



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

Stock Code:6199

2022^{YEAR} ANNUAL REPORT

SERVING WITH
HEART

BANK OF GUIZHOU



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The Bank holds a financial license No. B1383H252010001 approved by the CBIRC and was authorised by the CBIRC Guizhou Office to obtain the business license with a unified social credit code 915200000550280000. The Bank is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking or deposit-taking business in Hong Kong.



Definitions

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

“Articles of Association” or “Articles”	the articles of association of the Bank, the version of which was passed by our shareholders at the extraordinary general meeting held on 19 January 2021, and has been approved by the CBIRC Guizhou Office and came into effect on 21 June 2021
“Board”	the board of Directors of the Bank
“Board of Supervisors”	the board of Supervisors of the Bank
“Director(s)”	the director(s) of the Bank
“Supervisor(s)”	the supervisor(s) of the Bank
“CBIRC” or “CBRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)/China Banking Regulatory Commission (中國銀行業監督管理委員會) (before 17 March 2018)
“Bank”, “We”, “Our”, “us” or “Bank of Guizhou”	Bank of Guizhou Co., Ltd. (貴州銀行股份有限公司), a joint stock company incorporated on 28 September 2012 in Guizhou Province, China, with limited liability in accordance with the PRC laws and regulations and, if the context requires, includes its predecessors, subsidiaries, branches and sub-branches
“Banking Ordinance”	the Banking Ordinance, Chapter 155 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“commercial banks”	all the banking financial institutions in the PRC other than policy banks, including the large commercial banks, the joint-stock commercial banks, city commercial banks, foreign banks and other banking financial institutions
“Domestic Shares”	ordinary shares issued by the Bank in the PRC, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid in full in Renminbi
“H Shares”	overseas-listed shares in the share capital of the Bank, with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and are listed on the Hong Kong Stock Exchange
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“HK\$” or “HKD” or “Hong Kong dollars”	the lawful currency of Hong Kong
“Hong Kong” or “HK”	Hong Kong Special Administrative Region of the PRC

Definitions (Continued)

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Date”	30 December 2019, the date on which dealings in the H Shares of the Bank first commenced on the Hong Kong Stock Exchange
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PBOC” or “Central Bank”	the People’s Bank of China
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Yuan”	Renminbi-yuan, the lawful currency unit of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“CBIRC Guizhou Office”	China Banking and Insurance Regulatory Commission Guizhou Office (中國銀行保險監督管理委員會貴州監管局)
“One, Two, Three, Four”	the overall working idea of “One, Two, Three, Four” put forward by Guizhou government, “One” refers to the overall guiding principle of high quality development, “Two” refers to the two bottom lines which we must hold firmly, namely development and ecological conservation, “Three” refers to the three strategic actions we should implement extensively, namely, rural revitalization, big data and big ecology, “Four” refers to new industrialization, new urbanization, agricultural modernization and tourism industrialization which we should promote vigorously
“Four News”	exploring new path, launching new start point, seizing new opportunities and making new achievements
“Four-zations”	new industrialization, new urbanization, agricultural modernization and tourism industrialization
“new No.2 Document of State Council”	Opinions of the State Council on Supporting Guizhou to Break New Paths in Western Development in the New Era (Guo Fa [2022] No. 2) (國務院關於支持貴州在新時代西部大開發上闖新路的意見) (國發[2022]2號)
“LPR”	loan prime rate
“Reporting Period”	the period for the year ended 31 December 2022
“Reporting Date”	the date on which the 2022 annual report of our Bank was approved by the Board of Directors, being 17 April 2023

Chairman's Statement

YANG MINGSHANG
*Secretary of the Party
Committee and Chairman*



Chairman's Statement (Continued)

ACTIVELY RESPONDING TO CHANGES AND ADVANCING STRATEGIC TRANSFORMATION

In 2022, the 20th CPC National Congress was held successfully, which drew a grand blueprint for advancing the great rejuvenation of the Chinese nation on all fronts with Chinese modernization, and pointed out the direction for realizing the Chinese dream of the great rejuvenation of the Chinese nation. Looking back at this year, Bank of Guizhou focused on the implementation of the new round of strategic planning, proactively responded to the changes, accelerated the strategic transformation, and started the progression of the transformation and development to a medium-sized regional bank.

Over the past year, we have embraced the changes in the overall environment and accelerated the transformation of our business to better serve the real economy. We insisted on serving the real economy as the original intention and ultimate goal of business development, continuously improved the quality and efficiency of services for real economy, seized the major opportunities of the new No.2 Document of State Council, made efforts to serve the construction of "Four News" and "Four-zations" in Guizhou, and established a unique comprehensive service system integrating marketing, credit granting, risk control and operation to promote more accurate, efficient and effective granting of credit loans. At the end of the year, the balance of loans to the real economy was RMB176.07 billion, representing an increase of 22.42%. We strived to implement the development concept of "clear waters and green mountains are as valuable as mountains of gold and silver" and adhered to the three-in-one strategic direction of "Green Bank", "Equator Bank" and "Carbon Neutrality Bank". We have continued to deepen the innovative development of green finance, and made every effort to safeguard the "happy real estate" and "green cash machine" of Guizhou people. At the end of the year, the balance of corporate green loans was RMB46.420 billion, representing an increase of 33.16%, accounting for 21.52% of the corporate loans, and the second batch of RMB3 billion green financial bonds was successfully issued.

Over the past year, we have embraced the changes of customers and vigorously promoted the transformation of retail business to improve quality and efficiency for the Long Tail customers. Long Tail customers are of significance for retail business transformation. Customer trust is the strongest motivation for our heartfelt service, and word-of-mouth is the key for our customer acquisition and marketing. We continued to explore customer needs, developed incremental customers such as third-generation social security cards customers, maintained existing customers such as union cards customers, explored differentiated customer acquisition and customer activation actions, enhanced emotional willingness by improving customer experience, and effectively improved the stickiness of the Long Tail customers. At the end of the year, the total amount of personal deposits reached RMB149.106 billion, representing an increase of 22.51%; the number of our personal deposit customers was increased to 10,880,900; 2,707,500 third-generation social security cards were issued during the year, ranking 2nd in the province, accounting for 14.68% of the market shares.

Chairman's Statement (Continued)

Over the past year, we have embraced the policy changes and promoted the transformation of businesses for micro and small enterprises to implement the mechanism of “dare, willing, able and sure to lend” in an orderly way. In 2022, the People's Bank of China issued the Notice on Promoting the Establishment of a Long-term Mechanism of Dare, Willing, Able and Sure to Lend on Financial Services for Micro and Small Enterprises, which has put forward higher requirements for us to serve micro and small enterprises. Supporting and serving the development of micro and small enterprises is not only an inevitable requirement to implement the central government's policies and regulatory requirements, but also a choice for our Bank to consolidate its customer base and enhance its development momentum. We have established and improved the long-term mechanism of “dare, willing, able and sure to lend”, continuously optimized the due diligence exemption system and differentiated assessment mechanism for inclusive micro and small enterprises, set a separate target of RMB8 billion of incremental credit loans for inclusive micro and small enterprises, and innovated and launched the “Qing Hui Loan (青惠貸)” and “Chuang Ke Loan (創客貸)” and “Individual Small Business Start-up Loan (個人小額創業貸款)” and other products to fully support private micro and small enterprises to overcome difficulties and challenges and move forward with “light gear”. At the end of the year, the balance of loans to inclusive micro and small enterprises was RMB37.935 billion, representing an increase of 36.04%; the number of loan accounts opened for inclusive micro and small enterprises was 32,700, representing an increase of 78.12%; we obtained a total of RMB15 billion of refinancing loans for micro and small enterprises and policy refinancing loans, and issued RMB4 billion of financial bonds for micro and small enterprises, providing low-cost financing support for inclusive micro and small enterprises.

Over the past year, we have embraced the changes in the market and steadily promoted the transformation of the regional branches to serve the comprehensive rural revitalization. Serving revitalization in the huge and beautiful rural areas is not only our unshirkable responsibility, but also our strategic choice to expand our market share and actively seek changes. We have explored and launched the “company + outlet manager + bank” model for the construction of rural service outlets, adopted the “offline customer acquisition + online attraction” approach, and strived to make rural service outlets a full distribution channel for our financial products and services, so as to effectively make high-quality and convenient financial services available for rural customers. At the end of the year, we opened 1,915 rural service outlets, providing basic services such as small cash withdrawals, money transfers and remittances and bill payments to over 1,367,900 rural customers, and opened 612,300 new mobile banking accounts in the rural market. The time-point deposits of rural service businesses exceeded RMB10 billion, and the number of rural service accounts exceeded 1 million. We newly opened 24,600 accounts of “Agriculture Revitalization Loan” with a balance of RMB3.588 billion.

Over the past year, we have embraced the changes in trends and made every effort to promote the transformation of digital and intelligent operation management. Digital transformation is not only a technical change, but also a cognitive revolution, a process of transforming business philosophy, business habits and working methods with digital thinking. We are well aware that digital transformation is both our transformation direction and an important path and way to achieve strategic transformation. In this regard, we have set up a digital transformation leading group, established a separate digital finance department, formulated a three-year digital transformation plan, sorted out the needs from customer insight, marketing management, risk control, channel construction, ecological scenarios, product innovation and other dimensions, gave play to the driver model of “digital technology + data elements”, and promoted the implementation of transformation tasks based on complete business needs. The process of online, digital and intelligent business operation has been accelerated, realizing the whole process of online processing of Love Deposits (愛心存), large certificates of deposit, Agriculture Revitalization Loan, Payroll E Loan (薪E貸), social security information collection and other businesses, which has strongly supported business expansion and boundary extension, and significantly improved the agility, convenience and intelligence of services.



Chairman's Statement (Continued)

Looking back at the past year, we have made a lot of progress and improvement. These achievements are made possible with the strong leadership of the provincial Party committee and the provincial government, the instructions of the supervisory departments, the assistance and supports from various sectors of the society, and the hard work and dedication of all people of Bank of Guizhou! I would like to take this opportunity to express my heartfelt gratitude to all of you! However, compared with the leading peers, we still have shortcomings and gaps, which are the worries and troubles on the way of development, basically in line with the stage and characteristics of our current strategic transformation. We firmly believe that nothing is impossible to a willing mind as long as we insist on doing the right thing in the right direction.

The year 2023 is the opening year for the full implementation of the spirit of the 20th CPC National Congress. On the new journey, we will deeply study and implement the spirit of the 20th CPC National Congress, always adhere to the policy-related, people-oriented and professional nature of financial work, and unwaveringly promote the transformation and development to achieve greater results. We will further enhance the quality and efficiency of service for the real economy and improve the quality of our corporate business in the process of serving the "Four News" and "Four-zations". We will further accelerate the deployment of our retail asset business and achieve a balanced development of our retail business in the process of improving the quality and efficiency of our customer service. We will further increase the innovation of our rural service business and increase the number and coverage of our rural customer base in the process of expanding the coverage of our agricultural financial services. We will further improve our systems and mechanisms and cultivate new competitive advantages in the process of continuously refining our financial services for micro and small enterprises. We will further increase the investment in digital transformation and enable the transformation and development of Bank of Guizhou with continuous improvement of the technological level.

Our hard-earned achievements witness the Bank's unrelenting efforts. Transformation and development is an ongoing journey. We will shoulder the responsibility of transformation and development with an indomitable spirit and unremitting endeavors to build a better Bank of Guizhou!

YANG MINGSHANG

Secretary of the Party Committee and Chairman



President's Statement



XU AN

*Deputy Secretary of the
Party Committee and President*

President's Statement (Continued)

CONTRIBUTING TO WRITE A NEW CHAPTER IN THE MODERNIZATION OF COLORFUL GUIZHOU WITH ALL EFFORTS

In 2022, under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for A New Era, Bank of Guizhou thoroughly studied and implemented the spirit of the 20th CPC National Congress and the 13th Provincial Party Congress, closely focused on the main strategy of "Four News" to serve "Four-zations", the main positioning of "Four Regions and One Highland" and the overall high-quality development strategy. The Bank has overcome difficulties and pressed forward to withstand the impact of factors beyond expectations, achieving a reasonable growth in transaction amount and effective enhancement in service quality.

Over the past year, we have steadily improved our comprehensive strength with great efforts in seeking progress and overcoming difficulties. As of the end of 2022, the total assets of the Bank were RMB533.781 billion, of which, the balance of loans was RMB293.528 billion and the balance of deposits was RMB326.324 billion. The annual operating revenue was RMB11.99 billion, net profit was RMB3.829 billion with an accumulated tax revenue of RMB2.384 billion. The Bank's non-performing loan ratio was 1.47% and the provision coverage ratio was 351.21%, all of which were better than the national average of commercial banks. The Bank has met 25 major regulatory standards in 5 aspects, including liquidity risk, credit risk, market risk, capital adequacy and profitability.

Over the past year, we have improved the quality and efficiency in serving the local community, demonstrating our mission and responsibilities. The Bank had a balance of loans to the real economy of RMB176.07 billion and provided RMB44.326 billion of loans to the "Four-zations" projects, and fully completed the high-quality development assessment tasks assigned by the provincial Party Committee and the provincial government. We actively served major projects, opened a "green channel" for major project approval, allocated RMB10 billion of special credit line to support the construction of key projects which were launched for stabilizing the economy, and provided a total of RMB8.4 billion of financing for the construction of major projects in the province throughout the year. We donated RMB10 million to the Guizhou Charity Federation and reduced fees and offered discounts by more than RMB1,000 million for the year, further demonstrating our image as a responsible state-owned financial enterprise.

Over the past year, we have optimized our business structure by strengthening the foundation, upholding fundamental principles and breaking new ground. We formulated and implemented the "one enterprise, one policy" comprehensive financial service program, which effectively drove the improvement of comprehensive efficiency and benefits. The annual average daily balance of corporate deposits of key customers amounted to RMB40.174 billion, and the balance of corporate loans was RMB21.198 billion. Our salary payment service covered more than 20,000 people with an amount of approximately RMB1.92 billion. We issued more than 50,000 social security cards, and successfully marketed the agency projects for 3 policy banks with an amount of RMB10.79 billion. The Bank carried out solid marketing and organizational activities throughout the year and achieved the best ever results in personal deposits business, with the balance of time-point personal deposits reaching RMB149.1 billion, representing an increase of RMB27.4 billion over the previous year, and our market share rose to the fourth in the province. The Bank continued to consolidate its customer base and the number of personal deposit customers increased to 10,880,900. The number of accounts for corporate customers was 96,600, of which the number of effective accounts was 38,600 and the number of accounts opened for inclusive micro and small enterprises was 32,700. The Bank issued a total of 2,707,500 third-generation social security cards, accounting for 14.68% of the market, maintaining the second place in the industry ranking and increasing the market share by 9.98 percentage points, attracting 1.39 million new customers.

President's Statement (Continued)

Over the past year, we have made remarkable achievements in transformation and development with concentrated efforts and greater momentum. We vigorously developed inclusive finance, optimized and improved the long-term mechanism of “dare, willing and able to lend” and the due diligence exemption system, obtained RMB15 billion of refinancing loans for micro and small private enterprises and policy refinancing loans, and issued RMB4 billion of financial bonds for micro and small enterprises, effectively providing low-cost financing support for inclusive micro and small private enterprises. The balance of the Bank's private economy-related loans was RMB43.568 billion, and the balance of loans for inclusive micro and small enterprises was RMB37.935 billion, and the number of accounts opened for inclusive micro and small enterprises was 32,700. The new balance of loans for inclusive micro and small enterprises and the growth rate of the proportion in such balance ranked top places among peers in the province. We continued to cultivate the rural market by expanding our service, optimizing the “bank + company + station manager” tripartite construction model, and innovating the “rural service outlets + mobile banking + bank card” service method. We opened 1,915 rural service outlets, the balance of time-point deposits relating to rural services was RMB11.250 billion. The Bank newly opened 24,600 accounts of “Agriculture Revitalization Loan” with a balance of RMB3.588 billion and newly opened 612,300 accounts of mobile banking business in rural markets. The total amount of loans for rural revitalization during the year was RMB12.416 billion, with a balance of RMB50.949 billion, helping to promote the comprehensive rural revitalization. Our Bank has deeply promoted supply chain finance, embedded products and services into the core enterprise supply chain finance scenarios, and actively supported SMEs up and down the industrial chain. We invested a total of RMB12.771 billion in trade financing throughout the year and has won the award of “Best Supply Chain Finance Bank”.

Over the past year, we have enhanced our basic management with hard work and perseverance. By ensuring the management on the process of rating, internal control case prevention and anti-money laundering risk, we have strengthened the overall penetration and leadership of various regulatory indicators in daily operation and management, and further improved the level of legal compliance. Based on operation transformation, we focused on serving the strategic priorities of the whole Bank with basic management, and did a solid job in combating and managing telecommunication and Internet fraud, and steadily pushed forward the operation reform work such as “integration of three posts (operations supervisor, lobby manager, full-service teller)”, lobby intelligence and platform construction. Focusing on the building the “safest bank”, the Bank normalized safety production, and conducted investigation and rectification for all potential risks. We achieved safe operation with no major accidents occurring throughout the year. In particular, in the seventh round of safety assessment, our Bank ranked first in the province for three consecutive times in safety assessment.



President's Statement (Continued)

Over the past year, we have achieved further success in technology-enabled operation with innovation and overall planning. We have promoted the upgrade of domestic distributed database and major cloud platform, and standardization and automation of operation and maintenance, carried out regular network attack and defense exercises and security checks, optimized the “three centers in two cities” disaster recovery system, and improved the capacity of operation and maintenance support and guarantee. We deeply promoted the digital transformation, application of information technology in innovative industries, and national cipher algorithm transformation. Our project construction quality and efficiency, data support capacity, and outsourcing management capacity has been significantly improved. We made historic breakthroughs in information system safety production, technical support capability for business continuity and self-developed delivery, winning various awards such as the third prize for the development of financial technology of the People's Bank of China and the award for outstanding contribution to the digital transformation of the financial industry in 2022. In 2022, the information system safety production and technical support capability for business continuity of our Bank achieved a historic breakthrough, creating the longest record of continuous and safe system operation since the establishment of Bank of Guizhou.

This year marks the opening year for implementation of the spirit of the 20th CPC National Congress, Bank of Guizhou will thoroughly study and promote the implementation of the spirit of the 20th CPC National Congress, earnestly implement the spirit of the important speech of General Secretary Xi Jinping during his inspection in Guizhou, fully implement the spirit of the new [2022] No.2 Document of State Council, unswervingly focus on the decision and deployment of the Party Central Committee and the provincial Party committee and provincial government, adhere to the main strategy of “Four News” and “Four-zations”, the main positioning of “Four Regions and One Highland” and the overall high-quality development strategy. We will steadfastly cultivate confidence in our development, maintain our strategic determination, and promote the new achievements of the Bank's high quality development. We will make every effort and contribute to the modernization of colorful Guizhou.

XU AN

Deputy Secretary of the Party Committee and President

1. Basic Information

LEGAL CHINESE NAME:

貴州銀行股份有限公司

ENGLISH NAME:

BANK OF GUIZHOU CO., LTD.

LEGAL REPRESENTATIVE:

Mr. YANG Mingshang

AUTHORISED REPRESENTATIVES FOR THE HONG KONG STOCK EXCHANGE:

Mr. YANG Mingshang, Mr. ZHOU Guichang

BOARD SECRETARY AND COMPANY SECRETARY:

Mr. ZHOU Guichang

REGISTERED ADDRESS:

Bank of Guizhou Head Office Building, No. 9, Yongchang Road, Guanshanhu District, Guiyang, Guizhou Province, the PRC

ADDRESS FOR INSPECTION OF THIS REPORT:

The Board Office of the Bank (43rd Floor, Bank of Guizhou Head Office Building, No. 9, Yongchang Road, Guanshanhu District, Guiyang, Guizhou Province, the PRC)

HEAD OFFICE IN THE PRC:

Bank of Guizhou Head Office Building, No. 9, Yongchang Road, Guanshanhu District, Guiyang, Guizhou Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG:

40th Floor, Dah Sing Financial Centre, No. 248, Queen's Road East, Wanchai, Hong Kong

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1. Basic Information (Continued)

PLACE OF LISTING, STOCK NAME AND STOCK CODE:

The Stock Exchange of Hong Kong Limited, BANK OF GUIZHOU, 6199.HK

CORPORATE UNIFORM SOCIAL CREDIT CODE:

915200000550280000

FINANCIAL LICENSE INSTITUTION NUMBER:

B1383H252010001

AUDITORS:

Overseas Auditor: BDO Limited

Domestic Auditor: BDO China Shu Lun Pan Certified Public Accountants LLP

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE:

Computershare Hong Kong Investor Services Limited

2. Company Profile

Officially listed on 11 October 2012, and headquartered in Guiyang City, Guizhou Province, Bank of Guizhou is a legal person financial institution established through the merger and reorganization of Zunyi City Commercial Bank, Anshun City Commercial Bank and Liupanshui City Commercial Bank. The Bank has been listed on the main board of The Hong Kong Stock Exchange on 30 December 2019 with its stock code of 6199.HK.

The Bank's business scope is: absorbing public deposits; offering short-term, medium-term and long-term loans; arranging settlement of domestic accounts; arranging entrusted deposits and entrusted loans; handling acceptance and discount of instruments; issuing, cashing and undertaking the sale of government bonds as agents; buying and selling government bonds and financial bonds; undertaking inter-bank borrowing or lending; trading foreign exchanges and providing agency services for foreign exchange trading; engaging in the bank card business; providing letters of credit services and guarantee; handling receipts and payments; providing safe boxes services; concurrent-business insurance agency; fund sales business; other business approved by the banking regulatory authority and relevant department.

As at the end of the Reporting Period, the Bank had total assets of RMB533,781 million, total deposits from customers of RMB326,324 million and total loans and advances to customers of RMB293,528 million, recorded net profit of RMB3,829 million, non-performing loan ratio of 1.47% and provision coverage rate of 351.21%. As at the end of the Reporting Period, there were 228 licensed institutions of the Bank, with 5,418 regular employees. All branches of the Bank are located within Guizhou Province, realizing the full coverage of city (prefecture) and county and district institutions in Guizhou Province.

The Bank of Guizhou always adheres to the concept of "bank with heart", and strongly supports the economic and social development of Guizhou. Bank of Guizhou has established business areas covering corporate banking, retail banking, small and micro financial services, financial market operations, and asset management. In light of Guizhou's economic and social development, it has continuously innovated business products, and each business has developed rapidly. Bank of Guizhou has vigorously strengthened the distribution network construction, with branches in 88 counties in Guizhou Province. Electronic banking, mobile banking, WeChat banking, online banking, telephone banking and other service channels have been continuously improved, and the customer base has been continuously expanded. Bank of Guizhou insists on steady and prudent operations, and has established a comprehensive risk management system that matches business development. The asset quality level continues to maintain a good level. Bank of Guizhou continued to optimize its internal management, various systems and mechanisms were continuously improved, the building of the talent team was continuously strengthened, and the Bank has operated efficiently and orderly. Bank of Guizhou ranked 251st in the world in the list of "2022 Top 1000 Global Banks" released by the British Magazine "the Banker", and ranked 46th in the "2022 China Top 100 Bank List" released by the China Banking Association.

3. Major Awards Achieved in 2022

251st in the list of “2022 Top 1,000 Global Banks” (2022年 全球銀行1000強榜單第251位)

The British magazine “The Banker” (英國《銀行家》雜誌)

46th in the “2022 China Top 100 Bank” (2022年中國銀行業 100強第46位)

The China Banking Association (中國銀行業協會)

Best Scenario Innovation Award of Digital Finance Scenario (數字金融最佳場景 創新獎)

China Financial Certification Authority (中國金融認證中心), Cebnet.com.cn (中國電子銀行網)

Digital Marketing Silver Award of the 5th (2022) Digital Finance Innovation Competition (第五屆(2022)數字金融創新大賽數字營銷銀獎)

China Financial Certification Authority (中國金融認證中心), Cebnet.com.cn (中國電子銀行網)

Top 100 Proprietary Clearing Companies (自營結算100強)

China Central Depository & Clearing Co., Ltd. (中央國債登記結算有限責任公司)

Excellent Financial Bond Issuer (優秀金融債發行機構)

China Central Depository & Clearing Co., Ltd. (中央國債登記結算有限責任公司)

Outstanding Transformation and Development Bank (卓越 轉型發展銀行)

PY Standard (普益標準)

Bank with Outstanding Operational Management Capability (卓越運營管理能力 銀行)

PY Standard (普益標準)

Award for Outstanding Contribution to UnionPay’s Mobile Payment Business (銀聯移動支付業務突出貢獻獎)

China UnionPay (中國銀聯)

Award for Excellence in Cooperation with UnionPay Cloud Flash Payment Network Platform (銀聯雲閃付網絡平台合作優秀獎)

China UnionPay (中國銀聯)

2022 Best ESG Practice Bank in China at the Gamma Award (2022年中國銀行業ESG 實踐天璣獎)

Securities Times (證券時報), Brokerage China (券商中國)

2022 China’s New Growth-ESG Innovation Practices List (2022中國新增長ESG創新實踐榜)

Harvard Business Review (哈佛商業評論雜誌)

Award for Exemplary Practice of ESG in 2022 (2022 年度ESG踐行典範獎)

The Organizing Committee of 12th Philanthropy Festival (第十二屆公益節組委會)

ESG’s Annual Innovation Experiment List (ESG年度創新 實驗榜)

Wallstreetcn (華爾街見聞)

Excellence Award for Rural Revitalization (鄉村振興 優秀獎)

The Organizing Committee of Social Value Co-creation (社會價值共創組委會)

3. Major Awards Achieved in 2022 (Continued)

<p>Best Supply Chain Finance Bank (最佳供應鏈金融銀行) The 12th China Economic and Trade Enterprises Most Trusted Financial Service Providers Selection Activity (第12屆中國經貿企業最信賴的金融服務商評選活動)</p>	<p>Outstanding Partnership Award for 2022 (2022年度優秀合作獎) City Commercial Banks Clearing Co., Ltd. (城銀清算服務有限責任公司)</p>	<p>Outstanding Responsible Enterprise of the Year of Banking Industry Social Responsibility List 2021 (2021年銀行業社會責任榜年度傑出責任企業) Southern Weekly (南方週末雜誌)</p>
<p>2021 Good News for Banking "Inclusive Finance" (2021年銀行業“普惠金融”好新聞) The China Banking Association (中國銀行業協會)</p>	<p>Most Beautiful Trade Union Service Station for Outdoor Workers (最美工會戶外勞動者服務站點) All-China Federation of Trade Unions (全國總工會)</p>	<p>Harmonious Labor Relations Enterprise of Guizhou Province (貴州省勞動關係和諧企業) Eight departments including Guizhou Federation of Trade Unions and Guizhou SASAC (貴州省總工會、省國資委等八部門)</p>
<p>Advanced Collective for United Front Work of Guizhou Province (貴州省統一戰線工作先進集體) The Leading Group Office of the United Front Work of the Guizhou Provincial Committee of the CPC (中共貴州省委統一戰線工作領導小組辦公室) Guizhou Human Resources and Social Security Department (貴州省人力資源和社會保障廳)</p>	<p>Caring Enterprise (愛心企業) Guizhou Charity Alliance (貴州省慈善聯合會)</p>	<p>2021 Tax Integrity Enterprise (2021年度納稅誠信企業) Guanshanhu District Committee of the CPC (中共觀山湖區委), People's Government of Guanshanhu District (觀山湖區人民政府)</p>
<p>2021 Caring Enterprise for Philanthropy throughout Guizhou (2021年度善行貴州•愛心企業) Guizhou Charity Federation (貴州省慈善總會)</p>	<p>2022 Caring Enterprise (2022年度愛心企業) Guizhou Charity Federation (貴州省慈善總會)</p>	<p>May Day Labour Medal of Guizhou Province (貴州省五一勞動獎章) Guizhou Federation of Trade Unions (貴州省總工會)</p>

3. Major Awards Achieved in 2022 (Continued)

22th Guizhou Youth May Fourth Medal Collective (第22屆貴州省青年五四獎章集體)

Guizhou Human Resources and Social Security Department, Guizhou Provincial Committee of the Communist Youth League, Guizhou Youth Federation (貴州省人力資源和社會保障廳、共青團貴州省委、貴州省青年聯合會)

May Fourth Red Flag Branch of Guizhou Province (貴州省五四紅旗團支部)

Guizhou Human Resources and Social Security Department, Guizhou Provincial Committee of the Communist Youth League (貴州省人力資源和社會保障廳、共青團貴州省委)

Summary of Accounting Data and Financial Indicators

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

Summary of Accounting Data and Financial Indicators (Continued)

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

Summary of Accounting Data and Financial Indicators (Continued)

Notes:

- (1) The percentage of net profit for the Reporting Period to the average balance of the total assets at the beginning and the end of the period.
- (2) The percentage of net profit for the Reporting Period to the average balance of total equity at the beginning and the end of the period.
- (3) Calculated by the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities, on a basis of the daily average of the interest-earning assets and interest-bearing liabilities.
- (4) Calculated by dividing net interest income by average interest-earning assets, on a basis of the daily average of the interest-earning assets.
- (5) Calculated by dividing operating cost after tax and surcharges by operating income.
- (6) Net loans and advances to customers = total loans and advances to customers + accrued interest on loans and advances to customers - provision for impairment of loans and advances to customers.
- (7) Deposits from customers = principal of deposits from customers + interest payable on deposits from customers.
- (8) Calculated by dividing total non-performing loans by total loans and advances to customers.
- (9) Calculated by dividing provision for impairment loss on loan by total non-performing loans.
- (10) Calculated by dividing provision for impairment loss on loan by total loans and advances to customers.
- (11) Core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio were calculated in accordance with the latest guidance promulgated by the CBIRC (effective from 1 January 2013).

Management Discussion and Analysis

4.1 ECONOMIC, FINANCIAL AND POLICY ENVIRONMENT

- I. **The economy maintains a stable and positive growth trend.** Confronted with the intricate international and domestic situation, China's macro economy has shown strong resilience, successfully withstood the impact of unexpected factors, and effectively stabilized the basic economic fundamentals. The annual GDP reached RMB121.02 trillion, representing an increase of 3.0% over the previous year; the economic development of Guizhou Province, where the Bank operated predominantly, maintained a steady growth trend with the annual regional GDP of RMB2.02 trillion, representing an increase of 1.2% over the previous year.
- II. **Macro policies functions moderately.** The PBOC took multiple measures, including refinancing and rediscounting measures, medium-term lending facilities, and open market operations, to lower the reserve requirement ratio twice, releasing long-term funds of RMB1 trillion, which facilitated stable and sufficient market liquidity. The LPR was lowered three times throughout the year. Among them, the 1-year LPR decreased by 15 basis points, and the over 5-year LPR decreased by 35 basis points, which effectively reduced the financing cost of the real economy and created a positive monetary and financial environment.
- III. **The scale of the industry continues to grow.** The banking industry recorded a steady growth in scale, and the operating quality and efficiency maintained a steady growth. At the end of the Reporting Period, the total assets of banking institutions amounted to RMB379.39 trillion, representing a year-on-year increase of 10%, of which the total assets of city commercial banks amounted to RMB49.88 trillion, representing a year-on-year increase of 10.7%. Under the requirements of banking industry for high-quality development, the commercial banks face more fierce competition in the market.
- IV. **Support to the real economy intensifies.** The banking industry continued to strengthen its support for micro and small enterprises, assisted micro and small enterprises for their healthy development, and actively addressed the difficulties in financing of micro and small enterprises. In 2022, the balance of inclusive loans to micro and small enterprises by the banking industry increased by 23.8% year on year, 12.7 percentage points higher than the growth rate of the balance of various loans. 56,520,000 small and micro enterprises received inclusive credit lines, representing a year-on-year increase of 26.8%.
- V. **Green finance develops rapidly.** Green finance is an important path for realizing the "Carbon Peak and Carbon Neutrality" strategic goals, and its development has attracted wide attention. In June 2022, the Guidelines on Green Finance in Banking and Insurance Industries issued by the CBIRC further improved strategic level of green finance. In 2022, green financial businesses of the banking industry continued to expand, and the growth rate of green credit continuously accelerated, with the balance of green loans reaching RMB22.03 trillion, representing a year-on-year increase of 38.5%, 28.1 percentage points higher than the growth rate of various loans.
- VI. **Digital transformation accelerates.** 2022 is the first year for the implementation of the Fintech Development Plan (2022-2025). Commercial banks accelerated the implementation of digital transformation strategies, clarified the direction and path of development of digital transformation, increased investment in financial technology, enhanced the training of technology talents, actively explored the construction of a new model of comprehensive and thorough integration and collaborative development of financial technology and business management, accelerated the all-round digital transformation, and continuously improved service efficiency and competitiveness.

Management Discussion and Analysis (Continued)

4.2 ANALYSIS OF OPERATION PERFORMANCE

4.2.1 *Development strategies and future development prospects*

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

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

Management Discussion and Analysis (Continued)

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

4.2.2 Analysis of overall operation performance

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

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

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

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

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

Management Discussion and Analysis (Continued)

4.2.3 Business summary***I. The Bank has promoted the transformation of the corporate business in an all-round way***

The Bank actively serves the construction of “Four-zations”, fully supports the real economy, vigorously develops green finance, actively boosts rural revitalization, steadily develops transaction banking, greatly develops institutional business, continuously improves capability of in-depth operating, to support and enhance the efficiency for the Bank’s high-quality development. **Asset scale steadily grew.** During the Reporting Period, the Bank’s total corporate loans and advances amounted to RMB250.256 billion, representing an increase of RMB37.247 billion or 17.49% from the beginning of the year. **Business income increased steadily.** During the Reporting Period, the Bank’s corporate banking business recorded income of RMB6.629 billion, representing a year-on-year increase of RMB217 million or 3.39%. **The business structure has been continuously optimized.** As of the end of the Reporting Period, the revenue of the Bank’s corporate banking business accounted for 55.28% of the Bank’s operating income, representing a year-on-year increase of 0.65 percentage points. **The number of customer has continuously grown.** As of the end of the Reporting Period, the Bank had 96,605 corporate customers, representing an increase of 6,432 or 7.13% from the beginning of the year; 19,307 institutional accounts, representing an increase of 817 or 4.42% from the beginning of the year; 843 of trade financing customers, representing an increase of 338 or 66.93% from the beginning of the year.

(I) The Bank resolutely implements the requirements of high-quality development and has achieved new results in serving the “Four-zations”

The Bank earnestly serves the construction of “Four-zations”, focuses on the key areas and projects of the “Four-zations”, and fully promotes the high-quality economic and social development of the province. As of the end of the Reporting Period, the balance of new industrial loans of the Bank was RMB17.692 billion, representing an increase of RMB542 million or 3.16% from the beginning of the year; the balance of new urbanization loans was RMB157.531 billion, representing an increase of RMB21.382 billion or 15.70% from the beginning of the year; the balance of agricultural modernization loans was RMB15.135 billion, representing an increase of RMB1.692 billion or 12.59% from the beginning of the year; the balance of tourism industrialization loans was RMB17.457 billion, representing an increase of RMB1.257 billion or 7.76% from the beginning of the year.

(II) The Bank insists on serving the local real economy and has upgraded service capability to a new level

Focusing on key enterprises and projects in the province, the Bank continued to increase its credit resources to the real economy and comprehensively enhanced its ability and level of financial support for the development of the real economy. As of the end of the Reporting Period, the financing balance of the Bank for the real economy was RMB176.070 billion, representing an increase of RMB32.247 billion or 22.42% from the beginning of the year. The Bank insists on growing with market players and fully supports the development of private enterprises. As of the end of the Reporting Period, the loan balance of the Bank for private enterprises was RMB43.568 billion, representing an increase of RMB5.688 billion or 15.02% as compared with the beginning of the year.

Management Discussion and Analysis (Continued)

(III) The Bank deeply practices the concept of green development and has presented a new image of green finance

The Bank has actively implemented the national strategy of “Carbon Peak and Carbon Neutrality” and promoted the high-quality development of green finance business. During the Reporting Period, the Bank successfully issued green financial bonds of RMB3 billion, innovated and launched special products and service models such as “Green Water Supply Project Income Support Loan (綠色供水項目收益支持貸款)”, “Carbon Emission Quota Pledged Financing (碳排放配額質押融資)” and “Corporate Carbon Account” (企業碳帳戶), and successfully granted the first carbon emission quota pledged loan and completed the first forestry carbon certificate credit enhancement financing business (林業碳票增信融資業務) in the province. As of the end of the Reporting Period, the Bank’s green credit balance was RMB46.630 billion, up RMB11.659 billion from the beginning of the year, of which the balance of corporate green loans was RMB46.420 billion, up RMB11.559 billion or 33.16% from the beginning of the year; the percentage of corporate green loans was 21.52%, up 2.79 percentage points from the beginning of the year. During the Reporting Period, the total amount of corporate green loans was RMB14.368 billion.

(IV) The Bank sticks to supporting rural revitalization and has made new progress in the works in relation to three rural issues

The Bank persists in further serving “agriculture, rural areas and farmers” with the aim to boost rural revitalization. The Bank launched Agriculture Revitalization Loan (興農貸) products to promote account opening in the whole village and explore a number of financial service models that are in line with the construction of agricultural modernization and drive the development of rural revitalization, so as to make the rural areas a beautiful home to live and work. As of the end of the Reporting Period, the balance of the Bank’s loans for rural revitalization amounted to RMB50.949 billion, representing an increase of RMB4.056 billion or 8.65% from the beginning of the year. The Bank newly opened 24,600 accounts of “Agriculture Revitalization Loan” with a balance of RMB3.588 billion, providing continuous financial assistance for the promotion of rural revitalization in Guizhou Province.

(V) The Bank focuses on supply chain finance and has created new features for transaction banking business

The Bank has developed its own supply chain financial products around the industrial chains of core enterprises to continuously enhance its capability in serving the real economy. Relying on the innovative online receivables financing product “Gui e Credit” independently developed by the Bank, the Bank provided non-recourse factoring financing for small, medium and micro enterprises in the upstream and downstream of the industrial chain to solve the financing difficulty of enterprises effectively. During the Reporting Period, “Gui e Credit” business provided financial support of RMB9.194 billion to 801 customers in the upstream of the industry chain through credit value transfer from 190 core enterprises. During the Reporting Period, the Bank invested RMB12.771 billion in trade financing and the balance of trade financing was RMB11.062 billion, representing an increase of RMB1.654 billion or 17.58% from the beginning of the year.

Management Discussion and Analysis (Continued)

(VI) The Bank keeps abreast of diversified needs of customer and provides new ideas for institutional business

The Bank continues to enrich its e-Government scenarios by focusing on customer needs and pain points to enhance the stickiness of institutional customers. During the Reporting Period, the Bank optimized and upgraded the key systems such as FES for provincial social security/medical insurance (second generation), provident fund, financial non-taxation and 12123, launched the “Guiyang City Housing and Construction Security Fee System (貴陽市住建安措費系統)”, proactively worked with provincial public resources trading center on the construction of “unified network (一張網)”, and implemented the “Public Resources Transaction Center Security Deposit System (公共資源交易中心保證金系統)” for Tongren City, Qianxinan Prefecture and Liupanshui City. The Bank has also been selected as the bankruptcy management cooperative bank of the Guizhou High People’s Court, successfully obtained the authorization of “Guizhou Intelligent Bankruptcy Case Handling Platform (貴州智破雲平台)”, and successfully obtained the qualification of the tender deposit payment agent of engineering and property rights of Qianxinan Prefecture, thus the business scope was continuously expanded. As of the end of the Reporting Period, the Bank’s institutional deposit balance was RMB62.025 billion.

II. The Bank has deeply cultivated retail business

The Bank is firmly committed to the strategic direction of inclusive finance development and strives to explore a differentiated, distinctive and digitalized inclusive finance development path that is different from large banks and agricultural-related financial institutions. The Bank sticks to the customer-centered approach, deepens its retail business and strives to provide more enterprises, people and groups with financial service needs at an affordable cost, promoting the quantitative and qualitative growth of retail customers, the rapid development of micro and small enterprise business, and the continuous enhancement of online + offline service capacity. **The business scale grew steadily.** As of the end of the Reporting Period, the total personal deposits in the Bank amounted to RMB149.106 billion, representing an increase of RMB27.393 billion or 22.51% compared with the beginning of the year. Total personal loans and advances amounted to RMB38.902 billion, representing an increase of RMB4.989 billion or 14.71% compared with the beginning of the year. **The business structure has been continuously optimized.** As of the end of the Reporting Period, the Bank’s personal deposits accounted for 45.69% of the Bank’s deposits, representing a year-on-year increase of 5.85 percentage points. **The customer base has been consolidated.** As of the end of the Reporting Period, the number of personal deposit customers was 10,880,900, representing an increase of 1,953,600 or 21.88% compared with the beginning of the year. The number of inclusive small and micro enterprise loan customers reached 32,697, representing an increase of 14,340 or 78.12% compared with the beginning of the year. The number of mobile banking customers reached 5,761,900, representing an increase of 1,321,300 or 29.75% compared with the beginning of the year, and the number of monthly active customers reached 703,400 in December, representing an increase of 25.27% compared with the beginning of the year.

Management Discussion and Analysis (Continued)

(I) *The Bank sincerely provides services for customers with multiple measures and has made a new breakthrough in personal business*

The Bank adheres to the customer-centered approach and focuses on the activity of “Wealth for the Year of Tiger” to vigorously carry out peak season marketing activities such as the Spring Festival shopping festival, benefits for workers on May Day, refueling subsidies for traveling, benefits for workers in new industries, quality improvement for union cards customers, and Guizhou employees’ month. The Bank has achieved remarkable results in business development, with the total number of individual deposit customers exceeding 10 million. As of the end of the Reporting Period, the Bank had 10,880,900 personal deposit customers, representing an increase of 1,953,600 or 21.88% over the beginning of the year. The balance of personal deposits was RMB149.106 billion, representing an increase of RMB27.393 billion or 22.51% over the beginning of the year, and the growth rate ranked among the forefront of the industry in the province.

(II) *The Bank has improved the inclusive service abilities comprehensively and made new progress in small and micro businesses*

The Bank insists on the goal of “strengthening the foundation and expanding the coverage, improving the quality and increasing the efficiency” for its inclusive micro and small business. With multiple ways, multiple marketing measures and inputs in multiple fields, the comprehensive service capacity of inclusive finance has been continuously enhanced. During the Reporting Period, the Bank granted inclusive small and micro enterprise loans with a total amount of RMB26.588 billion to 27,313 small and micro business customers. As of the end of the Reporting Period, the Bank’s balance of inclusive small and micro enterprise loans reached RMB37.935 billion, representing an increase of RMB10.049 billion or 36.04% from the beginning of the year. The balance of inclusive finance loan as defined by PBOC amounted to RMB42.197 billion, representing an increase of RMB12.647 billion or 42.80%.

(III) *The Bank focuses on customer’s consumption experience and has formed new momentum for consumer finance*

Focusing on the two core businesses of consumer credit and credit cards, the Bank continued to optimize product functions and improve customer experience based on five key products including personal housing mortgage, auto consumption, credit card issuance, credit card overdraft and special installment, and achieved steady development of consumer finance business. During the Reporting Period, the Bank’s consumer finance business realized operating income of RMB1.402 billion, representing a year-on-year increase of 15.92%. The Bank issued a total of 744,400 credit cards, representing an increase of 198,700 or 36.42% from the beginning of the year.

Management Discussion and Analysis (Continued)

(IV) The Bank earnestly serves rural customer groups and the business that benefiting farmers and agriculture has entered a new stage

The Bank regards the construction of rural service outlets as an important carrier and key channel to expand the market for rural customers, and continuously improves the comprehensive service capacity of rural service outlets. During the Reporting Period, the Bank opened 1,915 rural service outlets, providing more than 1,367,900 rural customers with a total of RMB318,300 comprehensive financial services such as small-amount withdrawals, bill payments and balance inquiries, with a total transaction amount of RMB686 million. The Bank actively promotes the social security business, and continues to consolidate and expand the rural retail customer base. As of the end of the Reporting Period, the Bank issued 2.7075 million third-generation social security cards, accounting for 14.68% of the market share, providing strong support to social security services for rural customers.

(V) The Bank continues to enrich the financial consumption scenarios and online services show new strength

The Bank takes the initiative to “build platform, expand scenarios and cultivate traffic”, and maintained channel support on the basis of payment system construction and product innovation. The Bank takes digital transformation as an opportunity to continuously enhance online service capability. As of the end of the Reporting Period, the Bank had conducted 445 million electronic financial transactions, accounting for 99.14% of the total transactions, ranking steadily among the industry’s advanced levels. With the aim of improving experience of customers, the Bank continued to enrich its product functions and supported access to payment scenarios such as bank-hospital, bank-government, superstores and parking. As of the end of the Reporting Period, the Bank had processed 60.58 million merchant transactions with a transaction amount of RMB14,009 million.

III. The Bank has strengthened the foundation of financial market business

The Bank has focused on the policy opportunities of the new No.2 Document of State Council, consolidated the foundation of its financial market business, continuously enhanced the structure of its financial asset portfolio, continuously strengthened the cooperation with financial institutions, improved asset allocation, and promoted the steady development of its financial market business in an orderly manner. As at the end of the Reporting Period, the net financial investment of the Bank amounted to RMB201.918 billion, representing an increase of RMB12.906 billion or 6.83% compared with the beginning of the year. The financial markets business achieved operating income of RMB2.671 billion and profit before tax of RMB1,300 million.

(I) The Bank has achieved steady growth in the size of financial assets and new structure of asset portfolio

During the Reporting Period, the Bank’s financial assets grew steadily and the proportion of low-risk assets such as government bonds and policy financial debt securities was increased. The Bank further invested in public funds, strengthened the duration management of financial assets portfolio and improved the liquidity of bond assets, resulting in a more optimized financial asset structure and stable growth in investment income.

Management Discussion and Analysis (Continued)

(II) *The Bank has continuously expanded cooperation with industry partners and achieved a new level of interbank management*

During the Reporting Period, the Bank continuously strengthened the foundation of interbank customers to improve the management level of interbank customers. The Bank continuously completed the management mechanism of interbank customers from rating, access, credit, post-investment management and other aspects, further improved the cooperation with different types of interbank customers and expanded business scope.

(III) *The Bank has carried out the underwriting of bonds in an orderly manner and achieved new development in bond underwriting*

During the Reporting Period, in line with the outstanding member of the underwriting group, the Bank orderly carried out policies research and market analysis on bond underwriting business. The Bank actively expanded the potential customer channels, increased cooperation with the peers in the industry, enhanced collaboration with various businesses to optimize the efficiency of bond underwriting and distribution services and effectively improve the Bank's bond underwriting activity and market ranking.

(IV) *The Bank has steadily promoted the development of its asset management business and seized new opportunities for business transformation*

The Bank adheres to the business philosophy of "honesty and integrity, loyalty to customers, and prudent development" for financial management business, and promotes the Bank's business transformation and the long-term development of the Bank's asset management business with high quality work. As of the end of the Reporting Period, the net value of the Bank's existing wealth management products was RMB23.915 billion, all of which were net value wealth management products. The cumulative amount of wealth management products issued for the year was 69.520 billion. The Bank continued to strengthen the investment and research capacity of its wealth management business, orderly carried out diversified investment products allocation to broaden investment channels and diversify investment risks. In 2022, the Bank continued to promote a "fixed income+" asset allocation strategy for its wealth management assets, increased equity investments as appropriate and expanded cooperation with leading institutions to enhance returns on asset portfolios.

Management Discussion and Analysis (Continued)

4.3 ANALYSIS OF PROFIT STATEMENTS

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

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

Management Discussion and Analysis (Continued)

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

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

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

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

Management Discussion and Analysis (Continued)

Notes:

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

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

Item	2022 compared to 2021		
	Net increase/(decrease) as a result of the following changes		
	Scale ⁽¹⁾	Interest rate ⁽²⁾	Net increase/ (decrease) ⁽³⁾
<i>(Expressed in millions of RMB, unless otherwise stated)</i>			
Interest-earning assets			
Total loans and advances to customers	2,338.38	(102.22)	2,236.16
Financial investments	(175.72)	(698.00)	(873.72)
Deposits with the central bank	(37.69)	(5.85)	(43.54)
Deposits with banks and other financial institutions	13.92	4.91	18.83
Placements with banks and other financial institutions	(0.59)	–	(0.59)
Financial assets held under resale agreements	59.09	(87.59)	(28.50)
Changes in interest income	2,197.39	(888.75)	1,308.64

Management Discussion and Analysis (Continued)

Item	2022 compared to 2021		
	Net increase/(decrease) as a result of the following changes		
	Scale ⁽¹⁾	Interest rate ⁽²⁾	Net increase/ (decrease) ⁽³⁾
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>		
Interest-bearing liabilities			
Deposits from customers	342.84	155.62	498.46
Deposits from banks and other financial institutions	10.60	(132.69)	(122.09)
Borrowings from central bank	172.09	(37.18)	134.91
Placements from banks and other financial institutions	53.08	(6.00)	47.08
Financial assets sold under repurchase agreements	(11.72)	(43.28)	(55.00)
Debts securities issued	426.62	(201.06)	225.56
Changes in interest expenses	993.51	(264.59)	728.92
Changes in net interest income	1,203.88	(266.05)	579.72

Notes:

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

Management Discussion and Analysis (Continued)

4.3.2 Analysis on interest income

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

I. Interest income from loans and advances to customers

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

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

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

II. Interest income from financial investments

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

III. Interest income from deposits with the Central Bank

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

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

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

V. Interest income from financial assets held under resale agreements

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

Management Discussion and Analysis (Continued)

4.3.3 Analysis on interest expenses

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

I. Interest expense on deposits from customers

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

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

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

III. Interest expense on financial assets sold under repurchase agreements

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

IV. Interest expense on debt securities issued

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

V. Interest expense on borrowings from Central Bank

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

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

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

Management Discussion and Analysis (Continued)

4.3.4 Analysis on non-interest income**I. Fee and commission income**

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

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

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

II. Net trading gains

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

III. Net gains arising from investment securities

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

Management Discussion and Analysis (Continued)

IV. Other operating income/(expenses)

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

4.3.5 Analysis on operating expenses

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

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

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

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

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

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

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

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

Management Discussion and Analysis (Continued)

4.3.6 Impairment losses on assets

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

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

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

4.3.7 Income tax

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

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

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

Management Discussion and Analysis (Continued)

4.4 ANALYSIS ON MAJOR ITEMS IN THE BALANCE SHEET

4.4.1 Assets

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

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

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

Note

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

Management Discussion and Analysis (Continued)

1. Loans and advances to customers

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

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

(1) Corporate loans and advances

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

(2) Personal loans and advances

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

Management Discussion and Analysis (Continued)

2. Investment securities and other financial investment

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

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

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

Management Discussion and Analysis (Continued)

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

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

Management Discussion and Analysis (Continued)

Notes:

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

4.4.2 Liabilities

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

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

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

Note:

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

Management Discussion and Analysis (Continued)

I. Deposits from customers

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

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

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

Management Discussion and Analysis (Continued)

II. Deposits from banks and other financial institutions

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

III. Debt securities issued

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

4.4.3 Equity

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

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

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

Management Discussion and Analysis (Continued)

4.5 OFF-BALANCE SHEET CREDIT COMMITMENTS AND CONTINGENT LIABILITIES

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

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

4.6 ANALYSIS ON LOANS QUALITY**4.6.1 Loan distribution by the five-category classification**

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

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

Management Discussion and Analysis (Continued)

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

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

Management Discussion and Analysis (Continued)

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

4.6.3 Distribution of loans and non-performing loans by industry

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

Management Discussion and Analysis (Continued)

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

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

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

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

Management Discussion and Analysis (Continued)

4.6.5 Distribution of loans by overdue period

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

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

4.6.6 Loan concentration

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

Management Discussion and Analysis (Continued)

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

4.7 SEGMENT REPORTING

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

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

Management Discussion and Analysis (Continued)

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

Notes:

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

Management Discussion and Analysis (Continued)

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

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

Note:

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

Management Discussion and Analysis (Continued)

4.8 CAPITAL ADEQUACY RATIO

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

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

Management Discussion and Analysis (Continued)

4.9 RISK MANAGEMENT

4.9.1 *Credit risk management*

Credit risk represents the risk of economic loss to the Bank arising from the failure of a debtor or counterparty to meet its contractual obligation or changes in its credit quality. The credit risk of the Bank arises primarily from loans, financial investments, bill acceptance, letters of credit, letters of guarantee and other on-balance and off-balance sheet businesses.

The Board is the Bank's highest decision-making body for credit risk management, which undertakes the ultimate responsibility of credit risk management. Senior management is responsible for the implementation of credit risk management strategies set by the Board, putting into practice credit risk appetite and limit, and optimizing the credit risk management system. The Credit Risk Management Committee established under the senior management has centralized the decision-making, coordination and management in respect of credit risk management of the Bank within their authorization. The Bank has established "three lines of defense" comprising of business departments, Risk Compliance Department and Audit Department to realize mutual supervision and to carry out credit risk management in collaboration.

The Bank formulates comprehensive risk management policies on an annual basis, defines credit risk appetite and decomposes and implements it from top to bottom, improves credit management system processes, and strictly carries out credit risk identification, measurement, assessment, monitoring and control. Meanwhile, the Bank has established a credit risk management information system to support the needs of credit risk reporting and management decisions.

During the Reporting Period, the Bank adhered to the general principle of seeking progress while maintaining stability. Centered around high-quality development which is taken as the guiding principle, the Bank implemented the "steady and balanced" overall risk appetite, continued to improve the credit risk management system, optimized the organizational structure of credit management, consolidated the fundamental management of credit extension, enhanced risk management and control in key areas, increased risk exposure and disposal, further enhanced the level of refined risk control and effectively prevented and reduced credit risk losses.

Management Discussion and Analysis (Continued)

4.9.2 Market risk management

Market risk refers to the risk of loss on the Bank's on-and-off-balance sheet businesses due to the adverse changes in interest rates, foreign exchange rates, stock prices and commodity prices. Our market risk management consists of the identification, measurement, monitoring and control of market risk. The Bank mainly adopts the historical simulation method to quantify market risk and identifies, measures, manages and supervises market risk through various methods such as value at risk (VaR), quota management, sensitivity analysis and duration exposure analysis.

The Bank's market risk arises from trading book and interest rate risk is the main market risk faced by the Bank. In 2022, the Bank's market risk management policy clarified market risk management requirements and access standards for trading and investment business. Adhering to steady and balanced risk appetite, the Bank continued to strengthen the implementation of financial market risk assignments, and the centralized management of market risks continued to show results. During the Reporting Period, on the basis of the transformation of market risk consulting results under the new capital agreements, the Bank improved the quantitative analysis of the market risk management system and the support for quota management functions, strengthened the evaluate management such as daily valuation of assets, forward-looking measurement of risks, quota monitoring and stress testing test assessment and management, broadened the channels of external early warning and monitoring information and actively responded to adverse fluctuations in the bond market. Affected by the abnormal fluctuations in the bond market in November 2022, the monthly mark-to-market profit and loss of the trading book has declined. With the recovery of the bond market in December 2022, all market risk indicators were within the limit range.

Impacted by the Federal Reserve's interest rate hike and balance sheet reduction, macroeconomic expectations and other uncertainties, the internal and external environment of the bond market remains uncertain, and market risk control still requires continuous attention.

4.9.3 Information technology risk management

Information technology risks refer to the operational risk, legal risk, reputational risk, and other types of risks caused by natural or human factors, technical leaks and management defects during the application of information technology by the Bank.

The Board and senior management of the Bank fully recognize the risks of information technology and have established and implemented a cyber-security responsibility system with clear ideas and plans for information technology governance. The Bank continued to optimize and improve the "three lines of defense" governance system for information technology risks by improving the system, deepening the construction of the management and control mechanism, strengthening the cooperation of the three lines of defense and accelerating the allocation of human resources. The Bank has established various mechanisms of identification, measurement, monitoring, evaluation and control over the information technology risks and continued to carry out information technology risk management to promote the safe, continuous and stable operation of the Bank. At the same time, employees are regularly trained to enhance the awareness and attention of all staff of the Bank regarding information technology risks, and to continuously improve the management effectiveness of information technology risk management.

Management Discussion and Analysis (Continued)

During the Reporting Period, the Bank did not have any material events involving information technology risks or substantial operational suspension as stipulated in the Guidelines on the Information Technology Risk Management of Commercial Banks (《商業銀行信息科技風險管理指引》) and the Regulatory Guidelines on the Business Continuity of Commercial Banks (《商業銀行業務連續性監管指引》).

4.9.4 Operational risk management

Operational risk is the risk of losses arising from inadequate or defective internal procedures, personnel and information systems, or external events. The primary operational risks the bank is exposed to include internal and external frauds, misconduct of employees, safety incidents, worksite security, business interruptions, information system breakdown, and defects in the execution and settlement of transactions and operational procedure management.

The Board is ultimately responsible for our operational risk management and the senior management leads our day-to-day operational risk management. The Bank has established “three lines of defense” against operational risk. The first line of defense is formed by various business departments of our head office, branches and sub-branches, which is responsible for operational risk management directly. The second line of defense includes our Risk Management Department, Legal and Compliance Department and other risk management-related departments, which is responsible for formulating operational risk management policies and coordinating, supporting and overseeing operational risk management. The third line of defense is our Audit Department, which is responsible for conducting independent valuation of our operational risk management system and monitoring the implementation and effectiveness of our operational risk management policies. In 2022, the Bank clarified the operational risk management policy, improved the operational risk management regulations and the operational risk management structure, established the operational risk management system, continuously strengthened the application of operational risk management tools, enhanced the construction of the internal control system, conducted in-depth supervision and inspection, actively addressed operational risks in all lines, and further promoted the Bank’s operational risk management capability.

During the Reporting Period, the Bank did not have any material operational risk events as stipulated in the Commercial Bank Operational Risks Management Guidelines (《商業銀行操作風險管理指引》) and the Operational Risk Management Measures of Bank of Guizhou (《貴州銀行操作風險管理辦法》) and the overall operational risk was controllable.

Management Discussion and Analysis (Continued)

4.9.5 Money laundering risk management

Money laundering risk refers to various types of reputational risk, legal risk and operational risk arising from involvement in money laundering cases due to failure to comply with anti-money laundering laws and regulations or regulatory requirements, weak customer due diligence measures, and failure to detect or report suspected money laundering behavior.

The Board of Directors, Board of Supervisors and senior management of the Bank have all been diligent and conscientious in establishing the awareness of money laundering risk prevention, establishing a sound money laundering risk management system, allocating resources reasonably in accordance with a risk-based approach, and managing the Bank's money laundering risks throughout the process of continuous identification, prudent assessment, enhanced monitoring, effective control and timely reporting. During the Reporting Period, the Bank strictly complied with the Anti-Money Laundering Law of the People's Republic of China, the Anti-Money Laundering Regulations for Financial Institutions and other laws and regulations, conscientiously implemented the anti-money laundering regulatory requirements, comprehensively strengthened the anti-money laundering work, carried out solid and effective anti-money laundering work and continuously improved the effectiveness of money laundering risk control measures focusing on the construction of the regulations and systems, strengthening internal audit and inspection, enhancing the level of technological empowerment and improving the quality of the team.

During the Reporting Period, the Bank recorded no major money laundering cases.

4.9.6 Legal risk management

Legal risk refers to the possibility of negative legal consequences for the Bank due to changes in the legal environment outside the Bank in the course of implementation of laws, or due to the Bank's failure to exercise its rights and fulfill its obligations in accordance with legal provisions or contractual agreements. The Legal Compliance Department of the Bank and the corresponding departments of the branches are responsible for managing the legal risks of the Bank.

Management Discussion and Analysis (Continued)

During the Reporting Period, the Bank adopted various measures to improve the quality and effectiveness of legal risk management and control, which provided strong legal support and guarantee for operation and management. Firstly, the Bank strictly implemented the legal review system. It conducted legal review on the bank-wide contracts for all types of business and various rules and systems, carried out legal risk assessment and argumentation on significant operation and management and risk resolution matters, and provided legal opinions or risk prevention measures to ensure the legality of the operation and management activities of the Bank. Secondly, the Bank consistently formulated formatted contract texts system. It formulated formatted contract texts for online business and frequent offline business activities based on operation and management needs and continuously supplemented and amended them based on regulatory requirements and business demands to effectively support business development and prevent systematic legal risks. Thirdly, the Bank effectively conducted litigation cases management. For litigations cases, it conducted feasibility and necessity analysis and argumentation and prepared lawsuit plans before the litigation based on management requirements and strictly went through approval procedures to enhance the management and handling ability on litigations and effectively safeguard the legitimate rights of the Bank. Fourthly, the Bank enhanced legal advocacy and training. Based on the requirements on the 8th Five-Year Plan of Legal Popularization, the Bank carried on legal advocacy through publishing learning materials on laws and regulations on the website of the Bank, timely delivery of newly issued laws and regulations and other means. It organized legal training through centralized training, consultancy and guidance and online law learning and examining to enhance the employees' legal and risk awareness.

During the Reporting Period, the Bank recorded no major legal risk events.

4.9.7 Compliance risk management

Compliance risk refers to the risk of legal sanctions, regulatory penalties, significant financial losses or reputational damage due to the Bank's failure to comply with laws, rules and guidelines and internal regulations.

The Bank attaches great importance to compliance risk management, adheres to the management requirements of "prudence, soundness and compliance", implements the eight-step closed-loop management of system management, compliance examination, compliance inspection, compliance report, non-compliance disposal, non-compliance rectification, accountability and warning and improvement of internal control for business operations, pays great attention to major risk areas in the process of operation and governance and issues of compliance operation and standardized operating, timely plugs management loopholes and resolves risk exposures, and continuously strengthens the foundation of internal control and compliance management.

Management Discussion and Analysis (Continued)

During the Reporting Period, the Bank continuously improved its corporate governance, continued to improve its compliance management system, strengthened the “three lines of defense” supervision and inspection, continuously improved its internal accountability system and correction and accountability mechanism. From improving corporate governance, optimizing organizational structure, clarifying responsibility boundaries, standardizing management processes, improving system construction and strict supervision and inspection, the Bank comprehensively improved the internal control and compliance management system, further consolidated the “three lines of defense” control mechanism, and comprehensively enhanced the level of internal control and compliance management.

During the Reporting Period, the Bank had no significant compliance risk events.

4.9.8 Reputational risk management

Reputational risk refers to the risk of negative comments to the banking institutions by relevant stakeholders, the public and the media as a result of the actions of the banking institutions, the behavior of their practitioners or external events, which may damage their brand value, adversely affect their normal operation, or even affect market stability and social stability.

The Board of the Bank assumes ultimate responsibility for reputational risk management and the Bank’s office handles major or emergency reputational events. The Bank adheres to the concept of prevention-oriented reputation risk management, incorporates reputation risk management into the comprehensive risk management system, penetrates reputation risk management awareness into all aspects of operation and management, proactively and effectively prevents reputation risks and responds to reputation events, minimizes losses and reduces negative impacts.

During the Reporting Period, the Bank continuously improved the reputational risk management mechanism, promoting the “governance structure improvement”, “whole-process management” and “normalization” for reputation risk; strictly implemented the 7*24-hour public opinion monitoring system, followed the development of public opinion in a timely manner, strengthened the analysis and handling of public opinion according to the actual changes in public opinion hotspots, and adjusted the reputation risk prevention and control measures in a timely manner; conducted regular reputation risk surveys of the whole Bank, and clarified the key points and measures for reputation risk control; established and improved various emergency planning systems and organized drills to enhance the Bank’s reputation risk emergency response capabilities; increased positive publicity, actively carried out corporate culture building, and continuously improved brand influence; and earnestly carried out training on reputation risk management to continuously improve employees’ ability to identify, prevent and handle reputation risks.

During the Reporting Period, the overall reputation risk level of the Bank was stable and no major reputation risk events occurred.

Management Discussion and Analysis (Continued)

4.9.9 Strategic risk management

Strategic risk refers to the risk caused by changes in the external environment or improper operation policies during the formulation and implementation of strategies, which may have negative effects on the current or future capital, reputation or market position of the Bank as a whole. The strategic risk management is an integral part of the Bank's corporate governance and comprehensive risk management system, which aims to enhance the effectiveness of strategic risk management and support the Bank's high-quality development through a sound governance structure and effective management procedures.

During the Reporting Period, in accordance with the Fourteenth Five-Year Plan for National Economic and Social Development and Outline of 2035 Vision Objectives of Guizhou Province (《貴州省國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》), the Bank formulated the Strategic Plan for the Development of Bank of Guizhou from 2022 to 2024 (《貴州銀行2022-2024年發展戰略規劃》), seized the significant historical opportunity of the new No.2 Document of State Council, and made efforts to improve the strategic risk management system and formulated the Strategic Risk Management Measures of Bank of Guizhou (Provisional) (《貴州銀行戰略風險管理辦法(試行)》), which gave play to the role of strategic management in supporting and guaranteeing the business development of the whole Bank.

4.9.10 Exchange Rate Risk Management

Exchange rate risk refers to the risk that the level of position and cash flow of foreign currency exposures held by the Bank will be adversely affected by fluctuations in major foreign exchange rates.

The Bank's foreign currency assets and liabilities are mainly denominated in US dollars, with a small amount in Euros. The Bank's principle in controlling exchange rate risk is to match assets and liabilities across currencies as far as possible and to monitor foreign currency exposures on a daily basis, and to hedge exchange losses arising from exchange rate fluctuations through a prudent transaction strategy of settlement and sales of foreign exchange in a timely manner. The Bank continues to keep its cumulative foreign exchange exposure within regulatory limits while balancing the management of foreign currency exposure limits with clients' growing demand for foreign currency use.

During the Reporting Period, the exchange rate between USD and RMB fluctuated significantly. The Bank adhered to the "neutral management of exchange rate risk" concept in strict accordance with the requirements of the regulators and actively conveyed the management concept to various market entities to promote the joint efforts of banks and enterprises to adapt to the normal exchange rate fluctuations and enhance the ability to avoid exchange rate risks.

4.9.11 Interest rate risk management of banking book

Interest rate risk in the banking book refers to the risk of loss in the economic value and overall income of the banking book due to adverse changes in interest rate level and term structure, mainly including gap risk, basis risk and optionality risk. The Bank mainly uses tools such as re-pricing gap and duration gap, NII, EVE, stress testing and indicator limit management to identify, measure, monitor, report, control and mitigate interest rate risk of banking book.

Management Discussion and Analysis (Continued)

The Bank continuously strengthens the management of interest rate risk of banking book based on factors such as the risk preference of interest rate of banking book, risk profile, macroeconomic and market changes. During the Reporting Period, the mismatch of asset and liability maturities was effectively mitigated and transactions subject to regulatory indicators were reduced in an orderly manner, maintaining a sustained positive trend. Firstly, the Bank continuously improves the governance system of interest rate risk of banking book, clarifies the responsibilities of each department under the organizational structure, and regularly evaluates and improves the risk management process of interest rate risk of banking book to ensure the effectiveness, reliability and compliance of the management process. Secondly, the Bank continues to carry out regular work on the identification and measurement of interest rate risk of banking book and monitoring feedback, regularly monitor the re-pricing gap and duration gap, and ensure that the exposure to interest rate risk of banking book develops in the desired direction by adjusting the business scale, maturity structure and interest rate structure of assets and liabilities, continuously realizing the active management of interest rate risk of banking book. Thirdly, the Bank regularly implements scenario analysis and stress tests to manage the limits of interest rate risk of banking book, avoid losses in the Bank's economic value and overall earnings due to adverse changes in interest rate risk, and maintain a balance between risk and earnings while meeting regulatory requirements and controlling risk.

4.9.12 Liquidity risk management

Liquidity risk refers to the risk of failure to obtain adequate funds in time at a reasonable cost to repay debts when they are due, perform other payment obligations and meet other capital requirements in the ordinary course of business. Factors affecting liquidity risk include external factors and internal factors. External factors include domestic and international financial conditions, macroeconomic control policies, the depth and breadth of the development of financial markets and the competitive landscape of the banking industry; internal factors include the maturity and business structure of assets and liabilities, stability of deposits, market financing capability and various unexpected events.

The Bank established a relatively sound liquidity risk management and organization system. The Board is ultimately responsible for the management of liquidity risks; the senior management undertakes the organization and management work in respect of liquidity risk management and is responsible for the implementation of liquidity risk management, the establishment of organization, the promotion of systems and policies in relation to liquidity risk management; the Board of Supervisors is responsible for overseeing and assessing the performance of duties by the Board and the senior management in respect of liquidity risk management; the Planning and Finance Department of the head office is responsible for providing leadership for risk management and implementing specific work in relation to liquidity risk management and various departments under the head office and branches and sub-branches of the Banks provide assistance for liquidity risk management pursuant to their respective duties.

In 2022, the Bank continued to implement the "steady, compliant, prudent" liquidity risk management appetite. Taking into account the Bank's strategic development objectives, the Bank maintained reasonable liability level as inter banks, increased the regulation of asset and liability maturities, effectively mitigated the mismatch of asset and liability maturities and insisted on the bottom line of safe operation of liquidity risk management.

Management Discussion and Analysis (Continued)

The Bank has established a relatively complete liquidity risk management system. During the Reporting Period, the Bank had no liquidity risk event occurred and the liquidity indicators continued to meet the regulatory requirements. Meanwhile, the Bank ensured that liquidity risks were generally manageable through a series of control and management measures. Firstly, the Bank effectively identified, measured, monitored, controlled and reported liquidity risks through cash flow assessment and analysis, and established scientific and sound liquidity risk management systems. Secondly, the Bank determined limit of liquidity risks based on business nature, scale, complexity, risk appetite, development of external market and risk tolerance. Thirdly, the Bank enhanced the application of results from the liquidity risk pressure tests, based on the results of which it identified weaknesses in the liquidity risk management of the Bank and made adjustments to the liquidity risk management strategies. Fourthly, the Bank implemented centralized fund management, and fund position was managed by designated persons who were especially responsible for this, to maintain reasonable and sufficient intraday liquidity and meet customers' payment and settlement needs. Fifthly, the Bank strengthened the management of matured initiative debt and balanced the mature time of initiative debt on the basis of maintaining reasonable liability in the industry to ease the pressure of concentrated maturity of initiative debt and ensure sufficient liquidity for the Bank.

In 2022, our liquidity pressure tests involved significant loss of corporate and retail deposits, the material drop of liquidity of current assets, the decrease of availability of corporate and retail financing, the past due status of balance sheet and off-balance sheet asset business and other aspects. Based on the analysis of the test results, the Bank had relatively sufficient high-quality current assets and better liquidity pressure tolerance and the shortest period of survival was over 30 days.

As at the end of the Reporting Period, the Bank's liquidity coverage ratio was 419.41%; the qualified current assets amounted to RMB71,536 million; the net cash outflow for the next 30 days was RMB17,056 million; the current ratio was 133.49%. The net stable funding ratio was set out in the table below:

Net Stable Funding Ratio

Unit: RMB100 million,%

No.	Item	December 2022	September 2022
1	Stable funding available	3,364.83	3,315.39
2	Stable funding needed	2,962.78	2,891.87
3	Net stable funding ratio (%)	113.57	114.65

Management Discussion and Analysis (Continued)

4.10 LIABILITY QUALITY ANALYSIS

The Bank attaches great importance to liability quality management and has formulated the “Management Measures on Liability Quality of the Bank of Guizhou” (《貴州銀行負債質量管理辦法》) in accordance with the “Liability Quality Management Measures for Commercial Banks” (《商業銀行負債質量管理辦法》) issued by the CBIRC (CBIRC Office Fa [2021] No. 35). The Bank has established a liability quality management system that matches the scale of liabilities and complexity of operation of the entire Bank in accordance with its strategic objectives and the development status of its liability business. The Board assumes the ultimate responsibility for liability quality management while the specific management works falls on the senior management.

The Bank strengthened the quality management of liabilities in terms of structure, cost, stability and authenticity of liabilities. Firstly, insisting on the management of the balance of quantity and price of deposit business, promoting the steady growth of deposit scale and consolidating the foundation of liabilities. Secondly, strengthening the role of active liability regulation to maintain reasonable and sufficient liquidity level for the whole Bank and stabilize the cost of liabilities for the whole Bank. Thirdly, insisting on the combination of liability quality management and liquidity management, and making dynamic adjustments to the total amount, structure and pricing strategies of liability business by improving the pro-activeness and foresight of management and pre-judging the changes of external policies and the competitive situation of the same industry.

In 2022, the Bank’s businesses developed steadily, the quality of liabilities remained safe and sound, and all indicators were maintained in a reasonable range. At the end of 2022, the Bank had net stable funding ratio of 113.57%, representing an increase of 1.34% compared to the beginning of the year; the liquidity coverage ratio of 419.41%, representing an increase of 84.79% compared to the beginning of the year, which were all in line with the requirements of the CBIRC. In 2022, the Bank’s net interest margin was 2.22%, a decrease of 0.07 percentage point compared to 2021, and the average interest-bearing liabilities cost ratio was 2.67%, a decrease of 0.06 percentage point compared to 2021.

4.11 CONSUMER RIGHTS PROTECTION

The Bank attaches great importance to the protection of consumer rights. It always focuses on protecting the legitimate rights of consumers and adheres to the guiding principle of solving problems and preventing risks. It continues to promote the protection of consumer rights, and constantly enhances the “service with heart” brand of Bank of Guizhou.

Management Discussion and Analysis (Continued)

I. Major works

Firstly, we have continuously improved the organizational structure, established the ESG Management Committee under the Board, set up a leading group for consumer rights protection with the President of the Bank as the head, regularly reporting to the Shareholders' general meetings, the Board of Directors, the Board of Supervisors and senior management on the implementation of consumer rights and interests protection, and established a clear work mechanism at three-level of head office, branch office and sub-branch office. Secondly, we have continued to improve our institutional system and working mechanism, and revised the Administrative Measures for the Protection of Consumer Rights and Interests of Bank of Guizhou, the Administrative Measures for Personal Financial Information Protection of Bank of Guizhou and the Administrative Measures for Public Education Service of Bank of Guizhou, and formulated the Administrative Measures for the Review of Consumers' Rights and Interests Protection of Bank of Guizhou to effectively protect the legitimate rights and interests of consumers. Thirdly, the Bank has actively practiced its social responsibility by carrying out an aggregate of 2,733 activities in the year such as the Promoting of Financial Knowledge and Educational Work with Financial Consumer, and distributing 157,800 copies of publicity materials to targeted consumers over 1,504,500. Fourthly, the Bank has earnestly carried out special training. To raise the awareness of protection of the rights and interests of consumers and enhance working ability of Bank, special training on the protection of the rights and interests of consumers was conducted for management, specialists for consumers' rights and interests protection, grassroots personnel and new staff. Over 1,340 participants were trained. Fifthly, the Bank has improved customer experience diligently, upgraded service standards constantly, carried out customer satisfaction research, actively integrated into the construction of a friendly society for the elderly, and actively promote the work of "striving for the best". During the Reporting Period, the Bank has 5 new star-level business outlets.

II. Complaint management

The Bank continued to improve the mediation mechanism for consumer complaints and disputes, providing protection for effective resolution of financial consumption disputes and safeguarding the legitimate rights and interests of both parties in financial consumption. During the Reporting Period, the Bank received a total of 1,836 customer complaints, with a 100% handled and completion rate.

From the perspective of business types, the largest proportion of the received complaints was about bank card business, totaling 963 cases and accounting for 52.45% of the total number of complaints during the year, among which 749 cases were debit card-related business complaints. Complaints mainly focused on debit card account management and debit card use. For the year, 214 cases of credit card-related business complaints were accepted, which mainly involve credit card use and repayment; 111 cases of loan-related business complaints were accepted, accounting for 6.05% of the total number of complaints.

From the perspective of reasons, 1,138 complaints were caused by service attitude and service quality, which mainly related to subjective feelings of financial consumers, accounting for 61.98% of the total number of complaints; and 557 complaints were caused by the management system, business rules and procedures, accounting for 30.34% of the total number of complaints.

Management Discussion and Analysis (Continued)

Complaints by category:

Type	Bank card services	Lending business	Settlement and clearing business	Savings business	Other
Number (cases)	963	111	111	68	18

Complaints by region:

Region	Guiyang	Zunyi	Liupanshui	Qiandongnan	Qianxinan	Qiannan	Tongren	Bijie	Anshun
Number (cases)	352	378	150	58	91	74	59	98	118

III. Complaint handling measures

Firstly, the Bank optimized system construction and service assessment methods. The Bank amended the Administrative Measures for Customer Complaint of Bank of Guizhou, which included indicators such as failure to handle complaints promptly according to prescribed procedures and schedule into the assessment of consumer protection. Secondly, the Bank promoted system construction and enhanced complaint process management. The Bank established a work order communication mechanism for complaints and strictly implemented the application and implementation of new standards for the classification of financial consumer complaints to promote the refined and standardized management of complaint handling. Thirdly, the Bank kept monitoring the public sentiment in multiple dimensions and strictly controlled service quality. The Bank publicized the complaint handling process and various complaint channels through the local business outlets, and set up a 7×24 “complaint and suggestion” menu for the 96655 customer service hotline; focused on the public sentiment of financial consumers through channels such as business outlets, customer service hotlines, and media networks, so as to properly handle consumer complaints in a timely manner. Fourthly, the Bank strengthened publicity and education and implemented closed-loop management. The Bank hold regular service analysis meetings to notify, summarize and study on service pain points and difficult issues. The reasonable opinions and suggestions of consumers were promptly fed back to the product management and business management departments to constantly optimize the service processes and improve the service experience.

Management Discussion and Analysis (Continued)

4.12 INFORMATION TECHNOLOGY DEVELOPMENT

During the Reporting Period, the Bank focused on the goal of digital transformation, pushed forward the development of digital transformation, made efforts to improve the digital level of business operation and management, data and technology support capabilities of the Bank, and achieved “Three Breakthroughs” and “Three Enhancements” in information technology work. **“Three Breakthroughs”**: The first one is a historic breakthrough in information system safety production. No safety accidents occurred throughout the year, providing solid technical support for the Bank’s business operation. The second one is a historic breakthrough in the business continuity technical support capability. From the evening of 25 November to the early morning of 27 November, the Bank successfully completed the first real disaster recovery exercise without downtime and interruptions. It was the first in the banking industry to realize online switchover of data center with a full spectrum of services based on financial cloud, marking a historic breakthrough in the business continuity technical support capability of the Bank. The third one is a historic breakthrough in independent R&D capability. For IT development, the Bank has always insisted on technological self-reliance and self-improvement, strengthened the construction of independent innovation environment and made great efforts to independent R&D. The Bank made great breakthrough in design capability of key core technologies of important systems. **“Three Enhancements”**: Firstly, the quality and efficiency of project construction was effectively improved. During the Reporting Period, the Bank’s channel construction was accelerated in an all-round way, with fruitful results in new product research and development, richer scenario integration and more solid system support. Secondly, the data support capability was steadily improved. In 2022, the Bank made great efforts to the data system construction work and the data support capability was effectively improved. The Bank achieved “zero late submission” of regulatory data. Thirdly, the management capability of IT outsourcing was greatly improved. During the Reporting Period, the Bank revised and issued the IT Outsourcing Management Measures of Bank of Guizhou, IT Outsourcing Supplier Management Implementation Rules of Bank of Guizhou and IT Outsourcing Staff Management Implementation Rules of Bank of Guizhou to reshape the IT outsourcing management system and solidify the foundation of outsourcing management. The Bank implemented the project manager system, strengthened system learning and evaluation, enhanced the awareness of outsourcing compliance management, and greatly improved the outsourcing management capability.

4.13 SOCIAL RESPONSIBILITIES

I. The Bank has actively cultivated the untapped rural markets to promote rural revitalization

While adhering to high-quality development, focusing on the difficulties in financing, high financing costs and other problems in rural areas, the Bank has actively fulfilled its social responsibility and provided strong financial support to Guizhou Province for promoting the rural revitalization in all-round way and realizing rural residents’ income enrichment by improving service mechanisms, innovating financial products and increasing credit investment. As at the end of the Reporting Period, the Bank recorded a balance of RMB50.949 billion of rural revitalization loans and granted rural revitalization loans of 12.416 billion in aggregate during the year, and newly opened 24,600 accounts of “Agriculture Revitalization Loan” with a balance of 3.588 billion, providing continuous financial assistance for the promotion of comprehensive rural revitalization in Guizhou Province.

Management Discussion and Analysis (Continued)

II. The Bank has adhered to the original aspiration of financial institution and sincerely served micro and small private enterprises

The Bank continued to increase its credit resources to the real economy and has comprehensively enhanced its ability and standard of financial support for the development of the real economy. As of the end of the Reporting Period, the financing balance of the Bank for the real economy was RMB176.070 billion, representing an increase of RMB32.247 billion or 22.42% from the beginning of the year. The balance of loans to private enterprises was RMB43.568 billion, representing an increase of RMB5.588 billion or 14.71% from the beginning of the year. The Bank persisted in product innovation, continuously enhanced the quality and efficiency of inclusive financial service and launched the innovative products series “Qing Hui Loan (青惠貸)” and “Intangible Cultural Heritage Revitalization Loan (非遺振興貸)” that improve social responsibility and value. The Bank issued a total of 61,861 loans to micro and small private enterprises online with an amount of RMB5.098 billion. As of the end of the Reporting Period, the balance of the Bank’s loans to micro and small private enterprises in the inclusive category accounted for a continuous increase of 1.85 percentage points over the beginning of the year.

III. The Bank has earnestly practiced environmental protection and green development

The Bank focuses on the goal of “Carbon Peak and Carbon Neutrality”, and adheres to green finance as its strategic development direction. As of the end of the Reporting Period, the Bank’s balance of green loan was RMB46.630 billion, representing an increase of RMB11.659 billion or 33.34% compared with the beginning of the year, of which the balance of green loan for corporate business was RMB46.420 billion, representing an increase of RMB11.559 billion or 33.16% compared with the beginning of the year. During the Reporting Period, the Bank successfully issued RMB3 billion of green financial bonds, providing financial support for the construction of key projects such as modern chemical industry, water supply quality improvement, eco-tourism and green agriculture in the province. The lucid waters and lush mountains are becoming the “happy real estate” for Guizhou people.

IV. The Bank continues to improve service quality and effectiveness, and effectively protects the rights and interests of consumers

The Bank continued to promote consumer education activities, launched the “3•15” consumer rights protection education and publicity week and organized a total of 623 online and offline education and publicity activities, with consumer participation of 150,500 person-times. The Bank also launched the publicity campaign of “Financial Knowledge Popularization Month, Financial Knowledge in Families, Be a Rational Investor and a Good Financial Netizen”, with a total of 1,366 activities and participation of 1,245,300 person-times. The Bank has continuously increased the publicity of “inclusive finance knowledge, keep the ‘money bag’” and launched a total of 744 activities, with consumer participation of 108,700 person-times, distributing 75,200 copies of publicity materials and further enhancing the financial consumption risk prevention and self-protection awareness of the public.

Management Discussion and Analysis (Continued)

V. The Bank assumes social responsibilities and proactively participates in public welfare services

The Bank actively fulfills its social responsibilities and strives to be a “warm” bank. During the Reporting Period, the Bank continued to carry out “I do practical things for the public” and “I do practical things for the youth” activities, continued to pay close attention to the production and living needs of the poor people, and made donations to the poor people in Baiqiao Village, Lingsuo Village and Guishang Village in Rongjiang County, actively organized public welfare activities, such as the promotion of laws and regulations on the protection of women workers’ rights and interests, the “Love for Her (愛為她)” seminar on women’s health and the summer caring event of the integrated service station for outdoor workers, in order to enhance public satisfaction. The Bank has led young people to join the public welfare practice, and organized 4,783 volunteer activities, with total employee participation of 3,265 person-times and 17,600 hours of volunteer activities, demonstrating the responsible spirit of Bank of Guizhou.

VI. The Bank always adheres to the people-oriented philosophy and vigorously promotes the development of talents

The Bank attaches great importance to the development of talents, and has recruited 304 talents in the fields of financial technology, asset management, operation and marketing where professionals are in short supply through the platforms including the 10th Guizhou Professionals Convention (貴州省第十屆人才博覽會) and special recruitment of financial technology talents. On top of the “Sailing Plan (揚帆計劃)” of the provincial Party Committee, the Bank has fully explored diversified and high-quality positions that meet the needs of students, and arranged internship positions for 121 person during the Reporting Period, helping potential job seekers to reserve work experience and bringing fresh new human resources into the Bank, while effectively fulfilling the social responsibilities as a state-owned enterprise.

Changes in Share Capital and Information on Shareholders

5.1 CHANGES IN SHARE CAPITAL

As at 31 December 2022, total share capital of the Bank was 14,588,046,744, comprising 12,388,046,744 Domestic Shares and 2,200,000,000 H Shares.

Item	As at 31 December 2021		Changes in shares during the Reporting Period (share)	As at 31 December 2022	
	Number of shares (share)	Percentage (%)		Number of shares (share)	Percentage (%)
Domestic Shares	12,388,046,744	84.92%	0	12,388,046,744	84.92%
H Shares	2,200,000,000	15.08%	0	2,200,000,000	15.08%
Total number of ordinary shares	14,588,046,744	100.00%	0	14,588,046,744	100.00%

5.2 INFORMATION ON SHAREHOLDERS

5.2.1 Total number of domestic shareholders

As at 31 December 2022, the Bank had 5,296 domestic shareholders in total, consisting of 10 state-owned shareholders, 60 state-owned legal person shareholders, 120 private enterprise legal person shareholders and 5,106 natural person shareholders.

Changes in Share Capital and Information on Shareholders (Continued)

5.2.2 Top ten holders of the Domestic Shares

As at 31 December 2022, the shareholdings of top ten Domestic Shareholders of the Bank are detailed as follow:

No.	Name of shareholder	Class of share	Number of shares held (Unit: Share)	Approximate percentage of total issued share capital of the Bank as at the end of the Reporting Period (%)
1	Guizhou Provincial Finance Bureau (貴州省財政廳)	Domestic Shares	2,668,500,000	18.29
2	China Kweichow Moutai Distillery (Group) Co., Ltd. (中國貴州茅台酒廠(集團)有限責任公司)	Domestic Shares	1,750,000,001	12.00
3	Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. (遵義市國有資產投融資經營管理有限責任公司)	Domestic Shares	955,477,904	6.55
4	Shenzhen Expressway Corporation Limited (深圳高速公路集團股份有限公司)	Domestic Shares	426,000,000	2.92
5	Guizhou Water Investment Water Affairs Group Co., Ltd. (貴州水投水務集團有限公司)	Domestic Shares	334,000,000	2.29
6	Guizhou Gui'an Development Group Co., Ltd. (貴州貴安發展集團有限公司)	Domestic Shares	300,000,000	2.06
7	Guizhou Expressway Group Co., Ltd. (貴州高速公路集團有限公司)	Domestic Shares	300,000,000	2.06
8	Liupanshui Municipal Finance Bureau (六盤水市財政局)	Domestic Shares	284,067,540	1.95
9	Guizhou Science and Technology Venture Capital Co., Ltd. (貴州省科技風險投資有限公司)	Domestic Shares	202,602,689	1.39
10	Liupanshui Minsheng Industrial Investment Group Co., Ltd. (六盤水市民生產業投資集團有限責任公司)	Domestic Shares	200,000,000	1.37

5.2.3 Interests and short positions of substantial shareholders in Shares and underlying shares under the Regulations of Hong Kong

As at 31 December 2022, to the best knowledge of the Bank, the following persons (other than the Bank's Directors, Supervisors and chief executives) had interests and/or short positions in the Shares or underlying shares of the Bank as recorded in the register of interests required to be kept by the Bank pursuant to Section 336 of Part XV of the SFO or, directly or indirectly, were interested in 5% or more of the nominal value of any class of the Bank's share capital:

Changes in Share Capital and Information on Shareholders (Continued)

Name of shareholder	Class of shares	Long positions /Short positions	Nature of interests	Number of Shares (Share)	Approximate percentage of the relevant class of share capital issued of the Bank (%)	Approximate percentage of the total issued share capital of the Bank (%)
Guizhou Provincial Finance Bureau (貴州省財政廳)	Domestic Shares	Long positions	Beneficial owner	2,668,500,000	21.54	18.29
China Kweichow Moutai Distillery (Group) Co., Ltd. ⁽¹⁾ (中國貴州茅台酒廠(集團)有限責任公司)	Domestic Shares	Long positions	Beneficial owner	1,750,000,001	14.13	12.00
State-owned Assets Supervision and Administration Commission of the People's Government of Guizhou Province ⁽¹⁾ (貴州省人民政府國有資產監督管理委員會)	Domestic Shares	Long positions	Interest in controlled corporation	1,750,000,001	14.13	12.00
Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. ⁽²⁾ (遵義市國有資產投資經營管理有限責任公司)	Domestic Shares	Long positions	Beneficial owner	955,477,904	7.71	6.55
Zunyi State-owned Capital Operation Co., Ltd. ⁽²⁾ (遵義市國有資本運營有限公司)	Domestic Shares	Long positions	Interest in controlled corporation	955,477,904	7.71	6.55
Zunyi City Mingcheng State-owned Assets Investment and Operation Co., Ltd. ⁽²⁾ (遵義市名城國有資產投資經營有限公司)	Domestic Shares	Long positions	Beneficial owner	34,065,055	0.27	0.23
State-owned Assets Supervision and Administration Commission of the People's Government of Zunyi Municipality ⁽²⁾ (遵義市人民政府國有資產監督管理委員會)	Domestic Shares	Long positions	Interest in controlled corporation	989,542,959	7.98	6.78
Guizhou Water Investment Water Affairs Group Co., Ltd. ⁽³⁾ (貴州水投水務集團有限公司)	H Shares	Long positions	Beneficial owner	314,030,000	14.27	2.15
Guizhou Province Water Investment (Group) Co., Ltd. ⁽³⁾ (貴州省水利投資(集團)有限責任公司)	H Shares	Long positions	Interest in controlled corporation	314,030,000	14.27	2.15
State-owned Assets Supervision and Administration Commission of the People's Government of Guizhou Province ⁽³⁾ (貴州省人民政府國有資產監督管理委員會)	H Shares	Long positions	Interest in controlled corporation	314,030,000	14.27	2.15
Qianxinan Prefecture Hongsheng Capital Operation Co., Ltd. ⁽⁴⁾ (黔西南州宏升資本運營有限責任公司)	H Shares	Long positions	Beneficial owner	310,487,000	14.11	2.13
State-owned Assets Supervision and Administration Commission of the People's Government of Qianxinan Prefecture ⁽⁴⁾ (黔西南州人民政府國有資產監督管理委員會)	H Shares	Long positions	Interest in controlled corporation	310,487,000	14.11	2.13
Renhuai Sauce-flavored Liquor (Group) Co., Ltd. ⁽⁵⁾ (仁懷醬酒(集團)有限責任公司)	H Shares	Long positions	Beneficial owner	309,382,000	14.06	2.12
The People's Government of Renhuai Municipality ⁽⁵⁾ (仁懷市人民政府)	H Shares	Long positions	Interest in controlled corporation	309,382,000	14.06	2.12
Guizhou Fanjingshan Investment Holding Group Co., Ltd. ⁽⁶⁾ (貴州省梵淨山投資控股集團有限公司)	H Shares	Long positions	Beneficial owner	142,000,000	6.45	0.97
Tongren State-owned Assets Supervision and Administration Bureau ⁽⁶⁾ (銅仁市國有資產監督管理局)	H Shares	Long positions	Interest in controlled corporation	142,000,000	6.45	0.97
Changsheng Fund Management Co. Ltd.-Changsheng Fund Zunyi No.1 Single Asset Management Plan ⁽⁷⁾ (長盛基金遵義1號單一資產管理計劃)	H Shares	Long positions	Investment Manager	140,000,000	6.36	0.96

Changes in Share Capital and Information on Shareholders (Continued)

Notes:

- (1) China Kweichow Moutai Distillery (Group) Co., Ltd. is 90% owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Guizhou Province (貴州省人民政府國有資產監督管理委員會). By virtue of the SFO, the State-owned Assets Supervision and Administration Commission of the People's Government of Guizhou Province is deemed to be interested in the shares of the Bank held by China Kweichow Moutai Distillery (Group) Co., Ltd.
- (2) Zunyi City Mingcheng State-owned Assets Investment and Operation Co., Ltd. is wholly owned by State-owned Assets Supervision and Administration Commission of Zunyi Municipality. The 58.44% interests of Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. is held by Zunyi State-owned Capital Operation Co., Ltd. Zunyi State-owned Capital Operation Co., Ltd. is 98% owned by the State-owned Assets Supervision and Administration Commission of Zunyi Municipality. By virtue of the SFO, Zunyi State-owned Capital Operation Co., Ltd. is deemed to be interested in the shares of the Bank held by Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. State-owned Assets Supervision and Administration Commission of Zunyi Municipality is deemed to be interested in the shares of the Bank held by Zunyi City Mingcheng State-owned Assets Investment and Operation Co., Ltd. and Zunyi City State-owned Assets Investment and Financing Management Co., Ltd.
- (3) Guizhou Water Investment Water Affairs Group Co., Ltd. is 87.47% owned by Guizhou Water Conservancy Investment Group Co., Ltd. (貴州省水利投資(集團)有限責任公司) 91.31% interests of which is held by State-owned Assets Supervision and Administration Commission of the People's Government of Guizhou Province. By virtue of the SFO, both Guizhou Water Conservancy Investment Group Co., Ltd. and State-owned Assets Supervision and Administration Commission of the People's Government of Guizhou Province are deemed to be interested in the shares of the Bank held by Guizhou Water Investment Water Affairs Group Co., Ltd.
- (4) Qianxinan Prefecture Hongsheng Capital Operation Co., Ltd. is 73.23% owned by State-owned Assets Supervision and Administration Commission of the People's Government of Qianxinan Prefecture. By virtue of the SFO, State-owned Assets Supervision and Administration Commission of the People's Government of Qianxinan Prefecture is deemed to be interested in the shares of the Bank held by Qianxinan Prefecture Hongsheng Capital Operation Co., Ltd.
- (5) Renhuai Sauce-flavored Liquor (Group) Co., Ltd. is 92.61% owned by the People's Government of Renhuai Municipality. By virtue of the SFO, the People's Government of Renhuai Municipality is deemed to be interested in the shares of the Bank held by Renhuai Sauce-flavored Liquor (Group) Co., Ltd.
- (6) Tongren State-owned Assets Supervision and Administration Bureau holds 67.77% interests in Guizhou Fanjingshan Investment Holding Group Co., Ltd. In virtue of the SFO, Tongren State-owned Assets Supervision and Administration Bureau is deemed to be interested in the shares of the Bank held by Guizhou Fanjingshan Investment Holding Group Co., Ltd.
- (7) Changsheng Fund Management Co. Ltd is the investment manager of the asset management plan products of Changsheng Fund Zunyi No.1 Single Asset Management Plan.

Save as disclosed above, the Bank is not aware of any other person (other than the Directors, Supervisors and chief executives of the Bank) having any interests or short positions in the shares or underlying shares of the Bank as at 31 December 2022 as recorded in the register required to be kept by the Bank pursuant to Section 336 of the SFO.

5.2.4 Shareholders holding 5% or more of the shares

For information on shareholders holding 5% or more of the share capital of the Bank, please refer to particulars of shareholders as described in 5.2.3 above.

Changes in Share Capital and Information on Shareholders (Continued)

5.2.5 Other substantial shareholders

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

Other than Guizhou Provincial Finance Bureau, China Kweichow Moutai Distillery (Group) Co., Ltd., Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. as disclosed in section 5.2.3 headed "Interests and short positions of substantial shareholders in shares and underlying shares under the Regulations of Hong Kong" under this chapter, the followings are substantial shareholders of the Bank who hold less than 5% of total capital or total shares but have nominated directors, supervisors or senior management to the Bank and those nominated candidates have been appointed:

Name of Shareholder	Class of Shares	Long positions /Short positions	Nature of Interests	Number of shares (Share)	Approximate percentage of the total issued share capital of the Bank (%)
Shenzhen Expressway Corporation Limited ⁽¹⁾ (深圳高速公路集團股份有限公司)	Domestic Shares	Long positions	Beneficial owner	426,000,000	2.92
	H Shares	Long positions	Interest in controlled corporation	76,207,000	0.52
Guizhou Water Investment Water Affairs Group Co., Ltd. (貴州水投水務集團有限公司)	Domestic Shares	Long positions	Beneficial owner	334,000,000	2.29
	H Shares	Long positions	Beneficial owner	314,030,000	2.15
Guizhou Water Conservancy Investment Group Co., Ltd. ⁽²⁾ (貴州省水利投資(集團)有限責任公司)	Domestic Shares	Long positions	Beneficial owner	165,647,484	1.14
	Domestic Shares	Long positions	Interest in controlled corporation	334,000,000	2.29
	H Shares	Long positions	Interest in controlled corporation	314,030,000	2.15
Guizhou Expressway Group Co., Ltd. (貴州高速公路集團有限公司)	Domestic Shares	Long positions	Beneficial owner	300,000,000	2.06
Qianxinan Prefecture Hongsheng Capital Operation Co., Ltd. (黔西南州宏升資本營運有限責任公司)	H Shares	Long positions	Beneficial owner	310,487,000	2.13
Renhuai State-owned Assets Investment and Management Co., Ltd. (仁懷市國有資產投資經營有限責任公司)	Domestic Shares	Long positions	Beneficial owner	104,065,055	0.71

Notes:

- (1) Mei Wah Industrial (Hong Kong) Limited is wholly-owned by Shenzhen Expressway Corporation Limited (深圳高速公路集團股份有限公司) which is deemed to hold interests in 76,207,000 shares of the Bank held by Mei Wah Industrial (Hong Kong) Limited according to the SFO.
- (2) Guizhou Water Conservancy Investment Group Co., Ltd. holds 87.47% of the shares of Guizhou Water Investment Water Affairs Group Co., Ltd. and therefore Guizhou Water Conservancy Investment Group Co., Ltd. directly and indirectly holds a total of 5.58% of the shares of the Bank. Guizhou Water Conservancy Investment Group Co., Ltd. and Guizhou Water Investment Water Affairs Group Co., Ltd. are identified as substantial shareholders of the Bank.

Changes in Share Capital and Information on Shareholders (Continued)

5.2.6 Related party relationships between the substantial shareholders and their controlling shareholders, beneficial controllers and ultimate owner

Company Name	Registry	Registered capital (RMB'000)	Percentage of shares held in the Bank as at 31 December 2022 (including Domestic Shares and H Shares)	Percentage of shares held in the Bank as at 31 December 2021 (including Domestic Shares and H Shares)	Economic nature or type	Legal representative or person in charge
Guizhou Provincial Finance Bureau (貴州省財政廳)	Guiyang, Guizhou Province	N/A	18.29%	17.26%	Provincial government department	SHI Huaqing (石化清)
China Kweichow Moutai Distillery (Group) Co., Ltd. (中國貴州茅台酒廠(集團)有限責任公司)	Guiyang, Guizhou Province	10,000,000	12.00%	12.00%	Limited liability company (state-controlled)	DING Xiongjun (丁雄軍)
Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. (遵義市國有資產投資融資經營管理有限責任公司)	Zunyi, Guizhou Province	8,163,400	6.55%	6.78%	Limited liability company (state-controlled)	SUN Junwei (孫俊偉)
Guizhou Water Conservancy Investment Group Co., Ltd. (貴州省水利投資(集團)有限責任公司)	Guiyang, Guizhou Province	60,000,000	5.58%	4.44%	Limited liability company (state-controlled)	ZHANG Wenwei (張文偉)
Guizhou Water Investment Water Affairs Group Co., Ltd. (貴州水投水務集團有限公司)	Guiyang, Guizhou Province	1,207,606	4.44%	4.44%	Limited liability company (state-controlled)	WANG Wencheng (王文成)
Shenzhen Expressway Corporation Limited (深圳高速公路集團股份有限公司)	Shenzhen, Guangdong Province	2,180,770	3.44%	3.44%	Joint-stock company	HU Wei (胡偉)
Qianxinan Prefecture Hongsheng Capital Operation Co., Ltd. (黔西南州宏升資本營運有限責任公司)	Xingyi, Qianxinan Bouyei and Miao Autonomous Prefecture, Guizhou Province	173,690	2.13%	2.13%	Limited liability company (state-controlled)	LV Jiyan (呂紀焱)
Guizhou Expressway Group Co., Ltd. (貴州高速公路集團有限公司)	Guiyang, Guizhou Province	11,105,372	2.06%	2.06%	Limited liability company (state-controlled)	LONG Pingjiang (龍平江)
Renhuai State-owned Assets Investment and Management Co., Ltd. (仁懷市國有資產投資經營有限責任公司)	Renhuai, Guizhou Province	1,130,000	0.71%	0.71%	Limited liability company (wholly state-owned)	CHEN Ce (陳策)

Changes in Share Capital and Information on Shareholders (Continued)

1. *Guizhou Provincial Finance Bureau (貴州省財政廳)*

Guizhou Provincial Finance Bureau holds 2,668,500,000 Domestic Shares of the Bank, accounting for approximately 18.29% of the total issued share capital of the Bank. The shares held by Guizhou Provincial Finance Bureau are state-owned shares, and the ultimate owner is Guizhou Provincial Finance Bureau.

The main businesses of Guizhou Provincial Finance Bureau are to implement the national and provincial fiscal and taxation policies and laws and regulations, and organize the drafting of local regulations and rules on finance, taxation, government procurement, state-owned asset management, asset evaluation, financial accounting, government debt management, etc..

2. *China Kweichow Moutai Distillery (Group) Co., Ltd. (中國貴州茅台酒廠(集團)有限責任公司)*

China Kweichow Moutai Distillery (Group) Co., Ltd. holds 1,750,000,001 Domestic Shares of the Bank, representing 12.00% of the total share capital of the Bank. China Kweichow Moutai Distillery (Group) Co., Ltd. is 90% owned by State-owned Assets Supervision and Administration Commission of People's Government of Guizhou Province which is its actual controller and actual beneficiary. According to the relevant regulations in the Interim Measures for the Equity Management of Commercial Banks, as at the end of the Reporting Period, the related parties of China Kweichow Moutai Distillery (Group) Co., Ltd. included Kweichow Moutai Distillery (Group) Real Estate Investment and Development Co., Ltd.* (貴州茅台酒廠(集團)置業投資發展有限公司) and Shanghai Moutai Trading Co., Ltd. (上海茅台貿易有限公司).

The main businesses of China Kweichow Moutai Distillery (Group) Co., Ltd. include production and operation of alcoholic products as major products, production technology consulting and services of alcoholic products, production and sales of packaging materials and beverages, catering, accommodation, tourism, logistics and transportation, import and export trade business, internet industry, real estate development and lease, parking lot management, education, health and ecological agriculture.

3. *Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. (遵義市國有資產投融資經營管理有限責任公司)*

Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. holds 955,477,904 Domestic Shares of the Bank, representing approximately 6.55% of the total share capital of the Bank. Zunyi State-owned Capital Operation Co., Ltd. holds 58.43% equity of Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. and is 98% owned by State-owned Assets Supervision and Administration Commission of Zunyi Municipality. Therefore, State-owned Assets Supervision and Administration Commission of Zunyi Municipality is an actual controller and the ultimate beneficial owner of Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. According to the relevant regulations in the Interim Measures for the Equity Management of Commercial Banks, as at the end of the Reporting Period, the related parties of Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. included, among others, Zunyi State-owned Capital Operation Co., Ltd. and Zunyi State-owned Assets Investment Hotel Management Co., Ltd. (遵義市國投酒店管理有限責任公司).

Changes in Share Capital and Information on Shareholders (Continued)

The main businesses of Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. are operation and management of state-owned assets and capital within the scope of authorization, foreign investment, leasing, joint venture, cooperation, share-controlling, shareholding, acquisition, merger, reorganization, and asset disposal, industrial investment, equity investment, land development and consolidation relying on the advantages of assets, resources and capital, and corporate financing services. Projects involving licensed operation shall be operated only after obtaining permission from relevant departments.

4. *Guizhou Water Investment Water Affairs Group Co., Ltd.* (貴州水投水務集團有限公司)

Guizhou Water Investment Water Affairs Group Co., Ltd. holds 334,000,000 Domestic Shares and 314,030,000 H Shares of the Bank, with a total shareholding of 648,030,000 Shares, accounting for 4.44% of the entire share capital of the Bank. Guizhou Water Conservancy Investment Group Co., Ltd. (貴州省水利投資(集團)有限責任公司) holds 87.47% equity of Guizhou Water Investment Water Affairs Group Co., Ltd.. State-owned Assets Supervision and Administration Commission of Guizhou Province holds 91.31% equity of Guizhou Water Conservancy Investment Group Co., Ltd. Therefore, the actual controller and the ultimate beneficial owner of Guizhou Water Investment Water Affairs Group Co., Ltd is State-owned Assets Supervision and Administration Commission of Guizhou Province. According to the relevant regulations in the Interim Measures for the Equity Management of Commercial Banks, as at the end of the Reporting Period, the related parties of Guizhou Water Investment Water Affairs Group Co., Ltd. included, among others, Guizhou Water Investment Water Affairs Technology Co., Ltd. (貴州水投水務科技有限公司) and Guizhou Water Investment Water Affairs Group Songtao Co., Ltd. (貴州水投水務集團松桃有限公司).

The main businesses of Guizhou Water Investment Water Affairs Group Co., Ltd. are investment, financing, construction and operation management of water source projects, water supply integration projects in towns and industrial parks, production and sales of drinking water in-depth development, sales, installation and maintenance of water supply and supporting equipment, development and application of new technologies, new materials and new processes for water supply projects, and construction, installation, commissioning, economic and technical cooperation, technical consultation, survey design and training of water supply investment and development projects.

Changes in Share Capital and Information on Shareholders (Continued)

5. *Shenzhen Expressway Corporation Limited* (深圳高速公路集團股份有限公司)

Shenzhen Expressway Corporation Limited holds 426,000,000 Domestic Shares of the Bank and its related party, Mei Wah Industrial (Hong Kong) Limited holds 76,207,000 H Shares of the Bank, with 502,207,000 Shares in aggregate, accounting for 3.44% of the entire share capital of the Bank. Shenzhen Expressway Corporation Limited is an A Share and H Share listed Company. Based on its disclosed information, the actual controller and beneficial controller of Shenzhen Expressway Corporation Limited is State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipality. According to the relevant regulations in the Interim Measures for the Equity Management of Commercial Banks, as at the end of the Reporting Period, the related parties of Shenzhen Expressway Corporation Limited included, among others, Shenzhen Expressway Environment Company Limited (深圳高速環境有限公司) and Shenzhen Outer Ring Expressway Investment Company Limited (深圳市外環高速公路投資有限公司).

The main businesses of Shenzhen Expressway Corporation Limited are highway and road investment, construction management, business management; import and export business (operating with qualification certificates).

6. *Qianxinan Prefecture Hongsheng Capital Operation Co., Ltd.* (黔西南州宏升資本營運有限責任公司)

Qianxinan Prefecture Hongsheng Capital Operation Co., Ltd. holds 310,487,000 H Shares of the Bank, accounting for 2.13% of the entire share capital of the Bank. The State-owned Assets Supervision and Administration Commission of the People's Government of Qianxinan Prefecture (黔西南州人民政府國有資產監督管理委員會) holds 73.23% equity of Qianxinan Prefecture Hongsheng Capital Operation Co., Ltd. and is its actual controller and ultimate beneficiary owner. According to the relevant regulations as provided in the Interim Measures for the Equity Management of Commercial Banks, as at the end of the Reporting Period, the related parties of Qianxinan Prefecture Hongsheng Capital Operation Co., Ltd. included, among others, Guizhou Honyee Assets Management Co., Ltd.* (貴州宏義資產管理有限公司) and Guizhou Shijin Financial Guarantee Co., Ltd.* (貴州省時進融資擔保有限責任公司).

The main businesses of Qianxinan Prefecture Hongsheng Capital Operation Co., Ltd. are state-owned asset equity management, financing and investment, property (equity) acquisition, merger and transfer, asset custody and disposal, state-owned asset operation and management, urban infrastructure investment and financing, construction of municipal utilities engineering, land development and rehabilitation, real estate development and operation, lease of commercial housing, real estate information consulting, engaging in real estate brokerage business, property management, lease of office spaces, and sales of commodity houses developed by the enterprise.

Changes in Share Capital and Information on Shareholders (Continued)

7. *Guizhou Expressway Group Co., Ltd.* (貴州高速公路集團有限公司)

Guizhou Expressway Group Co., Ltd. holds 300,000,000 Domestic Shares of the Bank, representing 2.06% of the total share capital of the Bank. Guizhou Expressway Group Co., Ltd. is 51.00% owned by State-owned Assets Supervision and Administration Commission of People's Government of Guizhou Province which is also its actual controller and ultimate beneficial owner. Pursuant to relevant requirements of Interim Measures for the Equity Management of Commercial Banks, as at the end of the Reporting Period, the related parties of Guizhou Expressway Group Co., Ltd. included, among others, Guizhou Expressway Investment Group Co., Ltd. (貴州高速投資集團有限公司) and Guizhou Qiantong Intelligent Connection of Science and Technology Industrial Development Co., Ltd. (貴州黔通智聯科技產業發展有限公司).

The main businesses of Guizhou Expressway Group Co., Ltd. include the operation and management of expressways and ancillary facilities construction, maintenance, toll collection and service; the construction, operation and management of business in relation to expressways; expressway passenger and freight transport; leasing, repair and maintenance of materials and equipment and provision of other supplies; technical consultancy, survey and design, supervision, monitoring, testing and other services in relation to expressway construction; and introduction of new materials, technologies and workmanship.

8. *Guizhou Water Conservancy Investment Group Co., Ltd.* (貴州省水利投資(集團)有限責任公司)

Guizhou Water Conservancy Investment Group Co., Ltd. holds 165,647,484 Domestic Shares of the Bank, representing 1.14% of the total share capital of the Bank. It and its related party, Guizhou Water Investment Water Affairs Group Co., Ltd. hold 813,677,484 Shares of the Bank in aggregate, accounting for approximately 5.58% of the entire share capital of the Bank. Guizhou Water Conservancy Investment Group Co., Ltd. is 91.31% owned by State-owned Assets Supervision and Administration Commission of the People's Government of Guizhou Province which is also its actual controller and ultimate beneficial owner. Pursuant to relevant requirements of Interim Measures for the Equity Management of Commercial Banks, as at the end of the Reporting Period, the related parties of Guizhou Water Conservancy Investment Group Co., Ltd. included, among others, Guizhou Water Investment Capital Management Co., Ltd. (貴州水投資本管理有限責任公司) and Guizhou Water Investment Industry Development Co., Ltd. (貴州水投產業發展有限責任公司).

The main businesses of Guizhou Water Conservancy Investment Group Co., Ltd. include the province's key water conservancy infrastructure and supporting projects, large and medium-sized and small water supply projects, drinking water projects for human and animal, watershed development and management, urban and rural water supply and drainage, sewage treatment, urban flood control, water environment management, soil and water conservation and hydroelectric power generation, water conservancy scenic area investment and financing, construction and management; comprehensive development and utilization of land resources; foreign economic and technical cooperation in water conservancy projects; engineering consulting, project management, intermediary services and other operations.

Changes in Share Capital and Information on Shareholders (Continued)

9. Renhuai City State-owned Assets Investment and Management Co., Ltd. (仁懷市國有資產投資經營有限責任公司)

Renhuai City State-owned Assets Investment and Management Co., Ltd. holds 104,065,055 Domestic Shares of the Bank, representing 0.71% of the total share capital of the Bank. Renhuai City State-owned Assets Investment and Management Co., Ltd. is wholly owned by Renhuai People's Government which is also its actual controller and ultimate beneficial owner. Pursuant to relevant requirements of Interim Measures for the Equity Management of Commercial Banks, as at the end of the Reporting Period, the related parties of Renhuai City State-owned Assets Investment and Management Co., Ltd. included, among others, Renhuai Agricultural Financing Guarantee Co., Ltd. (仁懷市農業融資擔保有限責任公司) and Guizhou Renhuai Huizhi Human Resources Development Co., Ltd. (貴州省仁懷市匯智人力資源開發有限責任公司).

The main businesses of Renhuai City State-owned Assets Investment and Management Co., Ltd. are the operation and management of state-owned assets; land development, construction and operation and management of urban infrastructure such as roads, bridges, sewage, urban water supply and greening as authorised by the municipal government, and participation in the development and construction, operation and management of commercial real estate and the operation and management of guesthouses and hotels.

5.2.7 Pledge of equity by substantial shareholders

According to the Measures on the Supervision of the Behavior of Substantial Shareholders of Banking and Insurance Institutions (Trial) (Yin Bao Jian Fa [2021] No. 43) (《銀行保險機構大股東行為監管辦法(試行)》銀保監發[2021]43號), substantial shareholders refer to the shareholders of city commercial banks that meet one of the following conditions: holding more than 10% of the equity of city commercial banks, rural commercial banks and other institutions; actually holding the largest equity of a city commercial bank and holding not less than 5% (including shareholders holding the same number of shares); nominating two or more directors; having controlling influence on its own operation and management in the opinion of the board of directors of a city commercial bank; and other circumstances as determined by the CBIRC or its dispatched agencies.

As of the end of the Reporting Period, to the best knowledge of the Bank, there was no pledge on the equity of the Bank held by its substantial shareholders.

5.2.8 Pledge of equity by major shareholders

- I. Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. holds 955,477,904 Domestic Shares of the Bank, of which 474,932,193 shares have been pledged.
- II. Renhuai City State-owned Assets Investment and Management Co., Ltd. holds 104,065,055 Domestic Shares of the Bank, of which 100 million shares have been pledged.

Save as disclosed above and to the best knowledge of the Bank, as of the end of the Reporting Period, there was no other pledge on shares made by major shareholders.

Changes in Share Capital and Information on Shareholders (Continued)

5.2.9 Nomination of Directors and Supervisors by the shareholders

Nominator	Name of nominee	Position
Guizhou Provincial Finance Bureau	CHEN Jingde	Non-executive Director
Guizhou Provincial Finance Bureau	CHEN Hanqing	Non-executive Director
Shenzhen Expressway Corporation Limited	GONG Taotao	Non-executive Director
Guizhou Expressway Group Co., Ltd.	ZHAO Yong	Non-executive Director
Qianxinan Prefecture Hongsheng Capital Operation Co., Ltd.	HE Xinzhang	Shareholder Supervisor
Renhuai City State-owned Assets Investment and Management Co., Ltd.	CHENG Yunlong	Shareholder Supervisor

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

Nil.

5.2.11 The Bank's pledged shares being frozen, judicially auctioned, or subject to voting restriction or other restrictions under the law

- I. As of the end of the Reporting Period, to the best knowledge of the Bank, 389,647,013 pledged shares held by 5 domestic shareholders of the Bank were involved in freezing and 271,042,491 pledged shares held by 3 domestic shareholder were involved in judicial auction.
- II. According to the Articles of Association of the Bank, when the number of shares pledged by a shareholder of the Bank reaches or exceeds 50% of the shares of the Bank held by the shareholder, the shareholder may not exercise the right to vote on the pledged part of the shares at the shareholders' general meeting during the pledge period. As of the end of the Reporting Period, to the best knowledge of the Bank, 13 domestic shareholders of the Bank have pledged equity interests reaching or exceeding 50% of their equity interests in the Bank, with a total of 769,004,118 shares subject to restrictions on voting rights, representing 5.27% of the total number of shares in the Bank.

5.2.12 Purchase, sale or redemption of listed securities

During the Reporting Period, the Bank did not purchase, sell or redeem any of its listed securities.

Directors, Supervisors, Senior Management, Employees and Organizations

6.1 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

6.1.1 Directors

As of the end of the Reporting Period, the Board of the Bank consists of fourteen Directors (of which the qualification of two Directors is subject to approval), including three executive Directors, four non-executive Directors, and seven independent non-executive Directors. The Directors are elected for a term of three years and are subject to re-election, provided that the cumulative term of an independent non-executive Director shall not exceed six years pursuant to the relevant PRC laws and regulations. The details are as follows:

Name	Gender	Date of birth	Date of appointment	Position in the Bank
YANG Mingshang (楊明尚)	Male	November 1965	July 2021	Chairman of the Board, executive Director
XU An (許安)	Male	October 1963	August 2018	Executive Director, President
CAI Dong (蔡東)	Male	September 1966	August 2021	Executive Director
CHEN Jingde (陳景德)	Male	December 1969	August 2021	Non-executive Director
CHEN Hanqing (陳含青)	Male	February 1984	August 2021	Non-executive Director
GONG Taotao (龔濤濤)	Female	February 1973	November 2016	Non-executive Director
ZHAO Yong (趙勇)	Male	May 1969	August 2021	Non-executive Director
WANG Gefan (王革凡) ⁽¹⁾	Male	June 1957	August 2018	Independent non-executive Director
TANG Xin (湯欣) ⁽¹⁾	Male	September 1971	August 2018	Independent non-executive Director
SONG Ke (宋科) ⁽¹⁾	Male	April 1982	August 2018	Independent non-executive Director
LEE Hoey Simon (李浩然)	Male	March 1977	May 2022	Independent non-executive Director
SUN Li (孫莉)	Female	October 1970	August 2022	Independent non-executive Director
JIA Xiangsen (賈祥森) ⁽²⁾	Male	April 1955	—	Independent non-executive Director
JIANG Shangjun (姜尚君) ⁽²⁾	Male	July 1954	—	Independent non-executive Director

Notes:

- (1) Mr. WANG Gefan, Mr. TANG Xin, Mr. SONG Ke acted as independent non-executive Directors of the second session of the Board of the Bank from August 2018 to June 2021.
- (2) The qualifications of Mr. JIA Xiangsen and Mr. JIANG Shangjun as independent non-executive Directors of the Bank are subject to approval.

Directors, Supervisors, Senior Management, Employees and Organizations (Continued)

6.1.2 Supervisors

As of the end of the Reporting Period, the third session of the Board of Supervisors of the Bank consists of eight Supervisors, including three employee Supervisors, two shareholder Supervisors and three external Supervisors. The term of office of each Supervisor is three years and Supervisors are eligible to be re-elected upon expiry of their terms of office, provided that the cumulative term of an external Supervisor shall not exceed six years pursuant to the relevant PRC laws and regulations. The details are as follows:

Name	Gender	Date of birth	Date of appointment	Position in the Bank
WU Fan (吳帆)	Female	August 1968	June 2021	Chairman of the Board of Supervisors, Employee Supervisor
ZHANG Hui (張惠)	Female	October 1973	June 2021	Employee Supervisor
WANG Wei (王薇)	Female	February 1978	June 2022	Employee Supervisor
CHENG Yunlong (程雲龍)	Male	October 1976	June 2021	Shareholder Supervisor
HE Xinzhang (何信彰)	Male	July 1965	June 2022	Shareholder Supervisor
SU Zhi (蘇治) ⁽¹⁾	Male	December 1977	May 2018	External Supervisor
YIN Xinquan (尹新全)	Male	August 1957	June 2021	External Supervisor
CHEN Houyi (陳厚義) ⁽²⁾	Male	January 1956	April 2017	External Supervisor

Notes:

- (1) Mr. SU Zhi served as an external Supervisor of the second session of the Board of Supervisors of the Bank from May 2018 to June 2021.
- (2) Mr. CHEN Houyi served as an external Supervisor of the first session of the Board of Supervisors of the Bank from April 2017 to May 2018 and an external Supervisor of the second session of the Board of Supervisor of the Bank from May 2018 to June 2021.

6.1.3 Senior management

As of the end of the Reporting Period, the senior management of the Bank comprises a total of six members. Details are as follows:

Name	Gender	Date of birth	Date of appointment	Position in the Bank
XU An (許安)	Male	October 1963	April 2018	President of the Bank
HU Liangpin (胡良品)	Male	September 1968	April 2018	Vice President of the Bank
AN Peng (安鵬)	Male	October 1976	October 2021	Vice President of the Bank
QIN Wei (覃偉)	Male	March 1976	February 2022	Vice President of the Bank
ZHOU Guichang (周貴昌)	Male	August 1974	May 2019	Secretary to the Board of the Bank
JIAO Zhengjun (焦正俊)	Male	September 1973	May 2022	Chief compliance officer

Directors, Supervisors, Senior Management, Employees and Organizations (Continued)

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

6.2.1 Changes of Directors

- I. On 16 May 2022, the Bank received the Approval of the Qualification of LEE Hoey Simon of Bank of Guizhou Co., Ltd. by the CBIRC Guizhou Office (Gui Yin Bao Jian Fu [2022] No. 95) (《貴州銀保監局關於貴州銀行股份有限公司李浩然任職資格的批覆》(貴銀保監復[2022]95號)), and CBIRC Guizhou Office has approved the qualification of Mr. Lee Hoey Simon to serve as an independent non-executive Director of the Bank. The term of office of such Director shall commence on 17 May 2022 until the term of the third session of the Board expires.
- II. Mr. WANG Xiaoyong resigned as a Director of the Bank on 27 June 2022 due to work arrangements and his resignation took effect on the same date.
- III. Mr. CHEN Hua resigned as a Director of the Bank on 13 July 2022 due to work arrangements and his resignation took effect on the same date.
- IV. On 29 November 2021, Mr. LAW Cheuk Kin Stephen resigned as an independent non-executive Director of the Bank due to work arrangements with effect from 25 August 2022.
- V. On 25 August 2022, the Bank received the Approval of the Qualification of SUN Li of Bank of Guizhou Co., Ltd. by the CBIRC Guizhou Office (Gui Yin Bao Jian Fu [2022] No. 160) (《貴州銀保監局關於貴州銀行股份有限公司孫莉任職資格的批覆》(貴銀保監復[2022]160號)), and CBIRC Guizhou Office has approved the qualification of Ms. SUN Li to serve as an independent non-executive Director of the Bank. The term of office of such Director shall commence on 25 August 2022 until the term of the third session of the Board expires.
- VI. Mr. WANG Wencheng resigned as a Director of the Bank on 2 December 2022 due to work arrangements and his resignation took effect on the same date.

6.2.2 Changes of Supervisors

- I. Mr. JIAO Zhengjun resigned as an employee Supervisor and a member of the Supervision Committee of the Bank on 16 April 2022 due to work arrangements and his resignation took effect on the same date.
- II. Mr. HE Xinzhang was newly elected as a shareholder Supervisor of the Bank at the 2021 shareholders' annual general meeting of the Bank on 16 June 2022 and his term of office shall commence from 16 June 2022 until the expiration of the term of office of the third session of the Board of Supervisors.
- III. Ms. WANG Wei was newly elected as an employee Supervisor of the Bank at the eighth meeting of the second session of employee representatives of the Bank on 30 June 2022 and her term of office shall commence from 30 June 2022 until the expiration of the term of office of the third session of the Board of Supervisors.

Directors, Supervisors, Senior Management, Employees and Organizations (Continued)

6.2.3 Changes of senior management

- I. On 16 February 2022, Mr. QIN Wei was appointed as the vice president of the Bank.
- II. On 1 April 2022, Mr. WANG Xiangdong ceased to be the chief officer of the Bank due to work arrangement by the Bank.
- III. Mr. JIAO Zhengjun was appointed as the chief compliance officer of the Bank on 23 May 2022.

6.2.4 Changes in information of Directors and Supervisors

- I. Mr. SONG Ke, an independent non-executive Director of the Bank, has served as an independent director of Bank of Zhengzhou Co., Ltd. (SEHK stock code: 6196; SZSE stock code: 002936) since January 2022. He ceased to be the deputy secretary of the Party Committee of the Finance School of Renmin University of China in July 2022; and has been the deputy director of the Academic Affairs Office of Renmin University of China since July 2022.
- II. Ms. GONG Taotao, a non-executive Director of the Bank, has ceased to serve as the secretary of the board of directors and joint company secretary of Shenzhen Expressway Corporation Limited since March 2022.
- III. Mr. TANG Xin, an independent non-executive Director of the Bank, has ceased to serve as an independent director of China Life Insurance Company Limited (SSE stock code: 601628) since July 2022.
- IV. Mr. ZHAO Yong, a non-executive Director of the Bank, has been the general manager of Guizhou Transportation Investment and Management Co., Ltd. since July 2022.
- V. Mr. LEE Hoey Simon, an independent non-executive Director of the Bank, has ceased to serve as a managing director of CR Capital since July 2022 and has been the vice president of China Resources Enterprise, Limited since July 2022. He has ceased to serve as a member of the 12th session of the Chinese People's Political Consultative Conference of Guizhou Province, the deputy director of the Hong Kong, Macao and Taiwan Overseas Chinese and Foreign Affairs Committee since January 2023 and has served as a member of the 14th session of Beijing Municipal Committee of the Chinese People's Political Consultative Conference since January 2023.
- VI. Mr. CHEN Hanqing, a non-executive Director of the Bank, ceased to serve as the deputy head of the finance department of Guizhou Financial Holding Group Co., Ltd. (Guizhou Guimin Investment Group Co., Ltd.) (貴州金融控股集團有限責任公司(貴州貴民投資集團有限責任公司)) in August 2022; he has served as a member of the Party Committee and deputy general manager of Guizhou Financing Guarantee Co., Ltd. (貴州省融資擔保有限責任公司) since August 2022.
- VII. Mr. SU Zhi, a Supervisor of the Bank, has served as a non-executive director of Fujian Start Group Co., Ltd. (福建實達集團股份有限公司) (SSE Main Board stock code: 600734) since March 2022; has served as an external supervisor of Bank of Communications Co., Ltd. (交通銀行股份有限公司) (SEHK stock code: 3328; SSE Main Board stock code: 601328) since July 2022.

Directors, Supervisors, Senior Management, Employees and Organizations (Continued)

- VIII. Mr. CHENG Yunlong (程雲龍), a Supervisor of the Bank, served as a director of Renhuai State-owned Assets Investment and Operation Co., Ltd. (仁懷市國有資產投資經營有限責任公司) from December 2021 to November 2022; and has been a full-time external director of Renhuai Urban Development and Construction Investment and Operation Co., Ltd. (仁懷市城市開發建設投資經營有限責任公司), Renhuai Water Investment and Development Co., Ltd. (仁懷市水務投資開發有限責任公司) and Renhuai Economic Development Zone Investment Co., Ltd. (仁懷經濟開發區投資有限責任公司) since November 2022.

6.3 BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANagements

6.3.1 Biographical details of Directors

Mr. YANG Mingshang (楊明尚) is the secretary of the Party Committee, Chairman of the Board and executive Director of the Bank.

Mr. Yang had successively served as a member of the inspection office and general office in Agricultural Bank of China (“ABC”) Guizhou Branch from July 1994 to February 1997; member of the office of legal counsel in ABC Guizhou Branch from February 1997 to July 1997; deputy chief of industrial and commercial credit division in ABC Guizhou Branch from July 1997 to November 1998; deputy chief of asset preservation division in ABC Guizhou Branch from November 1998 to March 2000; chief of credit management division and chief of corporate business division in ABC Guizhou Branch from March 2000 to June 2003; and chief of retail business division in ABC Guizhou Branch from June 2003 to January 2004; the secretary of the party committee and the president in ABC Guizhou Anshun Sub-branch from January 2004 to June 2004, a member of party committee and vice president in ABC Guizhou Branch from June 2004 to May 2014; the deputy secretary of the Party Committee, director and president of the Bank from May 2014 to December 2017; the deputy secretary of the party committee, vice chairman of the board and general manager in Guizhou Financial Holding Group Co., Ltd. (Guizhou Guimin Investment Group Co., Ltd.) (貴州金融控股集團有限責任公司(貴州貴民投資集團有限責任公司)) from December 2017 to March 2021; a non-executive Director of the Bank from August 2018 to March 2020. He has been the secretary of the Party Committee of the Bank since March 2021, and the Chairman of the Board and executive Director of the Bank since July 2021.

Mr. Yang graduated from Wuhan University (武漢大學) with a bachelor’s degree in philosophy in June 1988 and from Xiamen University (廈門大學) with a master’s degree in civil law in July 1994. Mr. Yang has been awarded the title of senior economist.

Directors, Supervisors, Senior Management, Employees and Organizations (Continued)

Mr. XU An (許安) is the deputy secretary of the Party Committee, executive Director and President of the Bank.

Mr. Xu successively engaged in depositing and accounting work in the PBOC Pingba Sub-branch from December 1980 to July 1983. Mr. Xu studied in Guizhou Radio & TV University from July 1983 to July 1986. He successively served in several positions in Industrial and Commercial Bank of China (中國工商銀行) (“ICBC”) Anshun Central Sub-branch, including auditor from July 1986 to August 1992; deputy director of business department from August 1992 to May 1995; manager of international business department from May 1995 to August 1996; director of business department and manager of international business department from August 1996 to February 1998; the secretary of the Party committee and the president in ICBC Anshun Sub-branch from February 1998 to April 1999; the secretary of the Party committee and the president in ICBC Anshun Tashan Sub-branch from April 1999 to September 2000; the chief of industrial and commercial credit division in ICBC Anshun Branch from September 2000 to December 2001. He served as the deputy secretary of the Party committee, vice chairman of the board and general manager in Anshun Urban Credit Cooperative (安順市城市信用社) from December 2001 to April 2009, and secretary of the Party committee and chairman of the board in Anshun City Commercial Bank (安順市商業銀行) from April 2009 to August 2012. Mr. Xu was a member of the Party Committee and Vice President of our Bank from August 2012 to January 2018; and has been the Deputy Secretary of the Party Committee of our Bank since January 2018, President of our Bank since April 2018 and executive Director of our Bank since August 2018.

Mr. Xu studied at and graduated from Guizhou Radio & TV University (貴州廣播電視大學) majoring in finance, from Guizhou College of Finance and Economics (貴州財經學院) (now known as Guizhou University of Finance and Economics (貴州財經大學) in July 1997 and from University of International Business and Economics (對外經濟貿易大學) with an Executive Master of Business Administration (EMBA) degree in December 2012.

Mr. CAI Dong (蔡東) is the deputy secretary of the Party Committee, chairman of the labor union and executive Director of the Bank.

Mr. Cai had successively served as a technician of the inspection institute of Product Quality Supervision Center in Guizhou Province (貴州省產品質量監督中心) from August 1986 to December 1987 (during which, he joined the provincial poverty alleviation team to the Farming Zone in Weining County, Guizhou Province from January 1987 to December 1987); staff of human resource office of Quality and Technology Supervision Bureau of Guizhou Province (貴州省質量技術監督局) from December 1987 to December 1996; deputy director of the inspection institute of Product Quality Supervision Center in Guizhou Province from December 1996 to December 2000; deputy director of personnel and education division of Quality and Technology Supervision Bureau of Guizhou Province from December 2000 to May 2002; director of personnel and education division of Quality and Technology Supervision Bureau of Guizhou Province from May 2002 to December 2006; Party member and secretary of the Party committee of Guizhou Administration for Industry and Commerce (貴州省工商行政管理局) from December 2006 to August 2018 (during which, he took a temporary post as the deputy director of Direct Selling Supervision Bureau of State Administration for Industry and Commerce (國家工商總局直銷監管局) from February 2013 to January 2014); deputy secretary of the Party Committee and secretary of the Party Committee of the Bank from August 2018 to October 2018; and deputy secretary of the Party Committee, chairman of the labor union and secretary of the Party Committee of the Bank from October 2018 to November 2019. He has served as deputy secretary of the Party Committee and chairman of the labor union of the Bank since November 2019; and an executive Director of the Bank since August 2021.

Directors, Supervisors, Senior Management, Employees and Organizations (Continued)

Mr. Cai graduated from Commercial School of Guizhou Province (貴州省商業學校) in July 1986, majoring in household appliances; studied in Guizhou Radio & TV University (貴州廣播電視大學) from September 1991 to July 1993, majoring in administrative management; studied the course of Advanced Training of Managerial Economic of Guizhou Province in Peking University (北京大學貴州省經濟管理高級研修班) from October 2003 to December 2003; studied in junior cadre training class of Party School of the Guizhou Provincial Committee (貴州省委黨校) from March 2006 to May 2006; studied in Party School of the Guizhou Provincial Committee from September 1999 to June 2002, majoring in law; studied in on-job postgraduate class of Party School of the Guizhou Provincial Committee from September 2008 to June 2011, majoring in law; and studied the course of Advanced Training of Public Administration and Management of Nanyang Technological University, Singapore from October 2017 to January 2018. Mr. Cai has been awarded the title of engineer.

Mr. CHEN Jingde (陳景德) is a non-executive Director of the Bank.

Mr. Chen had successively served as a clerk, a deputy director, the director of the agricultural finance department of the Guizhou Provincial Finance Bureau (貴州省財政廳農業財務處) from July 1992 to August 2004; a deputy director of the agricultural taxation department of the Guizhou Provincial Finance Bureau (貴州省財政廳農業稅收處) from August 2004 to December 2005 (during which, from June 2005 to May 2006, he participated in the Provincial Party Building Poverty Alleviation Work Team, and took a temporary post as the assistant to the head of Houchang Township, Puding County, Anshun); a deputy director and the director of grass-root finance management department of Guizhou Provincial Finance Bureau (貴州省財政廳基層財政管理處) from December 2005 to November 2014; the director of agricultural department of Guizhou Provincial Finance Bureau from November 2014 to March 2019. He served as a member of the Party committee, director and deputy general manager of Guizhou Financial Holding Group Co., Ltd. (Guizhou Guimin Investment Group Co., Ltd.) from March 2019 to May 2021; has been a supervisor of the National Green Development Fund Co., Ltd. since 10 July 2020; the deputy secretary of the Party committee, director and chairman of the labor union of Guizhou Financial Holding Group Co., Ltd. (Guizhou Guimin Investment Group Co., Ltd.) since May 2021; and a non-executive Director of the Bank since August 2021.

Mr. Chen graduated from the department of agricultural economics of Jiangxi University of Finance and Economics (江西財經學院) in July 1992, majoring in specialization of agricultural finance, and obtained a bachelor's degree. From September 2003 to July 2005, he had been studying at the post-graduate course in the School of Finance of the Central University of Finance and Economics (中央財經大學) (via correspondence). From September 2012 to June 2015, he studies economics in the on-the-job postgraduate class of the Party School of Guizhou Provincial Committee of the Communist Party of China.

Directors, Supervisors, Senior Management, Employees and Organizations (Continued)

Mr. CHEN Hanqing (陳含青) is a non-executive Director of the Bank.

Mr. Chen successively worked as an intern in the budget department, comprehensive department and payment centre of the Guizhou Provincial Finance Bureau from December 2007 to December 2008; and served as a clerk of the Guizhou Provincial Finance Bureau from December 2008 to June 2009; a clerk (grade 25 civil servant) of the State Treasury Payment Centre of Guizhou Provincial Finance Bureau from June 2009 to April 2010; a clerk of the non-tax revenue management department of the Guizhou Provincial Finance Bureau (registered in the Payment Centre) from April 2010 to February 2012; a deputy director of the non-tax revenue management department of the Guizhou Provincial Finance Bureau (registered in the Payment Centre) from February 2012 to August 2013; a deputy director of the budget department of the Guizhou Provincial Finance Bureau from August 2013 to May 2014. He worked in the finance department of Guizhou Guimin Investment Co., Ltd. (貴州省貴民投資有限責任公司) from May 2014 to June 2014; and served as the business executive of the finance department of Guizhou Guimin Investment Co., Ltd. from June 2014 to July 2014; the business executive of the finance department of Guizhou Guimin Investment Co., Ltd. and the director of Guizhou Guixin Ruihe Venture Capital Management Co., Ltd. (貴州省貴鑫瑞和創業投資管理有限責任公司) from July 2014 to July 2015; the business executive of the finance department of Guizhou Guimin Investment Co., Ltd. (renamed as Guizhou Guimin Development Investment Co., Ltd. (貴州省貴民發展投資有限責任公司) in December 2016), the director of Guizhou Guixin Ruihe Venture Capital Management Co., Ltd. and the director of Qianxinan Venture Capital Fund Co., Ltd. (黔西南州創業投資基金有限公司) from July 2015 to January 2017; the head of the finance department of Guizhou Guimin Investment Group Co., Ltd. (貴州省貴民投資集團有限責任公司) (renamed as Guizhou Financial Holding Group Co., Ltd. (Guizhou Guimin Investment Group Co., Ltd.) (貴州金融控股集團有限責任公司(貴州貴民投資集團有限責任公司)) in January 2018), the director of Guizhou Guixin Ruihe Venture Capital Management Co., Ltd. and the director of Qianxinan Venture Capital Fund Co., Ltd. from January 2017 to September 2018; the head of the finance department of Guizhou Financial Holding Group Co., Ltd. (Guizhou Guimin Investment Group Co., Ltd.), the director of Guizhou Guixin Ruihe Venture Capital Management Co., Ltd. and the director of Qianxinan Venture Capital Fund Co., Ltd. from September 2018 to February 2019; the head of the finance department of Guizhou Financial Holding Group Co., Ltd. (Guizhou Guimin Investment Group Co., Ltd.) and the director of Qianxinan Venture Capital Fund Co., Ltd. from February 2019 to March 2019; the deputy director of the Finance and Economics Committee of Changshun County Committee of Qiannan Prefecture and a member of the Party Group of the County People's Government (temporary position) from June 2020 to July 2021; he served as the deputy head of the finance department of Guizhou Financial Holding Group Co., Ltd. (Guizhou Guimin Investment Group Co., Ltd.) (貴州金融控股集團有限責任公司(貴州貴民投資集團有限責任公司)) from March 2019 to August 2022; he has served as the director of Qianxinan Venture Capital Fund Co., Ltd. since March 2019; he has served as a member of the Party Committee and deputy general manager of Guizhou Financing Guarantee Co., Ltd. (貴州省融資擔保有限責任公司) since August 2022; he has served as a non-executive Director of the Bank since August 2021.

Directors, Supervisors, Senior Management, Employees and Organizations (Continued)

Mr. Chen graduated from Jiangxi University of Finance and Economics in July 2006 with a bachelor's degree in accounting for specialization of certified public accountants, and graduated from Guizhou University in July 2012 with a master's degree in business administration. Mr. Chen has obtained the fund practice qualification and is a senior accountant, an associate constructor and an intermediate economist.

Ms. GONG Taotao (龔濤濤) is a non-executive Director of the Bank.

Ms. Gong worked in Shenzhen Expressway Corporation Limited (深圳高速公路集團股份有限公司) (SEHK stock code: 0548; SSE stock code: 600548) from July 1999 to November 2002, serving successively as deputy manager of the financial department and manager of the audit department; and the finance director of Shenzhen Expressway Corporation Limited from November 2002 to September 2018, during which she acted as executive director of the company from January 2018 to September 2018. She has been the vice president of Shenzhen Expressway Corporation Limited from September 2018 to December 2021. She served as the secretary of the board of directors and joint company secretary of the company from August 2019 to March 2022, and has been a member of the Party committee of the company since October 2011. Ms. Gong has been a non-executive Director of our Bank since November 2016.

Ms. Gong graduated from the Department of Accounting of Shanghai University of Finance and Economics (上海財經大學), majoring in audit, and was conferred a bachelor's degree in economics in July 1994; she graduated from Fudan University (復旦大學), majoring in business administration, and was conferred an MBA degree in July 2000. Ms. Gong has CPA and Certified Public Valuer qualifications.

Directors, Supervisors, Senior Management, Employees and Organizations (Continued)

Mr. ZHAO Yong (趙勇) is a non-executive Director of the Bank.

Mr. Zhao worked in Xintian Precision and Optical Instrument Company Limited (新天精密光學儀器公司) from August 1991 to June 1995; served as the deputy manager of the information technology department of the Guizhou branch company, manager of the information technology department of the Sichuan branch company, manager of the information technology department of the Chengdu branch company, the general manager of the Panzhihua branch company and the general manager of the Guangyuan Center branch company of China Pacific Insurance (Group) Co., Ltd. (中國太平洋人壽保險股份有限公司) from January 1996 to April 2005; served as the preparatory office staff of the Deyang Center branch company of Taiping Insurance Co., Ltd. (太平保險股份有限公司) from April 2005 to December 2005; served as the deputy general manager of Deyang Center branch company of Taiping Insurance Co., Ltd. from December 2005 to October 2007; served as the preparatory office staff of the Guizhou branch company of Taiping Insurance Co., Ltd. from October 2007 to March 2008; served as the general manager of the marketing department and assistant general manager of the Guizhou branch company of Taiping Insurance Co., Ltd. (during which, he served the temporary position as the assistant general manager of Guizhou Expressway Group Company Limited (貴州高速公路集團有限公司) from January 2016 to January 2018) from March 2008 to March 2018; served as assistant to the general manager of Guizhou Expressway Group Company Limited from March 2018 to September 2018; the deputy secretary of the Party branch of Guizhou Transportation Investment and Management Co., Ltd. (presiding the overall work) (貴州交通投資管理有限公司) from September 2018 to May 2019; the secretary of the party branch of Guizhou Transportation Investment and Management Co., Ltd. since May 2019; a director and chairman of the board of Guizhou Transportation Investment and Management Co., Ltd. since June 2019; a director and chairman of the board of Guizhou Transportation Industry Development Fund Co., Ltd. (貴州交通產業發展基金有限責任公司) from June 2019 to September 2020; a director and general manager of Guizhou Transportation Industry Development Fund Co., Ltd. since September 2020; a director, chairman of the board and general manager of Guizhou Transportation Investment and Management Co., Ltd. since July 2022; and a non-executive Director of the Bank since August 2021.

Mr. Zhao studied at the Department of Precision Instruments in Beijing Institute of Machinery (北京機械工業學院) from September 1987 to July 1991, majoring in precision instruments, and obtained his bachelor's degree in engineering.

Directors, Supervisors, Senior Management, Employees and Organizations (Continued)

Mr. WANG Gefan (王革凡) is an independent non-executive Director of the Bank.

Mr. Wang served as a vice director of International Finance Department of China Development Bank (國家開發銀行) (“CDB”) in 1997; successively served as the president of Guizhou Branch of CDB, the director of Project Appraisal Department I and the director of Global Cooperation Department of CDB since 2002; served as the operating director of CDB from 2013 to 2017, during which he concurrently served as the director of International Finance Department. Mr. Wang has been an independent non-executive Director of our Bank since August 2018.

Mr. Wang graduated with a doctor’s degree in geology and mineralogy in Science Department in July 1988 from Kyoto University in Japan (日本京都大學).

Mr. TANG Xin (湯欣) is an independent non-executive Director of the Bank.

Mr. Tang has successively conducted post-doctoral research in law major at Peking University Law School from July 1998 to June 2000 and has been teaching in Tsinghua University School of Law since 2000; was promoted to Associate Professor of Tsinghua University School of Law in February 2001, was promoted to Professor of Tsinghua University School of Law in January 2015 and served as the director of the Research Center of Commercial Law of Tsinghua University since January 2021. Mr. Tang has been a member of the listing committee of the SSE since August 2012, the head of the committee of independent directors of the China Association for Public Companies (中國上市公司協會) since September 2014, an independent director of Harvest Fund Management Co., Ltd. (嘉實基金管理有限公司) since October 2017 and a member of the Legal Professional Advisory Committee of SZSE (深交所法律專業諮詢委員會) since December 2020. Mr. Tang has been an independent non-executive Director of our Bank since August 2018.

Mr. Tang graduated and obtained his bachelor’s, master’s and doctor’s degree in economic law, civil law and civil law from Renmin University of China (中國人民大學) in June 1992, July 1995 and June 1998, respectively.

Directors, Supervisors, Senior Management, Employees and Organizations (Continued)

Mr. SONG Ke (宋科) is an independent non-executive Director of the Bank.

Mr. Song has successively served as the secretary of the communist youth league committee of the School of Finance of Renmin University of China from July 2004 to September 2009; engaged in post-doctoral research in the School of Statistics of Renmin University of China from July 2012 to July 2015; served as a deputy head of International Monetary Institute of Renmin University of China since January 2014; served as a teacher of Department of Money and Finance of the School of Finance of Renmin University of China since September 2015; served as a deputy secretary of the Party committee of the School of Finance of Renmin University of China from April 2019 to July 2022; Mr. Song has been an independent director of Bank of Zhengzhou Co., Ltd. (SEHK stock code: 6196; SZSE stock code: 002936) since January 2022; has been the deputy director of the Academic Affairs Office of Renmin University of China since July 2022 and an independent non-executive Director of our Bank since August 2018.

Mr. Song graduated as a bachelor of economics majoring in finance from the School of Finance of Renmin University of China in July 2004; and he graduated as the doctor of economics majoring in finance from the School of Finance of Renmin University of China in July 2012.

Mr. Lee Hoey Simon (李浩然), MH, JP, is an independent non-executive Director of the Bank.

Mr. Lee was a visiting researcher of School of Law, Tsinghua University from September 2004 to August 2006; the consultant of the Research Center of International Financial Systems of Harvard Law School, USA from August 2006 to February 2014; the deputy director general of the Justice Bureau of Xifeng County, Guizhou Province from July 2009 to November 2009 (taking a provisional post); the assistant of the county chief of Xifeng county, Guizhou province from March 2010 to July 2012 (taking a provisional post); the director of Hong Kong and Macao Studies Center of Strategy Research Center of CR from November 2012 to October 2014; the deputy executive director of Our Hong Kong Foundation from November 2014 to January 2017; the office director and secretary of the Guangdong-Hong Kong-Macau Greater Bay Area of CR, the managing director of CR Capital from May 2017 to February 2021; a member of 12th session of the Chinese People's Political Consultative Conference of Guizhou Province, the deputy director of the Hong Kong, Macao and Taiwan Overseas Chinese and Foreign Affairs Committee from January 2018 to January 2023; the consultant of Department of Economics and Finance of College of Business of City University of Hong Kong since September 2018; the chief strategy officer of the Guangdong-Hong Kong-Macau Greater Bay Area of CR, the managing director of CR Capital from March 2021 to December 2021; and has been the consultant of School of Business Administration of Hong Kong Baptist University since September 2021; the chief strategy officer of the Guangdong-Hong Kong-Macau Greater Bay Area of CR, the managing director of CR Capital, and the director of China Resources Enterprise, Limited from December 2021 to July 2022; the chief strategy officer of the Guangdong-Hong Kong-Macau Greater Bay Area of CR and the director and vice president of China Resources Enterprise, Limited since July 2022. He has served as a member of the Seventh Legislative Council of the Hong Kong Special Administrative Region since 1 January 2022. Since January 2023, he has served as a member of the 14th session of Beijing Municipal Committee of the Chinese People's Political Consultative Conference. Since May 2022, he has served as an independent non-executive Director of the Bank.

Directors, Supervisors, Senior Management, Employees and Organizations (Continued)

Mr. Lee graduated from Hong Kong Baptist University in Politics and International Relations in June 1999 with a bachelor's degree in arts with honours in Social Sciences and Literature; graduated from School of Oriental and African Studies of University of London in December 2000, with a master's degree in political science majored in politics, society and development; he graduated from Tsinghua University in January 2004 with a bachelor's degree in law; he graduated from Department of Government and Public Administration of The Chinese University of Hong Kong in December 2004 and obtained a master's degree in philosophy; and graduated from Tsinghua University in June 2012 with a doctorate in law.

Ms. SUN Li (孫莉) is an independent non-executive Director of the Bank.

Ms. Sun served as the manager of China International Futures Brokerage Co., Ltd. from September 1994 to September 1998; partner of Ruihua Certified Public Accountants from September 1998 to December 2019; partner of Baker Tilly International (天職國際會計師事務所) from December 2019 to December 2021. Ms. Sun has been a partner of Union Power Certified Public Accountants since January 2022 and has served as an independent non-executive Director of the Bank since August 2022.

Ms. SUN graduated from Renmin University of China with a bachelor's degree in finance in September 1994 and a master's degree in accounting in September 2000. She obtained a master's degree in EMBA from China Europe International Business School in November 2014. Ms. SUN is a certified public accountant and certified tax agent.

Directors, Supervisors, Senior Management, Employees and Organizations (Continued)

6.3.2 Biographical details of Supervisors

Ms. WU Fan (吳帆) is a member of the Party Committee, Chairlady of the Board of Supervisors and employee Supervisor of the Bank.

Ms. Wu worked in China Construction Bank (中國建設銀行) (“CCB”) from July 1992 to March 2013. In particular, she held a post in relation to international settlement and credit in the international business department of CCB Guizhou Branch from July 1992 to December 1995; and served as general manager assistant of the international business department and manager of the credit department of CCB Guizhou Branch from December 1995 to November 1996; deputy general manager of the international business department of CCB Guizhou Branch from November 1996 to May 1998; vice president of Chengbei Sub-branch directly under CCB Guizhou Branch from May 1998 to July 1999; deputy general manager of the international business department and vice president of Guiyang Jinyang Sub-branch of CCB Guizhou Branch from July 1999 to July 2001; deputy general manager of the international business department of CCB Guizhou Branch from July 2001 to February 2006; general manager of the international business department of CCB Guizhou Branch from February 2006 to June 2006; general manager of the corporate business department of CCB Guizhou Branch from June 2006 to July 2012; and served successively as secretary of the Party committee and president of branch of Guiyang Chengbei Sub-branch of CCB Guizhou Branch from July 2012 to February 2013; served as marketing director of the Bank from February 2013 to January 2014; and served as an assistant to the president of the Bank from January 2014 to April 2019 (during which, she concurrently served as general manager of Guiyang Management Department of the Bank from March 2014 to November 2014 and executive deputy secretary of the Party committee of Guiyang Management Department of the Bank from November 2014 to March 2016); served as a member of the Party Committee of the Bank from March 2019 to April 2019; served as a member of the Party Committee and the vice president of the Bank from April 2019 to June 2021; and has been a member of the Party Committee, Chairlady of the Board of Supervisors and employee Supervisor of the Bank since June 2021.

Directors, Supervisors, Senior Management, Employees and Organizations (Continued)

Ms. Wu graduated with a bachelor's degree majoring in systems engineering from Shanghai Institute of Mechanical Engineering (上海機械學院) (currently known as University of Shanghai for Science and Technology (上海理工大學)) in July 1989 and a master's degree majoring in systems engineering from Shanghai Institute of Mechanical Engineering (currently known as University of Shanghai for Science and Technology) in June 1992. Ms. Wu has a title of senior economist.

Ms. ZHANG Hui (張惠) is the deputy Chairlady of the labor union and employee Supervisor of the Bank.

Ms. Zhang worked in CCB from July 1994 to December 2012. In particular, she served as a clerk of CCB Qiangdongnan Centre Sub-branch from July 1994 to December 2001; a deputy director clerk of the accounting section of CCB Qiangdongnan Centre Subbranch from December 2001 to May 2003; deputy manager of the finance and accounting department of CCB Qiangdongnan Centre Sub-branch from May 2003 to January 2005; a clerk of the comprehensive section of the corporate department of CCB Guizhou Branch from January 2005 to February 2006; deputy manager of the comprehensive section of the corporate department of CCB Guizhou Branch from February 2006 to January 2008; manager of the comprehensive section of the corporate department of CCB Guizhou Branch from November 2008 to March 2009; manager of the business management section of the corporate department of CCB Guizhou Branch from March 2009 to January 2010; and assistant to general manager of the corporate department of CCB Guizhou Branch from January 2010 to November 2012. Ms. Zhang worked in the Bank since November 2012. In particular, she served as the deputy general manager of the Planning and Finance Department of the Bank from November 2012 to September 2015; deputy general manager of the Accounting and Settlement Department of the Bank from September 2015 to March 2018; the general manager of the Accounting and Settlement Department of the Bank from March 2018 to July 2021; and has been the general manager of the Operation Management Department of the Bank since July 2021; the deputy Chairlady of the labor union of the Bank since May 2021 and an employee Supervisor of the Bank since June 2021.

Ms. Zhang graduated from Harbin Investment College (哈爾濱投資高等專科學校) in July 1994 majoring in CCB accounting, and graduated from Central Radio & TV University (中央廣播電視大學) in July 2003 with a bachelor's degree in business administration.

Directors, Supervisors, Senior Management, Employees and Organizations (Continued)

Ms. WANG Wei (王薇) is an employee Supervisor of the Bank.

Ms. Wang served as a member of the Bank Card Center of the Retail Business Department of Bank of China Guizhou Branch from November 2001 to June 2003; a member of the Savings Fund Management Section of the Retail Business Department of Bank of China Guizhou Branch from June 2003 to June 2005; the business manager of the channel management team of Bank of China Guizhou Branch from June 2005 to February 2008; the wealth management manager of the wealth management team of Bank of China Guizhou Branch from February 2008 to November 2009; the director of the channel management team of Bank of China Guizhou Branch from November 2009 to June 2013; the director of the Retail, Operation and Protection Department of the head office of Bank of Guizhou from June 2013 to July 2014; the director of the Retail Banking Department of the head office of Bank of Guizhou from July 2014 to March 2018; the deputy general manager of the Personal Business Department of Bank of Guizhou from March 2018 to May 2019; the deputy director of the Organization Department of the Party Committee/deputy general manager of the Human Resources Department of Bank of Guizhou from May 2019 to August 2022; the vice general manager (presiding work) of Human Resource Department and the deputy director (part-time) of the Organization Department of the Party Committee of Bank of Guizhou from August 2022 to October 2022; and has been the general manager of Human Resource Department of Bank of Guizhou since October 2022. She has been an employee Supervisor of the Bank since 30 June 2022.

In July 2001, Ms. Wang graduated from Guizhou Finance and Economics College majoring in Trade and Economics and obtained a bachelor's degree in Management. She obtained a master's degree in Business Management from Guizhou University in December 2014. Ms. Wang holds ICBRR (銀行風險與監管國際證書) granted by Global Association of Risk Professionals (全球風險管理專業人士協會) and IPMA-Certified Professional granted by International Public Management Association for Human Resources (國際人力資源公共管理協會).

Mr. CHENG Yunlong (程雲龍) is a shareholder Supervisor of the Bank.

Mr. Cheng worked in the Daba Town Government of Renhuai City from December 1998 to April 2003; worked in the Housing and Urban-Rural Development Bureau of Renhuai City from April 2003 to January 2017, during which he served as the head of the village station, head of the safety supervision station, member of the Party group, law enforcement team leader and concurrently served as the chairman of the labor union, and deputy secretary of the Party committee of the Housing and Urban-rural Development Bureau; served as the general manager of Renhuai Southern New City Construction Investment Development Co., Ltd. (仁懷市南部新城建設投資開發有限責任公司) from January 2017 to January 2018; served as the general manager of Renhuai Famous Wine Industrial Park Investment and Development Co., Ltd. (仁懷名酒工業園區投資開發有限責任公司), and concurrently served as the general manager of Renhuai Southern New City Construction Investment Development Co., Ltd. from January 2018 to April 2019; served as the deputy general manager of Renhuai City Urban Development Construction Investment Management Co., Ltd., and general manager of Renhuai Southern New City Construction Investment Development Co., Ltd. from April 2019 to August 2020; the general manager of Renhuai State-owned Assets Investment and Operation Co., Ltd. (仁懷市國有資產投資經營有限責任公司) from August 2020 to December 2021; a director of Renhuai State-owned Assets Investment and Operation Co., Ltd. from December 2021 to November 2022; and has been a full-time external director of Renhuai Urban Development and Construction Investment and Operation Co., Ltd. (仁懷市城市開發建設投資經營有限責任公司), Renhuai Water Investment and Development Co., Ltd. (仁懷市水務投資開發有限責任公司) and Renhuai Economic Development Zone Investment Co., Ltd. (仁懷經濟開發區投資有限責任公司) since November 2022; and has been a shareholder Supervisor of the Bank since June 2021.

Directors, Supervisors, Senior Management, Employees and Organizations (Continued)

Mr. Cheng graduated from Wuhan Electric Power Vocational and Technical College (武漢電力職業技術學院) with a bachelor's degree in July 1998, and graduated with a master's degree in public management from the Party School of Chongqing Municipal Committee of the Communist Party of China in July 2016.

Mr. HE Xinzhang (何信彰) is a shareholder Supervisor of the Bank.

Mr. He served in Unit 35211 of the Chinese People's Liberation Army from October 1983 to January 1987; he served as a member of the Office of Qianxinan Prefecture Finance Bureau of Guizhou Province (貴州省黔西南州財政局辦公室) from January 1987 to January 1990; he served as a member of the Agricultural Tax Department of the Qianxinan Prefecture Finance Bureau of Guizhou Province (貴州省黔西南州財政局農稅科) from January 1990 to August 1992; he served as a member of the Agricultural Finance Department of the Qianxinan Prefecture Finance Bureau of Guizhou Province (貴州省黔西南州財政局農財科) from August 1992 to December 1997; he served as a member of the Public Affairs Department of the Qianxinan Prefecture Finance Bureau of Guizhou Province (貴州省黔西南州財政局工交科) from December 1997 to December 1999; he served as a member of the Infrastructure Department of the Qianxinan Prefecture Finance Bureau of Guizhou Province (貴州省黔西南州財政局基建科) from December 1999 to April 2002; he served as a member of the Guarantee Center of Qianxinan Prefecture of Guizhou Province (貴州省黔西南州擔保中心) from April 2002 to November 2002; he served as a deputy director of the Guarantee Center of Qianxinan Prefecture of Guizhou Province from November 2002 to September 2006; he served as the deputy chief of the Accounting Affairs Management Department of the Qianxinan Prefecture Finance Bureau of Guizhou Province (貴州省黔西南州財政局會計事務管理科) from September 2006 to March 2011; he served as the deputy director of the State-owned Assets Management Office of the Qianxinan Prefecture Finance Bureau of Guizhou Province (貴州省黔西南州財政局國有資產管理辦公室) from March 2011 to October 2012; he served as the deputy director of the State-owned Assets Administration Bureau of Qianxinan Prefecture of Guizhou Province (貴州省黔西南州國有資產管理局) from October 2012 to March 2013; he served as the section chief (director) of the Government Procurement Management Department (Qianxinan Prefecture Government Procurement Management Office) of the Qianxinan Prefecture Finance Bureau of Guizhou Province (貴州省黔西南州財政局政府採購管理科(黔西南州政府採購管理辦公室)) from March 2013 to June 2018; he served as a director and deputy general manager of Qianxinan Prefecture Caixin Financing Guarantee Co., Ltd. of Guizhou Province from June 2018 to July 2020; he served as a director and deputy general manager of Qianxinan Prefecture Hongsheng Capital Operation Co., Ltd. of Guizhou Province, Qianxinan Prefecture Poverty Alleviation and Development Investment Co., Ltd. of Guizhou Province and Qianxinan Prefecture State-owned Capital Operation Co., Ltd. from July 2020 to October 2020. Since October 2020, he has served as a director and deputy general manager of Qianxinan Prefecture Hongsheng Capital Operation Co., Ltd., Qianxinan Prefecture Poverty Alleviation and Development Investment Co., Ltd. and Qianxinan Prefecture State-owned Capital Operation Co., Ltd., and the general manager of Qianxinan Prefecture Caixin Financing Guarantee Co., Ltd.; and has been a shareholder Supervisor of the Bank since June 2022.

Mr. He participated in the self-study examination of political economy and television broadcasting education, correspondence education, and graduated in June 1999 with a college degree.

Directors, Supervisors, Senior Management, Employees and Organizations (Continued)

Mr. SU Zhi (蘇治) is an external Supervisor of the Bank.

Mr. Su has worked at the Central University of Finance and Economics (中央財經大學) since June 2009, and has been the deputy director of the academic committee of the Institute of International Technology and Economy under the Development Research Center of the State Council (國務院發展研究中心國際技術經濟研究所) since July 2018. He has served as professor and doctoral supervisor of both the School of Finance and the School of Statistics and Mathematics of the Central University of Finance and Economics since October 2016; the head of the Department of Financial Technology of the School of Finance of Central University of Finance and Economics since January 2017. Mr. Su has also worked as executive deputy director of the Central University of Finance and Economics and University of Electronic Science and Technology of China Joint Research Data Center (電子科技大學聯合數據研究中心) since September 2018. Mr. Su has been appointed as a non-executive director of Shanghai Haohai Biological Technology Co., Ltd. (上海昊海生物科技股份有限公司) (SEHK stock code: 6826; Star Market of the Shanghai Stock Exchange stock code: 688366) on 29 June 2020; a non-executive director of Changzhou Kaneken Steel Section Co., Ltd. (常州鋼勁型鋼股份有限公司) (NEEQ stock code: 672632) since August 2020; a non-executive director of Fujian Start Group Co., Ltd. (福建實達集團股份有限公司) (SSE Main Board stock code: 600734) since March 2022; and an external Supervisor of Bank of Communications Co. Ltd. (SEHK stock code: 3328; SSE Main Board stock code: 601328) since July 2022; and has been an external Supervisor of the Bank since May 2018.

Mr. Su obtained a bachelor's degree in management majoring in economic information management from Jilin University (吉林大學) in July 2001 and a doctor's degree in economics majoring in quantitative economics from Jilin University in June 2006. He engaged in the finance research at the post-doctoral study station of the School of Economics and Management of Tsinghua University from March 2007 to June 2009, and was conferred an EMBA degree in business administration from University of Texas in February 2009.

Mr. YIN Xinquan (尹新全) is an external Supervisor of the Bank.

Mr. Yin worked for Guizhou Panjiang Investment Holding (Group) Co., Ltd. (貴州盤江投資控股(集團)有限公司) and its subsidiaries from July 1978 to February 2018. In particular, he worked in the Finance Section of Huopu Mine of Panjiang Mining Bureau from July 1978 to December 1981; in the Finance Department of Panjiang Mining Bureau from January 1982 to July 1985; studied in Guizhou Finance and Economics College from August 1985 to July 1987; worked in the Finance Department of Guizhou Panjiang Coal and Electricity Refco Group Ltd. (formerly known as the Finance Department of Panjiang Mining Bureau) (盤江煤電(集團)公司財務部(原盤江礦務局財務處)) from August 1987 to June 2005; served as deputy chief from February 1989, chief accountant of the Finance Department from August 1995, deputy director of the Finance Department from March 2000 and director of the Finance Department from January 2001. He served as deputy chief accountant and director of the Finance Department of Guizhou Panjiang Coal and Electricity Refco Group Ltd. from July 2005 to February 2007; a member of the Party Committee and chief accountant of Panjiang Investment Holding (Group) Co., Ltd. from February 2007 to February 2018; chairman of the supervisory committee of Guizhou Panjiang Fine Coal Co., Ltd. (貴州盤江精煤股份有限公司) from May 2010 to February 2018. He retired in February 2018; and has been an external Supervisor of the Bank since June 2021.

Directors, Supervisors, Senior Management, Employees and Organizations (Continued)

Mr. Yin graduated from Guizhou Finance and Economics College (貴州財經學院) with a college degree and the title of senior accountant.

Mr. CHEN Houyi (陳厚義) is an external Supervisor of the Bank.

Mr. Chen served successively as secretary of Party general branch and deputy director of the third department of adult education (managing the Party and government work of the department), head of the organization department of Party committee and deputy secretary of the Party committee of Guizhou University of Industry (貴州工業大學) from February 1995 to March 1998. He served as dean of Guizhou Economic Management Cadre College (貴州省經濟管理幹部學院) from March 1998 to 2001, and successively served as dean and president (excellent expert under the management of Guizhou Province, recipient of special government allowances of the State Council, and master supervisor) of Guizhou University of Finance and Economics (貴州財經大學) since 2001, and professor (2nd class) of Guizhou University of Finance and Economics since January 2016; and has been an external Supervisor of the Bank since April 2017.

Mr. Chen graduated from Wuhan University and obtained his bachelor's degree in January 1982 and obtained a doctor's degree majoring in economics in industry economics from Wuhan University of Technology (武漢理工大學) in June 2009.

6.3.3 Biographical details of senior management

Mr. XU An (許安), see "Biographical details of Directors" for his biography.

Mr. HU Liangpin (胡良品) is a member of the Party committee and Vice President of the Bank.

Directors, Supervisors, Senior Management, Employees and Organizations (Continued)

Mr. Hu served as a credit officer of Yuezhao Credit Cooperative in Shuicheng County of Guizhou Province from December 1986 to December 1987; served as cashier, bookkeeper and credit officer in Rural Credit Cooperative of Shuicheng County of Guizhou Province from December 1987 to May 1995; served as the business clerk and auditor of the Rural Credit Cooperative of Zhongshan District, Liupanshui City, Guizhou Province from May 1995 to October 1995; served as deputy chief (presiding work) and chief of the Auditing Section of Rural Credit Cooperative of Zhongshan District, Liupanshui City, Guizhou Province from October 1995 to May 1997; served as the chief of the Credit Section of the Rural Credit Cooperative of Zhongshan District, Liupanshui City, Guizhou Province, the assistant director and the organization member of the Party branch of the association from May 1997 to December 1998; served as the deputy director and Party branch secretary of the Rural Credit Cooperative of Zhongshan District, Liupanshui City, Guizhou Province from December 1998 to August 2001; served as acting chairman and deputy director (presiding work) of Liuzhi Special District Rural Credit Cooperative in Guizhou Province from August 2001 to April 2004; served as chairman and director of Shuicheng County Rural Credit Cooperative in Guizhou Province and council member of Guizhou Rural Credit Union from April 2004 to August 2005; served as the deputy director of Liupanshui Office of Guizhou Rural Credit Cooperative and the chairman, director and Party branch secretary of Shuicheng County Rural Credit Cooperative from August 2005 to September 2005. From September 2005, Mr. Hu worked in Guizhou Rural Credit Union where he successively served in the human resources division, Anshun Office and Qian'nan Office, and worked in Anshun Financial Service Center for Migrant Workers (安順市農民工金融服務中心) where he served successively as deputy director and director as well as secretary of the Party committee. From August 2011 to September 2013, he concurrently served as the deputy secretary of the Zhenning County Party Committee and the deputy county magistrate. Since November 2016, he has been a member of the Party committee of the Bank. Mr. Hu served as the Chairman of the Board of Supervisors of our Bank from January 2017 to January 2018; and has been the Vice President of the Bank since April 2018.

Mr. Hu graduated from the Party School of Guizhou Provincial Party Committee with a major in law in January 2004; and graduated with a correspondence college diploma as a major in finance from the Economic Management Department of Yunnan University in July 2010. Mr. Hu won the honor of "Advanced Individual for Peasant-worker Financial Services in Guizhou Province" (貴州省農民工金融服務先進個人) from the then CBIRC Guizhou Office in April 2010; and the honor of the 10th National "Venture Star" (創業之星) in May 2012.

Directors, Supervisors, Senior Management, Employees and Organizations (Continued)

Mr. AN Peng (安鵬) is a member of the Party committee and Vice President of the Bank.

Mr. An served as a staff of Dejiang County Credit Cooperative in Guizhou Province (貴州省德江縣信用合作聯社) from August 1999 to August 2002. He successively served as a staff of Cooperative Financial Institution Regulation Department of CBRC Guizhou Office (貴州銀監局合作金融機構監管處) from July 2005 to June 2006; deputy director clerk at Cooperative Financial Institution Regulation Department of CBRC Guizhou Office from June 2006 to August 2007; section chief of Cooperative Financial Institution Regulation Department of CBRC Guizhou Office from August 2007 to November 2008; section chief of the Third On-site Inspection Department of CBRC Guizhou Office (貴州銀監局現場檢查三處) from November 2008 to January 2011; regulatory deputy researcher of the Third On-site Inspection Department of CBRC Guizhou Office from January 2011 to December 2012; regulatory deputy researcher of Rural Small and Medium-sized Financial Institutions On-site Inspection Department of CBRC Guizhou Office (貴州銀監局農村中小金融機構現場檢查處) from December 2012 to January 2013; deputy chief of Rural Small and Medium-sized Financial Institutions On-site Inspection Department of CBRC Guizhou Office from January 2013 to November 2013; deputy director of CBRC Guizhou Office (Party committee office) from November 2013 to October 2016; secretary of the Party committee and director of Qiannan Sub-office of China Banking and Insurance Regulatory Commission (中國銀行業監督管理委員會黔南監管分局) from October 2016 to November 2018; leader of the preparatory group of Qiannan Sub-office of China Banking and Insurance Regulatory Commission from November 2018 to April 2019; secretary of the Party committee and director of Qiannan Sub-office of China Banking and Insurance Regulatory Commission from April 2019 to December 2019; secretary of the Party committee, director and firstclass researcher of Qiannan Sub-office of China Banking and Insurance Regulatory Commission from December 2019 to July 2020; head of the organization department of Party committee, chief of human resource office and first-class researcher of China Banking and Insurance Regulatory Commission Guizhou Office from July 2020 to June 2021. He has been a member of the Party committee of the Bank since May 2021 and Vice President of the Bank since October 2021.

Mr. An studied at Shaanxi University of Finance and Economics and graduated with a bachelor's degree in Economics and Information Management, and graduated from Xi'an Jiaotong University with a master's degree in Western Economics in July 2005.

Directors, Supervisors, Senior Management, Employees and Organizations (Continued)

Mr. QIN Wei (覃偉) is a member of the Party Committee and Vice President of the Bank.

Mr. Qin worked at Anshun Qianzhong Urban Credit Cooperative (安順黔中城市信用社) from January 1997 to March 1999; served as a deputy chief of Credit Section of Anshun Xixiu Urban Credit Cooperative (安順西秀城市信用社) from March 1999 to April 2001; worked at Construction Office of Anshun Urban Credit Cooperative (安順城市信用社) from April 2001 to December 2001; successively served as the manager of Manpower and Mass Work Department, the manager of Business Department and the vice general manager of Anshun Urban Credit Cooperative from December 2001 to April 2009; vice president of Anshun City Commercial Bank from April 2009 to October 2012; member of the Party committee of Anshun sub-branch of the Bank from September 2013 to May 2015; deputy secretary (presiding work) of Party committee and temporary principal of Bijie Dujuan sub-branch of the Bank from May 2015 to July 2015; vice president (presiding work) of Bijie Dujuan sub-branch of the Bank from July 2015 to April 2018; deputy secretary of the Party committee of Bijie Dujuan sub-branch of the Bank from September 2015 to April 2018; secretary of the Party committee and general manager of Guiyang Management Department of the Bank from April 2018 to February 2022. He has been a member of the Party Committee of the Bank since November 2021; and Vice President of the Bank since February 2022.

Mr. Qin graduated from China Central Radio & TV University with a major of Administration Management and obtained an EMBA degree from the University of International Business and Economics.

Mr. ZHOU Guichang (周貴昌) is the secretary to the Board of the Bank.

Mr. Zhou served as an accountant and cashier in Beijing Road department of Zunyi Honghuagang Sub-Branch of Agricultural Bank of China from July 1997 to July 1998; served as a secretary of the general office in Zunyi Development Region Sub-Branch of ABC from July 1998 to July 1999; served as a secretary of the general office of the Zunyi Branch of ABC from July 1999 to June 2003; served as a secretary of the general office of Guizhou Branch of ABC from June 2003 to February 2004; served as a principal staff member of the general office of Guizhou Branch of ABC from February 2004 to April 2005; served as an assistant of the director of general office of Guizhou Branch of ABC from April 2005 to August 2006; served as the vice director of the Office of Party Committee, deputy head of the Party promotion department and vice director of general office of Guizhou Branch of ABC from August 2006 to September 2007; served as a member of the Party committee and vice president of Liupanshui Branch of ABC from September 2007 to May 2012; served as a vice general manager of the key client department under the corporate/small business department of Guizhou Branch of ABC from May 2012 to August 2012; Mr. Zhou participated in the preparatory group work of the establishment of our Bank from August 2012 and worked in our Bank from October 2012. He served as the temporary principal of the general office of our Bank from December 2012 to December 2013; served as the vice director of general office of our Bank (temporary principal) from December 2013 to March 2014; served as the vice director of the Office of Party Committee of our Bank (presiding work) and vice director of General Office (temporary principal) from March 2014 to March 2018; served as the director of the Office of Party Committee/General Office of our Bank from March 2018 to June 2020; Mr. Zhou has been the secretary to the Board of our Bank since May 2019.

Mr. Zhou graduated as a bachelor in journalism from the department of Chinese literature of Guizhou University (貴州大學) in July 1997; and graduated as a master in business administration from the school of management of Guizhou University in July 2014.

Directors, Supervisors, Senior Management, Employees and Organizations (Continued)

Mr. JIAO Zhengjun (焦正俊) is the chief compliance officer of the Bank.

Mr. Jiao served as a clerk of the business office and the credit section of ABC Xiaohe Subbranch in Guiyang from July 1999 to July 2003; a clerk and deputy director clerk of the legal affairs division of ABC Guizhou Branch from July 2003 to July 2006; a director clerk and section chief of the legal and compliance division of ABC Guizhou Branch from July 2006 to July 2008; assistant to division chief of the legal division of ABC Guizhou Branch from July 2008 to March 2009; assistant to general manager of the legal affairs department of ABC Guizhou Branch from March 2009 to December 2009; deputy general manager of the legal affairs department of ABC Guizhou Branch from December 2009 to April 2012; deputy general manager of the credit card centre of ABC Guizhou Branch from April 2012 to March 2013; deputy general manager of the Legal Compliance Department of the Bank of Guizhou from March 2013 to August 2013; deputy general manager of the Legal Compliance Department and the Asset Protection Department of the Bank of Guizhou from August 2013 to October 2014 (concurrently as vice president of Guiyang Zunyi Road sub-branch of Bank of Guizhou (presiding over work) from May 2013 to November 2013); deputy general manager of the Asset Protection and Legal Affairs Department of the Bank of Guizhou from October 2014 to May 2015; deputy general manager (general manager level) of the Asset Protection and Legal Affairs Department of the Bank of Guizhou from May 2015 to March 2018. He has been the general manager of the Legal Compliance Department of the Bank of Guizhou since March 2018; and served as a employee Supervisor of the Bank from June 2021 to April 2022; and has been the chief compliance officer of the Bank since May 2022.

Mr. Jiao studied at the Law Department of Guizhou Minzu College (貴州民族學院) and graduated with a bachelor's degree in law. In June 2012, he graduated from Guizhou University with a MPM degree, majoring in joint school-running project of MPM with the University of Quebec at Chicoutimi, Canada.

6.3.4 Biographical details of company secretary

Mr. ZHOU Guichang (周貴昌) is the company secretary of the Bank, was appointed in April 2019. See "Biographical details of Directors, Supervisors and Senior Managements – Biographical details of Senior Managements" for his biography.

Directors, Supervisors, Senior Management, Employees and Organizations (Continued)

6.4 INFORMATION OF EMPLOYEES

6.4.1 *Composition of employees*

As of the end of the Reporting Period, the Bank had 5,418 contracted employees, the composition of whom is set out as follows:

(I) By age

The Bank had 1,786 employees aged 30 or under, accounting for 32.96% of the total number of employees; 2,052 employees aged between 31 and 40, accounting for 37.87% of the total number of employees; 1,008 employees aged between 41 and 50, accounting for 18.61% of the total number of employees; and 572 employees aged over 50, accounting for 10.56% of the total number of employees.

(II) By gender

The Bank has a total of 2,582 male employees, accounting for 47.66%, and 2,836 female employees, accounting for 52.34%.

(III) By education

The Bank has 4,670 employees with a bachelor's degree or above, accounting for 86.19% of the total number of employees. Among them, 5 employees have a doctor's degree, accounting for 0.09% of the total number of employees, 355 employees have a master's degree, accounting for 6.55% of the total number of employees, and 748 employees have a college degree or below, accounting for 13.81% of the total number of employees.

In addition to the contracted employees, the Bank has 508 dispatch employees.

Directors, Supervisors, Senior Management, Employees and Organizations (Continued)

6.4.2 Employee training

During the Reporting Period, the Bank continuously increased its efforts on induction training, on-the-job training and specialized training for employees, with emphases on the professionalism of our workforce; revised and published the Regulations on the Management of Staff Education and Training of Bank of Guizhou (《貴州銀行職工教育培訓管理辦法》) to further standardize the objectives and tasks, division of responsibilities and implementation process of education and training; intensified staff induction training, on-the-job training and specialized training; formulated and published the 2022 Education and Training Plan for the Head Office of Bank of Guizhou (《貴州銀行總行2022年教育培訓計劃》); organized training for practitioners in business departments including credit evaluation, risk management, transaction banking, individual business and human resources during the Reporting Period with a total of 1,926 persons receiving offline training and approximately 15,000 persons receiving online training; organized examinations of professional qualifications for financial markets, operation management and other departments with a total of 5,227 persons obtaining job certificates; revised and published the Regulations on Internal Trainers of Bank of Guizhou (《貴州銀行內訓師管理辦法》) to strengthen the construction of the internal trainer team and clarify the objectives, selection, training and assessment measures for the construction of the team, so as to continuously promote the construction of a team of internal trainers with good political quality, strong business ability and high teaching standards.

6.4.3 Remuneration policy, employee remuneration and welfare

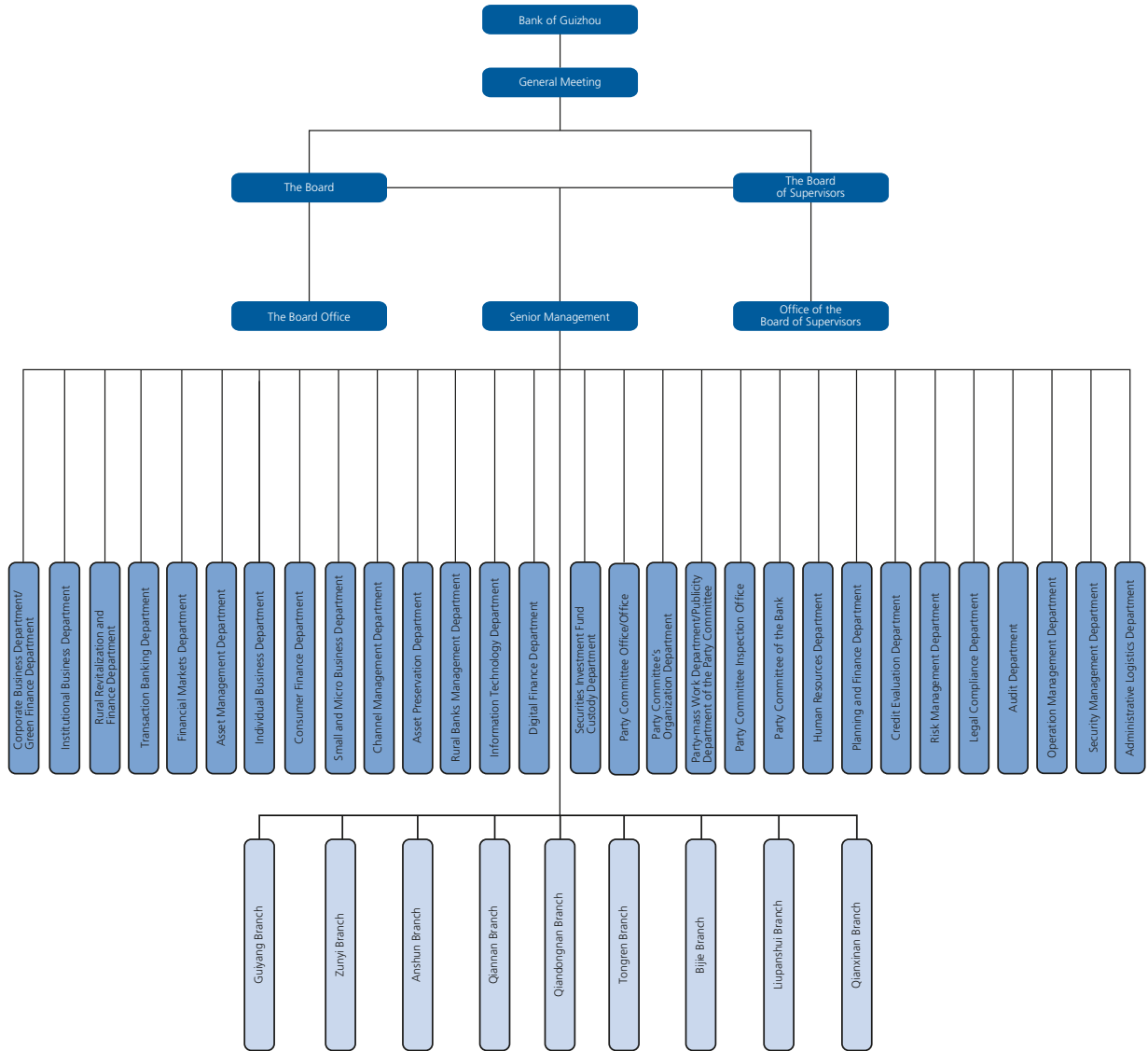
During the Reporting Period, the Bank continuously improved the remuneration management system, initially established a professional rank structure for the whole Bank, continuously optimized the remuneration allocation system of the head office, and implemented measures of one salary for one position and adjusting salaries upon change in positions, thereby promoting a fair system of remuneration. The remuneration standards for employees are adjusted according to the changes in employees' roles or positions. In accordance with the requirements of the Guidelines on the Supervision of Steady Remuneration of Commercial Banks (《商業銀行穩健薪酬監管指引》), the Bank implements deferred payment of performance-based salary for employees in management sequence and risk related positions, and manages them according to management authority classification. We provide employees of the whole Bank with comprehensive social insurance and benefits to enhance the long-term motivation of key talents and effectively support the high quality development of the whole Bank.

According to the remuneration policy of the Bank, the Nomination and Remuneration Committee of the Board will consider factors such as comparable salaries paid, term, commitment, responsibilities and performance (as the case may be) of the Directors, Supervisors and senior management of the Bank when assessing the remuneration payable to the Directors, Supervisors and relevant employees of the Bank. As of the end of the Reporting Period, there was no significant change in the Bank's remuneration policies.

As of the end of the Reporting Period, the Bank optimized and adjusted the remuneration policy of the Head Office and prepared a preliminary plan to optimize the compensation system of its branches based on its plan and arrangement for promotion of its strategic human resource planning. Please refer to the section headed "7.11 Remuneration of the Management" under Chapter VII and Notes 9 and 10 to the financial statements, for details of the total amount and composition of employee benefits expenses and remuneration of Directors, Supervisors and senior management of the Bank for 2022.

Directors, Supervisors, Senior Management, Employees and Organizations (Continued)

6.5 ORGANIZATIONAL STRUCTURE



Corporate Governance Report

The Bank is of the view that, the enhancement of corporate governance is currently an objective requirement of commercial banks to adapt to the regulatory rules, a significant measure to prevent operational risks, an inevitable requirement to consolidate the management foundation and a solid guarantee for the Bank to achieve quality development. During the Reporting Period, the Bank continued to improve the governance structure in accordance with the regulatory requirements of the Company Law of the People's Republic of China, the Hong Kong Listing Rules and the Code of Corporate Governance for Banking and Insurance Institutions, and continued to improve the governance level and the normalized, standardized and scientific corporate governance system, mainly based on the Measures for the Management of Corporate Governance, Supervision and Evaluation of Banking and Insurance Institutions issued by CBIRC.

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

7.1 THE GENERAL MEETING

7.1.1 FUNCTIONS AND POWERS OF THE GENERAL MEETING

According to the laws and regulations, regulatory provisions and the Articles of Association of the Bank, the shareholders' general meeting shall be an organ of power of the Company. It may exercise the following powers in accordance with the laws and regulations and the Articles of Association: To decide on the Company's business policy and investment plans; to elect and replace Directors who are not employee representatives and to determine matters relating to remuneration of the Directors; to elect and replace Supervisors who are not employee representatives and to determine matters relating to remuneration of the Supervisors; to consider and approve the reports of the Board; to consider and approve the reports of the Board of Supervisors; to consider and approve the Company's annual financial budgets and final accounting plans; to consider and approve the Company's profit distribution plan and loss recovery plan; to resolve on increase or decrease of the registered capital of the Company; to resolve on issuance of bonds or listing of the Company; to resolve on the major asset transfer or acquisition, repurchase of the Company's Shares, merger, division, dissolution and liquidation of the Company pursuant to the laws and regulations; to amend the Articles of Association; to listen to the results of evaluation by the Board on the Directors and by the independent Directors on each other; to listen to the performance report of the independent Directors; to listen to the results of evaluation by the Board of Supervisors on the Directors, Supervisors and senior management; to consider proposals raised by shareholder(s) severally or jointly holding more than 3% of the total voting shares of the Company; to consider and approve the related party transactions with a single amount exceeding 10% of the Company's net capital; to resolve on the appointment or removal of an accounting firm that conduct regular statutory audit for the Company's financial statements; to consider and approve the rules of procedure of the shareholders' general meeting, of the Board of Directors and of the Board of Supervisors; to consider and approve the equity incentive plan; to consider and approve other issues which shall be determined at the shareholders' general meeting as stipulated by laws and regulations, securities regulatory authorities at the place where the Company's shares are listed, the Articles of Association of the Bank and other internal systems of the Company.

Corporate Governance Report (Continued)

7.1.2 GENERAL MEETINGS HELD

On 16 June 2022, the Bank held the 2021 annual general meeting, the 2022 First Domestic Shareholders Class Meeting and the 2022 First H Shareholders Class Meeting at the Conference Room 4501, Bank of Guizhou Head Office Building (No. 9 Yongchang Road, Guanshanhu District, Guiyang, Guizhou Province, the PRC). The total number of the ordinary Shares entitling the shareholders of the Bank to vote in respect to the resolutions proposed at the annual general meeting was 13,692,111,983, including 11,492,111,983 Domestic Shares and 2,200,000,000 H Shares. Shareholders and proxies attending the annual general meeting represented, in aggregate, 11,162,265,607 ordinary Shares of the Bank carrying voting rights, being approximately 81.52% of the total number of the ordinary Shares carrying voting rights of the Bank as at the date of the annual general meeting. Eleven Directors including Mr. YANG Mingshang and Mr. CAI Dong attended the above meetings.

The 2021 annual general meeting considered and approved 16 resolutions, including 2021 Work Report of the Board of Directors, 2021 Work Report of the Board of Supervisors, 2021 Financial Statements Report, 2021 Profit Distribution Plan, 2022 Financial Budget Plan, Appointment of Accounting Firms for 2022 and others. The amendments to Article 132 of Articles of Association of Bank of Guizhou was considered and approved at the 2022 First Domestic Shareholders Class Meeting and the 2022 First H Shareholders Class Meeting.

Corporate Governance Report (Continued)

7.2 THE BOARD OF DIRECTORS

7.2.1 Functions and powers of the Board

According to the laws and regulations, regulatory requirements and Articles of Association of the Bank, the Board is the executive body of the general meeting of the Bank, which is accountable to the general meeting for determining strategies, making decisions and preventing risks. Its major functions and powers include convening Shareholders' general meetings and reporting its performance at the Shareholders' general meetings; implementing resolutions of the Shareholders' general meetings; formulating the Company's business development strategies and supervising the implementation of the strategies; determining the Company's business plans and investment plans; formulating annual financial budget plans, final account plans, profit distribution plans and loss recovery plans of the Company; formulating proposals for the Company's increase in or reduction of registered capital and issuance of bonds or other securities and the listing; formulating proposals for the Company's major asset acquisition, transfer and alienation, repurchase of the Company's shares or merger, division, dissolution and change of the form of the Company; determining the setting, merger and revocation of branches and internal management bodies of the Company; determining material external guarantees within the authorization of the Shareholders' general meeting.; considering and approving major related party transaction (a single transaction amounting to more than 10% of the net capital of the Company shall be submitted to the shareholders' general meeting for consideration); appointing or dismissing the President and the secretary to the Board according to the regulatory requirements; appointing or dismissing vice presidents and other senior management personnel based on the regulatory requirements and nominations of the President and determining their remunerations, awards or punishments thereof and supervising the performance of duties by senior management; determining the Company's risk management and internal control policies and formulating the Company's basic management system; formulating modifications to the Articles of Association, formulating the rules of procedure for the Shareholders' general meeting and the rules of procedure for the Board, and considering and approving the working rules of the special committees of the Board; taking charge of the information disclosures of the Company, and being ultimately responsible for the authenticity, completeness, accuracy and timeliness of the Company's accounting and financial reporting; proposing at a Shareholders' general meeting the engagement or dismissal of an accounting firm providing regular statutory audit for the Bank's financial reports; considering and determining working rules of the President, listening to his/her work reports and examining his/her work; in accordance with laws and regulations, regulatory requirements and the Articles and Association, considering and approving the Company's external investment, purchases of assets, disposal and write-off of assets, pledged assets, related transactions, data governance and other matters; formulating the capital plan of the Company and assume the ultimate responsibility for capital or solvency management; regularly evaluating and improving the corporate governance; safeguarding the legitimate rights and interests of financial consumers and other stakeholders; establishing the mechanism for identification, verification and management of the conflict of interests between the Company and Shareholders, in particular substantial Shareholders; assuming the management responsibility for affairs of Shareholders; other functions and powers stipulated by laws and regulations and these Articles of Association of the Bank and authorized by the Shareholders' general meetings.

Corporate Governance Report (Continued)

The Board of the Bank is also responsible for performing the corporate governance functions set out below: formulating and reviewing the Bank's policies and practices in respect of corporate governance; reviewing and monitoring the training and continuous professional development of Directors and senior management; reviewing and monitoring the Bank's policies and practices in respect of compliance with laws and regulatory requirements; formulating, reviewing and monitoring the code of conduct and compliance manual applicable to employees and Directors; reviewing the Bank's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

7.2.2 Operation of the Board

The Board meetings are divided into regular meetings and extraordinary meetings, voting at which may be conducted by both on-site meeting voting and circulation of written resolutions. For regular meetings and extraordinary meetings of the Board, written notices shall be given to all Directors by hand, fax, e-mail, express mail or other means at least 14 and 5 days in advance, respectively. Since the Listing Date, the Bank has complied with the requirements of the Code Provision A.1.3 of the CG Code to give each Director a notice at least 14 days before the convening of regular meetings of the Board.

There are six special committees under the Board, including, among others, the Strategic Development Committee, the Risk and Related Party Transactions Management Committee, the Nomination and Remuneration Committee, the Audit Committee, the ESG Management Committee and Compliance Management Committee. The Bank has set up Board Office as the Board's daily working organ. The secretary to the Board may concurrently serve as director of the Board Office. The Board Office shall be responsible for the preparations for and information disclosure of the general meetings, Board meetings and meetings of special committees under the Board, as well as other routine affairs of the Board and special committees thereunder.

7.2.3 Composition of the Board

As at the end of the Reporting Period, the Board of the Bank consisted of fourteen Directors (of which the qualification of two Directors is subject to approval), including three executive Directors, namely, Mr. YANG Mingshang (Chairman), Mr. XU An and Mr. CAI Dong; four non-executive Directors, namely, Mr. CHEN Jingde, Mr. CHEN Hanqing, Ms. GONG Taotao and Mr. ZHAO Yong; and seven independent non-executive Directors, namely, Mr. WANG Gefan, Mr. TANG Xin, Mr. SONG Ke, Mr. LEE Hoey Simon, Ms. SUN Li, Mr. JIA Xiangsen⁽¹⁾ and Mr. JIANG Shangjun⁽¹⁾.

During the Reporting Period, the Bank is unable to comply with the requirements of Rule 3.10A of the Hong Kong Listing Rules pending the approval of Mr. LEE Hoey Simon's qualification as a director. On 17 May 2022, following the approval of Mr. LEE Hoey Simon's qualification as a director, the number of members and composition of the Board of the Bank comply with the requirements of the Hong Kong Listing Rules and relevant laws and regulations. For details, please refer to the Bank's announcement published on 17 May 2022.

Note:

- (1) The qualification of Mr. JIA Xiangsen and Mr. JIANG Shangjun to serve as independent non-executive Directors of the Bank is subject to approval, and their directorships will become effective upon obtaining such approval.

Corporate Governance Report (Continued)

7.2.4 Changes in Board Members during the Reporting Period

Please refer to the section headed “6.2.1 Changes of Directors” for details.

7.2.5 Independent Non-executive Directors

The independent non-executive Directors of the Bank possess qualifications required by the CBIRC, CSRC and the Hong Kong Listing Rules. The term of office of an independent non-executive Director shall be three years, which is the same as that of other Directors. An independent Director may serve consecutive terms for re-election upon the expiry of his/her term, provided that his/her term of office shall not exceed six years on an accumulative basis.

The Bank has received an annual confirmation of independence confirming the independence of each of the independent non-executive Director, which was issued by such independent non-executive Director according to Rule 3.13 of the Hong Kong Listing Rules. The Bank considers that all independent non-executive Directors of the Bank are not involved in any factors influencing their independence mentioned in Rule 3.13 of the Hong Kong Listing Rules. Therefore, the Bank confirms that all independent non-executive Directors have complied with the requirements of the Hong Kong Listing Rules in respect of the independence thereof.

7.2.6 Work of independent non-executive Directors

During the Reporting Period, the independent non-executive Directors of the Bank conscientiously implemented the internal requirements of independent Directors for good corporate governance by attending meetings, debriefing and other methods, and performed their duties with integrity, independence and diligence. All independent non-executive Directors made in-depth research on the relevant resolutions and important documents of the Board and the general meetings, and expressed opinions and decisions thereon independently. In particular, they expressed opinions on major issues such as profit distribution, the appointment of senior management and appointment of the accounting firms that performs regular statutory audits of the Company's financial reports, which effectively safeguard the legitimate rights and interests of the Bank, minority Shareholders and financial consumers, and promoted the implementation of the Bank's development strategy.

7.2.7 Directors' Responsibility for Preparation of Financial Statements

The Directors have acknowledged their responsibilities for preparing the financial statements for the year ended 31 December 2022. The Directors are responsible for reviewing and confirming the financial statements for each accounting period to ensure that the financial statements truly and fairly reflect the financial conditions, operating results and cash flows of the Bank. In preparing the financial statements of the Bank for the year ended 31 December 2022, with the assistance of professional financial and accounting personnel, the Directors ensure that the financial statements of the Bank are prepared in accordance with laws and regulations and applicable financial reporting rules.

Corporate Governance Report (Continued)

7.2.8 Meetings and the Attendance of Directors

During the Reporting Period, the Bank convened a total of 13 Board meetings, at which 93 resolutions were considered and approved, including the Annual Work Report of the Board, the Annual Profit Distribution Plan and the Amendments to the Articles of Association. Details of the Board meetings convened during the Reporting Period are set out in the table below:

Meeting	Date	Form	Resolutions considered and approved
The 2022 1st extraordinary meeting of the third session of the Board	2022/1/19	On-site Meeting	6 resolutions were considered and approved, including the Management Measures on Liability Quality of Bank of Guizhou (Provisional)
The 2022 1st meeting of the third session of the Board	2022/3/30	On-site Meeting	29 resolutions were considered and approved, including the Final Accounts Report for the Year 2021 of Bank of Guizhou
The 2022 2nd extraordinary meeting of the third session of the Board	2022/4/16	On-site Meeting	2 resolutions were considered and approved, including the Appointment of Mr. JIAO Zhengjun as the Chief Compliance Officer of Bank of Guizhou
The 2022 3rd extraordinary meeting of the third session of the Board	2022/5/16	On-site Meeting	14 resolutions were considered and approved, including the Annual Work Report of the Board of Directors of Bank of Guizhou for 2021
The 2022 4th extraordinary meeting of the third session of the Board	2022/5/30	Written resolution	1 resolution was considered and approved, namely the 2021 ESG Report of Bank of Guizhou
The 2022 2nd meeting of the third session of the Board	2022/6/30	On-site Meeting	8 resolutions were considered and approved, including the 2022-2025 Digital Transformation Program of Bank of Guizhou
The 2022 5th extraordinary meeting of the third session of the Board	2022/8/30	On-site Meeting	10 resolutions were considered and approved, including 2022-2024 Development Strategic Plan of Bank of Guizhou
The 2022 6th extraordinary meeting of the third session of the Board	2022/9/16	Written resolution	1 resolution was considered and approved, namely the resolution on Donation to Guizhou Charity Federation
The 2022 3rd meeting of the third session of the Board	2022/9/30	Written resolution	2 resolutions were considered and approved, including the Report on Liquidity Risk Management of Bank of Guizhou in the Second Quarter of 2022

Corporate Governance Report (Continued)

Meeting	Date	Form	Resolutions considered and approved
The 2022 7th extraordinary meeting of the third session of the Board	2022/10/31	Written resolution	1 resolution was considered and approved, in relation to the Matters Related to the Equity Pledge by a Substantial Shareholder, Zunyi City State-owned Assets Investment and Financing Management Co., Ltd.
The 2022 8th extraordinary meeting of the third session of the Board	2022/11/9	On-site Meeting	8 resolutions were considered and approved, including the Administrative Measures for Consumer Rights Protection of the Bank of Guizhou
The 2022 9th extraordinary meeting of the third session of the Board	2022/12/7	On-site Meeting	2 resolutions were considered and approved, including the Capital Increase to Pingba Dingli Rural Bank
The 2022 4th meeting of the third session of the Board	2022/12/26	On-site Meeting	9 resolutions were considered and approved, including the Organizational Structure Optimization Plan for the Branches of Bank of Guizhou

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

Member of the Board	No. of attendance at shareholders' general meetings/ No. of meetings held during the term of office	
	No. of attendance in person at Board meetings/No. of meetings held during the term of office ⁽¹⁾	No. of meetings held during the term of office
YANG Mingshang	11/13	3/3
XU An	12/13	0/3
CAI Dong	13/13	3/3
CHEN Jingde	11/13	0/3
CHEN Hanqing	12/13	3/3
GONG Taotao	13/13	3/3
ZHAO Yong	13/13	3/3
WANG Gefan	13/13	3/3
TANG Xin	13/13	3/3
SONG Ke	12/13	3/3
LEE Hoey Simon	9/9	0/3
SUN Li	7/7	–
CHEN Hua ⁽²⁾	5/6	3/3
WANG Xiaoyong ⁽³⁾	5/5	3/3
WANG Wencheng ⁽⁴⁾	9/11	3/3
LAW Cheuk Kin Stephen ⁽⁵⁾	6/6	0/3
JIANG Shangjun ⁽⁶⁾	–	–
JIA Xiangsen ⁽⁶⁾	–	–

Corporate Governance Report (Continued)

Notes:

- (1) Although some Directors failed to attend certain Board meetings in person, they all appointed other Directors as their proxies to attend the meeting and vote on their behalf;
- (2) Mr. CHEN Hua resigned as a Director of the Bank on 13 July 2022 due to work arrangements and his resignation took effect on the same date;
- (3) Mr. WANG Xiaoyong resigned as a Director of the Bank on 27 June 2022 due to work arrangements and his resignation took effect on the same date;
- (4) Mr. WANG Wencheng resigned as a Director of the Bank on 2 December 2022 due to work arrangements and his resignation took effect on the same date;
- (5) On 29 November 2021, Mr. LAW Cheuk Kin Stephen resigned as an independent non-executive Director of the Bank due to work arrangements with effect from 25 August 2022;
- (6) As of 31 December 2022, the qualifications of Mr. JIANG Shangjun and Mr. JIA Xiangsen are still subject to approval.

7.2.9 Special Committees under the Board

During the Reporting Period, the third session of the Board of the Bank has set up six special committees, including the Audit Committee, the Risk and Related Party Transactions Management Committee, the Nomination and Remuneration Committee, the Strategic Development Committee, the Compliance Management Committee and the ESG Management Committee.

I. Audit Committee

As of the end of the Reporting Period, the Audit Committee of the Bank consisted of six Directors, namely, the independent non-executive Director Ms. SUN Li (Chairlady), the non-executive Director Mr. CHEN Hanqing, the non-executive Director Ms. GONG Taotao, the independent non-executive Director Mr. WANG Gefan, the independent non-executive Director Mr. TANG Xin and the independent non-executive Director Mr. SONG Ke. The primary duties of the Audit Committee include:

1. supervising and evaluating the work of the external auditor;
2. guiding the internal audit work;
3. reviewing and expressing opinions on the financial reports of the Bank, and submitting to the Board for consideration;
4. evaluating the effectiveness of the internal control;
5. coordinating the communication of the management, the internal audit department and relevant departments with the external auditor;

Corporate Governance Report (Continued)

6. examining the Bank's risks and compliance, financial and accounting policies, financial condition and financial reporting procedures;
7. exchanging information in respect of the operation and risk exposure of the Bank with senior management and departments on a regular basis, as well as providing advice and recommendation;
8. other matters stipulated by relevant laws, regulations, regulatory documents and the Articles of Association, and those authorized by the Board.

For details of internal control, internal audit system and work content during the Reporting Period, please refer to Chapter VII "7.17 Risk Management, Internal Control and Internal Audit" in this annual report.

During the Reporting Period, the Audit Committee convened a total of 6 meetings, at which resolutions were considered and approved, including the 2021 Annual Report of Bank of Guizhou, the Annual Financial Report of Bank of Guizhou for 2021, the Proposal on the Reappointment of Accounting Firms, the Evaluation Report on Internal Control of Bank of Guizhou for 2021 and the 2022 Interim Report of Bank of Guizhou.

The attendance of each committee member at the meetings of the Audit Committee held during the Reporting Period is set out in the table below:

Member of the Audit Committee	Number of Attendance in person at the meetings of the Audit Committee/Number of meetings held during the term of office
SUN Li ⁽¹⁾	1/1
CHEN Hanqing	6/6
GONG Taotao	5/6
WANG Gefan	6/6
TANG Xin	4/6
SONG Ke	6/6
LAW Cheuk Kin Stephen ⁽²⁾	5/5

Notes:

- (1) On 30 August 2022, Ms. SUN Li was appointed as the chairlady of the Audit Committee of the Bank;
- (2) On 29 November 2021, Mr. LAW Cheuk Kin Stephen resigned as an independent non-executive Director and chairman of the Audit Committee of the Bank due to work arrangements with effect from 25 August 2022.

Corporate Governance Report (Continued)

II. Risk and Related Party Transactions Management Committee

As of the end of the Reporting Period, the Risk and Related Party Transactions Management Committee of the Bank consisted of six Directors, namely, the independent non-executive Director Mr. WANG Gefan (Chairman), the non-executive Director Mr. CHEN Hanqing, the non-executive Director Mr. ZHAO Yong, the independent non-executive Director Mr. TANG Xin, the independent non-executive Director Mr. SONG Ke and the independent non-executive Director Mr. LEE Hoey Simon. The primary duties of the Risk and Related Party Transactions Management Committee include:

1. being responsible for supervising and evaluating the risk control of the Bank, and making recommendations to improve the risk management and internal control of the Bank;
2. expressing preliminary opinions on non-performing assets disposal and material guarantees of the Bank for the consideration of the Board;
3. accepting the filing of regular related party transactions, reviewing major related party transactions and submitting the same to the Board for review and approval;
4. identifying the related parties of the Bank and promptly announcing it to the management;
5. inspecting and supervising the risk and related party transaction management of the Bank, and submitting the Special Annual Report on Risk Management and Related Party Transaction Control of the Bank to the Board on a regular basis;
6. evaluating the risk and related party transaction management system and corporate structure of the Bank, as well as expressing opinions and making suggestions on improvement;
7. exchanging information in respect of the risks and related party transaction of the Bank with senior management and departments on a regular basis, as well as reviewing the Bank's risk tolerance ability and level proposed by senior management, and reporting the review results to the Board;
8. other matters stipulated by relevant laws, regulations, regulatory documents and the Articles of Association, and those authorized by the Board.

Corporate Governance Report (Continued)

During the Reporting Period, the Risk and Related Party Transactions Management Committee convened a total of 12 meetings, at which resolutions were considered and approved, including the Major Related Party Transactions between Bank of Guizhou and Guizhou Water Conservancy Investment Group Co., Ltd., the Special Report on Related Party Transactions of Bank of Guizhou for 2021, the Measures on Comprehensive Risk Management of Bank of Guizhou, the Report on Comprehensive Risk Management of Bank of Guizhou for 2021, the Policy on Comprehensive Risk Management of Bank of Guizhou for 2022, the Report on Liquidity Risk Management of Bank of Guizhou for 2021, the Liquidity Risk Management Strategies of Bank of Guizhou for 2022, the Measures on Stress Testing Management of Bank of Guizhou, the Measures on Limit Management of Bank of Guizhou and the Measures for Risk Appetite Management of Bank of Guizhou.

The attendance of each committee member at the meetings of the Risk and Related Party Transactions Management Committee held during the Reporting Period is set out in the table below:

Member of the Risk and Related Party Transactions Management Committee	No. of attendance in person at the meetings of the Risk and Related Party Transactions Management Committee/No. of meetings held during the term of office
WANG Gefan	12/12
CHEN Hanqing	12/12
ZHAO Yong	11/12
TANG Xin	12/12
SONG Ke	12/12
LEE Hoey Simon ⁽¹⁾	5/5

Note:

- (1) On 30 August 2022, Mr. LEE Hoey Simon was appointed as a member of the Risk and Related Party Transactions Management Committee of the Bank.

Corporate Governance Report (Continued)

III. Nomination and Remuneration Committee

As of the end of the Reporting Period, the Nomination and Remuneration Committee consisted of six Directors, including the independent non-executive Director Mr. TANG Xin (Chairman), the executive Director Mr. CAI Dong, the independent non-executive Director Mr. WANG Gefan, the independent non-executive Director Mr. SONG Ke, the independent non-executive Director Mr. LEE Hoey Simon and the independent non-executive Director Ms. SUN Li. The primary duties of the Nomination and Remuneration Committee include:

1. making recommendations to the Board on the scale, composition (including skills, knowledge and experience) and structure of the Board and senior management, as well as any proposed changes to the Board in line with the development strategies of the Bank;
2. formulating the standards and procedures for the election of Directors and senior management personnel of the Bank, and conducting preliminary examination on the qualifications and conditions of the candidates for Directors and senior management officers and making recommendations;
3. formulating the assessment criteria for senior management officers, carrying out assessment and making recommendations;
4. identifying individuals suitably qualified as Directors, and selecting or proposing such individuals as Directors or making recommendations to the Board thereon, and reviewing, where appropriate, policies regarding the diversity of Board members;
5. advising the Board on the appointment or re-appointment of Directors and the succession plan of Directors (especially the chairman of the Board and the president);
6. considering the remuneration paid by similar companies, time commitment and responsibilities, and the employment conditions of other positions in the industry. Being responsible for the remuneration policy and system of the Bank, and formulating the remuneration plan for each director and senior management personnel (including benefits in kind, pension rights and compensation amount (including compensation payable for loss or termination of his/her office or appointment)), proposing compensation plan to the Board of Directors, supervising the implementation of the plan, and making recommendations to the Board on the establishment of a formal and transparent remuneration policy development process;
7. ensuring that no Director or any of his associates is involved in deciding his own remuneration;
8. communicating with the senior management and departments in respect of the personnel of the Bank regularly, making comments and suggestions, and reviewing and approving the management's remuneration recommendations according to the Bank's guidelines and objectives formulated by the Board;

Corporate Governance Report (Continued)

9. assessing the independence of independent Directors;
10. promoting and supervising the management to establish a scientific and reasonable performance evaluation index system;
11. other matters stipulated by relevant laws, regulations and the Articles of Association of the Bank, and those authorized by the Board.

During the Reporting Period, the Nomination and Remuneration Committee convened a total of 6 meetings at which 9 resolutions were considered and approved, including the Remuneration Management Measures of the Head Office of Bank of Guizhou (Revised Draft), Evaluation Results of Directors' Performance for the Year 2021, Evaluation Results of Senior Management's Performance for the Year 2021 and Implementation Plan for Senior Management's Remuneration of Bank of Guizhou, and reviewed the resolution of Remuneration Management Evaluation Report of Bank of Guizhou. The attendance of each member at the meeting is as follows.

Member of the Nomination and Remuneration Committee	No. of attendance in person at the meetings of the Nomination and Remuneration Committee/No. of meetings held during the term of office
TANG Xin	6/6
CAI Dong	5/6
WANG Xiaoyong ⁽¹⁾	5/5
WANG Wencheng ⁽²⁾	5/6
WANG Gefan	6/6
SONG Ke	6/6
LAW Cheuk Kin Stephen ⁽³⁾	6/6
SUN Li	–
LEE Hoey Simon	–

Notes:

- (1) Mr. WANG Xiaoyong resigned as a Director and member of the Nomination and Remuneration Committee of the Bank on 27 June 2022 due to work arrangements and his resignation took effect on the same date;
- (2) Mr. WANG Wencheng resigned as a Director and member of the Nomination and Remuneration Committee of the Bank on 2 December 2022 due to work arrangements and his resignation took effect on the same date;
- (3) On 29 November 2021, Mr. LAW Cheuk Kin Stephen resigned as an independent non-executive Director and member of the Nomination and Remuneration Committee of the Bank due to work arrangements with effect from 25 August 2022.

Corporate Governance Report (Continued)

Board Diversity Policy

The Board has adopted a board diversity policy (the “**Board Diversity Policy**”) and regularly reviews the implementation and effectiveness of the Board Diversity Policy on an annual basis in order to enhance the effectiveness of the Board and to maintain high standard of corporate governance. The Board Diversity Policy sets out the criteria in selecting candidates to the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination and Remuneration Committee is responsible for reviewing the diversity of the Board. The Nomination and Remuneration Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness. The Nomination and Remuneration Committee will also include in successive annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

The Directors of the Bank have a balanced mixed of knowledge and skills, including but not limited to overall business management, finance and accounting, investment and law. They obtained degrees in various majors including business administration, science, geology and mineralogy, finance, accounting and law.

Measurable targets for implementing the Board Diversity Policy and the progress for achieving the targets: The policy also sets out the Board’s commitment to gender diversity and other diversity aspects. The Bank has met gender diversity in its Board, and currently has two female Directors. As of 31 December 2022, the proportion of female members of the Board of the Bank was 16.67% and the female employees accounted for 52.34% of all employees.

The Board is of the view that the Board of the Bank satisfies the Board Diversity Policy.

Nomination Policy

In considering candidates of Directors, the Nomination and Remuneration Committee will engage an independent professional firm to assist in selecting potential candidates of Directors as the case may be. According to Nomination Policy, Board Diversity Policy and relevant requirements, the Nomination and Remuneration Committee will review biographical details of relevant candidates and arrange interviews with the candidates of Directors having regard to the Board’s current composition and the Directors’ skill and experience. Factors considered by the Nomination and Remuneration Committee in evaluating candidates for Directors include (but not limited to) the following:

- I. basic requirements prescribed in the Articles of Association on the methods and procedures for nominating a Director;
- II. achievements and experience in banking or related industries;
- III. time to be devoted to the Bank;
- IV. the Board Diversity Policy.

Corporate Governance Report (Continued)

Independent views of the Board

The Bank has appointed independent non-executive Directors in accordance with the independence criteria set out in the Listing Rules and has actively arranged for independent non-executive Directors to join each professional committee under the Board, so as to ensure that the Board and the professional committees under the Board can obtain independent views. Independent non-executive Directors (same as other Directors) are entitled to seek further information and documentation from the management of the Bank on the matters to be discussed at Board meetings so that they can fully assess and submit constructive independent opinions. The Board of the Bank has assessed annually the independence of all Independent non-executive Directors in accordance with independence criteria as set out in the Listing Rules to ensure that they can continually exercise independent judgment.

IV. Strategic Development Committee

As at the end of the Reporting Period, the Strategic Development Committee of the Bank consisted of seven Directors, namely, the executive Director Mr. YANG Mingshang (Chairman), the executive Director Mr. XU An (Vice Chairman), the executive Director Mr. CAI Dong, the non-executive Director Mr. CHEN Jingde, the independent non-executive Director Mr. WANG Gefan, the independent non-executive Director Mr. TANG Xin and the independent non-executive Director Mr. LEE Hoey Simon. The major duties of the Strategic Development Committee include:

1. formulating the business management objectives and medium and long-term development strategies of the Bank, and examining the implementation of the medium and long-term development strategies and making amendments thereon based on actual situations;
2. reviewing preliminarily the foreign equity investments and bond issuance of the Bank and submitting the same to the Board for consideration;
3. reviewing the Bank's fixed assets procurement and disposal based on the authorization of the Board;
4. supervising and reviewing the implementation of annual business plans and investment and financing plans;
5. reviewing preliminarily the capital plan, management plan and management report of capital adequacy ratio formulated by senior management, and evaluation report on the internal capital adequacy, and submitting the same to the Board for consideration;

Corporate Governance Report (Continued)

6. prompting and supervising the senior management to formulate specialized policies and procedures for the purpose of evaluation of feasibility, necessity and potential risks involving development of new products, major modification of existing products, exploration in new business scopes, establishment of new departments and engagement in significant acquisition and investments, and establishing internal approval process and withdrawal arrangements. The above-mentioned matters shall be submitted to the Board for consideration, subject to approval by the risk management departments and preliminary review by the Strategic Development Committee;
7. proposing plans and strategies for other major issues related to the development of the Bank;
8. other matters stipulated by relevant laws, regulations and the Articles of Association of the Bank, and those authorized by the Board.

During the Reporting Period, the Strategic Development Committee convened a total of 5 meetings, at which 7 resolutions were considered and approved including the 2022-2024 Strategic Plan of Bank of Guizhou, the Digital Transformation Plan for 2022-2025 of Bank of Guizhou, the 2022 Business Plan of Bank of Guizhou and the Measures for the Strategic Risk Management of Bank of Guizhou (Trial), and reviewed the resolution in relation to the Evaluation Report on Implementation of Strategies of Bank of Guizhou for 2021.

The attendance of each committee member at the meetings of the Strategic Development Committee held during the Reporting Period is set out in the table below:

Member of the Strategic Development Committee	No. of attendance in person at the meetings of the Strategic Development Committee/No. of meetings held during the term of office
YANG Mingshang	5/5
XU An	5/5
CAI Dong	5/5
CHEN Jingde	5/5
WANG Gefan	5/5
TANG Xin	5/5
LEE Hoey Simon ⁽¹⁾	1/1

Note:

- (1) On 30 August 2022, Mr. LEE Hoey Simon was appointed as a member of the Strategic Development Committee of the Bank.

Corporate Governance Report (Continued)

V. Compliance Management Committee

As at the end of the Reporting Period, the Compliance Management Committee consisted of five Directors, namely, the executive Director Mr. XU An (Chairman), the non-executive Director Mr. CHEN Jingde, the non-executive Director Ms. GONG Taotao, the independent non-executive Director Mr. WANG Gefan and the independent non-executive Director Ms. SUN Li.

The major duties of the Compliance Management Committee include:

1. advocating a favorable compliance culture throughout the Bank, determining the principle of compliance, and establishing compliance concepts such as “voluntary compliance by all staff” and “compliance creates value”;
2. reviewing preliminarily the Bank’s policies and systems about compliance management, and submitting the same to the Board for consideration and approval;
3. reviewing preliminarily the Bank’s Annual Report on Compliance Risk Management, and submitting the same to the Board for consideration and approval. Evaluating the effectiveness of the Bank’s compliance risk and urging the management to resolve compliance defects in a timely and effective manner;
4. conducting daily supervision over compliance risk management of the Bank, understanding the implementation of compliance policies and the problems arising therefrom through the separate interview with the compliance principal and other effective means, providing opinions and recommendations on a timely basis to the Board or the senior management and supervise the effective implementation of compliance policies;
5. obtaining regularly the evaluation reports of the “four ratings”, namely the central bank’s rating, the regulatory rating of CBIRC, the regulatory rating of corporate governance and the regulatory rating of financial services for small and micro enterprises, and listening to the management’s reports on the progress of the “four ratings”, and giving assessment on the Bank’s daily evaluation report on compliance;
6. obtaining timely the punishment opinions of the regulatory authorities over the Bank and the progress of rectification, and supervising the implementation of rectification measures;
7. deliberating and approving the overall policies about the Bank’s case prevention, so as to promote the construction of the Bank’s case prevention management system;
8. specifying the duties and scope of authorization of senior management regarding incident prevention, so as to ensure that senior management has adopted necessary measures for the effective monitoring, alert and handling of crises;

Corporate Governance Report (Continued)

9. issuing the general requirements for case prevention, and reviewing the working report on case prevention;
10. assessing the effectiveness of our case prevention;
11. ensuring the effective review and supervision of case prevention by the internal audit functions;
12. setting the objectives for building of money laundering risk management culture;
13. reviewing preliminarily the policies and procedures of money laundering risk management, and submitting the same to the Board for consideration and approval;
14. reviewing and approving the working report on anti-money laundering, and reporting the same to the Board periodically;
15. keeping abreast of the significant money laundering events and corresponding processing, and providing professional opinions in respect of money laundering risk management to the Board;
16. other matters stipulated by relevant laws, regulations and the Articles of Association of the Bank, and those authorized by the Board.

During the Reporting Period, the Compliance Management Committee convened a total of 2 meetings, at which 4 resolutions were considered and approved including the 2021 Compliance Management Report of Bank of Guizhou and the 2021 Anti-money Laundering Report of Bank of Guizhou.

The attendance of each committee member at the meeting of the Compliance Management Committee held during the Reporting Period is set out in the table below:

Member of the Compliance Management Committee	No. of attendance in person at the meetings of the Compliance Management Committee/No. of meetings held during the term of office
XU An	2/2
CHEN Jingde	2/2
GONG Taotao	2/2
WANG Gefan	2/2
SUN Li ⁽¹⁾	1/1
LAW Cheuk Kin Stephen ⁽²⁾	1/1

Notes:

- (1) On 30 August 2022, Ms. SUN Li was appointed as a member of the Compliance Management Committee of the Bank;
- (2) On 29 November 2021, Mr. LAW Cheuk Kin Stephen resigned as an independent non-executive Director and a member of the Compliance Management Committee of the Bank due to work arrangements with effect from 25 August 2022.

Corporate Governance Report (Continued)

VI. ESG Management Committee

As of the end of the Reporting Period, the ESG Management Committee consisted of six Directors, namely, the executive Director Mr. YANG Mingshang (Chairman), the executive Director Mr. XU An, the executive Director Mr. CAI Dong, the independent non-executive Director Mr. SONG Ke, the independent non-executive Director Mr. Lee Hoey Simon and the independent non-executive Director Ms. SUN Li. The primary duties of the ESG Management Committee include:

1. leading the formulation of the Bank's ESG management approaches, strategies, visions, strategic plans and goals, and submitting to the same the Board for consideration;
2. leading to conduct ESG importance assessment, identify important ESG matters of the Bank, and urging the senior management to take active actions and measures on relevant matters;
3. understanding and assessing the potential impact and relevant risks of ESG matters on the Bank's operation and management, and urging the senior management to incorporate ESG factors into business operation, risk management and other processes;
4. approving the ESG work plans, programs and measures formulated by the senior management, and reporting the same to the Board under the objectives approved by the Board;
5. hearing and reviewing the reports from the senior management concerning the progress of ESG-related work on a regular basis, supervising and evaluating the completion of ESG-related work goals, and reporting the same to the Board;
6. conducting preliminary review on the Bank's ESG report, and submitting to the Board for consideration;
7. deliberating and approving the Bank's environmental information disclosure report;
8. assisting the Board to perform the duties of consumer rights protection;
9. assisting the Board to promote the development of green finance;
10. considering external donations (including public welfare donations and commercial sponsorship) by the Bank in accordance with the authority of the Board of Directors;
11. other matters as stipulated in the relevant laws and regulations and the Bank's Articles of Association and as authorized by the Board of Directors.

During the Reporting Period, the ESG Management Committee held a total of 9 meetings, at which 10 resolutions were considered and approved, including the 2021 Green Finance Development Report of Bank of Guizhou and 2021 ESG Report of Bank of Guizhou.

Corporate Governance Report (Continued)

The attendance of each committee member at the meeting of the ESG Management Committee held during the Reporting Period is set out in the table below:

Member of the ESG Management Committee	No. of attendance in person at the meetings of the ESG Management Committee/No. of meetings held during the term of office
YANG Mingshang	9/9
XU An	9/9
CAI Dong	9/9
SONG Ke	9/9
LEE Hoey Simon ⁽¹⁾	4/4
SUN Li ⁽¹⁾	4/4
CHEN Hua ⁽²⁾	3/3
LAW Cheuk Kin Stephen ⁽³⁾	5/5

Notes:

- (1) On 30 August 2022, Mr. LEE Hoey Simon and Ms. SUN Li were appointed as members of the ESG Management Committee of the Bank;
- (2) On 13 July 2022, Mr. CHEN Hua resigned as a Director and a member of the ESG Management Committee of the Bank due to work arrangements and his resignation took effect on the same date;
- (3) On 29 November 2021, Mr. LAW Cheuk Kin Stephen resigned as an independent non-executive Director and a member of the ESG Management Committee of the Bank due to work arrangements with effect from 25 August 2022.

Corporate Governance Report (Continued)

7.3 BOARD OF SUPERVISORS

7.3.1 The duties of the Board of Supervisors

According to the Articles of the Bank, the Board of Supervisors shall examine the financial condition of the Company and supervise the Company's financial activities; supervise the implementation of resolutions made at shareholders' general meetings and the fulfillment of duties of the Board and senior management; supervise the fulfillment of duties of Directors, Chairman and senior management personnel; undertake the resign audit of Directors and senior management personnel; supervise, inspect and urge to rectify operation decisions, risk management and internal control of the Company and guide the internal audit department of the Company in work; address inquiries to Directors, the Chairman and senior management personnel; supervise the Directors, Chairman and senior management personnel for any violation of laws and regulations or the Articles of the Bank while they perform their duties for the Company. If any act of the Directors, Chairman and senior management personnel damages the interests of the Company, the Board of Supervisors shall require them to rectify such act accordingly, and where necessary, report to the shareholders' general meeting or banking regulatory authorities; express independent opinions on proposals formulated by the Board and reports issued by the Company; evaluate the fulfillment of duties of Directors, Supervisors and senior management personnel and report to the shareholders' general meeting; propose the convening of extraordinary general meeting and interim Board meeting; negotiate with Directors or pursue legal actions against the same on behalf of the Company; supervise the Board in establishing sound business philosophy and value criteria and formulating development strategies in line with the Company's situation; evaluate the scientificity, reasonableness and soundness of the Company's development strategies and form evaluation reports; supervise the procedures for election of Directors; supervise the implementation of the Company's remuneration management system and the scientificity and reasonableness of the remuneration packages of senior management; exercise any other functions and powers as specified in the Articles or as authorized by the shareholders' general meetings.

7.3.2 Composition of the Board of Supervisors

As of the end of the Reporting Period, the third session of the Board of Supervisors of the Bank consisted of eight Supervisors, including three employee Supervisors, namely Ms. WU Fan (Chairlady), Ms. ZHANG Hui and Ms. WANG Wei, two shareholder Supervisors, namely Mr. CHENG Yunlong and Mr. HE Xinzhang, and three external Supervisors, namely Mr. SU Zhi, Mr. YIN Xinquan and Mr. CHEN Houyi.

7.3.3 Changes of members of the Board of Supervisors during the Reporting Period

For details, Please refer to the section headed "6.2.2 Changes of Supervisors".

Corporate Governance Report (Continued)

7.3.4 Meetings of the Board of Supervisors and the Attendance of Supervisors

During the Reporting Period, the Board of Supervisors convened a total of 6 meetings, including 5 times of on-site meetings and 1 time of written resolution. Details of the meetings of the Board of Supervisors held during the Reporting Period are set out in the table below:

Meeting	Date	Form	Content
The 2022 1st meeting of the third session of the Board of Supervisors of Bank of Guizhou	2022/3/31	On-site meeting	Considering and approving 11 resolutions, including the 2021 Work Report of the Board of Supervisors of Bank of Guizhou, and conducting 16 special supervision activities, including the Policy on Comprehensive Risk Management of Bank of Guizhou for 2022.
The 2022 1st extraordinary meeting of the third session of the Board of Supervisors of Bank of Guizhou	2022/5/30	On-site meeting	Considering 3 resolutions, including the Articles of Association.
The 2022 2nd meeting of the third session of the Board of Supervisors of Bank of Guizhou	2022/6/30	On-site meeting	Considering and approving 3 resolutions, including the Nomination of Mr. WANG Wei as a Shareholder Supervisor of the Third Session of the Board of Supervisors of Bank of Guizhou, and conducting 6 special supervision activities, including the implementation of 2021 ESG and work arrangements for 2022 of Bank of Guizhou.
The 2022 2nd extraordinary meeting of the third session of the Board of Supervisors of Bank of Guizhou	2022/8/30	Written resolution	Considering and approving the 2022 Interim Report of Bank of Guizhou.
The 2022 3rd meeting of the third session of the Board of Supervisors of Bank of Guizhou	2022/10/12	On-site meeting	Conducting 3 special supervision activities, including the problems found in the auditing of 2022 related party transaction and the implementation of corresponding rectifications of Bank of Guizhou.
The 2022 4th meeting of the third session of the Board of Supervisors of Bank of Guizhou	2022/11/29	On-site meeting	Conducting 4 special supervision activities, including the special supervision on the implementation of the expected credit risk loss method of Bank of Guizhou.

Corporate Governance Report (Continued)

The attendance of each Supervisor at the meetings of the Board of Supervisors during the Reporting Period is as follows:

Members of the Board of Supervisors	Number of attendances in person at the meetings of the Board of Supervisors/No. of meetings held during the term of office⁽¹⁾
WU Fan	5/6
CHENG Yunlong	5/6
HE Xinzhang ⁽³⁾	4/4
SU Zhi	6/6
CHEN Houyi	6/6
YIN Xinquan	6/6
ZHANG Hui	6/6
JIAO Zhengjun ⁽²⁾	1/1
Wang Wei ⁽⁴⁾	4/4

Notes:

- (1) Although some Supervisors failed to attend certain meetings of the Board of Supervisors in person, they all appointed other Supervisors as their proxies to attend the meeting and vote on their behalf;
- (2) On 16 April 2022, Mr. JIAO Zhengjun resigned as an employee Supervisor of the third session of the Board of Supervisors of the Bank due to work adjustment with effect from the same date;
- (3) On 16 June 2022, Mr. HE Xinzhang was elected as a Shareholder Supervisor of the third session of the Board of Supervisors of the Bank at the 2021 AGM of Bank of Guizhou and has started to perform duties since then;
- (4) On 30 June 2022, Ms. WANG Wei was elected as an employee Supervisor of the third session of the Board of Supervisors of the Bank at the eighth meeting of the employee representatives and has started to perform duties since then.

7.3.5 Special Committees under the Board of Supervisors

The Board of Supervisors of the Bank has set up two committees, namely the Supervision Committee and the Nomination, Remuneration and Evaluation Committee.

1. The Supervision Committee

The Supervision Committee consists of four Supervisors, of which the chairman is Mr. YIN Xinquan, an external supervisor, and members are ZHANG Hui, WANG Wei and HE Xinzhang (all being Supervisors). The Supervision Committee is mainly responsible for formulating supervision plans and carrying out relevant inspections on major issues of the Bank, supervising the Board in establishing a sound business philosophy and value standards, formulating development strategies consistent with the Bank's condition, and supervising the implementation of resolutions of the general meetings, the Board and Board of Supervisors by the senior management. During the Reporting Period, the members of the Committee attended the general meeting of shareholders once; attended 4 on-site meetings of the Board and held one special supervisory meeting on the audit of the 2021 annual report.

Corporate Governance Report (Continued)

II. The Nomination, Remuneration and Evaluation Committee

The Nomination, Remuneration and Evaluation Committee consists of three Supervisors, of which the chairman is Mr. SU Zhi, an external supervisor, and members are CHENG Yunlong and CHEN Houyi (all being Supervisors). The Nomination, Remuneration and Evaluation Committee is mainly responsible for reviewing the qualifications of the supervisors, the selection and appointment procedures of Directors, evaluating the performance of duties by the Board, the Board of Supervisors and the Senior Management and their members, and reviewing the remuneration payment to the Supervisors. During the Reporting Period, the Nomination, Remuneration and Evaluation Committee held 2 meetings and considered and approved the 2021 Work Report of the Board of Supervisors of Bank of Guizhou, 2021 Performance Evaluation Report on Board of Directors and Board of Supervisors and Senior Management and their Members of Bank of Guizhou, Proposal on the Nomination of Mr. HE Xinzhang as a Shareholder Supervisor of the Third Session of the Board of Supervisors of Bank of Guizhou, Proposal on the Nomination of Mr. WANG Wei as a Shareholder Supervisor of the Third Session of the Board of Supervisors of Bank of Guizhou, Proposal on the Nomination of Ms. WANG Wei as an Employee Supervisor of the Third Session of the Board of Supervisors of Bank of Guizhou and other proposals.

Corporate Governance Report (Continued)

The Attendance of Supervisors at the Meetings of the Nomination, Remuneration and Evaluation Committee in 2022

Members of the Nomination, Remuneration and Evaluation Committee	No. of attendances in person at the meetings of the Nomination, Remuneration and Evaluation Committee/No. of meetings held during the term of office
SU Zhi (Chairman)	2/2
CHEN Yunlong	2/2
CHEN Houyi	2/2

7.3.6 Attendance of Supervisors at the General Meetings during the Reporting Period

During the Reporting Period, five Supervisors, namely WU Fan, ZHANG Hui, YIN Xinquan, CHEN Houyi and CHENG Yunlong, attended the 2021 Annual General Meeting of the Bank, the 2022 First Domestic Shareholders Class Meeting and the 2022 First H Shareholders Class Meeting and supervised the legal compliance in convening the general meeting and the compliance of voting procedures, the validity of voting rights, as well as the attendance of Directors, opinions expressed by them and voting on site.

7.3.7 Work of External Supervisors

During the Reporting Period, external Supervisors were able to attend all meetings of the Board of Supervisors on time, express their supervisory opinions independently on issues under consideration and supervision, and exercise their voting rights conscientiously; presided over the work of special committees according to their work needs, attended on-site meetings of shareholders' general meetings and Board of Directors as assigned by the Chairman of the chairman of the Board of Supervisors, and conscientiously performed on-site supervision duties; attended two special training sessions on the implementation of the expected credit loss law of commercial banks and corporate governance and internal control construction of commercial banks; and worked for the Bank for a period of no less than 15 working days.

Corporate Governance Report (Continued)

7.4 SENIOR MANAGEMENT

7.4.1 Functions and powers of the senior management

The senior management is the executive body of the Bank. It is headed by the President, senior management such as Vice Presidents shall assist the President in his/her work. The main powers of the President include: taking charge of the business operation and management of the Company, organizing the implementation of the resolutions of the Board and reporting to the Board; organizing the implementation of the annual business plans and investment plans of the Company; preparing plans for the establishment of internal management structure of the Company; drafting the Company's basic management system; appointing or dismissing persons in charge of the functional departments and branches other than those to be engaged or dismissed by the Board; proposing the Board to appoint or dismiss the Vice Presidents and other senior management personnel; authorizing other senior management personnel and persons in charge of internal functional departments and branches to conduct operation activities.

7.4.2 Composition of the Senior Management

The Bank had a total of six senior management personnel, namely Mr. XU An (President), Mr. HU Liangpin, Mr. AN Peng, Mr. QIN Wei, Mr. ZHOU Guichang and Mr. JIAO Zhengjun.

7.5 TRAINING ATTENDANCE AND INVESTIGATION PARTICIPATED BY DIRECTORS AND SUPERVISORS DURING THE REPORTING PERIOD

During the Reporting Period, the Directors and Supervisors of the Bank studied the relevant legal documents and new regulatory rules according to the requirements of their duties, and participated in the "Learning from the 20th National Congress of the Communist Party of China and Striving for a New Journey" training for senior executives of private banks and city commercial banks organized by the China Banking Association and the online training on expected credit loss management organized by the Bank. The training mentioned above will help to improve the performance of Directors and Supervisors, and ensure that Directors and Supervisors have a full grasp of the information required to perform their duties and continue to make contribution to the Bank according to the actual condition of the Bank. The independent Directors of the Bank gave full play to their professional advantages and carried out special researches on the related party transactions management of the Bank and further improved the level of transaction management of the Bank, taking into account the actual needs of the Bank's business development. The employee Supervisors of the Bank participated in the research on the business development and remuneration of branches of Bank of Guizhou. SU Zhi, a Supervisor, together with an external professional team, conducted a special study on the development of the Bank's inclusive finance business.

Corporate Governance Report (Continued)

7.6 MAIN CONTACT PERSON OF JOINT COMPANY SECRETARIES AND PROFESSIONAL TRAINING

Mr. ZHOU Guichang, the secretary to the Board of the Bank, and Dr. Ngai Wai Fung Maurice (魏偉峰), a Director and Group Chief Executive Officer of SWCS Corporate Services Group (Hong Kong) Limited (an external services provider) and who has relevant qualifications as a company secretary required by Rule 3.28 of the Hong Kong Listing Rules, served as the joint company secretaries of the Bank under Listing Rules during the Reporting Period. Dr. Ngai Wai Fung Maurice (魏偉峰) is responsible for assisting Mr. ZHOU Guichang in company secretarial matters. Both Mr. ZHOU Guichang and Dr. Ngai Wai Fung Maurice (魏偉峰) are the main contact persons of the Bank.

Mr. ZHOU Guichang has acted independently as the company secretary of the Bank since 31 March 2023, while Dr. Ngai Wai Fung Maurice (魏偉峰) ceased to be the joint company secretary of the Bank. Please refer to the announcement of the Bank dated 31 March 2023 for details.

For the year ended 31 December 2022, Mr. ZHOU Guichang and Dr. Ngai Wai Fung Maurice (魏偉峰) have received no less than 15 hours of the relevant professional training respectively, which complied with Rule 3.29 of the Listing Rules.

7.7 RELATIONSHIPS AMONG DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

There are no relationships between each of the Directors, Supervisors and senior management of the Bank, including financial, business, family relationships or relationships that are required to be disclosed.

7.8 CHAIRMAN AND PRESIDENT

During the Reporting Period, the roles and functions of the Chairman of the Board and the President of the Bank were held by different individuals. The responsibilities of the Chairman and the President were clearly defined and complied with relevant requirements of the Hong Kong Listing Rules.

As of the end of the Reporting Period, Mr. YANG Mingshang served as the Chairman to the Board and was responsible for the overall work of Party Committee and the Board of the Bank. Mr. XU An served as the President and was responsible for the daily operation and management of the Bank.

7.9 SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS AND RELEVANT EMPLOYEES

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

Corporate Governance Report (Continued)

7.10 INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

As at 31 December 2022, the interests and short positions of the Directors, Supervisors and chief executives of the Bank in the shares, underlying shares or debentures of the Bank or its associated corporations (I) 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 (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (II) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (III) which were required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code, were as follows:

Name	Position	Class of shares held	Number of shares held directly or indirectly (Share)	Nature of interest	Approximate percentage of the relevant class of shares	Approximate percentage of the total share capital of the Bank
XU An (許安)	Executive Director and President	Domestic Shares	500,000	Beneficial Owner	0.004%	0.003%
WU Fan (吳帆)	Chairman of the Board of Supervisors	Domestic Shares	500,000	Beneficial Owner	0.004%	0.003%
ZHANG Hui (張惠)	Employee Supervisor	Domestic Shares	500,000	Beneficial Owner	0.004%	0.003%
WANG Wei (王薇)	Employee Supervisor	Domestic Shares	500,000	Beneficial Owner	0.004%	0.003%

Save as disclosed above, none of the Directors, Supervisors and chief executive of the Bank had any interests or short positions in any shares, underlying shares or debentures of the Bank or any of its associated corporations as at 31 December 2022.

7.11 REMUNERATION OF THE MANAGEMENT

During the Reporting Period, the Bank's Directors (including executive Directors and independent non-executive Directors), Supervisors (including employee Supervisors and external Supervisors), and senior managements, were paid by the Bank, with a total remuneration of RMB10.30 million. Details of the remuneration of Directors and Supervisors of the Bank are set out in note 9 to the financial statements.

Details of the remuneration of the current senior management of the Bank by band for the year ended 31 December 2022 are set out as follows:

	Number
HKD0 – HKD1,000,000	4
HKD1,000,001 – HKD1,500,000	1
HKD1,500,001 – HKD2,000,000	1
HKD2,000,001 – HKD2,500,000	0
Total:	6

Corporate Governance Report (Continued)

7.12 INFORMATION ON AMENDMENTS TO THE ARTICLES OF ASSOCIATION ETC. DURING THE REPORTING PERIOD***7.12.1 Amendments to the Articles of Association***

The resolution on amendments to the Articles of Association was considered and approved at the 2021 annual general meeting held by the Bank on 16 June 2022. The amendments to the Article 132 of Articles of Association of Bank of Guizhou were considered and approved at the 2022 First Domestic Shareholders Class Meeting and the 2022 First H Shareholders Class Meeting. The amendments to the Articles of Association were mainly made to the contents such as functions and powers of the general meeting, the Board and the Board of Supervisors and the notice date of the general meeting as set out in the Articles of Association based on the requirements of new regulations including Corporate Governance Standards for Banking or Insurance Institutions. As of the Reporting Date, the Articles of Association is subject to approval from CBIRC Guizhou Office.

7.12.2 Amendments to the Rules of Procedure of the Shareholders' General Meeting

The resolution on amendments to the Rules of Procedure of the Shareholders' General Meeting of Bank of Guizhou Co., Ltd. was considered and approved at the 2021 annual general meeting held by the Bank on 16 June 2022. The amendments to the Rules of Procedure of the Shareholders' General Meeting were mainly made to the contents such as functions and powers of the general meeting and the notice date of the general meeting as set out in the Rules of Procedure of the Shareholders' General Meeting based on the requirements of new regulations including Corporate Governance Standards for Banking or Insurance Institutions.

7.12.3 Amendments to the Rules of Procedure of the Board of Directors

The resolution on amendments to the Rules of Procedure of the Board of Directors of Bank of Guizhou Co., Ltd. was considered and approved at the 2021 annual general meeting held by the Bank on 16 June 2022. The amendments to the Rules of Procedure of the Board of Directors were mainly made to the contents such as functions and powers of the Board, duties and responsibilities of the Board and the classification of Board meetings as set out in the Rules of Procedure of the Board of Directors based on the requirements of new regulations including Corporate Governance Standards for Banking or Insurance Institutions.

Corporate Governance Report (Continued)

7.12.4 Amendments to the Rules of Procedure of the Board of Supervisors

The resolution on amendments to the Rules of Procedure of the Board of Supervisors of Bank of Guizhou Co., Ltd. was considered and approved at the 2021 annual general meeting held by the Bank on 16 June 2022. The amendments to the Rules of Procedure of the Board of Supervisors were mainly made to the contents such as functions and powers of the Board of Supervisors, duties and responsibilities of the Board of Supervisors, the scope of procedures of the Board of Supervisors and the classification of meetings for the Board of Supervisors as set out in the Rules of Procedure for the Board of Supervisors based on the requirements of new regulations including Corporate Governance Standards for Banking or Insurance Institutions.

7.13 INVESTOR RELATIONS

The Bank always attaches great importance to the opinions and suggestions of shareholders, and establishes and maintains effective channels of communication with shareholders through various forms, such as convening general meetings and maintaining an investor hotline, regularly review the implementation and effectiveness of the shareholder communications policy, to ensure that all shareholders are treated equally, properly informed and able to participate in and exercise their voting and other rights regarding the major issues of the Bank.

Shareholders and investors may send their enquiries to the Board via:

Address: Board Office of Bank of Guizhou Head Office Building,
No. 9 Yongchang Road, Guanshanhu District,
Guiyang, Guizhou Province, PRC

Postal code: 550081

Contact number: (86) 0851-86987798

Fax: (86) 0851-86207999

Mailbox: irm@bgzchina.com

7.14 MANAGEMENT OF INFORMATION DISCLOSURE AND INSIDE INFORMATION

The Bank attached great importance to the management of information disclosure and inside information, and disclosed information in a truthful, accurate, complete and timely manner in strict compliance with the requirements of laws, rules and relevant regulations, and ensured that all shareholders had an equal access to the relevant information of the Bank, thereby ensuring the transparency of the Bank.

In order to strengthen the management of information disclosure work of the Bank and protect the legal rights and interests of investors and based on the actual works of the Bank, the Bank amended the Administrative Measures for Information Disclosure of Bank of Guizhou Co., Ltd., which was considered and approved at the 2022 third extraordinary meeting of the third session of the Board of the Bank.

Corporate Governance Report (Continued)

The Bank strengthened the management of inside information, worked to ensure the confidentiality of inside information, and maintained the principle of fairness in information disclosure in strict compliance with requirements of the Listing Rules. The Board of the Bank designated the secretary to the Board to be responsible for the Bank's information disclosure, and the Board office also assisted the secretary to the Board in information disclosure. Meanwhile, the Bank set up an investor relations section on the website to disclose relevant information of the Bank in a timely manner.

During the Reporting Period, the Bank organized internal investigation into trading of shares and derivatives of the Bank by insiders, and found that none of the insiders had taken advantage of inside information in share transactions before any information disclosure of significant price-sensitive nature that may affect the share price of the Company, and the Bank has not received any supervisory measures and administrative punishment imposed by regulatory departments due to suspected involvement in insider trading.

7.15 SHAREHOLDERS' RIGHTS

7.15.1 Rights of Shareholders of the Bank

According to the Articles of Association, holders of ordinary shares of the Bank shall enjoy the following rights:

- I. to collect dividends and other distributions in other forms in proportion to the number of shares held by them;
- II. to attend or appoint proxy to attend shareholders' general meeting and to exercise voting right;
- III. to supervise and to put forward proposals and make enquiries relating to the business operations of the Company;
- IV. to transfer, donate and pledge their shares in accordance with the laws, regulations, the provisions of the securities regulators of the places where the Bank's shares are listed, and the Articles of Association;
- V. to receive relevant information in accordance with the Articles of Association
- VI. in the event of the termination or liquidation of the Company, to participate in the distribution of surplus assets of the Company according to the number of shares held by them;
- VII. other rights conferred by laws, regulations and the Articles of Association.

Corporate Governance Report (Continued)

7.15.2 Procedures for Convening Extraordinary General Meetings

- I. According to the Articles of Association, in any of the following circumstances, the Company shall convene an extraordinary general meeting within two months from the date upon which the circumstance occurs:
 1. the number of Directors is less than the number required by the Company Law or less than two thirds of the minimum number of Directors of the Bank required by the Articles of Association;
 2. the unrecovered losses of the Company amount to one third of the total share capital;
 3. shareholder(s) severally or jointly holding more than 10% of the Company's total voting shares request(s) in writing to request to convene an extraordinary general meeting;
 4. the Board deems it necessary to convene the meeting;
 5. the Board of Supervisors proposes to convene the meeting;
 6. above half of and not less than two independent Directors propose to convene the meeting;
 7. above half of the external Supervisors propose to convene the meeting (the only two external Supervisors of the Company unanimously propose to convene the meeting);
 8. the Chairman of the Board proposes to convene the meeting in special circumstances;
 9. other circumstances as stipulated by laws and regulations, securities regulatory authorities at the place where the Bank's shares are listed or the Articles of Association
- II. Shareholders who individually or jointly hold more than 10% of the total number of voting shares of the Company have the right to request or convene an extraordinary general meeting by themselves shall follow the following procedures:
 1. may sign one or more written documents in the form of counterparts, requiring the Board to convene an extraordinary general meeting or a class meeting and specifying the subject of the meeting and the matters to be resolved. The Board shall convene an extraordinary general meeting or a class meeting as soon as possible after having received the aforesaid written documents. The number of shares held by the above shareholders shall be calculated as at the date of submission of written documents by the shareholders.

Corporate Governance Report (Continued)

2. If the Board fails to give a notice of convening an extraordinary general meeting or a class meeting within 30 days after receipt of the written documents, the shareholders who put forward the written documents may convene such a meeting by themselves within four months after the Board receives the written documents, and the procedures for convening such a meeting shall be as similar as possible to those for convening a shareholders' general meeting by the Board. Where shareholders convene and hold a meeting because the Board fails to do so, the reasonable expenses incurred shall be borne by the Company and shall be deducted from the amount payable by the Company to the Directors who are in default.
- III. Where the Shareholders decide to convene an extraordinary general meeting by themselves, they shall notify the Board in writing in advance, report to the relevant regulatory authorities for reference according to relevant laws and regulations, and issue a notice of extraordinary general meeting. The content of the notice shall meet the following requirements:
 1. New contents shall not be added to a proposal, otherwise the proposing Shareholders must resubmit the request to convene an extraordinary general meeting to the Board as per the above procedures;
 2. The meeting shall be held at the address of the Company.
- IV. Where the Shareholders decide to convene an extraordinary general meeting by themselves, the Board and secretary to the Board shall earnestly fulfill their duties. The extraordinary general meeting may be presided by the proposing Shareholder, the relevant holding procedures shall comply with the provisions of the Articles of Association, and legal opinions shall be issued by lawyers.

Corporate Governance Report (Continued)

7.15.3 Procedures for Submitting Proposals at Shareholders' General Meetings

When the Company convenes a general meeting, shareholders severally or jointly holding more than 3% of the total voting shares of the Company shall have the right to submit new proposals in writing to the Company, and the Company shall place the proposals on the agenda for the said general meeting if the said proposals fall within the functions and powers of the general meeting.

Shareholders severally or jointly holding more than 3% of the total voting shares of the Company may propose an interim proposal and submit it in writing to the convener 10 days before the general meeting is convened; the convener shall issue a supplementary notice of general meeting within 2 days after receipt of the said proposal, announce the contents of the said interim proposal and submit the said interim proposal to the general meeting for consideration. The contents of the interim proposal shall fall within the scope of the functions and powers of the general meeting, and the proposal shall provide specific topics for discussion and specific matters to be resolved.

Proposals at general meeting shall meet the following conditions: the contents of such proposals shall not be in conflict with provisions of the laws and regulations and the Articles of Association and shall fall within the scope of business of the Company and the functions and powers of the general meeting; the proposals shall provide specific topics for discussion and specific matters to be resolved; and the proposals shall be submitted or delivered to the Board in written form. The office of the Board of the Bank is responsible for receiving such proposals and its contact details are set out in the Investor Relations section.

7.16 EXTERNAL AUDITORS AND THEIR REMUNERATION

The Bank engaged BDO China Shu Lun Pan Certified Public Accountants LLP and BDO Limited as its domestic and oversea auditors for 2022, respectively. The Bank agreed to pay RMB3.3 million for the audit of the financial statements for the year ended 31 December 2022. The Bank also did not incur any non-audit services with BDO China Shu Lun Pan Certified Public Accountants LLP during the Reporting Period.

The Audit Committee under the Board is of the view that BDO China Shu Lun Pan Certified Public Accountants LLP and BDO Limited can properly complete the work as required by the Bank, comply with the principles of independence, objectivity and impartiality, the relevant accounting principles and the ethics of accountants, and carefully and conscientiously handle the audit work. During the Reporting Period, the Board has no disagreement with the Audit Committee on the appointment of external auditors.

In accordance with Part II.D.3.3(e)(i) of the Corporate Governance Code in Appendix 14 of the Listing Rules, members of the Audit Committee shall liaise with the Board and senior management and the Audit Committee shall meet with the issuer's external auditors at least twice a year. During the Reporting Period, the Bank has complied with the above requirements.

Corporate Governance Report (Continued)

7.17 RISK MANAGEMENT, INTERNAL CONTROL AND INTERNAL AUDIT**7.17.1 Risk Management**

During the Reporting Period, the Bank earnestly implemented various regulatory requirements in strict accordance with the working requirements of “establishing rules, serious implementation and supervision and strict accountability”. The Bank continues to improve its comprehensive risk management mechanism and enhance its elaborate management capability of risks.

I. Procedures for identification, assessment and management of material risks

In accordance with the Administrative Measures for the Capital of Commercial Banks (for Trial Implementation) and its schedules and the Guidelines for the Comprehensive Risk Management of Banking Financial Institutions (《銀行業金融機構全面風險管理指引》) issued by the CBIRC, the definition of risks and relevant professional terms issued by the Basel Committee and the practice of domestic and foreign banks, and on the basis of full consideration of the actual situation of the Bank, the Bank generally identifies, measures and controls a series of quantitative and non-quantitative risks that may arise from the interaction between external macroeconomic environment, business strategies, product portfolios and customer demands.

The material risks faced by the Bank include: credit risk, market risk, operational risk, liquidity risk. The Bank have established clear and specific procedures to effectively identify, assess and determine major risks, to ensure timely reporting and communication of relevant risks and incidents by the risk management departments at our head office, relevant departments and branches and sub-branches, and to ensure the efficient and orderly implementation of our risk management work.

II. Main features of risk management and internal control system

The overall target of the Bank in risk management is to maintain the balance of risks and business development and to continuously enhance digital risk management capabilities, to strengthen the construction of retail, non-retail and market risk models and continuous monitoring and verification, to continuously optimize and improve the risk information system, and to enhance the foresight and effectiveness of risk management around the Bank’s development strategy and risk appetite so that the Bank could effectively achieve risk control and sustainable business development.

Corporate Governance Report (Continued)

III. Ultimate responsibility of the Board for risk management

The Board of the Bank is ultimately responsible for risk management. The Board is responsible for establishing an adequate and effective risk management system, establishing a risk culture, formulating the risk management strategies, determining significant risk management policies and procedures, and monitoring and evaluating the adequacy and effectiveness of the Bank's risk management system, so as to ensure the Bank's prudent operation and compliance with relevant laws, regulations and financial policies.

The Bank's risk management is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board of the Bank is of the view that the risk management and internal control systems established and implemented by the Bank are adequate and effective.

7.17.2 Internal Control

During the Reporting Period, the Bank insisted on the goal of "strengthening internal control, preventing risks and promoting compliance" and was driven by high quality development. In accordance with the work requirements of "strict management, strict implementation, strict supervision, strict rectification, and strict accountability", the Bank took measures to improve the system, strengthen system implementation, focus on key businesses and improve risk control, increase supervision and focus on rectification quality and effectiveness, and continuously improved the standard of internal control management and risk prevention capability.

During the Reporting Period, the Bank continues to improve the corporate governance mechanism consisting of the general meeting, the Board of Directors, the Board of Supervisors and the senior management, which is characterized by "clear division of powers and responsibilities, independent operation, effective checks and balances, and coordinated operation", continuously improves the corporate governance structure, clarifies the internal control responsibilities at the corporate governance level, business lines and departments, branches and positions, specifies the authorization of responsibilities in decision-making, execution, supervision and reporting, and further consolidates the internal control governance structure with reasonable division of labor, clear responsibilities, checks and balances and clear reporting relationships. The Bank has established an internal control system that basically covers all business lines and permeates the whole process of operation and management. The internal control measures cover authorization control, position rotation control, incompatible position separation control, review and reconciliation control, significant event reporting control, performance evaluation control, accounting management control, property protection control, financial budget control and operation analysis control, covering major risks. The corporate governance personnel implements control at the corporate level by continuously improving the corporate governance structure and ensuring effective implementation of decision making, execution and supervision; the senior management implements control at the business activity level by continuously improving rules and regulations, information systems and conducting supervision and inspection; institutions and positions at all levels implement control at the business activity level by effectively implementing rules and regulations, and internal control measures are integrated throughout the entire process of decision making, execution, supervision and improvement.

During the Reporting Period, the Bank implemented internal control measures in an orderly manner, and the internal control measures were adequate and effective, and there was no material deficiency in internal control.

Corporate Governance Report (Continued)

7.17.3 Internal Audit

According to Regulations of the National Audit Office on Internal Auditing, the Bank established an independent and vertical internal auditing system. The Board take responsibilities for establishing and maintaining the independent and effective internal auditing system, and it has established an Audit Committee to guide the Bank's internal audit work; and the Board of the Supervisors oversees the internal audit of the Bank; tier-one departments at the head office have audit departments which are responsible for the internal audit work of the Bank, and the Audit Department has a double reporting system, one to the Board of Directors and its Audit Committee, and the other to senior management on the internal audit work. The Audit Department is under the supervision of the secretary of the Party Committee and the chairman of the Board, to whom the internal audit work is reported directly.

According to the Audit Law and its implementing rules, and combined with the relevant regulations, the Bank formulated and revised a total of 11 systems during the Reporting Period, including the Internal Audit Provisions of Bank of Guizhou, Audit Management Measures for Write-off and Auditing of Bad Debts of Bank of Guizhou, Audit Management Measures for the Protection of Consumer Rights and Interests of Bank of Guizhou. The internal audit working process and the working system was continuously improved.

According to the regulatory requirements and key points of risk management, the Bank promoted the audit projects in an orderly manner in accordance with the annual audit plan. During the Reporting Period, the Bank has planned 54 audit projects for the year and completed 69 audit projects, exceeding the plan by 15, which covers various aspects of operation and management such as credit business, financial accounting, corporate governance, information technology and economic responsibility audit. As of the end of the Reporting Period, the Bank issued 62 audit opinions and 7 risk alerts and found 484 problems, and urged the units undergoing audit to complete the rectification of 280 problems.

Report of the Board of Directors

8.1 PRINCIPAL BUSINESS AND BUSINESS REVIEW

Information about the pertinent review of the Bank's business and analysis using financial key performance indicators, the principal risks and uncertainties faced by the Bank, significant events occurring after the Reporting Period that have an impact on the Bank and the future outlook of the Bank's business are set out in the "Management Discussion and Analysis", "Corporate Governance Report" and "Major Events" sections.

8.2 ANNUAL GENERAL MEETING AND DIVIDEND

8.2.1 Annual General Meeting

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

8.2.2 Dividend

I. Dividend policy

The Board is responsible for submitting proposals for dividend payments to the shareholders' general meeting for approval. The determination of whether to pay a dividend, amount of dividend or dividend payout ratio is based on our results of operations, cash flow, financial condition, capital adequacy ratios, future business prospects of the Bank, statutory and regulatory restrictions which are required to be complied with by the Bank for its dividend payment and other factors that the Board deems relevant.

The Bank does not currently have a predetermined dividend payout ratio. According to the PRC laws and the Articles of Association, dividends can only be paid from distributable profits as calculated in accordance with generally accepted accounting standards in the PRC or International Financial Reporting Standards, whichever is lower.

Pursuant to Article 269 of the Articles of Association, the Company's profits after payment of income taxes shall be distributed in the following order of priority according to the Financial System for Financial and Insurance Enterprises issued by the Ministry of Finance:

- (I) to make up for the losses of confiscated properties, pay late fees and fines for various taxes, and pay additional interests due to underpayment or late payment of deposit reserves;
- (II) to make up losses of previous years (if the statutory common reserve fund is not sufficient to make up the losses of previous years, profit of the year shall be used to make up the losses before withdrawing the statutory common reserve fund according to sub-paragraph (III) of this article);

Report of the Board of Directors (Continued)

- (III) to set aside no less than 10% of the after-tax profit (after deducting the first two items) for statutory common reserve fund until the accumulated amount of statutory common reserve fund has reached more than 50% of the registered capital of the Board;
- (IV) to set aside discretionary common reserve fund;
- (V) to set aside general risk reserve; and
- (VI) to distribute dividends to Shareholders by shares.

The specific withdrawal ratio of discretionary common reserve fund and general reserve shall be determined by the shareholders' general meeting according to the annual operating conditions. The Company shall not distribute any profit to shareholders before making up losses and withdrawing statutory common reserve fund.

Even though financial statements of the Bank show that it has achieved operating profit, the Bank may not have adequate or any profit for distribution of future dividends.

Pursuant to Article 272 of the Articles of Association, the Bank may distribute dividends in the form of cash or shares. Distributing dividends in the form of shares shall be decided by the shareholders' general meeting and submitted to the banking regulatory authorities for approval.

Pursuant to Article 273 of the Articles of Association, after the profit distribution plan is adopted at the shareholders' general meeting, the Board shall finish distributing dividends (or shares) within 2 months after conclusion of the shareholders' general meeting.

II. Profit and Profit Distribution Plan

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

The Bank recorded a net profit of RMB3,829.46 million in 2022, and the distributable profit at the end of 2022 was RMB10,901.00 million. Taking into consideration the interests of shareholders and the future development of the Bank, and according to the relevant laws and regulations and the Bank's Articles of Association, the Board recommends the 2022 profit distribution plan of the Bank as follow: to distribute cash dividend on the basis of 14,588,046,700 shares as at the end of 2022 and 6% of the share capital, with a total amount of RMB875.2828 million (tax inclusive). The above profit distribution plan is subject to the consideration and approval at the 2022 annual general meeting of the Bank.

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

Report of the Board of Directors (Continued)

III. Withholding Income Tax

Pursuant to the Corporate Income Tax Law of the PRC and its implementing regulations (hereafter referred to as "CIT Law"), the tax rate of the corporate income tax applicable to the income of nonresident enterprise deriving from the PRC is 10%. For this purpose, any H Shares registered under the name of non-individual enterprise, including the H Shares registered under the name of HKSCC Nominees Limited, other nominees or trustees, or other organizations or entities, shall be deemed as shares held by non-resident enterprise shareholders as defined under the CIT Law. The Bank will distribute the final dividend to non-resident enterprise Shareholders subject to a deduction of 10% corporate income tax withheld and paid by the Bank on their behalf.

Pursuant to the Notice of the State Administration of Taxation on Issues Concerning Taxation and Administration of Individual Income Tax After the Repeal of the Guo Shui Fa [1993] No. 045 Document (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》)(Guo Shui Han [2011] No. 348) issued, the Bank shall withhold and pay personal income tax for individual shareholders of H Shares. If individual shareholders of H Shares are residents of Hong Kong, Macau, and other countries or regions that have entered into tax treaties with PRC at the rate of 10%, the Bank will withhold and pay individual income tax at the rate of 10% for these shareholders.

If the individual shareholders of H Shares are residents of countries or regions that have entered into tax treaties with the PRC stipulating a dividend rate of lower than 10%, the Bank will withhold and pay individual income tax at the rate of 10% for these shareholders. If these shareholders request a refund of more than the amount of personal income tax payable under the tax agreement, the Bank may process the application entitled to the relevant tax treaty treatment on their behalves provided that the shareholder must promptly provide relevant documents and information in accordance with the Administrative Measures on the Tax Treaties Treatment of Non-resident Taxpayers (《非居民納稅人享受稅收協定待遇管理辦法》)(Announcement of SAT No. 60 in 2015) and relevant tax treaties. After review and approval by the competent tax authority, the Bank will assist in the refund of excess withholding tax.

If the individual shareholders of H Shares are residents of countries or regions that have entered tax treaties with the PRC stipulating a dividend rate higher than 10% but lower than 20%, the Bank will withhold and pay individual income tax at the applicable tax rates stipulated in these tax agreements.

If individual shareholders of H Shares are residents of countries or regions that have entered into a tax treaty with the PRC stipulating a dividend rate of 20% or have not entered into any tax treaty with the PRC, and in other circumstances, the Bank will withhold and pay individual income tax at tax rate of 20% for these shareholders.

The Bank is not responsible for any claims or disputes over the withholding and payment mechanism caused by the failure to determine the shareholder status in a timely or erroneous manner.

Report of the Board of Directors (Continued)

8.3 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The details of Directors, Supervisors and senior management are set out in the section headed "Directors, Supervisors, Senior Management, Employees and Organization" in this report.

8.4 CONFIRMATION ON THE INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors of the Bank were not involved in any business or financial interests of the Bank and did not take any managerial position in the Bank. Therefore, their independence was well guaranteed. The Bank has received annual independence confirmations from all independent non-executive Directors and confirmed their independence.

8.5 COMPETING INTERESTS OF DIRECTORS AND SUPERVISORS IN A BUSINESS WITH THE BANK

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

8.6 SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

According to Rules 19A.54 and 19A.55 of the Hong Kong Listing Rules, the Bank has entered into a contract with each of the Directors and Supervisors in respect of compliance of relevant laws and regulations, as well as Articles of Association and provisions on arbitration. Save as disclosed above, none of the Directors or Supervisors of the Bank has entered into or is intended to enter into any service contracts with the Bank in their respective capacities as Directors/Supervisors (other than contracts expiring or terminable by the employers within one year without the payment of compensation (other than statutory compensation)).

8.7 DIRECTORS' AND SUPERVISORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

During the Reporting Period, the Directors or Supervisors of the Bank or entities that are connected to them did not have material interests, whether directly or indirectly, in any material transactions, arrangements and contracts of the Bank

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

Report of the Board of Directors (Continued)

8.8 MANAGEMENT CONTRACTS

During the Reporting Period, no contract in relation to substantial business of the Bank or administration contract was entered into by the Bank.

8.9 LIABILITY INSURANCE FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Bank has maintained liability insurance for Directors, Supervisors, and senior management and other relevant responsible persons. Appropriate insurance coverage has been arranged for Directors, Supervisors and senior management of the Bank against potential legal actions and liabilities that arise from performing their duties to reasonably avoid management and legal risks faced by Directors, Supervisors and senior management of the Bank and to procure the full discharge of duties by the Directors, Supervisors and senior management of the Bank. These insurances were effective for the period ended 31 December 2022 and remained in effect as at the date of this report.

8.10 PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE BANK

From 1 January 2022 to the date of this report, the Bank had not purchased, sold or redeemed any listed securities of the Bank.

8.11 PRE-EMPTIVE RIGHTS

None.

8.12 DONATIONS

During the Reporting Period, the Bank made external donations amounting to RMB15,603,000.

8.13 EQUITY LINKED AGREEMENTS

During the Reporting Period, the Bank did not enter into or renew any equity linked agreements.

Report of the Board of Directors (Continued)

8.14 RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIER

The Bank conscientiously safeguards employees' interests and is committed to creating happy homes for its employees for the rest of their lives by providing employees with a more competitive salary and a social insurance and benefit system. The Bank adheres to the concept of "a bank serving with heart (用心的銀行)", actively innovates financial products and services, protects interests of customers, and improves customer satisfaction. The Bank regards suppliers as important stakeholders, for which it has established a fair and reasonable procurement management system to maintain the interests of suppliers, and establish good cooperative relations with them.

8.15 PUBLIC FLOAT

When the Bank applied for listing of its H Shares on the Hong Kong Stock Exchange, the Bank has applied to the Hong Kong Stock Exchange for, 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 can be reduced and the minimum percentage of H Shares from time to time held by the public to be the higher of: I. 15.08% of the total issued share capital of the Bank; or II. such percentage of shares of the Bank to be held by the public after the exercise of the Over-allotment Option. Since the Over-allotment Option has lapsed on 18 January 2020, the minimum public float to which the Bank is subject represents 15.08% of the total issued share capital of the Bank. Based on the information publicly available to the Bank and to the knowledge of the Directors, the Bank had complied with the minimum public float requirements for its shares issued under the Hong Kong Listing Rules.

8.16 MAJOR DEPOSITORS AND BORROWERS

The Bank is not dependent on a single major depositor/borrower. As of the end of the Reporting Period, the operating income of the top five largest depositor/borrowers of the Bank accounted for not more than 30% of the Bank's total operating income.

8.17 ENVIRONMENTAL AND SOCIAL POLICY

In recent years, the Bank has actively undertaken the social responsibilities under relevant environmental policies. The Bank actively advocates the concept of environmental protection in the course of operation. Specifically, the Bank optimizes online services, practices green office, advocates green public welfare and develops green credit to promote green financial undertakings. In 2022, the Bank has complied with the "comply or explain" provisions set out in the Environmental, Social and Governance Reporting Guidelines. For details, please refer to the 2022 Environmental, Social and Governance Report available on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Bank's portal (www.bgzchina.com).

Report of the Board of Directors (Continued)

8.18 COMPLIANCE WITH LAWS AND REGULATIONS

The Bank is required to comply with a number of laws and regulations, mainly including the Company Law of the People's Republic of China, the Commercial Bank Law of the People's Republic of China (《中華人民共和國商業銀行法》), the Civil Code of the People's Republic of China, domestic and foreign securities laws and regulations and exchange rules, as well as other regulations and regulatory legal documents. The Bank promotes compliance with laws, regulations and regulatory legal documents that have significant impact on its principal business through various measures such as internal control, compliance management and staff training; if there are significant changes in laws, regulations and regulatory legal documents relating to its principal business, the Bank will notify the relevant staff and operation team in an appropriate manner. During the Reporting Period, Directors of the Bank are not aware that the Bank had any non-compliance with relevant laws and regulations that had a significant impact on the Bank.

8.19 ACCOUNTING STANDARDS

The financial information set out in this annual report is prepared in accordance with the International Financial Reporting Standards on a consolidated basis. Unless otherwise stated, all data of the Bank are denominated in RMB.

YANG Mingshang

Chairman

Report of the Board of Supervisors

9.1 MAJOR WORK

- I. Enhanced supervision on performance of duties to improve the Bank's ability to perform its duties.** The Board of Supervisors standardized the annual performance evaluation, comprehensively evaluated the performance of the Board of Directors, senior management and their members, and urged Directors and senior management to perform their duties diligently and improve the quality and effectiveness of their performance. It supervised the work on information disclosure, equity and shareholder management, and strategic management, and urged the Board of Directors and its subordinate departments to perform their duties effectively and improve the corporate governance of the whole Bank. It carried out on-site supervision on the business development of six branches, including Guiyang Branch, to supervise the effective performance of branch offices and lay a solid foundation for the full accomplishment of annual operation targets and tasks. It conducted special supervision on the development of business such as rural banks, poverty alleviation industry sub-funds, inclusive finance, housing mortgage loans, credit cards, etc., in order to urge the business departments to effectively perform their duties and improve the level of business lines management and service efficiency.
- II. Enhanced financial supervision to promote the standardized financial management of the Bank.** The Board of Supervisors supervised the formulation and implementation of the annual financial budget and profit distribution plan to promote the allocation of financial resources to support the implementation of the business plan and the continuous improvement of the Bank's efficiency. It conducted research on remuneration and business development of the branches to promote the guiding effect of the remuneration system on business development. It carried out supervision on the implementation of the annual business target assessment to promote the effectiveness of performance management. It supervised the audit of annual report by auditors to promote the effective application of management recommendations. It supervised the implementation of large purchases to promote the continuous standardization of procurement methods and processes.
- III. Enhanced risk supervision to improve the risk management of the Bank.** The Board of Supervisors supervised the formulation and implementation of comprehensive risk management policies, reputation risk management policies, liquidity risk management policies, information technology risk management policies, and credit risk management policies, to promote the maintenance of policy continuity and flexibility, and steadily promote the implementation of the expected credit loss method and large risk exposure management. It held special supervision meetings regarding sudden major risks, promptly made recommendations for risk mitigation, and promoted risk mitigation in a timely manner. It carried out supervision on matters such as non-performing loans in retail business line, implementation of new credit card regulations, and outsourcing management risks to urge each management department to implement their main responsibilities and eliminate risks in a timely manner.

Report of the Board of Supervisors (Continued)

IV. Enhanced supervision on internal control to improve the compliance management of the Bank.

The Board of Supervisors carried out supervision on the construction of internal control system, anti-money laundering management and 2022 employee conduct management to ensure the continuous improvement of the construction of internal control system. It conducted deeper investigation of problems and continuous tracking of the implementation of rectification of the contents of risk tips issued by the internal audit department, and strengthened the application of internal results. It continuously followed up and supervised the on-site inspection and rectification of the problems prompted by CBIRC Guizhou Office, Guiyang Central Sub-branch of PBOC and other regulatory departments, to promote the continuous standardization of related work, urge the accountability practices, and strengthen the application of regulatory results.

V. Enhanced self-construction to improve the ability of the Board of Supervisors to perform its duties.

The Board of Supervisors continuously improved the management system, revised the rules of procedure of the Board of Supervisors around the leadership of the Party, deliberations and resolutions, to promote the Board of Supervisors to perform its duties in a standard manner. It continuously improved the quality of the meetings, held 6 meetings throughout the year and considered proposals on major matters such as the annual financial budget, financial accounts and profit distribution plan, and carried out special supervision works including formulation of development plan, consumer rights and interests protection, financial management, risk management, internal control, related party transactions and performance evaluation. Through these efforts, it promoted the business departments to develop or modify and perfect management systems, optimize information system functions, complete responsibility identification for non-performing loans, achieving good supervision results. It continuously improved the ability to perform its duties, and all Supervisors attended the training on the topic of expected credit loss method for commercial banks and the training for executives of private urban commercial banks. The Board of Supervisors strictly followed the statutory procedures and completed the by-election of vacant supervisors in a timely manner.

Report of the Board of Supervisors (Continued)

9.2 EXPRESSED INDEPENDENT OPINIONS ON RELATED MATTERS

9.2.1 *Legal Operation of the Bank*

During the Reporting Period, our operation and management have been complied with the laws and regulations including the PRC Company Law and the PRC Commercial Banking Law, regulatory requirements and the Articles of Association. The decision-making procedures of the Board are standardized, the content is legally valid. Our senior management operates and manages our business in accordance with laws and regulations, the authorization of the Board, and the Company's rules and regulations. The Board of Supervisors has not found that the Board, the senior management and its members have violated laws and regulations or damaged the interests of the Bank and shareholders.

9.2.2 *Financial Reporting*

During the Reporting Period, the financial statements of the Bank for the year of 2022 prepared in accordance with PRC Accounting Standards have been audited by BDO China Shu Lun Pan Certified Public Accountants LLP, and the financial statements prepared in accordance with IFRS have been audited by BDO Limited, with standard unqualified auditors' reports being issued. The financial statements of the Bank give a true and objective representation of our financial status and operating results. The Board of Supervisors has not found any false records or material omissions.

9.2.3 *Related Party Transactions*

During the Reporting Period, our procedures for reviewing, voting, disclosing, and performing of related party transactions were in compliance with laws and regulations. The Board of Supervisors has not found any violation of the principle of fairness or any damage to the interests of shareholders and the Bank.

9.2.4 *Implementation of Resolutions Approved in Shareholders' General Meetings*

During the Reporting Period, the Board of Supervisors has no disagreement with the reports and proposals proposed by the Board being considered and approved in the Shareholders' general meetings. The Board of Supervisors supervised the implementation of the resolutions of general meetings and considered that the Board of Directors of the Bank seriously implemented the resolutions of general meetings.

Report of the Board of Supervisors (Continued)

9.2.5 Information Disclosure

During the Reporting Period, the Bank has, in accordance with the principles of openness, fairness and impartiality, disclosed our information to investors and the public in a timely manner. The Board of Supervisors did not find any false disclosures or material omissions.

9.2.6 Performance of Duties of the Board of Directors and Senior Management Concerning Capital Management and Consolidated Financial Statements Management

During the Reporting Period, the Board and senior management of the Bank were proactive in capital management, taking various measures to continuously replenish its capital externally and strictly assessing the use of capital internally, with the relevant regulatory indicators for capital management meeting the regulatory requirements.

Major Events

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

As of 31 December 2022, the Bank, as the plaintiff, has eleven pending litigation cases with the principal balance of the subject matter in dispute at or above RMB10 million, involving a total principal balance of RMB3,235.4696 million. There were no pending litigation or arbitration cases in which the Bank was a defendant or respondent and the principal balance of the subject matter in dispute is RMB10 million or more. As of the end of the Reporting Period, the Bank did not expect that such litigation and arbitration (whether individually or jointly) will have a material adverse effect on the Bank's business, financial position and business performance.

Save as disclosed above, as at the disclosure date of this report, the Bank had no material litigation, arbitration and major case.

10.2 PENALTIES AGAINST THE BANK AND ITS DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As far as the Bank is aware, during the Reporting Period, the Bank, its Directors, Supervisors and senior management were not investigated by the competent authority, enforced by the judicial disciplinary inspection department, transferred to the judicial authority or investigated for criminal responsibility, and none of them were fined by the Securities Management Committee or administrative penalties, banned from the securities market, being deemed improper, being publicly reprimanded by the stock exchange. The Bank has not been penalized by other regulatory agencies that have a significant impact on the Bank's operations.

10.3 CHANGE OF THE BANK'S REGISTERED CAPITAL

The registered capital of the Bank is RMB14,588,046,744. During the Reporting Period, the registered capital of the Bank did not change.

Major Events (Continued)

10.4 RELATED PARTY/CONNECTED TRANSACTIONS

I. Related Party Transaction as Defined by the CBIRC

(I) Credit

As of the end of the Reporting Period, the Bank's balance of the related party/connected transactions as defined by the CBIRC (excluding deposits, bank deposit slips, etc.) is as follows:

No.	Name of related parties (related group consolidation)	Net amount of credit as at the end of the Reporting Period (RMB million)	Type of related party transactions	Percentage of net capital of the Bank (%)
1	Guizhou Financial Holding Group Co., Ltd. (Guizhou Guimin Investment Group Co., Ltd.) (貴州金融控股集團有限責任公司(貴州貴民投資集團有限責任公司))	1,588.01	Loan	3.22%
2	Guizhou Water Investment Water Affairs Group Co., Ltd. (貴州水投水務集團有限公司)	1,571.81	Loan, debt investment	3.19%
3	Guizhou Expressway Group Company Limited (貴州高速公路集團有限公司)	1,006.45	Loan	2.04%
4	Zunyi State-owned Assets Investment and Financing Management Co., Ltd. (遵義市國有資產投融資經營管理有限責任公司)	730.54	Loan, debt investment, Bank acceptance bills	1.48%
5	Related natural persons	212.48	Loan	0.43%
6	China Kweichow Moutai Distillery (Group) Co., Ltd. (中國貴州茅台酒廠(集團)有限責任公司)	100.39	SPV investment	0.20%
7	Renhuai State-owned Assets Investment and Management Co., Ltd. (仁懷市國有資產投資經營有限責任公司)	22.00	Loan	0.04%
8	Guizhou Linsheng Muye Co., Ltd. (貴州省霖生木業有限公司)	19.55	Loan	0.04%
9	Guizhou Mayanghe Food Co., Ltd. (貴州麻陽河食品有限公司)	19.00	Loan	0.04%
10	Zunyi Guiyou Grain & Oil Co., Ltd. (遵義市貴友糧油有限公司)	14.82	Loan	0.03%
11	Guizhou Linshang Decoration Design Co., Ltd. (貴州林尚裝飾設計有限公司)	0.95	Loan	0.00%
12	Anshun Xihang Nanma Rural Bank Co., Ltd. (安順西航南馬村鎮銀行有限責任公司)	0.94	Loan	0.00%

Major Events (Continued)

(II) Non-Credit

No.	Name of customer	Type of business	Amount (RMB million)
1	Guizhou Water Conservancy Investment Group Co., Ltd. (貴州省水利投資(集團)有限責任公司)	Financial management and investment	300.00
2	Guizhou Province Asset Management Co., Ltd. (貴州省資產管理股份有限公司)	Sales of credit asset	161.00
3	Guizhou El Southeast Real Estate Co., Ltd. (貴州高投東南置業有限公司)	Purchase of real estate for own use	105.61
4	Guizhou Railway Investment Group Co., Ltd. (貴州鐵路投資集團有限責任公司)	Financial management and investment	75.00
5	Pingba Dingli Rural Bank Co., Ltd. (平壩鼎立村鎮銀行有限責任公司)	Other	50.00
6	Huagui Life Insurance Co., Ltd. (華貴人壽保險股份有限公司)	Receiving and providing services	8.35
7	Grandall Law Firm (Guiyang)	Receiving services	1.16

During the Reporting Period, there were a total of 4 significant related party transaction between the Bank and related parties under the definition by the CBIRC, which were approved by the Bank:

- As considered and approved at the 2022 second meeting of the third session of the Board of the Bank, the Bank granted Guizhou Province Asset Management Co., Ltd. (貴州省資產管理股份有限公司) a credit of RMB1,400 million with a term of 12 months and rates not lower than one-year LPR (actual use of the credit will be carried out in accordance with the relevant provisions of the current LPR);
- As considered and approved at the 2022 eighth extraordinary meeting of the third session of the Board of the Bank, the Bank granted Guizhou Expressway Investment Group Co., Ltd. (貴州高速投資集團有限公司) a credit of RMB1,278 million with a term of 24 months and rates not lower than one-year LPR (actual use of the credit will be carried out in accordance with the relevant provisions of the current LPR) and not lower than the lowest interest rate of its credit facility with other banks;
- As considered and approved at the 2022 eighth extraordinary meeting of the third session of the Board of the Bank, the Bank granted Guizhou Province State-owned Capital Operation Co., Ltd. (貴州省國有資本運營有限責任公司) a credit of RMB1,519 million with a term of 84 months and rates not lower than five-year LPR (actual use of the credit will be carried out in accordance with the relevant provisions of the current LPR);

Major Events (Continued)

4. As considered and approved at the 2022 ninth extraordinary meeting of the third session of the Board of the Bank, the Bank granted Guizhou Water Conservancy Investment Group Co., Ltd. (貴州省水利投資(集團)有限責任公司) a credit of RMB1,230 million with a term of 240 months and rates not lower than five-year LPR (actually at 5-year LPR plus 25 basis points).

The above related party transactions are conducted under conditions not superior to similar transactions of non-related parties, with reasonable and fair pricing, and in line with relevant regulatory requirements of the regulatory institutions and related party transaction management regulations of the Bank, and the approval process is in line with internal control system requirements of the Bank. Related party transactions have no significant impact on the normal operation and financial condition of the Bank.

II. Connected Transactions as Defined in the Hong Kong Listing Rules

During the Reporting Period, the Bank did not engage in any connected transaction with connected parties defined in the Hong Kong Listing Rules which needs to be disclosed.

III. Related Party Transactions as Defined in Accounting Standards

For details, please refer to Note 36 "RELATED TRANSACTIONS" to the financial statement of this report.

10.5 SIGNIFICANT CONTRACTS AND PERFORMANCE

10.5.1 Major contracts

During the Reporting Period, the Bank has no relevant major contracts or agreements.

10.5.2 Significant custody, contracting and lease

During the Reporting Period, the significant contracts signed by the Bank did not involve custody, contracting, or leasing of assets of other companies outside the normal business scope of the bank, or custody, contracting, or leasing of assets of the Bank by other companies.

10.6 SIGNIFICANT GUARANTEES AND COMMITMENTS

As of the end of the Reporting Period, the Bank's guarantee balance was RMB966 million, representing an increase of RMB61 million or 6.79% over the end of last year; the letter of credit balance was RMB589 million, representing a decrease of RMB1,044 million or 63.92% over the end of last year.

The guarantee business is our daily business. The above businesses are all financial guarantee services within the scope of business approved by the CBIRC during the Reporting Period.

Major Events (Continued)

10.7 ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

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

10.8 SIGNIFICANT MATERIAL ASSET ACQUISITIONS, DISPOSAL AND CORPORATE MERGERS

During the Reporting Period, the Bank has no significant asset, acquisitions, disposal and corporate mergers.

10.9 SIGNIFICANT INVESTMENT

As of the end of the Reporting Period, the investment securities and other financial assets of the Bank were all financial markets businesses within the scope of operation approved by the CBIRC. The Bank has inspected the disclosure requirements for material investments as set out in Appendix 16 to the Listing Rules, and to the best knowledge of the Bank, there was no book value of any particular investment as of 31 December 2022 accounting for 5% or more of the Bank's total assets at the end of the Reporting Period.

During the Reporting Period, the Bank had no significant investment.

10.10 APPOINTMENT AND DISMISSAL OF ACCOUNTANT

As considered and approved at the 2021 annual general meeting convened on 16 June 2022, BDO China Shu Lun Pan Certified Public Accountants LLP and BDO Limited were appointed as the Bank's domestic and oversea auditors for 2022, respectively, for a term of one year and with a total fee of RMB3.30 million.

10.11 LOAN AGREEMENT

During the Reporting Period, the Bank did not violate any loan agreement.

10.12 EQUITY INCENTIVE PLAN AND EMPLOYEE STOCK OWNERSHIP PLAN

As of the end of the Reporting Period, the Bank has not implemented equity incentive plans or employee stock ownership plans.

Major Events (Continued)

10.13 AUDIT REVIEW

The financial statements for the year ended 31 December 2022 prepared under International Financial Reporting Standards in this report have been audited by BDO Limited in accordance with Hong Kong Standards on Auditing. BDO Limited has issued an unqualified audit report. This report has been reviewed by the Audit Committee and the Board of the Bank.

10.14 SUBSEQUENT EVENTS

In addition to the above, no significant events which affect the Bank incurred after the end of the Reporting Period.

Independent Auditor's Report

TO THE SHAREHOLDERS OF BANK OF GUIZHOU CO., LTD.

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

OPINION

We have audited the financial statements of Bank of Guizhou Co., Ltd. (the "Bank") set out on pages 171 to 320, which comprise the statement of financial position as at December 31, 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Bank in accordance with the HKICPA's "Code of Ethics for Professional Accountants" ("the Code") together with any ethical requirements that are relevant to our audit of the financial statements in the People's Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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 (Continued)

KEY AUDIT MATTERS (CONTINUED)

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

Refer to Note 17 and Note 18 to the financial statements and the accounting policies in Note 2(7)(iv).

The Key Audit Matter

The Bank uses the expected credit loss ("ECL") model to calculate the loss allowance in accordance with International Financial Reporting Standard 9 Financial instruments ("IFRS 9").

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

In particular, the determination of the loss allowances is heavily dependent on the external macro environment and the Bank's internal credit risk management strategy. The expected credit losses for corporate loans 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.

Our response

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

- understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the approval, recording and monitoring of loans and advances to customers and financial investments measured at amortised cost, the credit grading process and the measurement of loss allowances;
- understanding and assessing the design, implementation and operating effectiveness of the information system controls related to loss allowances of loans and advances to customers and financial investments measured at amortised cost, including general information technology control, data transmission between systems, mapping of parameters of expected credit loss model, and system calculation of loss allowance for expected credit loss.
- involving internal expert assess the reliability of the expected credit loss model used by management in determining loss allowances, including assessing the appropriateness of the key parameters and assumptions in the expected credit loss model, including the identification of loss stages, probability of default, loss given default, exposure at default, discount rate, adjustments for forward-looking information and other management adjustments, and evaluating the rationality of the key management judgements involved;

Independent Auditor's Report (Continued)

KEY AUDIT MATTERS (CONTINUED)

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

Refer to Note 17 and Note 18 to the financial statements and the accounting policies in Note 2(7)(iv).

The Key Audit Matter

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

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

Our response

- 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 or generated from IT system, we compared the total balance of the loans and advances to customers and financial investment list used by management to assess the loss allowances with the general ledger, selecting samples and comparing individual loan and investment information with the underlying agreements and other related documentation to assess the accuracy of compilation of the loan and investment list. For key parameters derived from external data, we selected samples to inspect the accuracy of such data by comparing them with public resources;
- for key parameters involving judgement, we challenged the reasons for modifications to estimates and input parameters compared with prior period and considered the consistency of judgement. We compared the economic factors used in the models with market information to assess whether they were aligned with market and economic development;
- for key parameters used in the expected credit loss model which were derived from system-generated internal data, assessing the accuracy of input data by comparing the input data with original documents on a sample basis. In addition, we involved our IT specialists to assess the logics and compilation of the overdue information for selected samples;

Independent Auditor's Report (Continued)

KEY AUDIT MATTERS (CONTINUED)

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

Refer to Note 17 and Note 18 to the financial statements and the accounting policies in Note 2(7)(iv).

The Key Audit Matter

Our response

- evaluating the validity of management's assessment on whether the credit risk of the loan has, or has not, increased significantly since initial recognition and whether the loan is credit-impaired by selecting risk-based samples. We analysed the portfolio by industry sector to select samples in industries more vulnerable to the current economic situation with reference to other borrowers with potential increased credit risk. We checked loan overdue information, making enquiries of the credit managers about the borrowers' business operations, checking borrowers' financial information and researching market information about borrowers' businesses;
- for selected samples of loans and advances to customers that are credit-impaired, evaluating management's assessment of the value of any property collateral held by comparison with market prices based on the location and use of the property and the prices of neighbouring properties. We also evaluated the timing and means of realisation of collateral, evaluated the forecast cash flows, challenged the viability of the Bank's recovery plans and evaluated other credit enhancements that are integral to the contract terms;
- recalculating the amount of credit loss allowance for 12 month and life time credit losses using the expected credit loss model based on the above parameters and assumptions for a sample of loans and investments where the credit risk of the loan has not, or has, increased significantly since initial recognition, respectively; and
- evaluating whether the disclosures on impairment of loans and financial investments measured at amortised cost comply with the disclosure requirements of the prevailing accounting standards.

Independent Auditor's Report (Continued)

KEY AUDIT MATTERS (CONTINUED)

Fair value of financial instruments

Refer to Note 39 to the financial statements and the accounting policies in Note 2(7)(v).

The Key Audit Matter

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

The valuation of the Bank's financial instruments measured at fair value is based on a combination of market data and valuation models which often require a considerable number of inputs. Many of these inputs are obtained from readily available data, in particular for level 1 and level 2 financial instruments in the fair value hierarchy, the valuation techniques for which quoted market prices and observable inputs are used, respectively. Where one or more significant inputs are unobservable in the valuation techniques, as in the case of level 3 financial instruments, then estimates need to be developed which can involve significant management judgement.

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

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

Our response

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

- understanding and assessing the design, implementation and operating effectiveness of key internal controls over the valuation approval for financial instruments;
- assessing the level 1 fair values, on a sample basis, by comparing the fair values applied by the Bank with publicly available market data;
- performing, on a sample basis, independent valuations of level 2 and level 3 financial instruments measured at fair value and comparing these valuations with the valuations of the Bank. Our procedures included comparing the valuation models of the Bank with our knowledge of practice, testing inputs to the fair value calculations or, with the assistance of our internal valuation specialists, establishing our own valuation models to perform revaluations; and
- assessing whether the disclosures in the financial statements appropriately reflected the Bank's exposure to financial instrument valuation risk and met the requirements of the prevailing accounting standards.

Independent Auditor's Report (Continued)

KEY AUDIT MATTERS (CONTINUED)

Consolidation of structured entities

Refer to Note 33 to the financial statements and the accounting policies in Note 2(25)(f).

The Key Audit Matter

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

The Bank may acquire or retain an ownership interest in, or act as a sponsor to, a structured entity through issuing an asset management plan, a trust plan or a wealth management product.

In determining whether a structured entity is required to be consolidated by the Bank, management is required to consider the risks and rewards retained, the power the Bank is able to exercise over the activities of the entity and its ability to influence the Bank's own returns from the entity. These factors are not purely quantitative and need to be considered collectively in the overall substance of the transactions.

We identified the consolidation of structured entities as a key audit matter because of the complex nature of certain of these structured entities and the judgement exercised by management in the qualitative assessment of the terms and nature of each entity.

Our response

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

- understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over consolidation of structured entities;
- selecting significant structured entities of each key product type and performing the following procedures for each structured entity selected:
 - inspecting the related contracts, internal establishment documents and information disclosed to the investors to understand the purpose of the establishment of the structured entity and the involvement the Bank has with the structured entity and to assess management's judgement over whether the Bank has the ability to exercise power over the structured entity;
 - inspecting the risk and reward structure of the structured entity, including any capital or return guarantee, provision of liquidity support, commission paid and distribution of the returns to assess management's judgement as to the exposure, or rights, to variable returns from the Bank's involvement in such an entity;

Independent Auditor's Report (Continued)

KEY AUDIT MATTERS (CONTINUED)

Consolidation of structured entities

Refer to Note 33 to the financial statements and the accounting policies in Note 2(25)(f).

The Key Audit Matter

Our response

- evaluating management's analysis of the structured entity, including qualitative analysis and the calculation of the magnitude and variability associated with the Bank's economic interests in the structured entity to assess management's judgement over the Bank's ability to influence its own returns from the structured entity;
- assessing management's judgement over whether the structured entity should be consolidated or not; and
- assessing whether the disclosures in the financial statements in relation to structured entities comply with the requirements of the prevailing accounting standards.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

Independent Auditor's Report (Continued)

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Bank'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 Bank 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 Bank's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurances about whether the 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 HKSAAs 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 financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the 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 Bank's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditor's Report (Continued)

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

- 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 Bank'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 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 Bank to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

BDO Limited

Certified Public Accountants

Chan Wing Fai

Practising Certificate no. P05443

Hong Kong, March 31, 2023

Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes	2022	2021
Interest income		22,467,060	21,158,420
Interest expense		(12,372,848)	(11,643,927)
Net interest income	3	10,094,212	9,514,493
Fee and commission income		597,661	551,471
Fee and commission expense		(234,531)	(123,598)
Net fee and commission income	4	363,130	427,873
Net trading gains	5	548,350	800,437
Net gains arising from investment securities	6	845,541	925,590
Other operating income	7	138,743	68,770
Operating income		11,989,976	11,737,163
Operating expenses	8	(3,836,780)	(3,729,772)
Impairment losses on assets	11	(3,856,066)	(3,900,174)
Share of gains of associates		2,212	83,240
Profit before tax		4,299,342	4,190,457
Income tax	12	(469,887)	(484,752)
Net profit for the year		3,829,455	3,705,705
Basic and diluted earnings per share (in RMB)	13	0.26	0.25

The notes on pages 180 to 320 form part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the year ended December 31, 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes	2022	2021
Net profit for the year		3,829,455	3,705,705
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Financial assets at fair value through other comprehensive income			
– net movement in the fair value reserve, net of tax	31(d)	(503,439)	344,169
– net movement in the impairment reserve, net of tax	31(e)	35,599	109,956
Item that will not be reclassified to profit or loss:			
– Remeasurement of net defined benefit liability, net of tax	31(f)	(3,160)	(8,640)
Other comprehensive income, net of tax		(471,000)	445,485
Total comprehensive income		3,358,455	4,151,190

The notes on pages 180 to 320 form part of these financial statements.

Statement of Financial Position

As at December 31, 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes	2022	2021
Assets			
Cash and deposits with the central bank	14	23,249,900	35,681,947
Deposits with banks and other financial institutions	15	5,204,530	3,517,078
Financial assets held under resale agreements	16	13,418,376	27,556,991
Loans and advances to customers	17	279,738,679	238,834,742
Financial investments:	18		
– Financial investments at fair value through profit or loss		72,114,709	55,336,487
– Financial investments at fair value through other comprehensive income		59,411,312	55,661,196
– Financial investment at amortised cost		70,392,189	78,014,210
Interests in associates	19	234,168	231,957
Property and equipment	20	3,816,678	3,929,221
Deferred tax assets	21	5,291,017	4,211,654
Other assets	22	909,773	904,683
Total assets		533,781,331	503,880,166
Liabilities and equity			
Liabilities			
Borrowings from the central bank		38,106,949	32,219,501
Deposits from banks and other financial institutions	24	23,228,193	23,920,243
Placements from banks and other financial institutions	25	4,604,940	3,368,305
Financial assets sold under repurchase agreements	26	8,501,793	23,198,246
Deposits from customers	27	326,324,447	305,521,023
Income tax payable		890,374	489,812
Debt securities issued	28	84,790,579	72,394,280
Other liabilities	29	3,363,534	3,780,926
Total liabilities		489,810,809	464,892,336

The notes on pages 180 to 320 form part of these financial statements.

Statement of Financial Position (Continued)

As at December 31, 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes	2022	2021
Equity			
Share capital	30	14,588,047	14,588,047
Capital reserve	31(a)	8,670,091	8,670,091
Surplus reserve	31(b)	2,611,643	2,228,698
General reserve	31(c)	5,070,000	4,690,000
Fair value reserve	31(d)	(655,674)	(152,235)
Impairment reserve	31(e)	315,655	280,056
Deficit on remeasurement of net defined benefit liability	31(f)	(29,760)	(26,600)
Retained earnings	32	10,901,000	8,709,773
<hr/>			
Total equity attributable to equity shareholders of the Bank		41,471,002	38,987,830
Perpetual bonds		2,499,520	–
<hr/>			
Total equity		43,970,522	38,987,830
<hr/>			
Total liabilities and equity		533,781,331	503,880,166

Approved and authorised for issue by the Board of Directors on March 31, 2023.

Yang Mingshang

Chairman of the Board of Directors

Xu An

President Executive Director

An Peng

*The Person In Charge of
Accounting Affairs*

Li Wangang

*General Manager of the Planning and
Finance Department*

(Company Stamp)

The notes on pages 180 to 320 form part of these financial statements.

Statement of Changes in Equity

For the year ended December 31, 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

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

Statement of Changes in Equity (Continued)

For the year ended December 31, 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

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

The notes on pages 180 to 320 form part of these financial statements.

Cash Flow Statement

For the year ended December 31, 2022
(Expressed in thousands of Renminbi, unless otherwise stated)

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

The notes on pages 180 to 320 form part of these financial statements.

Cash Flow Statement (Continued)

For the year ended December 31, 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

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

The notes on pages 180 to 320 form part of these financial statements.

Cash Flow Statement (Continued)

For the year ended December 31, 2022
(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes	2022	2021
Cash flows from financing activities			
Proceeds from issuance of debt securities	35(c)	92,735,467	95,752,186
Repayment of debt securities	35(c)	(82,140,000)	(80,740,000)
Interest paid on debt securities	35(c)	(317,506)	(347,069)
Capital element of lease liabilities paid		(124,508)	(105,074)
Interest element of lease liabilities paid		(14,218)	(34,318)
Payments for initial public offering costs		–	(27,550)
Dividends paid		(884,087)	(1,022,352)
Net proceeds from issuance of perpetual bonds		2,499,520	–
Net cash flows generated from financing activities		11,754,668	13,475,823
Effect of foreign exchange rate changes on cash and cash equivalents			
		16,416	(4,599)
Net increase in cash and cash equivalents	35(a)	6,453,958	19,654,374
Cash and cash equivalents as at January 1		48,374,278	28,719,904
Cash and cash equivalents as at December 31	35(b)	54,828,236	48,374,278
Net cash flows from operating activities include:			
Interest received		22,178,929	21,868,043
Interest paid (excluding interest expense on debt securities issued)		(8,728,242)	(8,714,324)

The notes on pages 180 to 320 form part of these financial statements.

Notes to the Financial Statements

(Expressed in thousands of Renminbi, unless otherwise stated)

1 BACKGROUND INFORMATION

The Bank was established in Guiyang, Guizhou Province, the People's Republic of China (the "PRC") on October 11, 2012 with the approval of the former China Banking Regulatory Commission (the former "CBRC").

The Bank obtained its financial institution license No. B1383H252010001 from the former CBRC and obtained its business license No. 915200000550280000 from the State Administration for Industry and Commerce of the PRC. The Bank is regulated by China Banking and Insurance Regulatory Commission (the "CBIRC") authorised by the State Council.

In December 2019, the Bank's H Shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (Stock code: 06199).

As at December 31, 2022, the Bank has one head office and 9 branches across Guizhou Province. The principal activities of the Bank are the provision of corporate and personal deposits, loans and advances, settlement, financial market business and other banking services as approved by the former CBRC.

2 SIGNIFICANT ACCOUNTING POLICIES

(1) *Statement of compliance*

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

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Bank. Note 2(3) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Bank for the current and prior accounting periods reflected in these financial statements.

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

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(2) Basis of preparation

The measurement basis used in the preparation of the financial statements is the historical basis, except that the financial instruments classified as financial assets at fair value through other comprehensive income (“FVOCI”) or financial assets at fair value through profit or loss (“FVTPL”) (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 expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of IFRSs that have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 2(25).

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

(3) Changes in accounting policies

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

- Amendments to IFRS 3, Reference to the Conceptual Framework
- Amendments to IAS 16, Property, plant and equipment – Proceeds before Intended Use
- Amendments to IAS 37, Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to HKFRSs, Annual Improvements to IFRS Standards 2018-2020
- Amendment to IFRS 16, Covid-19-Related Rent Concessions beyond 2021

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

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(4) Associates and joint ventures

An associate is an entity in which the Bank has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Bank and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Bank's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Bank's share of the investee's net assets and any impairment loss relating to the investment (see Note 2(14)). Any acquisition-date excess over cost, the Bank's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the statements of profit or loss, whereas the Bank's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the statements of profit or loss and other comprehensive income.

When the Bank's share of losses exceeds its interest in the associate or the joint venture, the Bank's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Bank has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Bank's interest is the carrying amount of the investment under the equity method together with the Bank's long-term interests that in substance form part of the Bank's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Bank and its associates and joint venture are eliminated to the extent of the Bank's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Bank ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

In the Bank's statement of financial position, investments in associates and joint venture are stated at cost less impairment losses, unless classified as held for sale (or included in a disposal group that is classified as held for sale).

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(5) *Translation of foreign currencies*

When the Bank receives capital in foreign currencies from investors, the capital is translated to RMB at the spot exchange rate on the date of receipt. Other foreign currency transactions are, on initial recognition, translated to RMB at the spot exchange rates or the rates that approximate the spot exchange rates at the dates of transactions.

A spot exchange rate is quoted by the People's Bank of China ("PBOC"), the State Administration of Foreign Exchange, or a cross rate determined based on quoted exchange rates. A rate that approximates the spot exchange rate is determined by a systematic and rational method, normally the average exchange rate of the current period.

Monetary items denominated in foreign currencies are translated to RMB at the spot exchange rate at the end of each of the reporting period. The resulting exchange differences are recognised in profit or loss. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated to RMB using the foreign exchange rate at the transaction date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rate at the date the fair value is determined; the exchange differences are recognised in profit or loss, except for the exchange differences arising from the translation of non-monetary financial investments which are recognised in fair value reserve.

(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, financial assets held under resale agreements and highly liquid short-term investments which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

(7) *Financial instruments*

Financial instruments include cash and deposits with the central bank, financial investments, receivables, payables, loans and advances to customers, debt securities issued and share capital.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(7) Financial instruments (continued)

(i) Recognition and initial measurement of financial assets and financial liabilities

A financial asset or financial liability is recognised in the statements of financial position when the Bank becomes a party to the contractual provisions of a financial instrument.

A financial assets and financial liabilities is measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs.

(ii) Classification and subsequent measurement of financial assets

Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Financial assets are classified as:

- Financial assets measured at amortised cost, including loans and advances to customers and financial investments measured at amortised cost;
- Financial assets measured at fair value through other comprehensive income (“FVOCI”), including loans, advances and financial investments measured at FVOCI; and
- Financial assets measured at fair value through profit or loss (“FVTPL”).

Financial assets are not reclassified subsequent to their initial recognition unless the Bank changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(7) Financial instruments (continued)

(ii) Classification and subsequent measurement of financial assets (continued)

Classification of financial assets (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The business model refers to how the Bank manages its financial assets in order to generate cash flows. That is, the Bank's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Bank determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Bank's key management personnel.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(7) Financial instruments (continued)

(ii) Classification and subsequent measurement of financial assets (continued)

Classification of financial assets (continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Bank also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Subsequent measurement of financial assets

- Financial assets at FVTPL

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss unless the financial assets are part of a hedging relationship.

- Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss when the financial asset is derecognised, through the amortisation process or in order to recognise impairment gains or losses.

- Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

- Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(7) Financial instruments (continued)

(iii) Classification and subsequent measurement of financial liabilities

– Financial liabilities at FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss, unless the financial liabilities are part of a hedging relationship.

– Financial guarantee liabilities

Financial guarantees are contracts that requires the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee liability is measured at the higher of:

The amount of the loss allowance determined in accordance with impairment policies of financial instruments (see Note 2(17)(i)); and

The amount initially recognised less the cumulative amount of income.

– Financial liabilities at amortised cost

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(7) Financial instruments (continued)

(iv) Impairment

The Bank recognises loss allowances for expected credit loss (“ECL”) on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI.

Financial assets measured at fair value, including debt investments or equity securities at FVTPL, and equity securities designated at FVOCI, are not subject to the ECL assessment.

Measurement of expected credit losses (“ECLs”)

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the Bank is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting 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 Bank’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 reporting date.

See Note 38(a) for the measurement of expected credit loss of the Bank.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(7) Financial instruments (continued)

(iv) Impairment (continued)

Presentation of allowance for ECL

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Bank recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income.

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 Bank 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 Bank'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) Fair value measurement principles

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 in the principal or, in its absence, the most advantageous market to which the Bank has access at that date.

If there is an active market for a financial asset or financial liability, the quoted price in the active market without adjusting for transaction costs that may be incurred upon future disposal or settlement is used to establish the fair value of the financial asset or financial liability. For a financial asset held or a financial liability to be assumed, the quoted price is the current bid price. For a financial asset to be acquired or a financial liability assumed, it is the current asking price. The quoted prices from an active market are prices that are readily and regularly available from an exchange, broker, industry bank or pricing service agency, and represent actual and regularly occurring market transactions on an arm's length basis.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(7) Financial instruments (continued)

(v) Fair value measurement principles (continued)

If no active market exists for a financial instrument, a valuation technique is used to establish the fair value. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models. Where discounted cash flow technique is used, future cash flows are estimated based on management's best estimates and the discount rate used is the prevailing market rate applicable for instrument with similar terms and conditions at the end of each of the reporting period. Where other pricing models are used, inputs are based on market data at the end of each of the reporting period.

In estimating the fair value of a financial asset and financial liability, the Bank considers all factors including, but not limited to, risk-free interest rate, credit risk, foreign exchange rate and market volatility, that are likely to affect the fair value of the financial asset and financial liability.

The Bank obtains market data from the same market where the financial instrument was originated or purchased.

(vi) Derecognition of financial assets and financial liabilities

Financial asset is derecognised when one of the following conditions is met:

- the Bank's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Bank transfers substantially all of the risks and rewards of ownership of the financial asset; or
- the financial asset has been transferred, although the Bank 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.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(7) Financial instruments (continued)

(vi) Derecognition of financial assets and financial liabilities (continued)

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 Bank derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

(vii) Offsetting

Financial assets and financial liabilities are generally presented separately in the statements of financial position, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the statements of financial position when both of the following conditions are satisfied:

- the Bank currently has a legally enforceable right to set off the recognised amounts;
- the Bank intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(8) Financial assets held under resale and repurchase agreements

Financial assets purchased under agreements to resell are reported not as purchases of the assets but as receivables and are carried in the statements of financial position at amortised cost.

Financial assets sold subject to a simultaneous agreement to repurchase these assets are retained in the statements of financial position and measured in accordance with their original measurement principles. The proceeds from the sale are reported as liabilities and are carried at amortised cost.

Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements are recognised respectively as interest income and interest expense over the life of each agreement using the effective interest method.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(9) Property and equipment and construction in progress

Property and equipment are assets held by the Bank for operation and administration purposes with useful lives over one year.

Property and equipment are stated in the statements of financial position at cost less accumulated depreciation and impairment loss (see Note 2(14)). Construction in progress is stated in the statements of financial position at cost less impairment loss (see Note 2(14)).

The cost of a purchased property and equipment comprises the purchase price, related taxes, and any expenditure directly attributable to bringing the asset into working condition for its intended use.

All direct and indirect costs that are related to the construction of property and equipment and incurred before the assets are ready for their intended use are capitalised as the cost of construction in progress. Construction in progress is transferred to property and equipment when the item being constructed is ready for its intended use. No depreciation is provided against construction in progress.

Where the individual component parts of an item of property and equipment have different useful lives or provide benefits to the Bank in different patterns thus necessitating use of different depreciation rates or methods, they are recognised as a separate property and equipment.

The subsequent costs including the cost of replacing part of an item of property and equipment are recognised in the carrying amount of the item if the recognition criteria are satisfied, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Property and equipment are depreciated using the straight-line method over their estimated useful lives, after taking into account their estimated residual values. The estimated useful lives, residual values and depreciation rates of each class of property and equipment are as follows:

Asset category	Estimated useful life	Estimated rate of residual value	Depreciation rate
Premises	30 years	3%	3.23%
Vehicles	2 – 6 years	3%	16.17% – 48.50%
Electronic equipment and others	3 – 5 years	3%	19.40% – 32.33%

Useful lives, residual values and depreciation methods are reviewed at least at each year-end.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(10) Investment property

Investment property is a property held either for earning rental income or for capital appreciation or for both. Investment property is accounted for using the cost model and stated in the statements of financial position at cost less accumulated depreciation and impairment loss (see Note 2(14)). Investment property is depreciated using the straight-line method over its estimated useful life after taking into account its estimated residual value.

	Estimated useful life	Estimated rate of residual value	Depreciation rate
Premises	20 years	3%	4.85%

(11) Leases

At inception of a contract, the Bank 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.

At inception or on reassessment of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Bank has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(i) As a lessee

The Bank 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 adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method 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. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(11) Leases (continued)

(i) As a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option; and
- payments of penalties for terminating a lease, if the lease terms reflects the Bank exercising an option to terminate the lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, or if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option or there is a revised in-substance fixed lease payment. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS 16 Leases. In such cases, the Bank took advantage of the practical expedient set out in paragraph 46A of IFRS 16 and recognised the change in consideration as if it were not a lease modification.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Bank presents right-of-use assets that do not meet the definition of investment property in 'other assets' and lease liabilities in 'other liabilities' in the statements of financial position.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(11) Leases (continued)

(i) As a lessee (continued)

Lease modifications

The Bank accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Bank remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Bank accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset

Short-term leases and leases of low-value assets

The Bank has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

In the comparative period, as a lessee the Bank classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the right-of-use assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent.

Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Bank's statements of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(11) Leases (continued)

(ii) As a lessor

When the Bank acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Bank makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Bank considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Bank is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. 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 Bank applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Bank applies IFRS 15 to allocate the consideration in the contract.

The Bank recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Bank as a lessor in the comparative period were not different from IFRS 16. However, when the Bank was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

(12) Intangible assets

The intangible assets of the Bank have finite useful lives. The intangible assets are stated at cost less accumulated amortisation and impairment loss (see Note 2(14)). The cost of intangible assets less residual value and impairment loss is amortised on the straight-line method over the estimated useful lives.

The respective amortisation periods for intangible assets are as follows:

Land use rights	30 – 50 years
Computer software	3 – 10 years

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(13) Repossessed assets

Repossessed assets are physical assets or property rights obtained by the Bank from debtors, warrantors or third parties following the enforcement of its creditor's rights. The repossessed assets are initially recognised at fair value, and are subsequently measured at the lower of the carrying value and net recoverable amount. If the recoverable amount is lower than the carrying value of the repossessed assets, the assets are written down to the recoverable amount.

(14) Provision for impairment losses on non-financial assets

The carrying amounts of the following assets are reviewed at the end of each of the reporting period based on the internal and external sources of information to determine whether there is any indication of impairment:

- property and equipment
- construction in progress
- investments property measured using a cost model
- intangible assets
- investment in associates
- right-of-use assets

If any indication exists that an asset may be impaired, the recoverable amount of the asset is estimated.

A cash-generating unit ("CGU") is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. A CGU is composed of assets directly relating to cash-generation. Identification of a CGU is based on whether major cash inflows generated by the asset groups are largely independent of the cash inflows from other assets or asset groups. In identifying an asset group, the Bank also considers how management monitors the Bank's operations and how management makes decisions about continuing or disposing of the Bank's assets.

The recoverable amount of an asset or CGU, or a group of CGUs (hereinafter called "asset") is the greater of its value in use and its fair value less cost to sell. 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 Bank determines the recoverable amount of the asset group to which the assets belongs.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(14) Provision for impairment losses on non-financial assets (continued)

An asset's fair value less costs to sell is the amount determined by the price of a sale agreement in an arm's length transaction, less the costs that are directly attributable to the disposal of the asset. Value in use is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using a pre-tax discount rate that reflects expected future cash flows, the useful life and the discount rate specific to the asset.

An impairment loss is recognised in profit or loss if the carrying amount of an asset exceeds its recoverable amount. A provision for an impairment loss of the asset is recognised accordingly.

If, in a subsequent period, the amount of impairment loss of the non-financial asset decreases and the decrease can be linked objectively to an event occurring after impairment was recognised, the previously recognised impairment loss is reversed through the profit or loss. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods.

(15) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The defined contribution retirement plans of the Bank include the social pension schemes, annuity plan, housing fund and other social insurances.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(15) Employee benefits (continued)

(i) Short-term employee benefits and contributions to defined contribution retirement plans (continued)

Social pension schemes

Pursuant to the relevant laws and regulations in the PRC, the Bank has participated in the social pension schemes for the employees arranged by local government labour and security authorities. The Bank makes contributions to the retirement schemes at the applicable rates based on the amounts stipulated by the government. The contributions are charged to the profit or loss on an accrual basis. When employees retire, the local government labour and security authorities are responsible for the payment of the basic retirement benefits to the retired employees.

Annuity plan

The Bank provides an annuity plan to the eligible employees. The Bank makes annuity contributions in proportion to its employees' total salaries and bonuses, which are charged to profit or loss when the contributions are made.

Housing fund and other social insurances

In addition to the retirement benefits above, the Bank has joined social security contributions schemes for employees pursuant to the relevant laws and regulations of the PRC. These schemes include a housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Bank makes monthly contributions to the housing fund and other social insurances schemes at the applicable rates based on the amounts stipulated by the relevant government authorities. The contributions are charged to profit or loss on an accrual basis.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(15) Employee benefits (continued)

(ii) Supplementary retirement benefits

Early retirement plan

The Bank provides early retirement benefit payments to employees who voluntarily agreed to retire early for the period from the date of early retirement to the regulated retirement date. The benefit is discounted to determine the present value based on certain assumptions. The calculation is performed by a qualified actuary using the projected unit credit method. Differences arising from changes in assumptions and estimates of the present value of the liabilities are recognised in profit or loss when incurred.

Supplementary retirement plan

The Bank provides a supplementary retirement plan to its eligible employees. The Bank's obligations in respect of the supplementary retirement plan are calculated by estimating the present value of the total amount of future benefits that the Bank is committed to pay to the employees after their retirement. The calculation is performed by a qualified actuary using the projected unit credit method. Such obligations were discounted at the interest yield of government bonds with similar duration at the reporting date. The related service cost and net interest from the retirement plan are recognised in profit or loss, and the actuarial gains and losses arising from remeasurements are recognised in other comprehensive income.

Early retirement plan and supplementary retirement plan thereafter collectively referred to as "supplementary retirement benefits". Except for the above mentioned, the Bank has no significant responsibilities to pay any other retirement benefits to employees.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(16) Income tax

Income tax for the reporting period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the reporting period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiary to the extent that, in the case of taxable differences, the Bank controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(16) Income tax (continued)

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Bank has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Bank intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(17) Financial guarantees, provisions and contingent liabilities

(i) Financial guarantee

Financial guarantees are contracts that require the issuer (the “guarantor”) to make specified payments to reimburse the beneficiary of the guarantee (“holder”) for a loss that the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. The fair value of the guarantee (being the guarantee fees received) is initially recognised as deferred income in other liabilities. The deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

In terms of off-balance sheet credit commitment, the Bank applies expected credit loss model to measure the loss caused by particular debtors incapable of paying due debts, which is present in provisions. See Note 2(7)(iv) for the description of expected credit loss model.

(ii) Other provision and contingent liabilities

A provision is recognised for an obligation related to a contingency if the Bank has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

For a possible obligation resulting from a past transaction or event whose existence will only be confirmed by the occurrence or non-occurrence of uncertain future events or a present obligation resulting from a past transaction or event, where it is not probable that the settlement of the above obligation will cause an outflow of economic benefits, or the amount of the outflow cannot be estimated reliably, the possible or present obligation is disclosed as a contingent liability.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(18) Fiduciary activities

The Bank acts in a fiduciary activity as a manager, a custodian, or an agent for customers. Assets held by the Bank 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 Bank enters into entrusted loan agreements with customers, whereby the customers provide funding (“entrusted funds”) to the Bank, and the Bank grants loans to third parties (“entrusted loans”) under instructions of the customers. As the Bank 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.

(19) Income recognition

Income is recognised when the Bank 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 Bank’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 reporting period. 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 Bank 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 Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(19) Income recognition (continued)

(ii) Fee and commission income

The Bank earns fee and commission income from a diverse range of services it provides to its customers. The fee and commission income recognised by the Bank reflects the amount of consideration to which the Bank 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 Bank 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 Bank's performance as the Bank performs;
- The customer controls the service provided by the Bank in the course of performance or;
- The Bank does not provide service with an alternative use to the Bank, and the Bank has an enforceable right to payment for performance completed to date;
- In other cases, the Bank 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 Bank will comply with the conditions attaching to them. Grants that compensate the Bank 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 Bank 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.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(19) Income recognition (continued)

(iv) Other income

Other expenses are recognised on an accrual basis.

(20) Expenses 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.

(21) Dividends

Dividends or distributions of profits proposed in the profit appropriation plan which will be authorised and declared after the end of each of the reporting period are not recognised as a liability at the end of each of the reporting period but disclosed separately in the notes to the financial statements.

(22) Perpetual bonds

At initial recognition, the Bank classifies the perpetual bonds issued or their components as financial assets, financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definition of financial assets, financial liabilities and equity instruments.

Perpetual bonds issued that should be classified as equity instruments are recognised in equity based on the actual amount received. Any distribution of dividends or interests during the instruments' duration is treated as profit appropriation. When the perpetual bonds are redeemed according to the contractual terms, the redemption price is charged to equity.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(23) Related parties

(a) A person, or a close member of that person's family, is related to the Bank if that person:

- (i) has control or joint control over the Bank;
- (ii) has significant influence over the Bank; or
- (iii) is a member of the key management personnel of the Bank or the Bank's parent.

(b) An entity is related to the Bank if any of the following conditions applies:

- (i) The entity and the Bank are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) 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);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Bank or an entity related to the Bank;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a)(i) 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); or
- (viii) The entity, or any member of a Bank of which it is a part, provides key management personnel services to the Bank or to the Bank'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 Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(24) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Bank's most senior executive management for the purposes of allocating resources to, and assessing the performance of the Bank's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(25) Significant accounting estimates and judgements

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(a) Measurement of expected credit loss

The measurement of the expected credit loss allowance for the investment in financial assets and debt instruments measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring expected credit losses is further detailed in Note 38(a).

A number of significant judgements are required in applying the accounting requirements for measuring expected credit losses, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of expected credit losses;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated expected credit losses.

Detailed information about the judgements and estimates made by the Bank in the above areas is set out in Note 38(a) credit risk.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(25) Significant accounting estimates and judgements (continued)

(b) Fair value of financial instruments

There are no quoted prices from an active market for a number of financial instruments. The fair values for these financial instruments are established by using valuation techniques. These techniques include using recent arm's length market transactions by referring to the current fair value of similar instruments, discounted cash flow analysis, and option pricing models. Valuation models established by the Bank make maximum use of market input and rely as little as possible on the Bank's specific data. However, it should be noted that some input, such as credit and counterparty risk, and risk correlations require management's estimates. The Bank reviews the above estimations and assumptions periodically and makes adjustment if necessary.

(c) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Bank carefully evaluates the tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

(d) Impairment of non-financial assets

Non-financial assets are reviewed regularly to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is provided.

Since the market price of an asset (the asset bank) may not be obtained reliably, the fair value of the asset may not be estimated reliably. In assessing the present value of future cash flows, significant judgements are exercised over the asset's selling price, related operating expenses and discounting rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the selling price and related operating expenses based on reasonable and supportable assumption.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(25) Significant accounting estimates and judgements (continued)

(e) Depreciation and amortisation

Investment properties, property and equipment, intangible assets and right-of-use assets are depreciated and amortised using the straight-line method over their estimated useful lives after taking into account residual values. The estimated useful lives are regularly reviewed to determine the depreciation and amortisation costs charged in each of the reporting period. The estimated useful lives are determined based on historical experiences of similar assets and the estimated technical changes. If there is an indication that there has been a change in the factors used to determine the depreciation or amortisation, the amount of depreciation or amortisation will be revised.

(f) Determination of control over investees

Management applies its judgement to determine whether the control indicators indicate that the Bank controls a non-principal guaranteed wealth management product and an asset management plan.

The Bank acts as manager to a number of non-principal guaranteed wealth management products and asset management plans. Determining whether the Bank controls such a structured entity usually focuses on the assessment of the aggregate economic interests of the Bank in the entity (comprising any carried interests and expected management fees) and the decision-making authority of the entity. For all these structured entities managed by the Bank, the Bank's aggregate economic interest is in each case not significant and the decision makers establish, market and manage them according to restricted parameters as set out in the investment agreements as required by laws and regulations. As a result, the Bank has concluded that it acts as agent as opposed to principal for the investors in all cases, and therefore has not consolidated these structured entities.

For further disclosure in respect of unconsolidated non-principal guaranteed wealth management products and asset management plans in which the Bank has an interest or for which it is a sponsor, see Note 33.

(g) Defined benefit plan

The Bank, in accordance with the projected unit credit method, using unbiased and mutually compatible actuarial assumption to estimate related demographic variables and financial variables, measures the obligations under the defined benefit plan and recognises a defined benefit plan liability by the present value of the defined benefit plan. The Bank attributes obligations under a defined benefit plan to periods of service provided by employees, with a corresponding charge to the profit or loss for the current period or the cost of a relevant asset which include the service cost and interest expense of under a defined benefit plan, changes as a result of remeasurements of the net defined benefit plan liability or asset are recognised in deficit/surplus on remeasurement of net defined benefit liability.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

3 NET INTEREST INCOME

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

Total interest income arising from financial assets that are not at FVTPL for the years ended December 31, 2022 amounted to RMB22,467 million (2021: RMB21,158 million).

Total interest expense arising from financial liabilities that are not at FVTPL for the years ended December 31, 2022 amounted to RMB12,373million (2021: RMB11,644 million).

Interest income arising from impaired loan for the year ended December 31, 2022 amounted to RMB164 million (2021: RMB95 million).

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 NET FEE AND COMMISSION INCOME

(a) *Income and expense streams:*

	2022	2021
Fee and commission income		
Acceptance and guarantee services fees	272,304	208,136
Agency services fees	168,820	180,996
Bank card services fees	77,053	57,118
Fund supervision services and consultancy services fees	39,184	57,164
Settlement and clearing fees	40,300	48,057
Sub-total	597,661	551,471
Fee and commission expense		
Bank card services fees	(148,983)	(67,293)
Others	(85,548)	(56,305)
Sub-total	(234,531)	(123,598)
Net fee and commission income	363,130	427,873
Fee and commission income		
Fee income, other than amounts included in determining the effective interest rate, arising from financial assets or financial liabilities that are not held for trading or designated at FVTPL	44,603	41,475
Fee income on trust and other fiduciary activities where the Bank holds or invests on behalf of its customers	105,206	117,742
Fee and commission expense		
Fee expense, other than amounts included in determining the effective interest rate, arising from financial assets or financial liabilities that are not held for trading or designated at FVTPL	3,132	2,828

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 NET FEE AND COMMISSION INCOME (CONTINUED)

(b) Disaggregation of income:

	2022		2021	
	At a point in time	Over time	At a point in time	Over time
Acceptance and guarantee services fees	–	272,304	–	208,136
Agency services fees	–	168,820	–	180,996
Bank card services fees	77,053	–	57,118	–
Fund supervision services fees and consultancy service fees	–	39,184	–	57,164
Settlement and clearing fees	40,300	–	48,057	–
Total	117,353	480,308	105,175	446,296

(c) Contract balances

The following table provides information about contract liabilities from contracts with customers.

	2022	2021
Contract liabilities, which are included in 'other liabilities'	33,392	61,565

The contract liabilities primarily relate to the fees received from customers on fund supervision services. This is recognised as revenue over the period for which a customer is expected to continue receiving fund supervision services. The contract does not have a significant financing component.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

5 NET TRADING GAINS

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

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

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

6 NET GAINS ARISING FROM INVESTMENT SECURITIES

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

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

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

7 OTHER OPERATING INCOME/(EXPENSES)

	Notes	2022	2021
Government grants	(a)	127,869	8,651
Rental income		2,587	3,037
Penalty income		1,580	1,692
Net (losses)/gains on disposal of repossessed assets		(1,080)	29,787
Net losses on disposal of property and equipment and intangible assets		(2,570)	(1,908)
Others		10,357	27,511
Total		138,743	68,770

- (a) Government grants recognised as other operating income are awarded to the Bank by the local government as incentives primarily to encourage the development of the Bank and the contribution to the local economic development. The government grants are according to its balances of loans and advances to small and medium-sized enterprises and agricultural enterprises in Guizhou Province.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

8 OPERATING EXPENSES

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

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

9 DIRECTORS' AND SUPERVISOR' EMOLUMENTS

Directors' and supervisors' emoluments disclosed pursuant to Section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Notes	2022				Total emoluments before tax
		Fees	Salaries	Discretionary bonus	Contribution by the employer to social insurance and welfare plans, housing allowance, ect.	
Executive directors						
Yang Mingshang	(c)	-	479	-	95	574
Xu An		-	479	-	95	574
Cai Dong	(c)	-	383	-	95	478
Non-executive directors						
Chen Jingde		-	-	-	-	-
Chen Hanqing	(c)	-	-	-	-	-
Chen Hua	(c)/(o)	-	-	-	-	-
Wang Xiaoyong	(c)/(m)	-	-	-	-	-
Wang Wencheng	(c)/(q)	-	-	-	-	-
Gong Taotao		-	-	-	-	-
Zhao Yong		-	-	-	-	-
Independent non-executive directors						
Wang Gefan		210	-	-	-	210
Tang Xin		210	-	-	-	210
Song Ke		210	-	-	-	210
Law Cheuk Kin Stephen	(g)/(p)	363	-	-	-	363
Jiang Shangjun	(c)	-	-	-	-	-
Jia Xiangsen	(i)	-	-	-	-	-
Lee Hoey Simon	(k)	-	-	-	-	-
Sun Li	(p)	-	-	-	-	-

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

9 DIRECTORS' AND SUPERVISOR' EMOLUMENTS (CONTINUED)

Directors' and supervisors' emoluments disclosed pursuant to Section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows: (continued)

	Notes	2022				Total emoluments before tax
		Fees	Salaries	Discretionary bonus	Contribution by the employer to social insurance and welfare plans, housing allowance, ect.	
Supervisors						
Wu Fan	(e)	–	479	–	95	574
Yin Xinquan	(c)	210	–	–	–	210
Chen Houyi		210	–	–	–	210
Cheng Yunlong	(c)	–	–	–	–	–
Su Zhi		210	–	–	–	210
Zhang Hui	(e)	–	968	–	95	1,063
Jiao Zhengjun	(e)/(j)	–	404	–	95	499
Wang Wei	(n)	–	380	–	95	475
He Xinzhang	(l)	–	–	–	–	–
Total		1,623	3,572	–	665	5,860

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

9 DIRECTORS' AND SUPERVISOR' EMOLUMENTS (CONTINUED)

Directors' and supervisors' emoluments disclosed pursuant to Section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows: (continued)

	Notes	Fees	2021			Total emoluments before tax
			Salaries	Discretionary bonus	Contribution by the employer to social insurance and welfare plans, housing allowance, etc.	
Executive directors						
Yang Mingshang	(c)	–	359	–	67	426
Xu An		–	549	–	89	638
Cai Dong	(c)	–	552	–	89	641
Li Zhiming	(a)	–	40	–	8	48
Non-executive directors						
Chen Jingde		–	–	–	–	–
Chen Hanqing	(c)	–	–	–	–	–
Chen Hua	(c)/(o)	–	–	–	–	–
Wang Xiaoyong	(c)/(m)	–	–	–	–	–
Wang Wencheng	(c)/(q)	–	–	–	–	–
Gong Taotao		–	–	–	–	–
Zhao Yong		–	–	–	–	–
Shi Xianyin	(d)	–	–	–	–	–
Zhong Xueliang	(d)	–	–	–	–	–
Independent non-executive directors						
Wang Gefan		210	–	–	–	210
Tang Xin		210	–	–	–	210
Song ke		210	–	–	–	210
Li Shoubing	(d)	311	–	–	–	311
Law Cheuk Kin Stephen	(g)/(p)	211	–	–	–	211

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

9 DIRECTORS' AND SUPERVISOR' EMOLUMENTS (CONTINUED)

Directors' and supervisors' emoluments disclosed pursuant to Section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows: (continued)

	Notes	Fees	Salaries	2021		Total emoluments before tax
				Discretionary bonus	Contribution by the employer to social insurance and welfare plans, housing allowance, etc.	
Jiang Shangjun	(c)	–	–	–	–	–
Jia Xiangsen	(i)	–	–	–	–	–
Lee Hoey Simon	(i)/(k)	–	–	–	–	–
Supervisors						
Wu Fan	(e)	–	620	–	89	709
Yin Xinquan	(c)	–	–	–	–	–
Chen Houyi		210	–	–	–	210
Cheng Yunlong	(c)	–	–	–	–	–
Su Zhi		293	–	–	–	293
Zhang Hui	(e)	–	429	–	43	472
Jiao Zhengjun	(e)/(j)	–	432	–	43	475
Xiao Cifa	(b)	–	350	–	51	401
Liu Hanmin	(e)	293	–	–	–	293
Ma Peng	(c)/(h)	–	–	–	–	–
Xu Yu	(f)	–	–	–	–	–
Chen Hongcai	(e)	–	–	–	–	–
Yang Jian	(e)	–	–	–	–	–
Wang Changyi	(e)	–	722	–	47	769
Li Keyong	(e)	–	453	–	47	500
Total		1,948	4,506	–	573	7,027

There was no amount paid during the year ended December 31, 2022 to the directors in connection with their retirement from employment or compensation for loss of office with the Bank, or inducement to join the Bank (2021: nil). There was no arrangement under which a director or supervisor waived or agreed to waive any remuneration during the year ended December 31, 2022 (2021: nil).

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

9 DIRECTORS' AND SUPERVISOR' EMOLUMENTS (CONTINUED)

Notes:

- (a) On January 28, 2021, Li Zhiming resigned as executive director.
- (b) On March 19, 2021, Xiao Cifa resigned as employee supervisor.
- (c) In the general meeting held on June 16, 2021, Yang Mingshang, Cai Dong were elected as executive directors; Chen Hanqing, Chen Hua, Wang Xiaoyong, Wang Wencheng were elected as non-executive directors; Jiang Shangjun was elected as independent non-executive director, and the appointment is still awaiting approval from the CBRIC; Yin Xinquan, Cheng Yunlong, Ma Peng were elected as supervisors.
- (d) In the board meeting held on June 16, 2021, Shi Xianyin, Zhong Xueliang resigned as non-executive directors; Li Shoubing resigned as independent non-executive director.
- (e) In the meeting of the board of supervisors held on June 16, 2021, Wu Fan, Zhang Hui, Jiao Zhengjun were elected as supervisors; Liu Hanmin, Wang Changyi, Li Keyong, Yang Jian, Chen Hongcai resigned as supervisors.
- (f) On July 23, 2021, Xu Yu resigned as supervisor.
- (g) On November 29, 2021, Law Cheuk Kin Stephen resigned as independent non-executive director. The resignation of Law Cheuk Kin Stephen will be effective on the day when the appointments of Jia Xiangsen and Lee Hoey Simon are approved by the CBRIC.
- (h) On December 15, 2021, Ma Peng resigned as supervisor.
- (i) In the general meeting held on December 23, 2021, Jia Xiangsen, Lee Hoey Simon were elected as independent non-executive directors. The appointments of the two directors are still awaiting approval from the CBRIC.
- (j) Jiao Zhengjun resigned as a supervisor on April 18, 2022.
- (k) On May 17, 2022, Lee Hoey Simon has been approved to be the independent non-executive director of the Bank.
- (l) On June 16, 2022, He Xinzhang has been approved by the Shareholders as a Shareholder Supervisor of the third session of the Board of Supervisors.
- (m) On June 27, 2022, Wang Xiaoyong resigned as non-executive director
- (n) On June 30, 2022, Wang Wei was elected as an employee supervisor of the third session of the Board of Supervisors.
- (o) On July 13, 2022, Chen Hua resigned as non-executive director;
- (p) On August 25, 2022, Sun Li has been approved as an independent non-executive director of the Bank by CBRIC; Law Cheuk Kin Stephen resigned as independent non-executive director.
- (q) On December 2, 2022, Wang Wencheng has resigned as non-executive director of the Bank.
- (r) The salaries of all directors and supervisors exclude the amount of performance bonus from 2018 to 2020.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

For the year ended December 31, 2022, there was no director or supervisor included in the five individuals with highest emoluments (2021: one). The emoluments for the other highest paid individuals are shown as follows:

	2022	2021
Salaries and other emoluments	7,235	5,369
Contributions to pension schemes	290	447
	7,525	5,816

The number of these individuals whose emoluments are within the following bands is set out below:

	2022	2021
HK\$500,000 – HK\$1,000,000	–	2
HK\$1,000,001 – HK\$1,500,000	4	1
HK\$1,500,001 – HK\$2,000,000	1	2

None of these individuals received any inducement to join or upon joining the Bank or compensation for loss of office, or waived any emoluments during the year ended December 31, 2022 (2021: nil).

11 IMPAIRMENT LOSSES ON ASSETS

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

Notes to the Financial Statements (Continued)*(Expressed in thousands of Renminbi, unless otherwise stated)***12 INCOME TAX EXPENSE****(a) Income tax:**

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

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

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

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

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

13 BASIC AND DILUTED EARNINGS PER SHARE

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

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

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

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

14 CASH AND DEPOSITS WITH THE CENTRAL BANK

	Notes	2022	2021
Cash on hand		746,458	632,970
Deposits with the central bank			
– Statutory deposit reserves	(a)	16,925,716	18,269,419
– Surplus deposit reserves	(b)	4,964,134	16,686,142
– Fiscal deposits		605,160	83,402
Sub-total		22,495,010	35,038,963
Accrued interest		8,432	10,014
Total		23,249,900	35,681,947

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

14 CASH AND DEPOSITS WITH THE CENTRAL BANK (CONTINUED)

- (a) The Bank places statutory deposit reserves with the PBOC in accordance with relevant regulations. As at December 31, the statutory deposit reserve ratios applicable to the Bank were as follows:

	2022	2021
Reserve ratio for RMB deposits	5.25%	6.00%
Reserve ratio for foreign currency deposits	6.00%	9.00%

- (b) The surplus deposit reserves are maintained with the PBOC for the purpose of clearing.

15 DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty:

	2022	2021
Deposits in mainland China		
– Banks	5,095,630	3,465,077
– Other financial institutions	108,355	51,471
Sub-total	5,203,985	3,516,548
Accrued interest	1,517	1,100
Less: Provision for impairment losses	(972)	(570)
Net carrying amount	5,204,530	3,517,078

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

16 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(a) Analysed by type and location of counterparty

	2022	2021
In mainland China		
– Banks	13,413,660	27,538,618
Sub-total	13,413,660	27,538,618
Accrued interest	4,716	18,373
Less: Provision for impairment losses	–	–
Total	13,418,376	27,556,991

(b) Analysed by type of collateral held

	2022	2021
Debt securities	13,413,660	27,538,618
Accrued interest	4,716	18,373
Less: Provision for impairment losses	–	–
Net carrying amount	13,418,376	27,556,991

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

17 LOANS AND ADVANCES TO CUSTOMERS

(a) Analysed by nature

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

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

17 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(b) Analysed by industry sector

	2022		Loans and advances secured by collaterals
	Amount	Percentage	
Leasing and commercial services	121,180,028	41.29%	34,340,690
Wholesale and retail trade	27,454,326	9.35%	4,679,765
Water resources, environment and public facilities management	21,179,685	7.22%	4,455,168
Construction	15,505,791	5.28%	4,066,276
Real estate	10,202,588	3.48%	4,744,311
Education	9,031,157	3.08%	455,430
Mining	8,958,326	3.05%	5,059,074
Transportation, storage and postal services	7,880,270	2.68%	4,020,087
Agriculture, forestry, animal husbandry and fishery	7,664,100	2.61%	790,899
Manufacturing	7,605,326	2.59%	2,412,743
Health and social work	4,219,734	1.44%	336,695
Production and supply of electric power, gas and water	3,137,735	1.07%	754,085
Finance	1,486,939	0.51%	939
Accommodation and catering	1,125,668	0.38%	424,965
Culture, sports and entertainment	478,030	0.16%	10,930
Others	3,146,274	1.07%	376,999
Sub-total of corporate loans and advances	250,255,977	85.26%	66,929,056
Personal loans and advances	38,902,068	13.25%	22,567,486
Discounted bills	4,369,527	1.49%	—
Gross loans and advances to customers (excluding accrued interest)	293,527,572	100.00%	89,496,542

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

17 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(b) Analysed by industry sector (continued)

	2021		Loans and advances secured by collaterals
	Amount	Percentage	
Leasing and commercial services	105,645,479	42.18%	33,334,263
Wholesale and retail trade	19,119,324	7.63%	3,654,544
Water resources, environment and public facilities management	16,969,437	6.77%	4,259,371
Construction	14,825,621	5.92%	4,346,121
Mining	8,967,269	3.58%	5,462,191
Real estate	8,903,123	3.55%	4,977,108
Education	8,875,427	3.54%	447,567
Transportation, storage and postal services	5,545,633	2.21%	2,295,909
Agriculture, forestry, animal husbandry and fishery	5,501,940	2.20%	495,474
Manufacturing	5,362,159	2.14%	1,166,004
Health and social work	3,774,105	1.51%	403,330
Production and supply of electric power, gas and water	3,100,490	1.24%	296,640
Finance	1,947,407	0.78%	2,489
Accommodation and catering	1,817,528	0.73%	398,889
Culture, sports and entertainment	388,017	0.15%	5,950
Others	2,721,496	1.09%	109,763
Sub-total of corporate loans and advances	213,464,455	85.22%	61,655,613
Personal loans and advances	33,912,760	13.54%	23,299,661
Discounted bills	3,109,364	1.24%	–
Gross loans and advances to customers (excluding accrued interest)	250,486,579	100.00%	84,955,274

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

17 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(c) Analysed by type of collateral

	2022	2021
Unsecured loans	42,712,657	33,561,883
Guaranteed loans	161,318,373	131,969,422
Collateralised loans	46,741,204	44,076,503
Pledged loans	42,755,338	40,878,771
Gross loans and advances to customers	293,527,572	250,486,579
Accrued interest	1,388,959	630,446
Less: provision for loans and advances to customers measured at amortised cost	(15,177,852)	(12,282,283)
Net loans and advances to customers	279,738,679	238,834,742

(d) Overdue loans analysed by overdue period

	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	
Unsecured loans	269,504	182,137	7,598	2,027	461,266
Guaranteed loans	2,685,464	385,400	412,357	7,587	3,490,808
Collateralised loans	565,674	584,715	283,423	18,128	1,451,940
Pledged loans	2,000	-	91,900	-	93,900
Total	3,522,642	1,152,252	795,278	27,742	5,497,914
As a percentage of gross loans and advances to customers	1.20%	0.39%	0.27%	0.01%	1.87%

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

17 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(d) Overdue loans analysed by overdue period (continued)

	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	2021 Overdue more than one year to three years (inclusive)	Overdue more than three years	Total
Unsecured loans	68,803	43,048	5,034	1,608	118,493
Guaranteed loans	256,989	604,599	23,578	11,833	896,999
Collateralised loans	114,448	368,502	179,850	18,472	681,272
Pledged loans	–	91,900	25,500	–	117,400
Total	440,240	1,108,049	233,962	31,913	1,814,164
As a percentage of gross loans and advances to customers	0.18%	0.44%	0.09%	0.01%	0.72%

Overdue loans represent loans, of which the whole or part of the principal or interest were overdue for one day or more.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

17 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(e) Loans and advances and provision for impairment losses

	2022			Total
	Loans and advances that are assessed for expected credit losses over the next 12 months	Loans and advances that are not credit-impaired and assessed for lifetime expected credit loss	Credit-impaired loans and advances that are assessed for lifetime expected credit loss (Note (i))	
Total loans and advances to customers measured at amortised cost	255,147,965	26,579,106	8,819,933	290,547,004
Less: provision for impairment losses	(5,074,375)	(5,411,763)	(4,691,714)	(15,177,852)
Carrying amount of loans and advances to customers measured at amortised cost	250,073,590	21,167,343	4,128,219	275,369,152
Carrying amount of loans and advances to customers measured at fair value through other comprehensive income	4,369,527	–	–	4,369,527
Total carrying amount of loans and advances to customers	254,443,117	21,167,343	4,128,219	279,738,679

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

17 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(e) Loans and advances and provision for impairment losses (continued)

	2021			Total
	Loans and advances that are assessed for expected credit losses over the next 12 months	Loans and advances that are not credit-impaired and assessed for lifetime expected credit loss	Credit-impaired loans and advances that are assessed for lifetime expected credit loss (Note (i))	
Total loans and advances to customers measured at amortised cost	204,865,654	37,238,612	5,448,282	247,552,548
Less: provision for impairment losses	(2,359,507)	(6,920,887)	(3,001,889)	(12,282,283)
Carrying amount of loans and advances to customers measured at amortised cost	202,506,147	30,317,725	2,446,393	235,270,265
Carrying amount of loans and advances to customers measured at fair value through other comprehensive income	3,564,477	–	–	3,564,477
Total carrying amount of loans and advances to customers	206,070,624	30,317,725	2,446,393	238,834,742

Note:

- (i) The loans and advances are “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the loans and advances have occurred. Evidence that loans and advances are credit-impaired includes the following observable data: significant financial difficulty of the borrower or issuer; a breach of contract, such as a default or delinquency in interest or principal payments; for economic or contractual reasons relating to the borrower’s financial difficulty, the Bank having granted to the borrower a concession that otherwise would not consider; it is probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or debts overdue more than 90 days.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

17 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(f) Movements of provision for impairment losses

(i) Movements of provision for impairment losses measured at amortised cost:

	2022			Total
	Loans and advances that are assessed for expected credit losses over the next 12 months	Loans and advances that are not credit-impaired and assessed for lifetime expected credit loss	Credit-impaired loans and advances that are assessed for lifetime expected credit loss	
As at 1 January	2,359,507	6,920,887	3,001,889	12,282,283
Transferred:				
– to expected credit losses over the next 12 months	1,569,518	(1,561,637)	(7,881)	–
– to lifetime expected credit losses: not credit-impaired loans	(9,898)	841,677	(831,779)	–
– to lifetime expected credit losses: credit-impaired loans	(10,539)	(641,433)	651,972	–
Charge/(Release) for the year	1,165,550	(147,731)	2,100,393	3,118,212
Recoveries	–	–	424,609	424,609
Write-offs	–	–	(464,590)	(464,590)
Others	237	–	(182,899)	(182,662)
As at December 31	5,074,375	5,411,763	4,691,714	15,177,852

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

17 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(f) Movements of provision for impairment losses (continued)

(i) Movements of provision for impairment losses measured at amortised cost: (continued)

	2021			Total
	Loans and advances that are assessed for expected credit losses over the next 12 months	Loans and advances that are not credit-impaired and assessed for lifetime expected credit loss	Credit impaired loans and advances that are assessed for lifetime expected credit loss	
As at 1 January	5,427,481	1,155,841	1,629,942	8,213,264
Transferred:				
– to expected credit losses over the next 12 months	574,607	(562,678)	(11,929)	–
– to lifetime expected credit losses: not credit-impaired loans	(894,161)	894,969	(808)	–
– to lifetime expected credit losses: credit-impaired loans	(70,692)	(142,344)	213,036	–
(Release)/charge for the year	(2,677,728)	5,575,099	1,132,881	4,030,252
Recoveries	–	–	370,188	370,188
Write-offs	–	–	(235,487)	(235,487)
Others	–	–	(95,934)	(95,934)
As at December 31	2,359,507	6,920,887	3,001,889	12,282,283

As at December 31, 2022, the Bank adjusted the customer rating of loans and advance to customers. The loan principal transferred from stage 1 to stage 2 and stage 3 was RMB1,852.26 million, and corresponding impairment provision increased by RMB676.68 million. The loan principal transferred from stage 2 to stage 3 was RMB4,574.27 million, and the impairment provision increased by RMB1,721.21 million. The loan principal transferred from stage 2 to stage 1 was RMB8,007.23 million, and the impairment provision decreased by RMB1,323.33 million. The loan principal transferred from stage 3 to stage 2 was RMB1,383.88 million, and the impairment provision decreased by RMB492.01 million. The loan principal transferred from stage 3 to stage 1 was not significant.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

17 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(f) Movements of provision for impairment losses (continued)

(ii) Movements of provision for impairment of loans and advances to customers measured at fair value through other comprehensive income:

	2022			Total
	Loans and advances that are assessed for expected credit losses over the next 12 months	Loans and advances that are not credit-impaired and assessed for lifetime expected credit loss	Credit-impaired loans and advances that are assessed for lifetime expected credit loss	
As at January 1	2,898	–	–	2,898
Charge for the year	2,612	–	–	2,612
As at December 31	5,510	–	–	5,510

	2021			Total
	Loans and advances that are assessed for expected credit losses over the next 12 months	Loans and advances that are not credit-impaired and assessed for lifetime expected credit loss	Credit-impaired loans and advances that are assessed for lifetime expected credit loss	
As at January 1	25,823	–	–	25,823
Release for the year	(22,925)	–	–	(22,925)
As at December 31	2,898	–	–	2,898

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

18 FINANCIAL INVESTMENTS

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

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

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

Note:

- (i) Certain debt securities were pledged for repurchase agreements, borrowings from the central bank and certain deposits from customers (Note 23(a)). No other investments were subject to material restrictions in the realisation.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

18 FINANCIAL INVESTMENTS (CONTINUED)

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

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

Notes:

- (i) Certain debt securities were pledged for repurchase agreements, borrowings from the central bank and certain deposits from customers (Note 23(a)). No other investments were subject to material restrictions in the realisation.
- (ii) The Bank designates non-trading equity investments as financial investments at fair value through other comprehensive income. The Bank did not dispose of any such equity investment, nor transfer any cumulative gain or loss from other comprehensive income to retained earnings during the reporting period.
- (iii) For the year ended December 31, 2022 and 2021, there were no cash dividends received from equity investments measured at fair value through other comprehensive income.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

18 FINANCIAL INVESTMENTS (CONTINUED)

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

Notes: (continued)

(iv) Movements in the gross carrying amount of financial investments at fair value through other comprehensive income are as follows:

	2022			Total
	Financial assets that are assessed for expected credit losses over the next 12 months	Financial assets that are not credit-impaired and assessed for lifetime expected credit loss	Financial assets that are assessed for lifetime expected credit loss	
As at January 1	53,556,737	1,897,899	168,810	55,623,446
New financial assets originated or purchased	18,110,098	–	–	18,110,098
Financial assets derecognised during the year	(13,628,945)	(118,439)	(5,446)	(13,752,830)
Transferred:				
– to expected credit losses over the next 12 months	1,808,171	(1,808,171)	–	–
– to lifetime expected credit losses: credit-impaired financial assets	(435,231)	–	435,231	–
Change in accrued interest	10,561	–	48,032	58,593
Change in fair value	(375,968)	28,711	(318,488)	(665,745)
As at December 31	59,045,423	–	328,139	59,373,562
	2021			
	Financial assets that are assessed for expected credit losses over the next 12 months	Financial assets that are not credit-impaired and assessed for lifetime expected credit loss	Financial assets that are assessed for lifetime expected credit loss	Total
As at January 1	47,114,949	–	157,166	47,272,115
New financial assets originated or purchased	12,833,022	–	–	12,833,022
Financial assets derecognised during the year	(4,790,992)	(15,035)	(150,000)	(4,956,027)
Transferred:				
– to lifetime expected credit losses: not credit-impaired financial assets	(1,851,917)	1,851,917	–	–
– to lifetime expected credit losses: credit-impaired financial assets	(396,348)	–	396,348	–
Change in accrued interest	(77,400)	89,728	3,077	15,405
Change in fair value	725,423	(28,711)	(237,781)	458,931
As at December 31	53,556,737	1,897,899	168,810	55,623,446

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

18 FINANCIAL INVESTMENTS (CONTINUED)

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

Notes: (continued)

(v) Movements of provision for impairment of financial investments at fair value through other comprehensive income are as follows:

	2022			Total
	Expected credit losses over the next 12 months	Lifetime expected credit losses not credit-impaired	Lifetime expected credit losses credit-impaired	
As at January 1	25,275	8,217	243,666	277,158
Transferred:				
– to expected credit losses over the next 12 months	8,217	(8,217)	–	–
– to lifetime expected credit losses credit-impaired	(521)	–	521	–
(Release)/charge for the year	(17,222)	–	155,427	138,205
As at December 31	15,749	–	399,614	415,363

	2021			Total
	Expected credit losses over the next 12 months	Lifetime expected credit losses not credit-impaired	Lifetime expected credit losses credit-impaired	
As at January 1	22,804	–	121,473	144,277
Transferred:				
– to lifetime expected credit losses not credit-impaired	(2,306)	2,306	–	–
– to lifetime expected credit losses credit-impaired	(184)	–	184	–
Charge for the year	4,961	5,911	272,009	282,881
Write-offs	–	–	(150,000)	(150,000)
As at December 31	25,275	8,217	243,666	277,158

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

18 FINANCIAL INVESTMENTS (CONTINUED)

(c) Financial investments at amortised cost

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

Notes:

- (i) Certain debt securities were pledged for repurchase agreements, borrowings from the central bank and certain deposits from customers (Note 23(a)). No other investments were subject to material restrictions in the realisation.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

18 FINANCIAL INVESTMENTS (CONTINUED)

(c) Financial investments at amortised cost (continued)

Notes: (continued)

(ii) Movements in the gross carrying amount of financial investments at amortised cost are as follows:

	2022			Total
	Financial assets that are assessed for expected credit losses over the next 12 months	Financial assets that are not credit-impaired and assessed for lifetime expected credit loss	Financial assets that are assessed for lifetime expected credit loss	
As at January 1	72,121,015	6,502,438	1,159,666	79,783,119
New financial assets originated or purchased	8,487,350	–	–	8,487,350
Financial assets derecognised during the year	(15,255,521)	(246,115)	(425,123)	(15,926,759)
Transferred:				
– to expected credit losses over the next 12 months	4,217,022	(4,217,022)	–	–
– to lifetime expected credit losses: not credit-impaired financial assets	(370,392)	570,713	(200,321)	–
– to lifetime expected credit losses: credit-impaired financial assets	(1,336,512)	(683,756)	2,020,268	–
Change in accrued interest	90,294	(39,731)	133,382	183,945
As at December 31	67,953,256	1,886,527	2,687,872	72,527,655
	2021			Total
	Financial assets that are assessed for expected credit losses over the next 12 months	Financial assets that are not credit-impaired and assessed for lifetime expected credit loss	Financial assets that are assessed for lifetime expected credit loss	
As at January 1	95,526,072	2,708,653	1,003,844	99,238,569
New financial assets originated or purchased	17,047,914	–	–	17,047,914
Financial assets derecognised during the year	(34,913,959)	(567,565)	(922,248)	(36,403,772)
Transferred:				
– to expected credit losses over the next 12 months	–	–	–	–
– to lifetime expected credit losses: not credit-impaired financial assets	(4,585,379)	4,585,379	–	–
– to lifetime expected credit losses: credit-impaired financial assets	(812,689)	(262,425)	1,075,114	–
Change in accrued interest	(140,944)	38,396	2,956	(99,592)
As at December 31	72,121,015	6,502,438	1,159,666	79,783,119

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

18 FINANCIAL INVESTMENTS (CONTINUED)

(c) Financial investments at amortised cost (continued)

Notes: (continued)

(iii) Movements of provision for impairment of financial investments at amortised cost are as follows:

	2022			Total
	Expected credit losses over the next 12 months	Lifetime expected credit losses not credit-impaired	Lifetime expected credit losses credit-impaired	
As at January 1	350,429	1,007,459	411,021	1,768,909
Transferred:				
– to expected credit losses over the next 12 months	584,662	(584,662)	–	–
– to lifetime expected credit losses: not credit-impaired	(5,056)	165,531	(160,475)	–
– to lifetime expected credit losses: credit-impaired	(4)	(119,164)	119,168	–
(Release)/charge for the year	(601,991)	(41,729)	1,010,277	366,557
As at December 31	328,040	427,435	1,379,991	2,135,466
	2021			
	Expected credit losses over the next 12 months	Lifetime expected credit losses not credit-impaired	Lifetime expected credit losses credit-impaired	Total
As at January 1	1,489,949	580,256	844,234	2,914,439
Transferred:				
– to lifetime expected credit losses: not credit-impaired	(88,908)	88,908	–	–
– to lifetime expected credit losses: credit-impaired	(21,687)	(61,904)	83,591	–
Write-offs	–	–	(922,247)	(922,247)
(Release)/charge for the year	(1,028,925)	400,199	405,443	(223,283)
As at December 31	350,429	1,007,459	411,021	1,768,909

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

19 INTERESTS IN ASSOCIATES

	Note	2022	2021
Interests in associates	(a)	234,168	231,957

Note:

- (a) The following list contains the Bank's associates, all of which are individually immaterial to the Bank and are unlisted corporate entities whose quoted market price is not available.

Name	Note	2022	2021	Place incorporation/ registration	Business sector
Guiyang Baiyun Dexin Rural Bank Co., Ltd. (貴陽白雲德信村鎮銀行股份有限公司)	(i)	15.00%	15.00%	Guiyang Guizhou Province	Commercial bank
Qingzhen Xingbang Rural Bank Co., Ltd. (清鎮興邦村鎮銀行有限責任公司)	(i)	17.87%	17.87%	Guiyang Guizhou Province	Commercial bank
Zunyi Bozhou Huilong Town Bank Co., Ltd. (遵義播州匯隆村鎮銀行有限責任公司)	(i)	15.00%	15.00%	Zunyi Guizhou Province	Commercial bank
Suiyang Qianbei Town Bank Co., Ltd. (綏陽黔北村鎮銀行有限責任公司)	(i)	15.00%	15.00%	Zunyi Guizhou Province	Commercial bank
Zunyi Huichuan Qianxing Town Bank Co., Ltd. (遵義匯川黔興村鎮銀行有限責任公司)		20.00%	20.00%	Zunyi Guizhou Province	Commercial bank
Liupanshui Zhongshan Liangdu Town Bank Co., Ltd. (六盤水鐘山涼都村鎮銀行股份有限公司)		20.23%	20.23%	Liupanshui Guizhou Province	Commercial bank
Panzhou Wanhe Rural Bank Co., Ltd. (盤州萬和村鎮銀行有限責任公司)		20.00%	20.00%	Liupanshui Guizhou Province	Commercial bank
Pingba Dingli Rural Bank Co., Ltd. (平壩鼎立村鎮銀行有限責任公司)		22.03%	22.03%	Anshun Guizhou Province	Commercial bank
Anshun Xihang Nanma Rural Bank Co., Ltd. (安順西航南馬村鎮銀行有限責任公司)		20.95%	20.95%	Anshun Guizhou Province	Commercial bank
Longli County Guofeng Rural Bank Co., Ltd. (龍里國豐村鎮銀行有限責任公司)		25.36%	25.36%	Qiannan Bouyei and Miao Autonomous Prefecture, Guizhou Province	Commercial bank
Duyun Rongtong Town Bank Co., Ltd. (都勻融通村鎮銀行有限責任公司)		20.00%	20.00%	Qiannan Bouyei and Miao Autonomous Prefecture, Guizhou Province	Commercial bank
Tongren Fengyuan Town Bank Co., Ltd. (銅仁豐源村鎮銀行有限責任公司)		20.00%	20.00%	Tongren Guizhou Province	Commercial bank
Kaili Dongnan Town Bank Co., Ltd. (凱里東南村鎮銀行有限責任公司)		20.00%	20.00%	Qiandongnan Miao and Dong Autonomous Prefecture, Guizhou Province	Commercial bank

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

19 INTERESTS IN ASSOCIATES (CONTINUED)

Note:

- (i) At December 31, 2021 and 2022, the Bank held 15.00% interest in Guiyang Baiyun Dexin Rural Bank Co., Ltd., 17.87% interest in Qingzhen Xingbang Rural Bank Co., Ltd., 15.00% interest in Zunyi Bozhou Huilong Town Bank Co., Ltd., and 15.00% interest in Suiyang Qianbei Town Bank Co., Ltd. The Bank appointed directors to these rural banks, which exerted significant influence on them.

The following tables illustrate the aggregate information of the Bank's associates that are not individually material:

	2022	2021
Aggregate carrying amount of individually immaterial associates in the statements of financial position of the Bank	234,168	231,957
Declaration of cash dividends	–	480
Aggregate amounts of the Bank's share of results of those associates		
– Gain from continuing operations	2,212	83,240
– Other comprehensive income	–	–
– Total comprehensive income	2,212	83,240

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

20 PROPERTY AND EQUIPMENT

	Premises	Vehicles	Electronic equipment and others	Construction in progress	Total
Cost					
As at January 1, 2021	4,204,129	61,854	570,616	291,587	5,128,186
Additions	182,467	175	69,344	76,680	328,666
Disposals	(7,735)	–	(26,200)	(11,187)	(45,122)
Transfer in/(out)	9,913	–	–	(1,123)	8,790
As at December 31, 2021	4,388,774	62,029	613,760	355,957	5,420,520
Additions	102,848	1,671	28,068	44,678	177,265
Disposals	–	(322)	(13,960)	–	(14,282)
Transfer in/(out)	299,839	–	–	(317,043)	(17,204)
As at December 31, 2022	4,791,461	63,378	627,868	83,592	5,566,299
Accumulated depreciation					
As at January 1, 2021	(726,746)	(53,605)	(460,281)	–	(1,240,632)
Charge for the year	(213,178)	(3,544)	(57,714)	–	(274,436)
Disposals	3,377	–	24,246	–	27,623
Transfer in	(3,854)	–	–	–	(3,854)
As at December 31, 2021	(940,401)	(57,149)	(493,749)	–	(1,491,299)
Charge for the year	(220,951)	(2,111)	(49,043)	–	(272,105)
Disposals	–	313	13,473	–	13,786
Transfer out	(3)	–	–	–	(3)
As at December 31, 2022	(1,161,355)	(58,947)	(529,319)	–	(1,749,621)
Net book value					
As at December 31, 2021	3,448,373	4,880	120,011	355,957	3,929,221
As at December 31, 2022	3,630,106	4,431	98,549	83,592	3,816,678

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

20 PROPERTY AND EQUIPMENT (CONTINUED)

As at December 31, 2022, the net book value of premises of which title deeds were not yet finalised was RMB554.62 million (2021: RMB204.52 million). The net book value of premises of which the Bank had not gone through the progress of changing the name of the warrants was RMB61.9 million (2021: RMB65.79 million), the net book value of the above premises without title deeds does not include the net book value of the head office building of the Bank of RMB1,886.01 million (2021: RMB1,986.86 million). The Bank is still in the progress of applying the outstanding title deeds for the above premises. The directors of the Bank are of the opinion that there would be no significant costs in obtaining the title deeds.

The carrying value of the Bank's premises is analysed based on the remaining terms of the land leases as follows:

	2022	2021
Held in mainland China		
– Medium-term leases (10-50 years)	2,917,145	2,680,968
– Long-term leases (over 50 years)	712,961	767,405
Total	3,630,106	3,448,373

21 DEFERRED TAX ASSETS

(a) Analysed by nature

	2022		2021	
	Deductible temporary differences	Deferred income tax assets	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)
Deferred income tax assets/(liabilities)				
– Allowance for impairment losses	19,132,440	4,783,110	16,069,312	4,017,328
– Accrued staff costs	1,154,542	288,635	813,576	203,394
– Supplemental retirement benefits	250,170	62,543	107,024	26,756
– Fair value changes of financial assets	477,098	119,275	(283,168)	(70,792)
– Others	149,818	37,454	139,872	34,968
Net deferred tax assets	21,164,068	5,291,017	16,846,616	4,211,654

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

21 DEFERRED TAX ASSETS (CONTINUED)

(b) Movements of deferred tax

	Allowance for impairment losses	Accrued staff costs	Supplemental retirement benefits	Fair value changes of financial assets	Others	Net balance of deferred tax assets
January 1, 2021	3,198,857	207,356	16,783	118,558	6,074	3,547,628
Recognised in profit or loss	818,471	(3,962)	9,973	(74,627)	28,894	778,749
Recognised in other comprehensive income	-	-	-	(114,723)	-	(114,723)
December 31, 2021	4,017,328	203,394	26,756	(70,792)	34,968	4,211,654
Recognised in profit or loss	871,001	85,241	25,867	22,254	2,486	1,006,849
Recognised in other comprehensive income	(105,219)	-	9,920	167,813	-	72,514
December 31, 2022	4,783,110	288,635	62,543	119,275	37,454	5,291,017

22 OTHER ASSETS

	Notes	2022	2021
Right-of-use assets	(a)	319,420	417,179
Intangible assets	(b)	211,904	222,110
Deferred expenses		99,448	101,473
Repossessed assets		18,281	46,059
Investment properties	(c)	10,016	10,961
Interests receivable	(d)	102,418	457
Other receivables		148,286	106,444
Total		909,773	904,683

Notes to the Financial Statements (Continued)*(Expressed in thousands of Renminbi, unless otherwise stated)***22 OTHER ASSETS (CONTINUED)****(a) Right-of-use assets**

	Property
Cost	
As at January 1, 2021	771,490
Additions	109,298
Disposals	(87,683)
As at December 31, 2021	793,105
Additions	52,050
Disposals	(87,519)
Others	(36,171)
As at December 31, 2022	721,465
Accumulated depreciation	
As at January 1, 2021	(301,620)
Additions	(161,989)
Disposals	87,683
As at December 31, 2021	(375,926)
Additions	(142,631)
Disposals	80,654
Others	35,858
As at December 31, 2022	(402,045)
Net book value	
As at December 31, 2021	417,179
As at December 31, 2022	319,420

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

22 OTHER ASSETS (CONTINUED)

(b) Intangible assets

	Computer software	Land use rights	Total
Cost			
As at January 1, 2021	101,071	112,117	213,188
Additions	88,088	–	88,088
Disposals	(40)	–	(40)
As at December 31, 2021	189,119	112,117	301,236
Additions	10,075	–	10,075
Disposals	(5,048)	–	(5,048)
Transfer in	4,666	–	4,666
As at December 31, 2022	198,812	112,117	310,929
Accumulated amortisation:			
As at January 1, 2021	(27,760)	(24,378)	(52,138)
Additions	(24,162)	(2,866)	(27,028)
Disposals	40	–	40
As at December 31, 2021	(51,882)	(27,244)	(79,126)
Additions	(20,511)	(2,863)	(23,374)
Disposals	3,475	–	3,475
As at December 31, 2022	(68,918)	(30,107)	(99,025)
Book value:			
As at December 31, 2021	137,237	84,873	222,110
As at December 31, 2022	129,894	82,010	211,904

Notes to the Financial Statements (Continued)*(Expressed in thousands of Renminbi, unless otherwise stated)***22 OTHER ASSETS (CONTINUED)****(c) Investment properties**

	Investment properties
Cost	
As at January 1, 2021	28,239
Transfer out	(8,790)
As at December 31, 2021	19,449
Transfer out	(5)
As at December 31, 2022	19,444
Accumulated depreciation	
As at January 1, 2021	(10,972)
Additions	(1,370)
Transfer out	3,854
As at December 31, 2021	(8,488)
Additions	(943)
Transfer out	3
As at December 31, 2022	(9,428)
Net book value	
As at December 31, 2021	10,961
As at December 31, 2022	10,016

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

22 OTHER ASSETS (CONTINUED)

(d) Interests receivable

	2022	2021
Interests receivable arising from:		
– Loans and advances to customers	106,712	457
– Financial investments measured at amortised cost	33,147	–
– Other investment on bonds	26,600	–
Sub-total	166,459	457
Less: Provision for impairment losses	(64,041)	–
Total	102,418	457

Interest receivable only includes interest that has been due for the relevant financial instruments but not yet received at the end of the reporting period. Interest on financial instruments based on the effective interest method has been reflected in the balance of corresponding financial instruments.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

23 PLEDGED ASSETS

(a) Assets pledged as collateral

	2022	2021
Borrowings from the central bank:		
– Financial investments measured at fair value through profit or loss	670,000	400,000
– Financial investments measured at fair value through other comprehensive income	17,942,903	8,620,774
– Financial investments measured at amortised cost	22,408,525	21,554,015
Sub-total	41,021,428	30,574,789
For repurchase agreements:		
– Financial investments measured at fair value through profit or loss	880,000	5,833,000
– Financial investments measured at fair value through other comprehensive income	7,009,000	14,453,000
– Financial investments measured at amortised cost	1,113,000	4,457,000
Sub-total	9,002,000	24,743,000
For deposits from customers		
– Financial investments measured at fair value through profit or loss	22,171	20,000
– Financial investments measured at fair value through other comprehensive income	4,301,203	440,750
– Financial investments measured at amortised cost	7,286,368	2,118,894
Sub-total	11,609,742	2,579,644
Total	61,633,170	57,897,433

Financial assets pledged by the Bank as collateral for liabilities are mainly debt securities for repurchase agreements, borrowings from the central bank and certain deposits from customers.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

23 PLEDGED ASSETS (CONTINUED)

(b) Pledged assets received

The Bank conducts resale agreements under the usual and customary terms of placements, and holds collaterals for these transactions. As at December 31, 2022, the carrying amount of the received pledged assets was RMB14,219.00 million (2021: RMB29,144.20 million).

24 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty

	2022	2021
Deposits in mainland China		
– Banks	10,698,318	9,119,215
– Other financial institutions	12,402,520	14,757,742
Sub-total	23,100,838	23,876,957
Accrued interest	127,355	43,286
Total	23,228,193	23,920,243

25 PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty

	2022	2021
In mainland China		
– Banks	4,601,100	3,364,612
Accrued interest	3,840	3,693
Total	4,604,940	3,368,305

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

26 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(a) Analysed by type and location of counterparty

	2022	2021
In mainland China – Banks	8,500,000	23,183,900
Sub-total	8,500,000	23,183,900
Accrued interest	1,793	14,346
Total	8,501,793	23,198,246

(b) Analysed by type of collateral held

	2022	2021
Debt securities	8,500,000	23,183,900
Sub-total	8,500,000	23,183,900
Accrued interest	1,793	14,346
Total	8,501,793	23,198,246

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

27 DEPOSITS FROM CUSTOMERS

	2022	2021
Demand deposits		
– Corporate customers	81,761,332	92,150,744
– Individual customers	38,972,311	35,382,736
Sub-total	120,733,643	127,533,480
Time deposits		
– Corporate customers	80,453,275	78,731,318
– Individual customers	110,133,896	86,330,374
Sub-total	190,587,171	165,061,692
Pledged deposits	9,629,929	9,340,076
Fiscal deposits	5,975	45,073
Inward and outward remittances	491,360	41,077
Sub-total	321,448,078	302,021,398
Accrued interest	4,876,369	3,499,625
Total	326,324,447	305,521,023

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

28 DEBT SECURITIES ISSUED

	Note	2022	2021
Interbank deposits issued	(a)	69,851,425	64,539,979
Financial bonds issued	(b)	11,998,748	4,999,105
Tier-two capital bonds issued	(c)	2,794,957	2,794,217
Accrued interest		145,449	60,979
Total		84,790,579	72,394,280

Notes:

(a) Interbank deposits issued

- (i) In 2021, the Bank issued a number of certificates of interbank deposits with total nominal amount of RMB92,550.00 million and duration between 1 to 12 months. The effective interest rates ranged from 2.30% to 3.37% per annum.
- (ii) In 2022, the Bank issued a number of certificates of interbank deposits with total nominal amount of RMB87,300.00 million and duration between 3 to 12 months. The effective interest rates ranged from 2.28% to 2.72% per annum.
- (iii) As at December 31, 2022, the fair value of outstanding interbank deposits amounted to RMB69,769.30 million (2021: RMB64,593.51 million).

(b) Financial bonds issued

- (i) In November 2018, the Bank issued three-year fixed-rate green financial bonds with total nominal amount of RMB3,000.00 million. The coupon interest rate per annum is 4.03%. The Bank redeemed the bonds on November 20, 2021.
- (ii) In December 2018, the Bank issued three-year fixed-rate green financial bonds with total nominal amount of RMB2,000.00 million. The coupon interest rate per annum is 4.00%. The Bank redeemed the bonds on December 5, 2021.
- (iii) In December 2021, the Bank issued three-year fixed-rate green financial bonds with total nominal amount of RMB5,000.00 million. The coupon interest rate per annum is 3.45%.
- (iv) In March 2022, the Bank issued three-year fixed-rate green financial bonds with total nominal amount of RMB3,000.00 million. The coupon interest rate per annum is 3.27%.
- (v) In December 2022, the Bank issued three-year fixed-rate small and micro enterprises loans financial bonds with total nominal amount of RMB4,000.00 million. The coupon interest rate per annum is 3.45%.
- (vi) As at December 31, 2022, the fair value of outstanding financial bonds amounted to RMB12,158.33 million (2021: RMB5,032.35 million).

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

28 DEBT SECURITIES ISSUED (CONTINUED)

Notes: (continued)

(c) Tier-two capital bonds issued

- (i) In June 2018, the Bank issued fixed-rate tier-two capital bonds with total nominal amount of RMB1,800.00 million and a maturity of 10 years. The coupon interest rate per annum is 5.00%.
- (ii) In December 2018, the Bank issued fixed-rate tier-two capital bonds with total nominal amount of RMB1,000.00 million and a maturity of 10 years. The coupon interest rate per annum is 5.50%.
- (iii) As at December 31, 2022, the fair value of outstanding tier-two capital bonds amounted to RMB2,873.71 million (2021: RMB2,894.94 million).

29 OTHER LIABILITIES

	Notes	2022	2021
Accrued staff cost	(a)	1,465,582	1,474,657
Lease liabilities		307,983	468,561
Provisions for credit commitments	(b)	254,136	149,774
Other tax payable		312,910	293,465
Payment and collection clearance accounts		388,868	844,759
Dividend payable		83,592	92,396
Contract balances	4(c)	33,392	61,565
Other payables		517,071	395,749
Total		3,363,534	3,780,926

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

29 OTHER LIABILITIES (CONTINUED)

(a) Accrued staff cost

	2022	2021
Salary, bonuses and allowances payable	1,154,542	1,251,841
Social insurance payable	60,283	62,512
Labor union fee, staff and workers' education fee	587	624
Supplementary retirement benefits payable	250,170	159,680
Total	1,465,582	1,474,657

Supplementary retirement benefits

The supplementary retirement benefits of the Bank include early retirement plan and supplementary retirement plan. The early retirement benefits is provided to employees who voluntarily agreed to retire before the retirement age during the period from the date of early retirement to the statutory retirement date. The supplementary retirement plan is provided to the Bank's eligible employees. Contributions to the defined contribution retirement plan, include the social pension insurance schemes and the annuity plan, are recognised as expenses when incurred and there are no forfeited contributions that may be used by the Bank to reduce the existing level of contribution.

The amount of supplementary retirement benefits represents the present value of the total estimated amount of future benefits that the Bank is committed to pay for eligible employees as at December 31. The Bank's obligations in respect of the supplementary retirement benefits were assessed using projected unit credit method by qualified staff (member of China Association of Actuaries and member of society of Actuaries in America) of an external independent actuary Willis Towers Watson Public Limited Company.

(i) The balances of supplementary retirement benefits of the Bank are as follows:

	2022	2021
Present value of early retirement plan	59,850	31,130
Present value of supplementary retirement benefits	190,320	128,550
Total	250,170	159,680

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

29 OTHER LIABILITIES (CONTINUED)

(a) Accrued staff cost (continued)

(ii) The movements of supplementary retirement benefits of the Bank are as follows:

	2022	2021
As at January 1	159,680	110,980
Benefits paid during the year	(13,240)	(6,870)
Changes recognised in profit or loss	90,650	46,930
Changes recognised in other comprehensive income	13,080	8,640
As at December 31	250,170	159,680

(iii) Principal actuarial assumptions of the Bank are as follows:

Early retirement plan	2022	2021
Discount rate	2.50%	2.50%
Retired age		
Male	60	60
Female	55	55
Annual withdrawal rate	3.00%	3.00%
Supplementary retirement plan	2022	2021
Discount rate	3.00%	3.25%
Retired age		
Male	60	60
Female	55	55
Annual withdrawal rate	3.00%	3.00%

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

29 OTHER LIABILITIES (CONTINUED)

(b) Provisions

	Note	2022	2021
Provision for credit commitments	(i)	254,136	149,774

(i) Movements of provisions for credit commitments are as follows:

	2022			Total
	Expected credit losses over the next 12 months	Lifetime expected credit losses not credit-impaired	Lifetime expected credit losses credit-impaired	
As at January 1	141,789	983	7,002	149,774
Transfer to:				
– Lifetime expected credit losses: not credit-impaired	(4)	4	–	–
– Lifetime expected credit losses: credit-impaired	(2)	–	2	–
(Release)/charge for the year	110,173	(473)	(5,400)	104,300
Other	62	–	–	62
As at December 31	252,018	514	1,604	254,136

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

29 OTHER LIABILITIES (CONTINUED)

(b) Provisions (continued)

(i) Movements of provisions for credit commitments are as follows: (continued)

	2021			Total
	Expected credit losses over the next 12 months	Lifetime expected credit losses not credit-impaired	Lifetime expected credit losses credit-impaired	
As at January 1	366,659	673	3,600	370,932
Transfer to:				
– Expected credit losses over the next 12 months	475	(156)	(319)	–
– Lifetime expected credit losses: not credit-impaired	(7)	18	(11)	–
– Lifetime expected credit losses: credit-impaired	(12)	–	12	–
(Release)/charge for the year	(225,304)	448	3,720	(221,136)
Other	(22)	–	–	(22)
As at December 31	141,789	983	7,002	149,774

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

30 SHARE CAPITAL

Authorised and issued share capital

	2022	2021
Ordinary shares in Mainland China	12,388,047	12,388,047
Ordinary shares listed in Hong Kong (H-share)	2,200,000	2,200,000
Total	14,588,047	14,588,047

On December 30, 2019, the Bank issued 2,200.00 million H Shares with a par value of RMB1.00 at an offering price of HKD2.48 per share (the “H-share offering”).

All the 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.

31 RESERVES

(a) Capital reserve

	2022	2021
Share premium	8,840,110	8,840,110
Changes in interests in associates	(170,019)	(170,019)
Total	8,670,091	8,670,091

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

31 RESERVES (CONTINUED)

(b) Surplus reserve

The surplus reserve at the end of each of the reporting period represented statutory surplus reserve and discretionary surplus reserve.

Pursuant to the Company Law of the PRC and the Articles of Association of the Bank, the Bank is required to appropriate 10% of its net profit as on an annual basis determined under the PRC GAAP after making good prior year's accumulated loss, to statutory surplus reserve until the balance reaches 50% of its registered capital.

The Bank appropriated an amount of RMB382.95 million to the statutory surplus reserve for the year ended December 31, 2022 (2021: RMB370.57 million).

The Bank may also appropriate discretionary surplus reserve in accordance with the resolution of the shareholders.

(c) General reserve

Pursuant to the "Measures on Impairment Allowances for Financial Enterprises (Cai Jin [2012] No. 20)" issued by the Ministry of Finance, the Bank is required to set aside a general reserve through profit appropriation which should not be lower than 1.5% of the ending balance of its gross risk-bearing assets on an annual basis.

(d) Fair value reserve

	2022	2021
As at January 1	(152,235)	(496,404)
Changes in fair value recognised in other comprehensive income	(693,170)	472,661
Transfer to profit or loss upon disposal	21,918	(13,769)
Less: deferred tax	167,813	(114,723)
As at December 31	(655,674)	(152,235)

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

31 RESERVES (CONTINUED)

(e) Impairment reserve

	2022	2021
As at January 1	280,056	170,100
Impairment losses recognised in other comprehensive income	140,818	109,956
Less: Deferred tax	(105,219)	–
As at December 31	315,655	280,056

(f) Deficit on remeasurement of net defined benefit liability

Deficit on remeasurement of net defined benefit liability represents actuarial gains or losses, net of tax, from remeasuring the net defined benefit liability.

	2022	2021
As at January 1	(26,600)	(17,960)
Changes recognised in other comprehensive income	(13,080)	(8,640)
Less: deferred tax	9,920	–
As at December 31	(29,760)	(26,600)

(g) Other equity instrument

On August 5, 2022, the Bank issued a perpetual bond of RMB2,500.0 million with no fixed maturity date, resulting in credits to perpetual bonds of RMB2,499.52 million, after deducting the direct issuance cost of RMB0.48 million. In addition, the payment of interest can be indefinitely deferred at the Bank's option and is not cumulative.

Therefore, the perpetual bond is classified as an equity instrument due to it does not include any contractual obligation:

- to deliver cash or another financial asset to another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer.

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

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

32 RETAINED EARNINGS

(a) Appropriation of profits

In accordance with the resolution of the Bank's Board of Directors Meeting held on March 31, 2023, the proposed profit appropriations for the year ended December 31, 2022 is listed as follows:

- Appropriation of statutory surplus reserve amounted to RMB382.95 million;
- Appropriation of general reserve amounted to RMB520.00 million; and
- Declaration of cash dividend of RMB0.6 per 10 shares before tax and in an aggregation amount of RMB875.28 million to all existing shareholders.

In accordance with the resolution of the Bank's Annual General Meeting held on June 16, 2022, the shareholders approved the following profit appropriations for the year ended December 31, 2021:

- Appropriation of statutory surplus reserve amounted to RMB370.57 million;
- Appropriation of general reserve amounted to RMB380.00 million; and
- Declaration of cash dividend of RMB0.6 per 10 shares before tax and in an aggregation amount of RMB875.28 million to all existing shareholders.
- The agreed dividend were distributed in form of cash to the equity shareholders on July 13, 2022
- In accordance with the resolution approved in the 2020 Annual General Meeting of the Bank on June 16, 2021, a total amount of approximately RMB1,021.16 million (RMB0.07 per shares) were distributed in the form of cash dividend to the ordinary shareholders on August 12, 2021

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

33 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

(a) Structured entities sponsored by third party institutions in which the Bank holds an interest:

The Bank holds interests in certain structured entities sponsored by third party institutions through investments in the units issued by these structured entities. Such structured entities include the investment management products under trust schemes, investment management products managed by securities companies and wealth management products issued by financial institutions. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of third party investors. These vehicles are financed through the issue of units to investors.

The following table sets out an analysis of the carrying amounts of interests held by the Bank in unconsolidated structured entities, as well as an analysis of the line items in the statements of financial position in which relevant assets are recognised at December 31:

	2022		2021	
	Carrying amount	Maximum exposure	Carrying amount	Maximum exposure
Financial investments at fair value through profit or loss	36,456,125	36,456,125	31,520,233	31,520,233
Financial investments at fair value through other comprehensive income	397,547	397,547	571,196	571,196
Financial investments at amortised cost	12,837,184	12,837,184	15,976,630	15,976,630
Total	49,690,856	49,690,856	48,068,059	48,068,059

At December 31, 2022 and 2021, the carrying amounts of the unconsolidated structured entities are equal to the maximum exposures.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

33 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES (CONTINUED)

(b) Structured entities sponsored by the Bank which the Bank does not consolidate but holds an interest in:

The types of unconsolidated structured entities sponsored by the Bank include non-principal guaranteed wealth management products. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of units to investors. Interest held by the Bank includes fees charged by providing management services. At December 31, 2022 and 2021, the carrying amounts of the investments in the units issued by these structured entities and management fee receivables being recognised are not material in the statements of financial positions.

At December 31, 2022, the amount of assets held by the unconsolidated non-principal guaranteed wealth management products, which are sponsored by the Bank was RMB21,427.99 million (2021: RMB23,615.95 million).

(c) Unconsolidated structures entities sponsored by the Bank during the years which the Bank does not have an interest in as at December 31:

For the year ended December 31, 2022, no non-principal guaranteed wealth management products sponsored and issued by the Bank after January 1, but matured before December 31 (2021: RMB209.78 million).

34 CAPITAL MANAGEMENT

The Bank'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 Bank calculates the capital adequacy ratio in accordance with guidelines issued by the former CBRC. The capital of the Bank is divided into core tier-one capital, other core tier-one capital and tier-two capital.

Capital adequacy ratio management is the key in capital management. The capital adequacy ratio reflects the soundness of the Bank'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 Bank 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.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

34 CAPITAL MANAGEMENT (CONTINUED)

The Bank calculates its capital adequacy ratios in accordance with “Regulation Governing Capital of Commercial Banks (Provisional)” and other relevant regulations promulgated by the former CBRC.

The former CBRC 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 treatment 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 of the Bank illustrated below are computed based on the Bank’s statutory financial statements prepared in accordance with PRC GAAP.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

34 CAPITAL MANAGEMENT (CONTINUED)

The Bank's capital adequacy ratios calculated in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)" and relevant requirements promulgated by the former CBRC are as follows:

	2022	2021
Total core tier-one capital		
– Share capital	14,588,047	14,588,047
– Qualifying portion of capital reserve	8,670,091	8,670,091
– Other comprehensive income	(369,779)	101,221
– Surplus reserve	2,611,643	2,228,698
– General reserve	5,070,000	4,690,000
– Retained earnings	10,901,000	8,709,773
Core tier-one capital	41,471,002	38,987,830
Core tier-one capital deductions	(1,544,385)	(718,981)
Net core tier-one capital	39,926,617	38,268,849
Other tier-one capital	2,499,520	–
Net tier-one capital	42,426,137	38,268,849
Tier-two capital		
– Instruments issued and share premium	2,794,957	2,794,217
– Surplus provision for loan impairment	4,035,502	3,671,161
Net tier-two capital	6,830,459	6,465,378
Net capital base	49,256,596	44,734,227
Total risk weighted assets	356,341,994	324,577,684
Core tier-one capital adequacy ratio	11.20%	11.79%
Tier-one capital adequacy ratio	11.91%	11.79%
Capital adequacy ratio	13.82%	13.78%

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

35 NOTES TO THE CASH FLOW STATEMENTS

(a) Net increase in cash and cash equivalents

	2022	2021
Cash and cash equivalents as at December 31	54,828,236	48,374,278
Less: Cash and cash equivalents as at January 1	(48,374,278)	(28,719,904)
Net increase in cash and cash equivalents	6,453,958	19,654,374

(b) Cash and cash equivalents

On the statement of cash flows, cash and cash equivalents have an original maturity of less than three months and include the following:

	2022	2021
Cash on hand	746,458	632,970
Deposits with central bank other than restricted deposits	4,964,134	16,686,142
Deposits with banks and other financial institutions	5,203,984	3,516,548
Financial assets held under resale agreements	13,413,660	27,538,618
Trading securities	30,500,000	–
Total	54,828,236	48,374,278

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

35 NOTES TO THE CASH FLOW STATEMENTS (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Bank's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Bank's cash flow statements as cash flows from financing activities.

	Debt securities issued	Lease liabilities
As at January 1, 2022	72,394,280	468,561
Changes from financing cash flows:		
Net proceeds from new debt securities issued	92,735,467	–
Repayment of debt securities	(82,140,000)	–
Interest paid on debt securities	(317,506)	–
Repayment of lease liabilities	–	(138,726)
Total changes from financing cash flows	10,277,961	(138,726)
Other changes		
Increase in lease liabilities	–	52,050
Interest expenses	2,118,338	14,218
Others	–	(88,120)
Total other changes	2,118,338	(21,852)
As at December 31, 2022	84,790,579	307,983

Notes to the Financial Statements (Continued)*(Expressed in thousands of Renminbi, unless otherwise stated)***35 NOTES TO THE CASH FLOW STATEMENTS (CONTINUED)****(c) Reconciliation of liabilities arising from financing activities (continued)**

	Debt securities issued	Lease liabilities
As at January 1, 2021	55,836,382	464,337
Changes from financing cash flows:		
Net proceeds from new debt securities issued	95,752,186	–
Repayment of debt securities	(80,740,000)	–
Interest paid on debt securities	(347,069)	–
Repayment of lease liabilities	–	(139,392)
Total changes from financing cash flows	14,665,117	(139,392)
Other changes		
Increase in lease liabilities	–	109,298
Interest expenses	1,892,781	34,318
Total other changes	1,892,781	143,616
As at December 31, 2021	72,394,280	468,561

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

36 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Related parties of the Bank

(i) Major shareholders

Major shareholders include shareholders of the Bank with direct or indirect 5% or above shareholding, or with the right to appoint a director in the Bank.

Shareholding in the Bank:

	Note	2022	2021
Guizhou Provincial Financial Bureau (貴州省財政廳)		18.29%	17.26%
China Kweichow Moutai Distillery (Group) Co., Ltd. (中國貴州茅台酒廠(集團)有限責任公司)		12.00%	12.00%
Zunyi City State-owned Assets Investment and Financing Management Co., Ltd (遵義市國有資產投融資經營管理有限責任公司)		6.55%	6.55%
Guizhou Shuitou Water Group Co., Ltd (貴州水投水務集團有限公司)	(1)	4.44%	4.44%
Shenzhen Expressway Corporation Limited (深圳高速公路集團股份有限公司)	(1)	2.92%	2.92%
Guizhou Expressway Group Company Limited (貴州高速公路集團有限公司)	(1)	2.06%	2.06%

Notes:

- (1) As at December 31, 2022 and 2021, Guizhou Shuitou Water Group Co., Ltd., Shenzhen Expressway Corporation Limited and Guizhou Expressway Group Company Limited appointed one director to the Bank respectively.

The official names of these related parties are in Chinese. The English translation is for reference only.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

36 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(a) Related parties of the Bank (continued)

(ii) Associates of the Bank

The detailed information of the Bank's associates is set out in Note 19.

(iii) Other related parties

Other related parties can be individuals or enterprises, which include: members of the Board of Directors, the board of supervisors and senior management, and close family members of such individuals; entities (and their subsidiary) controlled or jointly controlled by members of the Board of Directors, the board of supervisors and senior management, and close family members of such individuals; and entities controlled or jointly controlled by the major shareholders of the Bank as set out in Note 36(a) or their controlling shareholders.

(b) Transactions with related parties other than key management personnel

(i) Transactions between the Bank and major shareholders:

	2022	2021
Transactions during the year		
Interest income	–	4,400
Interest expense	45,744	27,185
	2022	2021
Balances at end of the year		
Deposits from customers	3,370,044	2,325,196

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

36 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(b) Transactions with related parties other than key management personnel (continued)

(ii) Transactions between the Bank and other related parties:

	2022	2021
Transactions during the year		
Interest income	166,863	245,638
Interest expense	753,930	1,031,557
Balances at end of the year		
Loans and advances to customers	4,550,032	3,465,314
Financial investments	532,823	701,489
Deposits from customers	23,707,585	31,621,090
Deposits from banks and other financial institutions	10,285,771	12,905,747
Entrusted Loan	1,085,000	1,097,000
Bank acceptances	26,500	450,737

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

36 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(c) Key management personnel

The key management personnel are those persons who have the authority and responsibility to plan, direct and control the activities of the Bank, directly or indirectly, including members of the Board of Directors, the supervisory board and executive officers.

(i) Transactions between the Bank and key management personnel

	2022	2021
Transactions during the year		
Interest income	45	–
Interest expense	214	545

	2022	2021
Balances at end of the year		
Loans and advances to customers	747	–
Deposits from customers	7,826	8,715

(ii) Key management personnel compensation

The aggregate compensation of key management personnel is listed as follows:

	2022	2021
Key management personnel compensation during the year	10,295	13,820

(d) Loans and advances to directors, supervisors and officers

	2022	2021
Aggregate amount of relevant loans outstanding at the end of the year	746	–
Maximum aggregate amount of relevant loans outstanding during the year	774	–

There was no amount due but unpaid, nor any impairment provision made against the principal or interest on these loans at December 31, 2022 (2021: nil).

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

37 SEGMENT REPORTING

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

Corporate banking

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

Retail banking

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

Financial markets

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

Others

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

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

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

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

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

37 SEGMENT REPORTING (CONTINUED)

Others (continued)

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

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

37 SEGMENT REPORTING (CONTINUED)

Others (continued)

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

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 RISK MANAGEMENT

The Bank has exposure to the following risks from its use of financial instruments: credit risk, market risk, liquidity risk and operational risk.

This note presents information about the Bank's exposure to each of the above risks and their sources, and the Bank's objectives, policies and procedures for measuring and managing these risks.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and internal controls, and to monitor risks and adherence to limits. Risk management policies and relevant internal control systems are reviewed regularly in order to adapt to the changes in market conditions and the Bank's operating activities. The internal audit department of the Bank undertakes both regular and ad-hoc reviews of risk management controls and procedures.

(a) Credit risk

Credit risk represents the potential loss that may arise from the failure of a debtor or counterparty to meet its contractual obligation or commitment to the Bank. It arises primarily from credit and bond investment portfolios and guarantees granted.

Credit business

The Board of Directors formulates the Bank's risk management strategy and acceptable overall risk level, supervises the Bank's risk control, conducts regular assessments of risk status and risk management strategies, and advises on improving the Bank's internal controls related to risk management. The Bank's functional departments engaging in credit risk management mainly include Credit Review Department and Risk Management Department, as well as Corporate Business Department, Small and Micro Business Department and Personal Business Department. Risk Management Department is responsible for the overall promotion of the comprehensive risk management system and risk monitoring and management, immediately alerting any negative events that may affect the borrower's ability to repay, and taking countermeasures to prevent and control risks, and is also responsible for the establishment of relevant risk management policies. Credit Review Department is independent of Customer Relationship and Product Management Department so as to ensure the independence of credit extension review. The front line departments such as Corporate Business Department, Small and Micro Business Department and Personal Business Department, perform continuous monitoring and post-loan management regarding credit extension programs. The front-line departments such as branches and business divisions, carry out credit business in accordance with the Bank's risk management policies and procedures.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

Credit business (continued)

The Bank continuously improves the internal control mechanism and strengthens the management of the credit business. The Bank has established comprehensive assessment and inquiry mechanisms, assigning the credit management accountability to the relevant departments and individuals.

For corporate and institutional businesses, the Bank has established industry-specific limits for credit approval. With respect to pre-lending evaluations, the Bank assesses customer credit ratings and performs integrated analysis on the risk and return of the loan. In the credit approval phase, all credit applications are approved by designated credit officers. During the post-lending monitoring, the Bank continually monitors outstanding loans and other credit related businesses. Any adverse events that may significantly affect a borrower's repayment ability are reported immediately and actions are taken to mitigate the risks.

For personal credit operation business, credit assessment of applicants is used as the basis for loan approval. In the credit assessment, customer relationship managers are required to assess the income level, credit history and repayment ability of the applicant. The customer relationship managers then forward the application and their recommendations to the loan-approval departments for further approval. The Bank monitors borrowers' repayment ability, the status of collateral and any changes to their value during the post-lending phase. Once a loan becomes overdue, the Bank starts the recovery process according to standardised loan recovery procedures.

Stages of risks in financial instrument

The financial assets are categorised by the Bank into the following stages to manage the credit risk:

Stage 1

Financial assets have not experienced a significant increase in credit risk since origination and impairment recognised on the basis of 12 months expected credit losses.

Stage 2

Financial assets have experienced a significant increase in credit risk since origination and impairment is recognised on the basis of lifetime expected credit losses.

Stage 3

If there is objective evidence of impairment of financial instruments at the financial reporting date, the provision for impairment is recognised on the basis of lifetime expected credit losses.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

Significant increase in credit risk

The Bank has set qualitative and quantitative criteria for assessing whether the credit risk of financial instruments has increased significantly since the initial recognition, including:

- Significant adverse changes in the debtor's or the issuer's business, financial and economic status;
- The risk classification of credit assets has changed from performing upon initial recognition to watch list.
- The external rating of bond issuers and that of financial institutions are below Baa2 (inclusive) (International credit rating), but above D, and the external credit ratings have downgraded by two and more levels;
- Principal (including advances) or interest is more than 30 days past due.

The Bank uses watch lists to monitor credit risk of financial assets related to loans and treasury operations and conducts regular assessments at the counterparty level. The standards used in determining whether credit risk increases significantly are regularly monitored and reviewed by the management for the appropriateness.

As at December 31, 2022, the Bank has not considered that any of its financial assets has lower credit risk and no longer compared the credit risk at the end of the reporting period with that at the initial recognition to identify whether there was a significant increase in credit risk.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

Definition of “default” and “credit-impaired assets”

At each reporting date, the Bank assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- Significant financial difficulty of the issuer or the debtor;
- The debtor constitutes a breach of contract, such as a default on interest or principal payments;
- Concessions granted by the creditor to the debtor that would not have been made under any other circumstances due to economic or contractual considerations related to the debtor’s financial hardship.
- It is probable that the debtor will enter into bankruptcy or other financial restructuring;
- The disappearance of an active market for that financial asset because of financial difficulties of the issuer or the debtor;
- Purchase or originate a financial asset at a substantial discount that reflects the credit losses incurred; or
- Principal or interest is more than 90 days overdue.

The above criteria apply to all financial assets of the Bank and they are consistent with the definition of “default” adopted by the internal management of credit risk.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

Measurement of expected credit losses ("ECLs")

The Bank adopts ECL model to measures provision for loss of financial assets based on the stages categorised above.

The ECL is "the result of the discounted product" of "probability of default" ("PD"), exposure at default ("EAD") and loss given default ("LGD"). The definitions of these terms are as follows:

- PD refers to the likelihood that a borrower will be unable to meet his repayment obligations over the next 12 months or the remaining lifetime of the loan;
- EAD is the amount that the Bank should be reimbursed upon default of an obligor over the next 12 months or the remaining lifetime of the loan;
- LGD refers to the expected degree of loss arising from the exposure at default which is predicted by the Bank. LGD varies according to different types of counterparties, methods and priority of recovering debts and the availability of collaterals or other credit support.

The Bank determines the ECL by estimating the PD, LGD and EAD of individual exposure or asset portfolios in the future months. The Bank multiplies these three parameters and makes adjustments according to the probability of their continuance (i.e. there is no prepayment or default at an earlier period). By adopting this approach, the Bank can calculate the ECL for the future months. The results of calculation for each month are then discounted to the reporting date and added up. The discount rate used in the calculation of ECL is the initial effective interest rate or its approximate value.

The lifetime PD is deduced from using the maturity model or 12-month probability of default. The maturity model describes the development rule of the defaults of the asset portfolio over its lifetime. The model is developed based on historical observational data and applicable to all assets in the same portfolio with the same credit rating. The above method is supported by empirical analysis.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

Measurement of ECLs

The 12-month EAD and lifetime EAD are determined based on expected repayment arrangements, which are different according to different types of products.

- In respect of the financial assets with installment repayments and bullet repayment, the Bank determines 12-month or lifetime EAD according to the repayment schedule agreed in the contract and makes adjustment based on prediction of overlimit repayment and prepayments/refinancing made by the borrower.
- As to the off-balance sheet credit commitments, the parameter of EAD is calculated using the current exposure method and obtained from multiplying the nominal amount of the off-balance sheet items on the reporting date by the credit conversion factor (CCF).
- The Bank determines the 12-month LGD and lifetime LGD based on the factors that affects post-default recovery. LGD for different product types are different.
- As to financial assets classified as guarantees, the Bank determines LGD according to the types of collaterals and their expected value, the discount rate at the compulsory sale, the recovery time and the estimated recovery cost.
- As to credit-based financial assets, the Bank usually determines LGD in the product level due to the limited differences in recoverable amounts from different borrowers.

Forward-looking economic information should be considered when determining the 12-month and lifetime probability of default, exposure at default and loss given default.

The Bank quarterly monitors and reviews assumptions related to the calculation of expected credit losses, including the changes in PD and the value of collaterals under the different time limits.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

Measurement of ECLs (continued)

As at December 31, 2022, there has been no significant changes in estimate techniques and key assumptions of the Bank forward-looking information included in the expected credit loss model is as follows:

- Both the assessment of significant increase in credit risk and the measurement of expected credit losses involve forward-looking information. Based on the analysis on historical data, the Bank identified critical economic indicators that affect the credit risk and ECL of all asset portfolios, including gross domestic product ("GDP"), consumer price index ("CPI"), and one-year loan interest rate, etc. The Bank identified the relations between these economic indicators and the probability of default historically by conducting regression analysis and identified the expected probability of default by predicting the future economic indicators.
- When judging whether there is significant increase in credit risk, the Bank multiplies the lifetime PD at the benchmark and under other scenarios by the weight of the scenarios and considers the qualitative and maximum indicators. The Bank measures relevant provision for loss by the weighted 12-month ECL (for stage 1) or the weighted lifetime ECL (for stage 2 and stage 3). The above weighted credit losses are calculated from multiplying the ECL under the different scenarios by the weight of the corresponding scenarios.
- Similar to other economic forecasts, there is highly inherent uncertainty in the assessment of estimated economic indicators and the probability of occurrence, and therefore, the actual results may be materially different from the forecasts. The Bank believes that these forecasts reflect the Bank's best estimate of possible outcomes.
- Other forward-looking factors not incorporated in above scenarios, such as the impact of regulatory and legal changes, have also been taken into account. However, they were not considered to have significant impact and the expected credit losses were not adjusted accordingly. The Bank reviews and monitors the appropriateness of the above assumptions on a quarterly basis.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

Measurement of ECLs (continued)

Forward-looking information included in the expected credit loss model is as follows:

The Bank adopts three economic scenarios in the ECL measurement to meet the requirements of IFRS 9. The "Baseline" scenario represents a most likely outcome and the other two scenarios, referred to as "optimistic" scenario and "pessimistic" scenario, represent less likely outcomes which are more optimistic or more pessimistic compared to Baseline scenario.

The Baseline scenario is prepared by our Risk Management Department. Historical data, economic trend, external forecast from governmental and non-governmental organisation, etc. are also used as benchmarks to ensure the forecasts are reasonable and supportable. For the optimistic and pessimistic scenarios, the Bank makes reference to the historical macroeconomics data.

The Bank has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each asset portfolio such as GDP, CPI, interest rate for 1 year loan. The Bank evaluates and forecasts these economic indicators at least annually and applied them in the impairment model.

The probability weight assigned for each scenario reflects the Bank's view for the economic environment, which implements the Bank's prudent and consistent credit strategy of ensuring the adequacy of impairment allowance.

A higher probability weight is assigned to the pessimistic scenario to reflect the most likely outcome and a lower probability weight is assigned to the Baseline and optimistic scenarios to reflect the less likely outcomes. As at 31 December 2022, the weights assigned to various economic scenarios were: "central" 30%, "upside" 20%, and "downside" 50% (31 December 2021: the same).

The calculation of ECL is affected by macroeconomic factors and economic scenarios. If more pessimistic macroeconomic factors are applied in ECL assessment or a higher probability weight is assigned to the Bad scenario, it would result in an increase in ECL.

(i) Maximum credit risk exposure

The maximum exposure to credit risk represents the worst-case scenario of credit risk exposure at the end of each reporting period, without considering any available collateral held or other credit enhancements. In respect of the on-balance sheet assets, the maximum exposure to credit risk represents the carrying amount of financial assets after deducting any impairment allowance. Besides, off-balance sheet items, such as loan commitments, credit card commitments, bank acceptance bills, letters of credit and financial guarantees also contain credit risks.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

Measurement of ECLs (continued)

(ii) Financial assets analysed by credit quality are summarised as follows:

	2022			
	Loans and advances to customers	Deposits with banks and other financial institutions	Financial assets held under resale agreements	Financial investments ⁽¹⁾
Balances of financial assets that are assessed for expected credit losses over the next 12 months				
– Overdue but not credit-impaired	450,543	–	–	–
– Neither overdue nor credit-impaired	258,126,712	5,203,985	13,413,660	197,005,900
Sub-total	258,577,255	5,203,985	13,413,660	197,005,900
Balances of financial assets that are not credit-impaired and assessed for lifetime expected credit losses				
– Overdue but not credit-impaired	1,644,277	–	–	–
– Neither overdue nor credit-impaired	24,868,603	–	–	1,884,061
Sub-total	26,512,880	–	–	1,884,061
Balances of credit-impaired financial assets that are assessed for lifetime expected credit losses				
– Overdue and credit-impaired	3,403,094	–	–	857,468
– Credit-impaired but not overdue	5,034,343	–	–	1,972,582
Sub-total	8,437,437	–	–	2,830,050
Accrued interests	1,388,959	1,517	4,716	2,333,665
Less: Provision for impairment losses	(15,177,852)	(972)	–	(2,135,466)
Net value	279,738,679	5,204,530	13,418,376	201,918,210

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

Measurement of ECLs (continued)

(ii) Financial assets analysed by credit quality are summarised as follows: (continued)

	2021			
	Loans and advances to customers	Deposits with banks and other financial institutions	Financial assets held under resale agreements	Financial investments ^(*)
Balances of financial assets that are assessed for expected credit losses over the next 12 months				
– Overdue but not credit-impaired	174,223	–	–	–
– Neither overdue nor credit-impaired	207,625,462	3,516,548	27,538,618	179,107,577
Sub-total	207,799,685	3,516,548	27,538,618	179,107,577
Balances of financial assets that are not credit-impaired and assessed for lifetime expected credit losses				
– Overdue but not credit-impaired	116,915	–	–	388,000
– Neither overdue nor credit-impaired	37,121,697	–	–	7,880,412
Sub-total	37,238,612	–	–	8,268,412
Balances of credit-impaired financial assets that are assessed for lifetime expected credit losses				
– Overdue and credit-impaired	1,523,026	–	–	625,657
– Credit-impaired but not overdue	3,925,256	–	–	688,029
Sub-total	5,448,282	–	–	1,313,686
Accrued interests	630,446	1,100	18,373	2,091,127
Less: Provision for impairment losses	(12,282,283)	(570)	–	(1,768,909)
Net value	238,834,742	3,517,078	27,556,991	189,011,893

* Financial assets include financial investments measured at fair value through profit or loss, financial investments measured at fair value through other comprehensive income and financial investments measured at amortised cost.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

Measurement of ECLs (continued)

(iii) Loans and advances to customers analysed by credit quality

Within overdue but not credit impaired loans and advances and credit impaired loans and advances, the portions covered and not covered by the collateral held as at December 31 are as follows:

	2022		2021	
	Overdue but not credit impaired loans and advances	Credit impaired loans and advances	Overdue but not credit impaired loans and advances	Credit impaired loans and advances
Portion covered	234,926	4,447,810	98,580	1,944,737
Portion not covered	1,859,894	3,989,627	192,558	3,503,545
Total	2,094,820	8,437,437	291,138	5,448,282

The collaterals mainly include land, buildings, machinery and equipment, etc. The fair value of collaterals was estimated by the Bank based on the latest external valuations available, adjusted in light of disposal experience and current market conditions.

(iv) Rescheduled loans and advances to customers

Restructured loans refer to the loans that the Bank adjusts the repayment terms of the loan contract due to the deterioration of the borrower's financial condition or inability to repay. As at December 31, 2022, the Bank has rescheduled loans and advances to customers amounted to RMB1,496.91 million (2021: RMB3,289.42 million).

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

Measurement of ECLs (continued)

(v) Credit rating

The Bank adopts a credit rating approach in managing the credit risk of the debt securities portfolio. Debt securities are rated with reference to major rating agencies where the issuers of the securities are located. The carrying amounts of debt securities investments analysed by the rating agency designations as at December 31 are as follows:

	2022	2021
Neither overdue nor impaired		
Ratings		
– AAA	37,690,431	32,551,225
– AA- to AA+	14,464,364	16,525,295
Sub-total	52,154,795	49,076,520
Unrated	96,787,483	79,655,452
Total	148,942,278	128,731,972

For the year ended December 31, 2022, the unrated debt securities held by the Bank includes bonds issued by the Chinese government and government institutions (the Ministry of Finance, local government and policy banks) amounted to RMB81,148.61 million (2021: RMB64,873.93 million); and interbank deposited issued by commercial banks amounted to RMB4,894.85 million (2021: RMB6,092.02 million).

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 RISK MANAGEMENT (CONTINUED)

(b) Market risk

Market risk is the risk of loss, in respect of the Bank's activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, commodity prices, stock prices and other prices.

The Board of Directors is ultimately responsible for monitoring the Bank's market risk management to ensure that the Bank effectively identifies, measures, monitors and controls various market risks faced by each business. The Risk Management Committee is responsible for monitoring market risk management within the authorised scope of the Board of Directors, reviewing the strategies, policies and procedures regarding market risk management, and recommendations for acceptable level of market risk proposed by senior management. The market risk faced by the Bank's business operations and development are mostly concentrated in the treasury operations. The Financial Markets Department is responsible for fund investment and proprietary trading. The Planning and Financial Department is responsible for the daily monitoring and management of interest rate risk under the Bank accounts; and the Transaction Banking Department is responsible for the daily monitoring and management of exchange rate risk. The Risk Management Department is responsible for drafting basic policies and procedures for market risk management, as well as identifying, measuring and monitoring the Bank's market risk.

The major source of market risk of the Bank is the asset and liability businesses involved in market operation and the risks in interest rate and exchange rate of products.

Interest rate risk

Interest rate risk refers to the risk that the adverse changes in interest rate levels and maturity structures will cause the Bank to suffer losses. The Bank's interest rate risk mainly comes from the repricing risk, trading interest rate risk and the inconsistent changes in the benchmark interest rate on which assets and liabilities are based.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

Repricing risk

Repricing risk, which is also known as “maturity mismatch risk”, is the most common form of interest rate risk. It is caused by the differences in timing between the maturities (related to fixed interest instruments) or repricing (related to floating interest instruments) of bank assets, liabilities and off-balance sheet items. The mismatch of repricing timing causes the Bank’s income or its inherent economic value to vary with the movement in interest rates.

The Planning and Financial Department is responsible for the measurement, monitoring and management of interest rate risk. In respect of measuring and managing risks, the Bank regularly assesses the impact of interest rate sensitivity repricing gaps and interest rate changes on the Bank’s net interest income and economic value. The main purpose of interest rate risk management is to reduce the potential negative impact of interest rate changes on net interest income and economic value.

Trading interest rate risk

Trading interest rate risk mainly arises from the investment portfolios of financial markets. Interest rate risk is monitored using the effective duration analysis method. The Bank employs other supplementary methods to measure its interest rate sensitivity, which is expressed as changes in the fair value of investment portfolios given a 100 basis points (1%) movement in the interest rates.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

(i) The following tables indicate the assets and liabilities as at December 31 by the expected next repricing dates or by maturity dates, depending on which is earlier:

	2022					
	Total	Non-interest bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
Assets						
Cash and deposits with the central bank	23,249,900	754,890	22,495,010	-	-	-
Deposit with banks and other financial institutions	5,204,530	1,517	5,203,013	-	-	-
Financial assets held under resale agreements	13,418,376	4,716	13,413,660	-	-	-
Loans and advances to customers (Note (i))	279,738,679	1,950,371	65,485,407	168,896,497	26,358,246	17,048,158
Financial investments (Note (ii))	201,918,210	38,728,951	6,761,870	25,512,790	95,130,134	35,784,465
Others	250,704	250,704	-	-	-	-
Total assets	523,780,399	41,691,149	113,358,960	194,409,287	121,488,380	52,832,623
Liabilities						
Borrowings from the central bank	38,106,949	433,348	9,306,701	28,366,900	-	-
Deposits from banks and other financial institutions	23,228,193	127,355	3,140,838	19,960,000	-	-
Placements from banks and other financial institutions	4,604,940	3,840	2,100,000	1,861,100	640,000	-
Financial assets sold under repurchase agreements	8,501,793	1,793	8,500,000	-	-	-
Deposits from customers	326,324,447	4,876,369	169,864,495	57,840,378	91,643,177	2,100,028
Debt securities issued	84,790,579	145,449	17,663,469	52,187,956	11,998,748	2,794,957
Others	744,691	744,691	-	-	-	-
Total liabilities	486,301,592	6,332,845	210,575,503	160,216,334	104,281,925	4,894,985
Asset-liability gap	37,478,807	35,358,304	(97,216,543)	34,192,953	17,206,455	47,937,638

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

(i) The following tables indicate the assets and liabilities as at December 31 by the expected next repricing dates or by maturity dates, depending on which is earlier: (continued)

	Total	2021				
		Non-interest bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
Assets						
Cash and deposits with the central bank	35,681,947	642,984	35,038,963	-	-	-
Deposit with banks and other financial institutions	3,517,078	1,100	3,515,978	-	-	-
Financial assets held under resale agreements	27,556,991	18,373	27,538,618	-	-	-
Loans and advances to customers (Note (i))	238,834,742	630,446	84,021,092	28,135,627	45,662,616	80,384,961
Financial investments (Note (ii))	189,011,893	33,649,110	9,986,256	19,851,238	70,495,290	55,029,999
Other financial assets	106,901	106,901	-	-	-	-
Total assets	494,709,552	35,048,914	160,100,907	47,986,865	116,157,906	135,414,960
Liabilities						
Borrowings from the central bank	32,219,501	355,487	6,490,936	25,373,078	-	-
Deposits from banks and other financial institutions	23,920,243	43,286	7,831,957	16,045,000	-	-
Placements from banks and other financial institutions	3,368,305	3,693	424,612	940,000	2,000,000	-
Financial assets sold under repurchase agreements	23,198,246	14,346	23,183,900	-	-	-
Deposits from customers	305,521,023	3,585,775	168,489,740	55,784,781	77,654,977	5,750
Debt securities issued	72,394,280	60,979	19,432,537	45,107,442	4,999,105	2,794,217
Other financial liabilities	1,136,277	1,136,277	-	-	-	-
Total liabilities	461,757,875	5,199,843	225,853,682	143,250,301	84,654,082	2,799,967
Asset-liability gap	32,951,677	29,849,071	(65,752,775)	(95,263,436)	31,503,824	132,614,993

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

- (i) *The following tables indicate the assets and liabilities as at December 31 by the expected next repricing dates or by maturity dates, depending on which is earlier: (continued)*

Notes:

- (i) As at December 31, 2022, for loans and advances to customers, the category “Less than three months” includes overdue amounts (net of provision for impairment losses) of RMB748.38 million (2021: RMB1,292.90 million).
- (ii) Financial investments include financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income and financial investments at amortised cost. As at December 31, 2022, for financial investments, the category “Less than three months” includes overdue amounts (net of provision for impairment losses) of RMB70.78 million (2021: RMB891.48 million).

(ii) Interest rate sensitivity analysis

The Bank uses sensitivity analysis to measure the impact of changes in interest rate on the Bank’s net profit or loss and equity.

	2022	2021
Changes in net profit		
Up 100 bps parallel shift in yield curves	(593,029)	(720,675)
Down 100 bps parallel shift in yield curves	593,029	720,675
Changes in equity		
Up 100 bps parallel shift in yield curves	(1,841,474)	(699,466)
Down 100 bps parallel shift in yield curves	1,956,857	699,466

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

(ii) Interest rate sensitivity analysis (continued)

The sensitivity analysis above is based on a static interest rate risk profile of the Bank's assets and liabilities. This analysis measures only the impact of changes in interest rates within one year, showing how annualized net profit or loss and equity would have been affected by repricing of the Bank's assets and liabilities within the one-year period. The sensitivity analysis is based on the following assumptions:

- Interest rate movements at the end of each of the reporting period apply to non-derivative financial instruments of the Bank;
- At the end of each of the reporting period, an interest rate movement of 100 basis points is based on the assumption of interest rates movement over the next 12 months;
- There is a parallel shift in the yield curve with the changes in interest rates;
- There are no other changes to the assets and liabilities portfolio;
- Other variables (including exchange rates) remain unchanged; and
- The analysis does not take into account the effect of risk management measures taken by the management.

Due to the adoption of the aforementioned assumptions, the actual changes in the Bank's net profit or loss and equity caused by an increase or decrease in interest rates might vary from the estimated results of this sensitivity analysis.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

Foreign currency risk

The Bank's currency risk mainly arises from foreign currency deposits with banks and other financial institutions and deposits from customers. The Bank manages currency risk by matching its foreign currency denominated assets with corresponding liabilities in the same currencies.

(i) The Bank's currency exposures as at December 31 were as follows:

	2022				Total (RMB equivalent)
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other (RMB equivalent)	
Assets					
Cash and deposits with the central bank	23,248,256	1,644	-	-	23,249,900
Deposits with banks and other financial institutions	5,092,785	104,314	-	7,431	5,204,530
Financial assets held under resale agreements	13,418,376	-	-	-	13,418,376
Loans and advances to customers	279,603,661	135,018	-	-	279,738,679
Financial investments	201,918,210	-	-	-	201,918,210
Others	250,704	-	-	-	250,704
Total assets	523,531,992	240,976	-	7,431	523,780,399
Liabilities					
Borrowings from the central bank	(38,106,949)	-	-	-	(38,106,949)
Deposits from banks and other financial institutions	(23,228,193)	-	-	-	(23,228,193)
Placements from banks and other financial institutions	(4,604,940)	-	-	-	(4,604,940)
Financial assets sold under repurchase agreements	(8,501,793)	-	-	-	(8,501,793)
Deposits from customers	(326,295,824)	(21,200)	-	(7,423)	(326,324,447)
Debt securities issued	(84,790,579)	-	-	-	(84,790,579)
Others	(531,363)	(213,327)	-	(1)	(744,691)
Total liabilities	(486,059,641)	(234,527)	-	(7,424)	(486,301,592)
Net position	37,472,351	6,449	-	7	37,478,807
Off-balance sheet credit commitments	28,962,236	90,487	-	-	29,052,723

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

Foreign currency risk (continued)

(i) The Bank's currency exposures as at December 31 were as follows: (continued)

	RMB	2021			Total (RMB equivalent)
		USD (RMB equivalent)	HKD (RMB equivalent)	Other (RMB equivalent)	
Assets					
Cash and deposits with the central bank	35,680,933	1,014	-	-	35,681,947
Deposits with banks and other financial institutions	3,340,383	169,476	-	7,219	3,517,078
Financial assets held under resale agreements	27,556,991	-	-	-	27,556,991
Loans and advances to customers	238,678,229	156,513	-	-	238,834,742
Financial investments	189,011,893	-	-	-	189,011,893
Other financial assets	106,901	-	-	-	106,901
Total assets	494,375,330	327,003	-	7,219	494,709,552
Liabilities					
Borrowings from the central bank	(32,219,501)	-	-	-	(32,219,501)
Deposits from banks and other financial institutions	(23,920,243)	-	-	-	(23,920,243)
Placements from banks and other financial institutions	(3,368,305)	-	-	-	(3,368,305)
Financial assets sold under repurchase agreements	(23,198,246)	-	-	-	(23,198,246)
Deposits from customers	(305,508,211)	(5,592)	-	(7,220)	(305,521,023)
Debt securities issued	(72,394,280)	-	-	-	(72,394,280)
Other financial liabilities	(944,289)	(191,984)	(4)	-	(1,136,277)
Total liabilities	(461,553,075)	(197,576)	(4)	(7,220)	(461,757,875)
Net position	32,822,255	129,427	(4)	(1)	32,951,677
Off-balance sheet credit commitments	25,151,211	-	-	-	25,151,211

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

Foreign currency risk (continued)

(ii) Exchange rate sensitivity analysis

	2022 (Decrease)/ increase	2021 (Decrease)/ increase
Changes in net profit		
Foreign exchange rate decrease by 100 bps	(48)	(971)
Foreign exchange rate increase by 100 bps	48	971

The sensitivity analysis mentioned above is based on a static foreign exchange exposure profile of assets and liabilities and certain simplified assumptions as set out below:

- The foreign exchange sensitivity is the gain and loss recognised as a result of 100 basis points fluctuation in the foreign currency exchange rates against RMB based on the closing rate of reporting date;
- The fluctuation of exchange rates by 100 basis points is based on the assumption of exchange rates movement over the next 12 months;
- The exchange rates against RMB for the US dollars and other foreign currencies change in the same direction simultaneously; and
- Other variables (including interest rates) remain unchanged.

The analysis does not take into account the effect of risk management measures taken by the Bank. Due to the assumptions adopted, actual changes in the Bank's net profit or loss resulting from the increase or decrease in foreign exchange rates may vary from the estimated results of this sensitivity analysis.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Liquidity risk refers to the risk of the failure to obtain sufficient funds in a timely manner at reasonable prices for meeting assets growth or repaying mature debts, although the commercial banks are capable of paying off debts. The Bank monitors its future cash flows based on liquidity risk management policies and ensures that appropriate levels of highly liquid assets are maintained.

The Liquidity Risk Management Committee is responsible for the overall liquidity of the Bank. The committee is responsible for formulating liquidity policies in accordance with regulatory requirements and prudential principles. Policy objectives include:

- Maintain a sound and adequate liquidity level and establish a scientific and sound liquidity risk management system to ensure timely payment obligations and the satisfaction of liquidity requirements arising from assets, liabilities and off-balance sheet businesses in a normal operating environment or under a status of pressure, thereby balancing the effectiveness and safety of funds; and
- Make timely and reasonable adjustments to the scale and structure of assets and liabilities based on market changes and business development, and under the premise of ensuring liquidity, moderately pursue profit maximisation and cost minimisation, and realise the centralisation of safety, liquidity and efficiency for the Bank's funds.

The Planning and Financial Department takes the lead in implementing the liquidity risk management policy and is responsible for formulating and timely revising the liquidity risk management strategy, and the identification, measurement, monitoring and mitigation management of the Bank's liquidity risk. In the meantime, the Planning and Financial Department and the Financial Markets Department are responsible for daily position management and forecasting and maintaining an appropriate level of highly liquid portfolio based on liquidity management strategies. The Financial Markets Department operates in accordance with the instructions from the Planning and Financial Department. In case of significant payment crisis or structural changes, the Financial Markets Department should report to the Liquidity Risk Management Committee and make recommendations in a timely manner.

Most of the sources of funds for the assets held by the Bank are deposits from customers. In recent years, the Bank's deposits from customers continue to grow, with diversified categories and types of maturities, it has become a stable source of funds.

The Bank mainly adopts liquidity gap analysis to measure liquidity risk and uses different scenario analysis and stress tests to assess the impact of liquidity risk.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

The following tables provide an analysis of assets and liabilities of the Bank into relevant maturity groupings based on the remaining periods to repayment at December 31:

	2022							Total
	Indefinite Note (j)	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
Assets								
Cash and deposits with the central bank	17,530,876	5,719,024	-	-	-	-	-	23,249,900
Deposits with banks and other financial institutions	-	5,204,530	-	-	-	-	-	5,204,530
Financial assets held under resale agreements	-	-	13,418,376	-	-	-	-	13,418,376
Loans and advances to customers	4,729,436	1,213,010	15,070,175	9,599,071	55,686,385	84,640,246	108,800,356	279,738,679
Financial investments	435,269	-	39,585,924	4,224,160	26,758,258	95,130,134	35,784,465	201,918,210
Others	250,704	-	-	-	-	-	-	250,704
Total assets	22,946,285	12,136,564	68,074,475	13,823,231	82,444,643	179,770,380	144,584,821	523,780,399
Liabilities								
Borrowings from the central bank	-	-	-	9,572,091	28,534,858	-	-	38,106,949
Deposits from banks and other financial institutions	-	70,908	255,885	2,849,786	20,051,614	-	-	23,228,193
Placements from banks and other financial institutions	-	-	400,397	1,703,437	1,861,106	640,000	-	4,604,940
Financial assets sold under repurchase agreements	-	-	8,501,793	-	-	-	-	8,501,793
Deposit from customers	-	134,989,213	14,243,692	21,756,135	59,035,918	94,197,379	2,102,110	326,324,447
Debt securities issued	-	-	2,007,269	15,735,755	52,253,850	11,998,748	2,794,957	84,790,579
Others	355,823	388,868	-	-	-	-	-	744,691
Total liabilities	355,823	135,448,989	25,409,036	51,617,204	161,737,346	106,836,127	4,897,067	486,301,592
Net position	22,590,462	(123,312,425)	42,665,439	(37,793,973)	(79,292,703)	72,934,253	139,687,754	37,478,807

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

	Indefinite Note (i)	Repayable on demand	Within one month	2021				Total
				Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
Assets								
Cash and deposits with the central bank	18,358,066	17,323,881	-	-	-	-	-	35,681,947
Deposits with banks and other financial institutions	-	3,517,078	-	-	-	-	-	3,517,078
Financial assets held under resale agreements	-	-	27,556,991	-	-	-	-	27,556,991
Loans and advances to customers	2,479,977	221,386	11,123,509	10,658,489	43,388,743	62,748,374	108,214,264	238,834,742
Financial investments	1,281,943	-	4,035,034	6,370,222	49,528,887	72,115,965	55,679,842	189,011,893
Others	106,901	-	-	-	-	-	-	106,901
Total assets	22,226,887	21,062,345	42,715,534	17,028,711	92,917,630	134,864,339	163,894,106	494,709,552
Liabilities								
Borrowings from the central bank	-	-	2,880,635	3,776,178	25,562,688	-	-	32,219,501
Deposits from banks and other financial institutions	-	1,082,180	120,221	6,645,666	16,072,176	-	-	23,920,243
Placements from banks and other financial institutions	-	-	125,218	300,279	940,920	2,001,888	-	3,368,305
Financial assets sold under repurchase agreements	-	-	23,198,246	-	-	-	-	23,198,246
Deposit from customers	-	144,345,332	8,355,056	19,375,128	55,784,780	77,654,977	5,750	305,521,023
Debt securities issued	-	-	2,316,750	17,115,787	45,168,421	4,999,105	2,794,217	72,394,280
Other financial liabilities	291,518	844,759	-	-	-	-	-	1,136,277
Total liabilities	291,518	146,272,271	36,996,126	47,213,038	143,528,985	84,655,970	2,799,967	461,757,875
Net position	21,935,369	(125,209,926)	5,719,408	(30,184,327)	(50,611,355)	50,208,369	161,094,139	32,951,677

Note:

- (i) Indefinite amount of cash and deposits with the central bank represents the statutory deposit reserves and fiscal deposits with the central bank. Impaired deposits with banks and other financial institutions represents in indefinite category. 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. Indefinite amount of investments represents credit-impaired investments or those overdue more than one month. Equity investments are listed in the category of indefinite.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

The following tables provide an analysis of the contractual undiscounted cash flow of the non-derivative financial liabilities of the Bank at December 31:

	Carrying amount	Contractual undiscounted cash flow	Repayable on demand	2022				
				Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Non-derivative financial liabilities								
Borrowings from the central bank	38,106,949	38,241,265	-	3,086,688	6,117,400	29,037,177	-	-
Deposits from banks and other financial institutions	23,228,193	23,582,255	70,908	256,163	2,926,300	20,328,884	-	-
Placements from banks and other financial institutions	4,604,940	4,679,345	-	400,477	1,729,948	1,894,760	654,160	-
Financial assets sold under repurchase agreements	8,501,793	8,503,221	-	8,503,221	-	-	-	-
Deposits from customers	326,324,447	337,950,232	134,989,236	14,264,743	21,872,091	60,125,750	104,085,370	2,613,042
Debt securities issued	84,790,579	87,468,750	-	60,000	17,907,655	53,331,395	13,224,700	2,945,000
Total non-derivative financial liabilities	485,556,901	500,425,068	135,060,144	26,571,292	50,553,394	164,717,966	117,964,230	5,558,042

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

	Carrying amount	Contractual undiscounted cash flow	Repayable on demand	2021				
				Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Non-derivative financial liabilities								
Borrowings from the central bank	32,219,501	32,722,737	-	2,882,700	3,797,416	26,042,621	-	-
Deposits from banks and other financial institutions	23,920,243	24,323,407	1,082,180	120,234	6,675,417	16,445,576	-	-
Placements from banks and other financial institutions	3,368,305	3,484,851	-	125,329	302,150	966,994	2,090,378	-
Financial assets sold under repurchase agreements	23,198,246	23,205,289	-	23,205,289	-	-	-	-
Deposits from customers	305,521,023	311,309,347	144,345,332	8,527,959	19,703,022	57,073,179	81,653,736	6,119
Debt securities issued	72,394,280	76,673,949	-	2,383,394	17,744,298	47,531,257	5,925,000	3,090,000
Total non-derivative financial liabilities	460,621,598	471,719,580	145,427,512	37,244,905	48,222,303	148,059,627	89,669,114	3,096,119

This analysis of the non-derivative financial liabilities by contractual undiscounted cash flow might diverge from actual results.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 RISK MANAGEMENT (CONTINUED)

(d) Operational risk

Operational risk refers to the risk of losses associated with internal processes deficiencies, personnel mistakes and information system failures, or impact from other external events.

The Bank has established an operational risk management system consisting of the Board of Directors, the Board of Supervisors, Senior Management, Operational Risk Management Committee, Risk Management Department, Legal Compliance Department, Information Technology Department, Audit Department and other functional departments of the head office, branches and sub-branches.

The Bank has established operational risk management policies, systems and procedures to effectively identify, assess, monitor, control and mitigate the operational risks of the Bank and to minimise any losses associated with operational risk.

The Bank has established the Three Lines of Defence to comprehensively manage operational risk: business establishments of branches and sub-branches and departments of business functions at all levels are the First Line of Defence against operational risk and are directly responsible for operational risk management. The Risk Management Department and Legal Compliance Department are the Second Line of Defence against operational risk and responsible for formulating operational risk management policies, coordinating, supporting and supervising operational risk management. The Audit Department is the Third Line of Defence and is responsible for auditing whether the Bank's operational risk management policies are effective and assessing internal control systems and status of compliance.

The Bank has developed an emergency plan system and a business continuity plan system for various emergencies such as natural disasters, IT system failures, safety of business establishments, theft and robbery, internal fraud, damage to assets.

The Bank has established a system of accountability for all types of violations and disciplinary actions and a risk assessment system based on internal audit and compliance review.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

39 FAIR VALUE

(a) *Methods and assumptions for measurement of fair value*

The Bank adopts the following methods and assumptions when evaluating fair values:

(i) *Debt securities and equity investments*

The fair values of debt securities and equity investments that are traded in an active market are based on their quoted market prices in an active market at the end of the reporting period. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or discounted cash flows.

(ii) *Investments and other non-derivative financial assets*

Fair values are estimated as the present value of the future cash flows, discounted at the market interest rates at the end of the reporting period.

(iii) *Debt securities issued and other non-derivative financial liabilities*

Fair values of debt securities issued are based on their quoted market prices at the end of the reporting period, or the present value of estimated future cash flows. The fair values of other non-derivative financial liabilities are valued at the present value of estimated future cash flows. The discount rates are based on the market interest rates at the end of the reporting period.

The Bank has established policies and internal controls with respect to the measurement of fair values, specify the framework of fair value measurement of financial instruments, fair value measurement methodologies and procedures.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

39 FAIR VALUE (CONTINUED)

(b) Fair value measurement

(i) Financial assets

The Bank's financial assets mainly consist of cash and deposits with the central bank, deposits with banks and other financial institutions, loans and advances to customers, and investments.

Deposits with the central bank, deposits with banks and other financial institutions and financial assets held under resale agreements are mostly priced at market interest rates and due within one year. Accordingly, the carrying amounts approximate the fair values.

Loans and advances to customers are mostly priced at floating rates close to the PBOC rates. Accordingly, the carrying amounts approximate the fair values. The fair values of loans and advances to customers measured at fair value through other comprehensive income are based on valuation techniques.

Financial investments at fair value through other comprehensive income and financial assets at fair value through profit or loss are stated at fair value. Financial investments at amortised cost are the reasonable approximations of their fair values because, for example, they are repriced at current market rates frequently.

(ii) Financial liabilities

The Bank's financial liabilities mainly include deposits from banks and other financial institutions, placements from banks and other financial institutions, financial assets sold under repurchase agreements, deposits from customers and debt securities issued.

The book value and fair value of debt securities issued is presented in Note 28. The carrying amounts of other financial liabilities approximate their fair value.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

39 FAIR VALUE (CONTINUED)

(c) Fair value hierarchy

The following table presents the fair value of financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available; and
- Level 3: Fair value measured using significant unobservable inputs.

If there is a reliable market quote for financial instruments, the fair value of financial instruments is based on quoted market prices. If a reliable quoted market price is not available, the fair value of the financial instruments is estimated using valuation techniques. Valuation techniques applied include reference to the fair value of another instrument that is substantially the same, discounted cash flow analysis. The inputs used in valuation techniques include risk-free and benchmark interest rates and credit spreads. Where discounted cash flow analysis is used, estimated cash flows are based on management's best estimates and the discount rate used is reference to another instrument that is substantially the same.

Notes to the Financial Statements (Continued)*(Expressed in thousands of Renminbi, unless otherwise stated)***39 FAIR VALUE (CONTINUED)****(c) Fair value hierarchy (continued)**

	2022			Total
	Level 1	Level 2	Level 3	
Recurring fair value measurements				
Assets				
Loans and advances to customers measured at fair value through other comprehensive income				
– discounted bills	–	4,369,527	–	4,369,527
Financial investments at fair value through profit or loss				
– debt securities	–	35,658,584	–	35,658,584
– investment funds	36,456,125	–	–	36,456,125
Financial investments at fair value through other comprehensive income				
– debt securities	–	58,969,230	–	58,969,230
– asset-backed securities	–	404,332	–	404,332
– equity investments	–	–	37,750	37,750
Total	36,456,125	99,401,673	37,750	135,895,548

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

39 FAIR VALUE (CONTINUED)

(c) Fair value hierarchy (continued)

	2021			Total
	Level 1	Level 2	Level 3	
Recurring fair value measurements				
Assets				
Loans and advances to customers				
measured at fair value through other comprehensive income				
– corporate loans and advances	–	455,113	–	455,113
– discounted bills	–	3,109,364	–	3,109,364
Financial investments at fair value				
through profit or loss				
– debt securities	–	23,618,474	–	23,618,474
– investment funds	31,520,233	–	–	31,520,233
– structured notes issued by securities companies	–	–	197,780	197,780
Financial investments at fair value				
through other comprehensive income				
– debt securities	–	55,045,508	–	55,045,508
– asset-backed securities	–	577,938	–	577,938
– equity investments	–	–	37,750	37,750
Total	31,520,233	82,806,397	235,530	114,562,160

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

39 FAIR VALUE (CONTINUED)

(c) Fair value hierarchy (continued)

The movement during the year ended December 31, 2022 in the balance of Level 3 fair value measurements is as follows:

			Total gains or losses		Purchases, issues, sales and settlements		December 31, 2022	Total gains or losses for the year included profit or loss for assets held at the end of the year	
	January 1, 2022	Transfer into Level 3	Transfer out of Level 3	Recorded in profit or loss	Recorded in other comprehensive income	Purchases			Settlements
Assets									
Financial investments at fair value through profit or loss									
– structured notes issued by securities companies	197,780	-	-	9,477	-	100,000	(307,257)	-	-
Financial investments at fair value through other comprehensive income									
– structured notes issued by securities companies	-	-	-	-	-	-	-	-	-
– equity investments	37,750	-	-	-	-	-	-	37,750	-
Total	235,530	-	-	9,477	-	100,000	(307,257)	37,750	-

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

39 FAIR VALUE (CONTINUED)

(c) Fair value hierarchy (continued)

The movement during the year ended December 31, 2021 in the balance of Level 3 fair value measurements is as follows:

	January 1, 2021	Transfer into Level 3	Transfer out of Level 3	Total gains or losses		Purchases, issues, sales and settlements		December 31, 2021	Total gains or losses for the year included profit or loss for assets held at the end of the year
				Recorded in profit or loss	Recorded in other comprehensive income	Purchases	Settlements		
Assets									
Financial investments at fair value through profit or loss									
– structured notes issued by securities companies	-	-	-	(266)	-	400,000	(201,954)	197,780	(2,220)
Financial investments at fair value through other comprehensive income									
– structured notes issued by securities companies	910,334	-	-	8,092	-	50,000	(968,426)	-	-
– equity investments	37,750	-	-	-	-	-	-	37,750	-
Total	948,084	-	-	7,826	-	450,000	(1,170,380)	235,530	(2,220)

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

39 FAIR VALUE (CONTINUED)

(c) Fair value hierarchy (continued)

During the years ended December 31, 2022 and 2021, the carrying amounts of financial instruments valued with significant unobservable inputs were immaterial, and the effects of changes in significant unobservable assumptions to reasonably possible alternative assumptions were also immaterial.

The valuation techniques used and the qualitative and quantitative information of key parameters for recurring fair value measurements categorised within Level 3.

Quantitative information of Level 3 fair value measurement is as below:

	Fair value as at December 31, 2022	Valuation techniques	Unobservable inputs
Financial investments at fair value through other comprehensive income			
– equity investments	37,750	Discounted cash flow	Risk-adjusted discount rate, cash flow
	Fair value as at December 31, 2021	Valuation techniques	Unobservable inputs
Financial investments at fair value through profit or loss			
– structured notes issued by securities companies	197,780	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through other comprehensive income			
– equity investments	37,750	Discounted cash flow	Risk-adjusted discount rate, cash flow

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

39 FAIR VALUE (CONTINUED)

(c) Fair value hierarchy (continued)

During the year ended December 31, 2022, there were no significant changes in the valuation techniques (2021: nil).

As at December 31, 2022 and 2021, unobservable inputs such as risk-adjusted discount rate and cash flow were used in the valuation of financial assets at fair value classified as Level 3, which were mainly equity investments and wealth management products. The fair value of these financial assets fluctuates according to the changes in the unobservable inputs.

The sensitivity of the fair value on changes in unobservable inputs for Level 3 financial instruments is measured at fair value on an ongoing basis.

The fair value of financial instruments is, in certain circumstances, measured using valuation models which incorporate assumptions that are not supported by prices from observable current market transactions in the same instrument and are not based on observable market data. The following table shows the sensitivity of fair value due to parallel movement of plus or minus 1 percent of change in fair value to reasonably possible alternative assumptions.

As at year ended December 31, 2022, the level 3 financial instrument has no sensitivity of fair value.

	2021			
	Effect on net profit		Effect on other comprehensive income	
	Favourable	(Unfavourable)	Favourable	(Unfavourable)
Financial investments at fair value through profit or loss				
– structured notes issued by securities companies	22	(22)	–	–

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

40 ENTRUSTED LENDING BUSINESS

The Bank provides entrusted lending business services to customers. All entrusted loans are funded by entrusted funds from these customers. The Bank does not take any credit risk in relation to these transactions. The Bank acts as an agent to hold and manage these assets and liabilities at the direction of the entrustor and receives fee income for the services provided. The entrusted assets are not the assets of the Bank and are not recognised in the statements of financial position. Surplus funding is accounted for as deposits from customers.

	2022	2021
Entrusted loans	41,592,093	40,012,678
Entrusted funds	41,592,093	40,012,678

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

41 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Credit commitments

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

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

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

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

(b) Credit risk-weighted amount

	2022	2021
Credit risk-weighted amounts	10,253,108	9,396,415

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

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

41 COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

(c) Capital commitments

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

	2022	2021
Contracted but not paid for	156,765	227,769
Authorised but not contracted for	–	11,180
Total	156,765	238,949

(d) Outstanding litigations and disputes

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

42 SUBSEQUENT EVENTS

The Bank has no material events for disclosure subsequent to the end of the reporting period.

43 COMPARATIVE FIGURES

For financial statements disclosure purpose, the Bank made reclassification adjustments to some comparative figures.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED DECEMBER 31, 2022

Up to the date of issue of these financial statements, a number of amendments, new standards and interpretations are issued which are not yet effective for the year ended December 31, 2022 and which have not been adopted in these financial statements. These include the following which may be relevant to the Bank.

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

The Bank is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

Unaudited Supplementary Financial Information

(Expressed in thousands of Renminbi, unless otherwise stated)

The information set out below does not form part of the financial statements, and is included herein for information purpose only.

In accordance with the Hong Kong Listing Rules and Banking (Disclosure) Rules, the Bank discloses the unaudited supplementary financial information as follows:

1 LIQUIDITY COVERAGE RATIO AND LEVERAGE RATIO

Liquidity coverage ratio

	2022	Average for 2022
Liquidity coverage ratio (RMB and foreign currency)	419.41%	336.92%

	2021	Average for 2021
Liquidity coverage ratio (RMB and foreign currency)	334.63%	296.07%

Pursuant to the Administrative Measures for Liquidity Risk Management of Commercial Banks (Provisional), the liquidity coverage ratio of commercial banks shall reach 100% by the end of 2018.

Leverage Ratio

	2022	2021
Leverage Ratio	7.70%	7.20%

Pursuant to the Leverage Ratio Management of Commercial Banks issued by the former CBRC and was effective since April 1, 2015, a minimum leverage ratio 4% is required for commercial banks.

The above liquidity coverage ratio and leverage ratio are calculated in accordance with the formula promulgated by the former CBRC and based on the financial information prepared in accordance with PRC GAAP.

Unaudited Supplementary Financial Information (Continued)*(Expressed in thousands of Renminbi, unless otherwise stated)***2 CURRENCY CONCENTRATIONS**

	At December 31, 2022			Total
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
Spot assets	244,141	–	7,424	251,565
Spot liabilities	21,962	–	7,423	29,385
Net position	222,179	–	1	222,180

	At December 31, 2021			Total
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
Spot assets	330,186	–	7,220	337,406
Spot liabilities	(131,714)	–	(7,220)	(138,934)
Net position	198,472	–	–	198,472

The Bank has no structural position at December 31.

3 INTERNATIONAL CLAIMS

The Bank is principally engaged in business operations within Mainland China and regards all claims on third parties outside Mainland China as international claims.

International claims include loans and advances to customers, and amounts due from banks and other financial institutions.

A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account all risk transfers. Risk transfers are only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose Head Office is located in another country.

As at December 31, 2022 and 2021, the Bank has no international claims in all areas outside China.

Unaudited Supplementary Financial Information (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 GROSS AMOUNT OF OVERDUE LOANS AND ADVANCES

	2022	2021
Gross loans and advances which have been overdue with respect to either principal or interest for periods of		
– Within three months (inclusive)	3,522,642	440,240
– Overdue more than three months to one year (inclusive)	1,152,252	1,108,049
– Overdue more than one year	823,020	265,875
Total	5,497,914	1,814,164
As a percentage of gross loans and advances		
– Within three months (inclusive)	1.20%	0.18%
– Overdue more than three months to one year (inclusive)	0.39%	0.44%
– Overdue more than one year	0.28%	0.10%
Total	1.87%	0.72%

Appendix: List of Branches and Sub-Branches

No.	Region	Name of institution	Address of institution
1	Guiyang	Guiyang branch Business Department of Bank of Guizhou Co., Ltd.	Shops (No.1-2) on 1/F, 39-45/F, 47-49/F, Guizhou Tourism Building, No.68 Beijing Road, Yunyan District, Guiyang, Guizhou Province
2	Guiyang	Guiyang Zunyi Road sub-branch of Bank of Guizhou Co., Ltd.	No. 1 1/F, No. 1 2/F, No. 1 3/F, Unit A & B, Chengshi Fangzhou, No. 25 Zunyi Road, Nanming District, Guiyang, Guizhou Province
3	Guiyang	Guiyang Ruijin sub-branch of Bank of Guizhou Co., Ltd.	Nos. 2&3 1/F and 14/F, Yuhui Commercial Center, No. 68 Ruijin North Road, Yunyan District, Guiyang, Guizhou Province
4	Guiyang	Guiyang Huaxi sub-branch of Bank of Guizhou Co., Ltd.	Shops 1-6, 1-7, 1-8, 1-9, 1-10, 1/F & Shops 1-24, 1-25, 1-26, 1-27, 2/F, Building 1, Huaxi District Liangjiapo Big Data Comprehensive Industry Zone, Junction of Mingzhu Avenue and Huatong Road, Huaxi District, Guiyang, Guizhou Province
5	Guiyang	Guiyang Yunyan sub-branch of Bank of Guizhou Co., Ltd.	No. 77 Ruijin Middle Road, Guiyang, Guizhou Province
6	Guiyang	Guiyang Nanming sub-branch of Bank of Guizhou Co., Ltd.	Shops 6, 7, 8, 9, 11, Block C, Junyue Huating, No. 19 Xinhua Road, Nanming District, Guiyang, Guizhou Province
7	Guiyang	Guiyang Youyi sub-branch of Bank of Guizhou Co., Ltd.	Nos. 1-7 Youyi Road, Yunyan District, Guiyang, Guizhou Province
8	Guiyang	Guiyang Baoshan sub-branch of Bank of Guizhou Co., Ltd.	1/F & 2/F, Zhongke Jiayuan annex building (on the side facing Guanshui Road), Institute of Geochemistry Chinese Academy of Sciences, No. 46 Guanshui Road, Nanming District, Guiyang, Guizhou Province
9	Guiyang	Guiyang Fushui Road sub-branch of Bank of Guizhou Co., Ltd.	Annex building of Hengfeng Yipin, No. 31 Fushui South Road, Nanming District, Guiyang, Guizhou Province
10	Guiyang	Guiyang Jinyang Keji sub-branch of Bank of Guizhou Co., Ltd.	Building No. 1, Western China (Guiyang) High-tech Production and R&D base, No. 28 Changling South Road, National High-tech Zone, Guiyang, Guizhou Province
11	Guiyang	Guiyang Shijicheng Xingfu Road sub-branch of Bank of Guizhou Co., Ltd.	1-2/F, Units 7-11, Comprehensive Market periphery, Group M, Shijicheng, Guanshanhu District, Guiyang, Guizhou Province
12	Guiyang	Guiyang Xiaohe sub-branch of Bank of Guizhou Co., Ltd.	1/F, Building No. 1, Daxing Commercial Building, No. 418 Huanghe Road, Xiaohe District, Guiyang, Guizhou Province
13	Guiyang	Guiyang Free Trade Zone sub-branch of Bank of Guizhou Co., Ltd.	1/F, Dongka, No. 299 Zongbao Road, Guiyang Free Trade Zone, Guiyang, Guizhou Province
14	Guiyang	Guiyang Shixin sub-branch of Bank of Guizhou Co., Ltd.	Shops 15-18, Basement 1, Block 8-12, Phase One, Manpo Xiaoshicheng, Guiyang, Guizhou Province
15	Guiyang	Guiyang Zhongtian Garden sub-branch of Bank of Guizhou Co., Ltd.	No. 14 overhead 1/F, Zhongtian Garden Sports Field, No. 289, South section of Xintian Avenue, Yunyan District, Guiyang, Guizhou Province
16	Guiyang	Guiyang Exhibition Center sub-branch of Bank of Guizhou Co., Ltd.	No. 65 Zunyi Road, Nanming District, Guiyang, Guizhou Province
17	Guiyang	Guiyang Guikai Road sub-branch of Bank of Guizhou Co., Ltd.	Commercial units on 1/F & residential units on 11/F, No. 47 Guiwu North Road, Yunyan District, Guiyang, Guizhou Province

Appendix: List of Branches and Sub-Branches (Continued)

No.	Region	Name of institution	Address of institution
18	Guiyang	Guiyang Yunhuan Road Community sub-branch of Bank of Guizhou Co., Ltd.	Nos. F-1-14, F-1-15, F-1-16, F-1-20, F-1-21, F-1-22, F-1-23, Beishang Huacheng Shopping Center, Yunhuan Road, Baiyun District, Guiyang, Guizhou Province
19	Guiyang	Guiyang Shinan Road community sub-branch of Bank of Guizhou Co., Ltd.	No. 11 1/F, No. 69 Shinan Road, Nanming District, Guiyang, Guizhou Province
20	Guiyang	Guiyang Wudang sub-branch of Bank of Guizhou Co., Ltd.	No. 1 1/F and 2/F, Commodity Building Block 22, No. 22 Xintian Avenue, Wudang District, Guiyang, Guizhou Province
21	Guiyang	Guiyang Jinyang North Road sub-branch of Bank of Guizhou Co., Ltd.	Shops 1-1, 1-2, 1-3, 1-4, No. 6, Guanfu No.1, PowerChina Real Estate, No.378, Jinyang North Road, Guanshanhu District, Guiyang, Guizhou Province
22	Guiyang	Guiyang Zhongdu sub-branch of Bank of Guizhou Co., Ltd.	1/F, Zhongdu Building, No. 149 Zhonghua South Road, Nanming District, Guiyang, Guizhou Province
23	Guiyang	Guiyang Zaoshan Road Community sub-branch of Bank of Guizhou Co., Ltd.	Shop No.2, 1/F, Tiedao Building, No. 31 Zaoshan Road, Yunyan District, Guiyang, Guizhou Province
24	Guiyang	Guiyang Zhongtie Yidu Community sub-branch of Bank of Guizhou Co., Ltd.	Nos. 1, 2, 19, 20, 1/F, Unit 8, Block DS-6, 8, 10, 12, 14, Group D, Zhongtie Yidu International, No. 300 Shilin Road, Guanshanhu District, Guiyang, Guizhou Province
25	Guiyang	Guiyang Jinyang South Road Community sub-branch of Bank of Guizhou Co., Ltd.	Nos. 44, 45, 46, 47, 48, 1/F, Guoxi Center Construction Project, Phase I, Next to the side facing Jinyang South Road, Karst Park, Guanshanhu District, Guiyang, Guizhou Province
26	Guiyang	Guiyang Huizhan City sub-branch of Bank of Guizhou Co., Ltd.	1/F, Block D1, SOHO Area, Jinyang International Convention and Exhibition Center, Guanshanhu District, Guiyang, Guizhou Province
27	Guiyang	Guiyang Xifeng sub-branch of Bank of Guizhou Co., Ltd.	No. 1-1 1/F, Block 1, Kunlun Building, Hucheng Avenue, Yongjing Town, Xifeng County, Guiyang, Guizhou Province
28	Guiyang	Guiyang Liyang sub-branch of Bank of Guizhou Co., Ltd.	1/F, 601 Complex Building, Guiyang Liyang Aero Engine Co., Ltd., Baiyun District, Guiyang, Guizhou Province
29	Guiyang	Kaiyang sub-branch of Bank of Guizhou Co., Ltd.	1/F, No. 395 Kaizhou Avenue, Kaiyang County, Guiyang, Guizhou Province
30	Guiyang	Xiuwen sub-branch of Bank of Guizhou Co., Ltd.	1/F, Unit 1, Block 1, Chaoyang Road, Xiuwen County, Guiyang, Guizhou Province
31	Guiyang	Guiyang Qingzhen sub-branch of Bank of Guizhou Co., Ltd.	1/F, high-rise residence Block A, Hongshu Dongfang, Yunling East Road, Qingzhen City, Guiyang, Guizhou Province
32	Guiyang	Gui'an New Area sub-branch of Bank of Guizhou Co., Ltd.	Temporary financial services area in the new district near Baima Road, Gui'an New Area, Guizhou Province
33	Guiyang	Guiyang Huaguoyuan sub-branch of Bank of Guizhou Co., Ltd.	Nos. 1005A & 1005B, phase one, Huaguoyuan Project, Zhongshan South Road, Guiyang, Guizhou Province
34	Guiyang	Guiyang Shuanglong Air Harbor sub-branch of Bank of Guizhou Co., Ltd.	Shop B, No.28, -3/F, Building B, phase one, Longdongbao E-Business Port, No. 9 Airport Road, Nanming District, Guiyang, Guizhou Province

Appendix: List of Branches and Sub-Branches (Continued)

No.	Region	Name of institution	Address of institution
35	Guiyang	Gui'an University Town sub-branch of Bank of Guizhou Co., Ltd.	Block A4, Shuangchuang Park of University Town, Guizhou Light Industry Technical College, Huaxi University Town, Gui'an New Area, Guizhou Province
36	Guiyang	Guiyang Shibei Road sub-branch of Bank of Guizhou Co., Ltd.	No. 1 Shibei Road, Yunyan District, Guiyang, Guizhou Province
37	Guiyang	Guiyang Beijing Road sub-branch of Bank of Guizhou Co., Ltd.	No. 9 Beijing Road, Yunyan District, Guiyang, Guizhou Province
38	Guiyang	Guiyang Baiyun sub-branch of Bank of Guizhou Co., Ltd.	Nos. 2&3, 1/F, No. 65 Zhonghuan Road, Baiyun District, Guiyang, Guizhou Province
39	Guiyang	Guiyang Lanhua Plaza sub-branch of Bank of Guizhou Co., Ltd.	Shops S113, S114, S115, S116, Block 4, J Section, Huaguoyuan, Nanming District, Guiyang, Guizhou Province
40	Guiyang	Guiyang Weilai Fangzhou sub-branch of Bank of Guizhou Co., Ltd.	Nos. 16-18 Basement 7, Group E4, Weilai Fangzhou, Yu'an Anjin Area, Yunyan District, Guiyang, Guizhou Province
41	Guiyang	Guiyang Zhujiang Road sub-branch of Bank of Guizhou Co., Ltd.	Room 7&8 1/F, Block 14, Wanke Daduhui, No. 368 Zhujiang Road, Huaxi District, Guiyang, Guizhou Province
42	Guiyang	Guiyang Beijing West Road sub-branch of Bank of Guizhou Co., Ltd.	Around the corner on 1/F, Building No. 5, Longquan Resettlement Community, intersection between Beijing West Road and Jinyuan Street, Guanshanhu District, Guiyang, Guizhou Province
43	Guiyang	Guiyang Daqing Road sub-branch of Bank of Guizhou Co., Ltd.	Shop No. 5, 1/F, No. 17 Meishu Yangguang Community, No. 288 Daqing Road, Nanming District, Guiyang, Guizhou Province
44	Guiyang	Guiyang Huansha Road sub-branch of Bank of Guizhou Co., Ltd.	1/F of attached building, No. 157 Huansha Road, Yunyan District, Guiyang, Guizhou Province
45	Guiyang	Guiyang Xiaochehe Road sub-branch of Bank of Guizhou Co., Ltd.	Shops 103 & 104, 1/F, Block 2, R2 Section, Xiaochehe Road, Huaguoyuan, Nanming District, Guiyang, Guizhou Province
46	Guiyang	Guiyang Dongshan Road sub-branch of Bank of Guizhou Co., Ltd.	Nos. 1-23, Block 1-4, Group Nine & Ten, Zhongtian Shiji New Town, No. 198 Dongshan Road, Yunyan District, Guiyang, Guizhou Province
47	Guiyang	Guiyang Huaxi Avenue sub-branch of Bank of Guizhou Co., Ltd.	No. 3078, Qingxi Road, Huaxi District, Guiyang, Guizhou Province
48	Guiyang	Guiyang Zhongshan West Road sub-branch of Bank of Guizhou Co., Ltd.	No. 1 affiliated to No. 23 1/F, Huayi Building, No. 77 Zhongshan West Road, Nanming District, Guiyang, Guizhou Province
49	Guiyang	Guiyang Yanwu Street sub-branch of Bank of Guizhou Co., Ltd.	No. 35 Yanwu Street, Yunyan District, Guiyang, Guizhou Province
50	Guiyang	Guiyang Huguo Road sub-branch of Bank of Guizhou Co., Ltd.	No. 1 Basement 1, Shangri-La Building, No. 82 Huguo Road, Nanming District, Guiyang, Guizhou Province
51	Guiyang	Guiyang Youlin Road sub-branch of Bank of Guizhou Co., Ltd.	No. 1 Basement 1, Group G4, Weilai Fangzhou, Yu'an Anjin Area, Yunyan District, Guiyang, Guizhou Province
52	Guiyang	Qingzhen Yunling Middle Road sub-branch of Bank of Guizhou Co., Ltd.	No.91 Yunling Middle Road, Qingzhen, Guizhou Province
53	Guiyang	Guiyang Shachong North Road sub-branch of Bank of Guizhou Co., Ltd.	No. 2, 1/F, Block I, J, K, G, California Sunshine New Town, No.145 Shachong North Road, Guiyang, Guizhou Province

Appendix: List of Branches and Sub-Branches (Continued)

No.	Region	Name of institution	Address of institution
54	Zunyi	Zunyi branch Business Department of Bank of Guizhou Co., Ltd.	Middle Section of Xiamen Road, Huichuan District, Zunyi, Guizhou Province
55	Zunyi	Zunyi Hangtian sub-branch of Bank of Guizhou Co., Ltd.	No. 36 Beijing Road, Honghuagang District, Zunyi, Guizhou Province
56	Zunyi	Zunyi Waihuan Road sub-branch of Bank of Guizhou Co., Ltd.	Unit 4, 1/F, Block Caiyunjian, Dasenxin Town, Waihuan Road, Honghuagang District, Zunyi, Guizhou Province
57	Zunyi	Zunyi Nangongshan sub-branch of Bank of Guizhou Co., Ltd.	Units 004, 005 & 006, 1/F, Block 5, Zone B, Xinxueyu Southwestern Agricultural Products Trading Center, Zunyi Xiangjiang Industry Zone, Nangan Street Office, Honghuagang District, Zunyi, Guizhou Province
58	Zunyi	Meitan County sub-branch of Bank of Guizhou Co., Ltd.	Shops 3, 4, 5, 6, 7 & 8, Old Town (Shanty Town) Alternation Project, Former Industry and Commerce Bureau Area, Meitan County, Zunyi, Guizhou Province
59	Zunyi	Zunyi Huichuan sub-branch of Bank of Guizhou Co., Ltd.	Haixin Building, Hong Kong Road, Huichuan District, Zunyi, Guizhou Province
60	Zunyi	Zunyi Hong Kong Road sub-branch of Bank of Guizhou Co., Ltd.	Baoli Building, Hong Kong Road, Huichuan District, Zunyi, Guizhou Province
61	Zunyi	Zunyi Jinshan sub-branch of Bank of Guizhou Co., Ltd.	Shops 17-18, 1/F, East Section of Guangzhou Road, Huichuan District, Zunyi, Guizhou Province
62	Zunyi	Zunyi Nanjing Road sub-branch of Bank of Guizhou Co., Ltd.	1/F, Office Building, Land and Resources Branch, Zunyi Economic Technological Development Area, Junction of Nanjing Road and Ningbo Road, Huichuan District, Zunyi, Guizhou Province
63	Zunyi	Zunyi Zhongnan sub-branch of Bank of Guizhou Co., Ltd.	Nos. 84-88 Zhonghua South Road, Honghuagang District, Zunyi, Guizhou Province
64	Zunyi	Zunyi Xinhua sub-branch of Bank of Guizhou Co., Ltd.	Nos. 54-56 Xinhua Road, Honghuagang District, Zunyi, Guizhou Province
65	Zunyi	Zunyi Tianyu sub-branch of Bank of Guizhou Co., Ltd.	Commercial Units 1, 2 & 3, 1/F, Block A, Jingteng Construction Materials Market, Waihuan Road, Honghuagang District, Zunyi, Guizhou Province
66	Zunyi	Zunyi Donggongsi sub-branch of Bank of Guizhou Co., Ltd.	Unit 1-1, Block 1, Feiyang Tiandi, Huichuan Avenue, Zunyi, Guizhou Province
67	Zunyi	Zunyi Zhongbei sub-branch of Bank of Guizhou Co., Ltd.	Shops 6, 7, 8 & 9, 1/F, Family Dormitory Building, Dongjiu Factory, Zhonghua North Road, Honghuagang District, Zunyi, Guizhou Province
68	Zunyi	Zunyi Shanghai Road sub-branch of Bank of Guizhou Co., Ltd.	Shops 7 & 8, 1/F, Block B, Phase II of Longquan Changqingting Garden, Shanghai Road, Huichuan District, Zunyi, Guizhou Province
69	Zunyi	Zunyi Court Street sub-branch of Bank of Guizhou Co., Ltd.	Shops B11, B12, B13 & B14, 1/F, Zone B, Longhua Laocheng New Street, Honghuagang District, Zunyi, Guizhou Province
70	Zunyi	Zunyi Xima Road sub-branch of Bank of Guizhou Co., Ltd.	Shops 9 & 10, Block B, Meilunhuaxiang, Xima Road, Zunyi, Guizhou Province

Appendix: List of Branches and Sub-Branches (Continued)

No.	Region	Name of institution	Address of institution
71	Zunyi	Zunyi Honghuagang sub-branch of Bank of Guizhou Co., Ltd.	Middle Section of Haier Avenue, Honghuagang District, Zunyi, Guizhou Province
72	Zunyi	Zunyi Nanzhou Road sub-branch of Bank of Guizhou Co., Ltd.	No. 270 Nanzhou Road, Honghuagang District, Zunyi, Guizhou Province
73	Zunyi	Zunyi Haier Avenue sub-branch of Bank of Guizhou Co., Ltd.	2-1 Yongcheng Building, Yongshengting Ruiyuan, Haier Avenue, Honghuagang District, Zunyi, Guizhou Province
74	Zunyi	Zunyi Lanjiabao sub-branch of Bank of Guizhou Co., Ltd.	Shops 8-9, Block 18, Lanjiabao Community, Honghuagang District, Zunyi, Guizhou Province
75	Zunyi	Zunyi Yinghong Bridge sub-branch of Bank of Guizhou Co., Ltd.	Unit 1-392, 1/F, Phase I Podium, Zone A, Zhongtian Wanli Xiangjiang, Wanli Road, Honghuagang District, Zunyi, Guizhou Province
76	Zunyi	Zunyi Bozhou sub-branch of Bank of Guizhou Co., Ltd.	Unit 1-10, 1/F, Block 5, Modern Town Square, Avenue South Section, Bozhou District, Zunyi, Guizhou Province
77	Zunyi	Zunyi Goujiang sub-branch of Bank of Guizhou Co., Ltd.	Junction of Dongnan Avenue and Goujiang Avenue, Goujiang Town, Bozhou District, Zunyi, Guizhou Province
78	Zunyi	Zunyi Majiawan sub-branch of Bank of Guizhou Co., Ltd.	No. 262 Tianchi Avenue, Longkeng Street, Bozhou District, Zunyi, Guizhou Province
79	Zunyi	Renhuai sub-branch of Bank of Guizhou Co., Ltd.	Commercial & Administrative Complex, Jiudu Xinjing Town Garden, east side of Guojiu Avenue, Jiudu New District, Renhuai, Zunyi, Guizhou Province
80	Zunyi	Renhuai Guojiu Road sub-branch of Bank of Guizhou Co., Ltd.	No. 6-7 Guojiu Middle Road, Renhuai, Zunyi, Guizhou Province
81	Zunyi	Renhuai Maotai sub-branch of Bank of Guizhou Co., Ltd.	Shop 122, Maotai Lobby Commercial Square, South of 1915 Square, Maotai Town, Renhuai, Zunyi, Guizhou Province
82	Zunyi	Renhuai Zhongshu sub-branch of Bank of Guizhou Co., Ltd.	A26-1-1-1, A26-1-1-2, A26-1-1-3, A26-1-1-4 and A26-1-1-5, Huibang International Building, Chengnan Community, Yanjin Street Office, Renhuai, Zunyi, Guizhou Province
83	Zunyi	Chishui City sub-branch of Bank of Guizhou Co., Ltd.	Shop 8, Jinwei Jiezu, Xiangyang Road, Chishui, Zunyi, Guizhou Province
84	Zunyi	Tongzi County sub-branch of Bank of Guizhou Co., Ltd.	Block 4, Zone 11, Wenbi Road, Loushangan Town, Tongzi County, Zunyi, Guizhou Province
85	Zunyi	Tongzi County Loushan sub-branch of Bank of Guizhou Co., Ltd.	Shops 40, 41 & 42, Central Commercial Town, Shiji Xincheng, South Section of Dongqing Road, Tongzi County, Zunyi, Guizhou Province
86	Zunyi	Xishui County sub-branch of Bank of Guizhou Co., Ltd.	Units 1-13, 1/F, "Huijing Xincheng • Wealth Square", Cross of Ruijin Road and Zunyi Road, Xiancheng West Area, Xishui County, Zunyi, Guizhou Province
87	Zunyi	Yuqing sub-branch of Bank of Guizhou Co., Ltd.	Xinglong Road, Baini Town, Yuqing County, Zunyi, Guizhou Province
88	Zunyi	Fenggang sub-branch of Bank of Guizhou Co., Ltd.	Xinggangan Community, Longquan Town, Fenggang County, Zunyi, Guizhou Province

Appendix: List of Branches and Sub-Branches (Continued)

No.	Region	Name of institution	Address of institution
89	Zunyi	Zheng'an sub-branch of Bank of Guizhou Co., Ltd.	Nos. B-11, B-12 & B-13, Shizishan Relocation Community, Shiji Fuyuan, Tongdu Avenue, Chengdong Area, Fengyi Town, Zheng'an County, Zunyi, Guizhou Province
90	Zunyi	Zunyi Shenyang Road sub-branch of Bank of Guizhou Co., Ltd.	Shops 17#, 18# & 19#, Block 60, Tianyang Community, Shenyang Road, Huichuan District, Zunyi, Guizhou Province
91	Zunyi	Chishui Hongjun Avenue sub-branch of Bank of Guizhou Co., Ltd.	Units 1-9, 1-10 & 1-11, Mingyi Building, "Junhao Town Garden", Hongjun Avenue, Chishui, Zunyi, Guizhou Province
92	Zunyi	Zunyi Nanbai sub-branch of Bank of Guizhou Co., Ltd.	Nos. 0-1-34, 0-1-35 and 0-2-2, Block 1-2, Shanty Town Transformation Project in Wanxaing Square Area, Nanbai Street Office, Bozhou District, Zunyi, Guizhou Province
93	Zunyi	Wuchuan sub-branch of Bank of Guizhou Co., Ltd.	Shops 2-1-8, 2-1-9 & 2-1-10, 1/F, Block 2, Wuxing Xingang, Dongsheng Avenue, Yangcun Village, Duru Town, Wuchuan Mulao and Miao Autonomous County, Zunyi, Guizhou Province
94	Zunyi	Daozhen sub-branch of Bank of Guizhou Co., Ltd.	Basement 1, Block 1, Linda Yangguang Jiayuan, Zunyi Road, Yuxi Town, Daozhen Mulao and Miao Autonomous County, Zunyi, Guizhou Province
95	Zunyi	Suiyang sub-branch of Bank of Guizhou Co., Ltd.	Shops 1-1, 1-2, 1-3, 1-4, 1-15, 1-16, 1-17 & 1-18, Zone K, Group II Project, Phase I of "Luyuan Town Square" Binhe 1st Road, Yangchuan Town, Suiyang County, Zunyi, Guizhou Province
96	Zunyi	Zunyi Xiazi sub-branch of Bank of Guizhou Co., Ltd.	South side of 1/F, Block 5#, R&D Zone, Xinpu Economic Development Area, Xiazi Town, Honghuagang District, Zunyi, Guizhou Province
97	Zunyi	Xishui County Fuxi Road sub-branch of Bank of Guizhou Co., Ltd.	1/F, Guifu Haoyuan, Fuxi Road, Xishui County, Zunyi, Guizhou Province
98	Zunyi	Zunyi Hexing Avenue sub-branch of Bank of Guizhou Co., Ltd.	Shops B33-1-70 & B33-2-54, Zhongjian • Happiness Town, west side of Hexing Avenue, Xinpu New District, Zunyi, Guizhou Province
99	Zunyi	Zunyi Dongxin Avenue sub-branch of Bank of Guizhou Co., Ltd.	Commercial Units -2-11, -2-12 & -2-13, Block D49&50, Zone 4, Group D, Dongxin Caihong Town, Dongxin Avenue, Honghuagang District, Zunyi, Guizhou Province
100	Zunyi	Meitan County Zunyihong Road sub-branch of Bank of Guizhou Co., Ltd.	Units 2-2-14, 2-2-15 & 2-2-16, -2/F, Block 2, Meijiang Haoyuan (Podium), Zunyihong Road, Meijiang Town, Meitan County, Zunyi, Guizhou Province
101	Zunyi	Zunyi Biyun sub-branch of Bank of Guizhou Co., Ltd.	Shops 2-3, Housing Office Alternation, Chengdu Military Region, No. 01-1-08 Biyun Road, Honghuagang District, Zunyi, Guizhou Province
102	Zunyi	Zunyi Xinpu sub-branch of Bank of Guizhou Co., Ltd.	No. 1-2, Building 1, Linda Yangguang New Town, Xinpu New Area, Bozhou Avenue, Xinpu New Area, Zunyi, Guizhou Province
103	Anshun	Anshun Xihang Road sub-branch of Bank of Guizhou Co., Ltd.	No. 136, Xihang Road, Economic and Technological Development Zone, Anshun, Guizhou Province
104	Anshun	Pingba sub-branch of Bank of Guizhou Co., Ltd.	Zhongshan Building, Zhongshan Road, Pingba District, Anshun, Guizhou Province

Appendix: List of Branches and Sub-Branches (Continued)

No.	Region	Name of institution	Address of institution
105	Anshun	Puding County sub-branch of Bank of Guizhou Co., Ltd.	No. 116, Guangming Road, Chengguan Town, Puding County, Anshun, Guizhou Province
106	Anshun	Zhenning County sub-branch of Bank of Guizhou Co., Ltd.	Shops 24-31, 1/F, "Longcheng Impression", south side of Yanhe Road, Zhenning County, Anshun, Guizhou Province
107	Anshun	Guanling County sub-branch of Bank of Guizhou Co., Ltd.	No. 12, Binhe Road, Guansuo Town, Guanling County, Anshun, Guizhou Province
108	Anshun	Anshun Dashizi sub-branch of Bank of Guizhou Co., Ltd.	No. 2 Tashan East Road, Xixiu District, Anshun, Guizhou Province
109	Anshun	Anshun Dongguan sub-branch of Bank of Guizhou Co., Ltd.	Dongsheng Xingyuan at intersection of Ruofei East Road and Jianshe Road, Anshun, Guizhou Province
110	Anshun	Anshun Tuobao Mountain sub-branch of Bank of Guizhou Co., Ltd.	Xixiu District Government Financial Center, Tuobao Mountain, Huangguoshu Street, Xixiu District, Anshun
111	Anshun	Anshun Xiaoshizi sub-branch of Bank of Guizhou Co., Ltd.	Shops 1-4&1-5, Block 1-B, Xichun Garden, Zhonghua North Road, Anshun
112	Anshun	Anshun Gufu Street sub-branch of Bank of Guizhou Co., Ltd.	Shops 14&15, Block 5, Tushu Road, Anshun, Guizhou Province
113	Anshun	Anshun Fenghuangshan sub-branch of Bank of Guizhou Co., Ltd.	Nos. 54, 55, 56, 57, "Longfeng Chengxiang" Basement 2, Longquan Road, Anshun, Guizhou Province
114	Anshun	Anshun Longqing Road sub-branch of Bank of Guizhou Co., Ltd.	Nos. 1-9&1-10, Yincheng Dijing, Longqing Road, Xixiu District, Anshun, Guizhou Province
115	Anshun	Anshun Development Zone sub-branch of Bank of Guizhou Co., Ltd.	Basement 3-2, Block A3, Jiangshan Garden (Panshan Longting) on Jianyanpo, west side of North 2nd Ring Road, Anshun, Guizhou Province
116	Anshun	Anshun Xixiu sub-branch of Bank of Guizhou Co., Ltd.	Office Building No. 1, No. 64 Zhonghua South Road, Anshun, Guizhou Province
117	Anshun	Anshun Nanhua sub-branch of Bank of Guizhou Co., Ltd.	Block A, Shun'an Shiji New Town, Nanhua Road, Anshun, Guizhou Province
118	Anshun	Anshun Jian'an sub-branch of Bank of Guizhou Co., Ltd.	Block 1, Plot 3, Group three, phase two, Dongguan Economically Affordable Housing Community, Zhonghua East Road, Xixiu District, Anshun, Guizhou Province
119	Anshun	Anshun Qianzhong sub-branch of Bank of Guizhou Co., Ltd.	Shops 1-8, 1-9, 1-10, Cuilu Jincheng, Anshun, Guizhou Province
120	Anshun	Anshun Wumiao sub-branch of Bank of Guizhou Co., Ltd.	Shops 0-2, Guozhao Community, Ruofei North Road, Anshun, Guizhou Province
121	Anshun	Ziyun sub-branch of Bank of Guizhou Co., Ltd.	Shop No. 101, 1/F, Block C, Hongtai Trade Mart, middle section of Getu Avenue, Ziyun County
122	Anshun	Huangguoshu New City sub-branch of Bank of Guizhou Co., Ltd.	No. 1, 1/F, Suofei'er Hotel, Huangguoshu New City, Guanling County, Guizhou Province
123	Anshun	Anshun Ruofei sub-branch of Bank of Guizhou Co., Ltd.	New Administrative Center of the Municipal Government on intersection of Wudang Road and North 2nd Ring Road, Anshun

Appendix: List of Branches and Sub-Branches (Continued)

No.	Region	Name of institution	Address of institution
124	Anshun	Anshun sub-branch Business Department of Bank of Guizhou Co., Ltd.	1-5/F, Block B, Yinxiang Anshun-Wealth Center, Huangguoshu Street, Xixiu District, Anshun, Guizhou Province
125	Qiannan	Duyun Jianjiang sub-branch of Bank of Guizhou Co., Ltd.	1/F and 3/F, Poly Star Mansion, No. 70, Doupengshan Road, Duyun, Qiannan Bouyei and Miao Autonomous Prefecture, Guizhou Province
126	Qiannan	Longli sub-branch of Bank of Guizhou Co., Ltd.	Shop 1 Basement 2 & Shop 2 Basement 2, Block A & Block B, Laiyinbao Community, Jinlong West Road, Guanshan Street, Longli County, Qiannan Prefecture, Guizhou Province
127	Qiannan	Fuquan sub-branch of Bank of Guizhou Co., Ltd.	1/F & 2/F, 6#, Block 4, Zhongxincheng • Tianjie, Chaoyang Road, Fuquan, Qiannan Prefecture, Guizhou Province
128	Qiannan	Guiding sub-branch of Bank of Guizhou Co., Ltd.	No. 71 Hongqi Road, Guiding County, Qiannan Prefecture, Guizhou Province
129	Qiannan	Weng'an sub-branch of Bank of Guizhou Co., Ltd.	Block 1, Zone B, Lvcheng Central Park, Hexi New District, Yongyang Town, Weng'an County, Qiannan Prefecture, Guizhou Province
130	Qiannan	Qiannan branch Business Department of Bank of Guizhou Co., Ltd.	1-5/F, Block 1, Guanlan Shengdingcheng Office Building, No. 25, Xishan Avenue, Duyun, Qiannan Prefecture, Guizhou Province
131	Qiannan	Huishui sub-branch of Bank of Guizhou Co., Ltd.	Shops in 1/F and 2/F, Jinhui Building, Huixing Road, Huishui County, Qiannan Bouyei and Miao Autonomous Prefecture, Guizhou Province
132	Qiannan	Duyun Economic Development Area sub-branch of Bank of Guizhou Co., Ltd.	Units 2-10, 11 & 12, 1/F, Block B, Yundu Guoji, Duyun Economic Development Area, Qiannan Prefecture, Guizhou Province
133	Qiannan	Changshun sub-branch of Bank of Guizhou Co., Ltd.	Units 2, 3 & 4, 1/F, Block 2, Xinhe Building, Chengnan Avenue, Chengnan New District, Changshun County, Qiannan Prefecture, Guizhou Province
134	Qiannan	Sandu sub-branch of Bank of Guizhou Co., Ltd.	Units 1 & 2, 1/F, Commercial Building, 68 Fudi, Zhonghua Road, Sanhe Town, Sandu County, Qiannan Prefecture, Guizhou Province
135	Qiannan	Pingtang sub-branch of Bank of Guizhou Co., Ltd.	Shops 22-25, 1/F & Shops 21-22, 2/F, Podiums 3 & 4, Central Street Community, Pingtang County, Qiannan Prefecture, Guizhou Province
136	Qiannan	Dushan sub-branch of Bank of Guizhou Co., Ltd.	Unit 11, 1/F, Fuzun Huating Commerce, Zhongnan Road, Dushan County, Qiannan Prefecture, Guizhou Province
137	Qiannan	Luodian sub-branch of Bank of Guizhou Co., Ltd.	Shops in 1/F and 2/F, Fashion Shopping Center, Block B, Guizhou Mingqiang Real Estate Development, Co., Ltd., Hebin Road, Luodian County, Qiannan Bouyei and Miao Autonomous Prefecture, Guizhou Province
138	Qiannan	Libo sub-branch of Bank of Guizhou Co., Ltd.	Units 101 & 102, No. 4 Zhangjiang East Road, Yuping Town, Libo County, Qiannan Prefecture, Guizhou Province
139	Qiannan	Duyun Dalong sub-branch of Bank of Guizhou Co., Ltd.	Shops 5-7 & 18-19, 1/F, Block 8, Yudufu, Dalong Avenue, Duyun, Qiannan Prefecture, Guizhou Province
140	Qiannan	Weng'an Middle Street sub-branch of Bank of Guizhou Co., Ltd.	Units 1-8 & 9, Block 7, Wenfeng Middle Road, Wengshui Huazhu Community, Weng'an County, Qiannan Prefecture, Guizhou Province
141	Qiannan	Duyun Shidai sub-branch of Bank of Guizhou Co., Ltd.	1/F, Times Square, No. 66 Jianjiang Middle Road, Duyun, Qiannan Prefecture, Guizhou Province

Appendix: List of Branches and Sub-Branches (Continued)

No.	Region	Name of institution	Address of institution
142	Qiandongnan	Kaili Ningbo Road sub-branch of Bank of Guizhou Co., Ltd.	Shops 1 & 2, Block B1, Xinding Guoji Mingju, No. 33 Ningbo Road, Kaili, Guizhou Province
143	Qiandongnan	Kaili Dashizi sub-branch of Bank of Guizhou Co., Ltd.	No. 11, Beijing East Road, Kaili City, Guizhou Province
144	Qiandongnan	Rongjiang sub-branch of Bank of Guizhou Co., Ltd.	Huilong Commercial Square, No. 9-1 Dongbingjiang Avenue, Rongjiang County, Guizhou Province
145	Qiandongnan	Danzhai sub-branch of Bank of Guizhou Co., Ltd.	1/F & 2/F, Cultural, Sports, Broadcast, Television & Tourism Bureau Building, east side of middle section of Longquan Avenue, Danzhai County, Guizhou Province
146	Qiandongnan	Jianhe sub-branch of Bank of Guizhou Co., Ltd.	No. 3 Yang'ashadong Avenue, Gedong Town, Jianhe County, Guizhou Province
147	Qiandongnan	Tianzhu sub-branch of Bank of Guizhou Co., Ltd.	Old Office Building, Land Tax Bureau, Commercial Zone II Road, Fengcheng Town, Tianzhu County, Guizhou Province
148	Qiandongnan	Kaili Century Town sub-branch of Bank of Guizhou Co., Ltd.	Shops 9 & 10, 1/F, Century Town, No. 22 Wenhua North Road, Kaili, Guizhou Province
149	Qiandongnan	Qiandongnan branch Business Department of Bank of Guizhou Co., Ltd.	1/F-3/F, Fengqiu Xintiandi, Yingbin Avenue, Kaili City, Qiandongnan Miao and Dong Autonomous Prefecture, Guizhou Province
150	Qiandongnan	Huangping sub-branch of Bank of Guizhou Co., Ltd.	No. 2 Feiyun Road, Xinzhou Town, Huangping County, Guizhou Province
151	Qiandongnan	Taijiang sub-branch of Bank of Guizhou Co., Ltd.	No. 8 Miaojiang East Avenue, Taigong Town, Taijiang County, Guizhou Province
152	Qiandongnan	Liping sub-branch of Bank of Guizhou Co., Ltd.	Shops 12-15 and portion of 2/F, Block 8, Li'nan Jiayuan, Wukai South Road, Defeng Town, Liping County, Guizhou Province
153	Qiandongnan	Zhenyuan sub-branch of Bank of Guizhou Co., Ltd.	Former Hardware Factory's Dormitory, Lianhe Street, Wuyang Town, Zhenyuan County, Guizhou Province
154	Qiandongnan	Sansui sub-branch of Bank of Guizhou Co., Ltd.	Shops 1-3 and portion of 3/F, Jinxiu Qiancheng, Fuzheng West Road, Bagong Town, Sanshui County, Guizhou Province
155	Qiandongnan	Congjiang sub-branch of Bank of Guizhou Co., Ltd.	Block 1 & Block 2, Trade Town, Jian'an Road, Bingmei Town, Congjiang County, Guizhou Province
156	Qiandongnan	Leishan sub-branch of Bank of Guizhou Co., Ltd.	No. 115 Leigongshan Avenue, Danjiang Town, Leishan County, Guizhou Province
157	Qiandongnan	Majiang sub-branch of Bank of Guizhou Co., Ltd.	1/F & 2/F, Land and Resources Bureau Building, Fenghuang Avenue, Xingshan Town, Majiang County, Guizhou Province
158	Qiandongnan	Jinping sub-branch of Bank of Guizhou Co., Ltd.	Shops 13-18, State-owned company settlement building, north side of Binjiang Avenue, Sanjiang Town, Jinping County, Guizhou Province
159	Qiandongnan	Cengong sub-branch of Bank of Guizhou Co., Ltd.	1/F & 2/F, south side of Waihuan West Road (Yukai Express ExitDayuan Road Link), Cengong County, Guizhou Province
160	Qiandongnan	Shibing sub-branch of Bank of Guizhou Co., Ltd.	1/F, Office Building, Water Resources Bureau, Zhongsha Avenue, Chengguan Town, Shibing County, Guizhou Province

Appendix: List of Branches and Sub-Branches (Continued)

No.	Region	Name of institution	Address of institution
161	Qiandongnan	Kaili Weilaicheng sub-branch of Bank of Guizhou Co., Ltd.	Shops 90, 92-97, 101, 1/F, North Zone of the Commercial Plaza, Jiahe Shengshi Phase Two, No. 140, Kaimian Road, Kaili, Guizhou Province
162	Qiandongnan	Kaili Shaoshan Road sub-branch of Bank of Guizhou Co., Ltd.	Two commercial units with street frontage, 1/F, Kaili Hexie Dunpu Hotel, No. 70, Shaoshan South Road, Kaili City, Qiandongnan Miao and Dong Autonomous Prefecture, Guizhou Province
163	Tongren	Tongren branch Business Department of Bank of Guizhou Co., Ltd.	No. 256 Jinlin Avenue, Wanshan District, Tongren, Guizhou Province
164	Tongren	Dejiang sub-branch of Bank of Guizhou Co., Ltd.	No. 4 Wujiang North Road, Qinglong Street, Dejiang County, Tongren, Guizhou Province
165	Tongren	Songtao sub-branch of Bank of Guizhou Co., Ltd.	1/F, Block 1, Zone C, Binjiang Garden, Qixing Avenue, Liaogao Street Office, Songtao Miao Autonomous County, Tongren, Guizhou Province
166	Tongren	Tongren Dashizi sub-branch of Bank of Guizhou Co., Ltd.	Unit 101-3, Fulin Building, Jiefang Road, Bijiang District, Tongren, Guizhou Province
167	Tongren	Tongren Train Station sub-branch of Bank of Guizhou Co., Ltd.	7#, Planned Zone D, Railway Station Square, Bijiang District, Tongren, Guizhou Province
168	Tongren	Yuping sub-branch of Bank of Guizhou Co., Ltd.	1/F, Yuanda Caizhi Center, Yuping, Maoping New District, Yuping Dong Autonomous County, Tongren, Guizhou Province
169	Tongren	Yanhe sub-branch of Bank of Guizhou Co., Ltd.	Tuanjie Avenue, Development Area, Yanhe Tujia Autonomous County, Tongren, Guizhou Province (Opposite to County SAT Bureau)
170	Tongren	Si'nan sub-branch of Bank of Guizhou Co., Ltd.	1/F & 2/F, Water Resources Bureau Office Building, Guizhou Xinyue Group Shengshi Haoting, Chengbei Street, Si'nan County, Tongren, Guizhou Province
171	Tongren	Yinjiang sub-branch of Bank of Guizhou Co., Ltd.	Xiyuan Road, Eling Town, Yinjiang Tujia and Miao Autonomous County, Tongren, Guizhou Province (1/F, Commercial & Residential Building, Duwei Guoji)
172	Tongren	Tongren Jinjiang sub-branch of Bank of Guizhou Co., Ltd.	Ancillary Building, Jinjiang Hotel, No. 8 Jinjiang South Road, Tongren, Guizhou Province
173	Tongren	Jiangkou sub-branch of Bank of Guizhou Co., Ltd.	Foguang Road, Shuangjiang Street Office, Jiangkou County, Tongren, Guizhou Province
174	Tongren	Shiqian sub-branch of Bank of Guizhou Co., Ltd.	1/F, Guoji Minghao, Fodingshan South Road, Wenbi Community, Qundu Street Office, Shiqian County, Tongren, Guizhou Province
175	Tongren	Tongren Bijiang sub-branch of Bank of Guizhou Co., Ltd.	Unit 3, 1/F, Block B, Bandaoyuan, No. 19 Nanchangcheng Road, Bijiang District, Tongren, Guizhou Province
176	Bijie	Qixingguan sub-branch of Bank of Guizhou Co., Ltd.	1/F, Block A, Shangcheng International, Biyang Avenue, Qixinguan District, Bijie, Guizhou Province
177	Bijie	Jinsha sub-branch of Bank of Guizhou Co., Ltd.	Block F0026, Zone B, Kaiming Tongxin City, Yuping Community, Guchang Street, Jinsha County, Bijie, Guizhou Province
178	Bijie	Zhijin sub-branch of Bank of Guizhou Co., Ltd.	Zijin Huafu, No. 2 Jinan Road, Chengguan Town, Zhijin County, Bijie, Guizhou Province

Appendix: List of Branches and Sub-Branches (Continued)

No.	Region	Name of institution	Address of institution
179	Bijie	Qianxi sub-branch of Bank of Guizhou Co., Ltd.	Fulin International, Wenhua Road, Qianxi County, Bijie, Guizhou Province
180	Bijie	Weining sub-branch of Bank of Guizhou Co., Ltd.	Building No. 1, Yangguang 100 International New City, Binhai Avenue, Weining County, Bijie, Guizhou Province
181	Bijie	Bijie branch Business Department of Bank of Guizhou Co., Ltd.	Block A, Jinyuanda Time Square, Baili Dujuan Road, Qixinguan District, Bijie, Guizhou Provinc
182	Bijie	Nayong sub-branch of Bank of Guizhou Co., Ltd.	1/F, Yonghuafu, Jingsi Road, Yongxi Town, Nayong County, Bijie, Guizhou Province
183	Bijie	Dafang sub-branch of Bank of Guizhou Co., Ltd.	1/F, Dongfang Hotel, west side of middle section of Shexiang Avenue, Dafang County, Bijie, Guizhou Province
184	Bijie	Hezhang sub-branch of Bank of Guizhou Co., Ltd.	Longquan Road, Chengguan Town, Hezhang County, Bijie, Guizhou Province
185	Bijie	Bijie Jinhaihu New District sub-branch of Bank of Guizhou Co., Ltd.	1/F, Block 1, Jinhai Xinyuan, Jinhaihu New District, Bijie, Guizhou Province
186	Bijie	Bijie Hongshan sub-branch of Bank of Guizhou Co., Ltd.	1/F, Hongshan Wealth International, No. 5 Hongshan Road, Qixinguan District, Bijie, Guizhou Province
187	Bijie	Weining Liuqiao sub-branch of Bank of Guizhou Co., Ltd.	1/F, Jinse Yangguang Building, west side of Renmin North Road, Liuqiao Street, Weining County, Bijie, Guizhou Province
188	Bijie	Bijie Tianhe sub-branch of Bank of Guizhou Co., Ltd.	1/F Block 9, Tianhe Farmer's Market, Tianhe Road, Qixinguan District, Bijie, Guizhou Province
189	Bijie	Baili Dujuan sub-branch of Bank of Guizhou Co., Ltd.	1/F, Builing No. 23, Pengcheng Community, Pudi Township, Dafang County, Bijie, Guizhou Province
190	Bijie	Jinsha Zhonghua sub-branch of Bank of Guizhou Co., Ltd.	No. 157 Zhonghua Road, Guchang Street, Jinsha County, Bijie, Guizhou Province
191	Bijie	Dafang Yingbin sub-branch of Bank of Guizhou Co., Ltd.	Shops No. 7-8, Jiuhuan International Phase I, Yingbin Avenue Road No.4, Xinzhuang Village, Shunde Street, Dafang County, Bijie City, Guizhou Province
192	Bijie	Zhijin Anju sub-branch of Bank of Guizhou Co., Ltd.	1/F, State-owned company settlement building No. 3-4, Anju Road, Shuangyan Street, Zhijin County, Bijie City, Guizhou Province
193	Liupanshui	Liupanshui branch Business Department of Bank of Guizhou Co., Ltd.	Baolong International Building, No.36 Zhongshan West Road, Liupanshui, Guizhou Province
194	Liupanshui	Liupanshui Liangdu sub-branch of Bank of Guizhou Co., Ltd.	No. 37, Zhongshan West Road, Liupanshui, Guizhou Province
195	Liupanshui	Liupanshui Qunli sub-branch of Bank of Guizhou Co., Ltd.	Shops 1-1 & 1-2, Block A, Jiusheng Building, east side of Guangchang Road, Liupanshui, Guizhou Province
196	Liupanshui	Liupanshui Jinxing sub-branch of Bank of Guizhou Co., Ltd.	Nos. 8, 9, 10 affiliated to No. 14, Renmin Middle Road, Liupanshui, Guizhou Province
197	Liupanshui	Liupanshui Yinxing sub-branch of Bank of Guizhou Co., Ltd.	Room 103 affiliated to No. 25, Zhongshan Middle Road, Liupanshui, Guizhou Province

Appendix: List of Branches and Sub-Branches (Continued)

No.	Region	Name of institution	Address of institution
198	Liupanshui	Liuzhi Special Region sub-branch of Bank of Guizhou Co., Ltd.	A-08 & A-09, 1/F Gongkuang Building, No. 22 Renmin Road, Pingzhai Town, Liuzhi Special Region, Liupanshui, Guizhou Province
199	Liupanshui	Panzhou Shuangfeng sub-branch of Bank of Guizhou Co., Ltd.	No. 57 Yanhe South Road, Shuangfeng Town, Panzhou City, Liupanshui, Guizhou Province
200	Liupanshui	Panzhou sub-branch of Bank of Guizhou Co., Ltd.	1/F, Shangpin International Commercial Square, Shengjing Avenue, Yizi Street, Panzhou City, Liupanshui, Guizhou Province
201	Liupanshui	Liupanshui Guanting sub-branch of Bank of Guizhou Co., Ltd.	No. 101 affiliated to No. 24 Renmin East Road, Zhongshan District, Liupanshui, Guizhou Province
202	Liupanshui	Liupanshui Hecheng sub-branch of Bank of Guizhou Co., Ltd.	1/F & 2/F, Block B, Mingdu Commercial Plaza, Zhongshan District, Liupanshui, Guizhou Province
203	Liupanshui	Liupanshui Huangtupo sub-branch of Bank of Guizhou Co., Ltd.	Opposite to Suning Appliance, intersection of Kangle South Road, Zhongshan District, Liupanshui, Guizhou Province
204	Liupanshui	Shuicheng sub-branch of Bank of Guizhou Co., Ltd.	No. 126 Jinshan Road, Shuangshui Development Area, Shuicheng District, Liupanshui, Guizhou Province
205	Liupanshui	Panzhou Boguo sub-branch of Bank of Guizhou Co., Ltd.	1/F, Jianhe Commercial Center, Yanjiang West Road, Boguo Town, Panzhou City, Liupanshui, Guizhou Province
206	Liupanshui	Liupanshui Gangcheng sub-branch of Bank of Guizhou Co., Ltd.	No. 452279, Shuigang Baxi Middle Road, Liupanshui, Guizhou Province
207	Liupanshui	Panzhou Panjiang sub-branch of Bank of Guizhou Co., Ltd.	No. 5 Panjiang North Road, Hanlin Street, Panzhou City, Guizhou Province
208	Liupanshui	Liupanshui Qilin sub-branch of Bank of Guizhou Co., Ltd.	1/F, Housing Provident Fund Management Center, Qilin Road, Zhongshan District, Liupanshui, Guizhou Province
209	Liupanshui	Liupanshui Zhongshan sub-branch of Bank of Guizhou Co., Ltd.	1/F for commercial purpose, Block A3, Deyuan • Future City, Fenghuang New District, Zhongshan District, Liupanshui, Guizhou Province
210	Liupanshui	Liupanshui Jintai sub-branch of Bank of Guizhou Co., Ltd.	Jintai Building, No. 73, Zhongshan Middle Road, Liupanshui
211	Liupanshui	Liuzhi Jiankang sub-branch of Bank of Guizhou Co., Ltd.	1/F & 2/F, Block E, Jiankang Road, Pingzhai Town, Liuzhi, Special District
212	Liupanshui	Liupanshui Dexinyuan sub-branch of Bank of Guizhou Co., Ltd.	Shops No. 103 & 104, Building No. 3, Zhonglian-Huixi Garden, Southeast corner of the intersection of Zhongshan West Road and Deyue Road, Dewu Area, Liupanshui, Guizhou Province
213	Liupanshui	Panzhou Hongguo sub-branch of Bank of Guizhou Co., Ltd.	1/F, Office Building, Guizhou Panxing Energy Development Investment Limited, Yizi Street, Panzhou City, Liupanshui, Guizhou Province
214	Liupanshui	Liupanshui Hongqiao sub-branch of Bank of Guizhou Co., Ltd.	1/F, Outlets International Plaza, Hongqiao New District, Liupanshui
215	Qianxinan	Qianxinan branch Business Department of Bank of Guizhou Co., Ltd.	1/F-2/F, Aocheng Community, Ruijin Avenue, Xingyi, Qianxinan Bouyei and Miao Autonomous Prefecture, Guizhou Province
216	Qianxinan	Xingren sub-branch of Bank of Guizhou Co., Ltd.	Middle Section of Zhenxing Avenue, Donghu Street Office, Xingren, Qianxinan Bouyei and Miao Autonomous Prefecture, Guizhou Province


Appendix: List of Branches and Sub-Branches (Continued)

No.	Region	Name of institution	Address of institution
217	Qianxinan	Zhenfeng sub-branch of Bank of Guizhou Co., Ltd.	Side of New Transit Center, Yongfeng Avenue, Mingu Town, Zhenfeng County, Guizhou Province
218	Qianxinan	Anlong sub-branch of Bank of Guizhou Co., Ltd.	Unit 108, Stone Factory Group, Xihe Village, Zhaodi Street Office, Anlong County, Guizhou Province
219	Qianxinan	Xingyi Ruijin sub-branch of Bank of Guizhou Co., Ltd.	No.1 Panjiang Road, Xingyi, Qianxinan Prefecture, Guizhou Province
220	Qianxinan	Pu'an sub-branch of Bank of Guizhou Co., Ltd.	Block 2, Jinqiao Baihui, Nanhu Street, Pu'an County, Qianxinan Prefecture, Guizhou Province
221	Qianxinan	Qinglong sub-branch of Bank of Guizhou Co., Ltd.	Dong Street, Dongbei Community, Liancheng Town, Qinglong County, Qianxinan Prefecture, Guizhou Province
222	Qianxinan	Wangmo sub-branch of Bank of Guizhou Co., Ltd.	South side of Wangmu Square, Wangmo County, Qianxinan Prefecture, Guizhou Province
223	Qianxinan	Ceheng sub-branch of Bank of Guizhou Co., Ltd.	Former SAT Bureau Office Building, Crossroad of Qianjin Road, Zhelou Street Office, Ceheng County, Qianxinan Prefecture, Guizhou Province
224	Qianxinan	Xingyi Wanfeng sub-branch of Bank of Guizhou Co., Ltd.	Side of Civil Aviation Avenue in Xingyi City, Qianxinan Prefecture, Guizhou Province



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 Bank of Guizhou Head Office Building, No. 9, Yongchang Road,
Guanshanhu District, Guiyang, Guizhou Province