sup>	5	5	0	100%	100%
LIU Yanan <sup>1</sup>	5	5	0	100%	100%
WANG Wanqiu <sup>1</sup>	5	5	0	100%	100%
TIAN Li <sup>1</sup>	5	5	0	100%	100%
ZHANG Yonghong <sup>1</sup>	5	5	0	100%	100%
GUO Jiequn <sup>1</sup>	5	5	0	100%	100%

#### Former Directors

PAN Ming <sup>3</sup>	5	5	0	100%	100%
ZENG Huasheng <sup>3</sup>	7	7	0	100%	100%
LI Jianbao <sup>3</sup>	7	7	0	100%	100%
CHUA Alvin Cheng-Hock <sup>3</sup>	5	5	0	100%	100%
GAO Yuhui <sup>3</sup>	7	7	0	100%	100%
QUAN Ze <sup>3</sup>	7	7	0	100%	100%
YANG Tao <sup>3</sup>	7	7	0	100%	100%



# Corporate Governance Report

## Notes:

1. Approved by the national financial regulatory institution, Mr. ZHOU Shixin has been appointed as the Chairman and an Executive Director of the Bank since September 19, 2023, Mr. XIAO Jing has been appointed as a Vice Chairman of the Bank since September 19, 2023, Mr. LUO Feng, Ms. ZHOU Miao and Mr. LIU Yinan have been appointed as Non-executive Directors of the Bank since September 19, 2023, Ms. WANG Wanqiu, Mr. ZHANG Yonghong, Mr. TIAN Li and Mr. GUO Jiequn have been appointed as independent non-executive Directors of the Bank since September 19, 2023;
2. Approved by the national financial regulatory institution, Mr. XIAO Jing has been appointed as an Executive Director of the Bank since May 30, 2023;
3. Due to the re-election of the Board, Mr. ZENG Huasheng, Mr. LI Jianbao, Ms. GAO Yuhui, Mr. QUAN Ze and Mr. YANG Tao resigned as Directors of the Bank in September 2023, and Mr. PAN Ming and Mr. CHUA Alvin Cheng-Hock resigned as Directors of the Bank in June 2023;
4. The seventh session of the Board was elected by the Bank on June 29, 2023. After obtaining the approval of the qualifications as directors from the national financial regulatory institution on September 19, 2023, the composition of the independent non-executive Directors, the Audit Committee and the Nomination and Remuneration Committee of the Bank has complied with the relevant requirements under Rule 3.10, Rule 3.10A, Rule 3.21, Rule 3.25 and Rule 3.27A of the Listing Rules.

## 4.9 Attendance at General Meetings during the Reporting Period

During the reporting period, the Bank held a total of five general meetings (including two class shareholders' general meetings). The specific participation details are as follows:

At the first extraordinary general meeting in 2023 (including the class meeting of domestic shares and H shares), Mr. YUAN Delei, an Executive Director, attended the meeting, while the remaining Directors were unable to attend the general meeting personally due to the work;

At the 2022 annual general meeting, Mr. XIAO Jing and Mr. YUAN Delei as Executive Directors and Mr. CHUA Alvin Cheng-Hock as independent non-executive Director attended the meeting, while the remaining Directors were unable to attend due to other official business.

At the second extraordinary general meeting in 2023, Mr. ZHOU Shixin as Chairman of the Board, Mr. XIAO Jing as Vice Chairman of the Board, Mr. YUAN Delei as executive Director, Mr. LUO Feng and Ms. ZHOU Miao as non-executive Directors, Ms. WANG Wanqiu, Mr. TIAN Li, Mr. ZHANG Yonghong and Mr. GUO Jiequn as independent non-executive Directors, attended the meeting, while the remaining Directors were unable to attend due to other official business.

## 4.10 Performance of Independent Non-executive Directors

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

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

# Corporate Governance Report

During the reporting period, independent non-executive Directors expressed their independent opinions on major issues, including the Bank's nomination, appointment and dismissal of Directors, and appointment and dismissal of senior management personnel, remuneration of Directors and senior management personnel, substantial related transactions, profit distribution plans, appointment or dismissal of the accounting firm who is engaged to conduct periodic statutory audits on the Bank's financial reports etc.

## 5. SPECIAL COMMITTEES UNDER THE BOARD OF DIRECTORS

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

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

### 5.1 Audit Committee

During the reporting period, the 6th session of the Audit Committee under the Board of the Bank was composed of one non-executive Director and two independent non-executive Directors, and the 7th session of the Audit Committee under the Board was comprised of three independent non-executive Directors, the details of the composition are set out below.

	Chairperson	Member
Member of the 6th session of the Audit Committee under the Board	CHUA Alvin Cheng-Hock	LI Jianbao GAO Yuhui
Member of the 7th session of the Audit Committee under the Board	GUO Jiequn	WANG Wanqiu TIAN Li

The primary responsibilities of the Audit Committee are:

- (I) to review the financial and accounting policies and practices, financial position and financial reporting procedures of the Bank;
- (II) to review the important regulations related to internal audit and submit to the Board of Directors for approval;
- (III) to review and approve medium and long-term audit plans and annual audit plans, and to guide, assess and evaluate internal audit work;



# Corporate Governance Report

- (IV) to review internal audit related reports and report to the Board of Directors, including:
- (1) to listen to the audit reports on capital adequacy management and implementation of internal capital adequacy assessment procedures;
  - (2) to examine the risks and compliance of the Bank, review the internal audit report on overall risk management, and to review the internal audit report on liquidity risk, market risk, operational risk, information technology risk and country risk;
  - (3) to review the special audit report on the formulation and implementation of the remuneration system;
  - (4) to review special audit report of ongoing operational management of the Bank;
  - (5) to review special audit report on related transactions;
  - (6) to review internal audit report on risk classification systems, procedures and implementation;
  - (7) to review other internal audit report in accordance with laws, regulations and regulatory requirements.
- (V) to supervise the internal audit of the Bank, to produce semi-annually audit reports to the Board and to improve the effectiveness of internal audit;
- (VI) to review the effectiveness of internal audit, quality of external audit and transparency of information disclosure in the implementation of expected credit loss method;
- (VII) to be responsible for the annual audit of the Bank, to monitor the completeness of the Bank's financial statements, annual reports and accounts and semi-annual reports, to review significant opinions on financial reporting contained in the financial statements and reports, and to produce a conclusive report on the truthfulness, accuracy, completeness and timeliness of information on the audited financial report to the Board for review; the Audit Committee shall review the following items prior to submitting related statements and reports to the Board:
- (1) any modifications to the accounting policies and practices;
  - (2) any information involving important judgments;
  - (3) major adjustments arising from auditing;
  - (4) assumptions and any qualified opinions on corporate continuing operations;
  - (5) compliance with accounting principles; and
  - (6) compliance with listing rules, laws and regulations in relation to financial reporting.

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

# Corporate Governance Report

- (VIII) to deal with all matters in relation to external auditors:
- (1) to comment on the appointment, reappointment and removal of external auditors to the Board, approve the remuneration and terms of appointment for external auditors, and handle any issues pertaining to the resignation or dismissal of the auditor;
  - (2) the Audit Committee shall discuss with auditors the nature and scope of auditing and related responsibilities for declaration prior to the commencement of auditing, as well as review and monitor the independence and objectivity of external auditors and the effectiveness of auditing procedures in accordance with applicable standards;
  - (3) to formulate and implement policies with regard to external auditors' provision of non-auditing services. For the purpose of the Terms of Reference, "external auditors" include any organization under the same control, ownership or administration rights as the company in charge of auditing, or any organization that enables any third party with reasonable access to all related information to conclude, under reasonable circumstances, that the organization is a part of the company in charge of auditing, either in the local or international business. The Audit Committee shall report any issues requiring actions or improvements to the Board and table proposals; and
  - (4) to act as the chief representative between the Bank and external auditors and be responsible for supervising the relationship between the two.
- (IX) to review the financial control, risk management and internal control system of the Bank, including:
- (1) to exchange ideas with the management with regard to risk management and internal control system to ensure that the management has fulfilled their duties and set up an effective system. Such exchanges should cover the resources available for accounting and financial reporting of the Bank, the competence of employees in terms of qualification and experience, and the sufficiency of training courses received by employees and related budget;
  - (2) to initiate or as appointed by the Board to conduct research on the key findings in relation to the risk management and internal control matters as well as the management's response to the findings;
  - (3) to ensure the coordination between internal and external auditors if the Bank has an internal auditing process in place, as well as the resources availability for and the appropriateness of the internal auditing process, and review and supervise its effectiveness;
  - (4) to examine the Auditing Description Letter submitted by external auditors to the management, and management's responses to any significant doubts raised by the auditor regarding accounting records, financial accounts or control system;
  - (5) to ensure the Board timely responds to the issues highlighted in the Auditing Description Letter submitted by external auditors to the management;
  - (6) to report to the Board;



# Corporate Governance Report

- (7) to review the following arrangements set by the Bank: the employees of the Bank can secretly raise concerns regarding possible misconduct in financial reporting, internal control or other aspects. The Audit Committee shall make appropriate arrangements to allow the Bank to conduct independent and fair investigations on such issues and take proper actions.
- (X) to deal with other matters authorized by the Board, and stipulated in the Articles of Association and regulatory provisions.

During the reporting period, the Audit Committee convened a total of seven meetings and considered and approved the “2022 China Accounting Standards for Business Enterprises and International Financial Reporting Standards Financial Statements and Audit Reports of Bank of Jiujiang Co., Ltd.”, the “Proposal in relation to the Engagement of 2023 Accounting Firms”, the “Proposal relation to the Consideration and Review of the 2023 Interim Results and Interim Report of Bank of Jiujiang Co., Ltd.” and other proposals. In addition, the Audit Committee organized two meetings with auditors of our Bank to discuss audit issues.

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

	Expected attendance	Attendance in person	Attendance by proxy	Rate of attendance in person
<b>Member of the 6th session of the Audit Committee under the Board</b>				
CHUA Alvin Cheng-Hock	3	3	0	100%
GAO Yuhui	4	4	0	100%
LI Jianbao	4	4	0	100%
<b>Member of the 7th session of the Audit Committee under the Board</b>				
GUO Jiequn	3	3	0	100%
WANG Wanqiu	3	3	0	100%
TIAN Li	3	3	0	100%



# Corporate Governance Report

## 5.2 Related Party Transactions Control Committee

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

	Chairperson	Member
Member of the 6th session of the Related Party Transactions Control Committee under the Board	GAO Yuhui	YUAN Delei CHUA Alvin Cheng-Hock
Member of the 7th session of the Related Party Transactions Control Committee under the Board	ZHANG Yonghong	YUAN Delei GUO Jiequn

The primary responsibilities of the Related Party Transactions Control Committee are as follows:

- (1) to review major related party transactions and submit to the Board of Directors for approval;
- (2) to receive filings of general related party transactions;
- (3) to review annually the special report on the overall situation of related party transactions and submit to the Board of Directors for approval;
- (4) to supervise the management of related party information file, the control of related party transactions, accountability for related party transactions, and the execution of the related party transaction control system of the Bank, review the quarterly reports on related party transactions and report the same to the Board;
- (5) to review the related party transaction control system of the Bank, and submit to the Board of Directors for approval;
- (6) to deal with other matters authorized by the Board, and stipulated in the Articles of Association and regulatory provisions.

During the reporting period, the Related Party Transactions Control Committee convened a total of seven meetings, and considered and approved the “Proposal in relation to the Consideration of the 2022 Related Party Transactions Report of Bank of Jiujiang Co., Ltd.”, the “Proposal in relation to the Consideration of the Estimated Amount of the Related Party Transactions of Bank of Jiujiang Co., Ltd. for the Year 2023” and other proposals.



# Corporate Governance Report

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

	Expected attendance	Attendance in person	Attendance by proxy	Rate of attendance in person
<b>Member of the 6th session of the Related Party Transactions Control Committee under the Board</b>				
GAO Yuhui	3	3	0	100%
Chua Alvin Cheng-Hock	3	3	0	100%
YUAN Delei	3	3	0	100%
<b>Member of the 7th session of the Related Party Transactions Control Committee under the Board</b>				
ZHANG Yonghong	4	4	0	100%
YUAN Delei	4	4	0	100%
GUO Jiequn	4	4	0	100%

## 5.3 Risk Management Committee

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

	Chairperson	Member
Member of the 6th session of the Risk Management Committee under the Board	YUAN Delei	GAO Yuhui CHUA Alvin Cheng-Hock
Member of the 7th session of the Risk Management Committee under the Board	XIAO Jing	TIAN Li ZHANG Yonghong



# Corporate Governance Report

The primary responsibilities of the Risk Management Committee are as follows:

- (1) to review bank-wide risk management policies and procedures based on our overall strategies, and submit to the Board of Directors for approval;
- (2) to supervise the senior management to carry out comprehensive risk management, consider the comprehensive risk report of the Bank, supervise and evaluate the control of, and implementation of measures against credit risk, liquidity risk, market risk, information technology risk, reputational risk, environmental social and governance risk, country risk and other risks, so as to ensure the effective execution of the risk management system and procedures, and report to the Board. Specifically, the specific responsibilities for the market risk, liquidity risk and reputational risk include:
  - (1) to urge senior management to undertake necessary measures to identify, measure, monitor and control market risk, obtain periodic reports associated with nature and level of market risk, monitor and evaluate the comprehensiveness and effectiveness of market risk management, and performance of senior management under market risk management;
  - (2) to continuously pay attention to liquidity risk profile, regularly obtain liquidity risk reports, and timely learn about liquidity risk level, management status and material changes thereof; monitor the senior management to undertake effective management and control of liquidity risk;
  - (3) to supervise the senior management for daily reputational risk management and periodically hear reports in respect of reputational risk management. Where reputation events result in significant losses to the body and the industry, significant market fluctuations, systemic risks or affect the stability of the social and economic order, the Risk Management Committee under the Board of Directors shall submit corresponding reports to the Board of Directors;
- (3) to review the risk management policies, risk appetite and risk limit of the Bank, and submit to the Board of Directors for approval;
- (4) to supervise the senior management to effectively manage the stress test, review stress test reports that have material impact upon the review and approval of the senior management, understand the key assumptions of stress test, pay attention to the results of stress test and its impact, review the subsequent major improvement measures, understand the risk mitigation effects of the improvement measures, and consider the results of stress test when determining the Bank's risk preference and risk management objectives;
- (5) to supervise the senior management to fully implement the management system related to the implementation of the expected credit loss method, review and approve the important policies, important models and key parameters related to the implementation of the expected credit loss method, and listen to reports on the management of the expected credit loss method;
- (6) to review recovery and disposal plans and submit to the Board of Directors for approval;
- (7) to deal with other matters authorized by the Board, and stipulated in the Articles of Association and regulatory provisions.



# Corporate Governance Report

During the reporting period, the Risk Management Committee convened a total of nine meetings, and considered and approved the “Proposal in relation to the Consideration of the Overall Risk Management Report of Bank of Jiujiang for the Year 2022”, the “Proposal in relation to the Consideration of the Report on the Risk Appetite and Limit Runs of Bank of Jiujiang for 2022”, the “Proposal in relation to the Consideration of the Risk Strategy Implementation Points of Bank of Jiujiang for 2023”, the “Proposal in relation to the Consideration of the Risk Appetite Statement of Bank of Jiujiang for 2023” and the “Proposal in relation to the Consideration of the Risk Limit Management Programme of Bank of Jiujiang for 2023” and other proposals.

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

	Expected attendance	Attendance in person	Attendance by proxy	Rate of attendance in person
<b>Member of the 6th session of the Risk Management Committee under the Board</b>				
YUAN Delei	6	6	0	100%
GAO Yuhui	6	6	0	100%
CHUA Alvin Cheng-Hock	5	5	0	100%
<b>Member of the 7th session of the Risk Management Committee under the Board</b>				
XIAO Jing	3	3	0	100%
TIAN Li	3	3	0	100%
ZHANG Yonghong	3	3	0	100%

## 5.4 Nomination and Remuneration Committee

During the reporting period, the 6th session of the Nomination and Remuneration Committee under the Board of our Bank was composed of one executive Director and two independent non-executive Directors, the 7th session of the Nomination and Remuneration Committee under the Board of our Bank was composed of three independent non-executive Directors, the details of the composition are set out below.

	Chairperson	Member
Member of the 6th session of the Nomination and Remuneration Committee under the Board	YANG Tao	PAN Ming QUAN Ze
Member of the 7th session of the Nomination and Remuneration Committee under the Board	TIAN Li	ZHANG Yonghong GUO Jiequn

# Corporate Governance Report

The primary responsibilities of the Nomination and Remuneration Committee are:

- (1) to develop the procedures and standards for the appointment of Directors and senior management, identify the persons who may serve as Directors, select and nominate such persons for appointment as Directors or to make recommendations thereon to the Board;
- (2) to conduct a preliminary assessment of the qualifications of Directors and senior management, and make recommendations thereon to the Board;
- (3) to review the compensation management system and policies of the Bank and submit them to the Board for review;
- (4) to develop remuneration plans for Directors and senior management and make recommendations on remuneration plans to the Board, also supervise the implementation of remuneration plans;
- (5) to review the performance evaluation system and indicator system;
- (6) to preliminarily review the annual summary of performance-based resource deductions and mid- and long-term incentive payments, also submit to the Board of Directors for review;
- (7) to review the performance evaluation methods of Directors and senior management, and the performance evaluation reports carried out and formed in accordance with the performance evaluation methods, and submit to the Board for review;
- (8) to review at least once a year the structure, size and composition (including such aspects as education background, skills, knowledge and experience) of the Board of Directors and make recommendations on any proposed changes to the Board of Directors to complement the corporate strategies of the Bank;
- (9) to assess the independence of independent Directors;
- (10) to make recommendations to the Board of Directors on the appointment or re-appointment and succession planning for Directors (in particular, the Chairman and the Chief Executive Officer);
- (11) to make recommendations to the Board of Directors on the Bank's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (12) to review and approve recommendations on remuneration of the senior management in line with the corporate directions and objectives charted by the Board of Directors;
- (13) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions for other positions within the Group;
- (14) to review and approve compensation payable to executive Directors and senior management for their loss or termination of office or appointment to ensure such compensation conforms with contractual terms and is fair, reasonable and not excessive in case of any inconformity;
- (15) to review and approve compensation arrangements relating to dismissal or removal of related Directors for misconduct to ensure such arrangements conform with contractual terms and are reasonable and appropriate in case of any inconformity;

# Corporate Governance Report

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

## Director Nomination Policy:

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

- (1) Candidates for Directors and Supervisors who are not staff representatives shall be nominated by the Nomination and Remuneration Committee of the Board or Nomination Committee of the Board of Supervisors respectively, and the number of such persons to be elected shall be within the number of persons of the Board of Directors and the Board of Supervisors stipulated in these Articles. Shareholders individually or in aggregate holding 3% or more of the Bank's total voting shares may propose candidates for Directors to the Board or candidates for Supervisors to the Board of Supervisors; The same shareholder and his/her/its associates shall not nominate a candidate for a Director and another candidate for a Supervisor at the shareholders' general meeting; if the candidate for a Director (or Supervisor) nominated by such shareholder and his/her/its associates is appointed as a Director (or Supervisor), the shareholder shall not nominate any candidate for Supervisor (or Director) prior to the expiry of the term of office or change of such person. The number of Directors (or Supervisors) nominated by any same shareholder and his/her/its associates in principle shall not exceed one third of the total number of the members of the Board (or Board of Supervisors). Such shareholder and his/her/its associates shall only nominate one candidate for independent Director or external Supervisor, and shall not nominate candidates for both independent Director and external Supervisor;
- (2) The Nomination and Remuneration Committee of the Board and the Nomination Committee of the Board of Supervisors shall conduct preliminary assessment of the qualifications and conditions of the candidates for Directors and Supervisors respectively and/or propose the candidates passing such assessment to the Board, Board of Supervisors for consideration respectively; and propose them to the shareholders' general meeting by way of written resolutions after they are considered and approved by the Board and/or Board of Supervisors;
- (3) The candidates for Directors and Supervisors shall, before the convening of the shareholders' general meeting, make written undertakings, express their consent to their nomination, confirm the truthfulness and completeness of their publicly disclosed information and undertake that they will duly perform their duties upon election;
- (4) The Board shall disclose the details of the Director candidates to the shareholders in accordance with the laws, administrative regulations and the Articles of Association before the shareholders' general meeting to ensure that shareholders will have adequate understanding of the candidates when they cast their votes;
- (5) Voting on each candidate for Directors and Supervisors shall be carried out at the shareholders' general meeting separately; and

# Corporate Governance Report

- (6) When an additional Director or Supervisor is temporarily nominated, the Nomination and Remuneration Committee of the Board, the Nomination Committee of the Board of Supervisors or the shareholders satisfying the conditions for making such nomination may propose a candidate to the Board or the Board of Supervisors for consideration, and to the shareholders' general meeting for election or replacement.

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

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

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

During the reporting period, the Nomination and Remuneration Committee convened a total of five meetings, and considered and approved the "Proposal on Amendments of the Allowance System for the Independent Directors of the Bank of Jiujiang Co., Ltd.", the "Proposal in relation to the Consideration of the 2022 Evaluation Report on the Performance of Duties of Directors and Senior Management from the Board of Directors of Bank of Jiujiang Co., Ltd.", the "Proposal in relation to the Consideration of the Implementation of Performance-based Resource Deductions of Bank of Jiujiang for the Year 2022" and the "Proposal in relation to the Consideration of the Annual Bonus Distribution Measures of Bank of Jiujiang for the Year 2023" and other proposals, formulated relevant remuneration policies for Directors and evaluated the performance of the executive Directors.



# Corporate Governance Report

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

	Expected attendance	Attendance in person	Attendance by proxy	Rate of attendance in person
<b>Member of the 6th session of the Nomination and Remuneration Committee under the Board</b>				
YANG Tao	3	3	0	100%
QUAN Ze	3	3	0	100%
PAN Ming	3	3	0	100%
<b>Member of the 7th session of the Nomination and Remuneration Committee under the Board</b>				
TIAN Li	2	2	0	100%
ZHANG Yonghong	2	2	0	100%
GUO Jiequn	2	2	0	100%

## 5.5 Strategy Committee

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

	Chairperson	Member
Member of the 6th session of the Strategy Committee under the Board	PAN Ming	ZENG Huasheng SHI Zhishan
Member of the 7th session of the Strategy Committee under the Board	ZHOU Shixin	LUO Feng SHI Zhishan

The primary responsibilities of the Strategy Committee are as follows:

- (1) to formulate preliminary proposals for the Bank in respect of increase or reduction of registered capital, issue of bonds or other securities and the listing thereof, and submit to the Board of Directors for review;
- (2) to formulate preliminary development strategies and special strategic plans, supervise the implementation of the strategies and submit the relevant strategic plans and reports to the Board of Directors for review;



# Corporate Governance Report

- (3) to formulate preliminary proposals for material acquisitions, acquisition of shares of the Bank, or merger, division, dissolution, liquidation or transformation of the Bank, and submit to the Board of Directors for review;
- (4) to consider matters of external investment, acquisition and disposal of assets that should be submitted to the Board of Directors for review, in accordance with laws and regulations, regulatory requirements and the Articles of Association;
- (5) to consider the annual financial budgets, final accounts, profit distribution plans and plans for recovery of losses, and submit to the Board of Directors for review;
- (6) to consider the establishment of internal management departments, major corporate restructuring and adjustment proposals and institutional development plans, and submit to the Board of Directors for review;
- (7) to consider the capital adequacy ratio management plans, capital adequacy ratio management reports and internal capital adequacy assessment reports, and submit to the Board of Directors for review;
- (8) to regularly evaluate the corporate governance of the Bank, and submit to the Board of Directors;
- (9) to be responsible for green finance and supervise and evaluate the implementation of the Bank's green finance development strategy;
- (10) to review reports in relation to data governance;
- (11) to deal with other matters authorized by the Board and stipulated in the Articles of Association and regulatory provisions.

During the reporting period, the Strategy Committee convened a total of eight meetings, and considered and approved the "Proposal in relation to the Consideration of the Report of the Board of Bank of Jiujiang Co., Ltd. for the Year 2022", the "Proposal in relation to the Consideration of the 2022 Work Report of the President of Bank of Jiujiang Co., Ltd.", the "Proposal in relation to the Consideration of the 2022 Evaluation Report of Shareholders of Bank of Jiujiang Co., Ltd." and other proposals.



# Corporate Governance Report

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

	Expected attendance	Attendance in person	Attendance by proxy	Rate of attendance in person
<b>Member of the 6th session of the Strategy Committee under the Board</b>				
PAN Ming	5	5	0	100%
ZENG Huasheng	6	6	0	100%
SHI Zhishan	6	6	0	100%
<b>Member of the 7th session of the Strategy Committee under the Board</b>				
ZHOU Shixin	2	2	0	100%
LUO Feng	2	2	0	100%
SHI Zhishan	2	2	0	100%

## 5.6 Consumer Rights Protection Committee

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

	Chairperson	Member
Member of the 6th session of Consumer Rights Protection Committee under the Board	YUAN Delei	ZENG Huasheng SHI Zhishan
Member of the 7th session of Consumer Rights Protection Committee under the Board	YUAN Delei	LIU Yinan WANG Wanqiu

The primary responsibilities of the Consumer Rights Protection Committee include:

- (1) to formulate strategies, policies and objectives for the protection of consumer rights and interests related to the Bank, and to urge senior management to effectively perform and implement the relevant work;
- (2) to provide guidance and supervision on the establishment and improvement of the management system for the protection of consumer rights and interests;
- (3) to supervise and evaluate the comprehensiveness, timeliness and effectiveness of the Bank's protection of consumer rights and interests and the relevant performance of the senior management;



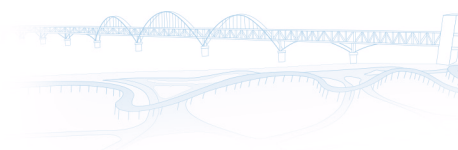
# Corporate Governance Report

- (4) to regularly receive special reports from senior management on the development of protection of consumer rights and interests of the Bank, to review the relevant special reports on protection of consumer rights and interests, to submit the relevant special reports to the Board, and to consider the relevant work as an important part of information disclosure;
- (5) to urge the senior management and the relevant departments to promptly and effectively rectify various issues identified in the audit and to supervise the implementation of such rectification as specified in the report;
- (6) to consider other significant issues related to protection of consumer rights and interests; and
- (7) to exercise other matters prescribed by the law, regulations, rules, regulatory documents, regulations and rules governing securities of the place where the shares of the Bank are listed, the Articles of Association and any other matters authorized by the Board.

During the reporting period, the Consumer Rights Protection Committee convened a total of two meetings, and considered and approved the “Proposal in relation to the Consideration of the Consumer Rights Protection Work Report of Bank of Jiujiang for the Year 2022” and the “Proposal in relation to the Consideration of the Consumer Rights Protection Work Report of Bank of Jiujiang for the First Half of 2023” and other proposals.

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

	Expected attendance	Attendance in person	Attendance by proxy	Rate of attendance in person
<b>Member of the 6th session of the Consumer Rights Protection Committee under the Board</b>				
YUAN Delei	1	1	0	100%
ZENG Huasheng	1	1	0	100%
SHI Zhishan	1	1	0	100%
<b>Member of the 7th session of the Consumer Rights Protection Committee under the Board</b>				
YUAN Delei	1	1	0	100%
LIU Yinan	1	1	0	100%
WANG Wanqiu	1	1	0	100%





# Corporate Governance Report

## 5.7 Compliance Management Committee

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

	Chairperson	Member
Member of the 6th session of Compliance Management Committee under the Board	LI Jianbao	QUAN Ze PAN Ming
Member of the 7th session of Compliance Management Committee under the Board	ZHOU Miao	YUAN Delei LIU Yinan

The primary responsibilities of the Compliance Management Committee include:

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

# Corporate Governance Report

- (11) to review the working report on incident prevention and to promote the establishment of case prevention systems;
- (12) to specify the duties and scope of authorization of senior management regarding case prevention, so as to ensure that senior management has adopted necessary measures for the effective monitoring, alert and handling of crises;
- (13) to assess the effectiveness of case prevention of the Bank, and to ensure the effective review and supervision of case prevention by the internal audit functions;
- (14) to review the code of conduct formulated by the Bank and detailed rules thereof, and to supervise the senior management in conducting behavior management of employees; and
- (15) other matters required by laws, regulations, rules, regulatory documents, rules governing securities of the place where the shares of the Bank are listed, the Articles of Association or authorized by the Board of Directors.

During the reporting period, the Compliance Management Committee convened a total of six meetings, and deliberated on and adopted the “Proposal of Deliberating on the 2022 Self-assessment Report of Internal control of Bank of Jiujiang”, the “Proposal of Deliberating on the Internal Control Assurance Report of Bank of Jiujiang Co., Ltd.”, the “Proposal of Deliberating on the 2022 Anti-Money Laundering Work Report and 2023 Work Plan of Bank of Jiujiang”, the “Proposal of Deliberating on the 2022 Case Prevention Report of Bank of Jiujiang”, the “Proposal of Deliberating on the 2022 Report on the Implementation of the Regulatory Opinions of Bank of Jiujiang”, the “Proposal of Deliberating on the 2022 Report on the Compliance Review Management of the Investment Business of Bank of Jiujiang” and other proposals.

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

	Expected attendance	Attendance in person	Attendance by proxy	Rate of attendance in person
<b>Member of the 6th session of the Compliance Management Committee under the Board</b>				
LI Jianbao	3	3	0	100%
QUAN Ze	3	3	0	100%
PAN Ming	3	3	0	100%
<b>Member of the 7th session of the Compliance Management Committee under the Board</b>				
ZHOU Miao	3	3	0	100%
YUAN Delei	3	3	0	100%
LIU Yinan	3	3	0	100%

# Corporate Governance Report

## 6. BOARD OF SUPERVISORS

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

### 6.1 Composition of the Board of Supervisors

The Board of Supervisors was composed of five Supervisors, including two employee Supervisors, namely Ms. LIAO Jingwen and Ms. YU Menglin, two external Supervisors, namely Mr. CHUA Alvin Cheng-Hock and Mr. TANG Xiaofeng, as well as one Shareholder Supervisor, namely Ms. CHEN Zhiying. The structure of the members of the Board of Supervisors is reasonable, with sufficient expertise and independence, which is able to ensure that the Board of Supervisors exert the supervisory functions effectively.

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

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

### 6.2 Changes in Members of the Board of Supervisors

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

### 6.3 Duties and Powers of the Board of Supervisors

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

- (1) to carry out review and give written review opinions on the regular reports on our Bank prepared by the Board;
- (2) to oversee the conduct of our Directors and senior management in performing their duties and propose removal of our Directors and senior management in the event of their non-compliance with the laws, administrative regulations, the Articles of Association or resolutions passed by the Shareholders' General Meetings;
- (3) to be responsible for the supervision of comprehensive risk management; supervise and review the performance of duties of the Board and senior management in respect of risk management and urge for rectification; and include supervision and inspection results in the work report of the Board of Supervisors;
- (4) to be responsible for supervision of internal control and management; supervise the efforts of the Board and senior management in improving the internal control mechanism; supervise the performance of internal control duties by the Board and the senior management;



# Corporate Governance Report

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

## 6.4 Operation of the Board of Supervisors

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

During the reporting period, the Board of Supervisors arranged and implemented the 2022 duty performance appraisal for the Board, Directors, senior management and its members, and Supervisors, and provided feedback to the Board and the senior management.

## 6.5 Meetings of the Board of Supervisors and Attendance of Supervisors

In 2023, our Bank held a total of 10 meetings of the Board of Supervisors at which 51 proposals were considered and approved and 72 reports were debriefed or reviewed.



# Corporate Governance Report

## Particulars of the convening of the Board of Supervisors meetings

Meeting	Date	Form
The 15th meeting of the sixth Session of the Board of Supervisors	March 30, 2023	On-site meeting
The 16th meeting of the sixth Session of the Board of Supervisors	April 28, 2023	On-site meeting
The 17th meeting of the sixth Session of the Board of Supervisors	May 29, 2023	On-site meeting
The 18th meeting of the sixth Session of the Board of Supervisors	June 10, 2023	Correspondence meeting
The 19th meeting of the sixth Session of the Board of Supervisors	June 28, 2023	Correspondence meeting
The 1st meeting of the seventh Session of the Board of Supervisors	June 29, 2023	On-site meeting
The 2nd meeting of the seventh Session of the Board of Supervisors	August 31, 2023	On-site meeting
The 3rd meeting of the seventh Session of the Board of Supervisors	September 25, 2023	On-site meeting
The 4th meeting of the seventh Session of the Board of Supervisors	November 22, 2023	Correspondence meeting
The 5th meeting of the seventh Session of the Board of Supervisors	December 19, 2023	On-site meeting

## Particulars of attendance of Supervisors at Board of Supervisors meetings

	Expected attendance	Attendance in person	Attendance by proxy	Rate of attendance in person	Rate of attendance
<b>Members of the Board of Supervisors</b>					
CHUA Alvin Cheng-Hock	5	5	0	100%	100%
TANG Xiaofeng	5	5	0	100%	100%
CHEN Zhiying	5	5	0	100%	100%
LIAO Jingwen	10	10	0	100%	100%
YU Menglin	5	5	0	100%	100%
<b>Resigned Supervisors</b>					
MEI Mengsheng <sup>1</sup>	8	6	0	75%	75%
GUO Jiequn	5	5	0	100%	100%
CHEN Chunxia	5	5	0	100%	100%
LIU Chunmei	5	5	0	100%	100%
WAN Dandan	5	5	0	100%	100%

### Note:

1. Mr. MEI Mengsheng submitted a resignation report on October 26, 2023, resigning from the chairman of the Board of Supervisors and the employee representative Supervisor.

# Corporate Governance Report

## 6.6 Attendance at Shareholders' General Meetings during the Reporting Period

During the reporting period, our Bank held a total of five Shareholders' General Meetings (including 2 class shareholders' general meetings). The Board of Supervisors designated representatives to attend the meeting who carried out on-site supervision on the compliance and legality of the reviewed proposals, meeting procedures and voting process.

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

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

## 6.8 Special Committees under the Board of Supervisors

### 6.8.1 Nomination Committee

The composition of the Nomination Committee under the Board of Supervisors of the Bank during the reporting period is set out below:

	Chairperson	Member
6th Session of the Nomination Committee under the Board of Supervisors	CHEN Chunxia	LIU Chunmei WAN Dandan
7th Session of the Nomination Committee under the Board of Supervisors	CHUA Alvin Cheng-Hock	CHEN Zhiying LIAO Jingwen

The primary responsibilities of the Nomination Committee include:

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



# Corporate Governance Report

During the reporting period, the Nomination Committee convened a total of eight meetings, and considered and approved the “2022 Evaluation Report on the Performance of Duties of Supervisors of Bank of Jiujiang Co., Ltd.”, “2022 Evaluation Report on the Performance of Duties of Directors and Senior Management from the Board of Supervisors of Bank of Jiujiang Co., Ltd.” and “2022 Report on the Remuneration Management Implementation of Bank of Jiujiang Co., Ltd.” and other proposals.

	Expected attendance	Attendance in person	Attendance by proxy	Rate of attendance in person
<b>Member of the 6th Session of the Nomination Committee under the Board of Supervisors</b>				
CHEN Chunxia	5	5	0	100%
LIU Chunmei	5	5	0	100%
WAN Dandan	5	5	0	100%
<b>Member of the 7th Session of the Nomination Committee under the Board of Supervisors</b>				
CHUA Alvin Cheng-Hock	3	3	0	100%
CHEN Zhiying	3	3	0	100%
LIAO Jingwen	3	3	0	100%

## 6.8.2 Supervisory Committee

The composition of the Supervisory Committee of the Bank’s Board of Supervisors during the reporting period is shown in the table below:

	Chairperson	Member
6th session of the Supervisory Committee under the Board of Supervisors	GUO Jiequn	LIAO Jingwen WAN Dandan
7th session of the Supervisory Committee under the Board of Supervisors	TANG Xiaofeng	LIAO Jingwen YU Menglin

The primary responsibilities of the Supervisory Committee include:

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

# Corporate Governance Report

During the reporting period, the Supervisory Committee convened a total of five meetings, and considered and approved the “Report on Liquidity Risk Management of Bank of Jiujiang Co., Ltd.”, “Report on management of employee acts of Bank of Jiujiang Co., Ltd.” and other proposals.

	Expected attendance	Attendance in person	Attendance by proxy	Rate of attendance in person
<b>Member of the 6th session of the Supervisory Committee under the Board of Supervisors</b>				
GUO Jiequn	2	2	0	100%
LIAO Jingwen	2	2	0	100%
WAN Dandan	2	2	0	100%
<b>Member of the 7th session of the Supervisory Committee under the Board of Supervisors</b>				
TANG Xiaofeng	3	3	0	100%
LIAO Jingwen	3	3	0	100%
YU Menglin	3	3	0	100%

## 7. TRAINING AND STUDIES UNDERTAKEN BY DIRECTORS AND SUPERVISORS DURING THE REPORTING PERIOD

Each Director of the Bank confirms that he/she has complied with Code Provision C.1.4 set out in the Part 2 of the Corporate Governance Code. In 2023, all of the Directors (i.e. Mr. ZHOU Shixin, Mr. XIAO Jing, Mr. YUAN Delei, Mr. LUO Feng, Mr. SHI Zhishan, Ms. ZHOU Miao, Mr. LIU Yinan, Ms. WANG Wanqiu, Mr. TIAN Li, Mr. ZHANG Yonghong and Mr. GUO Jiequn) and Supervisors participated in the training on Directors’ responsibilities of listed companies in Hong Kong, which was organized by the Bank, together with external law firms.

During the reporting period, the Bank continued to grasp the domestic and overseas laws and regulations and regulatory requirements related to the performance of its duties through the monthly reports of the Board of Directors (Supervisors), meetings and study sessions, notification of related materials as well as the study of regulatory regimes such as the “Measures for the Risk Classification of Financial Assets of Commercial Banks”, “Measures for the Administration of Consumer Rights Protection of Banking and Insurance Institutions” and the “Corporate Governance Guide for Boards and Directors Issued by Stock Exchange of Hong Kong”, so as to enhance the capability of performance of its duties.





# Corporate Governance Report

## 8. SENIOR MANAGEMENT

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

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

- (1) to be in charge of the operation and management of our Bank, organize and implement the resolutions of the Board and report his/her work to the Board;
- (2) to submit the operation plans and investment proposals to the Board and organize and implement the same upon approval of the Board;
- (3) to draft the plans for the establishment of the internal management departments of our Bank and decide on matters in accordance with the authorization of the Board, other than those which shall be determined by the Shareholders' General Meetings or the Board, in respect of the establishment of internal management departments and branches and sub-branches of our Bank;
- (4) to propose the annual financial budget, final account and profit distribution plan of our Bank;
- (5) to formulate the basic management system of our Bank;
- (6) to formulate the specific management system of our Bank;
- (7) to propose to convene extraordinary Board meetings;
- (8) to recommend to the Board the appointment or dismissal of the vice president, chief financial officer and other senior management of our Bank;
- (9) to determine the appointment or dismissal of persons in charge of all of our internal functional departments and branches and sub-branches other than those required to be appointed or dismissed by the Board;
- (10) to be responsible for the operation of comprehensive risk management and execute relevant resolutions of the Board; establish an operational management system in line with the comprehensive risk management; specify risk management responsibilities among functional departments in charge of comprehensive risk management, business departments and other departments; and establish an operation mechanism that facilitates coordination and maintains balance effectively among departments;
- (11) to establish a system of mechanisms, procedures and methods in accordance with the acceptable risk level determined by the Board and take relevant risk control measures; be responsible for establishing and improving internal organizational structure to ensure that all internal control functions are performed effectively; carry out tests and assessments regarding the adequacy and effectiveness of the internal control mechanism;

# Corporate Governance Report

- (12) to formulate clear execution and accountability mechanisms to ensure full conveyance and effective implementation of risk management strategies, risk appetite and risk limits; formulate risk management policies and procedures and carry out regular assessment and report assessment results of our comprehensive risks and different major risk management conditions to the Board; monitor the non-compliance issues in respect of risk appetite and risk limits as well as violation of risk management policies and procedures and carry out corresponding rectification based on the authorization of the Board;
- (13) to authorize other senior management, different internal functional departments and persons in charge of branches and sub-branches to carry out operation and management activities;
- (14) in the event of major emergencies including a run on the Bank, to perform contingency measures and report to the banking regulatory authorities of the State Council, the Board and the Board of Supervisors immediately; and
- (15) to exercise other powers granted by the applicable laws, administrative requirements, regulations and the Articles of Association or the Board.

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

## 8.1 Chairman and President

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

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

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



# Corporate Governance Report

## 9. SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS AND RELEVANT EMPLOYEES

The Bank has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the code of conduct governing securities transactions by the Directors, Supervisors and related employees of the Bank. After having made inquiries to all Directors and Supervisors, they confirmed that they had complied with the Model Code during the reporting period. The Bank was not aware that any relevant employee had breached the code.

## 10. FINANCIAL, BUSINESS AND FAMILY RELATIONSHIPS AMONG DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

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

## 11. COMPANY SECRETARY

Mr. WONG Wai Chiu is currently the company secretary, authorized representative and service of process agent of the Bank. Mr. XIAO Jing, the President of the Bank, acted as the primary internal contact person of the Bank.

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

## 12. COMMUNICATIONS WITH SHAREHOLDERS

### 12.1 Investor Relations

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

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

Tel: +86(792)7783000-1101

Fax: +86(792)8325019

Email: dshbgs6190@jjccb.com



# Corporate Governance Report

## 12.2 Information Disclosure

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

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

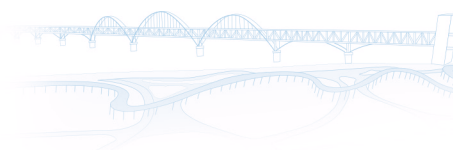
## 12.3 Communication Policy

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

The Company has established a number of channels for maintaining an ongoing dialogue with shareholders as follows:

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

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



# Corporate Governance Report

## 13. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

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

On December 12, 2022, May 29, 2023 and August 31, 2023, respectively, the Bank considered and approved the proposed amendments to the Articles of Association at the meeting of the Board. On February 7, 2023, June 29, 2023 and September 25, 2023, respectively, the Bank considered and approved certain amendments to the Articles of Association at the first extraordinary general meeting of 2023, the Annual General Meeting of 2022 and the second extraordinary general meeting of 2023, subject to the approval by the national financial regulatory institution. Before the effective date of the revised Articles of Association, the current effective Articles of Association of the Bank shall apply.

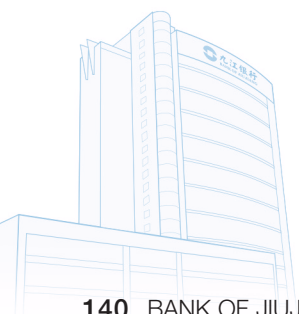
For details of the amendments to the Articles of Association, please refer to the Bank's announcements dated December 12, 2022, January 16, 2023, May 29, 2023, June 13, 2023, and August 31, 2023, and circulars dated January 16, 2023, June 13, 2023, and September 8, 2023, respectively.

## 14. SHAREHOLDERS' RIGHTS

### 14.1 Convening of Shareholders' General Meetings

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

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



# Corporate Governance Report

## 14.2 Submitting Proposals to the Shareholders' General Meetings

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

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

## 15. PROFIT DISTRIBUTION POLICIES

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

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



# Corporate Governance Report

## 16. EXTERNAL AUDITORS AND AUDITOR EMOLUMENTS

The Board meeting held on March 30, 2023 and the 2022 Annual General Meeting held on June 29, 2023 considered and approved the resolution of the Bank to continue to appoint KPMG Huazhen LLP and KPMG (collectively “KPMG”) as its domestic and overseas auditors, respectively. In 2023, the Bank paid KPMG a total of RMB5.99 million for its services, including RMB4.57 million for audit services and RMB1.42 million for non-audit services. Non-audit service fees include RMB0.74 million for initial new capital regulations advisory services, RMB0.2 million for private placement related services and RMB0.48 million for assurance services.

The Board and the Audit Committee under the Board are unanimously in agreement with regard to the selection and appointment of external auditors of the Bank. The Bank has not changed its external auditor in any of the past three years.

## 17. CORPORATE CULTURE

The Bank has always adhered to the construction of corporate culture since its inception on November 18, 2000. The Bank formulated the Bank of Jiujiang Corporate Culture Manual and continued to amend and improve it.

Our vision: Creating a branded bank and building a century-old store

Our mission: To create maximum value for our customers and optimal positions for our employees

Our core values: Customer centricity, compliance, integrity, hard work, self-criticism, carefulness and well-being

Our spirits: Unity, integrity, perseverance and creativity

Our principles: To act in good conscience, follow rules and value talents

## 18. RISK MANAGEMENT AND INTERNAL CONTROL

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



# Corporate Governance Report

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

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





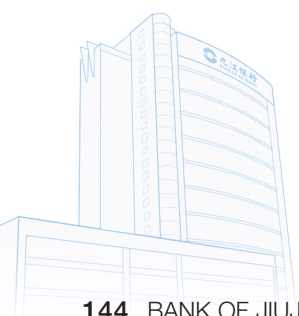
# Corporate Governance Report

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

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

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

For the year ended December 31, 2023, the Board completed the annual review and evaluation of the effectiveness of the Group's internal control and risk management system. The evaluation covers all of the Group's key internal control environment, including financial, operational and compliance as well as risk management functions. Upon receiving relevant reports on the effectiveness of the internal control and risk management system of the senior management of the Bank, the Board considered that the operations of the risk management and internal control systems of the Group were adequate and effective on the whole, and there were no material matters that need to be brought to attention during the year. During the reporting period, the Bank has not implemented any changes to its internal control and risk management systems.



# Corporate Governance Report

## 19. INTERNAL AUDIT

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

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

## 20. INSIDE INFORMATION MANAGEMENT

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

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

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

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



# Report of the Board of Directors

## 1. PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

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

## 2. ANNUAL GENERAL MEETING AND DIVIDENDS

### 2.1 Annual General Meeting

The Bank will publish the date for convening the 2023 annual general meeting and the period for closure of the register of members in order to determine shareholders’ entitlement to attend and vote at the said meeting, and release the notice and circular of the 2023 annual general meeting of the Bank and proxy form in due course.

### 2.2 Dividends

Shareholders of the Bank have considered and approved the 2022 Profit Distribution Plan of the Bank at the 2022 annual general meeting held on June 29, 2023. The final dividend for 2022 was RMB1 (tax inclusive) per ten shares, totaling RMB240.74 million (tax inclusive). The dividend was paid to the Domestic Shareholders and the H Shareholders whose names appear on the register of members of the Bank on July 9, 2023. The above dividends paid were denominated in Renminbi and will be paid to Domestic Shareholders in Renminbi and H Shareholders in Hong Kong dollars. Calculation of the exchange rate for dividends payable in Hong Kong dollars was based on the central parity rate of the average exchange rate of the Renminbi to Hong Kong dollars, i.e. HK\$1.00 = RMB0.9201, as announced by the People’s Bank of China on the five working days prior to June 29, 2023, the date of declaration of the dividend at the 2022 annual general meeting (inclusive). The above dividend was paid to the Domestic Shareholders and the H Shareholders of the Bank on July 10, 2023.

The Board of Directors of the Bank recommends a cash dividend of RMB0.60 (tax inclusive) per ten shares for the year ended December 31, 2023, totaling approximately RMB171 million (tax inclusive), accounting for 23.61% of consolidated net profit attributable to ordinary shareholders of the Bank. The proposal will be submitted to the 2023 annual general meeting for approval, and if approved, the cash dividends for the year ended December 31, 2023 is expected to be paid to Shareholders on Wednesday, July 31, 2024. If there are any changes in the above dates, the Bank will make a further announcement. The above proposed dividends payable are denominated in Renminbi and will be paid to Domestic Shareholders in Renminbi and H Shareholders in Hong Kong dollars. Calculation of the exchange rate for dividends payable in Hong Kong dollars will be based on the central parity rate of the average exchange rate of the Renminbi to Hong Kong dollars in the interbank foreign exchange market as announced by the People’s Bank of China on the five working days preceding the date of declaration of the dividend at the 2023 annual general meeting (inclusive).

# Report of the Board of Directors

## 3. TAX ON DIVIDEND

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

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

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

According to the applicable provisions of the “Individual Income Tax Law of the PRC” and its implementation regulations, the State Taxation Administration Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 45 (Guo Shui Han [2011] No. 348) and the Announcement of the State Administration of Taxation in relation to the Administrative Measures for Non-resident Taxpayers Claiming Tax Treaty Benefits (SAT Announcement [2019] No. 35) (“Tax Agreement Announcement”), the Bank will withhold and pay individual income tax for H Shareholders in accordance with the following arrangements:

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

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

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



# Report of the Board of Directors

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

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

## 4. SHARE CAPITAL AND SUBSTANTIAL SHAREHOLDERS

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

## 5. DEBT SECURITIES ISSUED

Details of the debt securities issued by the Bank for the year ended December 31, 2023 are set out in Note 31 to the financial statements of this annual report.

## 6. RESERVES AND DISTRIBUTABLE RESERVES

Details of the changes of the reserves of the Bank for the year ended December 31, 2023 are set out in the consolidated statement of changes in equity within the financial statements of this annual report.

## 7. PROPERTY AND EQUIPMENT

Details of the changes of the property and equipment of the Bank for the year ended December 31, 2023 are set out in Note 23 to the financial statements of this annual report.

## 8. CONNECTED TRANSACTIONS

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

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

## 9. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

# Report of the Board of Directors

## **10. CONFIRMATION OF THEIR INDEPENDENCE BY INDEPENDENT NON-EXECUTIVE DIRECTORS**

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

## **11. INTERESTS OF DIRECTORS AND SUPERVISORS IN COMPETING BUSINESSES WITH THE BANK**

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

## **12. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S EMOLUMENTS**

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

## **13. RETIREMENT BENEFITS**

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

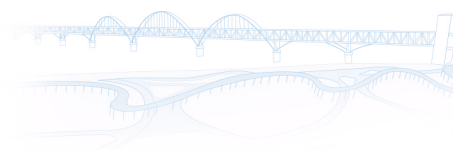
## **14. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS**

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

## **15. PERMITTED INDEMNITY PROVISIONS**

Pursuant to Code Provision C.1.8 set out in Part 2 of the Corporate Governance Code, the Bank should purchase appropriate insurance covering potential legal proceedings against the Bank's Directors. In order to comply with the code provisions, the Bank has purchased appropriate liability insurance for Directors to provide indemnity for their liability arising in the business in 2023.

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



## Report of the Board of Directors

### **16. FINANCIAL, BUSINESS AND FAMILY RELATIONSHIPS BETWEEN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

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

### **17. INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE**

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

### **18. MATERIAL INTERESTS OF DIRECTORS AND SUPERVISORS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS**

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

### **19. ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES**

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

### **20. MANAGEMENT CONTRACT**

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

### **21. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE BANK**

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



# Report of the Board of Directors

## 22. PRE-EMPTIVE RIGHTS AND SHARE OPTION

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

## 23. DONATION

The Bank made charitable and other donations totaling nearly RMB4.907 million for the year ended December 31, 2023.

## 24. SHARE ISSUANCE

For information on the Bank's share issuance during the reporting period, please refer to "Non-public Issuance of Domestic Shares and H Shares under Specific Mandate" in this annual report.

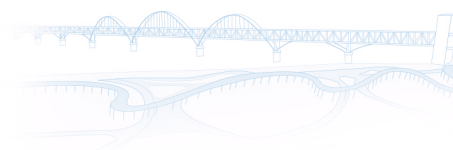
## 25. EQUITY-LINKED AGREEMENT

In order to actively implement the government's special debt policy of RMB200 billion, enhance the Bank's capital strength and risk resistance level, the Bank carried out the convertible negotiated deposit business to replenish other tier-one capital. On June 25, 2021, the Bank held the 2020 Annual General Meeting, the first domestic shareholder class meeting of 2021 and the first H shareholders class meeting of 2021 to consider and approve the replenishment of other tier-one capital through a convertible negotiated deposit by the Bank.

On September 7, 2021, the Bank and Jiujiang Finance Bureau entered into an Agreement on Replenishing the "Convertible Negotiated Deposit" of Small and Medium-sized Banks' Capital with the Special Bonds (the "Agreement"). Pursuant to the Agreement, the Bank received special bonds of RMB2 billion through a convertible negotiated deposit, and all the funds were used to supplement other tier-one capital of the Bank. The interest rate of the convertible negotiated deposit was 3.11%, which matched with the corresponding local government special debt issuance interest rate and shall be mature in batches.

The parties agree that the conversion of the convertible negotiated deposit into the ordinary Shares of the Bank shall be subject to the following conditions:

- ① The core tier-one capital adequacy ratio of the Bank is lower than 5.125%;
- ② The class and number of the converted ordinary Shares and the shareholding structure of the Bank after the conversion shall satisfy the particular requirements of Hong Kong Stock Exchange for the Minimum Public Float, otherwise the conversion shall be terminated.





## Report of the Board of Directors

If the above conditions are met, all or part of the convertible negotiated deposit placed in the Bank by Jiujiang Finance Bureau will be converted into the Shares of the Bank and will be held by the qualified and municipal level state-owned enterprises under the Stated-owned Assets Supervision and Administration Commission of Jiujiang (“Jiujiang SASAC”). The qualified and municipal level state-owned enterprises under Jiujiang SASAC will pay the corresponding considerations to Jiujiang Finance Bureau in respect of such Shares. The shareholding ratio of which will be determined based on the conversion price standards set out in the Agreement. When the core tier-one capital adequacy ratio of the Bank is lower than 5.125% while the above Condition 2 is not satisfied, Jiujiang Finance Bureau shall not convert the Shares in a mandatory manner.

The conversion price is determined on the basis of the higher value of average trading price of H ordinary Shares of the Bank for 20 trading days preceding the date of the Board resolution approving the convertible negotiated deposit (i.e. April 30, 2021) (the average trading price of H ordinary Shares of the Bank for the 20 preceding trading days = the total trading amount of H ordinary Shares of the Bank for the 20 preceding trading days/total trading volume of H ordinary Shares of the Bank for the 20 preceding trading days), which will be translated into the price of RMB with the central parity of the RMB against the Hong Kong dollars announced by State Administration of Foreign Exchange on the date of the Board resolution (the “Initial Conversion Price”), i.e. HK\$10.9, equivalent to approximately RMB9.08, and the net assets per Share attributable to the owners of the parent company based on the consolidated statement after asset and capital verification at the time of conversion of the convertible negotiated deposit. The closing price of H Shares of the Bank was HK\$10.98 on the signing date of the Agreement (i.e. September 7, 2021).

The convertible negotiated deposit can be converted to a maximum of 220,264,317 H Shares of the Bank (taking up approximately 8.38% of the enlarged total share capital of the Bank), with a par value of RMB1.00 per Share, provided that the conditions for conversion are satisfied. Based on that and the estimated lower conversion price of RMB9.08, the theoretical dilution effect is 0.061%. The Bank has complied with the theoretical dilution effect requirement in accordance with Rule 7.27B of Listing Rules at the time of entering into the Agreement and will also ensure to comply with the theoretical dilution effect requirement in accordance with Rule 7.27B of Listing Rules requirement at the time of completion of the convertible negotiated deposit.

As of the date of this annual report, the Bank has received a convertible negotiated deposit of RMB2 billion from Jiujiang Finance Bureau, all of which was used to supplement other tier-one capital of the Bank. Such deposit had not been converted into the Shares of the Bank. For details, please refer to the announcements of the Bank dated June 9, 2021, June 25, 2021 and September 7, 2021 as well as the supplemental circular of the Bank dated June 10, 2021.

Save for the above, during the reporting period, the Bank did not enter into or continue to keep any other equity-linked agreement.



# Report of the Board of Directors

## 26. RELATIONSHIP WITH SUPPLIERS, EMPLOYEES AND CUSTOMERS

Employees are indispensable to the steady development of the Bank. They are also the perpetual driving force for the Bank's sustainable and healthy development. We are always keenly aware of the paramount importance of human resources and do our best to provide high-quality jobs and create a harmonious working place for our people.

Due to the nature of its business, the Bank doesn't have major suppliers, and the top five suppliers together account for less than 30% of the purchase volume.

For details about the Bank's relationship with suppliers, employees and customers, please refer to the Environmental, Social and Governance Report issued by the Bank.

## 27. PUBLIC FLOAT

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

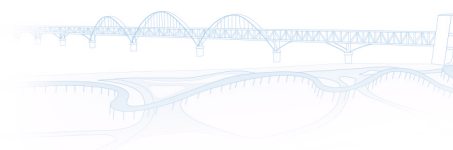
Immediately after the partial exercise of the over-allotment option and as of the date of this annual report, based on the public information available to the Bank and to the knowledge of the Directors, the number of H Shares in public hands represents approximately 16.94% of the total issued share capital of the Bank, which satisfies the minimum percentage prescribed in the conditions imposed in the waiver granted by the Hong Kong Stock Exchange from strict compliance with Rule 8.08(1) of the Hong Kong Listing Rules.

## 28. CORPORATE GOVERNANCE

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

## 29. MAJOR DEPOSITORS AND BORROWERS

The Bank does not rely heavily on any single major depositor or borrower. At the end of the reporting period, the deposit balances of the Bank's top five corporate depositors and the loan balances of the Bank's top five borrowers accounted for less than 30% of the Bank's total deposits and total customer loans and advances.



# Report of the Board of Directors

## 30. AUDITORS

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

## 31. CONSUMER RIGHTS PROTECTION

### (I) Consolidating the mechanisms to lay long-term groundwork

**Firstly, the Bank improved the development of its systems and mechanisms.** For better implementation of the responsibilities of institutions at all levels, the Bank revised the Administrative Measures of Bank of Jiujiang for Consumer Complaints, Bank of Jiujiang’s Rules for the Evaluation of Consumer Rights Protection, etc., adjusted the complaint handling process, optimized assessment indicators, refined assessment rules, and consolidated the foundation of institutional guarantees.

**Secondly, the Bank implemented the “responsibilities of top leader”.** The Bank strictly implemented the “top leader” project for consumer protection work, paid close attention to detailed consumer protection management and implementation, focused on complaint analysis and handling, and comprehensively provided consumer protection services at grassroots outlets. At the same time, the Bank established a regular assessment and evaluation mechanism, focused on indicators such as complaints transferred by supervision, growth rate of complaints within the Bank, and handling status, completed the annual assessment of the Bank’s consumer protection work, and strengthened the leading role of assessment.

### (II) Reinforcing complaint handling and ensuring governance at source

**Firstly, the Bank continued to optimize the handling mechanism.** The Bank established a consumer protection risk emergency response team mechanism to strengthen internal collaboration and linkage between upper and lower levels to resolve conflicts and disputes in a timely and appropriate manner; the Bank established a joint complaint response and a project manager + dedicated customer service + consumer protection commissioner coordination mechanism to strengthen the key management of complaint handling of credit card and Internet loan business; based on the hot issues of consumer protection complaints in our Bank, the Bank sorted out consumer protection complaint cases and formulated a handling operation manual to further standardize complaint handling procedures and strengthen employee guidance.

**Secondly, the Bank enhanced the handling and resolution of complaints.** The Bank improved the management process of “two-pronged approach for handling, source governance, and diversified resolution” for consumer protection, and improved the complaint system with dispute resolution as the core. The quality and efficiency of consumer rights protection were improved, and the number of complaints showed a downward trend. In 2023, the total number of consumer complaints across the Bank also showed an overall downward trend. The Bank received a total of 626 complaints, representing a year-on-year decrease of 30.52%. Complaints were mainly focused on loan, credit card, and debit card businesses, of which loan business accounted for 56.07%, credit card business accounted for 11.66%, and debit card business accounted for 13.26%. And complaints were mainly concentrated in Jiujiang, Nanchang, Hefei, Guangzhou and other regions.



## Report of the Board of Directors

### (III) Carrying out consumer protection review to implement control at source

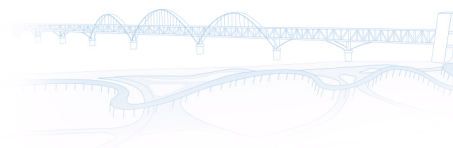
The Bank further advanced its consumer protection review, actively implemented the prior review mechanism, and conducted a comprehensive consumer protection assessment of all the Bank's products and businesses. The Bank established information public disclosure mechanism and agreement review mechanism, and carried out consumer protection reviews in respect of information public disclosure and consumer customers' agreements.

### (IV) Intensifying training and supervision to conduct business in compliance with regulations

In order to enhance the quality and efficiency of consumer protection work of the whole Bank, the Bank carried out a two-day special empowerment training workshop for consumer protection complaint handling titled "People-centered, full of determination, and all-out efforts to resolve complaints and disputes"; the Bank issued the "Notice on Forwarding the 'Compilation of Characteristic Cases of the People's Mediation Committee of Jiangxi Banking Association'", put forward work requirements such as strengthening diversified solutions and enhancing conflict management and control; the Bank established a long-term mechanism for co-organizing consumer protection complaint handling and problem supervision; the Bank carried out on-site inspections of consumer protection at branches, and supervised the rectification of problems.

### (V) Strengthening external publicity to establish brand image

Focusing on the themes of "10,000-mile Journey for Financial Literacy", "Keeping the Money Bag" and "Preventing Illegal Fund-raising" and by taking the Bailudong Financial Education Demonstration Base as the main base for propaganda and education, the Bank carried out financial propaganda activities by relying on outlets, online expansion, position concentration, arrangement of specially-assigned persons to create a strong atmosphere for financial propaganda. The Bank successfully hosted the Jiujiang launch ceremony of the 2023 National "Financial Consumer Rights Protection Education and Publicity Month" event. The Bank also actively participated in the Jiangxi Provincial Short Video Competition on Preventing Illegal Fund Raising, sponsored by the Provincial Financial Supervision Bureau and the Provincial Youth League Committee, and submitted promotional works that were awarded the Excellence Award. In 2023, the Bank carried out more than 3,000 various consumer protection promotional activities, distributed more than 400,000 copies of promotional materials, produced more than 200 excellent articles in WeChat, more than 40 original short videos, received more than 300,000 clicks on WeChat, more than 5.5 million consumers, and more than 20 media reports.



# Report of the Board of Directors

## 32. ENVIRONMENTAL AND SOCIAL POLICY

As a listed bank emerging from the “red land”, the Bank insists on taking green finance as the core, advancing through exploration and developing in advance, constantly providing new ideas and methods for “transforming the ecological environment advantages into the economic and social development advantages and turning the lucid waters and lush mountains into invaluable assets”, and fully supporting the philosophy of ecological civilization construction.

Taking advantage of the policy advantage that Ganjiang New District in Jiangxi Province was approved as the first batch of green financial reform and innovation pilot zones in China, the Bank took the lead in establishing the first “Green Finance Division” in Jiangxi Province on August 9, 2017, led the development of green business with Party building, included the development of green finance as the “secretarial project” in the Party building assessment of the Bank, and incentivized the branches to increase green credit investment; the Bank promoted capacity enhancement through knowledge penetration, carried out special training on green finance, and established a branch-specific tracking service mechanism to provide an effective handhold for the expansion of the green finance business; and the Bank promoted the implementation of business through special support policies. Focusing on the key areas of carbon emission reduction, the Bank defined special internal fund transfer pricing and other support policies to promote business implementation. The Bank made full efforts in system construction, business promotion, product innovation, exchanges and cooperation to fully support the high-quality development of green finance in Jiangxi Province.

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

## 33. REVIEW OF ANNUAL REPORT

The Audit Committee of the Bank has reviewed the Bank’s annual results of 2023, and the financial statements for the year ended December 31, 2023 prepared in accordance with International Financial Reporting Standards.



# Report of the Board of Directors

## 34. OTHER MATTERS

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

As of the date of this annual report, the Bank is not aware of any Shareholder who has waived or agreed to waive any arrangement related to dividends. As of the date of this annual report, none of our Directors of the Bank has waived or agreed to waive arrangement related to remuneration.

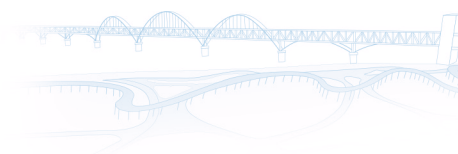
The Bank will publish the Environmental, Social and Governance Report during the reporting period in accordance with the related requirement of Appendix C2 Environmental, Social and Governance Reporting Guide of the Listing Rules.

By Order of the Board

**ZHOU Shixin**

*Chairman*

Jiujiang, PRC March 28, 2024



# Report of the Board of Supervisors

In 2023, under the correct leadership of the Party Committee and Shareholders' General Meeting and with the support and cooperation of the Board of Directors and senior management of the Bank, the Board of Supervisors conscientiously exercised the functions and rights delegated by relevant laws and regulations and the Articles of Associations, focused on the key areas in performing duties, carried out the supervision work in an orderly manner and earnestly gave full play to the functions of supervision, which promoted the stable operation and healthy development and safeguarded the legitimate rights and interests of all shareholders and depositors. The Bank hereby reports the main work of the Board of Supervisors in 2023 as follows:

## I. SUMMARY OF THE MAJOR WORK IN 2023

### (I) Adhere to the principle of Party's control and supervision, and firmly seize the correct direction of supervision

The Board of Supervisors takes adherence to the Party's leadership as a fundamental guideline, continues to promote the organic integration of the Party's leadership and corporate governance, and integrates the Party's leadership into all aspects of corporate governance: **Firstly**, giving full play to the leading role the Party Committee plays in "setting the direction, managing the overall situation, and ensuring implementation", and making the research and discussion of the Party Committee as the preliminary procedure for the relevant material issues of the Board of Supervisors, for example, the candidates for the replacement of Supervisors and the allowance package for external Supervisors are all subject to the Party Committee's pre-deliberation. **Secondly**, enhancing our reporting to the Party Committee so as to allow the Party Committee to guide and supervise the relevant work of the Board of Supervisors, such as reporting to the Party Committee on the report of the Board of Supervisors and the evaluation of the performance of Directors, Supervisors and senior management. **Thirdly**, integrating the party building activities into the course of performing Supervisors' duties, strengthening the ideological guidance, such as organizing Supervisors to visit Yudu, Ganzhou to carry out the party building activity of "Retracing the Long March" during the Supervisors' survey at the Ganzhou Branch, and organizing Supervisors to learn the spirit of the General Secretary Xi Jinping's important speech on his visit to Jiangxi province during the convening of meetings of the Board of Supervisors.

### (II) Insist on standardized and independent operation, and conduct meeting supervision in an efficient and orderly manner

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

In 2023, the Board of Supervisors organized and convened 23 meetings of various kinds in total, including 10 meetings of the Board of Supervisors, considered or debriefed 123 proposals; 8 meetings of the Nomination Committee and 5 meetings of the Supervisory Committee, considered or debriefed 57 proposals. In the relevant meetings, the Board of Supervisors fully considered and discussed the work report and specific-purpose supervision report of the Board of Supervisors, performance evaluation report of Directors, Supervisors and senior management, financial reports for each period, profit distribution, risk management, internal control evaluation, liquidity management, stress testing, case prevention and control, internal audit, supervisory opinions and rectification of problems and other issues, comprehensively covering various aspects such as performance supervision, financial supervision, risk management supervision and internal control supervision as well as the self-construction of the Board of Supervisors, and put forward 35 supervision opinions and suggestions.



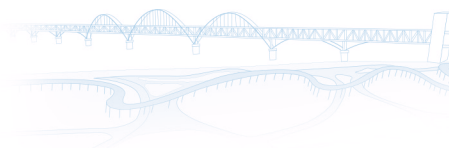
## Report of the Board of Supervisors

### 2. **Proactively attend important meetings including meetings of the Board of Directors and supervise the whole process of major decisions**

In 2023, the Board of Supervisors proactively attended various important meetings. **Firstly**, the members of the Board of Supervisors attended the Shareholders' General Meeting in accordance with the law, carefully reviewed the proposals of the meeting, examined the legal compliance of the convening and holding procedures, and submitted the report of the Board of Supervisors and the performance evaluation report of the Board of Directors, the Board of Supervisors and the senior management to the Shareholders' General Meeting in 2022, reflecting that the Board of Supervisors are responsible to the Shareholders' General Meeting and to the Company, shareholders, creditors and other stakeholders. **Secondly**, the members of the Board of Supervisors attended the meetings of the Board of Directors and its relevant committees, paid attention to the deliberation process of major decision-making matters, and supervised the convening and holding procedures of the meetings of the Board of Directors and whether the proposals were in line with the interests of all shareholders and the Bank. **Thirdly**, Supervisors who are staff representatives were informed of the decisions of the Party Organization and urged the Board of Supervisors to strictly implement the decisions of the Party Organization by participating in the meetings of the Party Committee, the General Office of the President and important management meetings, keeping abreast of the Bank's management dynamics and understanding and supervising the implementation of relevant strategies.

### 3. **Strengthen the standardized operation and give full play to the functions and responsibilities of the special committees under the Board of Supervisors**

In 2023, focusing on the goal of enabling special committees to make concrete, meticulous efforts in their works, the special committees should be held accountable for all their functions and responsibilities. **Firstly**, the Board of Supervisors defined terms of references to ensure such two special committees functioned well, and their respective duties have been performed effectively and diligently under the leadership of the chairpersons of the special committees. The Nomination Committee performed supervision duties focusing on the general remuneration management of the Bank, nomination and recruiting of Directors and Supervisors, evaluation of the performance of Directors, Supervisors and senior management and other responsibilities; and the Supervisory Committee focused on conducting in-depth supervision and inspection in areas including financial management, risk management and internal control. **Secondly**, the Board of Supervisors strengthened the standardized operation. The Board of Supervisors insisted on playing the fundamental roles of its special committees, who served as the first responsible person to specifically organize and implement various works including performance evaluation, supervision and inspection, and report the results to all Supervisors, clarifying the terms of reference and specific subject of performing duties and improving the effectiveness of performance of duties. In 2023, the Nomination Committee submitted to the Board of Supervisors the work report on the evaluation of the performance of Directors, Supervisors and senior management and the report on the remuneration management implementation; the Supervisory Committee submitted to the Board of Supervisors the report on the evaluation of strategic planning, the report on liquidity risk management and the report on behavior management of employees. **Thirdly**, the Board of Supervisors enhanced the capability to perform their duties. Based on the professional expertise of the Supervisors, the Board of Supervisors adjusted the members of the special committees in a timely manner, and made efforts to transform the knowledge, experience and wisdom of the Supervisors into the business strengths of the special committees.





## Report of the Board of Supervisors

(III) Insist on focusing on the primary responsibilities and businesses and give full play to the functions of supervision

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

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

According to the requirements of the performance file and performance evaluation system, and in conjunction with the supervision of daily performance, the Board of Supervisors carried out the evaluation of the performance of duties of the Board of Directors, senior management and their members for 2022 in an orderly manner, and engaged external third parties to verify the compliance of the performance evaluation work, and reported the performance evaluation results to the Shareholders' General Meeting and the regulatory authorities after being approved according to the procedures.

**2. Strengthen the supervision of strategy implementation, and promote the orderly promotion of strategic plans**

The Board of Supervisors closely followed up the Bank's operation and management and the implementation of the development strategies, listened to the report of the Research and Planning Department on the implementation of the strategic plans for 2022, and at the same time, in view of the changes in the current external economic environment and the comparison with the business situation of the same industry, paid attention to the main problems and difficulties faced in implementing the strategic plans for 2022, and recommended to strengthen the strategy publication and implementation work, to implement the monitoring and assessment of the decomposition of strategic objectives and the implementation of the strategies and to conduct regular evaluations.



# Report of the Board of Supervisors

## 3. Enhance the financial capital supervision to safeguard the rights and interests of small and medium shareholders

In 2023, the Board of Supervisors focused on the Bank's financial activities and the decision-making and execution of important financial matters to continuously strengthen financial supervision. **Firstly**, the Board of Supervisors carefully reviewed the regular reports. The Board of Supervisors reviewed the 2022 annual report and the 2023 interim results report, and supervised the preparation and review procedures of regular reports, as well as the truthfulness and completeness of the report content, and considered that the preparation and review procedures of the regular reports are in compliance with the laws and regulations, and the contents of such reports truly, accurately and completely reflect the actual situation of the Bank. **Secondly**, the Board of Supervisors paid attention to the decision-making and execution of significant financial matters. The Board of Supervisors considered the financial final accounts report, budget plan, profit distribution plan and the proposals on re-appointment of accounting firms, supervised the decision-making processes and had no disagreement on the profit distribution plan and engagement of accounting firms. **Thirdly**, the Board of Supervisors continuously monitored the capital adequacy level and the progress of capital replenishment of the Bank, actively cooperated with the work related to private placement, recommended the senior management to use performance appraisal and other tools to actively promote the transition to a lighter capital, studied, analyzed and measured the impact of the new capital regulations on the Bank and took effective countermeasures actively, so as to improve the Bank's corresponding management rules, processes and systems.

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

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

In 2023, the Board of Supervisors further strengthened the supervision of internal control management according to the regulatory requirements. **Firstly**, the Board of Supervisors paid attention to the key areas of internal control management, periodically debriefed the internal control self-evaluation reports, anti-money laundering, case prevention and control, behavior management of employees, compliance management, data-based governance and other special work reports, and provided corresponding opinions and suggestions. It required the Legal and Compliance Department to take the lead in rectification of the issues identified in the internal control self-evaluation, and to report the rectification status to the Board of Supervisors on a regular basis. **Secondly**, the Board of Supervisors carried out special supervision on the behavior management of employees, recommended improving the whistle-blowing system and the grid-based management mechanism of employees' behaviors, and improved the system construction. **Thirdly**, the Board of Supervisors focused on the protection of consumer rights and interests and made relevant management recommendations to reduce the number of consumer complaints.



## Report of the Board of Supervisors

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

In 2023, the Board of Supervisors continued to pay attention to the risk management. **Firstly**, the Board of Supervisors strengthened routine supervision on risk management, periodically debriefed special work reports on the overall risk management, various types of risk management, risk limit management and stress testing management, and provided corresponding opinions and suggestions. **Secondly**, the Board of Supervisors kept an eye on the Bank's risk monitoring indicators in real time to understand the current status of the Bank's risk management, focusing on the reasons why the liquidity gap ratio indicator exceeded the monitoring value of the regulator and urging the senior management to rectify as soon as possible. **Thirdly**, the Board of Supervisors carried out special supervision on liquidity risk management, and recommended implementing the responsibilities of the head office departments, strengthening information communication among departments and linkage among branches, strengthening monitoring of liquidity risk indicators at key time points, and refining emergency plans.

### 6. Integrate supervision resources to strengthen supervision and guidance of internal audit work

In 2023, the Board of Supervisors further cooperated with the audit department. **Firstly**, the Board of Supervisors regularly heard audit work report, reviewed the internal audit work plan and internal audit report, urged the continuous improvement of audit quality and the implementation effect of follow-up rectification, especially focused on the recurring issues, and suggested to strengthen the application of the audit results of the recurring issues, so as to integrate the management in business lines and sectors. **Secondly**, the Board of Supervisors made full use of the audit results, focused on the issues found in previous audits and rectification situation during the conduction of special supervision and inspection, so as to integrate supervision resources effectively and form supervision synergy. **Thirdly**, the Board of Supervisors urged the audit department to carry out special audits of supply chain business in accordance with the regulatory requirements and work priorities of the Bank, and to report the audit results to the Board of Supervisors.

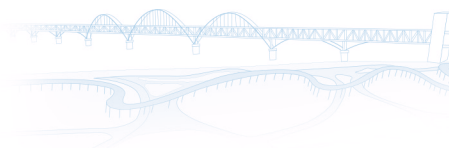
### 7. Anchor the regulatory requirements and continuously promote the implementation of regulatory opinions and rectification of problems

In 2023, the Board of Supervisors actively implemented the regulatory requirements. **Firstly**, the Board of Supervisors strictly fulfilled its duties to report to regulators. In accordance with the regulatory requirements, the Board of Supervisors reported the meeting notice before the meeting and the meeting resolutions and minutes after the meeting; reported the basis, process and results of the evaluation of the performance of the Board of Directors, the Board of Supervisors and the senior management to the regulators in a timely manner. **Secondly**, the Board of Supervisors timely informed the Supervisors of the regulatory opinions from the regulators and the results of corporate governance assessment, and paid close attention to the implementation of the regulatory opinions and the rectification of problems. For example, the Board of Supervisors held special meetings to debrief the report on the implementation of regulatory opinions, and recommended to strengthen communication with regulators to reach agreement on rectification methods and rectification accreditation to improve the quality and efficiency of rectification. **Thirdly**, the Board of Supervisors carefully analyzed and studied the new regulatory regulations and regulatory opinions, and included them in the supervision scope of the Board of Supervisors to continuously strengthen the supervision.



## Report of the Board of Supervisors

- (III) Continue to strengthen self-construction and improve the quality and efficiency of supervision work
- 1. Complete the re-election of the Supervisors in compliance with the laws and regulations to continuously optimize the structure of the Board of Supervisors.** Firstly, the Board of Supervisors fully implemented the processes of pre-preparation of the Party Committee, review by the Nomination Committee and deliberation by the Board of Supervisors, so as to select candidates from Supervisors of shareholder and external Supervisors, with such result submitted to the Shareholders' General Meetings for deliberation. Meanwhile, actively cooperate during the employees' representatives conference to select employee Supervisor. The Board of Supervisors ensured that its personnel structure met regulatory requirements and strived to play its various supervisory roles. **Secondly**, the Board of Supervisors adjusted the composition of the special committee under the Board of Supervisors in a timely manner to ensure that the special committee members had professional educational backgrounds and diversified experience in performing their duties, so as to truly play a supervisory support role.
  - 2. Continue to improve the institutional systems and working mechanisms to consolidate the work foundation.** Firstly, the Board of Supervisors formulated a system for external Supervisors, clarifying the conditions for the selection and appointment of external Supervisors, the appointment procedures, and their duties, etc. At the same time, it revised the measures for granting allowances to external Supervisors, linking the results of the evaluation of the performance of their duties with the total amount of the allowances, so as to urge external Supervisors to diligently perform their duties. **Secondly**, the Board of Supervisors continued to optimize the performance evaluation mechanism and strengthened the application of the results of the performance evaluation of senior management.
  - 3. Supervise the implementation and feedback of Supervisors' opinions and suggestions to promote the application of supervision results.** The Office of the Board of Supervisors collected and collated the main opinions and suggestions formed by the Supervisors in the course of performing their duties in a timely manner, and distributed them to senior management and relevant departments in a timely manner through "the process of handling Supervisors' opinions and suggestions under supervision", and required timely implementation and feedback, and regularly reported to the Supervisors to close the loop to promote the application of supervision results and enhance the effectiveness of supervision by the Board of Supervisors. A total of 35 pieces of opinions and suggestions proposed by Supervisors were handled under supervision in 2023.
  - 4. Organize training and learning on a regular basis to improve the capacity of Supervisors to perform duties.** Firstly, the Board of Supervisors organized quarterly study and training for the Supervisors, covering the common external regulatory system and the latest developments of the regulatory authorities, to help Supervisors become familiar with and understand the regulatory requirements and developments, so as to effectively improve the awareness and supervisory capability of Supervisors in performing their duties. **Secondly**, the Board of Supervisors collated information on risk regulatory indicators, operating data and major management measures of the Bank on a monthly basis, and prepared the monthly reports of the Board of Supervisors to provide reference for Supervisors in performing their duties, to help them keep abreast of the Bank's operation and management, and to improve the quality and effectiveness of supervision. **Thirdly**, the Board of Supervisors compiled Work Manual for the Board of Supervisors and organized learning for new Supervisors.



# Report of the Board of Supervisors

## II. SPECIFIC SUPERVISION AND EVALUATION

### (I) Performance of duties and responsibilities on the overall risk management

In accordance with regulatory requirements, the Board of Supervisors put forward the supervision and evaluation opinions in respect of the performance of duties and responsibilities on risk management of the Board and senior management of the Bank as follows: during the reporting period, the Board of the Bank placed great importance to the overall risk management, which developed the key points for implementation of annual risk strategies, formulated administrative measures on risk appetite and risk limits, etc., conducted regular review of the overall risk management report and the operation report on risk appetite and risk limits, as well as supervised the senior management to carry out overall risk management and put forward the work requirements and opinions and suggestions.

The senior management of the Bank is committed to fully implementing the work requirements of “full and rigorous governance over the Party, managing the Bank with strict discipline, and thoroughly conducting risk control”. **Firstly**, we continued the construction and optimization of risk management systems and strengthened technological support. We made efforts to promote platform construction such as Fenglingniao (風鈴鳥) and Fengxiangtai (風象台), and improved credit risk early warning management. We continuously optimized and upgraded systems such as unified facility limits management, credit risk early warning, collateral management, intelligent risk control and collection. Additionally, we constantly increased the linkage, sharing and application of risk information, gradually advanced the standardization of the whole process of online risk management. These efforts have led to a new pattern of risk management with joint prevention and control. **Secondly**, we continued to improve the comprehensive risk management mechanism, advance all-round reconstruction of the credit risk management mechanism, strengthen the communication of risk culture, enhance risk appetite and limits management, optimize unified credit management, and consistently improve the comprehensive risk management capability. **Thirdly**, we adhered to implementing the comprehensive risk management reporting system, assessed the comprehensive risk and various crucial risk management status and reported these quarterly to the Board.

### (II) Performance of duties and responsibilities on reputational risk management

In accordance with regulatory requirements, the Board of Supervisors put forward the supervision and evaluation opinions in respect of the performance of duties and responsibilities on reputational risk management of the Board of Directors and senior management of the Bank as follows: during the reporting period, **firstly**, the Board of Directors of the Bank reviewed the key points for implementation of annual risk strategies, among which the annual risk management strategy included the reputational risk management strategy and objective; **secondly**, the Board of Directors of the Bank reviewed the summary report on reputational risk management to keep track of the overall status thereof, and guided the senior management to effectively identify, monitor, prevent and control and timely respond to reputational risks.

The senior management of the Bank established a reputational risk management system from the aspects of system construction, working procedures, operating procedures and mechanism plans by: **firstly**, confirming the responsibility of organizations in all respects, further clarifying that the “top leader” is the primary accountable person for the reputational risk of the respective department and organization, and signing the “Statement of Responsibility for the Objectives of Reputational Risk Management of the Bank of Jiujiang”; **secondly**, strengthening the monitoring of public opinion, preventing and controlling the overall public opinion in key periods, and sparing no effort to maintain a stable public opinion environment; **thirdly**, improving the working mechanism, reviewing the Weekly Public Opinion Report every week, implementing public opinion monitoring and early warning work on a regular basis, organizing reputational risk training and screening as planned, rigorously reviewing external publicity, and guiding and planning positive propaganda with diversified themes; **fourthly**,

## Report of the Board of Supervisors

formulating the “Handbook for Responding to Reputational Risk Events of the Bank of Jiujiang”, refining the contingency plan and disposal plan of reputational risks, and carrying out emergency drills.

### (III) Performance of duties and responsibilities on the management of expected credit loss method

In accordance with regulatory requirements, the Board of Supervisors put forward the supervision and evaluation opinions in respect of the performance of duties and responsibilities on the management of the expected credit loss method of the Board of Directors and senior management of the Bank as follows: during the reporting period, the Board of Directors of the Bank reviewed and approved the management system related to the implementation of the expected credit loss method, important policies and model optimization plans related to the implementation of the expected credit loss method, regularly listened to reports on the implementation of the expected credit loss method and supervised the senior management to fully implement the management system related to the implementation of the expected credit loss method.

The senior management of the Bank is strictly implementing regulatory and the Board’s management requirements regarding the implementation of the expected credit loss approach. **Firstly**, we have initiated and implemented the validation of expected credit loss approach and optimization of consulting projects, with the expectation of completing and delivering all results of the projects by the end of April 2024. **Secondly**, based on the execution status, we optimize the Administrative Measures for Impairment of Financial Assets under Expected Credit Loss Approach of Bank of Jiujiang 《九江銀行預期信用損失法金融資產減值管理辦法》 and submit to the Board for approval. **Thirdly**, taking into account the business and management needs, we will reinspect and evaluate the existing models, undertake the optimization and parameter update of the expected credit loss model and submit the optimized proposal to the Board for approval. **Fourthly**, we make a report on the implementation status of relevant management systems for the expected credit loss approach to the Board on an annual basis.

## III. INDEPENDENT OPINIONS OF THE BOARD OF SUPERVISORS ON RELEVANT MATTERS

### (I) Operation in compliance with laws and regulations

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

### (II) Actual circumstances of financial report

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



## Report of the Board of Supervisors

### (III) Related party transactions

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

### (IV) Internal control

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

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

During the reporting period, the Board of Supervisors had no objection to the resolutions submitted by the Board of Directors of the Bank at the Shareholders' General Meetings within 2023 for review, as well as supervised the implementation of the resolutions of the Shareholders' General Meetings, and was of the view that the Board was capable of earnestly implementing the relevant resolutions of the Shareholders' General Meetings, and did not take any action detrimental to the interests of Shareholders.

The Board of Supervisors of Bank of Jiujiang Co., Ltd.  
March 28, 2024



# Important Events

## 1. ANNUAL GENERAL MEETING

The Bank will make further announcement in relation to details of the convening of the 2023 Annual General Meeting.

## 2. SIGNIFICANT INVESTMENT AND PLANS

During the reporting period, the Bank neither made any significant investment, nor had any concrete plans on significant investment or on acquiring significant capital assets or other businesses.

## 3. MATERIAL LAWSUITS, ARBITRATION MATTERS AND MATERIAL CASES

During the reporting period, there were no litigations and arbitrations which had a material impact on the operation activities of the Bank.

## 4. SIGNIFICANT CONTRACTS AND THEIR PERFORMANCE

During the reporting period, the Bank did not enter into significant contracts.

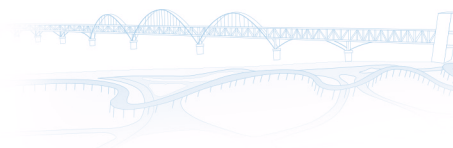
## 5. RELATED PARTY TRANSACTIONS

The Bank carried out the related party transactions in strict compliance with the relevant requirements of the regulatory institutions and the Administrative Measures on Related Transactions of Bank of Jiujiang Co., Ltd. promulgated by the Bank.

In accordance with the relevant requirements of the Measures for the Administration of Related Party Transactions of Banking and Insurance Institutions, the Bank approved the related party transactions on commercial principles with terms no favourable than those offered to non-related parties for similar transactions. The terms of such transactions are fair and reasonable, and are in the interests of all shareholders and the Bank as a whole, which has no adverse impact on the operating results and financial conditions of the Bank.

As of the end of the reporting period, the balance of the related party transactions with legal persons related to the Bank was RMB5,985 million; the balance of related party transactions with natural persons was RMB105 million; the total balance of related party transactions was RMB6,090 million, accounting for 13.66% of the Bank's audited net capital as at the end of the reporting period, which met the regulatory requirements.

For details of the related party transactions with legal persons, please refer to the Section 2.9 of "Changes in Share Capital and Information on Shareholders" in this annual report.





## Important Events

### 6. NON-PUBLIC ISSUANCE OF DOMESTIC SHARES AND H SHARES UNDER SPECIFIC MANDATE

On December 12, 2022, the Board resolved to propose the issuance of not more than 365,000,000 Domestic Shares (inclusive) and not more than 75,000,000 H Shares (inclusive) to eligible subscribers, so as to effectively replenish core tier-one capital of the Bank, earnestly enhance the Bank's resilience to risks, and optimize its equity structure. The net proceeds raised from the Issuance after deducting related issuance costs will be entirely used to replenish the core tier-one capital of the Bank. On February 7, 2023, the Bank convened the 2023 first extraordinary general meeting, the 2023 first Domestic Shareholders class meeting and the 2023 first H Shareholders class meeting to consider and approve the non-public issuance of Domestic Shares and H Shares under specific mandate.

The Bank entered into the H Share Subscription Agreements with no less than six subscribers of H Shares on June 16, 2023, pursuant to which, a total of 75,000,000 H Shares with par value of RMB1.00 each have been issued to the subscribers of H Shares on July 26, 2023. H Shares issued under the issuance of H Shares have completed the registration of the changes on the register of H Shareholders of the Bank on July 26, 2023 and the issuance of H Shares has completed on such day. The subscription price of the issuance of H Shares was HK\$9.79 (equivalent to approximately RMB8.93, the closing price of H Shares of the Bank as quoted on the Hong Kong Stock Exchange on June 16, 2023 (namely the date of execution of H Share Subscription Agreements) was HK\$9.30 per Share) per H Share. The total proceeds raised from the issuance of H Shares amounted to approximately HK\$734 million, and net proceeds raised from the issuance of H Shares after deducting related actual costs and expenditures amounted to approximately HK\$731 million, which were entirely used to replenish the core tier-one capital of the Bank.

The Bank entered into the Domestic Share Subscription Agreements with no less than six subscribers of Domestic Shares on June 16, 2023 and August 21, 2023, respectively, pursuant to which, a total of 365,000,000 Domestic Shares with par value of RMB1.00 each have been issued to the subscribers of Domestic Shares on September 19, 2023. Domestic Shares issued under the issuance of Domestic Shares have completed the registration of the changes on the register of Domestic Shareholders of the Bank on September 19, 2023 and the issuance of Domestic Shares has completed on such day. The subscription price of the issuance of Domestic Shares was RMB8.93 (equivalent to approximately HK\$9.79) per Domestic Share. The total proceeds raised from the issuance of Domestic Shares amounted to approximately RMB3,259 million, and net proceeds raised from the issuance of Domestic Shares after deducting related actual costs and expenditures amounted to approximately RMB3,258 million, which were entirely used to replenish the core tier-one capital of the Bank.

For details, please refer to the announcements of the Bank dated December 12, 2022, February 7, 2023, May 16, 2023, June 15, 2023, June 16, 2023, July 26, 2023, August 21, 2023 and September 22, 2023 and the circular dated January 16, 2023.



## Important Events

### **7. REDEMPTION OF TIER-TWO CAPITAL BONDS**

The Bank issued two tranches of tier-two capital bonds with each of principal amount of RMB1.5 billion in the national interbank bond market in January and July 2018, totaling RMB3 billion. Such bonds are subject to the redemption option of the issuer. The Bank redeemed the above two tranches of tier-two capital bonds in January and July 2023, respectively.

### **8. SIGNIFICANT ASSETS PLEDGED**

The Bank did not pledge any significant assets during the reporting period.

### **9. SIGNIFICANT ACQUISITION AND DISPOSAL OF ASSETS AND BUSINESS COMBINATION**

During the reporting period, the Bank was not involved in any significant acquisition and disposal of assets or business combination.

### **10. PUNISHMENT AGAINST THE BANK AND ITS DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

On October 26, 2023, Mr. MEI Mengsheng has submitted written resignation report to the Board of Supervisors to resign from the position as the chairman of the Board of Supervisors. The Bank has learned that he is currently under disciplinary inspection and supervisory investigation by the Jiujiang Municipal Commission for Discipline Inspection and Municipal Supervision Commission (九江市紀委市監委).

Save as disclosed above, during the reporting period, the Bank, as well as its Directors, Supervisors or senior management of the Bank were neither under any investigation, administrative penalty or open criticism by the CSRC, nor under any public censure by the Hong Kong Stock Exchange or under any punishment by any other regulatory authorities which had a material effect on the Bank's operation.

### **11. AUDIT ON ANNUAL REPORT**

KPMG has conducted audit on the financial statements prepared in accordance with IFRS and disclosed in this annual report and issued the audit report with unqualified opinion. The annual report is reviewed and approved by the Audit Committee of the Board and the Board of the Bank.

### **12. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

From the end of the reporting period and as at the date of this annual report, no significant events have taken place that may affect the Bank.



# Independent Auditor's Report

TO THE SHAREHOLDERS OF BANK OF JIUJIANG CO., LTD.

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

## OPINION

We have audited the consolidated financial statements of Bank of Jiujiang Co., Ltd. (the "Bank") and its subsidiaries (the "Group") set out on pages 178 to 301, which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the People's Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

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



# Independent Auditor's Report

## KEY AUDIT MATTERS (Continued)

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

Refer to Note 19 and Note 20 to the consolidated financial statements and the accounting policies in Note 2(7).

The Key Audit Matter	How the matter was addressed in our audit
<p>The determination of loss allowances using the expected credit loss model is subject to a number of key parameters and assumptions, including the identification of loss stages, estimates of probability of default, loss given default, exposures at default and discount rate, adjustments for forward-looking information and other adjustment factors. Management judgement is involved in the selection of those parameters and the application of the assumptions.</p> <p>In particular, the determination of the expected credit loss model is heavily dependent on the external macro environment and the Group's internal credit risk management strategy. The expected credit losses for corporate loans and advances and financial investments are derived from estimates including the historical losses, external credit grading and other adjustment factors. The expected credit losses for personal loans are derived from estimates whereby management takes into consideration historical overdue data, the historical loss experience for personal loans and other adjustment factors.</p>	<p>Our audit procedures to assess loss allowances of loans and advances to customers and financial investments measured at amortised cost included the following:</p> <ul style="list-style-type: none"><li>• understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the approval, recording and monitoring of loans and advances to customers and financial investments measured at amortised cost, the credit grading process and the measurement of loss allowances;</li><li>• involving our internal financial risk management specialists to assess the appropriateness of the expected credit loss model used by management in determining loss allowances, including assessing the appropriateness of the key parameters and assumptions in the expected credit loss model, including the identification of loss stages, probability of default, loss given default, exposures at default, discount rate, adjustments for forward-looking information and other management adjustments;</li></ul>



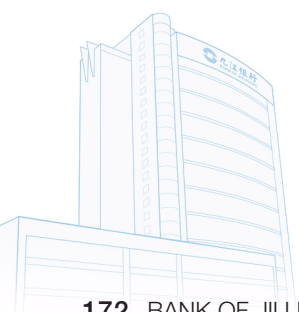
# Independent Auditor's Report

## KEY AUDIT MATTERS (Continued)

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

Refer to Note 19 and Note 20 to the consolidated financial statements and the accounting policies in Note 2(7).

The Key Audit Matter	How the matter was addressed in our audit
<p>Management also exercises judgement in determining the quantum of loss given default based on a range of factors. These include available remedies for recovery, the financial situation of the borrower, the recoverable amount of collateral, the seniority of the claim and the existence and cooperativeness of other creditors. The enforceability, timing and means of realisation of collateral can also have an impact on the recoverable amount of collateral and, therefore, the amount of loss allowances as at the end of the reporting period.</p> <p>We identified the measurement of loss allowance for expected credit losses of loans and advances to customers and financial investments measured at amortised cost as a key audit matter because of the inherent uncertainty and management judgement involved and because of its significance to the financial results and capital of the Group.</p>	<ul style="list-style-type: none"><li>• assessing the completeness and accuracy of data used for the key parameters in the expected credit loss model. For key parameters derived from internal data relating to original loan agreements, we compared the total balance of the loans and advances to customers and financial investments measured at amortised cost list used by management to assess the loss allowances with the general ledger, selecting samples and comparing individual loans and advances to customers and financial investments measured at amortised cost information with the underlying agreements and other related documentation to assess the accuracy of compilation of loans and advances to customers and financial investments measured at amortised cost list. For key parameters derived from external data, we selected samples to inspect the accuracy of such data by comparing them with public resources;</li><li>• for selecting key parameters for forward – looking information adjustments, critically assessing management judgement used in input parameters. As part of these procedures, we challenged the reasons for modifications to estimates and input parameters compared with prior period and considered the consistency of judgement. We compared the macro-economic factors used in the models with market information to assess whether they were aligned with market and economic development;</li></ul>



# Independent Auditor's Report

## KEY AUDIT MATTERS (Continued)

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

Refer to Note 19 and Note 20 to the consolidated financial statements and the accounting policies in Note 2(7).

The Key Audit Matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"><li>evaluating the validity of management's assessment on whether the credit risk of the loan has, or has not, increased significantly since initial recognition. We checked loan overdue information, making enquiries of the credit managers about the borrowers' business operations, checking borrowers' financial information and researching market information about borrowers' businesses on a sample basis;</li><li>for selected samples of loans and advances to customers and financial investments measured at amortised cost that are credit-impaired, evaluating the timing and means of realisation of collateral, evaluating the forecast cash flows, challenging the viability of the Group's recovery plans, evaluating management's assessment of the value of any property collateral held by comparison with market prices and management's evaluation and evaluating other credit enhancements that are integral to the contract terms. We assessed the accuracy of the amount of credit loss allowance using the expected credit loss model based on the above work for a sample of loans and advances to customers and financial investments measured at amortised cost; and</li><li>evaluating whether the disclosures on impairment of loans and advances to customers and financial investments measured at amortised cost comply with the disclosure requirements of the prevailing accounting standards.</li></ul>



# Independent Auditor's Report

## KEY AUDIT MATTERS (Continued)

### Consolidation of structured entities

Refer to Note 39 to the consolidated financial statements and the accounting policies in Note 2(26).

The Key Audit Matter	How the matter was addressed in our audit
<p>Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities.</p> <p>The Group may acquire or retain an ownership interest in, or act as a sponsor to, a structured entity, through issuing a wealth management product, or act as an investor to a structured entity through investing in an asset management plan, a trust plan, an asset-backed security or fund investments.</p> <p>In determining whether a structured entity is required to be consolidated by the Group, management is required to consider the power the Group is able to exercise over the activities of the entity and its ability to influence the Group's own returns from the entity. In certain circumstances the Group may be required to consolidate a structured entity even though it has no equity interest therein.</p> <p>We identified the consolidation of structured entities as a key audit matter because it involves significant management judgement to determine whether a structured entity is required to be consolidated by the Group or not and because the impact of consolidating a structured entity on the consolidated statement of financial position and relevant regulatory capital requirements could be significant.</p>	<p>Our audit procedures to assess the consolidation of structured entities included the following:</p> <ul style="list-style-type: none"><li>• understanding and assessing the design and implementation of the key internal controls of financial reporting over consolidation of structured entities;</li><li>• assessing the Group's analysis and conclusions on whether it controls structured entities by evaluating the Group's analysis on its power over structured entities, the magnitude and variability of variable returns from its involvement with structured entities. On a sample basis, inspecting the terms of the relevant contracts to assess whether the Group should consolidate a structured entity; and</li><li>• evaluating whether the disclosures in the consolidated financial statements in relation to structured entities meet the requirements of the relevant accounting standards.</li></ul>



## Independent Auditor's Report

### **INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

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

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

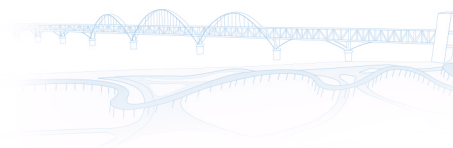
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

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

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

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.





# Independent Auditor's Report

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

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

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

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

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

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

## Independent Auditor's Report

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)

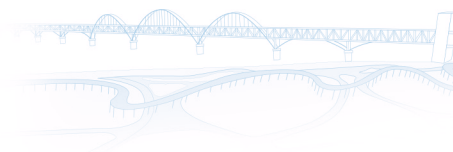
We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate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

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

The engagement partner on the audit resulting in this independent auditor's report is Li Ka Lam.

*Certified Public Accountants*  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

March 28, 2024



# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2023	2022
Interest income	4	<b>19,573,765</b>	19,947,683
Interest expense	4	<b>(11,284,788)</b>	(11,354,064)
<b>Net interest income</b>	4	<b>8,288,977</b>	8,593,619
Fee and commission income	5	<b>1,105,163</b>	975,075
Fee and commission expense	5	<b>(132,961)</b>	(133,416)
<b>Net fee and commission income</b>	5	<b>972,202</b>	841,659
Net gains arising from financial investments	6	<b>910,192</b>	1,049,353
Other income, gains or losses	7	<b>187,077</b>	385,314
Operating income		<b>10,358,448</b>	10,869,945
Operating expenses	8	<b>(3,407,124)</b>	(3,275,235)
Impairment losses on assets	9	<b>(6,105,728)</b>	(5,601,514)
Share of profits of associates		<b>9,525</b>	8,276
<b>Profit before taxation</b>		<b>855,121</b>	2,001,472
Income tax expense	10	<b>(109,704)</b>	(321,106)
<b>Net profit for the year</b>		<b>745,417</b>	1,680,366
Attributable to:			
Equity holders of the Bank		<b>723,582</b>	1,615,116
Non-controlling interests		<b>21,835</b>	65,250

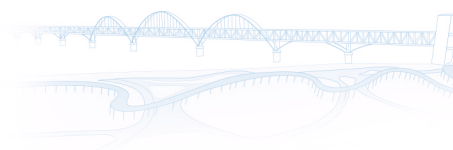
The notes on pages 187 to 301 form part of these financial statements.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2023	2022
Net profit for the year		745,417	1,680,366
<b>Items that may be reclassified subsequently to profit or loss:</b>			
– Financial assets at fair value through other comprehensive income: net movement in fair value		611,682	(136,712)
– Financial assets at fair value through other comprehensive income: net movement in impairment losses		3,197	10,512
– Income tax relating to items that may be reclassified to profit or loss		(153,720)	31,550
Other comprehensive income for the year, net of tax	11	461,159	(94,650)
Total comprehensive income for the year		1,206,576	1,585,716
Total comprehensive income for the year attributable to:			
Equity holders of the Bank		1,178,764	1,520,461
Non-controlling interests		27,812	65,255
Total comprehensive income for the year		1,206,576	1,585,716
Basic and diluted earnings per share (RMB yuan)	12	0.15	0.53

The notes on pages 187 to 301 form part of these financial statements.



# Consolidated Statement of Financial Position

As at December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	As at December 31	
		2023	2022
<b>ASSETS</b>			
Cash and balances with the central bank	15	33,302,531	33,148,446
Deposits with banks and other financial institutions	16	2,223,895	2,232,349
Placements with banks and other financial institutions	17	70,884	417,940
Financial assets held under resale agreements	18	14,346,187	8,974,512
Loans and advances to customers	19	293,410,239	271,535,173
Financial investments	20	145,948,869	149,026,242
Interest in associates	21	141,971	134,321
Right-of-use assets	22	289,012	298,087
Property and equipment	23	3,645,471	2,867,705
Deferred tax assets	24	4,520,103	4,830,269
Other assets	25	5,950,055	6,238,496
<b>Total assets</b>		<b>503,849,217</b>	<b>479,703,540</b>
<b>LIABILITIES</b>			
Borrowings from the central bank	26	28,106,605	12,840,981
Deposits from banks and other financial institutions	27	13,088,692	12,111,022
Placements from banks and other financial institutions	28	4,592,056	6,145,221
Financial assets sold under repurchase agreements	29	4,970,342	1,700,206
Customer deposits	30	370,733,048	377,340,019
Income tax payable		30,434	868,951
Debt securities issued	31	37,182,718	28,799,725
Lease liabilities	32	305,479	328,144
Provisions		490,795	610,488
Other liabilities	33	3,392,538	2,542,502
<b>Total liabilities</b>		<b>462,892,707</b>	<b>443,287,259</b>

The notes on pages 187 to 301 form part of these financial statements.

# Consolidated Statement of Financial Position

As at December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	As at December 31	
		2023	2022
<b>EQUITY</b>			
Share capital	34	2,847,367	2,407,367
Other equity instruments	35	6,997,840	6,997,840
Reserves	36	30,311,272	26,222,454
<hr/>			
Equity attributable to equity holders of the Bank		40,156,479	35,627,661
Non-controlling interests		800,031	788,620
<hr/>			
<b>Total equity</b>		<b>40,956,510</b>	<b>36,416,281</b>
<hr/>			
<b>Total liabilities and equity</b>		<b>503,849,217</b>	<b>479,703,540</b>

The financial statements have been approved by the Board of Directors of the Bank on March 28, 2024.

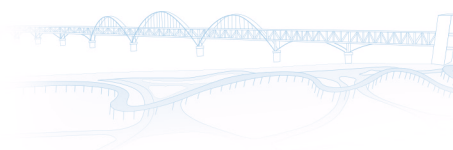
**Zhou Shixin**  
CHAIRMAN

**Xiao Jing**  
EXECUTIVE DIRECTOR

**Li Guoquan**  
CHIEF ACCOUNTANT

**Bank of Jiujiang Co., Ltd.**  
(Company Stamp)

The notes on pages 187 to 301 form part of these financial statements.



# Consolidated Statement of Changes in Equity

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Attributable to equity holders of the Bank							Non-controlling interests	Total	
		Share capital	Other equity instruments	Share premium	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings			
As at January 1, 2023		2,407,367	6,997,840	8,152,338	61,721	4,460,889	5,313,215	8,234,291	35,627,661	788,620	36,416,281
Net profit for the year		-	-	-	-	-	-	723,582	723,582	21,835	745,417
Other comprehensive income for the year		-	-	-	455,182	-	-	-	455,182	5,977	461,159
Total comprehensive income for the year		-	-	-	455,182	-	-	723,582	1,178,764	27,812	1,206,576
Capital invested by shareholders	34	440,000	-	3,486,791	-	-	-	-	3,926,791	-	3,926,791
Appropriation to surplus reserve	36(3)	-	-	-	-	154,154	-	(154,154)	-	-	-
Appropriation to general reserve	36(4)	-	-	-	-	-	212,351	(212,351)	-	-	-
Dividends paid to ordinary shareholders	13	-	-	-	-	-	-	(240,737)	(240,737)	-	(240,737)
Dividends paid to other equity instruments holders	13	-	-	-	-	-	-	(336,000)	(336,000)	-	(336,000)
Dividends paid to non-controlling interests holders		-	-	-	-	-	-	-	-	(16,401)	(16,401)
As at December 31, 2023		2,847,367	6,997,840	11,639,129	516,903	4,615,043	5,525,566	8,014,631	40,156,479	800,031	40,956,510

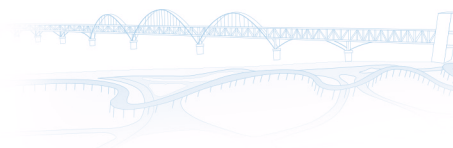
The notes on pages 187 to 301 form part of these financial statements.

# Consolidated Statement of Changes in Equity

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

	Attributable to equity holders of the Bank								Non-controlling interests	Total	
	Note	Share capital	Other equity instruments	Share premium	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings			Subtotal
As at January 1, 2022		2,407,367	6,997,840	8,152,338	156,376	4,140,487	5,195,459	7,634,070	34,683,937	729,288	35,413,225
Net profit for the year		-	-	-	-	-	-	1,615,116	1,615,116	65,250	1,680,366
Other comprehensive income for the year		-	-	-	(94,655)	-	-	-	(94,655)	5	(94,650)
Total comprehensive income for the year		-	-	-	(94,655)	-	-	1,615,116	1,520,461	65,255	1,585,716
Appropriation to surplus reserve	36(3)	-	-	-	-	320,402	-	(320,402)	-	-	-
Appropriation to general reserve	36(4)	-	-	-	-	-	117,756	(117,756)	-	-	-
Dividends paid to ordinary shareholders	13	-	-	-	-	-	-	(240,737)	(240,737)	-	(240,737)
Dividends paid to other equity instruments holders	13	-	-	-	-	-	-	(336,000)	(336,000)	-	(336,000)
Dividends paid to non-controlling interests holders		-	-	-	-	-	-	-	-	(5,923)	(5,923)
As at December 31, 2022		2,407,367	6,997,840	8,152,338	61,721	4,460,889	5,313,215	8,234,291	35,627,661	788,620	36,416,281

The notes on pages 187 to 301 form part of these financial statements.





# Consolidated Statement of Cash Flows

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2023	2022
<b>Cash flows from operating activities</b>			
Profit before taxation		855,121	2,001,472
Adjustments for:			
Depreciation and amortisation		547,019	513,741
Impairment losses		6,105,728	5,601,514
Interest income arising from financial investments		(4,778,853)	(5,111,054)
Interest expense arising from debt securities issued		665,055	826,540
Interest expense arising from lease liabilities		12,226	17,292
Net gains arising from financial investments		(910,610)	(1,044,420)
Share of profits of associates		(9,525)	(8,276)
Losses on disposal of property and equipment and other assets		9,728	12,790
Unrealised exchange gains		(10,547)	(85,725)
Others		(139,677)	(111,208)
<b>Operating cash flows before movements in working capital</b>		<b>2,345,665</b>	<b>2,612,666</b>

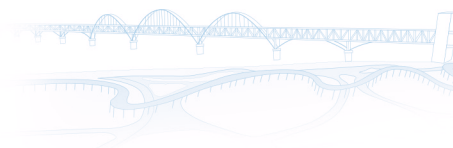
The notes on pages 187 to 301 form part of these financial statements.

# Consolidated Statement of Cash Flows

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2023	2022
<b>Cash flows from operating activities (continued)</b>			
Net decrease/(increase) in balances with the central bank and deposits with banks and other financial institutions		3,191,033	(911,642)
Net increase in financial assets held under resale agreements		(199,507)	-
Net (increase)/decrease in bonds investment measured at fair value through profit or loss		(6,307,688)	1,100,307
Net increase in loans and advances to customers		(26,790,056)	(33,777,652)
Net increase/(decrease) in borrowings from the central bank		15,078,743	(12,493,781)
Net increase/(decrease) in deposits from banks and other financial institutions		965,262	(1,284,415)
Net (decrease)/increase in placements from banks and other financial institutions		(1,557,096)	886,806
Net increase in financial assets sold under repurchase agreements		3,269,433	711,000
Net (decrease)/increase in customer deposits		(7,807,803)	30,222,068
Net increase in other operating assets		(469,978)	(169,394)
Net increase in other operating liabilities		2,049,340	2,138,409
<b>Net cash used in operating activities before tax</b>		<b>(16,232,652)</b>	<b>(10,965,628)</b>
Income tax paid		(791,775)	(1,042,900)
<b>Net cash used in operating activities</b>		<b>(17,024,427)</b>	<b>(12,008,528)</b>

The notes on pages 187 to 301 form part of these financial statements.



# Consolidated Statement of Cash Flows

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2023	2022
<b>Cash flows from investing activities</b>			
Cash received from disposal and redemption of financial investments		298,546,751	292,326,182
Cash received from disposal of property and equipment and other assets		32,709	118,049
Dividends received from associates		1,875	3,125
Net cash received from investment gains and interest		4,531,421	4,415,713
Cash paid for purchase of financial investments		(284,450,073)	(292,917,675)
Cash paid for purchase of property and equipment and other assets		(597,570)	(413,949)
<b>Net cash generated from investing activities</b>		<b>18,065,113</b>	<b>3,531,445</b>
<b>Cash flows from financing activities</b>			
Cash received from shares issued		3,926,791	–
Cash received from debt securities issued		52,697,288	32,345,739
Repayment of debt securities issued		(44,810,000)	(35,650,000)
Repayment of leases liabilities		(136,853)	(124,163)
Interest expenses paid for debt securities issued		(169,350)	(169,350)
Dividends paid to ordinary shareholders		(256,383)	(245,900)
Dividends paid to other equity instruments holders		(336,000)	(336,000)
<b>Net cash generated from/(used in) financing activities</b>		<b>10,915,493</b>	<b>(4,179,674)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>11,956,179</b>	<b>(12,656,757)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>18,861,838</b>	<b>31,450,307</b>
<b>Effect of foreign exchange rate changes</b>		<b>5,192</b>	<b>68,288</b>
<b>Cash and cash equivalents at the end of the year</b>	37	<b>30,823,209</b>	<b>18,861,838</b>
<b>Net cash used in operating activities include:</b>			
Interest paid		(9,258,345)	(7,936,071)
Interest received		14,473,001	14,635,260

The notes on pages 187 to 301 form part of these financial statements.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 1 GENERAL INFORMATION

Bank of Jiujiang Co., Ltd. (hereinafter referred to as the “Bank”) is formerly known as Jiujiang Commercial Bank, a joint-stock commercial bank established on the basis of Jiujiang Urban Credit Cooperatives as approved by the People’s Bank of China Wuhan Branch (Wuyinfu [1999] No. 300). The Bank changed its name to Bank of Jiujiang Co., Ltd. in September 2008.

The Bank is licensed as a financial institution by the former China Banking Regulatory Commission (the “former CBRC”, currently the National Financial Regulatory Administration, the “NFRA”) Jiangxi Province Bureau (No. B0348H336040001) and is registered as a business enterprise with the approval of Jiujiang Administration of Industry and Commerce of the People’s Republic of China (the “PRC”) (No. 9136040070552834XQ). On July 10, 2018, the Bank was listed on The Stock Exchange of Hong Kong Limited with the stock code of 06190.

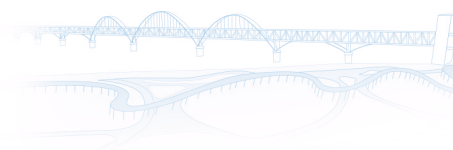
The principal activities of the Bank and its subsidiaries (collectively, the “Group”) comprise deposit taking, granting short-term, medium-term and long-term loans; domestic and overseas settlements; bill acceptance and discounting; issuing financial bonds; acting as agent to issue, settle and underwrite government bonds; trading of government bonds and financial bonds; inter-bank placement; providing letters of credit services and guarantees; acting as agent on inward and outward payments, acting as insurance agent; safe-box service and other businesses approved by the NFRA.

## 2 MATERIAL ACCOUNTING POLICIES

### (1) Statement of compliance

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

Material accounting policies adopted by the Group are disclosed below.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 MATERIAL ACCOUNTING POLICIES (Continued)

### (2) Basis of preparation of the financial statements

The consolidated financial statements for the year ended December 31, 2023 comprise the Bank and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates.

The measurement basis used in the preparation of the financial statements is the historical basis, except for financial investments at fair value through other comprehensive income, or financial investments at fair value through profit or loss (see Note 2(7)) are stated at their fair value as explained in the accounting policies.

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

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

Judgements made by management in the application of IFRSs that have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 2(27).

The financial statements are presented in RMB, rounded to the nearest thousand, which is the functional currency of the Group.

### (3) Changes in accounting policies

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

- IFRS 17, *Insurance Contracts*

IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. Amendments to IFRS 17 were issued in June 2020 and December 2021 to address stakeholder concerns and implementation challenges. IFRS 17 sets out a single principle-based standard for the recognition, measurement, presentation and disclosure of insurance contracts in the financial statements of the issuers of those contracts.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 MATERIAL ACCOUNTING POLICIES (Continued)

### (3) Changes in accounting policies (Continued)

- Amendments to IAS 1 and IFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments clarify that an entity will be required to disclose its “material” accounting policy information as opposed to “significant” accounting policies and provide additional guidance on how to identify material accounting policy information. The amendments to IFRS Practice Statement 2 provide additional guidance and examples to explain and illustrate the application of the “four-step materiality process” to accounting policy information.

- Amendments to IAS 8, *Definition of Accounting Estimates*

The amendments now define “accounting estimates” as “monetary amounts in financial statements that are subject to measurement uncertainty” and remove the definition of “a change in accounting estimate”. The amendments also clarify that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates unless they result from the correction of prior period errors.

- Amendments to IAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments specify how entities should account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition. As a result, entities will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

- Amendments to IAS 12, *International tax reform – Pillar Two model rules*

The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure from December 31, 2023. The mandatory exception applies retrospectively. However, because no new legislation to implement the top-up tax was enacted or substantively enacted at December 31, 2022 in any jurisdiction in which the Group operates and no related deferred taxes were recognised at that date, the retrospective application has no impact on the Group’s financial statements.

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior year have been prepared or presented in this financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting year.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 MATERIAL ACCOUNTING POLICIES (Continued)

### (4) Consolidated financial statements

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Bank and its subsidiaries (including the structured entities controlled by the Bank). Control exists when the investor has all of the following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

A structured entity is one that is not designed to have voting or similar rights as a determining factor when determining its controlling party. The basis for the activities related to this entity is usually a contractual arrangement or other forms of arrangement.

Non-controlling interests are presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to non-controlling shareholders is presented separately in the consolidated income statement below the net profit line item. Comprehensive income attributable to non-controlling shareholders is presented separately in the consolidated income statement below the total comprehensive income line item. When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

When the accounting period or accounting policies of a subsidiary are different from those of the Bank, the Bank makes necessary adjustments to the financial statements of the subsidiary based on the Bank's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, unless they represent impairment losses that are recognised in the financial statements.

### (5) Translation of foreign currencies

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

A spot exchange rate is quoted by the PBOC, the State Administration of Foreign Exchange, or a cross rate determined based on quoted exchange rates. A rate that approximates the spot exchange rate is determined by a systematic and rational method, normally the average exchange rate of the current period.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 MATERIAL ACCOUNTING POLICIES (Continued)

### (5) Translation of foreign currencies (Continued)

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognised in profit or loss. Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rate at the date the fair value is determined. The resulting exchange differences are recognised in profit or loss, except for the differences arising from the re-translation of financial assets measured at fair value through other comprehensive income, which are recognised in other comprehensive income.

### (6) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, non-restricted balances with central bank, short-term deposits and placements with banks and other financial institutions, and highly liquid short-term investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(7).

### (7) Financial instruments

#### (i) Recognition and initial measurement of financial assets and financial liabilities

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

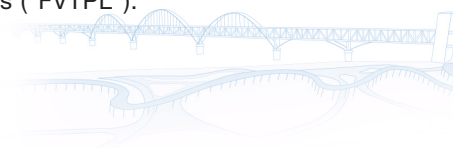
Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial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

#### (ii) Classification and subsequent measurement of financial assets

##### *Classification of financial assets*

The Group classifies financial assets into different categories upon initial recognition based on the business model for managing the financial assets and the contractual cash flow characteristics of financial assets:

- Financial assets measured at amortised cost, including loans and advances to customers and financial investments measured at amortised cost;
- Financial assets at fair value through other comprehensive income (“FVOCI”), including loans and advances to customers at FVOCI and financial investments at FVOCI; and
- Financial assets at fair value through profit or loss (“FVTPL”).





# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 MATERIAL ACCOUNTING POLICIES (Continued)

### (7) Financial instruments (Continued)

#### (ii) **Classification and subsequent measurement of financial assets** (Continued)

##### *Classification of financial assets* (Continued)

Financial assets may not be reclassified after initial recognition unless the Group changes the business model for managing the financial assets, in which case, all affected financial assets are reclassified on the first day of the first reporting period after the business model changes.

Financial assets not designated as FVTPL that meet the following conditions are classified as financial assets measured at amortised cost:

- The purpose of the Group's business model for managing the financial assets is to receive contractual cash flows;
- The contractual terms of the financial assets stipulate that the cash flows generated on specific dates are only for payment of the principal and the interest based on the amount of principal outstanding.

The Group classifies financial assets not designated as FVTPL that meet the following conditions as financial assets at FVOCI:

- The purpose of the Group's business model for managing the financial assets is to receive contractual cash flows and to sell the financial assets;
- The contractual terms of the financial assets stipulate that the cash flows generated on specific dates are only for payment of the principal and the interest based on the amount of principal outstanding.

For equity investment not held for trading, the Group may irrevocably designate it as financial asset at FVOCI upon initial recognition. The designation is made on an individual basis and the investment is in line with the definition of the equity instrument from the issuer's perspective.

Except for the above-mentioned financial assets that are measured at amortised cost and at FVOCI, the Group classifies all other financial assets into financial assets at FVTPL. At the time of initial recognition, if the accounting mismatch can be eliminated or significantly reduced, the Group can irrevocably designate financial assets that should be measured at amortised cost or FVOCI as financial assets at FVTPL.

The business model for managing financial assets refers to how the Group manages financial assets to generate cash flows. The business model determines whether the sources of cash flows for financial assets managed by the Group is contractual cash flows, the sale of financial assets or both. The Group determines the business model for managing financial assets based on objective facts and specific business objectives for the management of financial assets as determined by key management personnel.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 MATERIAL ACCOUNTING POLICIES (Continued)

### (7) Financial instruments (Continued)

#### (ii) **Classification and subsequent measurement of financial assets** (Continued)

##### *Classification of financial assets* (Continued)

The Group assesses the contractual cash flow characteristics of financial assets to determine whether the contractual cash flows generated by the relevant financial assets on specific dates are solely for payment of the principal and the interest based on the amount of principal outstanding. Of which, the principal is the fair value of the financial assets at initial recognition; the interest includes the time value of money, the credit risk associated with the outstanding principal amount for a specific period, and the consideration of other basic borrowing risks, costs and profits. In addition, the Group assesses the contractual terms that may result in a change in the time distribution or amount of contractual cash flows generated by the financial assets to determine whether they meet the requirements of the above contractual cash flow characteristics.

##### *Subsequent measurement of financial assets*

###### – *Financial assets at FVTPL*

Subsequent to initial recognition, the financial assets are measured at fair value, and the resulting gains or losses (including interest and dividend income) are included in profit or loss, unless the financial asset is part of a hedging relationship.

###### – *Financial assets measured at amortised cost*

Subsequent to initial recognition, the financial assets are measured at amortised cost using the effective interest method. Gains or losses arising from financial assets that are measured at amortised cost and are not a component of any hedges are recognised in profit or loss at the time of derecognition and amortisation using the effective interest method or recognition of impairment.

###### – *Financial assets at FVOCI*

Subsequent to initial recognition, the financial assets are measured at fair value. Interest calculated using the effective interest method, impairment losses or gains and exchange gains or losses are recognised in profit or loss, and other gains or losses are included in other comprehensive income. At the time of derecognition, the cumulative gains or losses previously recognised in other comprehensive income are transferred to profit or loss.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 MATERIAL ACCOUNTING POLICIES (Continued)

### (7) Financial instruments (Continued)

#### (ii) Classification and subsequent measurement of financial assets (Continued)

##### *Subsequent measurement of financial assets (Continued)*

##### – *Equity investments at FVOCI*

Subsequent to initial recognition, the financial assets are measured at fair value. Dividend income is recognised in profit or loss; other gains or losses are recognised in other comprehensive income. At the time of derecognition, the cumulative gains or losses previously included in other comprehensive income are transferred to retained earnings.

#### (iii) Classification and subsequent measurement of financial liabilities

The Group classifies financial liabilities into financial liabilities at FVTPL and financial liabilities carried at amortised cost.

##### – *Financial liabilities at FVTPL*

Subsequent to initial recognition, the financial liabilities are measured at fair value. Any resulting gains or losses (including interest expenses), unless related to hedge accounting, are recognised in profit or loss.

##### – *Financial liabilities measured at amortised cost*

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method.

#### (iv) Impairment

The Group recognises provision for expected credit loss (“ECL”) on:

- Financial assets measured at amortised cost;
- Debt instruments at FVOCI;
- Credit commitments;
- Financial guarantee contracts.

Other financial assets measured at fair value, including debt or equity securities at FVTPL and equity securities designated at FVOCI (non-recycling), are not subject to the ECL assessment.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 MATERIAL ACCOUNTING POLICIES (Continued)

### (7) Financial instruments (Continued)

#### (iv) Impairment (Continued)

##### *Measurement of ECLs*

Expected credit loss is a weighted average of credit losses on financial instruments weighted at the risk of default. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The Group's method of measuring ECLs of financial instruments reflects the following elements: (i) unbiased weighted average probability determined by the results of evaluating a range of possible outcomes; (ii) time value of money; (iii) reasonable and evidence-based information about past events, current conditions, and future economic forecasts that are available at no additional cost or effort at the end of the reporting period.

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

Lifetime ECLs are the ECLs that result from all possible default events over the expected life.

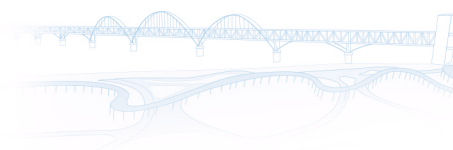
12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

The Group's measurement of expected credit losses is described in Note 44(1).

##### *Presentation of provision for ECLs*

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. For financial assets measured at amortised cost, provision is offset against their carrying amount in the balance sheet. The Group recognises provision for debt instruments at FVOCI in other comprehensive income and does not deduct the carrying amount of the financial assets.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 MATERIAL ACCOUNTING POLICIES (Continued)

### (7) Financial instruments (Continued)

#### (iv) Impairment (Continued)

##### *Write-off*

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

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

#### (v) Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the following conditions are met:

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

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

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

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is discharged.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 MATERIAL ACCOUNTING POLICIES (Continued)

### (7) Financial instruments (Continued)

#### (vi) Offsetting

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

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

### (8) Financial assets purchased under resale agreements and sold under repurchase agreements

The assets purchased under resale agreements are not recognised, and the payment is reported as a receivable in the balance sheet and is carried at amortised cost.

Financial assets sold under repurchase agreements continue to be recognised in the balance sheet and are measured in accordance with applicable accounting policies. The funds received are reported as liabilities in the balance sheet and are carried at amortised cost.

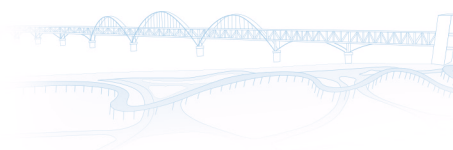
Interest earned on resale agreements and interest incurred on repurchase agreements are recognised respectively as interest income and interest expense over the life of each agreement using the effective interest method.

### (9) Fair value measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 MATERIAL ACCOUNTING POLICIES (Continued)

### (10) Long-term equity investments

#### (i) Investment in subsidiaries

In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the principles described in Note 2(4).

In the Bank's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method for subsequent measurement. Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Bank recognises its share of the cash dividends or profit distributions declared by the investee as investment income for the current period. The investments in subsidiaries are stated in the balance sheet at cost less impairment losses (see Note 2(16)).

#### (ii) Investments in associates

An associate is an enterprise over which the Group has significant influence.

A long-term equity investment in an associate is accounted for using the equity method for subsequent measurement, unless the investment is classified as held for sale.

Under the equity method:

Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.

After the acquisition of the investment, the Group recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Group. Changes in the Group's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution ("other changes in owners' equity"), is recognised directly in the Group's equity, and the carrying amount of the investment is adjusted accordingly.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 MATERIAL ACCOUNTING POLICIES (Continued)

### (10) Long-term equity investments (Continued)

#### (ii) Investments in associates (Continued)

In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses resulting from transactions between the Group and its associates are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.

The Group discontinues recognising its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the associate subsequently reports net profits, the Group resumes recognising its share of those profits only after its share of the profits has fully covered the share of losses not recognised.

For the impairment of the investments in associates, refer to Note 2(16).

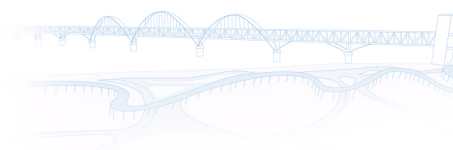
### (11) Property and equipment and construction in progress

Property and equipment are tangible assets held by the Group for operation and administration purposes with useful lives over one year.

Property and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see Note 2(16)). Construction in progress is stated in the balance sheet at cost less impairment loss (Note 2(16)).

The cost of a purchased property and equipment comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use.

All direct and indirect costs that are related to the construction of the property and equipment and incurred before the assets are ready for their intended use are capitalised as the cost of construction in progress. Construction in progress is transferred to property and equipment when it is ready for its intended use. No depreciation is provided against construction in progress.





# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 MATERIAL ACCOUNTING POLICIES (Continued)

### (11) Property and equipment and construction in progress (Continued)

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

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

The cost of property and equipment are depreciated using the straight-line method over their estimated useful lives, after taking into account their estimated residual values and accumulated impairment losses (that is the cost of property and equipment (net of the estimated residual values) divided by the estimated useful lives). The estimated useful lives, estimated residual value rates and annual depreciation rates of each class of property and equipment are as follows:

Asset category	Estimated useful life	Estimated residual value rates	Annual depreciation rates
Premises	5 – 50 years	0 – 3%	1.94% – 20.00%
Electronic equipment	3 – 5 years	0 – 3%	19.40% – 33.33%
Motor vehicles	5 years	3%	19.40%
Furniture and fixtures	3 – 5 years	0 – 3%	19.40% – 33.33%
Leasehold improvements and others	1 – 10 years	0%	10.00% – 100.00%

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

### (12) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes).

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 MATERIAL ACCOUNTING POLICIES (Continued)

### (12) Investment properties (Continued)

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

### (13) Leases

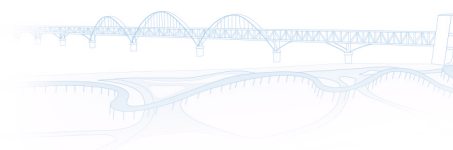
A contract is lease if the lessor conveys the right to control the use of an identified asset to lessee for a period of time in exchange for consideration.

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

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

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

For a contract that contains lease and non-lease components, the Group has elected not to separate non-lease components from lease components and account for the lease and non – lease components as a single lease component.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 MATERIAL ACCOUNTING POLICIES (Continued)

### (13) Leases (Continued)

#### (i) As a lessee

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

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note 2(16).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Each institution of the Group uses interest rate that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment as incremental borrowing rate.

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

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

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

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



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 MATERIAL ACCOUNTING POLICIES (Continued)

### (13) Leases (Continued)

#### (ii) As a lessor

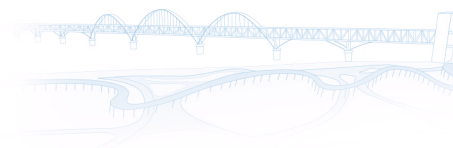
The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

When the Group is a sub-lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies practical expedient described above, then it classifies the sub-lease as an operating lease.

Under a finance lease, at the commencement date, the Group recognises the finance lease receivable and derecognises the finance lease asset. The finance lease receivable is initially measured at an amount equal to the net investment in the lease. The net investment in the lease is measured at the aggregate of the unguaranteed residual value and the present value of the lease receivable that are not received at the commencement date, discounted using the interest rate implicit in the lease.

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return. The derecognition and impairment of the finance lease receivable are recognised in accordance with the accounting policy in Note 2(7). Variable lease payments not included in the measurement of net investment in the lease are recognised as income as they are earned.

Lease receipts from operating leases is recognised as income using the straight-line method over the lease term. The initial direct costs incurred in respect of the operating lease are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Variable lease payments not included in lease receipts are recognised as income as they are earned.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 MATERIAL ACCOUNTING POLICIES (Continued)

### (14) Intangible assets and Land use rights

Intangible assets and land use rights are stated in the balance sheet at cost or share-based restructuring basis valuation less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(16)). The cost of intangible assets and land use rights less estimated residual value and accumulated impairment losses is amortised on a straight-line basis over the estimated useful lives.

The respective amortisation periods for such intangible assets and land use rights are as follows:

Land use rights	20 – 50 years
Softwares	1 – 10 years

### (15) Repossessed assets

Repossessed assets are physical assets or property rights obtained by the Group from debtors, warrantors or third parties following the enforcement of its creditor's rights. The repossessed assets are initially recognised at fair value, and are subsequently measured at the lower of the carrying value and net realisable value. If the net realisable value is lower than the carrying value of the repossessed assets, the assets are written down to the net realisable value.

### (16) Impairment of non-financial assets

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

- Property and equipment;
- Construction in progress;
- Right-of-use assets;
- Intangible assets and Land use rights; and
- Investments in subsidiaries and associates.

If any indication that an asset may be impaired, the recoverable amount of the asset is estimated.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 MATERIAL ACCOUNTING POLICIES (Continued)

### (16) Impairment of non-financial assets (Continued)

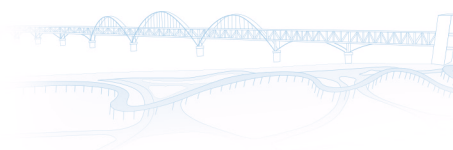
An asset group is composed of assets directly related to cash generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value less costs to sell and its present value of expected future cash flows. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset; if it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the assets belong.

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

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount had no impairment loss been recognised. A reversal of an impairment loss is recognised in the consolidated income statement.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 MATERIAL ACCOUNTING POLICIES (Continued)

### (17) Employee benefits

#### (i) Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate. If the liability is not expected to be fully paid within 12 months after the end of the annual reporting period in which the employee provides the services, and the financial impact is significant, the liability is measured at the discounted amount.

#### (ii) Post-employment benefits – defined contribution plans

Pursuant to the relevant laws and regulations of the People's Republic of China, the Group participates in a defined contribution basic pension insurance, unemployment insurance and annuity plans in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance and unemployment insurance plans based on the applicable benchmarks and rates stipulated by the government. The Group provides an annuity plan for eligible employees and makes contribution based on a certain percentage of the total salaries of the employees. The corresponding expenses incurred are recognised in profit or loss.

#### (iii) Termination benefits

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

- When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;
- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 MATERIAL ACCOUNTING POLICIES (Continued)

### (17) Employee benefits (Continued)

#### (iv) **Supplementary retirement benefits**

##### *Early retirement benefits*

According to the Group's policy on early retirement benefits, certain employees are entitled to take leave of absence and in return receive a certain level of staff salaries and related benefits from the Group. The salaries and benefit payments are made from the date of early retirement to the normal retirement date. The amounts of retirement benefits expense and present value of these liabilities are dependent on assumptions used in calculating such amounts. These assumptions include discount rates, retirement benefit growth rates and other factors. Gains and losses arising from the changes in assumptions and amendments to pension plans are recognised in the income statement as they occur.

##### *Retirement benefit annuity plan*

In addition to the basic pension insurance scheme, employees and early retirees of the Group also participate in a defined contribution plan established by the Group (the "Annuity Plan"). The Group and its employees are required to contribute a certain percentage of the employees' previous year basic salaries to the Annuity Plan. The contribution is charged to the income statement when it incurs. The Group has no obligation to pay further contributions if the Annuity Plan does not hold sufficient assets to pay all employee benefits.

Contributions to the defined contribution retirement plan are recognised as expenses when incurred, and there are no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

### (18) Income tax

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to items that are recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

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

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





# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 MATERIAL ACCOUNTING POLICIES (Continued)

### (18) Income tax (Continued)

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

Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or tax loss) and does not give rise to equal taxable and deductible temporary differences. The temporary difference arising from the initial recognition of goodwill does not give rise to deferred tax. And those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development do not give rise to deferred tax.

The group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

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

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

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

- The taxable entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- They relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities, simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 MATERIAL ACCOUNTING POLICIES (Continued)

### (19) Financial guarantees, provisions and contingent liabilities

#### (i) Financial guarantees

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

The Group used the expected credit loss model to measure losses incurred because a specified debtor fails to make payment when due, and included them in provisions. Refer to Note 2(7)(iv) for details of the expected credit loss model.

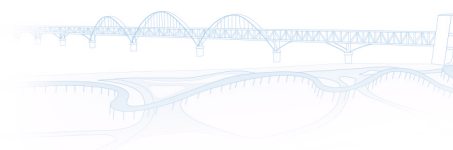
#### (ii) Other provisions

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined according to the following circumstances:

- Where the contingency involves a single item, the best estimate is the most likely outcome;
- Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 MATERIAL ACCOUNTING POLICIES (Continued)

### (20) Fiduciary activities

The Group acts in fiduciary activities as a manager, a custodian, or an agent for customers. Assets held by the Group and the related undertakings to return such assets to customers are recorded as off-balance sheet items as the risks and rewards of the assets reside with customers.

The Group enters into entrusted loan agreements with customers, whereby the customers provide funding (the “entrusted funds”) to the Group, and the Group grants loans to third parties (the “entrusted loans”) under instructions of the customers. As the Group does not assume the risks and rewards of the entrusted loans and the corresponding entrusted funds, the entrusted loans and funds are recorded as off-balance sheet items at their principal amount. No provision for impairment loss is made for entrusted loans.

### (21) Income recognition

Income is recognised when the Group satisfies the performance obligation in the contract which by transferring the control over relevant goods or services to the customers.

The following is the description of accounting policies regarding income from the Group’s principal activities.

#### (i) Interest income

Interest income for financial assets is recognised in profit or loss as it is incurred, based on the time for alienation of right to use capital and effective interest rates. Interest income includes the amortisation of any discount or premium or differences between the initial carrying amount of an interest-bearing asset and its amount at maturity calculated using the effective interest rate.

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

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



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 MATERIAL ACCOUNTING POLICIES (Continued)

### (21) Income recognition (Continued)

#### (ii) Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. The fee and commission income recognised by the Group reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring promised services to customers, and income is recognised when its performance obligation in contracts is satisfied.

The Group recognises income over time by measuring the progress towards the complete satisfaction of a performance obligation, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The customer controls the service provided by the Group in the course of performance;
- The Group does not provide service with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date; or
- In other cases, the Group recognises revenue at a point in time at which a customer obtains control of the promised services.

#### (iii) Government grants

Government grants are recognised in the statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

#### (iv) Other income

Other income is recognised on an accrual basis.

### (22) Expense recognition

#### (i) Interest expenses

Interest expenses from financial liabilities are accrued on a time proportion basis with reference to the amortised cost and the applicable effective interest rate.

#### (ii) Other expenses

Other expenses are recognised on an accrual basis.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 MATERIAL ACCOUNTING POLICIES (Continued)

### (23) Dividends

Dividends proposed in the profit appropriation plan which will be authorised and declared after the balance sheet date are not recognised as a liability at the balance sheet date but disclosed separately in the notes to the financial statements.

### (24) Related parties

- (i) A person, or a close member of that person's family, is related to the Group if that person:
  - (a) has control or joint control over the Group;
  - (b) has significant influence over the Group; or
  - (c) is a member of the key management personnel of the Group or the Group's parent.
  
- (ii) An entity is related to the Group if any of the following conditions applies:
  - (a) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member);
  - (c) Both entities are joint ventures of the same third party;
  - (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (f) The entity is controlled or jointly controlled by a person identified in (i);
  - (g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
  - (h) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 2 MATERIAL ACCOUNTING POLICIES (Continued)

### (25) Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system, whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and assess its performance. Inter-segment revenues are measured on the basis of the actual transaction prices for such transactions for segment reporting. Segment accounting policies are consistent with those for the consolidated financial statements.

### (26) Determination of control over investees

Management applies its judgement to determine whether the Group is acting as agent or principal in relation to the structured entities in which the Group acts as an asset manager. In assessing whether the Group is acting as agent, the Group considers factors such as scope of the asset manager's decision-making authority, rights held by other parties, remuneration to which it is entitled and exposure to variability of returns.

### (27) Use of judgements and estimates

In determining the carrying amounts of some assets and liabilities, the Group makes assumptions for the effects of uncertain future events on the assets and liabilities at the end of the reporting period. These estimates involve assumptions about cash flows and the discount rates used. The Group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to the assumptions and estimations of future events, judgements are also made during the process of applying the Group's accounting policies.

Except for accounting estimates relating to depreciation and amortisation of assets such as property and equipment and construction in progress, investment properties, intangible assets and land use rights, and other assets (see Note 2(11), Note 2(12) and Note 2(14)) and allowances for impairment losses of various types of assets (see Notes 16, 17, 18, 19, 20 and 25). Other material accounting estimates are as follows:

- (i) Note 24: Recognition of deferred tax assets;
- (ii) Note 39: Structured entities; and
- (iii) Note 45: Fair value of financial instruments.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 3 SEGMENT ANALYSIS

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors and relevant management committees (Chief Operating Decision Maker) for the purposes of allocating resources to segments and assessing their performance. The Group's chief operating decision maker reviews consolidated financial statements mainly based on operating segments for the purpose of allocating resources and performance assessment.

Measurement of segment assets and liabilities and segment income and results is based on the Group's accounting policies. Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements as disclosed in Note 2.

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

Segment revenue, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group provides a diversified range of banking and related financial services. The products and services offered to customers are organised into the following operating segments:

### Corporate banking

The corporate banking segment provides financial products and services to corporations, government agencies and financial institutions. The products and services include corporate loans, trade financing, deposit takings and other types of corporate intermediary services, except for those carried by subsidiaries of the Bank.

### Retail banking

The retail banking segment provides financial products and services to individual customers. The products and services include personal loans, deposit products, card business, personal wealth management services and other types of personal intermediary services, except for those carried by subsidiaries of the Bank.

### Financial market business

The Group's financial market business conduct money market or repurchase transactions, and financial investments for its own accounts or on behalf of customers, except for those carried by subsidiaries of the Bank.

Segment result represents the profit earned by each segment without allocation of certain other income, gains or losses, share of profits of associates, income tax expense and results from subsidiaries of the Group. Segment assets/liabilities are allocated to each segment, excluding loans and advances to customers, interests in associates and assets/liabilities of the subsidiaries of the Group. This is the measure reported to the Chief Operating Decision Maker for the purposes of resource allocation and performance assessment.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 3 SEGMENT ANALYSIS (Continued)

	Year ended December 31, 2023				
	Corporate banking	Retail banking	Financial market business	Unallocated	Total
External interest income	9,002,909	4,402,773	5,579,011	589,072	19,573,765
External interest expense	(4,061,247)	(4,799,920)	(2,257,208)	(166,413)	(11,284,788)
Net inter-segment interest income/ (expense)	356,148	3,098,445	(2,630,251)	(824,342)	-
Net interest income	5,297,810	2,701,298	691,552	(401,683)	8,288,977
Fee and commission income	594,665	66,016	442,234	2,248	1,105,163
Fee and commission expense	(17,385)	(76,093)	(35,764)	(3,719)	(132,961)
Net fee and commission income	577,280	(10,077)	406,470	(1,471)	972,202
Net gains arising from financial investments	-	-	910,170	22	910,192
Other income, gains or losses	(1,045)	(3,725)	36,204	155,643	187,077
Operating income	5,874,045	2,687,496	2,044,396	(247,489)	10,358,448
Operating expenses	(1,310,907)	(1,018,609)	(742,063)	(335,545)	(3,407,124)
Impairment losses on assets	(3,865,612)	(841,704)	(1,369,455)	(28,957)	(6,105,728)
Share of profits of associates	-	-	-	9,525	9,525
Profit before taxation	697,526	827,183	(67,122)	(602,466)	855,121
Income tax expense					(109,704)
Net profit for the year					745,417
Depreciation and amortisation	241,075	117,895	149,392	38,657	547,019
Purchase of non-current assets	611,934	299,260	379,209	40,040	1,330,443
Segment assets	200,305,856	89,853,235	195,530,659	13,639,364	499,329,114
Deferred tax assets					4,520,103
Total assets					503,849,217
Segment liabilities/Total liabilities	(192,391,574)	(167,073,315)	(88,326,634)	(15,101,184)	(462,892,707)
Credit commitments	91,363,910	12,956,203	-	34,832	104,354,945



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 3 SEGMENT ANALYSIS (Continued)

	Year ended December 31, 2022				Total
	Corporate banking	Retail banking	Financial market business	Unallocated	
External interest income	8,283,276	4,662,800	6,455,564	546,043	19,947,683
External interest expense	(4,455,806)	(4,644,129)	(2,107,378)	(146,751)	(11,354,064)
Net inter-segment interest income/ (expense)	648,633	3,085,456	(3,160,043)	(574,046)	-
Net interest income	4,476,103	3,104,127	1,188,143	(174,754)	8,593,619
Fee and commission income	613,536	77,903	280,816	2,820	975,075
Fee and commission expense	(37,453)	(65,781)	(25,956)	(4,226)	(133,416)
Net fee and commission income	576,083	12,122	254,860	(1,406)	841,659
Net gains arising from financial investments	-	-	1,049,353	-	1,049,353
Other income, gains or losses	(2,532)	(3,073)	133,832	257,087	385,314
Operating income	5,049,654	3,113,176	2,626,188	80,927	10,869,945
Operating expenses	(1,194,686)	(969,408)	(856,131)	(255,010)	(3,275,235)
Impairment losses on assets	(3,821,873)	(698,915)	(1,080,961)	235	(5,601,514)
Share of profits of associates	-	-	-	8,276	8,276
Profit before taxation	33,095	1,444,853	689,096	(165,572)	2,001,472
Income tax expense					(321,106)
Net profit for the year					1,680,366
Depreciation and amortisation	210,904	118,722	164,368	19,747	513,741
Purchase of non-current assets	166,506	93,728	129,765	10,976	400,975
Segment assets	180,274,888	88,713,589	193,459,143	12,425,651	474,873,271
Deferred tax assets					4,830,269
Total assets					479,703,540
Segment liabilities/Total liabilities	(174,088,848)	(154,651,180)	(62,247,276)	(52,299,955)	(443,287,259)
Credit commitments	85,082,069	23,093,125	-	-	108,175,194

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 3 SEGMENT ANALYSIS (Continued)

### Geographical information

The Group's revenue from external customers is derived solely from its operations and services rendered in the PRC, and non-current assets of the Group are located in the PRC.

### Information about major customers

During the year ended December 31, 2023 and 2022, there were no revenue from transactions with a single external customer amounting to 10.00% or more of the Group's total revenue.

## 4 NET INTEREST INCOME

	2023	2022
<b>Interest income:</b>		
Balances with the central bank	432,267	452,280
Deposits with banks and other financial institutions	15,502	28,952
Placements with banks and other financial institutions	28,088	806
Financial assets held under resale agreements	358,062	388,726
Loans and advances to customers		
– Corporate loans and advances	8,559,035	8,378,613
– Retail loans and advances	4,847,823	5,081,699
– Discounted bills	554,135	505,553
Financial investments	4,778,853	5,111,054
Subtotal	19,573,765	19,947,683
<b>Interest expense:</b>		
Borrowings from the central bank	(466,063)	(386,016)
Deposits from banks and other financial institutions	(441,265)	(327,925)
Placements from banks and other financial institutions	(167,669)	(143,000)
Financial assets sold under repurchase agreements	(369,722)	(257,935)
Customer deposits	(9,162,788)	(9,395,356)
Debt securities issued	(665,055)	(826,540)
Lease liabilities	(12,226)	(17,292)
Subtotal	(11,284,788)	(11,354,064)
<b>Net interest income</b>	<b>8,288,977</b>	<b>8,593,619</b>



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 5 NET FEE AND COMMISSION INCOME

	2023	2022
<b>Fee and commission income</b>		
Settlement and clearing fees	296,552	221,053
Credit commitments and financial guarantees fees	271,720	255,907
Wealth management fees	237,435	237,238
Agency service fees	203,958	178,004
Bank card fees	86,377	71,596
Transaction and consultancy fees	9,121	11,277
<b>Subtotal</b>	<b>1,105,163</b>	<b>975,075</b>
<b>Fee and commission expense</b>		
Transaction fees	(76,315)	(63,464)
Settlement fees	(50,581)	(41,063)
Others	(6,065)	(28,889)
<b>Subtotal</b>	<b>(132,961)</b>	<b>(133,416)</b>
<b>Net fee and commission income</b>	<b>972,202</b>	<b>841,659</b>

## 6 NET GAINS ARISING FROM FINANCIAL INVESTMENTS

	2023	2022
Net gains on financial investments at fair value through profit or loss ("FVTPL")	935,081	1,000,645
Net (losses)/gains on financial investments at fair value through other comprehensive income ("FVOCI")	(30,048)	43,413
Others	5,159	5,295
<b>Total</b>	<b>910,192</b>	<b>1,049,353</b>



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 7 OTHER INCOME, GAINS OR LOSSES

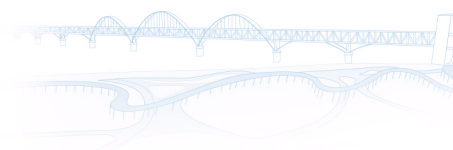
	Note	2023	2022
Government subsidies	(1)	141,327	263,659
Exchange gains		36,204	133,832
Rental income		27,555	23,168
Gains/(losses) on disposal of property and equipment		5,342	(2,211)
Losses on disposal of repossessed assets		(15,070)	(10,579)
Donation		(4,907)	(6,349)
Others		(3,374)	(16,206)
<b>Total</b>		<b>187,077</b>	<b>385,314</b>

(1) Government subsidies mainly represent interest rate swap incentive, subsidies received from local government to encourage the expansion of agriculture-related loan portfolios, subsidies for stabilising and expanding positions, bonus for the Group's contribution to the local economic development and tax refund.

## 8 OPERATING EXPENSES

	Note	2023	2022
Staff costs			
– Salaries, bonuses and allowances		1,508,187	1,467,438
– Social insurance and supplementary retirement benefits		204,498	157,493
– Staff welfares		86,571	87,458
– Housing fund		84,686	75,411
– Employee education expenses and labour union expenses		41,531	31,219
<b>Subtotal</b>		<b>1,925,473</b>	<b>1,819,019</b>
General and administrative expenses	(1)	796,569	809,744
Depreciation and amortisation		439,164	422,899
Tax and surcharges		138,063	132,731
Depreciation (right-of-use assets)		107,855	90,842
<b>Total</b>		<b>3,407,124</b>	<b>3,275,235</b>

(1) Included in the general and administrative expenses, there were auditor's remunerations for the year ended December 31, 2023 and 2022 amounting to RMB4.57 million and RMB3.77 million respectively.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 9 IMPAIRMENT LOSSES ON ASSETS

	2023	2022
Loans and advances to customers at amortised cost	4,814,861	4,462,048
Loans and advances to customers at FVOCI	5,086	9,210
Financial investments measured at amortised cost	1,299,022	733,518
Financial investments measured at FVOCI	(1,889)	1,302
Others	(11,352)	395,436
<b>Total</b>	<b>6,105,728</b>	<b>5,601,514</b>

## 10 INCOME TAX EXPENSE

### (1) Income tax expense

	Note	2023	2022
Current income tax		375,064	1,224,215
Tax filing differences		(421,806)	42,803
Deferred tax	24	156,446	(945,912)
<b>Total</b>		<b>109,704</b>	<b>321,106</b>

The Group carries out its operation in mainland China and all group entities are subject to the PRC Enterprise Income Tax. It is calculated at 25.00% of the estimated assessable profit for the year.

### (2) Reconciliations between income tax and accounting profit are as follows

	Note	Year ended December 31	
		2023	2022
Profit before taxation		855,121	2,001,472
Tax calculated at applicable statutory tax rate of 25%		213,780	500,368
Adjustments for prior years		(421,806)	42,803
Effect of expenses not deductible for tax purpose		329,393	53,742
Effect of non-taxable income	(a)	(655,797)	(493,651)
Current-year losses for which no deferred tax asset is recognised	(b)	6,497	3,785
Utilization of tax losses previously not recognised		(2,153)	(1,808)
Others		639,790	215,867
<b>Total</b>		<b>109,704</b>	<b>321,106</b>



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 10 INCOME TAX EXPENSE (Continued)

(2) Reconciliations between income tax and accounting profit are as follows (Continued)

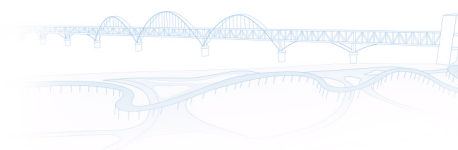
Notes:

- (a) The non-taxable income mainly represents interest income arising from the PRC government bonds and local government bonds, fund dividend income, and share of profit of associates, which are exempt from income tax under the PRC tax regulations.
- (b) Due to the uncertainty of having adequate taxable income in future, certain subsidiaries did not recognise the deferred tax assets for their deductible losses.

## 11 OTHER COMPREHENSIVE INCOME

	Year ended December 31, 2023		
	Before-tax amount	Tax expense	Net-of-tax amount
Items that may be reclassified subsequently to profit or loss:			
– FVOCI: net movement in fair value	611,682	(152,921)	458,761
– FVOCI: net movement in impairment losses	3,197	(799)	2,398
<b>Total</b>	<b>614,879</b>	<b>(153,720)</b>	<b>461,159</b>

	Year ended December 31, 2022		
	Before-tax amount	Tax expense	Net-of-tax amount
Items that may be reclassified subsequently to profit or loss:			
– FVOCI: net movement in fair value	(136,712)	34,178	(102,534)
– FVOCI: net movement in impairment losses	10,512	(2,628)	7,884
<b>Total</b>	<b>(126,200)</b>	<b>31,550</b>	<b>(94,650)</b>



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 12 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is as follows:

	Year ended December 31	
	2023	2022
<b>Earnings for the purpose of basic and diluted earnings per share:</b>		
Net profit attributable to equity holders of the Bank	723,582	1,615,116
Less: Net profit attributable to holders of perpetual bonds	(336,000)	(336,000)
Net profit attributable to ordinary shareholders of the Bank	387,582	1,279,116
<b>Numbers of shares:</b>		
Weighted average number of shares for the purpose of basic earnings per share (in '000)	2,560,284	2,407,367
Basic and diluted earnings per share (RMB yuan)	0.15	0.53

No diluted earnings per share for the year ended December 31, 2023 and 2022 were presented as there were no dilutive potential ordinary shares outstanding during the respective year.

## 13 DIVIDENDS

	Note	Year ended December 31	
		2023	2022
Dividends on ordinary shares:			
2022 Final Dividend	(1)	240,737	-
2021 Final Dividend	(1)	-	240,737
Interest on perpetual bonds declared and paid	(2)	336,000	336,000



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 13 DIVIDENDS (Continued)

Notes:

### (1) Distribution of dividends on ordinary shares

A final dividend of RMB6 cents per share (tax inclusive) in respect of the year ended December 31, 2023 amounting in a total of RMB170.84 million was proposed by the Board of Directors of the Bank and is subject to the approval of the forthcoming Annual General Meeting of the Bank.

A final dividend of RMB10 cents per share (tax inclusive) in respect of the year ended December 31, 2022 amounting in a total of RMB240.74 million was proposed by the Board of Directors of the Bank and approved by the 2022 Annual General Meeting of the Bank on June 29, 2023.

A final dividend of RMB10 cents per share (tax inclusive) in respect of the year ended December 31, 2021 amounting in a total of RMB240.74 million was proposed by the Board of Directors of the Bank and approved by the 2021 Annual General Meeting of the Bank on June 29, 2022.

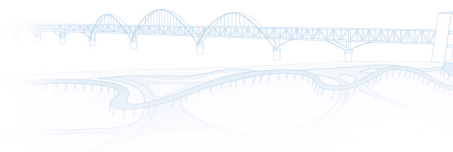
### (2) Distribution of interest on perpetual bonds

An interest at the interest rate of 4.80% per annum related to the first tranche of perpetual bonds of RMB3 billion amounting to RMB144.00 million in total was declared on February 6, 2023 and distributed on February 9, 2023.

An interest at the interest rate of 4.80% per annum related to the second tranche of perpetual bonds of RMB4 billion amounting to RMB192.00 million in total was declared on April 12, 2023 and distributed on April 15, 2023.

An interest at the interest rate of 4.80% per annum related to the first tranche of perpetual bonds of RMB3 billion amounting to RMB144.00 million in total was declared on January 28, 2022 and distributed on February 9, 2022.

An interest at the interest rate of 4.80% per annum related to the second tranche of perpetual bonds of RMB4 billion amounting to RMB192.00 million in total was declared on April 12, 2022 and distributed on April 15, 2022.





# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 14 EMOLUMENTS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND FIVE HIGHEST PAID INDIVIDUALS

### (1) Directors', supervisors' and senior management remunerations Year ended December 31, 2023

Name	Fees	Salaries	Discretionary bonuses	Subtotal	Contributions by the employer to social insurance and staff welfares, housing fund, etc	Contributions to Pension Scheme	Other welfares	Total (ix)
<b>Executive directors</b>								
Zhou Shixin (i)	-	146	404	550	47	13	2	612
Xiao Jing (ii)	-	219	606	825	71	75	2	973
Yuan Delei	-	175	485	660	77	67	2	806
Pan Ming (iii)	-	219	606	825	71	79	2	977
<b>Non-executive directors</b>								
Luo Feng (i)	-	-	-	-	-	-	-	-
Shi Zhishan	-	-	-	-	-	-	-	-
Zhou Miao (i)	-	-	-	-	-	-	-	-
Liu Yinan (i)	-	-	-	-	-	-	-	-
Zeng Huasheng (iii)	-	-	-	-	-	-	-	-
Li Jianbao (iii)	-	-	-	-	-	-	-	-
<b>Independent non-executive directors</b>								
Wang Wanjie (i)	43	-	-	43	-	-	-	43
Tian Li (i)	50	-	-	50	-	-	-	50
Zhang Yonghong (i)	50	-	-	50	-	-	-	50
Guo Jiequn (i) (v)	165	-	-	165	-	-	-	165
Gao Yuhui (iii)	145	-	-	145	-	-	-	145
Quan Ze (iii)	105	-	-	105	-	-	-	105
Yang Tao (iii)	115	-	-	115	-	-	-	115
<b>Supervisors</b>								
Mei Mengsheng (iv)	-	117	323	440	77	-	2	519
Yu Menglin (iv)	-	180	341	521	79	67	2	669
Liao Jingwen	-	163	306	469	79	48	2	598
Chen Zhiying (iv)	-	-	-	-	-	-	-	-
Tang Xiaofeng (iv)	115	-	-	115	-	-	-	115
Chua Alvin Cheng-Hock (iii) (iv)	250	-	-	250	-	-	-	250
Liu Chunmei (v)	-	-	-	-	-	-	-	-
Wan Dandan (v)	-	117	223	340	76	32	2	450
Chen Chunxia (v)	115	-	-	115	-	-	-	115
<b>Senior management</b>								
Xie Haiyang	-	175	485	660	74	71	2	807
Wang Li (vi)	-	253	483	736	81	71	2	890
Huang Chaoyang	-	283	539	822	88	64	2	976
Qi Yongwen	-	319	609	928	71	70	2	1,071
Xu Cao	-	252	473	725	79	64	2	870
Wang Yuanxin	-	269	509	778	151	64	2	995
Cai Jianhong	-	239	463	702	79	64	2	847
Li Guoquan	-	283	547	830	75	64	2	971
Cheng Zhong (vii)	-	324	621	945	94	37	2	1,078
<b>Total</b>	<b>1,153</b>	<b>3,733</b>	<b>8,023</b>	<b>12,909</b>	<b>1,369</b>	<b>950</b>	<b>34</b>	<b>15,262</b>

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 14 EMOLUMENTS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

### (1) Directors', supervisors' and senior management remunerations (Continued)

Year ended December 31, 2022

Name	Fees	Salaries	Discretionary bonuses	Subtotal	Contributions by the employer to social insurance and staff welfares, housing fund, etc	Contributions to Pension Scheme	Other welfares	Total (ix)
<b>Executive directors</b>								
Liu Xianting (viii)	-	37	101	138	13	9	-	160
Yuan Delei	-	274	534	808	71	62	2	943
Pan Ming (iii)	-	219	606	825	68	77	2	972
<b>Non-executive directors</b>								
Shi Zhishan	-	-	-	-	-	-	-	-
Zeng Huasheng (iii)	-	-	-	-	-	-	-	-
Li Jianbao (iii)	-	-	-	-	-	-	-	-
<b>Independent non-executive directors</b>								
Chua Alvin Cheng-Hock (iii) (iv)	290	-	-	290	-	-	-	290
Gao Yuhui (iii)	299	-	-	299	-	-	-	299
Quan Ze (iii)	252	-	-	252	-	-	-	252
Yang Tao (iii)	264	-	-	264	-	-	-	264
<b>Supervisors</b>								
Mei Mengsheng (iv)	-	175	485	660	76	85	2	823
Liao Jingwen	-	190	259	449	76	46	2	573
Guo Jiequn (i) (v)	230	-	-	230	-	-	-	230
Liu Chunmei (v)	-	-	-	-	-	-	-	-
Wan Dandan (v)	-	122	215	337	65	31	2	435
Chen Chunxia (v)	230	-	-	230	-	-	-	230
<b>Senior management</b>								
Xiao Jing (ii)	-	212	586	798	68	69	2	937
Xie Haiyang	-	175	485	660	68	76	2	806
Wang Li (vi)	-	175	485	660	85	69	2	816
Huang Chaoyang	-	366	571	937	78	62	2	1,079
Qi Yongwen	-	379	656	1,035	68	62	2	1,167
Chen Luping (viii)	-	232	323	555	71	62	2	690
Xu Cao	-	347	515	862	76	62	2	1,002
Wang Yuanxin	-	370	545	915	90	62	2	1,069
Cai Jianhong	-	317	483	800	76	62	2	940
Li Guoquan	-	331	575	906	76	62	2	1,046
<b>Total</b>	<b>1,565</b>	<b>3,921</b>	<b>7,424</b>	<b>12,910</b>	<b>1,125</b>	<b>958</b>	<b>30</b>	<b>15,023</b>

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 14 EMOLUMENTS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

### (1) Directors', supervisors' and senior management remunerations (Continued)

Notes:

- (i) On June 29, 2023, Zhou Shixin, Luo Feng, Zhou Miao, Liu Yanan, Wang Wanqiu, Tian Li, Zhang Yonghong and Guo Jiequn were elected as the Directors of the seventh session of the Board of Directors of the Bank at the 2022 Annual General Meeting. On September 19, 2023, the NFRA Jiangxi bureau approved the appointments.
- (ii) On May 30, 2023, the qualification of Xiao Jing as the Director of the Bank was approved by the former China Banking and Insurance Regulatory Commission (the "former CBIRC") Jiangxi bureau.
- (iii) Due to the re-election of the Board of Directors, Pan Ming and Chua Alvin Cheng-Hock ceased to be the Directors of the Bank since June 29, 2023. Zeng Huasheng, Li Jianbao, Gao Yuhui, Quan Ze and Yang Tao ceased to be the Directors of the Bank since September 19, 2023.
- (iv) On June 29, 2023, Mei Mengsheng, Yu Menglin, Chen Zhiying, Tang Xiaofeng and Chua Alvin Cheng-Hock were elected as the Supervisors of the seventh session of the Board of Supervisors of the Bank at the 2022 Annual General Meeting. On October 26, 2023, Mei Mengsheng resigned as the Supervisor of the Bank.
- (v) Due to the re-election of the Board of Supervisors, Liu Chunmei, Wan Dandan, Chen Chunxia and Guo Jiequn ceased to be the Supervisors of the Bank since June 29, 2023.
- (vi) On January 26, 2024, the Board of Directors resolved to terminate Wang Li's position as senior management of the Bank due to retirement.
- (vii) On July 14, 2023, the qualification of Cheng Zhong as the senior management of the Bank was approved by the former CBIRC Jiangxi bureau.
- (viii) On February 11, 2022, Liu Xianting retired as an executive director of the Bank. On August 30, 2022, the Board of Directors resolved to terminate Chen Lupin's position as senior management of the Bank.
- (ix) There was no non-cash payment during the year ended December 31, 2023 to the directors, supervisors or senior management (December 31, 2022: nil). There was no arrangement under which a director's or senior management's remuneration was deducted during the year ended December 31, 2023 (December 31, 2022: nil).

The executive directors' remunerations shown above were for their services in connection with the management of the affairs of the Bank and the Group.

Non-executive directors did not receive any remunerations for their services as directors of the Bank.

The independent non-executive directors' remunerations shown above were for their services as directors of the Bank.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 14 EMOLUMENTS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

### (1) Directors', supervisors' and senior management remunerations (Continued)

The supervisors' remunerations shown above were for the supervised service and employment in the Bank.

The bonuses are discretionary and are determined by reference to the Group's and the individuals' performance.

For the year ended December 31, 2023 and 2022, no directors, supervisors or senior management of the Bank waived any remunerations, and no remunerations were paid by the Bank to any of the directors, supervisors or senior management as an inducement to join or upon joining the Group or as compensation for loss of office.

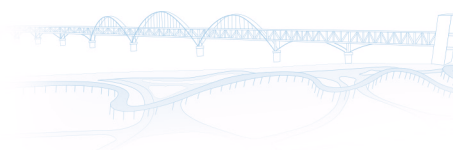
The total compensation packages (including discretionary bonus) for executive directors and supervisors for the year ended December 31, 2023 have not yet been finalised in accordance with the regulations of PRC relevant authorities. The compensation for independent non-executive directors and independent supervisors for the year ended December 31, 2023 have not yet been approved by the General Meeting. The amount of the compensation not provided is not expected to have any significant impact on the Group's consolidated financial statements for the year ended December 31, 2023.

### (2) Five highest paid individuals

Among the five highest paid individuals, none of them are directors of the Bank, none of them are supervisors of the Bank and none of them are senior management whose remunerations are disclosed above for the year ended December 31, 2023 and 2022 respectively.

The total remunerations payable to the five individuals whose remunerations were the highest in the Group during the years of 2023 and 2022 are as follows:

	Year ended December 31	
	2023	2022
Basic salaries and allowances	9,283	9,396
Contribution to pension schemes	324	291
Welfares	11	21
<b>Total</b>	<b>9,618</b>	<b>9,708</b>



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 14 EMOLUMENTS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

### (2) Five highest paid individuals (Continued)

Remunerations of the five highest paid individuals were within the following bands:

	Year ended December 31	
	2023	2022
RMB¥ 1,500,001 – RMB¥ 2,000,000	3	4
RMB¥ 2,000,001 – RMB¥ 2,500,000	2	1
RMB¥ 2,500,001 – RMB¥ 3,000,000	–	–
RMB¥ 3,000,001 – RMB¥ 3,500,000	–	–
Total	5	5

During the year ended December 31, 2023 and 2022, no remuneration was paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

## 15 CASH AND BALANCES WITH THE CENTRAL BANK

	Note	As at December 31	
		2023	2022
Cash		608,548	399,272
Statutory deposit reserves	(i)	24,343,033	28,128,182
Surplus deposit reserves	(ii)	7,811,996	4,244,989
Other deposits	(iii)	527,413	363,040
Subtotal		33,290,990	33,135,483
Accrued interest		11,541	12,963
Total		33,302,531	33,148,446



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 15 CASH AND BALANCES WITH THE CENTRAL BANK (Continued)

Notes:

- (i) The Group places statutory deposit reserves with the People's Bank of China (the "PBOC"). This includes RMB reserve deposits and foreign currency reserve deposits. These mandatory reserve funds are not available for the Group's daily operations.

As at December 31, 2023 and 2022, statutory deposit reserves with the PBOC were calculated at 7% and 7.5% of eligible RMB deposits for the Bank; and at 5% and 5% of those for the subsidiaries respectively, and at 4% and 6% of foreign currency deposits for the Bank. The foreign currency reserve deposits placed with the PBOC are non-interest bearing.

- (ii) The surplus deposit reserves are maintained with the PBOC mainly for the purpose of clearing.

- (iii) Other deposits mainly represent the required fiscal deposits placed with the PBOC.

## 16 DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at December 31	
	2023	2022
Deposits with:		
Banks and other financial institutions in mainland China	1,935,809	1,569,065
Banks outside mainland China	284,938	660,066
Subtotal	2,220,747	2,229,131
Accrued interest	3,740	3,914
Allowances for impairment losses	(592)	(696)
Total	2,223,895	2,232,349

## 17 PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at December 31	
	2023	2022
Placements with:		
Banks in mainland China	70,827	417,876
Accrued interest	71	163
Allowances for impairment losses	(14)	(99)
Total	70,884	417,940



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 18 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

### (1) Analysed by type and location of counterparty

	As at December 31	
	2023	2022
Banks in mainland China	9,419,324	2,497,226
Other financial institutions in mainland China	4,929,189	6,476,406
Subtotal	14,348,513	8,973,632
Accrued interest	1,721	3,400
Allowances for impairment losses	(4,047)	(2,520)
Total	14,346,187	8,974,512

### (2) Analysed by type of collateral

	As at December 31	
	2023	2022
Bonds	11,227,854	7,476,266
Bills	3,120,659	1,497,366
Subtotal	14,348,513	8,973,632
Accrued interest	1,721	3,400
Allowances for impairment losses	(4,047)	(2,520)
Total	14,346,187	8,974,512



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 19 LOANS AND ADVANCES TO CUSTOMERS

### (1) Analysed by nature

Distributions of loans and advances to customers by corporate and retail customers are set out as follows:

	Note	As at December 31	
		2023	2022
Corporate loans and advances			
– Loans		<b>164,082,035</b>	146,155,355
Retail loans and advances			
– Residential mortgage loans		<b>32,751,447</b>	34,917,984
– Personal loans for business purposes		<b>37,829,778</b>	35,744,437
– Personal loans for consumption		<b>21,283,260</b>	18,311,700
– Credit card		<b>5,855,390</b>	6,657,581
Subtotal		<b>97,719,875</b>	95,631,702
Gross loans and advances to customers at amortised cost		<b>261,801,910</b>	241,787,057
Accrued interest		<b>1,466,125</b>	1,131,576
Allowances for impairment losses			
– 12-month ECL		<b>(1,686,786)</b>	(2,163,268)
– lifetime ECL not credit-impaired		<b>(2,359,034)</b>	(1,684,588)
– lifetime ECL credit-impaired		<b>(5,634,371)</b>	(4,913,876)
Subtotal		<b>(9,680,191)</b>	(8,761,732)
Loans and advances to customers at amortised cost, net		<b>253,587,844</b>	234,156,901
Loans and advances to customers at FVOCI			
– Discounted bills and forfeiting	(a)	<b>39,822,395</b>	37,378,272
Total loans and advances to customers		<b>293,410,239</b>	271,535,173

Note:

- (a) As at December 31, 2023 and 2022, the Group's allowances for impairment losses on loans and advances to customers measured at FVOCI was RMB26.80 million and RMB21.71 million respectively, as detailed in Note 19(7)(b).





# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 19 LOANS AND ADVANCES TO CUSTOMERS (Continued)

### (2) Analysed by industry sector

	December 31, 2023		
	Amount	Percentage	Loans and advances secured by collaterals
Manufacturing	43,638,114	14.47%	6,882,642
Wholesale and retail	28,040,655	9.30%	5,408,613
Real estate	24,427,805	8.10%	16,560,665
Leasing and commercial services	23,842,398	7.90%	3,846,610
Construction	21,068,401	6.98%	3,835,579
Water conservancy, environment and public utility management	12,098,967	4.01%	2,019,600
Education	6,107,917	2.03%	592,923
Agriculture, forestry, animal husbandry and fishery	5,419,186	1.80%	548,268
Health and social work	4,174,570	1.38%	285,000
Production and supply of electricity, gas and water	3,049,473	1.01%	173,268
Others	10,415,676	3.45%	2,392,067
<b>Subtotal of corporate loans and advances</b>	<b>182,283,162</b>	<b>60.43%</b>	<b>42,545,235</b>
Retail loans and advances	97,719,875	32.40%	56,421,971
Discounted bills	21,621,268	7.17%	–
<b>Gross loans and advances to customers</b>	<b>301,624,305</b>	<b>100.00%</b>	<b>98,967,206</b>



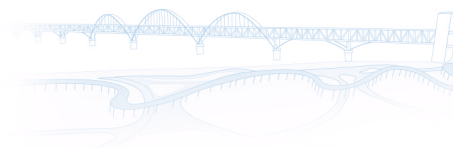
# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 19 LOANS AND ADVANCES TO CUSTOMERS (Continued)

### (2) Analysed by industry sector (Continued)

	December 31, 2022		Loans and advances secured by collaterals
	Amount	Percentage	
Manufacturing	32,740,688	11.73%	3,953,246
Real estate	25,784,186	9.24%	19,504,013
Wholesale and retail	24,668,744	8.84%	5,313,036
Construction	21,016,760	7.53%	5,903,163
Leasing and commercial services	18,525,289	6.64%	3,405,555
Water conservancy, environment and public utility management	12,027,402	4.31%	2,532,168
Education	5,116,366	1.83%	445,260
Agriculture, forestry, animal husbandry and fishery	4,943,598	1.77%	419,916
Health and social work	4,474,321	1.60%	280,817
Finance	2,954,166	1.06%	27,471
Others	10,175,736	3.63%	2,954,559
<b>Subtotal of corporate loans and advances</b>	<b>162,427,256</b>	<b>58.18%</b>	<b>44,739,204</b>
Retail loans and advances	95,631,702	34.26%	58,063,771
Discounted bills	21,106,371	7.56%	–
<b>Gross loans and advances to customers</b>	<b>279,165,329</b>	<b>100.00%</b>	<b>102,802,975</b>



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 19 LOANS AND ADVANCES TO CUSTOMERS (Continued)

### (3) Analysed by type of collateral

	As at December 31	
	2023	2022
Collateralised loans	98,967,206	102,802,975
Guaranteed loans	98,183,491	77,517,963
Pledged loans	55,506,695	54,083,511
Unsecured loans	48,966,913	44,760,880
<b>Gross loans and advances to customers</b>	<b>301,624,305</b>	<b>279,165,329</b>
Accrued interest	1,466,125	1,131,576
Allowances for impairment losses on loans and advances to customers measured at amortised cost	(9,680,191)	(8,761,732)
<b>Net loans and advances to customers</b>	<b>293,410,239</b>	<b>271,535,173</b>

### (4) Overdue loans analysed by overdue period

	December 31, 2023				Total
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	
Collateralised loans	652,955	1,488,565	1,131,941	150,915	3,424,376
Guaranteed loans	208,557	649,223	206,413	68,843	1,133,036
Unsecured loans	293,470	480,621	191,538	65,942	1,031,571
Pledged loans	1,960	175,230	501,719	106,803	785,712
<b>Total</b>	<b>1,156,942</b>	<b>2,793,639</b>	<b>2,031,611</b>	<b>392,503</b>	<b>6,374,695</b>
As a percentage of gross loans and advances to customers	0.38%	0.93%	0.67%	0.13%	2.11%



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 19 LOANS AND ADVANCES TO CUSTOMERS (Continued)

### (4) Overdue loans analysed by overdue period (Continued)

	December 31, 2022				Total
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	
Collateralised loans	1,003,342	994,672	562,899	108,767	2,669,680
Pledged loans	41,072	533,921	460,232	5,957	1,041,182
Unsecured loans	207,855	510,422	59,286	71,379	848,942
Guaranteed loans	225,106	292,763	152,058	61,810	731,737
<b>Total</b>	<b>1,477,375</b>	<b>2,331,778</b>	<b>1,234,475</b>	<b>247,913</b>	<b>5,291,541</b>
As a percentage of gross loans and advances to customers	0.53%	0.84%	0.44%	0.09%	1.90%

Overdue loans represent loans, of which the whole or part of the principal or interest are overdue for one day or more.

### (5) Analysed by geographical area

	December 31, 2023	
	Amount	Percentage
Within Jiangxi Province (apart from Jiujiang City)	<b>154,759,335</b>	<b>51.31%</b>
Jiujiang City	<b>95,669,267</b>	<b>31.72%</b>
Guangdong Province	<b>24,869,012</b>	<b>8.25%</b>
Anhui Province	<b>16,115,417</b>	<b>5.34%</b>
Others	<b>10,211,274</b>	<b>3.38%</b>
<b>Gross loans and advances to customers</b>	<b>301,624,305</b>	<b>100.00%</b>
	December 31, 2022	
	Amount	Percentage
Within Jiangxi Province (apart from Jiujiang City)	143,979,035	51.57%
Jiujiang City	87,429,620	31.32%
Guangdong Province	23,210,639	8.31%
Anhui Province	15,318,234	5.49%
Others	9,227,801	3.31%
<b>Gross loans and advances to customers</b>	<b>279,165,329</b>	<b>100.00%</b>

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 19 LOANS AND ADVANCES TO CUSTOMERS (Continued)

### (6) Loans and advances and allowances for impairment losses

	As at December 31, 2023			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
Total loans and advances to customers measured at amortised cost	240,652,673	14,573,006	8,042,356	263,268,035
Allowances for impairment losses on loans and advances to customers measured at amortised cost	(1,686,786)	(2,359,034)	(5,634,371)	(9,680,191)
Carrying amount of loans and advances to customers measured at amortised cost	238,965,887	12,213,972	2,407,985	253,587,844
Carrying amount of loans and advances to customers measured at FVOCI	39,822,395	-	-	39,822,395
Total carrying amount of loans and advances to customers	278,788,282	12,213,972	2,407,985	293,410,239



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 19 LOANS AND ADVANCES TO CUSTOMERS (Continued)

### (6) Loans and advances and allowances for impairment losses (Continued)

	As at December 31, 2022			Total
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	
Total loans and advances to customers measured at amortised cost	225,915,964	9,155,078	7,847,591	242,918,633
Allowances for impairment losses on loans and advances to customers measured at amortised cost	(2,163,268)	(1,684,588)	(4,913,876)	(8,761,732)
Carrying amount of loans and advances to customers measured at amortised cost	223,752,696	7,470,490	2,933,715	234,156,901
Carrying amount of loans and advances to customers measured at FVOCI	37,378,272	–	–	37,378,272
Total carrying amount of loans and advances to customers	261,130,968	7,470,490	2,933,715	271,535,173



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 19 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(7) Analysis of movements of the allowance for impairment losses on loans and advances to customers for the year ended December 31, 2023 and 2022 are as follows:

### (a) Loans and advances to customers at amortised cost

	Year ended December 31, 2023			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
As at January 1, 2023	2,163,268	1,684,588	4,913,876	8,761,732
Transferred:				
– to 12-month ECL	136,498	(118,877)	(17,621)	–
– to lifetime ECL not credit-impaired	(71,217)	87,672	(16,455)	–
– to lifetime ECL credit-impaired	(17,043)	(475,568)	492,611	–
(Released)/charged for the year	(524,720)	1,181,219	4,158,362	4,814,861
Write-offs	–	–	(3,517,476)	(3,517,476)
Transfer out	–	–	(628,887)	(628,887)
Recoveries	–	–	249,961	249,961
<b>As at December 31, 2023</b>	<b>1,686,786</b>	<b>2,359,034</b>	<b>5,634,371</b>	<b>9,680,191</b>

	Year ended December 31, 2022			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
As at January 1, 2022	2,881,267	1,074,085	3,576,059	7,531,411
Transferred:				
– to 12-month ECL	55,176	(49,787)	(5,389)	–
– to lifetime ECL not credit-impaired	(64,608)	67,295	(2,687)	–
– to lifetime ECL credit-impaired	(26,990)	(594,434)	621,424	–
(Released)/charged for the year	(681,577)	1,187,429	3,956,196	4,462,048
Write-offs	–	–	(3,385,102)	(3,385,102)
Recoveries	–	–	153,375	153,375
<b>As at December 31, 2022</b>	<b>2,163,268</b>	<b>1,684,588</b>	<b>4,913,876</b>	<b>8,761,732</b>



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 19 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(7) Analysis of movements of the allowance for impairment losses on loans and advances to customers for the year ended December 31, 2023 and 2022 are as follows: (Continued)

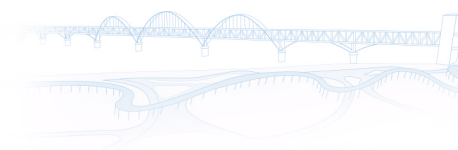
### (b) Loans and advances to customers at FVOCI

	Year ended December 31, 2023			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
As at January 1, 2023	21,710	-	-	21,710
Charged for the year	5,086	-	-	5,086
As at December 31, 2023	26,796	-	-	26,796

	Year ended December 31, 2022			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
As at January 1, 2022	12,500	-	-	12,500
Charged for the year	9,210	-	-	9,210
As at December 31, 2022	21,710	-	-	21,710

Allowance for impairment losses on loans and advances to customers measured at FVOCI is recognised in other comprehensive income without decreasing the carrying amount of loans and advances presented in the consolidated statement of financial position, and any impairment loss or reversal is recognised in the profit or loss.





# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 20 FINANCIAL INVESTMENTS

	Note	As at December 31	
		2023	2022
Financial investments measured at FVTPL	(1)	<b>27,956,580</b>	21,129,487
Financial investments measured at FVOCI	(2)	<b>41,226,640</b>	47,019,722
Financial investments measured at amortised cost	(3)	<b>76,765,649</b>	80,877,033
<b>Total</b>		<b>145,948,869</b>	149,026,242

### (1) Financial investments measured at FVTPL

	As at December 31	
	2023	2022
Debt securities issued by:		
Corporations	<b>3,672,707</b>	704,083
Policy banks	<b>3,026,295</b>	–
Commercial banks	<b>350,907</b>	52,219
<b>Subtotal</b>	<b>7,049,909</b>	756,302
Equity investments	<b>1,570,685</b>	1,040,250
Funds and other investments:		
Fund investments	<b>13,604,007</b>	11,037,383
Trust beneficiary rights and asset management plans	<b>2,036,958</b>	3,885,839
Others	<b>3,695,021</b>	4,409,713
<b>Subtotal</b>	<b>19,335,986</b>	19,332,935
<b>Total</b>	<b>27,956,580</b>	21,129,487
Listed	<b>901,460</b>	22,373
Unlisted	<b>27,055,120</b>	21,107,114
<b>Total</b>	<b>27,956,580</b>	21,129,487



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 20 FINANCIAL INVESTMENTS (Continued)

### (2) Financial investments measured at FVOCI

	As at December 31	
	2023	2022
Debt securities issued by:		
Government	26,728,096	28,249,991
Policy banks	8,558,701	6,927,675
Commercial banks	3,073,892	8,963,662
Corporations	2,352,167	2,355,244
Subtotal	40,712,856	46,496,572
Accrued interest	513,784	523,150
Total	41,226,640	47,019,722
Listed	27,561,588	29,891,803
Unlisted	13,665,052	17,127,919
Total	41,226,640	47,019,722

	As at December 31, 2023			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at December 31, 2023	41,226,640	-	-	41,226,640

	As at December 31, 2022			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at December 31, 2022	47,019,722	-	-	47,019,722



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 20 FINANCIAL INVESTMENTS (Continued)

### (2) Financial investments measured at FVOCI (Continued)

Movements of the allowance for impairment losses on financial investments measured at FVOCI are as follows:

	Year ended December 31, 2023			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at January 1, 2023	8,664	–	–	8,664
Released for the year	(1,889)	–	–	(1,889)
As at December 31, 2023	6,775	–	–	6,775

	Year ended December 31, 2022			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at January 1, 2022	7,362	–	–	7,362
Charged for the year	1,302	–	–	1,302
As at December 31, 2022	8,664	–	–	8,664

Allowances for impairment losses on financial investments measured at FVOCI is recognised in other comprehensive income without decreasing the carrying amount of financial investments presented in the consolidated statement of financial position, and any impairment loss or reversal is recognised in the profit or loss.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 20 FINANCIAL INVESTMENTS (Continued)

### (3) Financial investments measured at amortised cost

	As at December 31	
	2023	2022
Debt securities issued by:		
Government	35,781,580	33,601,356
Policy banks	17,116,378	17,905,783
Corporations	7,217,412	9,325,802
Non-public project bonds	1,810,911	2,341,324
Asset backed medium-term notes	68,500	–
Subtotal	61,994,781	63,174,265
Trust beneficiary rights and asset management plans and others	17,054,419	20,043,511
Accrued interest	2,394,208	2,109,070
Allowances for impairment losses	(4,677,759)	(4,449,813)
Total	76,765,649	80,877,033
Listed	37,396,276	35,908,076
Unlisted	39,369,373	44,968,957
Total	76,765,649	80,877,033



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 20 FINANCIAL INVESTMENTS (Continued)

### (3) Financial investments measured at amortised cost (Continued)

	As at December 31, 2023			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
Financial investments measured at amortised cost	67,622,178	5,295,090	8,526,140	81,443,408
Allowances for impairment losses	(47,771)	(884,901)	(3,745,087)	(4,677,759)
<b>As at December 31, 2023</b>	<b>67,574,407</b>	<b>4,410,189</b>	<b>4,781,053</b>	<b>76,765,649</b>

	As at December 31, 2022			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
Financial investments measured at amortised cost	75,165,613	4,100,729	6,060,504	85,326,846
Allowances for impairment losses	(120,204)	(675,554)	(3,654,055)	(4,449,813)
<b>As at December 31, 2022</b>	<b>75,045,409</b>	<b>3,425,175</b>	<b>2,406,449</b>	<b>80,877,033</b>

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 20 FINANCIAL INVESTMENTS (Continued)

### (3) Financial investments measured at amortised cost (Continued)

Movements of the allowance for impairment losses on financial investments measured at amortised cost are as follows:

	Year ended December 31, 2023			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at January 1, 2023	120,204	675,554	3,654,055	4,449,813
Transferred:				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit-impaired	(1,678)	1,678	–	–
– to lifetime ECL credit-impaired	(18,455)	(80,060)	98,515	–
(Released)/charged for the year	(52,300)	287,729	1,063,593	1,299,022
Write-offs	–	–	(656,123)	(656,123)
Transfer out	–	–	(595,000)	(595,000)
Recoveries	–	–	180,047	180,047
As at December 31, 2023	47,771	884,901	3,745,087	4,677,759

	Year ended December 31, 2022			Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
As at January 1, 2022	275,645	433,418	3,228,940	3,938,003
Transferred:				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit-impaired	(3,548)	3,548	–	–
– to lifetime ECL credit-impaired	–	(17,504)	17,504	–
(Released)/charged for the year	(151,893)	256,092	629,319	733,518
Write-offs	–	–	(270,000)	(270,000)
Recoveries	–	–	48,292	48,292
As at December 31, 2022	120,204	675,554	3,654,055	4,449,813



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 21 INTEREST IN ASSOCIATES

	As at December 31	
	2023	2022
Cost of unlisted investments in associates	83,040	83,040
Share of post-acquisition profits and other comprehensive income, net of dividends received	58,931	51,281
<b>Total</b>	<b>141,971</b>	<b>134,321</b>

Details of the Bank's associates as at December 31, 2023 and 2022 are set out below:

Name of entity	Place of incorporation/ registration and operations	Date of incorporation/ establishment	Authorised/ paid-in capital as at December 31, 2023 (RMB'000)	Proportion of ownership held by the Group		Proportion of voting rights held by the Group		Principal activity
				As at December 31, 2023 %	As at December 31, 2022 %	As at December 31, 2023 %	As at December 31, 2022 %	
Zhongshan Xiaolan County Bank Co., Ltd. (i)	Guangdong, PRC	December 2008	250,000	25.00	25.00	25.00	25.00	Commercial bank
Guixi Jiuyin County Bank Co., Ltd. (ii)	Jiangxi, PRC	December 2011	99,500	20.64	20.64	25.62	25.62	Commercial bank

- (i) The Group initiated and established Zhongshan Xiaolan County Bank Co., Ltd. in December 2008, with an investment of RMB62.50 million, holding 25.00% equity interest of the associate. The Group has significant influence over the associate which is accounted for using equity method.
- (ii) The Group initiated and established Guixi Jiuyin County Bank Co., Ltd. in December 2011, with an investment of RMB20.54 million, holding 41.08% equity interest of the entity, seized the control of the entity. Guixi Jiuyin issued 49.50 million shares on December 29, 2017, and the Group's shareholding percentage was diluted to 20.64%. The Group lost control over Guixi Jiuyin County Bank Co., Ltd. and recognised the interests in it at the fair value of the deemed disposal date as interests in associate, which is subsequently accounted for by using equity method as the Group continued to have significant influence over it after the deemed disposal.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 22 RIGHT-OF-USE ASSETS

The Group as a lessee

	Total
<b>COST</b>	
As at January 1, 2022	665,689
Additions	69,417
Disposals	(24,416)
<hr/>	
As at December 31, 2022	710,690
Additions	101,962
Disposals	(190,805)
<hr/>	
As at December 31, 2023	621,847
<b>ACCUMULATED DEPRECIATION</b>	
As at January 1, 2022	(345,620)
Charged for the year	(90,842)
Disposals	23,859
<hr/>	
As at December 31, 2022	(412,603)
Charged for the year	(107,855)
Disposals	187,623
<hr/>	
As at December 31, 2023	(332,835)
<b>NET BOOK VALUE</b>	
As at December 31, 2022	298,087
<hr/>	
As at December 31, 2023	289,012
<hr/>	

The Group leases land and buildings, machinery and equipment for its operations. Lease contracts are entered into for fixed term of 1 year to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

As at December 31, 2023, the Group had entered into RMB3.22 million leases that have not yet commenced (December 31, 2022: RMB2.50 million).





# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 23 PROPERTY AND EQUIPMENT

	Premises	Electronic equipment	Motor vehicles	Furniture and fixtures	Leasehold improvements and others	Construction in progress	Total
<b>COST</b>							
As at January 1, 2022	2,669,688	432,160	16,241	181,690	353,683	737,171	4,390,633
Additions	8,113	21,222	161	11,644	69,196	177,208	287,544
Transfers from/(out of) construction in progress	386,171	11,825	-	1,274	26,518	(464,446)	(38,658)
Disposals	(52,148)	(17,693)	(740)	(7,802)	(168,273)	-	(246,656)
As at December 31, 2022	3,011,824	447,514	15,662	186,806	281,124	449,933	4,392,863
Additions	7,195	48,784	2,334	13,747	44,745	949,806	1,066,611
Transfers from/(out of) construction in progress	165,058	22,221	-	10,223	7,452	(206,252)	(1,298)
Disposals	(6,531)	(11,861)	(1,477)	(16,073)	(44,398)	-	(80,340)
As at December 31, 2023	3,177,546	506,658	16,519	194,703	288,923	1,193,487	5,377,836
<b>ACCUMULATED DEPRECIATION</b>							
As at January 1, 2022	(723,782)	(348,857)	(11,686)	(137,310)	(215,964)	-	(1,437,599)
Charged for the year	(149,561)	(48,794)	(1,260)	(19,393)	(59,641)	-	(278,649)
Disposals	34,807	15,764	574	6,913	133,032	-	191,090
As at December 31, 2022	(838,536)	(381,887)	(12,372)	(149,790)	(142,573)	-	(1,525,158)
Charged for the year	(146,982)	(48,702)	(1,131)	(14,260)	(64,154)	-	(275,229)
Disposals	3,032	8,025	1,432	12,617	42,916	-	68,022
As at December 31, 2023	(982,486)	(422,564)	(12,071)	(151,433)	(163,811)	-	(1,732,365)
<b>NET BOOK VALUE</b>							
As at December 31, 2022	2,173,288	65,627	3,290	37,016	138,551	449,933	2,867,705
As at December 31, 2023	2,195,060	84,094	4,448	43,270	125,112	1,193,487	3,645,471

As at December 31, 2023, there are no premises of the Group with incomplete title deeds. (December 31, 2022: Nil).

As at December 31, 2023, there are no leasehold land and premises of the Group rented out to third parties as investment properties (December 31, 2022: Nil).



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 24 DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at December 31	
	2023	2022
Deferred tax assets	4,795,184	4,934,371
Deferred tax liabilities	(275,081)	(104,102)
<b>Total</b>	<b>4,520,103</b>	<b>4,830,269</b>

### (1) Analysed by nature

	As at December 31, 2023		As at December 31, 2022	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
<b>Deferred tax assets:</b>				
Allowance for impairment losses	18,113,188	4,528,297	18,597,764	4,649,441
Accrued salaries, bonuses and allowances	494,356	123,589	376,612	94,153
Lease liabilities	291,828	72,957	308,376	77,094
Others	281,364	70,341	454,732	113,683
<b>Sub-total</b>	<b>19,180,736</b>	<b>4,795,184</b>	<b>19,737,484</b>	<b>4,934,371</b>
<b>Deferred tax liabilities:</b>				
Fair value changes of financial instruments	(710,920)	(177,730)	(48,604)	(12,151)
Right-of-use assets	(275,012)	(68,753)	(278,088)	(69,522)
Others	(114,392)	(28,598)	(89,716)	(22,429)
<b>Sub-total</b>	<b>(1,100,324)</b>	<b>(275,081)</b>	<b>(416,408)</b>	<b>(104,102)</b>
<b>Total</b>	<b>18,080,412</b>	<b>4,520,103</b>	<b>19,321,076</b>	<b>4,830,269</b>



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 24 DEFERRED TAX ASSETS/LIABILITIES (Continued)

### (2) Movements of deferred tax

The followings are the major deferred tax assets/liabilities items recognised and movements thereon:

	Allowance for impairment losses	Accrued salaries, bonuses and allowances	Fair value changes of financial instruments	Others	Total
As at January 1, 2023	4,649,441	94,153	(12,151)	98,826	4,830,269
Recognised in profit or loss	(120,345)	29,436	(12,658)	(52,879)	(156,446)
Recognised in other comprehensive income	(799)	-	(152,921)	-	(153,720)
As at December 31, 2023	4,528,297	123,589	(177,730)	45,947	4,520,103

	Allowance for impairment losses	Accrued salaries, bonuses and allowances	Fair value changes of financial instruments	Others	Total
As at January 1, 2022	3,777,849	68,689	(59,317)	65,586	3,852,807
Recognised in profit or loss	874,220	25,464	12,988	33,240	945,912
Recognised in other comprehensive income	(2,628)	-	34,178	-	31,550
As at December 31, 2022	4,649,441	94,153	(12,151)	98,826	4,830,269



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 25 OTHER ASSETS

	Note	As at December 31	
		2023	2022
Repossessed assets	(1)	2,448,754	2,551,892
Land use rights		1,868,853	1,918,952
Settlement and clearing accounts		1,165,739	836,384
Interests receivable	(2)	679,068	701,184
Intangible assets		243,878	196,286
Prepayments for projects		179,223	800,636
Research and development expenditure		84,214	88,227
Deferred expenses		34,393	45,406
Others		265,032	216,290
<b>Subtotal</b>		<b>6,969,154</b>	<b>7,355,257</b>
Allowances for impairment losses		(1,019,099)	(1,116,761)
<b>Total</b>		<b>5,950,055</b>	<b>6,238,496</b>

### (1) Repossessed assets

	As at December 31	
	2023	2022
Land use rights and buildings	2,448,754	2,551,588
Others	–	304
<b>Gross repossessed assets</b>	<b>2,448,754</b>	<b>2,551,892</b>
Allowances for impairment losses	(384,888)	(626,521)
<b>Net repossessed assets</b>	<b>2,063,866</b>	<b>1,925,371</b>

### (2) Interests receivable

	As at December 31	
	2023	2022
Interests receivable arising from:		
Financial investments	583,689	638,813
Loans and advances to customers	95,379	62,371
<b>Subtotal</b>	<b>679,068</b>	<b>701,184</b>
Allowances for impairment losses	(334,239)	(441,982)
<b>Total</b>	<b>344,829</b>	<b>259,202</b>

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 26 BORROWINGS FROM THE CENTRAL BANK

	As at December 31	
	2023	2022
Borrowings from the central bank	27,911,114	12,832,371
Accrued interest	195,491	8,610
Total	28,106,605	12,840,981

Borrowings from the central bank mainly include Re-lending to small business and Medium-term lending facility.

## 27 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at December 31	
	2023	2022
Banks in mainland China	4,712,789	4,104,226
Other financial institutions in mainland China	8,308,796	7,925,354
Subtotal	13,021,585	12,029,580
Accrued interest	67,107	81,442
Total	13,088,692	12,111,022

## 28 PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at December 31	
	2023	2022
Banks in mainland China	4,305,399	4,953,552
Banks outside mainland China	276,225	1,177,017
Subtotal	4,581,624	6,130,569
Accrued interest	10,432	14,652
Total	4,592,056	6,145,221



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 29 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(1) Analysed by type and location of counterparty

	As at December 31	
	2023	2022
Banks in mainland China	4,901,433	1,700,000
Other financial institutions in mainland China	68,000	–
Subtotal	4,969,433	1,700,000
Accrued interest	909	206
Total	4,970,342	1,700,206

(2) Analysed by type of collateral

	As at December 31	
	2023	2022
Bonds	3,466,139	1,700,000
Bills	1,503,294	–
Subtotal	4,969,433	1,700,000
Accrued interest	909	206
Total	4,970,342	1,700,206



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 30 CUSTOMER DEPOSITS

	Note	As at December 31	
		2023	2022
Demand deposits			
Corporate customers		<b>103,392,592</b>	120,221,912
Individual customers		<b>26,711,829</b>	26,658,054
Subtotal		<b>130,104,421</b>	146,879,966
Time deposits			
Corporate customers		<b>56,847,024</b>	51,741,625
Individual customers		<b>137,877,797</b>	127,080,995
Subtotal		<b>194,724,821</b>	178,822,620
Pledged deposits	(1)	<b>33,335,760</b>	39,893,575
Convertible negotiated deposits	(2)	<b>2,000,000</b>	2,000,000
Others		<b>107,505</b>	470,211
Accrued interest		<b>10,460,541</b>	9,273,647
Total		<b>370,733,048</b>	377,340,019

### (1) Pledged deposits analysed by products for which deposit is required

	As at December 31	
	2023	2022
Bank acceptances	<b>20,703,866</b>	28,754,943
Letters of credit	<b>4,139,390</b>	6,155,350
Guarantees and letters of guarantees	<b>1,922,520</b>	1,764,673
Others	<b>6,569,984</b>	3,218,609
Total	<b>33,335,760</b>	39,893,575

### (2) Convertible negotiated deposits

On April 30, 2021, after obtaining the proceeds from issuance of Local Government Special Debt by Jiangxi Provincial Department of Finance, Jiujiang Finance Bureau deposited the relevant funds in the form of negotiated deposit into the special RMB deposit account it opened in the Bank. With the consent of Jiujiang Finance Bureau, when the core tier-one capital adequacy ratio of the Bank is lower than 5.125%, and upon the satisfaction of specific requirements on the Minimum Public Float prescribed by the Hong Kong Stock Exchange, Jiujiang Finance Bureau shall convert the negotiated deposits into Ordinary Shares of the Bank in accordance with laws and regulations. If the conversion conditions are not satisfied, the Bank shall repay the principal and interest upon the 10-year maturity of the convertible negotiated deposits.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 30 CUSTOMER DEPOSITS (Continued)

### (2) Convertible negotiated deposits (Continued)

During the term of the convertible negotiated deposits, the Bank shall report the changes in the core tier-one capital adequacy ratio of the previous quarter by the fifteenth day of the first month of each quarter to Jiujiang Finance Bureau. When the core tier-one capital adequacy ratio of the Bank drops to 7.50%, and early warning is triggered, the Bank shall promptly inform Jiujiang Finance Bureau of the situation, formulate emergency plans, and actively take emergency measures to improve the ability to resist risks and avoid the occurrence of triggering events.

## 31 DEBT SECURITIES ISSUED

	Note	As at December 31	
		2023	2022
Tier-two capital bonds	(1)	–	3,000,000
Interbank negotiable certificates of deposit	(2)	<b>37,182,718</b>	25,688,112
Subtotal		<b>37,182,718</b>	28,688,112
Accrued interest		–	111,613
Total		<b>37,182,718</b>	28,799,725

Notes:

(1) The first tranche of the 10-year fixed-rate subordinated bonds were issued on January 31, 2018 by the Bank at a face value of RMB1.50 billion with a fixed coupon rate of 5.00% per annum, payable annually. The Bank has an option to redeem all of the bonds at face value on the last day of the fifth year. No adjustment is made to the bond interest rate after five years of issue, if the bonds are not redeemed in the fifth year. The Bank exercised its redemption right and fully redeemed the current bond.

The second tranche of the 10-year fixed-rate subordinated bonds were issued on July 17, 2018 by the Bank at a face value of RMB1.50 billion with a fixed coupon rate of 6.29% per annum, payable annually. The Bank has an option to redeem all of the bonds at face value on the last day of the fifth year. No adjustment is made to the bond interest rate after five years of issue, if the bonds are not redeemed in the fifth year. The Bank exercised its redemption right and fully redeemed the current bond.

(2) As at December 31, 2023, the Bank had 159 outstanding interbank negotiable certificates of deposit with total notional amount of RMB37.64 billion. As at December 31, 2022, the Bank had 131 outstanding interbank negotiable certificates of deposit with total notional amount of RMB25.91 billion. All of these certificates were due within 1 year at the time of issuance. Such certificates were issued at a discount of which interests will be paid in lump sum at the maturity date.





# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 32 LEASE LIABILITIES

	As at December 31	
	2023	2022
Lease liabilities payable:		
Within one year	98,298	83,720
Within a period of more than one year but not more than two years	68,409	70,313
Within a period of more than two years but not more than five years	104,896	122,792
Within a period of more than five years	33,876	51,319
<b>Total</b>	<b>305,479</b>	<b>328,144</b>

## 33 OTHER LIABILITIES

	Note	As at December 31	
		2023	2022
Salaries payable	(1)	1,565,152	1,501,463
Other tax payables		257,702	273,063
Settlement and clearing accounts		229,900	117,697
Payables to external companies		207,030	201,754
Dividends payable		7,421	6,666
Others		1,125,333	441,859
<b>Total</b>		<b>3,392,538</b>	<b>2,542,502</b>

### (1) Salaries payable

	As at December 31	
	2023	2022
Salaries, bonuses and allowances	1,489,366	1,459,354
Social insurance and supplementary retirement benefits	71,161	35,861
Employee education expenses and labour union expenses	2,771	4,538
Staff welfares	1,066	991
Housing fund	788	719
<b>Total</b>	<b>1,565,152</b>	<b>1,501,463</b>



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 34 SHARE CAPITAL

Share capital of the Group as at December 31, 2023 and December 31, 2022 represented share capital of the Bank, which was fully paid.

	As at December 31	
	2023	2022
Ordinary shares in Mainland China	2,365,000	2,000,000
Ordinary shares listed in Hong Kong (H-share)	482,367	407,367
<b>Total</b>	<b>2,847,367</b>	<b>2,407,367</b>

On July 26, 2023, the Bank completed the issuance of 75,000,000 H-shares with a par value of RMB1.00 at an offering price of HKD9.79 per share. On September 19, 2023, the Bank completed the issuance of 365,000,000 domestic shares with a par value of RMB1.00 at an offering price of RMB8.93 per domestic share. After issuances of H-shares and domestic shares, the registered capital and share capital of the Bank increased to RMB2,847.37 million. The capital contributions were verified by KPMG Huazhen LLP. The net proceeds of the issuances raised were RMB3,926.79 million, of which the share capital was RMB440.00 million and the share premium was RMB3,486.79 million.

All the above H-shares have been listed on the Stock Exchange of Hong Kong Limited. The H-shares rank pari passu in all respects with the existing ordinary shares in Mainland China including the right to receive all dividends and distributions declared or made.

## 35 OTHER EQUITY INSTRUMENTS

### (1) Perpetual Bonds

	Issued date	Accounting classification	Initial interest rate	Issued price (RMB)	Issued number of shares (million)	Issued nominal value (million)	Expiry date	Conversion conditions	Conversion
Perpetual Bonds (first tranche)	February 9, 2021	Equity instruments	4.80%	100	30.00	3,000.00	No maturity date	none	none
Perpetual Bonds (second tranche)	April 15, 2021	Equity instruments	4.80%	100	40.00	4,000.00	No maturity date	none	none
Less: Issuance fee (first tranche)						(1.14)			
Less: Issuance fee (second tranche)						(1.02)			
<b>Book value</b>						<b>6,997.84</b>			



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 35 OTHER EQUITY INSTRUMENTS (Continued)

### (2) Main terms of Perpetual Bonds

With the approval of Jiangxi Banking and Insurance Regulatory Bureau on Jiujiang Bank's Issuance of undated tier 1 capital bonds (Jiangxi Banking and Insurance Regulatory Bureau [2020] No. 363) and the Decision of the People's Bank of China on Granting Administrative License (Bank Approval Word [2021] No. 17), the Bank issued a total of RMB3 billion (first tranche) and RMB4 billion (second tranche) undated tier 1 capital bonds in the national interbank bond market on February 9, 2021 and April 15, 2021, respectively. The unit par value of the bond (including the first and second tranches, the bonds below are synonymous) is RMB100, the interest rate for the first 5 years is 4.80%, and the coupon rate adjusted period will be every 5 years from the issuance of the bonds. In any coupon rate adjusted period, the coupon rate of the bonds will be made at a prescribed fixed coupon rate.

The Bonds will continue to be outstanding so long as the Bank's business continues to operate. This bond issuance is subject to the Bank's conditional redemption clause. The Issuer shall have the right to redeem the current Bonds in whole or in part on the annual Coupon payment Date (including the coupon payment date of the fifth year after the issuance date) five years after the issuance date. The issuer has the right to redeem the Bonds in whole, but not in part, in the event of an unpredictable regulatory change that prevents the current issuance from being counted as other Tier 1 capital. The issuer shall exercise the right of redemption upon the approval of the NFRA and upon meeting the following conditions: (1) replace the redeemed bond with a capital instrument of the same or higher class, and the replacement of the capital instrument shall be implemented only if the profitability of the Bank remains sustainable; (2) Or the capital adequacy ratio remains significantly higher than the regulatory after the exercise of the right.

The Bank has the right to cancel, in whole or in part, distributions on the Bonds and any such cancellation does not constitute an event of default. The Bank will fully consider the interests of bondholders when exercising this right. Cancellation of any distributions to the Bonds, no matter in whole or in part, will not impose any other restriction on the Bank, except in relation to dividend distributions to ordinary shares. The dividend is paid on a non-cumulative basis, that is, the dividend not paid in full to the shareholder previously will not accumulated to the next interest-bearing year. The Bonds do not contain interest rate step-up mechanism or any other redemption incentives.

After deducting the issuance expenses, the Bonds will be used to replenish the other tier 1 capital of the issuer in accordance with applicable laws and the approval of the competent authorities.

### (3) Changes of Perpetual Bonds

	Balance as at January 1, 2023		Increase in this year		Decrease in this year		Balance as at December 31, 2023	
	Issued number of shares (million)	Book value (million)	Issued number of shares (million)	Book value (million)	Issued number of shares (million)	Book value (million)	Issued number of shares (million)	Book value (million)
Perpetual Bonds	70.00	6,997.84	-	-	-	-	70.00	6,997.84

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 36 RESERVES

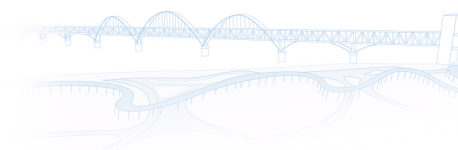
	Note	As at December 31	
		2023	2022
Share premium	(1)	11,639,129	8,152,338
Investment revaluation reserve	(2)	516,903	61,721
Surplus reserve	(3)	4,615,043	4,460,889
General reserve	(4)	5,525,566	5,313,215
Retained earnings		8,014,631	8,234,291
<b>Total</b>		<b>30,311,272</b>	<b>26,222,454</b>

### (1) Share premium

	Note	2023	2022
As at January 1		8,152,338	8,152,338
Issuance of H-shares	34	594,416	–
Issuance of domestic shares	34	2,892,375	–
<b>As at December 31</b>		<b>11,639,129</b>	<b>8,152,338</b>

### (2) Investment revaluation reserve

	2023	2022
As at January 1	61,721	156,376
Changes in fair value recognised in other comprehensive income	573,686	(93,304)
Transfer to profit or loss upon disposal	30,048	(43,413)
Changes in impairment losses recognised in other comprehensive income	3,175	10,510
Deferred income tax	(151,727)	31,552
<b>As at December 31</b>	<b>516,903</b>	<b>61,721</b>



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 36 RESERVES (Continued)

### (3) Surplus reserve

Pursuant to the Company Law of PRC, corporation is required to transfer 10% of its net profit, determined under the relevant accounting rules in the PRC, to a non-distributable statutory surplus reserve. Appropriation to the statutory surplus reserve may cease when the balance of such reserve has reached 50% of the share capital.

After making the appropriation to the statutory surplus reserve, the corporation may also appropriate its net profit for the year to a discretionary surplus reserve upon approval by the shareholders in General Meeting. Subject to the approval by the shareholders, the discretionary surplus reserve may be used to offset accumulated losses of the corporation, if any, and may be converted into capital.

	Statutory surplus reserve	Discretionary surplus reserve	Total
As at January 1, 2022	1,943,743	2,196,744	4,140,487
Appropriation during the year	154,049	166,353	320,402
As at December 31, 2022	2,097,792	2,363,097	4,460,889
Appropriation during the year	–	154,154	154,154
As at December 31, 2023	2,097,792	2,517,251	4,615,043

### (4) General reserve

Pursuant to the Administrative Measures for the Provision of Reserves of Financial Enterprises (Cai Jin [2012] No. 20) issued by the Ministry of Finance of the PRC, in addition to the individual and collective allowances for impairment losses, financial enterprise is required to establish and maintain a general reserve within equity to address potential unidentified impairment losses. The general reserve should not be less than 1.50% of the aggregate amount of risk assets as defined by the above measures. The balance of the general reserve amounted to RMB5,525.57 million as at December 31, 2023 (December 31, 2022: RMB5,313.22 million).



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 37 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following balances with an original maturity equal to or less than three months:

	As at December 31	
	2023	2022
Cash	608,548	399,272
Balances with the central bank	7,811,996	4,244,989
Deposits with banks and other financial institutions	1,590,547	2,030,130
Placements with banks and other financial institutions	70,827	417,876
Financial assets held under resale agreements	14,149,006	8,973,632
Financial investments measured at FVTPL	6,592,285	2,795,939
<b>Total</b>	<b>30,823,209</b>	18,861,838

### (1) Net increase in cash and cash equivalents

	2023	2022
Cash and cash equivalents as at December 31	30,823,209	18,861,838
Less: Cash and cash equivalents as at January 1	(18,861,838)	(31,450,307)
Less: Effect of foreign exchange rate changes	(5,192)	(68,288)
<b>Net increase/(decrease) in cash and cash equivalents as at December 31</b>	<b>11,956,179</b>	(12,656,757)



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 38 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financial activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	As at January 1, 2023	Financing cash flows	Interest accrued/ dividend declared/ expense accrued	New lease	As at December 31, 2023
Bonds	3,111,613	(3,169,350)	57,737	-	-
Interbank negotiable certificates of deposit	25,688,112	10,887,288	607,318	-	37,182,718
Dividends payable	6,666	(592,383)	593,138	-	7,421
Lease liabilities	328,144	(136,853)	12,226	101,962	305,479
<b>Total</b>	<b>29,134,535</b>	<b>6,988,702</b>	<b>1,270,419</b>	<b>101,962</b>	<b>37,495,618</b>

	As at January 1, 2022	Financing cash flows	Interest accrued/ dividend declared/ expense accrued	New lease	As at December 31, 2022
Bonds	3,111,613	(169,350)	169,350	-	3,111,613
Interbank negotiable certificates of deposit	28,335,183	(3,304,261)	657,190	-	25,688,112
Dividends payable	5,906	(581,900)	582,660	-	6,666
Lease liabilities	365,598	(124,163)	17,292	69,417	328,144
<b>Total</b>	<b>31,818,300</b>	<b>(4,179,674)</b>	<b>1,426,492</b>	<b>69,417</b>	<b>29,134,535</b>

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 39 STRUCTURED ENTITIES

### (1) Consolidated structured entities managed by third party institutions in which the Group holds interests

Structured entities consolidated by the Group include fund investments. The Group controls these entities because the Group has power over, is exposed to, or has rights to, variable returns from its involvement with these entities and has the ability to use its power over these entities to affect the amount of the Group's returns.

As at December 31, 2023, structured entities included in the consolidation scope by the Bank were RMB5,240 million, and was under "financial investments measured at FVTPL" on the balance sheet.

### (2) Unconsolidated structured entities managed by third party institutions in which the Group holds interests

The Group holds interests in these structured entities managed by third party institutions through investments in the beneficial rights or plans issued relating to these structured entities. The Group does not consolidate these structured entities. Such structured entities include fund investments, asset management plans and trust beneficiary rights, asset backed medium-term notes.

The following tables set out an analysis of the gross carrying amount of interests held by the Group as at December 31, 2023 and 2022 in the unconsolidated structured entities sponsored and managed by third party institutions.

	As at December 31, 2023				Maximum risk exposure (Note)
	Financial investments at FVTPL	Financial investments at FVOCI	Financial investments at amortised cost	Total	
Fund investments	13,604,007	-	-	13,604,007	13,604,007
Trust beneficiary rights and asset management plans	2,036,958	-	10,325,090	12,362,048	12,362,048
Asset backed medium-term notes	-	-	68,621	68,621	68,621
<b>Total</b>	<b>15,640,965</b>	<b>-</b>	<b>10,393,711</b>	<b>26,034,676</b>	<b>26,034,676</b>

	As at December 31, 2022				Maximum risk exposure (Note)
	Financial investments at FVTPL	Financial investments at FVOCI	Financial investments at amortised cost	Total	
Fund investments	11,037,383	-	-	11,037,383	11,037,383
Trust beneficiary rights and asset management plans	3,885,839	-	13,286,606	17,172,445	17,172,445
<b>Total</b>	<b>14,923,222</b>	<b>-</b>	<b>13,286,606</b>	<b>28,209,828</b>	<b>28,209,828</b>

The maximum exposures to loss in the above investment products are the carrying amount of the assets held by the Group at the end of each reporting period.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 39 STRUCTURED ENTITIES (Continued)

### (3) Unconsolidated structured entities managed by the Group

The types of unconsolidated structured entities managed by the Bank mainly include wealth management products. The purpose of managing these structured entities is to generate fees from managing assets on behalf of investors. Interest held by the Bank includes fees charged by providing management services to these structured entities.

As at December 31, 2023 and 2022, the amount of assets held by the unconsolidated wealth management products managed by the Bank amounting to RMB39,896 million and RMB39,929 million respectively. The Group did not hold any investment in the wealth management products and management fee earned from these products for the year ended December 31, 2023 and 2022 amounted to RMB237,435 thousand and RMB237,238 thousand respectively.

The Group did not provide any financial or other support to these unconsolidated structured entities during both years.

## 40 RELATED PARTY TRANSACTIONS

### (1) Major shareholders and entities under their control

Following major shareholders held more than 5% interest of the Bank or appointed the director or supervisor are considered as related parties of the Group:

Name of shareholders	Percentage of shares held as at December 31	
	2023	2022
Jiujiang Finance Bureau	12.85%	15.20%
Beijing Automotive Group Co., Ltd.	12.85%	15.20%
Industrial Bank Co., Ltd.	10.34%	12.23%
Fangda Carbon New Material Co., Ltd. (i)	4.78%	5.65%
Foshan Gaoming Jindun Hengye Computer Special Printing Co., Ltd. (i)	3.37%	3.98%

(i) The shareholders held less than 5% interest of the Bank but appointed the director or supervisor are considered as the related party of the Group.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 40 RELATED PARTY TRANSACTIONS (Continued)

### (1) Major shareholders and entities under their control (Continued)

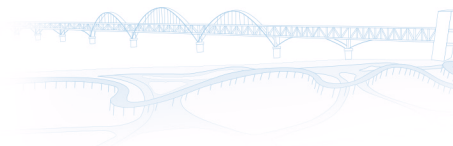
Balances and transactions between the Group and the major shareholders and entities under their control are as follows:

During the year ended December 31, 2023 and 2022, the Group had the following material balances and entered into the following material transactions with major shareholders and entities under their control. These transactions were entered into in the normal course of business, with pricing policies consistent with those transactions conducted with independent third parties.

	As at December 31	
	2023	2022
Balances at the end of the year:		
<b>Assets</b>		
Deposits with banks and other financial institutions	151,035	303,836
Loans and advances to customers at amortised cost	2,273,593	1,944,486
Financial investments at amortised cost (i)	658,252	679,264
Financial investments at FVTPL	25,885	45,761
<b>Total</b>	<b>3,108,765</b>	<b>2,973,347</b>
<b>Liabilities</b>		
Customer deposits	10,275,946	20,263,203
Placements from banks and other financial institutions	276,225	1,177,017
Deposits from banks and other financial institutions	1,942	6,681
<b>Total</b>	<b>10,554,113</b>	<b>21,446,901</b>
<b>Off-balance sheet items</b>		
Guarantees and letters of guarantees	651,391	2,184,636
Letters of credit	1,099,000	1,067,000
Bank acceptances	227,000	550,730
<b>Total</b>	<b>1,977,391</b>	<b>3,802,366</b>
Wealth management products (ii)	921,347	895,817

Notes:

- (i) It represented the corporation bond purchased by the Group, which was issued by a related party of the Group.
- (ii) It represented the wealth management product issued by the Group where the underlying asset is a bond, and the issuer is a related party of the Group.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 40 RELATED PARTY TRANSACTIONS (Continued)

### (1) Major shareholders and entities under their control (Continued)

	2023	2022
Transactions during the year:		
Interest income	98,224	138,985
Interest expense	407,428	587,715
Net gains arising from financial investments	2,773	3,492
Fee and commission income	30,003	27,278

### (2) Subsidiaries of the Bank

	Year ended December 31	
	2023	2022
Balance at the end of the year:		
Deposits from banks and other financial institutions	3,371,301	4,289,250

	2023	2022
Transactions during the year:		
Interest expense	158,652	180,829
Dividend from subsidiaries	13,948	5,077

### (3) Associates of the Bank

Details of the associates of the Bank are set out in Note 21.

	As at December 31	
	2023	2022
Balance at the end of the year:		
Deposits from banks and other financial institutions	1,109,886	1,231,337

	2023	2022
Transactions during the year:		
Interest expense	23,796	26,034
Dividend from associates	1,875	3,125





# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 41 CONTINGENT LIABILITIES AND COMMITMENTS

### (1) Legal proceedings

The Bank and its subsidiaries are involved as defendants in certain lawsuits arising from their normal business operations. As at December 31, 2023 and 2022, in light of court decisions or advice from legal counsels, the Group considered that sufficient provision has been provided for any potential losses from these claims.

### (2) Capital commitments

	As at December 31	
	2023	2022
Contracted but not provided for	239,252	320,427

### (3) Credit commitments

	As at December 31	
	2023	2022
Acceptances	55,432,451	50,472,988
Letters of credit	19,857,253	18,207,381
Guarantees and letters of guarantees	16,109,038	16,401,700
Unused credit card commitments	12,956,203	23,093,125
Total	104,354,945	108,175,194

Credit commitments represent general facility limits granted to customers. These credit facilities may be drawn in the form of loans and advances or through the issuance of letters of credit, acceptances or letters of guarantees.

### (4) Credit risk weighted amounts of credit commitments

	As at December 31	
	2023	2022
Credit commitments	31,606,578	31,659,347

Credit risk weighted amounts refer to amounts which depend on the status of counterparties and the maturity characteristics, and are calculated in accordance with the former CBIRC guidance. Risk weightings used for contingent liabilities and credit commitments range from 0% to 100%.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 41 CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

### (5) Collateral

#### Assets pledged

The carrying amount of assets pledged as collateral under repurchase agreements by the Group are as follows:

	As at December 31	
	2023	2022
Bonds	3,598,000	1,730,400
Bills	1,503,666	–
Total	5,101,666	1,730,400

As at December 31, 2023 and 2022, the carrying amount of financial assets sold under repurchase agreements for the Group amounted to RMB4,970 million and RMB1,700 million, respectively.

All repurchase agreements were due within twelve months from inception.

## 42 FIDUCIARY ACTIVITIES

The Group commonly acts as asset manager or in other fiduciary capacities that results in its holding or managing assets on behalf of individuals or corporations. These assets and any gains or losses arising thereon are not included in the consolidated financial statements of the Group as they are not the Group's assets.

As at December 31, 2023 and 2022, the entrusted loans balance of the Group amounted to RMB8,498 million and RMB9,591 million respectively.

As at December 31, 2023 and 2022, the balance of the wealth management products issued and managed by the Group amounted to RMB39,896 million and RMB39,929 million respectively.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 43 CAPITAL MANAGEMENT

The Group's capital management includes capital adequacy ratio management, capital financing management and economic capital management, of which the primary focus is on capital adequacy ratio management. The Group calculates the capital adequacy ratio in accordance with guidelines issued by the former CBIRC. The capital of the Group is divided into core tier-one capital, other tier-one capital and tier-two capital.

Capital adequacy ratio management is the key in capital management. The capital adequacy ratio reflects the soundness of the Group's operations and risk management capabilities. The main objective in capital adequacy ratio management is to set an optimal capital adequacy ratio that meets the regulatory requirements by benchmarking against the capital adequacy ratio level of leading peer banks with reference to its own business environment and conditions.

The Group considers its strategic development plans, business expansion plans and risk variables when conducting scenario analysis and stress testing and executing other measures to forecast, plan and manage its capital adequacy ratio.

The Group calculates its capital adequacy ratios in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)" and other relevant regulations promulgated by the former CBIRC.

The former CBIRC requires commercial banks to meet the requirements of capital adequacy ratios by the end of 2018 in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)". For non-systemically important banks, the minimum ratios for core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio are 7.50%, 8.50% and 10.50%, respectively.

The on-balance sheet risk-weighted assets are measured using different risk weights, which are determined according to the credit, market and other risks associated with each asset and counterparty, taking into account any eligible collaterals or guarantees. Similar practice is adopted for off-balance sheet exposure, with adjustments made to reflect the more contingent nature of any potential losses. Market risk-weighted assets are calculated using the standardised approach. Operational risk-weighted assets are calculated using basic indicator approach.

The capital adequacy ratios and related components of the Group illustrated below are computed based on the Group's statutory financial statements prepared in accordance with PRC GAAP.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 43 CAPITAL MANAGEMENT (Continued)

The Group's capital adequacy ratios at the year ended December 31, 2023 and 2022 calculated in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)" and relevant requirements promulgated by the former CBIRC are as follows:

	As at December 31	
	2023	2022
Core tier-one capital adequacy ratio	8.64%	7.93%
Tier-one capital adequacy ratio	11.07%	10.61%
Capital adequacy ratio	12.01%	12.62%
Core tier-one capital	33,505,467	28,935,436
Deductions of core tier-one capital	(1,437,822)	(2,152,640)
Net core tier-one capital	32,067,645	26,782,796
Other tier-one capital	9,044,084	9,038,589
Net tier-one capital	41,111,729	35,821,385
Tier-two capital	3,467,630	6,772,574
Net capital base	44,579,359	42,593,959
Total risk weighted assets	371,264,030	337,617,108

## 44 FINANCIAL RISK MANAGEMENT

### Overview

The primary objectives of risk management of the Group are to maintain risk within acceptable parameters and satisfy the regulatory requirements.

The Group's risk management policies are designed, and controls are set up to identify, analyse, monitor and report risks arising from normal operation. The Group regularly reviews its risk management policies and systems to address changes in markets, products and emerging best practices.

Details of the financial instruments are disclosed in respective notes to the consolidated financial statements. The risks associated with these financial instruments include credit risk, liquidity risk and market risk (i.e. interest rate risk, foreign currency risk and other price risk). The Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.





# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 44 FINANCIAL RISK MANAGEMENT (Continued)

### Risk management framework

The risk management organisation structure of the Group consists of the Board of Directors and its committees, senior management and its committees and Significant Risk Sector composed of functional departments, risk directors and risk managers, which is a top-to-bottom and bank-wide risk management structure.

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

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



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 44 FINANCIAL RISK MANAGEMENT (Continued)

### (1) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to loans and advances to customers, financial investments, interbank businesses, commitment and other on-balance and off-balance sheet credit risk exposures. The Group monitors all financial assets that are subject to impairment test requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime ECL rather than 12-month ECL.

#### **Credit risk management**

The credit risk management organisation system of the Group is composed of the Board of Directors, senior management, Risk Management Department, Audit Department and other credit risk-taking department, etc., thus forming a credit risk management structure characterised by centralised and unified management and hierarchical authorisation and implementation. The Board of Directors is the Group's highest decision-making body for credit risk management, which undertakes the ultimate responsibility of credit risk management. The Risk Management Committee subordinate to the Board of Directors is responsible for deliberating on the strategic planning of credit risk management, major policies and risk capital allocation schemes, evaluating their implementation and effect, making recommendations to the Board of Directors and reviewing major credit risk management matters as authorised by the Board of Directors. Senior management is the Group's highest decision-making body for daily credit risk management, which is responsible for fully organising the implementation of credit risk management strategies and risk appetite approved by the Board of Directors, putting credit risk management policies, procedures and measures into practice, and undertaking the credit risk arising from business operation. Risk Management Department is the Group's leading department for credit risk management, which is responsible for formulating and organising the implementation of basic policies, systems, measures, procedures and risk evaluation criteria for credit risk management. Credit Approval Department is responsible for implementing risk of the credit approval process. The competent department of each business line is responsible for their respective credit approval, as well as inspection and supervision over the implementation and execution of the Group's credit risk-related policies. Audit Department is responsible for the independent review and evaluation of the Group's credit risk management system, including but not limited to auditing the effectiveness of credit risk management measures and system operation.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 44 FINANCIAL RISK MANAGEMENT (Continued)

### (1) Credit risk (Continued)

#### **Impairment Assessment**

##### *Measurement of Expected Credit Loss (ECL)*

In accordance with IFRS 9, the Group classifies financial instruments measured at amortised cost or FVOCI into three stages and makes provisions for expected credit losses, accordingly, depending on whether credit risk on that financial instrument has increased significantly since initial recognition. Detailed definition of stages is included in Note 2.

For the purpose of ECL measurement, the Group has divided exposures with common credit risk characteristics into separate groups. When grouping corporate business, the Group considered credit risk characteristics such as client type and the industry in which the client operates. When grouping personal business, the Group considered credit risk characteristics such as product type. The Group obtained sufficient information to ensure it is statistically reliable.

In order to minimise credit risk, the Group has tasked its Risk Management Committee to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The Group's credit risk grading framework comprises ten categories. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

##### *Significant increase in credit risk*

The Group takes into consideration all reasonable and supportable information (including forward-looking information) that reflects significant change in credit risk for the purposes of classifying financial instruments. The main considerations are regulatory and industry environment, internal and external credit risk gradings, operational and financial situation, contractual terms, and historical repayment records etc. The Group compares the risk of default of a single financial instrument or a portfolio of financial instruments with similar credit risk characteristics as at the reporting date and its risk of default at the date of initial recognition to determine changes in the risk of default during the lifetime of a financial instrument or a portfolio of financial instruments.

When one or more quantitative or qualitative standards are triggered, the Group assumes that credit risk on financial instruments has increased significantly:

- (i) The principal or interest of loan is past due for more than 30 days;
- (ii) The five-category loan classification is special mention; or
- (iii) Risk warning signals appear: a credit risk event that is likely to cause a significant adverse effect; deterioration of willingness for repayment, such as malicious debt evasion, fraud, etc; less value of the collaterals (for the collateralised loans and pledged loans only); and etc.

As at December 31, 2023, the Group has not considered that any of its financial instruments has lower credit risk and no longer compared the credit risk at the balance sheet date with that at the initial recognition to identify whether there was a significant increase in credit risk (December 31, 2022: nil).

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 44 FINANCIAL RISK MANAGEMENT (Continued)

### (1) Credit risk (Continued)

#### **Impairment Assessment** (Continued)

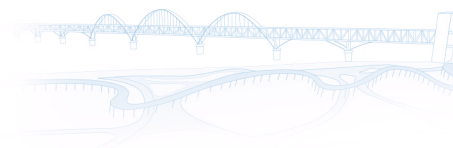
##### *Definition of default*

The Group defines a borrower as in default when it meets any of the following criteria:

- (i) The principal or interest of loan is past due for more than 90 days;
- (ii) The corporate borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as liquidation against collateral; or
- (iii) The corporate borrower has the above matters in other financial institutions.

Generally, a financial asset is considered to be credit-impaired if:

- It has been overdue for more than 90 days;
- In light of economic, legal or other factors, the Group has made concessions to a borrower in financial difficulties, which would otherwise have been impossible under normal circumstances;
- The borrower is probable to be insolvent or carry out other financial restructurings;
- Due to serious financial difficulties, the financial asset cannot continue to be traded in an active market;
- There are other objective evidences that the financial asset is impaired;
- Borrowers' ability to repay their loans is in question and they cannot rely entirely on normal operational revenues to repay principal and interest. Losses may ensue even when collateral or guarantees are invoked;
- Borrowers cannot repay principal and interest in full and significant losses will need to be recognised even when collateral or guarantees are invoked;
- Only a small portion or none of the principal and interest can be recovered after taking all possible measures and exhausting all legal remedies.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 44 FINANCIAL RISK MANAGEMENT (Continued)

### (1) Credit risk (Continued)

#### **Impairment Assessment** (Continued)

##### *Description of parameters, assumptions, and estimation techniques*

ECL is measured at an amount equal to 12-month ECL or lifetime ECL depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL is the product of the Probability of Default (“PD”), Loss Given Default (“LGD”), and Exposure at Default (“EAD”), considering the time value of money. Related definitions are as follows:

- probability of default (PD): is an estimate of the likelihood of default over 12 months or lifetime horizon;
- loss given default (LGD): is the proportion of the loss arising on default to the exposure at default;
- exposure at default (EAD): is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

The assumptions underlying the ECL calculation, such as how the PDs and LGDs of different maturity profiles change are periodically monitored and reviewed by the Group. These parameters are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 44 FINANCIAL RISK MANAGEMENT (Continued)

### (1) Credit risk (Continued)

#### **Impairment Assessment** (Continued)

##### *Forward-looking information contained in ECL*

According to the different risk characteristics of assets, the Group divides assets into different asset groups, identifies macro indicators related to credit risks, and establishes regression models. The Group uses forward-looking information that is available without undue cost or effort and predict the macro-economic assumptions. External information includes macro-economic data, forecast information issued by government or regulatory agencies, for example, PPI, investment in real estate development, narrow money supply (M1), etc.

The Group assumes three economic scenarios: the baseline scenario in line with the average internal forecast; the optimistic scenario and the pessimistic scenario. Weighted credit loss is the expected credit loss calculated by assigning scenario weighting of multiple scenarios.

As at December 31, 2023, the Group has taken into account different macroeconomic scenarios and made forward-looking forecasts of key economic indicators, and has carried out sensitivity analysis of key economic variables used in forward-looking measurement. When the weighting of the optimistic scenario increases by 10% and the weighting of the baseline scenario decreases by 10%, the ECL amount at December 31, 2023 will decrease by no more than 1% compared to the current result. When the weighting of the pessimistic scenario increases by 10% and the weighting of the baseline scenario decreases by 10%, the ECL amount at December 31, 2023 will increase by no more than 1% compared to the current result.

##### *Collateral and other credit enhancements*

The amount and type of collateral required depend on the assessment of the credit risk of the counterparty. Guidelines are in place specifying the types of collateral and valuation parameters which can be accepted.

Reverse repurchase business is mainly collateralised by bills or bonds. As part of the reverse repurchase agreements, the Group has received securities that it is allowed to sell or repledge in the absence of default by their owners.

Corporate loans and discounted bills are mainly collateralised/pledged by properties or other assets. As at December 31, 2023, the carrying value (before deduction of expected credit loss) of corporate loans and discounted bills amounted to RMB203,904.43 million (December 31, 2022: RMB183,533.63 million), of which credit exposure covered by collateral/pledge amounted to RMB97,801.08 million (December 31, 2022: RMB98,264.74 million).

Retail loans are mainly collateralised by residential properties. As at December 31, 2023, the carrying value (before deduction of expected credit loss) of retail loans amounted to RMB97,719.88 million (December 31 2022: RMB95,631.70 million), of which credit exposure covered by collateral amounted to RMB56,421.97 million (December 31, 2022: RMB58,063.77 million).

Management monitors the market value of collateral periodically and requests additional collateral in accordance with the underlying agreement when it is considered necessary.

It is the Group's policy to dispose of repossessed assets in an orderly manner. In general, the Group does not occupy repossessed assets for business use.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 44 FINANCIAL RISK MANAGEMENT (Continued)

As at December 31, 2023, the Group's credit risk stages of financial instruments are as follows:

### (i) Financial assets measured at amortised cost

	As at December 31, 2023						
	Gross carrying amount			Provision for expected credit losses			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	12-month ECL	Lifetime ECL not credit-impaired	
Balances with the central bank	32,693,983	-	-	32,693,983	-	-	-
Deposits with banks and other financial institutions	2,224,487	-	-	2,224,487	(592)	-	(592)
Placements with banks and other financial institutions	70,898	-	-	70,898	(14)	-	(14)
Financial assets held under resale agreements	14,350,234	-	-	14,350,234	(4,047)	-	(4,047)
Financial investments	67,622,178	5,295,090	8,526,140	81,443,408	(47,771)	(884,901)	(4,677,759)
Loans and advances to customers	240,652,673	14,573,006	8,042,356	263,268,035	(1,666,786)	(2,359,034)	(9,680,191)
<b>Total</b>	<b>357,614,453</b>	<b>19,868,096</b>	<b>16,568,496</b>	<b>394,051,045</b>	<b>(1,739,210)</b>	<b>(3,243,935)</b>	<b>(14,362,603)</b>

### (ii) Financial assets measured at FVOCI

	As at December 31, 2023						
	Gross carrying amount			Provision for expected credit losses			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	12-month ECL	Lifetime ECL not credit-impaired	
Financial investments	41,226,640	-	-	41,226,640	(6,775)	-	(6,775)
Loans and advances to customers	39,822,395	-	-	39,822,395	(26,796)	-	(26,796)
<b>Total</b>	<b>81,049,035</b>	<b>-</b>	<b>-</b>	<b>81,049,035</b>	<b>(33,571)</b>	<b>-</b>	<b>(33,571)</b>

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 44 FINANCIAL RISK MANAGEMENT (Continued)

As at December 31, 2022, the Group's credit risk stages of financial instruments are as follows:

### (i) Financial assets measured at amortised cost

	As at December 31, 2022						
	Gross carrying amount			Provision for expected credit losses			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	12-month ECL	Lifetime ECL not credit-impaired	
Balances with the central bank	32,749,174	-	-	32,749,174	-	-	-
Deposits with banks and other financial institutions	2,233,045	-	-	2,233,045	(696)	-	(696)
Placements with banks and other financial institutions	418,039	-	-	418,039	(99)	-	(99)
Financial assets held under resale agreements	8,977,032	-	-	8,977,032	(2,520)	-	(2,520)
Financial investments	75,165,613	4,100,729	6,060,504	85,326,846	(120,204)	(675,554)	(4,449,813)
Loans and advances to customers	225,915,964	9,155,078	7,847,591	242,918,633	(2,163,268)	(1,684,568)	(8,761,732)
<b>Total</b>	<b>345,458,867</b>	<b>13,255,807</b>	<b>13,908,095</b>	<b>372,622,769</b>	<b>(2,286,787)</b>	<b>(2,360,142)</b>	<b>(13,214,860)</b>

### (ii) Financial assets measured at FVOCI

	As at December 31, 2022						
	Gross carrying amount			Provision for expected credit losses			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	12-month ECL	Lifetime ECL not credit-impaired	
Financial investments	47,019,722	-	-	47,019,722	(6,664)	-	(6,664)
Loans and advances to customers	37,378,272	-	-	37,378,272	(21,710)	-	(21,710)
<b>Total</b>	<b>84,397,994</b>	<b>-</b>	<b>-</b>	<b>84,397,994</b>	<b>(30,374)</b>	<b>-</b>	<b>(30,374)</b>



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 44 FINANCIAL RISK MANAGEMENT (Continued)

### (a) Rescheduled loans and advances

Rescheduled loans and advances arise from rescheduling or deferring the repayment terms mainly representing offering lower interest rate or extending payment schedule. Rescheduled loans and advances are under continuous monitoring by the Group.

Contractual amount of rescheduled loans and advances for the Group as at December 31, 2023 and 2022 amounted to RMB899.00 million and RMB1,542.53 million respectively, among which loans and advances overdue for more than 60 days amounted to RMB330.74 million and RMB598.00 million respectively.

### Debt instruments

Debt instruments are analysed by credit rating as follows:

	As at December 31, 2023			Total
	Financial investments at FVTPL	Financial investments at FVOCI	Financial investments at amortised cost	
AAA	1,368,391	15,172,495	30,303,104	46,843,990
AA+ — AA-	2,335,681	794,121	4,503,284	7,633,086
C	—	—	37,000	37,000
Unrated (Note)	3,345,837	25,260,024	28,126,942	56,732,803
<b>Total</b>	<b>7,049,909</b>	<b>41,226,640</b>	<b>62,970,330</b>	<b>111,246,879</b>

	As at December 31, 2022			Total
	Financial investments at FVTPL	Financial investments at FVOCI	Financial investments at amortised cost	
AAA	52,219	13,841,329	26,646,367	40,539,915
AA+ — AA-	—	1,352,134	5,947,443	7,299,577
C	—	—	20,000	20,000
Unrated (Note)	704,083	31,826,259	31,564,680	64,095,022
<b>Total</b>	<b>756,302</b>	<b>47,019,722</b>	<b>64,178,490</b>	<b>111,954,514</b>

Note: The unrated debt securities mainly consist of investment and trading securities issued by the Ministry of Finance, PBOC, policy banks which are creditworthy issuers in the market but are not rated by independent rating agencies.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

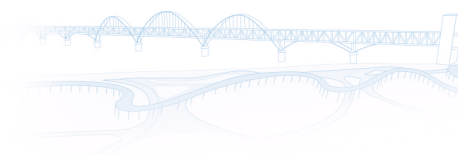
## 44 FINANCIAL RISK MANAGEMENT (Continued)

### (2) Liquidity risk

Liquidity risk refers to the risk of failure of commercial banks to acquire sufficient funds in a timely manner at a reasonable cost to pay off debts due or meet liquidity demands in line with expansion of business operations. The objective of the Group's liquidity management is to ensure sufficient fund positions to meet requirements for solvency obligations and business settlement in a timely manner.

On the basis of predicting liquidity demands, the Group formulates corresponding liquidity management plans. The specific methods mainly include:

- Setting target ratio on assets and liabilities structure in accordance with the regulatory requirements and business plan;
- Maintaining stability of deposit base; and
- Making advanced projection on future cash flows and evaluating the appropriate current assets position.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 44 FINANCIAL RISK MANAGEMENT (Continued)

### Analysis of the remaining maturity of assets and liabilities

The tables below summarise the maturity analysis of assets and liabilities by remaining contractual maturities at the end of each reporting period.

	As at December 31, 2023						Total
	Past due/indefinite Note(a)/(b)/(c)	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	
<b>Assets</b>							
Cash and balances with the central bank	24,870,446	8,432,085	-	-	-	-	33,302,531
Deposits with banks and other financial institutions	-	1,590,948	-	501,775	131,172	-	2,223,895
Placements with banks and other financial institutions	-	-	70,884	-	-	-	70,884
Financial assets held under resale agreements	-	-	12,934,930	1,411,257	-	-	14,346,187
Loans and advances to customers	2,508,413	76,383	19,990,699	32,593,335	111,447,847	64,066,517	293,410,239
Financial investments	7,362,521	20,712,255	1,466,093	6,713,462	16,790,327	48,469,129	145,948,869
Others	12,618,042	346,253	7,922	429,078	54,396	961,106	14,546,612
<b>Total assets</b>	<b>47,359,422</b>	<b>31,157,924</b>	<b>34,470,528</b>	<b>41,648,907</b>	<b>128,423,742</b>	<b>113,496,752</b>	<b>503,849,217</b>
<b>Liabilities</b>							
Borrowings from the central bank	-	-	2,589,713	4,603,583	20,913,309	-	28,106,605
Deposits from banks and other financial institutions	-	1,230,661	1,501,132	3,012,123	7,344,776	-	13,088,692
Placements from banks and other financial institutions	-	-	207,004	281,800	4,103,252	-	4,592,056
Financial assets sold under repurchase agreements	-	-	4,970,342	-	-	-	4,970,342
Customer deposits	-	149,075,932	22,950,836	34,497,007	85,584,301	77,411,585	370,733,048
Debt securities issued	-	-	2,387,055	8,897,950	25,897,713	-	37,182,718
Lease liabilities	-	-	13,711	9,638	74,949	173,305	305,479
Others	778,931	3,134,836	-	-	-	-	3,913,767
<b>Total liabilities</b>	<b>778,931</b>	<b>153,441,429</b>	<b>34,619,793</b>	<b>51,302,101</b>	<b>143,918,300</b>	<b>77,584,890</b>	<b>462,892,707</b>
<b>Long/(short) position</b>	<b>46,580,491</b>	<b>(122,283,505)</b>	<b>(149,265)</b>	<b>(9,653,194)</b>	<b>(15,494,558)</b>	<b>35,911,862</b>	<b>40,956,510</b>

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 44 FINANCIAL RISK MANAGEMENT (Continued)

### Analysis of the remaining maturity of assets and liabilities (Continued)

	As at December 31, 2022						Total
	Past due/indefinite Note(a)/(b)/(c)	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	
<b>Assets</b>							
Cash and balances with the central bank	28,491,222	4,657,224	-	-	-	-	33,148,446
Deposits with banks and other financial institutions	-	2,030,480	-	-	201,869	-	2,232,349
Placements with banks and other financial institutions	-	-	417,940	-	-	-	417,940
Financial assets held under resale agreements	-	-	8,178,083	796,429	-	-	8,974,512
Loans and advances to customers	2,993,547	66,337	20,948,964	20,948,964	103,176,078	67,452,128	271,535,173
Financial investments	3,580,909	11,037,383	4,181,222	6,158,542	13,691,379	66,233,332	149,026,242
Others	12,007,726	208,443	129,776	682,537	157,349	1,127,218	14,368,878
<b>Total assets</b>	<b>47,073,404</b>	<b>17,999,867</b>	<b>33,100,857</b>	<b>28,586,472</b>	<b>117,226,675</b>	<b>134,812,678</b>	<b>479,703,540</b>
<b>Liabilities</b>							
Borrowings from the central bank	-	-	5,176,476	1,193,436	6,471,069	-	12,840,981
Deposits from banks and other financial institutions	-	1,476,994	676,550	3,478,334	6,479,144	-	12,111,022
Placements from banks and other financial institutions	-	-	4,964,350	1,074,447	106,424	-	6,145,221
Financial assets sold under repurchase agreements	-	-	1,700,206	-	-	-	1,700,206
Customer deposits	-	163,720,179	11,973,482	24,218,874	75,200,191	100,582,573	377,340,019
Debt securities issued	-	-	2,794,725	6,742,676	16,262,324	-	3,000,000
Lease liabilities	-	-	9,624	10,388	63,708	193,105	328,144
Others	1,752,502	2,269,439	-	-	-	-	4,021,941
<b>Total liabilities</b>	<b>1,752,502</b>	<b>167,466,612</b>	<b>27,295,413</b>	<b>36,718,155</b>	<b>104,582,860</b>	<b>100,775,678</b>	<b>443,287,259</b>
<b>Long/(short) position</b>	<b>45,320,902</b>	<b>(149,466,745)</b>	<b>5,805,444</b>	<b>(8,131,683)</b>	<b>12,643,815</b>	<b>34,037,000</b>	<b>36,416,281</b>

- (a) Indefinite amount of cash and deposits with the central bank represents the statutory deposit reserves and fiscal deposits with the central bank.
- (b) Indefinite amount of loans and advances to customers includes all the credit-impaired loans, as well as those overdue more than one month. Loans and advances to customers with no impairment but overdue within one month are classified into the category of repayable on demand.
- (c) Financial investments comprise financial investments at amortised cost, financial investments at fair value through profit or loss and financial investments at fair value through other comprehensive income. Indefinite amount of financial investments represent credit-impaired investments or those overdue more than one month. Equity investments is listed in the category of indefinite.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 44 FINANCIAL RISK MANAGEMENT (Continued)

### Analysis of the undiscounted contractual cash flows

The tables below present the cash flows of non-derivatives financial assets and financial liabilities by remaining contractual maturities at the end of reporting period. The amounts disclosed in the tables are the undiscounted contractual cash flows.

	As at December 31, 2023								
	Carrying amount	Contractual undiscounted cash flow	Past due/indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	over 5 years
<b>Financial assets</b>									
Cash and balances with the central bank	33,302,531	33,302,531	24,870,446	8,432,085	-	-	-	-	-
Deposits with banks and other financial institutions	2,223,895	2,226,850	-	1,590,948	-	501,809	134,093	-	-
Placements with banks and other financial institutions	70,884	79,090	-	-	79,090	-	-	-	-
Financial assets held under resale agreements	14,346,187	14,363,524	-	-	12,943,400	1,420,124	-	-	-
Loans and advances to customers	293,410,239	343,006,587	2,690,405	76,383	21,156,666	34,765,973	118,728,167	85,410,339	80,178,654
Financial investments	145,948,869	168,643,613	8,646,450	20,712,255	1,505,114	6,953,889	19,044,545	57,850,736	53,930,624
Others	1,640,284	1,640,284	1,555	346,253	7,077	428,080	39,889	782,991	34,439
<b>Total financial assets</b>	<b>490,942,889</b>	<b>563,262,479</b>	<b>36,208,856</b>	<b>31,157,924</b>	<b>35,691,347</b>	<b>44,069,875</b>	<b>137,946,694</b>	<b>144,044,066</b>	<b>134,143,717</b>
<b>Financial liabilities</b>									
Borrowings from the central bank	28,106,605	28,448,927	-	-	2,593,086	4,626,385	21,229,456	-	-
Deposits from banks and other financial institutions	13,088,692	13,211,282	-	1,230,661	1,502,118	3,035,606	7,442,897	-	-
Placements from banks and other financial institutions	4,592,056	4,699,923	-	-	207,706	284,897	4,207,320	-	-
Financial assets sold under repurchase agreements	4,970,342	4,971,852	-	-	4,971,852	-	-	-	-
Customer deposits	370,733,048	377,381,561	-	149,075,932	22,979,471	34,655,141	86,971,400	82,236,459	1,463,158
Debt securities issued	37,182,718	37,650,503	-	-	2,390,223	8,941,477	26,318,803	-	-
Lease liabilities	305,479	331,943	-	-	15,726	11,366	79,441	188,395	37,015
Others	1,569,684	1,569,684	-	1,569,684	-	-	-	-	-
<b>Total financial liabilities</b>	<b>460,548,624</b>	<b>468,265,675</b>	<b>-</b>	<b>151,876,277</b>	<b>34,660,182</b>	<b>51,554,872</b>	<b>146,249,317</b>	<b>82,424,854</b>	<b>1,500,173</b>
<b>Long/(short) position</b>	<b>30,394,265</b>	<b>94,996,804</b>	<b>36,208,856</b>	<b>(120,718,353)</b>	<b>1,031,165</b>	<b>(7,484,997)</b>	<b>(8,302,623)</b>	<b>61,619,212</b>	<b>132,643,544</b>

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 44 FINANCIAL RISK MANAGEMENT (Continued)

### Analysis of the undiscounted contractual cash flows (Continued)

	As at December 31, 2022								
	Carrying amount	Contractual undiscounted cash flow	Past due/indefinite	On demand	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	over 5 years
<b>Financial assets</b>									
Cash and balances with the central bank	33,148,446	33,148,446	28,491,222	4,657,224	-	-	-	-	-
Deposits with banks and other financial institutions	2,232,349	2,234,254	-	2,030,480	-	-	203,774	-	-
Placements with banks and other financial institutions	417,940	419,168	-	-	419,168	-	-	-	-
Financial assets held under resale agreements	8,974,512	8,986,390	-	-	8,184,246	802,144	-	-	-
Loans and advances to customers	271,535,173	320,674,864	3,367,068	66,337	21,317,875	22,979,350	110,322,656	89,010,551	73,611,027
Financial investments	149,026,242	170,187,226	3,791,528	11,037,383	4,186,000	6,396,751	16,423,398	77,034,675	51,317,491
Others	2,064,249	2,064,249	1,184	208,443	122,146	667,512	95,845	948,059	21,060
<b>Total financial assets</b>	<b>467,398,911</b>	<b>537,714,597</b>	<b>35,651,002</b>	<b>17,999,867</b>	<b>34,229,435</b>	<b>30,845,757</b>	<b>127,045,673</b>	<b>166,993,285</b>	<b>124,949,578</b>
<b>Financial liabilities</b>									
Borrowings from the central bank	12,840,981	13,111,224	-	-	5,226,244	1,216,101	6,668,879	-	-
Deposits from banks and other financial institutions	12,111,022	12,285,531	-	1,476,994	683,383	3,528,575	6,596,579	-	-
Placements from banks and other financial institutions	6,145,221	6,159,673	-	-	4,969,488	1,081,832	108,353	-	-
Financial assets sold under repurchase agreements	1,700,206	1,700,562	-	-	1,700,562	-	-	-	-
Customer deposits	377,340,019	391,541,825	-	163,720,179	12,151,332	24,595,674	77,642,981	111,209,546	2,222,113
Debt securities issued	28,799,725	29,931,626	-	-	2,805,218	6,771,038	16,508,620	508,050	3,338,700
Lease liabilities	328,144	371,729	-	-	10,915	12,875	73,487	217,300	57,152
Others	767,976	767,976	-	767,976	-	-	-	-	-
<b>Total financial liabilities</b>	<b>440,033,294</b>	<b>455,870,146</b>	<b>-</b>	<b>165,965,149</b>	<b>27,547,142</b>	<b>37,206,095</b>	<b>107,598,899</b>	<b>111,934,896</b>	<b>5,617,965</b>
<b>Long/(short) position</b>	<b>27,365,617</b>	<b>81,844,451</b>	<b>35,651,002</b>	<b>(147,965,282)</b>	<b>6,682,293</b>	<b>(6,360,338)</b>	<b>19,446,774</b>	<b>55,058,389</b>	<b>119,331,613</b>

Assets available to meet all of the liabilities include cash, balances with the central bank, deposits with banks and other financial institutions, placements with banks and other financial institutions, and financial investments. In the normal course of business, the majority of customer deposits repayable on demand are expected to be revolved.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 44 FINANCIAL RISK MANAGEMENT (Continued)

### Analysis of off-balance sheet items

Off-balance sheet items of the Group mainly include credit commitments. The tables below set forth the amounts of the off-balance sheet credit commitments by remaining maturity.

	As at December 31, 2023			Total
	Less than 1 year	1 to 5 years	Over 5 years	
Acceptances	55,432,451	–	–	55,432,451
Letters of credit	19,857,253	–	–	19,857,253
Guarantees and letters of guarantees	10,090,623	5,714,550	303,865	16,109,038
Unused credit card commitments	12,956,203	–	–	12,956,203
<b>Total</b>	<b>98,336,530</b>	<b>5,714,550</b>	<b>303,865</b>	<b>104,354,945</b>

	As at December 31, 2022			Total
	Less than 1 year	1 to 5 years	Over 5 years	
Acceptances	50,472,988	–	–	50,472,988
Unused credit card commitments	23,093,125	–	–	23,093,125
Letters of credit	18,207,381	–	–	18,207,381
Guarantees and letters of guarantees	8,532,771	7,568,929	300,000	16,401,700
<b>Total</b>	<b>100,306,265</b>	<b>7,568,929</b>	<b>300,000</b>	<b>108,175,194</b>

### (3) Market risk

Market risk is the risk of loss, in respect of the Group's on and off-balance sheet activities, arising from adverse movements in market rates including foreign exchange rates, interest rates and stock prices.

The Group considers the market risk arising from equity price movements in respect of its trading and investment portfolios as immaterial.

The Group's foreign currency risk is the risk of loss in respect of its foreign currency exposures, arising from transactions taken on foreign currency denominated assets and liabilities, which results from movements in foreign currency exchange rates.

The Group is primarily exposed to interest rate risk arising from corporate and retail banking business and treasury business. Interest rate risk is inherent in many of its businesses and largely arises from mismatches between the re-pricing dates of interest-generating assets and those of interest-bearing liabilities.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 44 FINANCIAL RISK MANAGEMENT (Continued)

### (3) Market risk (Continued)

#### Foreign currency risk

The Group conducts its businesses mainly in RMB, with certain transactions denominated in USD, HKD and, to a lesser extent other currency. Transactions in foreign currencies mainly arise from the Group's treasury exposures.

	As at December 31, 2023				Total
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
<b>Assets</b>					
Cash and balances with the central bank	33,215,223	87,308	-	-	33,302,531
Deposits with banks and other financial institutions	1,817,026	274,397	122,569	9,903	2,223,895
Placements with banks and other financial institutions	-	70,884	-	-	70,884
Financial assets held under resale agreements	14,346,187	-	-	-	14,346,187
Loans and advances to customers	292,880,475	529,764	-	-	293,410,239
Financial investments	142,484,346	3,464,523	-	-	145,948,869
Others	14,546,612	-	-	-	14,546,612
<b>Total assets</b>	<b>499,289,869</b>	<b>4,426,876</b>	<b>122,569</b>	<b>9,903</b>	<b>503,849,217</b>
<b>Liabilities</b>					
Borrowings from the central bank	28,106,605	-	-	-	28,106,605
Deposits from banks and other financial institutions	11,469,588	1,619,104	-	-	13,088,692
Placements from banks and other financial institutions	4,103,251	488,805	-	-	4,592,056
Financial assets sold under repurchase agreements	4,970,342	-	-	-	4,970,342
Customer deposits	369,899,602	832,382	4	1,060	370,733,048
Debt securities issued	37,182,718	-	-	-	37,182,718
Others	4,205,613	13,632	1	-	4,219,246
<b>Total liabilities</b>	<b>459,937,719</b>	<b>2,953,923</b>	<b>5</b>	<b>1,060</b>	<b>462,892,707</b>
<b>Net balance sheet position</b>	<b>39,352,150</b>	<b>1,472,953</b>	<b>122,564</b>	<b>8,843</b>	<b>40,956,510</b>





# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 44 FINANCIAL RISK MANAGEMENT (Continued)

### (3) Market risk (Continued)

#### Foreign currency risk (Continued)

	As at December 31, 2022				Total
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
<b>Assets</b>					
Cash and balances with the central bank	32,965,110	183,336	-	-	33,148,446
Deposits with banks and other financial institutions	1,218,652	813,899	156,336	43,462	2,232,349
Placements with banks and other financial institutions	-	417,940	-	-	417,940
Financial assets held under resale agreements	8,974,512	-	-	-	8,974,512
Loans and advances to customers	270,251,573	1,256,025	-	27,575	271,535,173
Financial investments	143,714,863	5,311,379	-	-	149,026,242
Others	14,368,878	-	-	-	14,368,878
<b>Total assets</b>	<b>471,493,588</b>	<b>7,982,579</b>	<b>156,336</b>	<b>71,037</b>	<b>479,703,540</b>
<b>Liabilities</b>					
Borrowings from the central bank	12,840,981	-	-	-	12,840,981
Deposits from banks and other financial institutions	10,562,878	1,542,871	-	5,273	12,111,022
Placements from banks and other financial institutions	4,203,402	1,919,443	-	22,376	6,145,221
Financial assets sold under repurchase agreements	1,700,206	-	-	-	1,700,206
Customer deposits	374,205,141	3,100,046	4	34,828	377,340,019
Debt securities issued	28,799,725	-	-	-	28,799,725
Others	4,336,483	13,601	1	-	4,350,085
<b>Total liabilities</b>	<b>436,648,816</b>	<b>6,575,961</b>	<b>5</b>	<b>62,477</b>	<b>443,287,259</b>
<b>Net balance sheet position</b>	<b>34,844,772</b>	<b>1,406,618</b>	<b>156,331</b>	<b>8,560</b>	<b>36,416,281</b>



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 44 FINANCIAL RISK MANAGEMENT (Continued)

### (3) Market risk (Continued)

#### Foreign currency risk (Continued)

The table below indicates the potential effect of a 10% appreciation or depreciation of foreign currency exchange spot rates against RMB on net profit.

	2023 Increase/ (decrease) in net profit	2022 Increase/ (decrease) in net profit
10% appreciation	120,327	117,863
10% depreciation	(120,327)	(117,863)

The impact on net profit arises from the effects of movement in exchange rates on the net positions of foreign currency monetary assets and monetary liabilities. Changes in foreign currency exchange rate will affect other comprehensive income.

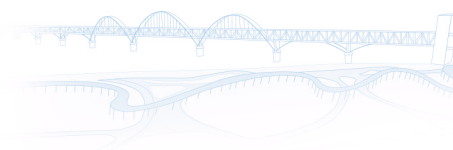
The effect on net profit is calculated based on the assumption that the Group's net foreign currency exposure at the end of each reporting period remains unchanged. The Group mitigates its foreign currency risk through active management of its foreign currency exposures, based on the management expectation of future foreign currency movements, and therefore the above sensitivity analysis may differ from the actual situation.

#### Interest rate risk

The interest rate risk of the Group arises from the mismatches between contractual maturities or re-pricing of interest-generating assets and interest-bearing liabilities. The interest-generating assets and interest-bearing liabilities of the Group are mainly denominated in RMB. The PBOC establishes RMB benchmark interest rates which serve as references for commercial banks.

The Group manages its interest rate risk by:

- Regularly monitoring the macro-economic factors that may impact the PBOC benchmark interest rates;
- Minimising the mismatches between contractual maturities or re-pricing of interest-generating assets and interest-bearing liabilities; and
- Enhancing the interest rate margin between the interest-generating assets and interest-bearing liabilities with reference to the prevailing PBOC benchmark interest rates.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 44 FINANCIAL RISK MANAGEMENT (Continued)

### (3) Market risk (Continued)

#### Interest rate risk (Continued)

The tables below summarise the contractual maturity or re-pricing date, whichever is earlier, of the Group's assets and liabilities.

	As at December 31, 2023					Total
	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	
<b>Assets</b>						
Cash and balances with the central bank	32,067,721	-	-	-	1,234,810	33,302,531
Deposits with banks and other financial institutions	2,088,269	131,172	-	-	4,454	2,223,895
Placements with banks and other financial institutions	70,813	-	-	-	71	70,884
Financial assets held under resale agreements	14,344,466	-	-	-	1,721	14,346,187
Loans and advances to customers	143,174,171	117,537,954	16,079,003	15,162,943	1,456,168	293,410,239
Financial investments	12,729,844	15,719,882	48,251,371	44,079,665	25,168,107	145,948,869
Others	-	-	-	-	14,546,612	14,546,612
<b>Total assets</b>	<b>204,475,284</b>	<b>133,389,008</b>	<b>64,330,374</b>	<b>59,242,608</b>	<b>42,411,943</b>	<b>503,849,217</b>
<b>Liabilities</b>						
Borrowings from the central bank	7,049,000	20,862,114	-	-	195,491	28,106,605
Deposits from banks and other financial institutions	5,717,951	7,303,634	-	-	67,107	13,088,692
Placements from banks and other financial institutions	4,581,624	-	-	-	10,432	4,592,056
Financial assets sold under repurchase agreements	4,969,433	-	-	-	909	4,970,342
Customer deposits	203,315,445	82,873,097	72,775,850	1,200,610	10,568,046	370,733,048
Debt securities issued	11,285,005	25,897,713	-	-	-	37,182,718
Lease liabilities	23,349	74,949	173,305	33,876	-	305,479
Others	-	-	-	-	3,913,767	3,913,767
<b>Total liabilities</b>	<b>236,941,807</b>	<b>137,011,507</b>	<b>72,949,155</b>	<b>1,234,486</b>	<b>14,755,752</b>	<b>462,892,707</b>
<b>Total interest sensitivity gap</b>	<b>(32,466,523)</b>	<b>(3,622,499)</b>	<b>(8,618,781)</b>	<b>58,008,122</b>	<b>27,656,191</b>	<b>40,956,510</b>



# Notes to the Consolidated Financial Statements

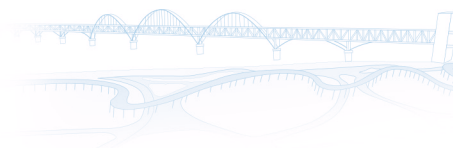
For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 44 FINANCIAL RISK MANAGEMENT (Continued)

### (3) Market risk (Continued)

#### Interest rate risk (Continued)

	As at December 31, 2022					Non-interest bearing	Total
	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years			
<b>Assets</b>							
Cash and balances with the central bank	32,189,836	-	-	-	958,610	33,148,446	
Deposits with banks and other financial institutions	2,029,298	198,939	-	-	4,112	2,232,349	
Placements with banks and other financial institutions	417,777	-	-	-	163	417,940	
Financial assets held under resale agreements	8,971,113	-	-	-	3,399	8,974,512	
Loans and advances to customers	104,769,751	135,181,937	19,366,764	11,095,929	1,120,792	271,535,173	
Financial investments	11,583,573	12,690,605	65,692,747	44,143,475	14,915,842	149,026,242	
Others	-	-	-	-	14,368,878	14,368,878	
<b>Total assets</b>	<b>159,961,348</b>	<b>148,071,481</b>	<b>85,059,511</b>	<b>55,239,404</b>	<b>31,371,796</b>	<b>479,703,540</b>	
<b>Liabilities</b>							
Borrowings from the central bank	6,367,021	6,465,350	-	-	8,610	12,840,981	
Deposits from banks and other financial institutions	5,594,005	6,435,575	-	-	81,442	12,111,022	
Placements from banks and other financial institutions	6,026,100	104,469	-	-	14,652	6,145,221	
Financial assets sold under repurchase agreements	1,700,000	-	-	-	206	1,700,206	
Customer deposits	194,645,072	73,318,587	98,028,081	1,604,421	9,743,858	377,340,019	
Debt securities issued	9,468,956	16,219,156	-	3,000,000	111,613	28,799,725	
Lease liabilities	20,012	63,708	193,105	51,319	-	328,144	
Others	-	-	-	-	4,021,941	4,021,941	
<b>Total liabilities</b>	<b>223,821,166</b>	<b>102,606,845</b>	<b>98,221,186</b>	<b>4,655,740</b>	<b>13,982,322</b>	<b>443,287,259</b>	
<b>Total interest sensitivity gap</b>	<b>(63,859,818)</b>	<b>45,464,636</b>	<b>(13,161,675)</b>	<b>50,583,664</b>	<b>17,389,474</b>	<b>36,416,281</b>	



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 44 FINANCIAL RISK MANAGEMENT (Continued)

### (3) Market risk (Continued)

#### Interest rate risk (Continued)

The following table illustrates the potential impact of a parallel upward or downward shift of 100 basis points in RMB's yield curve on the net interest income and other comprehensive income, based on the Group's position of interest-generating assets and interest-bearing liabilities excluding current deposits at the end of each reporting period.

	2023		2022	
	Net interest income	Other comprehensive income	Net interest income	Other comprehensive income
+100 basis points	(294,408)	(1,418,658)	(301,308)	(1,449,570)
- 100 basis points	294,411	1,568,825	301,436	1,608,274

The sensitivity analysis on net interest income is carried out based on reasonably possible changes in interest rates in the coming year with the assumption that the structure of financial assets and financial liabilities (except current deposits) held at the end of the reporting period remain unchanged.

The sensitivity analysis on other comprehensive income is the effect on changes of fixed rate financial investments measured at FVOCI at the end of each reporting period after adjusting for reasonably possible changes in interest rates.

### (4) Operational risk

Operational risk refers to risks caused by problems existed in internal procedures, employees or information technology systems, as well as external incidents.

The Group has set up an operational risk governance organisational structure composed of the Board of Directors and Risk Management Committee subordinated to it, the senior management and the implementation level. The Board of Directors is the Group's highest decision-making body regarding operational risk management. The Board of Supervisors is responsible for supervising the performance of duties by the Board of Directors and the senior management. The senior management is responsible for executing operational risk management strategies, overall policies and systems approved by the Board of Directors. The Risk Management Department is responsible for coordination of comprehensive risk management of the Group. The Legal and Compliance Department leads the Group's operational risk management.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 45 FAIR VALUE OF FINANCIAL INSTRUMENTS

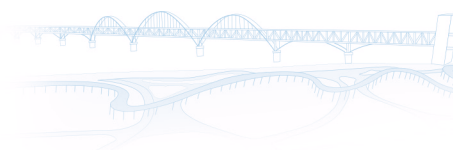
Certain financial assets and financial liabilities of the Group are measured at fair value at the end of each reporting period. Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described below:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following tables give the information about how the fair values of these financial assets and financial liabilities are categorised and determined, in particular, the valuation technique(s) and input(s) used.

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

	As at December 31, 2023			Total
	Level 1	Level 2	Level 3	
Financial investments measured at FVTPL				
– Debt securities	–	7,049,909	–	7,049,909
– Fund investments	–	13,604,007	–	13,604,007
– Equity investments	409,246	–	1,161,439	1,570,685
– Trust beneficiary rights and asset management plans	–	–	2,036,958	2,036,958
– Others	–	–	3,695,021	3,695,021
Financial investments measured at FVOCI				
– Debt securities	–	41,226,640	–	41,226,640
Loans and advances to customers measured at FVOCI	–	39,822,395	–	39,822,395
<b>Total</b>	<b>409,246</b>	<b>101,702,951</b>	<b>6,893,418</b>	<b>109,005,615</b>



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 45 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

	As at December 31, 2022			Total
	Level 1	Level 2	Level 3	
Financial investments measured at FVTPL				
– Debt securities	–	756,302	–	756,302
– Fund investments	–	11,037,383	–	11,037,383
– Equity investments	22,373	–	1,017,877	1,040,250
– Trust beneficiary rights and asset management plans	–	–	3,885,839	3,885,839
– Others	–	–	4,409,713	4,409,713
Financial investments measured at FVOCI				
– Debt securities	–	47,019,722	–	47,019,722
Loans and advances to customers measured at FVOCI	–	37,378,272	–	37,378,272
<b>Total</b>	<b>22,373</b>	<b>96,191,679</b>	<b>9,313,429</b>	<b>105,527,481</b>

There were no transfers between Level 1 and Level 2 during the year ended December 31, 2023 and 2022.

Financial assets at FVTPL and financial assets at FVOCI are stated at fair value by reference to the quoted market prices when available.

If quoted market prices are not available, fair values are estimated on the basis of discounted cash flows or other pricing models. For debt securities, the fair values of bonds are determined based on the valuation results provided by China Central Depository Trust & Clearing Co., Ltd., which are determined based on a valuation technique for which all significant inputs are observable market data.

For the investment funds, the fair value is measured based on the observable quoted price of the underlying investment portfolio in active market.

The fair value of loans and advances to customers at FVOCI are categorised as Level 2. Based on the different credit risk, the Group uses the Shanghai Interbank Offered Rate (“SHIBOR”) as the basis for calculating the fair value of discounted bills.

For Level 3 financial assets, the Group adopts the discounted cash flow method or other valuation methods to determine the fair value. The fair value of trust beneficiary rights and asset management plans and others type of financial assets is measured by the expected discounted cash flows with unobservable input of discount rate reflecting the credit risk of debtors, and the fair value of equity investments type of financial assets are measured by market comparison approach with unobservable input of discount for lack of marketability.



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 45 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Reconciliation of Level 3 fair value measurements of financial assets is as follows:

	Financial investments measured at FVTPL
As at January 1, 2023	9,313,429
Total gains	
– In profit or loss	292,930
Transfers in	388,205
Disposals and settlement on maturity	(3,101,146)
As at December 31, 2023	6,893,418
Total unrealised gains or losses included in the consolidated statement of profit or loss for assets held at the end of the reporting period	(168,316)

	Financial investments measured at FVTPL
As at January 1, 2022	9,551,096
Total gains	
– In profit or loss	310,905
Transfers in	695,852
Disposals and settlement on maturity	(1,244,424)
As at December 31, 2022	9,313,429
Total unrealised gains or losses included in the consolidated statement of profit or loss for assets held at the end of the reporting period	(224,875)

During the year ended December 31, 2023 and the year ended December 31, 2022, there were no significant transfers into or out of Level 3.





# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 45 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

The valuation techniques used and the qualitative and quantitative information of key parameters for recurring fair value measurements categorised within Level 3. Quantitative information of Level 3 fair value measurement is as below:

Financial assets/ financial liabilities	Fair value as at December 31,		Valuation technique(s) and key input(s)	Significant unobservable input(s)
	2023	2022		
<b>Financial investments at FVTPL</b>				
- Unlisted equity investments	1,161,439	1,017,877	Market approach. Fair value determined by reference to price to earnings ratio, etc of comparable companies after considering the discount for lack of marketability.	Price to earnings ratio, etc, Discount for lack of marketability
- Trust beneficiary rights and asset management plans	2,036,958	3,885,839	Discounted cash flows. Future cash flows are discounted using the discount rates with reference to the PBOC benchmark interest rates and credit spread for specific borrowers.	Discount rate, Future Cash Flow
- Other investments	3,695,021	4,409,713	Discounted cash flows. Future cash flows are discounted using the discount rates with reference to the PBOC benchmark interest rates and credit spread for specific borrowers.	Discount rate, Future Cash Flow

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

As at the end of the reporting period, the carrying amount and the fair value of the financial assets and the financial liabilities of the Group have no significant difference except following items.

	As at December 31, 2023		As at December 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Debt securities measured at amortised cost	62,970,330	64,661,617	64,178,490	65,210,547
Financial liabilities				
Debt securities issued	37,182,718	37,193,935	28,799,725	28,853,825

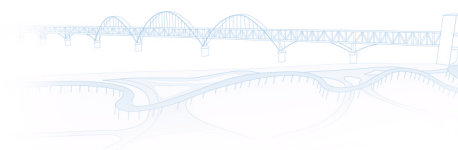
# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 46 PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Bank's principal subsidiaries as at December 31, 2023 and 2022 are set out below:

Name of entity	Place of incorporation/ registration and operations	Date of incorporation/ establishment	Authorised/ paid-in capital as at December 31, 2023	Proportion of ownership held by the Group		Proportion of voting rights held by the Group		Principal activities	Type of entity
				As at December 31, 2023	As at December 31, 2022	As at December 31, 2023	As at December 31, 2022		
				%	%	%	%		
Xiushui Jiuyin County Bank LLC.	Jiangxi, PRC	December 2007	40,000	51.00	51.00	56.85	56.85	Commercial bank	Limited liability Company
Beijing Daxing Jiuyin County Bank Co., Ltd. (i)	Beijing, PRC	May 2010	220,000	45.00	45.00	53.00	53.00	Commercial bank	Joint Stock Company
Jinggangshan Jiuyin County Bank LLC. (i)	Jiangxi, PRC	March 2010	64,274	41.00	41.00	58.33	58.33	Commercial bank	Limited liability Company
Rizhao Jiuyin County Bank Co., Ltd.	Shandong, PRC	November 2011	50,000	51.00	51.00	51.00	51.00	Commercial bank	Joint Stock Company
Nanjing Liuhe Jiuyin County Bank Co., Ltd.	Jiangsu, PRC	December 2011	100,000	51.00	51.00	56.00	56.00	Commercial bank	Joint Stock Company
Nanchang Changdong Jiuyin County Bank Co., Ltd.	Jiangxi, PRC	October 2012	50,000	51.00	51.00	51.00	51.00	Commercial bank	Joint Stock Company
Pengze Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	December 2015	50,000	35.00	35.00	53.65	53.65	Commercial bank	Joint Stock Company
Ruichang Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	December 2015	50,000	35.00	35.00	53.30	53.70	Commercial bank	Joint Stock Company
Zixi Jiuyin County Bank Co., Ltd.	Jiangxi, PRC	April 2016	40,827	68.16	68.16	77.66	77.66	Commercial bank	Joint Stock Company



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 46 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of entity	Place of incorporation/ registration and operations	Date of incorporation/ establishment	Authorised/ paid-in capital as at December 31, 2023	Proportion of ownership held by the Group		Proportion of voting rights held by the Group		Principal activities	Type of entity
				As at December 31, 2023 %	As at December 31, 2022 %	As at December 31, 2023 %	As at December 31, 2022 %		
Chongren Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	June 2016	40,000	35.00	35.00	54.40	54.90	Commercial bank	Joint Stock Company
Fenyi Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	June 2016	50,000	35.00	35.00	54.80	54.90	Commercial bank	Joint Stock Company
Fengxin Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	October 2016	50,000	42.21	42.21	55.00	55.00	Commercial bank	Joint Stock Company
Jing'an Jiuyin County Bank Co., Ltd.	Jiangxi, PRC	November 2016	50,898	71.22	71.22	76.25	76.25	Commercial bank	Joint Stock Company
Tonggu Jiuyin County Bank Co., Ltd.	Jiangxi, PRC	November 2016	53,090	72.00	72.00	76.33	76.33	Commercial bank	Joint Stock Company
Jingdezhen Changjiang Jiuyin County Bank Co., Ltd.	Jiangxi, PRC	December 2016	61,000	53.50	53.50	61.55	61.89	Commercial bank	Joint Stock Company
Lushan Jiuyin Art County Bank Co., Ltd. (i)	Jiangxi, PRC	January 2017	30,000	42.21	42.21	55.00	55.00	Commercial bank	Joint Stock Company
Duchang Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	February 2018	50,000	50.00	50.00	52.00	52.00	Commercial bank	Joint Stock Company
Hukou Jiuyin County Bank Co., Ltd. (i)	Jiangxi, PRC	February 2018	50,000	50.00	50.00	52.70	52.70	Commercial bank	Joint Stock Company

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 46 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

None of the subsidiaries had issued any debt securities at the end of the year.

- (i) The Bank holds no more than 50% equity interests in these subsidiaries. In accordance with the agreements to act in concert entered into by the Bank and the non-controlling shareholders, the Bank has right to obtain variable returns from its involvement in the relevant operations of these subsidiaries and the ability to affect the returns through the power over these subsidiaries. In the opinion of the directors of the Bank, the Bank has controls over these subsidiaries.
- (ii) As at December 31, 2023, the Group consists of the Bank and 18 subsidiaries, and the non-controlling interests have no material interest in the Group's activities and cash flows.

## 47 STATEMENT OF FINANCIAL POSITION OF THE BANK

	As at December 31	
	2023	2022
<b>ASSETS</b>		
Cash and balances with the central bank	31,097,119	30,644,866
Deposits with banks and other financial institutions	2,068,835	2,013,621
Placements with banks and other financial institutions	70,884	417,940
Financial assets held under resale agreements	14,296,273	8,974,512
Loans and advances to customers	283,548,761	262,635,129
Financial investments	143,484,434	148,866,784
Interest in associates	141,971	134,321
Investments in subsidiaries	547,901	547,901
Right-of-use assets	263,310	278,089
Property and equipment	3,497,856	2,720,270
Deferred tax assets	4,521,275	4,768,911
Other assets	5,901,053	6,180,513
<b>Total assets</b>	<b>489,439,672</b>	<b>468,182,857</b>



# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 47 STATEMENT OF FINANCIAL POSITION OF THE BANK (Continued)

	As at December 31	
	2023	2022
<b>LIABILITIES</b>		
Borrowings from the central bank	27,430,125	12,280,875
Deposits from banks and other financial institutions	16,414,344	16,405,039
Placements from banks and other financial institutions	4,592,056	6,145,221
Financial assets sold under repurchase agreements	3,792,020	1,700,206
Customer deposits	356,420,600	363,264,613
Income tax payable	3,478	834,211
Debt securities issued	37,182,718	28,799,725
Lease liabilities	279,595	308,377
Provisions	490,747	610,438
Other liabilities	2,908,565	2,418,554
<b>Total liabilities</b>	<b>449,514,248</b>	<b>432,767,259</b>
<b>EQUITY</b>		
Share capital	2,847,367	2,407,367
Other equity instruments	6,997,840	6,997,840
Reserves	30,080,217	26,010,391
<b>Total equity</b>	<b>39,925,424</b>	<b>35,415,598</b>
<b>Total liabilities and equity</b>	<b>489,439,672</b>	<b>468,182,857</b>

The financial statements have been approved by the Board of Directors of the Bank on March 28, 2024.

**Zhou Shixin**  
CHAIRMAN

**Xiao Jing**  
EXECUTIVE DIRECTOR

**Li Guoquan**  
CHIEF ACCOUNTANT

**Bank of  
Jiujiang Co., Ltd.**  
(Company Stamp)

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2023  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 48 EVENT AFTER THE REPORTING PERIOD

The Group has no material events for disclosure subsequent to the end of the reporting period.

## 49 COMPARATIVE FIGURES

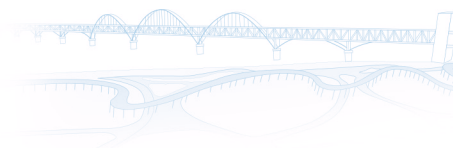
For financial statements disclosure purpose, the Group made reclassification adjustments to some comparative figures.

## 50 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED DECEMBER 31, 2023

Up to the date of issue of these financial statements, a number of amendments, new standards and interpretations are issued which are not yet effective for the year ended December 31, 2023 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting period beginning on or after
Amendments to IAS 1, Presentation of financial statements “Classification of liabilities as current or non-current”	January 1, 2024
Amendments to IAS 1, Presentation of financial statements “Non-current liabilities with covenants”	January 1, 2024
Amendments to IFRS 16, Leases “Lease liability in a sale and leaseback”	January 1, 2024
Amendments to IFRS 7 and IAS 7, Supplier finance arrangements	January 1, 2024
Amendments to IAS 21, The effects of changes in foreign exchange rates “Lack of exchangeability”	January 1, 2025
Amendments to IFRS 10 and IAS 28, Sale or contribution of assets between an Investor and its associate or joint venture	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.



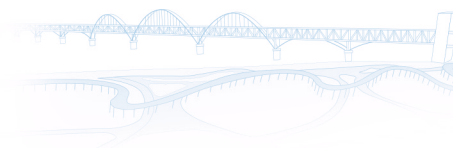
# Definition

In this annual report, unless the context otherwise requires, the following terms and expressions have the meanings set forth below:

“Articles of Association”	the articles of association of the Bank, the version of which was passed by the shareholders of the Bank at the first extraordinary general meeting of 2021 on February 1, 2021 and was approved by the former CBIRC Jiangxi Bureau on July 20, 2021, as the same may be amended, supplemented or otherwise modified from time to time
“Bank”, “Bank of Jiujiang” or “Group”	Bank of Jiujiang Co., Ltd. (九江銀行股份有限公司), a joint stock company incorporated on November 17, 2000 in Jiangxi Province, China with limited liability in accordance with the PRC laws and regulations and, if the context requires, includes its predecessors, subsidiaries, branches and sub-branches
“Board” or “Board of Directors”	the board of Directors of the Bank
“Board of Supervisors”	the board of Supervisors of the Bank
“national financial regulatory institution”	the National Financial Regulatory Administration and (or) its local offices, and if the context requires, includes its predecessor China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會) and (or) its local offices
“National Financial Regulatory Administration”	a subordinated institution under the State Council and established based on China Banking and Insurance Regulatory Commission
“CBIRC”	former China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會), currently the National Financial Regulatory Administration, and if the context requires, includes its predecessor China Banking Regulatory Commission (中國銀行業監督管理委員會)
“CBIRC Jiangxi Bureau”	former CBIRC Jiangxi Bureau (中國銀保監會江西監管局), currently Jiangxi Bureau of the National Financial Regulatory Administration
“China” or “PRC”	the People’s Republic of China, for the purpose of this annual report only, refers to Mainland China, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan of the PRC
“city commercial bank(s)”	banks with branches at municipal or higher levels created with the approval of the national financial regulatory institution pursuant to the Company Law of the PRC and the PRC Commercial Banking Law
“commercial banks”	all the banking financial institutions in the PRC other than policy banks, including the large commercial banks, the nationwide joint-stock commercial banks, city commercial banks, foreign banks and other banking financial institutions
“Company Law of the PRC” or “Company Law”	the Company Law of the PRC (中華人民共和國公司法), which was promulgated by the 5th session of the 8th Standing Committee of the National People’s Congress on December 29, 1993 and became effective on July 1, 1994, as amended, supplemented or otherwise modified from time to time

## Definition

“Corporate Governance Code”	Corporate Governance Code set out in Appendix C1 to the Listing Rules
“county bank(s)”	banking institution(s) incorporated with the approval of the national financial regulatory institution, pursuant to the Company Law of the PRC and the PRC Commercial Banking Law, to provide services to local growers or enterprises in rural areas
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Bank
“Supervisor(s)”	the supervisor(s) of the Bank
“Domestic Shares”	ordinary shares issued by the Bank in the PRC, with a nominal value of RMB1.00 each, which are subscribed for or credited as fully paid in RMB
“H Shares”	overseas-listed shares in the share capital of the Bank, with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and for which an application has been made for listing and permission to trade on the Hong Kong Stock Exchange
“Hong Kong” or “HK”	Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRS”	International Financial Reporting Standards and International Accounting Standards (“IAS”), which include the related standards, amendments and interpretations issued by the International Accounting Standards Board (“IASB”)
“Jiuyin County Banks”	18 Jiuyin County Banks controlled and consolidated by the Bank as of December 31, 2023
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Ministry of Finance”	Ministry of Finance of the People’s Republic of China(中華人民共和國財政部)
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“related party transaction(s)”	has the meaning ascribed to it under the Measures for the Administration of Related Party Transactions of Banking and Insurance Institutions promulgated by the former CBIRC, Accounting Standards for Business Enterprises promulgated by the Ministry of Finance, and/or IFRS





## Definition

“related party(ies)”	has the meaning ascribed to it under the Measures for the Administration of Related Party Transactions of Banking and Insurance Institutions promulgated by the former CBIRC, Accounting Standards for Business Enterprises promulgated by the Ministry of Finance, and/or IFRS
“reporting period”	the year from January 1, 2023 to December 31, 2023
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“State Council”	the State Council of the People’s Republic of China (中華人民共和國國務院)





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