



新江銀 心 服务

JIANGXI BANK CO., LTD.

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

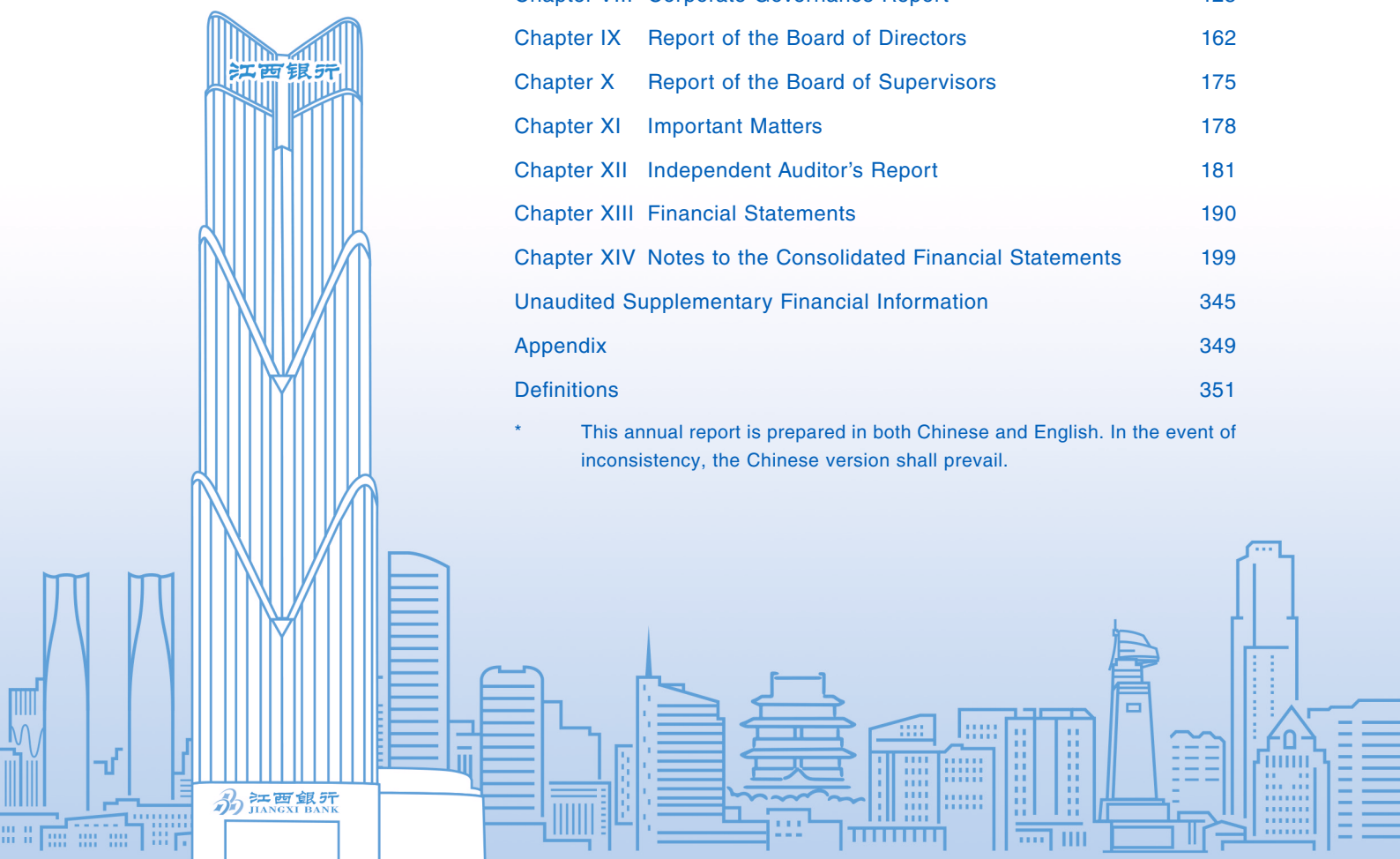
ANNUAL REPORT
2023



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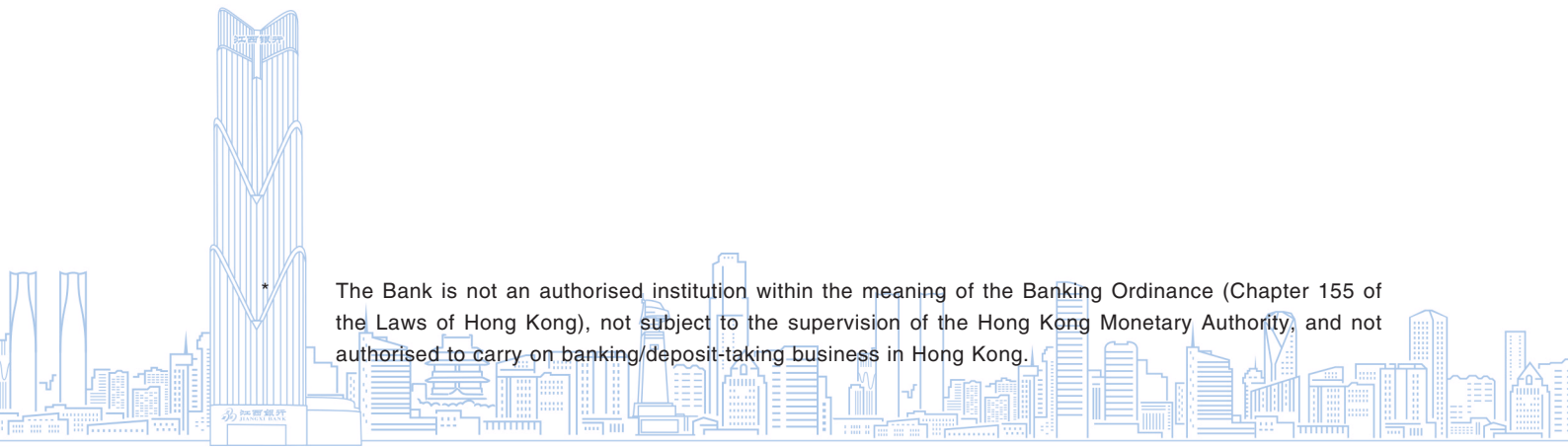
* This annual report is prepared in both Chinese and English. In the event of inconsistency, the Chinese version shall prevail.



CHAPTER I COMPANY PROFILE

1.1 BASIC INFORMATION

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



The Bank is not an authorised 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 authorised to carry on banking/deposit-taking business in Hong Kong.

CHAPTER I COMPANY PROFILE

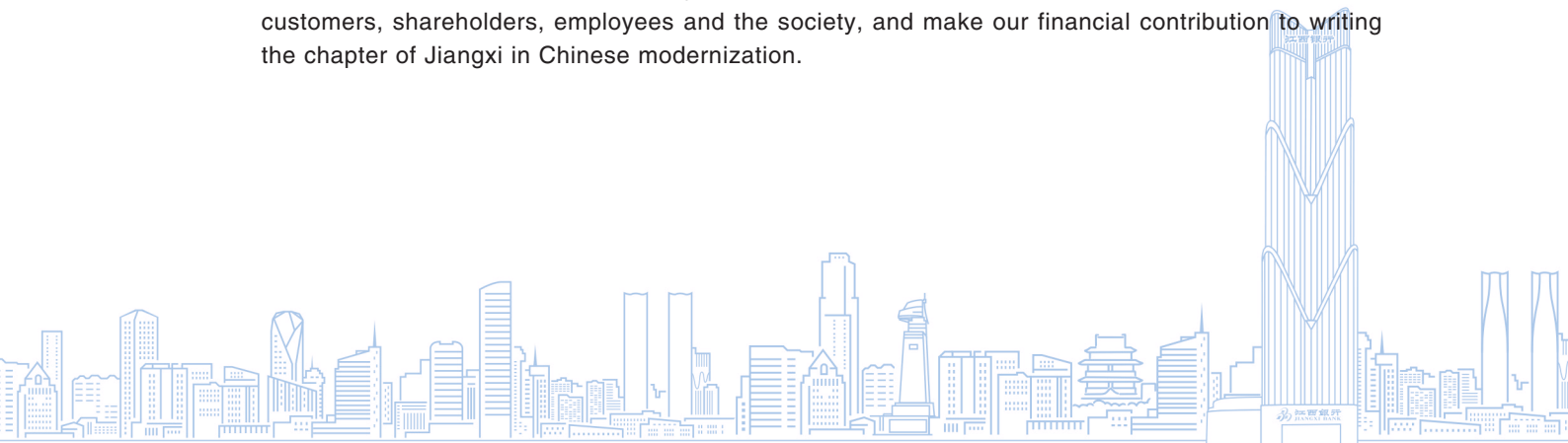
1.2 COMPANY PROFILE

Jiangxi Bank is a provincial corporate bank, and a director union of the China Banking Association. The Bank was officially established in December 2015 and listed in Hong Kong in June 2018. As of the end of 2023, the Bank had a total of 5,143 full-time employees. The Bank's outlets have gained presence across districts and cities in Jiangxi Province, and the Bank has established two branches outside the province, i.e. in Guangzhou and Suzhou. At the same time, the Bank initiated the establishment of the first financial leasing company in Jiangxi Province and 5 rural banks.

Centering around high-quality development through digital transformation, adhering to the business philosophy of “serving urban and rural residents, serving small and medium-sized enterprises and serving the local economy,” Jiangxi Bank exerts every effort to provide high-quality, efficient, convenient and comprehensive financial services for customers of different types and needs. As of the end of 2023, the Group's total assets was RMB552.345 billion; the total amount of deposits from customers was RMB381.212 billion; the total loans and advances to customers was RMB336.890 billion, and the operating income and net profit were RMB11.297 billion and RMB1.074 billion respectively.

Since its inception, the Bank has made rapid progress in various fields and gained wide recognition from many sectors of the society in many respects under the leadership of the CPC Jiangxi Provincial Committee and Jiangxi Provincial Government as well as the strong support from all walks of life. The Bank ranked 227th in “2023 Top 1,000 World Banks ranking” released by The Banker, a British magazine, ranked 48th among commercial banks in the “2023 China Banking Top 100 List” by the China Banking Association, ranked the 31st among City Commercial Banks in the Overall Evaluation 2023 by the GYROSCOPE Evaluation System of China Banking Association, and received a number of honors such as “2023 Excellent Participating Institution in the Digital Supply Chain Finance Service Platform” among 20 banks in China by National Clearing Center of the People's Bank of China.

The Bank will, following the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, implement the new development concept in a complete, accurate and comprehensive manner, serve the establishing of a new development pattern, facilitate high-quality development, actively practice the political and people-oriented nature of financial work, precisely serve entities, prevent and resolve risks, continuously deepen reforms, maximize the value of stakeholders such as customers, shareholders, employees and the society, and make our financial contribution to writing the chapter of Jiangxi in Chinese modernization.



CHAPTER I COMPANY PROFILE

1.3 MAJOR AWARDS IN 2023

 <p>Ranking 227th by Tier 1 Capital on the “Top 1000 Global Banks 2023” list</p> 	 <p>Ranking 48th among commercial banks in the “2023 China Banking Top 100 List”</p> 	 <p>31st among the list of “City Commercial Banks in the Overall Evaluation 2023 by the GYROSCOPE Evaluation System”</p> 
<p>The Banker Magazine in United Kingdom</p>	<p>China Banking Association</p>	<p>China Banking Association</p>
 <p>A member of the 4th standing committee of the Wealth Management Specialized Committee</p> 	 <p>The “rural insurance loan” product was selected as typical case for financial inclusion in China in 2023</p> 	 <p>“2023 Top 100 Bond Transaction Investment – Proprietary Settlement”</p> 
<p>China Banking Association</p>	<p>China Banking Association</p>	<p>China Central Depository & Clearing Co., Ltd.</p>
 <p>2023 “Outstanding Cooperative Member”, 2023 Innovation Outstanding Case Award for Urban Financial Operation and Management</p> 	 <p>2023 Excellent Participating Institution in the Digital Supply Chain Finance Service Platform</p> 	 <p>Excellent Fixed Income Bank Wealth Management Product Award</p> 
<p>City Commercial Banks Clearing Co., Ltd.</p>	<p>National Clearing Center of the PBOC</p>	<p>PYSTANDARD</p>
 <p>2023 Tianji ESG Practice Award of China’s Banking Industry</p> 	 <p>2023 Best Credit Card Scenarios Construction Award</p> 	<p>The Bank’s “Digital Agriculture Financial Service Platform” won the Best Rural Revitalization Digital Construction Award of the 9th “Golden Pine Award” in the financial technology industry</p>
<p>Securities Times</p>	<p>Financial Digital Development Alliance</p>	<p>Organizing Committee of Golden Pine Award, Mobile Payment Network</p>

CHAPTER I COMPANY PROFILE

 <p>Gold Award in the “6th (2023) Digital Finance Innovation Competition”</p> 	 <p>2023 Digital Finance Golden Award List Best Corporate E-bank Award</p> 	 <p>The Third (2023) “Jinxintong” Excellent Case Award for Fintech Innovation Application</p> 
<p>Cebnet, Digital Finance Joint Publicity Year</p>	<p>Cebnet, China Financial Certification Authority (CFCA)</p>	<p>China Academy of Information and Communications Technology (CAICT)</p>
 <p>“Government Procurement E-loan” Project won the 14th Fintech Innovation Award</p> 	 <p>2023 Excellent Innovative Financial Products for the Real Economy of Financial Services in Jiangxi Province</p> 	 <p>Third Prize and Excellent Organization Award in 2023 “Gan Yin Cup” Cybersecurity Competition in Jiangxi Province Financial Industry</p> 
<p>Financial Computerization Magazine</p>	<p>PBOC Jiangxi Branch, Jiangxi Provincial Local Financial Supervision and Administration Bureau</p>	<p>PBOC Jiangxi Branch</p>
 <p>“Excellence Award” of the “Bank of China Cup” Jiangxi Province Short Video Competition for Prevention of Illegal Fund Raising</p> 	 <p>2023 Consumption Promotion Award for Helping Businesses and Benefiting People</p> 	 <p>2023 Business Innovation Award</p> 
<p>Jiangxi Provincial Local Financial Supervision and Administration Bureau, the Jiangxi Public Security Department, the Communist Youth League of Jiangxi Province</p>	<p>Jiangxi Branch of China UnionPay</p>	<p>Jiangxi Branch of China UnionPay</p>
<p>2023 “Outstanding Underwriting Institution” for ADB Bonds, “City Commercial Bank Serving Agriculture, Rural Areas and Farmers”, and “Innovative Cooperation Award”, “Cohesion Award”, “Best Progress Award”</p>	 <p>The “Excellent Award” in the 2022 Assessment of the Rural Revitalization of Financial Institutions in Jiangxi Province</p> 	 <p>“Excellent Underwriter” for the 2022 Domestic RMB Financial Bond Underwriting Syndicate</p> 
<p>Agricultural Development Bank of China</p>	<p>Nanchang Central Sub-branch of the PBOC, CBIRC Jiangxi Office</p>	<p>The Export-Import Bank of China</p>

CHAPTER II SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

2.1 FINANCIAL DATA

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

	2023	2022	2023 compared to 2022	2021	2020	2019
Operating results (in millions of RMB)			Change rate (%)			
Net interest income	8,771.37	9,624.33	(8.86)	8,761.81	9,053.68	10,744.81
Net fee and commission income	521.63	642.09	(18.76)	699.49	578.80	541.05
Operating income	11,296.64	12,714.04	(11.15)	11,144.43	10,285.45	12,952.81
Operating expenses	(3,630.85)	(3,643.92)	(0.36)	(3,647.66)	(3,523.77)	(3,508.05)
Impairment losses on assets	(6,664.49)	(7,396.77)	(9.90)	(5,006.61)	(4,284.43)	(6,489.59)
Profit before taxation	1,010.35	1,680.96	(39.89)	2,496.19	2,484.71	2,957.16
Net profit for the year	1,073.89	1,600.52	(32.90)	2,111.56	1,904.94	2,109.16
Net profit attributable to equity shareholders of the Bank	1,036.19	1,549.55	(33.13)	2,070.31	1,859.17	2,050.59
Per share (in RMB)			Change rate (%)			
Basic earnings per share ¹	0.11	0.23	(52.17)	0.34	0.31	0.34
Basic diluted earnings per share ¹	0.11	0.23	(52.17)	0.34	0.31	0.34
Indicators for profitability (%)			Change			
Average return on total assets ²	0.20%	0.31%	(0.11%)	0.44%	0.42%	0.48%
Average return on equity ¹	1.76%	3.62%	(1.86%)	5.74%	5.33%	6.15%
Net interest spread ³	1.66%	1.91%	(0.25%)	1.88%	2.07%	2.56%
Net interest margin ⁴	1.75%	1.98%	(0.23%)	1.94%	2.10%	2.62%
Net fee and commission income to operating income	4.62%	5.05%	(0.43%)	6.28%	5.63%	4.18%
Cost-to-income ratio ⁵	30.60%	27.50%	3.10%	31.46%	32.96%	26.08%

CHAPTER II SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

			2023 compared to	2021	2020	2019
	2023	2022	2022			
Indicators for volume (in millions of RMB)			Change rate (%)			
Total assets	552,345.38	515,572.66	7.13	508,559.81	458,692.82	456,118.53
Including: Net loans and advances to customers	325,516.87	300,312.77	8.39	270,658.23	217,448.76	202,989.37
Total liabilities	504,812.86	468,757.62	7.69	466,926.37	422,750.37	421,030.83
Including: Deposits from customers	381,212.27	352,711.37	8.08	343,726.22	315,770.82	284,548.91
Share capital	6,024.28	6,024.28	–	6,024.28	6,024.28	6,024.28
Equity attributable to shareholders of the Bank	46,776.73	46,047.95	1.58	40,917.32	35,267.58	34,456.26
Non-controlling interests	755.79	767.09	(1.47)	716.12	674.87	631.44
Total equity	47,532.52	46,815.04	1.53	41,633.44	35,942.45	35,087.70
Net assets per share attributable to shareholders of the Bank (RMB/per share) ⁶	6.44	6.32	1.90	6.13	5.85	5.72
Asset quality indicators			Change			
Non-performing loans ratio	2.17%	2.18%	(0.01%)	1.47%	1.73%	2.26%
Provision coverage ratio ⁷	177.16%	178.05%	(0.89%)	188.26%	171.56%	165.65%
Provision ratio of loans ⁸	3.84%	3.88%	(0.04%)	2.76%	2.97%	3.74%
Indicators for capital adequacy ratio			Change			
Core tier one capital adequacy ratio	9.37%	9.65%	(0.28%)	9.66%	10.29%	9.96%
Tier-one capital adequacy ratio	12.37%	12.82%	(0.45%)	11.80%	10.30%	9.97%
Capital adequacy ratio	13.55%	14.00%	(0.45%)	14.41%	12.89%	12.63%
Total equity to total assets	8.61%	9.08%	(0.47%)	8.19%	7.84%	7.69%
Other indicators			Change			
Liquidity coverage ratio	333.38%	323.78%	9.60%	387.45%	429.88%	205.12%
liquidity ratio	76.27%	85.03%	(8.76%)	79.03%	78.17%	58.74%
Loan-to-deposit ratio	88.37%	88.31%	0.06%	80.80%	70.75%	73.81%



CHAPTER II SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

- Notes:*
1. Basic earnings per share, diluted earnings per share and return on average equity are calculated in accordance with Preparation Rules for Information Disclosures by Companies Offering Shares to the Public No.9 – Calculations and Disclosures for Return on Net Assets and Earnings Per Share. The Group issued perpetual bonds in August 2021, September and December 2022, which are all classified as other equity instruments. In addition, the Group distributed interest on perpetual bonds in 2022 and 2023. Therefore, when calculating basic earnings per share, diluted earnings per share and return on average equity for the period, the “net profit attributable to shareholders of the Bank” has deducted the interest on perpetual bonds distributed for the period, and the “average equity” is the average balance of total equity (excluding other equity instruments) attributable to shareholders of the Bank at the beginning and the end of the period.
 2. Refer to the ratio of net profit for the period to the average balance of total assets at the beginning and the end of the period.
 3. Calculated by the difference between the average rate of return on total interest-bearing assets and the average cost rate of total interest-bearing liabilities, and calculated based on the daily average of the interest-earning assets and interest-bearing liabilities.
 4. Calculated by dividing net interest income by the average balance of interest-bearing assets and calculated based on the daily average of the interest-bearing assets.
 5. Calculated by dividing operating expenses (excluding tax and surcharges) by operating income.
 6. Calculated by dividing total equity attributable to shareholders of the Bank after deducting other equity instruments at the end of the period by total ordinary share capital at the end of the period.
 7. Calculated by dividing the amount of the allowance for impairment losses on loans by the total amount of non-performing loans.
 8. Calculated by dividing the amount of the allowance for impairment losses on loans by the total amount of loans and advances to customers.

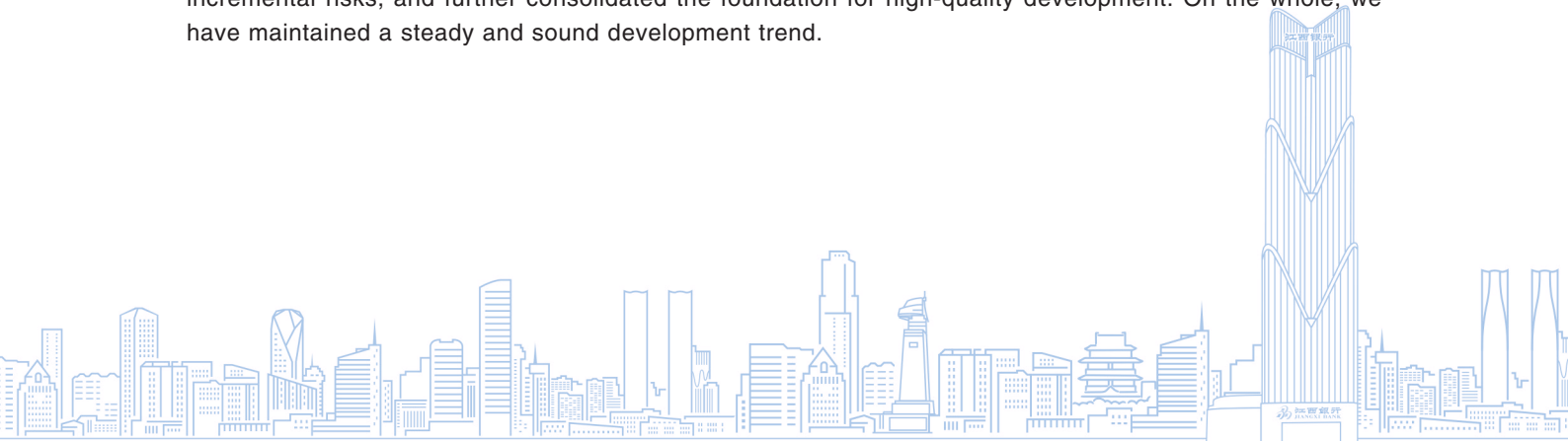


CHAPTER III CHAIRMAN'S STATEMENT



Chairman of the Board of Directors
ZENG Hui

2023 marked the first year of the implementation of the guiding principles of the 20th CPC National Congress, and was a milestone year in the reform and development process of Jiangxi Bank. This year, under the guidance of Xi Jinping's thought of socialism with Chinese characteristics in the new era, we fully implemented the spirit of the 20th CPC National Congress and the spirit of the Central Financial Work Conference, studied and implemented the spirit of General Secretary Xi Jinping's important speeches on his visit to Jiangxi, earnestly implemented the decisions and deployments of the Jiangxi Provincial Party Committee and the Provincial Government, overcame the difficulties, and forged ahead based on the general tone of seeking progress while maintaining a steady pace. We have strengthened the leadership of the Party in improving corporate governance, devoted ourselves to serving the real economy, accelerated the pace of reform and transformation, coordinated and deeply engaged in resolving existing risks and preventing and controlling incremental risks, and further consolidated the foundation for high-quality development. On the whole, we have maintained a steady and sound development trend.



CHAPTER III CHAIRMAN'S STATEMENT

Over the past year, bearing the top priority of the Country in mind, we have made best effort to promote local economic development. We strengthened the allocation of resources to major strategies, key areas and weak links in Jiangxi Province, and endeavored to accelerate our own high-quality development by serving and integrating into the overall situation of Jiangxi's development. Focusing on the "1269" action plan for modernization of key industrial chains of manufacturing industry in Jiangxi Province, we developed supporting services to help extend, supplement and strengthen the industrial chains. The balance of loans to 12 key manufacturing industry chains, 6 advanced manufacturing clusters, and "small giants" of the specialized and innovative enterprises in Jiangxi Province achieved a double-digit growth. Focusing on inclusive finance, we strengthened the construction of online service system, promoted the effectiveness of the long-term mechanism of "Dare to be able to," and achieved "acceleration" in the increase and expansion of inclusive loans. In the past two years, the average annual growth rate of universal loans reached 40.45%, and the loan size has doubled. By strengthening cross-border financial services, we became the first overseas listed financial institution in the province to use RMB to pay dividends, with the volume of cross-border RMB settlements hitting a record high, and the number of foreign trade enterprises served doubled.

Over the past year, we have deepened reform and innovation, and strengthened the "four beams and eight pillars" for transformation and development. Taking reforms as the key task, we broke down the systemic and institutional barriers that constrain development, accumulating internal energy continuously. We deepened the reform of cadre and personnel management, formulated the "three definitions" program, improved the organizational structure, and clarified the functional positioning of each level. We optimized the chain of cadre selection, training and management, enhanced the introduction of talent, and strengthened the construction of talent team, highlighting the employment concept of focusing on practical work, performance and responsibility. We reconstructed the remuneration incentive evaluation mechanism, and built a "one body and two tracks" career development system with "management channel" and "professional channel" running in parallel, in order to fully mobilize the enthusiasm of cadres and employees. Focusing on "digital, online, intelligent, ecological" construction, we accelerated digital transformation, established a large technology organizational structure, strengthened digital infrastructure, and built an integrated research and investment platform through the "four-self model" to achieve a comprehensive innovation of "concept-planning-mechanism." We practiced the concept of green development, formulated a strategic plan for green and sustainable development, improved our green financial management structure, and strengthened our ESG management capacity. We are the first legal person in Jiangxi to set up a "carbon neutral" sub-branch of urban commercial bank, and the first to become a "Sustainability Disclosure Guidelines Learning Partner" of ISSB Beijing Office, realizing several "first transactions" of Carbon Reduction Support Facility Loan for legal person banking institutions in Jiangxi Province.

CHAPTER III CHAIRMAN'S STATEMENT

Over the past year, we have strengthened bottom-line thinking and enhanced our efforts in risk prevention and control. With the sense of responsibility of “being always concerned”, we coordinated the prevention and control of various types of risks, trying to promote development through the prevention and resolution of risks. We consolidated the foundation for compliance, reshaped the compliance management structure, strengthened the compliance culture education and publicity, and timely captured the first signs of non-compliance and hidden risks, so as to promote the transformation of compliance management into a “front-end approach to treating the disease before it occurs”. We strengthened comprehensive risk management, deepened the construction of the risk prevention and control system, enhanced the foresight and precision of risk management, formulated and promoted the implementation of the three-year action plan, and made efforts for clearance of the existing risks and prevention and control of risks at source, so as to promote stable and positive asset quality across the Bank. We strengthened audit supervision, enhanced our efforts in auditing key operations, important links and key minorities, improved the mechanism for rectification and implementation, and effectively promoted the quality and effectiveness of audit supervision.

Over the past year, we have practiced the principle of financial services for the people and improved our services with heart and soul. Based on the political and people nature of financial work and taking customer satisfaction as the starting and ending point of service work, we fully optimized the service system, with an aim to create high-quality services. We implemented a project to improve the operational efficiency of our outlets, integrating online service channels, unifying service portals, and reshaping the transaction and settlement process, in order to comprehensively enhance the “online + offline” customer service experience. We iterated our talent finance products and upgraded the “Sincerity benefit for Jiangxi talent” program to V3.0. We extended our service radius to the rural areas of the county, launched the “1+3+N” rural revitalization financial service program, created the “Jiangyin iNong” platform, and enhanced the deployment of rural inclusive financial service stations, so as to comprehensively improve the service capacity for rural revitalization. We strengthened financial services for the elderly, vigorously pushed forward the renovation of hardware and software for aging, and launched exclusive products such as Happy Deposit and Caring Certificate of Deposit, focusing on providing efficient, convenient and warm and caring services for the elderly. We strengthened the brand building of “Jiangxi Bank Caring the Elderly” and built 110 “Jiangxi Bank Caring the Elderly” community activity centers throughout the year through the mode of joint construction with communities. We cared for special populations, improved the hardware facilities such as love service counters and “barrier-free access”, and provided remote sign language services for the hearing-impaired. We strengthened the protection of consumer rights and interests, optimized the consumer protection management system, launched the “Jiangyin iYou” consumer protection brand, broadened the complaint acceptance channels, and set up a complaint handling service team, in order to ensure timely response to customer demands, and comprehensively improve the quality of service.



CHAPTER III CHAIRMAN’S STATEMENT

The Central Financial Work Conference held in 2023 drew a grand blueprint for accelerating the construction of a financial powerhouse, spelled out the basic essence of the road of financial development with Chinese characteristics with “eight adherences,” and provided a fundamental guideline and action guide for us to promote high-quality development. As a local legal person bank, we will study and implement the spirit of the central financial work conference, effectively implement the “eight adherences” in action, and make our best efforts to contribute to the “five big articles” in financial sector, taking serving the new quality productive forces as the key focus. In the overall situation of active service for and integration into local economic and social development, we will actively explore the characteristic management road, so as to “get closer to Jiangxi’s development strategy, have a refined utilization of Jiangxi’s resource endowment, realize more in-depth regional development and urban-rural integration, and provide more rapid response to customers’ thoughts and complaints,” and promote the “improvement of quality, capacity and efficiency” in the development.

Those who keep up their efforts often achieve their goal; and those who keep on walking often reach their destination. History will not fail the doers. The year 2024 is the 75th anniversary of the founding of the People’s Republic of China, a key year for realizing the objectives and tasks of the “14th Five-Year Plan,” and an important year for Jiangxi Bank to implement the strategic planning of the third Board of Directors. Under the guidance of Xi Jinping’s thought of socialism with Chinese characteristics in the new era, Jiangxi Bank will deeply implement the spirit of the 20th CPC National Congress and the spirit of General Secretary Xi Jinping’s important speech on his visit to Jiangxi, and, guided by Party building, seek progress while maintaining stability, promote stability through progress, make continuous reform and transformation, and balance development and security. Anchoring on the annual goal of “two stabilizations, two advances and three enhancements,” we will work diligently and pragmatically, strive to make new progress in serving the construction of a modernized industrial system and comprehensive digital empowerment, and accelerate the building of a local legal person bank with more distinctive features, more robustness, more efficiency and more warmth, in order to continuously create value for shareholders, customers, employees and society, promote the high-quality development of Jiangxi Bank to a new level, and contribute more power to the writing of Jiangxi chapter in the Chinese-style modernization.



CHAPTER IV PRESIDENT'S STATEMENT



In 2023, facing the complex external environment, Jiangxi Bank, under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, earnestly implemented the spirit of the Party's 20th National Congress and the spirit of the Central Financial Work Conference, and effectively coordinated all work in operation and management. Our business structure was optimized, risk prevention and control measures were enhanced, the customer base was strengthened, management effectiveness was improved, and business development achieved steady progress and improvement. As of the end of 2023, the Group's total assets amounted to RMB552.345 billion, representing an increase of 7.13% from the end of the previous year; gross loans and advances to customers amounted to RMB336.890 billion, representing an increase of 8.16% from the end of the previous year; and total deposits from customers amounted to RMB381.212 billion, representing an increase of 8.08% from the end of the previous year.



CHAPTER IV PRESIDENT’S STATEMENT

Taking the initiative to take up missions, we served the entities more vigorously. Over the past year, bearing the top priority of the Country in mind, we have enhanced the credit investment in key areas and weak links, focusing on improving the quality of operation while serving the development of the real economy. Focusing on the “1269” action plan for modernization of key industrial chains of manufacturing industry in Jiangxi Province, we took the initiative to support the major key projects in the province, actively served the transformation and upgrading of traditional industries, strategic emerging industries, green and low-carbon transformation and other areas, enhanced the credit investment in small and micro-enterprises, and promoted the effective improvement of credit supply in quality and reasonable growth in quantity. The loans to major key projects of Jiangxi province increased by 20.38%, loans to 12 key industrial chains increased by 16.36%, and loans to 6 advanced manufacturing clusters increased by 35.6%. The growth rates of agriculture-related, inclusive and green loans were 19.79%, 30.39% and 37.46%, respectively, all higher than the average growth rates of loans of the whole bank.

Staying true to the original intention of serving the people, we kept strengthening the customer base. During the year, we deepened the development concept of “customer-centered, creating value for customers,” and made best efforts to expand the basic customer base and strengthen the strategic customer base, so as to vigorously consolidate the foundation for sustainable development. We implemented a three-year campaign of doubling the number of corporate customers, strengthened the management of existing customers, and adopted various measures to broaden customer acquisition channels. The Bank achieved a corporate customer growth rate of 16.23%, the best in its history. We implemented the action of inclusive finance to support High-Quality Development Projects Covering Every County, Every Town and Every Village, actively served small and medium-sized customers, created an online inclusive product bazaar, and innovatively launched online products such as the “Government Procurement Easy Loan” and “Venture Guarantee Loan,” promoting the continuous increase and expansion of the inclusive customer base. The number of inclusive small and medium-sized enterprise loan customers increased by 24.38%. We vigorously developed retail finance, focusing on cultivating young customers and serving “silver-haired customers,” and launched the “Jiangxi Bank Caring the Elderly” service brand. The total number of individual customers increased by 4.52%, the funds retention rate of individual payroll customers increased by 7.64 percentage points, and the AUM balance of senior customers aged 50 and above increased by 14.4%.



CHAPTER IV PRESIDENT’S STATEMENT

Building a firm risk bottom line, we continued to enhance the risk control capacity. This year, insisting on treating both the symptoms and the root causes, we made targeted efforts to coordinate and push forward the resolution of existing risks and the prevention and control of new risks, and improved the long-term mechanism for risk prevention and control, so as to build a solid foundation for sound development. We improved the comprehensive risk management system, optimized the risk classification and management system, clarified the risk management assessment orientation, so as to better balance development and safety. We strengthened the whole process control of credit business, optimized risk control strategies, formulated post-credit management templates and upgraded post-credit warning rules. We continued to improve our internal assessment model system, and accelerated the construction of a new-generation credit system, so as to enhance our online business risk control capabilities. We strengthened risk management and control in key areas such as large-value credit and real estate, and intensified efforts to dispose of non-performing assets, maintaining a stable asset quality. We improved limit management, stress testing and early warning mechanisms, and dynamically monitored changes in fund positions, in order to enhance our liquidity risk management capabilities.

Making breakthroughs in transformation, we deepened reform and innovation. During the year, focusing on promoting the implementation of our strategy, and empowered by digital transformation, we vigorously promoted the reform in our service system and business model. We implemented a project to improve the operational efficiency of outlets, utilizing big data and intelligent models to scientifically assess and categorize the development trend of outlets, and strengthen the intelligent construction of outlets, in order to promote the steady improvement of service levels. We made intensive efforts in electronic channels, integrating the three online marketing platforms of “Mobile Banking APP, WeChat Official Account and WeChat Small Program” to unify the traffic entrances and customer resources, thus realizing the transformation of customer acquisition methods to “active customer acquisition” and “batch customer acquisition”. We accelerated the digital transformation in key areas, and strengthened the construction of digital infrastructure, applying digital technologies and tools such as artificial intelligence, biometrics, and RPA, building a number of bank-wide technology infrastructure platforms, offering intelligent identification services for more than 300,000 times per month through unified biometrics platforms, and launching digital applications such as “Jiangyin iNong” and the smart property cloud bill payment system.



CHAPTER IV PRESIDENT’S STATEMENT

Focusing on value creation, we effectively improved the management effectiveness. During the year, we highlighted value orientation, strengthened refined management, and implemented in-depth cost reduction and efficiency enhancement, with an aim to improve the operational efficiency. We strengthened financial management, strictly controlled the occupation of non-operational financial resources, expanded the connotation of cost reduction and efficiency enhancement to include the control of financing costs, and guided the Bank to abandon its sloppy development approach, give up the “scale complex”, and deepen the concept of “volume-price balance”, resulting in a steady decline in the Group’s operating expenses and the interest payment rate on deposits. We comprehensively strengthened asset-liability management, rationally optimized asset allocation, compressed off-balance-sheet risk exposures, reduced risk-weighted asset occupancy, and improved the efficiency of capital utilization, providing endogenous momentum for business development. We improved internal control management, promoted the optimization of the three major systems of compliance, risk and audit, built a “stationed” legal compliance management structure, and constructed an internal audit system of “headquarters + regional audit centers”, so as to comprehensively build a sound “protective net” of internal control. We improved the incentive mechanism, upgraded the performance appraisal and resource allocation system, and implemented the “bill pricing” mechanism to stimulate the grass-roots front-line vitality, giving full play to the assessment “baton” role.

In this competitive world, the fittest survive, and in order to survive, you have to work hard. In 2024, under the guidance of Xi Jinping’s thought of socialism with Chinese characteristics in the new era, Jiangxi Bank will fully implement the spirit of the 20th CPC National Congress and the spirit of the Central Financial Work Conference, study and implement the spirit of General Secretary Xi Jinping’s important speeches on his visit to Jiangxi, and make best efforts to contribute to the “five big articles” in financial sector. We will vigorously explore characteristic management, join hands to promote the high-quality development of Jiangxi Bank to a new level, and create more value for our customers and investors.



CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

5.1 REVIEW OF THE ECONOMIC, FINANCIAL AND POLICY ENVIRONMENT

During the Reporting Period, China's national economy witnessed the momentum of recovery, supply and demand improved steadily, transformation and upgrades were advanced solidly, employment and prices were generally stable, people's well-being was robustly and effectively guaranteed, steady progress was made in pursuing high-quality development, and major expected targets were well achieved. According to the preliminary estimations by the National Bureau of Statistics, the gross domestic product (GDP) was RMB126,058.2 billion in 2023, representing an increase of 5.2% over the previous year at constant prices. By quarter, the year-on-year GDP growth was 4.5%, 6.3%, 4.9% and 5.2% for the first quarter, the second quarter, the third quarter and the fourth quarter, respectively. In general, throughout the year 2023, the financial sector remained stable with prudent, precise and powerful monetary policies, reasonably ample liquidity, and a constantly improving credit loan structure; the financing costs of the real economy fell steadily, and the financial sector's enabling role for real economy continued to strengthen. As of the end of the Reporting Period, the balance of the broad measure of money supply (M2) amounted to RMB292.27 trillion, representing a year-on-year increase of 9.7%; the balance of RMB loans amounted to RMB237.59 trillion, representing a year-on-year increase of 10.6%; the balance of RMB deposits amounted to RMB284.26 trillion, representing a year-on-year increase of 10%; and the aggregate financing to the real economy (stock) amounted to RMB378.09 trillion, representing a year-on-year increase of 9.5%.

During the Reporting Period, Jiangxi Province of China, where the Bank carries out its main business activities, demonstrated considerable vigor and resilience in its economy, a general rebound in economic growth, a steady rise in production and supply, an expedited recovery in effective demand, and overall stable price performance. In 2023, Jiangxi Province achieved a gross domestic product (GDP) of RMB3,220.01 billion, an increase of 4.1% at constant prices. It fully implemented the "1269" action plan for the modernization of key industrial chains in the manufacturing industry to vigorously promote new industrialization. The industrial production rebounded continuously, and the value added of industrial enterprises above designated size increased by 5.4% in 2023, 0.8 percentage points higher than that of the whole country. It made solid progress in the "Ten, Hundred, Thousand and Ten Thousand Projects", with infrastructure investment gaining strong momentum. In 2023, infrastructure investment increased by 19.1%, 8.3 percentage points higher than that of the first three quarters, contributing to 3.5 percentage points growth in overall investment. It witnessed robust export performance of the "new three". The export of solar cells, electric vehicles and lithium batteries grew by 42.7%, 17.4 times, and 1.5 times respectively, total accounting for 4.3% of the export market share in China, a 1.1 percentage points increase from the previous year.

At present, Jiangxi is steadily advancing scientific and technological innovation and industrial upgrading, continuously optimizing consumption structure. The economy is still in a phase of sustained release of growth potential. Despite the complex and severe external environment, the coexistence of internal cyclical and structural contradictions, a high proportion of traditional industries and insufficient capabilities of emerging industries, Jiangxi has the advantage of a strategic location with easy access from all directions, comprehensive industrial strengths, pristine ecological advantages, the overlaid national strategic advantages, the stable foundation and strong support for economic development. As a result, the economy is expected to continue to improve in the long term.

CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

5.2 GENERAL OPERATION SUMMARY

In 2023, under the strong leadership of the CPC Jiangxi Provincial Committee and Jiangxi Provincial Government, and the scientific supervision of the regulatory authorities, Jiangxi Bank, guided by Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, comprehensively implemented the spirit of the 20th CPC National Congress, and the spirit of General Secretary Xi Jinping's important speeches on his inspection of Jiangxi, conscientiously implemented the decisions and arrangements of the CPC Jiangxi Provincial Committee and Jiangxi Provincial Government, stayed true to the general principle of pursuing progress while ensuring stability to carry out the new development concept in a complete, accurate and comprehensive manner, accelerated the establishment of a new development pattern, and coordinated and promoted tasks such as stabilizing growth, preventing risks, optimizing services and advancing reforms. The overall operation of the Bank showed a development trend of making progress while ensuring stability.

Firstly, the Bank maintained stability with improvement in major business indicators, market position, and assets quality. Major business indicators remained sound. The Group's total assets, balances of all types of loans and deposits maintained steady growth, and the paid-in tax amount ranked among the top in Jiangxi. All regulatory indicators met the standards. Our market position ranking remained stable. Compared with the beginning of the year, the market share of loans, corporate deposits and savings deposits in the province increased. Asset quality was improving steadily, while non-performing loan ratio and special mention loans ratio declined.

Secondly, the Bank made remarkable achievements in serving real economy, expanding customer base, and cost reduction and efficiency enhancement. The Bank further enhanced its quality and efficiency of serving the real economy. Loans for major key projects, for SRDI "Little Giants" enterprises, for strategic emerging industries and other key areas had two-digit growth. Customer expansion achieved breakthroughs, with a historical high in the increase of corporate customers and overall increases in individual customers, inclusive finance customers, international business customers, payroll customers, and acquiring merchants. The effectiveness of cost control was further demonstrated, with year-on-year reduction in operating expenses; the level of interest payment on deposits continued to decrease.

Thirdly, the Bank kept improving in risk prevention and control, internal management, and innovation and reform level. It optimized the mechanism for risk management and control, implemented the whole-process risk management and control of credit granting, and strengthened digital risk control technology, leading to improvement of risk prevention and control capabilities. It made improvement in asset-liability management, and improvement in quality and efficiency of internal control management mechanisms and operational management mechanisms, leading to a gradual improvement in internal management capabilities. It accelerated promotion of digital transformation, enhanced efficiency of technological support, and made continuous improvement in innovation and reform level.

CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

5.3 PROFIT STATEMENT ANALYSIS

During the Reporting Period, the Group actively responded to the complex environment, continued to practice inclusive finance, continuously accelerated business transformation and asset-liability structure adjustment, strengthened forward-looking risk management and control, accelerated the disposal of non-performing assets, and promoted stable and long-term business development. During the Reporting Period, affected by the decline in market interest rates, the Group achieved operating income of RMB11.297 billion, representing a decrease of RMB1.417 billion or 11.15% as compared with the previous year; net profit attributable to shareholders of the Bank was RMB1.036 billion, representing a decrease of RMB513 million or 33.13% as compared with the previous year.

	2023	2022	Amount of change	Change rate (%)
	(in millions of RMB, unless otherwise stated)			
Interest income	19,886.30	20,990.73	(1,104.43)	(5.26)
Interest expense	(11,114.93)	(11,366.40)	251.47	(2.21)
Net interest income	8,771.37	9,624.33	(852.96)	(8.86)
Fee and commission income	644.49	786.81	(142.32)	(18.09)
Fee and commission expense	(122.86)	(144.72)	21.86	(15.11)
Net fee and commission income	521.63	642.09	(120.46)	(18.76)
Net trading gains	102.82	121.32	(18.50)	(15.25)
Net gains arising from financial investments	1,516.63	2,129.22	(612.59)	(28.77)
Other operating income	384.19	197.08	187.11	94.94
Operating income	11,296.64	12,714.04	(1,417.40)	(11.15)
Operating expenses	(3,630.85)	(3,643.92)	13.07	(0.36)
Impairment losses on assets	(6,664.49)	(7,396.77)	732.28	(9.90)
Share of profits/(losses) of associates	9.05	7.61	1.44	18.92
Profit before taxation	1,010.35	1,680.96	(670.61)	(39.89)
Income tax expense	63.54	(80.44)	143.98	(178.99)
Net profit for the year	1,073.89	1,600.52	(526.63)	(32.90)
Net profit attributable to equity shareholders of the Bank	1,036.19	1,549.55	(513.36)	(33.13)
Non-controlling interests	37.70	50.97	(13.27)	(26.03)

CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

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

During the Reporting Period, the Group achieved net interest income of RMB8.771 billion, representing a decrease of RMB853 million or 8.86% over the last year. This included an increase of RMB363 million in net interest income as a result of business scale increase, which was mainly due to the Group's efforts to support the development of the real economy and increase credit granting; and a decrease of RMB1.216 billion over the last year in net interest income as a result of changes in yield or cost ratio, which was mainly because (i) the impact of the repricing of existing variable-rate loans and the decrease in loan yield; (ii) the market interest rate has been running at a low level for a long time, and the investment yield has declined, and at the same time, the Group, taking into account the needs of safety and efficiency, adjusted its financial investment allocation strategy, increased low-risk and high-liquidity assets such as treasury bonds and government financial bonds, and decreased high-risk assets.



CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

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

	2023			2022		
	Average balance	Interest Income/expenses	Average annualized yield/cost ratio	Average balance	Interest Income/expenses	Average annualized yield/cost ratio
(in millions of RMB, unless otherwise stated)						
Interest-bearing assets						
Loans and advances to customers	326,981.81	14,645.11	4.48%	296,363.59	14,253.34	4.81%
Financial investments	117,642.87	4,278.36	3.64%	129,518.81	5,845.93	4.51%
Deposits with the Central Bank	30,574.93	447.13	1.46%	32,726.97	462.89	1.41%
Deposits with banks and other financial institutions	2,252.65	17.44	0.77%	1,864.52	6.72	0.36%
Financial assets held under resale agreements	14,333.54	241.48	1.68%	22,765.95	351.51	1.54%
Placements with banks and other financial institutions	8,501.67	256.78	3.02%	2,876.38	70.34	2.45%
Total interest-bearing assets	500,287.47	19,886.30	3.97%	486,116.22	20,990.73	4.32%
Interest-bearing liabilities						
Deposits from customers	365,155.56	8,436.13	2.31%	345,655.11	8,232.08	2.38%
Deposits from banks and other financial institutions	13,448.81	330.20	2.46%	18,173.62	493.06	2.71%
Borrowing from the Central Bank ¹	21,788.22	533.70	2.45%	17,139.53	416.99	2.43%
Placements from banks and other financial institutions	4,297.28	101.97	2.37%	4,085.92	113.23	2.77%
Financial assets sold under repurchase agreements	25,654.27	432.07	1.68%	26,034.48	401.03	1.54%
Debt securities issued	50,029.20	1,222.04	2.44%	54,657.56	1,475.08	2.70%
Borrowing from other financial institutions	1,757.41	58.82	3.35%	6,051.76	234.93	3.88%
Total interest-bearing liabilities	482,130.75	11,114.93	2.31%	471,797.98	11,366.40	2.41%
Net interest income		8,771.37			9,624.33	
Net interest spread		1.66%			1.91%	
Net interest margin		1.75%			1.98%	

Note: 1. Includes bill re-discounted business.



CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

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

	Compared 2023 with 2022		
	Reasons for increase/(decrease)		Net increase/ (decrease) ³
	Volume ¹	Rate ²	
	(in millions of RMB, unless otherwise stated)		
Interest-bearing assets			
Loans and advances to customers	1,472.56	(1,080.79)	391.77
Financial investments	(536.03)	(1,031.54)	(1,567.57)
Deposits with the Central Bank	(30.44)	14.68	(15.76)
Deposits with banks and other financial institutions	1.40	9.32	10.72
Financial assets held under resale agreements	(130.20)	20.17	(110.03)
Placements with banks and other financial institutions	137.56	48.88	186.44
Changes in interest income	611.92	(1,716.35)	(1,104.43)
Interest-bearing liabilities			
Deposits from customers	464.42	(260.37)	204.05
Deposits from banks and other financial institutions	(128.19)	(34.67)	(162.86)
Borrowing from the central bank ⁴	113.10	3.61	116.71
Placements from banks and other financial institutions	5.86	(17.12)	(11.26)
Financial assets sold under repurchase agreements	(5.86)	36.90	31.04
Debt securities issued	(124.91)	(128.13)	(253.04)
Borrowing from other financial institutions	(166.71)	(9.40)	(176.11)
Changes in interest expense	248.93	(500.40)	(251.47)

- Notes:*
1. Refer to the average balance for the Reporting Period minus the average balance for the same period of the previous year, multiplied by the average yield/cost ratio for the same period of the previous year.
 2. Refer to the average yield/cost ratio for the Reporting Period minus the average yield/cost ratio for the same period of the previous year, multiplied by the average balance for the Reporting Period.
 3. Refer to interest income/expense during the Reporting Period minus interest income/expense for the same period of the previous year.
 4. Includes bill re-discounted business.

CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

5.3.2 Interest Income

During the Reporting Period, the Group achieved interest income of RMB19.886 billion, representing a decrease of RMB1.104 billion or 5.26% over the last year. The decrease in interest income was mainly due to a decrease in the yield of the Group's loans and advances to customers and financial investment business.

1 Interest income from loans and advances to customers

During the Reporting Period, the Group achieved interest income of loans and advances to customers of RMB14.645 billion, representing an increase of RMB392 million or 2.75% over the last year. The main reason was that the average balance of the Group's loans and advances to customers increased, which offset the adverse impact of the decrease in the average yield to a certain extent. The increase in the average balance of loans and advances to customers was mainly due to the Group's continuous increase in the scale of inclusive credit products and various dedicated products. The decrease in the average yield was mainly due to the impact of the decline in market interest rates and the repricing of existing variable-rate loans.

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

	Average balance	2023 Interest income	Average yield	Average balance	2022 Interest income	Average yield
	(in millions of RMB, unless otherwise stated)					
Corporate loans and advances ¹	243,118.12	10,763.28	4.43%	215,168.78	9,988.21	4.64%
Personal loans and advances	83,863.69	3,881.83	4.63%	81,194.81	4,265.13	5.25%
Total	326,981.81	14,645.11	4.48%	296,363.59	14,253.34	4.81%

Note: 1. Includes discounted bills business.



CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

2 Interest income from financial investments

During the Reporting Period, the Group's interest income from financial investments amounted to RMB4.278 billion, representing a decrease of RMB1.568 billion, or 26.81% as compared to the last year. It was mainly due to (i) the impact of the decline in the market interest rates; (ii) the fact that the Group, taking into account the needs of safety and efficiency, adjusted its financial investment allocation strategy and increased its holding of low-risk high-liquid assets; (iii) the fact that the average balance of financial investments decreased by RMB11.876 billion as compared with the last year as the Group optimized the asset structure and adjusted the risk-to-return ratio of assets.

3 Interest income from deposits with the central bank

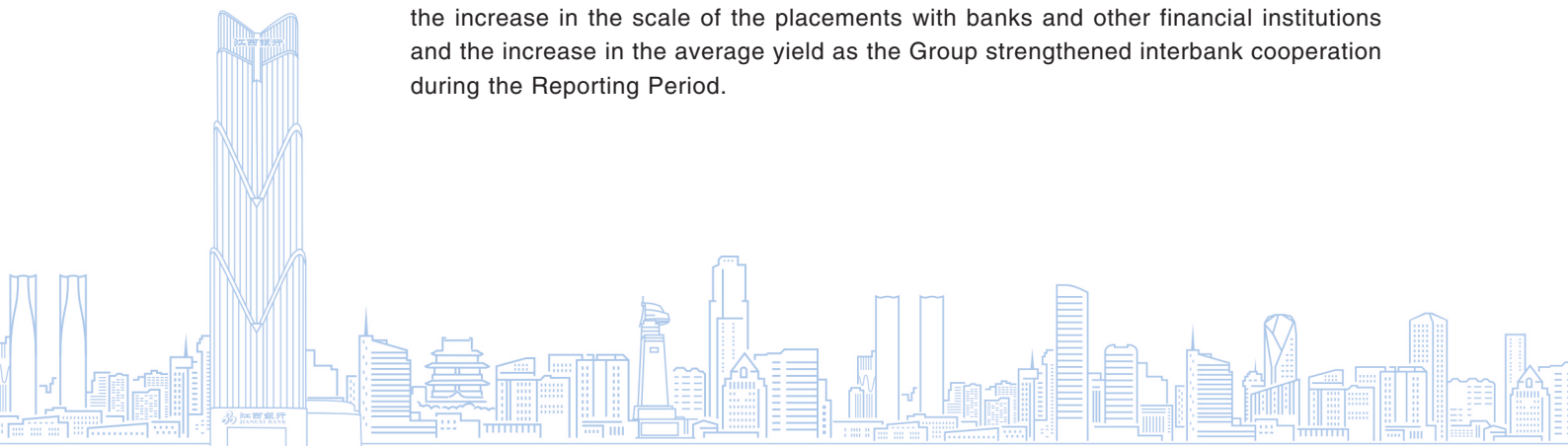
During the Reporting Period, the Group's interest income from deposits with the central bank was RMB447 million, representing a decrease of RMB16 million, or 3.40% over the last year, which was mainly due to the decrease in the deposit reserve ratio of financial institutions and the scale of the Group's deposit and reserves with the central bank.

4 Interest income from financial assets held under resale agreements

During the Reporting Period, the Group's interest income from financial assets held under resale agreements amounted to RMB241 million, representing a decrease of RMB110 million, or 31.30% as compared to the last year. It was primarily due to the fact that the Group optimized the utilization of funds, increasing the investment in credit to support the real economy and decreasing the scale of financial assets held under resale agreements during the Reporting Period.

5 Interest income from placements with banks and other financial institutions

During the Reporting Period, the Group's interest income from placements with banks and other financial institutions was RMB257 million, representing an increase of RMB186 million, or 265.06% over the last year. This was primarily due to the combined effect of the increase in the scale of the placements with banks and other financial institutions and the increase in the average yield as the Group strengthened interbank cooperation during the Reporting Period.



CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

5.3.3 Interest Expense

During the Reporting Period, the interest expense of Group was RMB11.115 billion, representing a decrease of RMB251 million, or 2.21% as compared to the last year. The decrease in the interest expense was primarily attributable to the impact of the decrease in market interest rates and the Group's efforts to control interest costs during the Reporting Period.

1 Interest expense on deposits from customers

During the Reporting Period, the Group's interest expense on deposits from customers was RMB8.436 billion, representing an increase of RMB204 million, or 2.48% as compared to the same period of last year, mainly due to the increase of RMB19.5 billion in the average balance of deposits from customers of the Group during the Reporting Period as compared to the previous year. At the same time, the Group was committed to the adjustment of deposit structure and control the interest costs on deposits, resulting in a decrease in the average cost rate of deposits from customers as compared with the previous year.

	Average balance	2023 Interest expense (in millions of RMB, unless otherwise stated)	Average cost ratio	Average balance	2022 Interest expense	Average cost ratio
Corporate deposits						
Demand	105,626.53	1,037.71	0.98%	122,588.80	1,281.91	1.05%
Time	82,241.13	2,256.64	2.74%	76,215.00	2,412.19	3.16%
Sub-total	187,867.66	3,294.35	1.75%	198,803.80	3,694.10	1.86%
Personal deposits						
Demand	23,137.96	63.84	0.28%	22,124.71	69.94	0.32%
Time	154,149.94	5,077.94	3.29%	124,726.60	4,468.04	3.58%
Sub-total	177,287.90	5,141.78	2.90%	146,851.31	4,537.98	3.09%
Total	365,155.56	8,436.13	2.31%	345,655.11	8,232.08	2.38%

CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

2 Interest expense on deposits from banks and other financial institutions

During the Reporting Period, the Group's interest expense on deposits from banks and other financial institutions was RMB330 million, representing a decrease of RMB163 million, or 33.03% as compared to the same period of last year. It was primarily due to (i) the corresponding decrease in the interest rate of deposits from banks and other financial institutions as a result of the decline in market interest rates; (ii) the Group continued to optimize the liability structure, adjusted the debt ratio of various types to reduce costs, and correspondingly reduced the placements from banks and other financial institutions.

3 Interest expense on borrowings from the Central Bank

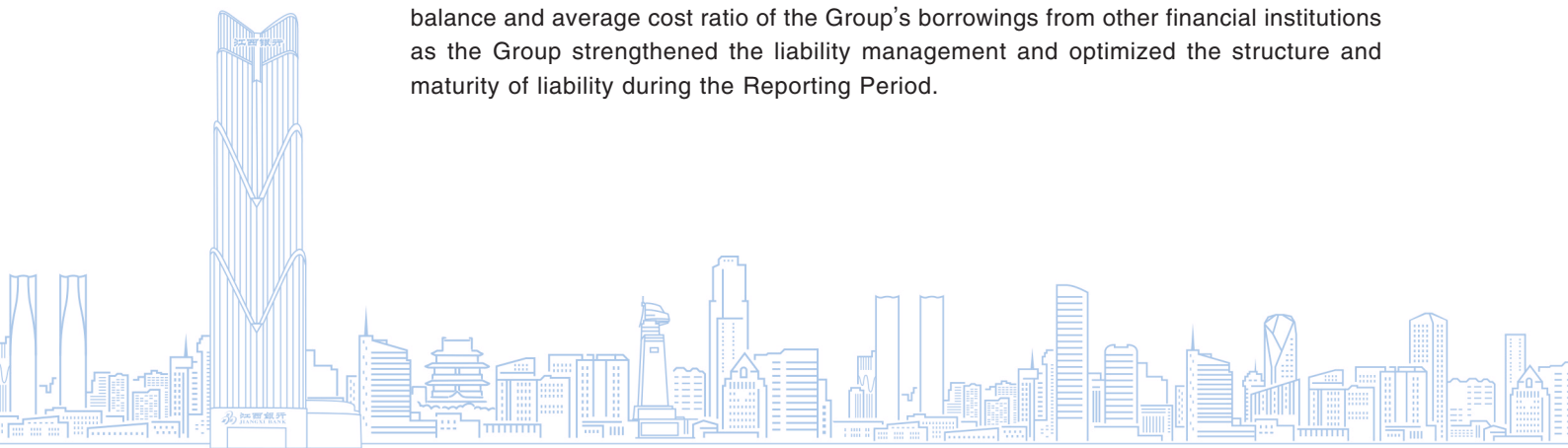
During the Reporting Period, the Group's interest expense on borrowings from the Central Bank was 534 million, representing an increase of RMB117 million, or 27.99% as compared to the last year. This was primarily because that the Central Bank provided more monetary policy support tools to the Group and the average balance of the borrowings from the Central Bank increased by RMB4.649 billion over the last year.

4 Interest expense on debt securities issued

During the Reporting Period, the Group's interest expense on debt securities issued was RMB1.222 billion, representing a decrease of RMB253 million, or 17.15% as compared to the last year. It was primarily due to the combined impact of the measures taken by the Group, such as strengthening liability management, optimizing the liability structure and maturity, the decrease in the average balance of bonds issued and the decrease in the average cost ratio during the Reporting Period.

5 Interest expense from other financial institutions borrowings

During the Reporting Period, the Group's interest expense from other financial institutions borrowings was RMB59 million, representing a decrease of RMB176 million, or 74.96% as compared to the last year. This was mainly due to the decrease of both the average balance and average cost ratio of the Group's borrowings from other financial institutions as the Group strengthened the liability management and optimized the structure and maturity of liability during the Reporting Period.



CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

5.3.4 Non-interest Income

1 Net fee and commission income

During the Reporting Period, the Group realized a net fee and commission income of RMB522 million, representing a decrease of RMB120 million, or 18.76% as compared to the last year. Among them, the fee and commission income amounted to RMB644 million, representing a decrease of RMB142 million or 18.09% over the last year. The decrease in net fee and commission income was mainly due to (i) the decrease in acceptance and guarantee service fees of RMB85 million as compared to the last year as the Group, taking into account the needs of safety and efficiency, adjusted its business structure and reduced part of the guarantee letter services with higher risks; (ii) the decrease in agency and custody service fees of RMB61 million as affected by market fluctuations, as compared to the previous year.

	2023	2022	Amount of change	Change rate (%)
	(in millions of RMB, unless otherwise stated)			
Fee and commission income	644.49	786.81	(142.32)	(18.09)
Agency and custody service fees	354.53	416.00	(61.47)	(14.78)
Acceptance and guarantee service fees	95.39	180.83	(85.44)	(47.25)
Bank card service fees	72.46	71.66	0.80	1.12
Settlement and electronic channel business fees	109.83	91.80	18.03	19.64
Financial leasing service fees	0.49	15.97	(15.48)	(96.93)
Advisory and consulting fees	0.06	0.49	(0.43)	(87.83)
Others	11.73	10.06	1.67	16.65
Fee and commission expense	(122.86)	(144.72)	21.86	(15.10)
Platform cooperation fees	(6.17)	(11.79)	5.62	(47.65)
Financial leasing service fees	(1.20)	(14.07)	12.87	(91.47)
Settlement and clearing fees	(27.34)	(38.26)	10.92	(28.54)
Transaction fees	(87.71)	(79.46)	(8.25)	10.39
Others	(0.44)	(1.14)	0.70	(61.48)
Net fee and commission income	521.63	642.09	(120.46)	(18.76)



CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

2 Net trading gains

During the Reporting Period, the Group's net trading gains were RMB103 million, representing a decrease of RMB19 million or 15.25% as compared to the last year, which was mainly due to fluctuations in the price in debt securities market.

3 Net gains arising from financial investments

During the Reporting Period, the Group's net gains arising from financial investments were RMB1.517 billion, representing a decrease of RMB613 million or 28.77% as compared to the last year, which was mainly due to the decrease in fair value recorded in profit or loss of financial assets at fair value through profit or loss of the Group during the Reporting Period as compared with the last year.

4 Other operating income

During the Reporting Period, the Group's other operating income was RMB384 million, representing an increase of RMB187 million or 94.94% over the last year, which was mainly due to the increase in exchange gains and government grants.

5.3.5 Operating Expenses

During the Reporting Period, the Group's operating expenses were RMB3.631 billion, representing a decrease of RMB13 million or 0.36% as compared to the last year. This was mainly due to the Group's efforts to actively intensify financial management, reduce costs and increase efficiency, and continuously optimize the allocation of various resources.

	2023	2022	Amount of change	Change rate (%)
	(in millions of RMB, unless otherwise stated)			
Staff costs	2,106.47	2,106.30	0.17	0.01
Depreciation and amortization	460.79	471.81	(11.02)	(2.34)
Tax and surcharges	174.23	147.91	26.32	17.79
Interest expense on lease liabilities	34.22	38.05	(3.83)	(10.07)
Other general and administrative expenses	855.14	879.85	(24.71)	(2.81)
Total operating expenses	3,630.85	3,643.92	(13.07)	(0.36)

CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

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

	2023	2022	Amount of change	Change rate (%)
	(in millions of RMB, unless otherwise stated)			
Staff costs				
Salaries, bonuses and allowances	1,455.02	1,480.67	(25.65)	(1.73)
Social insurance and supplementary retirement benefits	291.43	286.70	4.73	1.65
Housing fund	121.19	120.53	0.66	0.55
Staff welfare	133.25	108.70	24.55	22.59
Employee education expenses and labor union expenses	47.83	44.54	3.29	7.39
Others	57.75	65.16	(7.41)	(11.37)
Total	2,106.47	2,106.30	0.17	0.01

During the Reporting Period, the Group's staff costs were RMB2.106 billion, which was basically the same as that of the last year.

During the Reporting Period, the Group's other general and administrative expenses were RMB855 million, representing a decrease of RMB25 million or 2.81% as compared to the last year, which was mainly due to the Group's efforts to actively intensify financial management, reduce costs and increase efficiency, and control other general and administrative expenses.



CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

5.3.6 Impairment Losses on Assets

The Group adopted the New Financial Instruments Standards, based on the expected credit loss model, and based on the quantitative risk parameters such as customer default probability and default loss rate, combined with macro forward-looking adjustments, fully made provisions for credit risk loss, and continuously strengthened the risk compensation capability. Based on the actual credit risk during the Reporting Period and the previous accrued basis, the Group's impairment losses on assets for the period amounted to RMB6.664 billion, representing a decrease of RMB732 million or 9.90% as compared with the last year.

	2023	2022	Amount of change	Change rate (%)
	(in millions of RMB, unless otherwise stated)			
Loans and advances to customers	7,037.40	5,846.04	1,191.36	20.38
Financial investments	(496.62)	966.31	(1,462.93)	(151.39)
Others	123.71	584.42	(460.71)	(78.83)
Total impairment losses on assets	6,664.49	7,396.77	(732.28)	(9.90)

5.3.7 Income Tax Expense

During the Reporting Period, the Group's income tax credit was RMB64 million. The income tax expense was a negative value, primarily due to the following reasons: (i) during the Reporting Period, the increase in tax-free income of the Group, such as fund income and government bond interest income, as well as the deductible amounts before tax, including interest expenses on perpetual bonds; (ii) during the Reporting Period, the reversal of deferred income tax expense due to the increased write-off intensity of non-performing assets of the Group.

	2023	2022	Amount of change	Change rate (%)
	(in millions of RMB, unless otherwise stated)			
Current income tax expense	451.97	1,191.93	(739.96)	(62.08)
Deferred income tax expense	(515.51)	(1,111.49)	595.98	(53.62)
Total	(63.54)	80.44	(143.98)	(178.99)

CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

5.4 ANALYSIS ON MAIN ITEMS OF ASSETS AND LIABILITIES

5.4.1 Assets

As of the end of the Reporting Period, the total assets of the Group amounted to RMB552.345 billion, representing an increase of RMB36.773 billion, or 7.13% as compared with the end of the previous year. The increase of total assets was mainly due to the increase in Group's gross loans and advances to customers, financial investments and placements with banks and other financial institutions.

	As of December 31, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Gross loans and advances to customers	336,889.50	—	311,481.17	—
Loans and advances to customers accrued interest	1,001.22	—	816.21	—
Allowances for impairment losses on loans and advances to customers	(12,373.85)	—	(11,984.61)	—
Net loans and advances to customers	325,516.87	58.93	300,312.77	58.25
Financial investments	163,773.16	29.65	157,096.89	30.47
Cash and deposits with the Central Bank	32,128.15	5.82	35,792.75	6.94
Placements with banks and other financial institutions	3,691.59	0.67	1,451.50	0.28
Financial assets held under resale agreements	—	—	4,331.58	0.84
Placements with banks and other financial institutions	16,694.99	3.02	5,632.34	1.09
Other assets ¹	10,540.62	1.91	10,954.83	2.13
Total assets	552,345.38	100.00	515,572.66	100.00

Note: 1. Include interest in associates, property and equipment, deferred tax assets, goodwill, right of-use assets and other assets.



CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

1 *Loans and advances to customers*

As of the end of the Reporting Period, the Group's gross loans and advances to customers amounted to RMB336.890 billion, representing an increase of RMB25.408 billion, or 8.16%, as compared with the end of the previous year. The Group's loans and advances to customers mainly consist of corporate loans, personal loans and discounted bills. The following table sets forth the Group's distribution of loans by business types for the periods indicated.

	As of December 31, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Loans and advances to customers measured at amortized cost				
Corporate loans and advances	211,314.30	62.73	183,678.11	58.97
Personal loans and advances	85,782.77	25.46	83,651.98	26.86
Sub-total	297,097.07	88.19	267,330.09	85.83
Loans and advances to customers measured at FVOCI				
Corporate loans and advances	8,582.58	2.55	5,626.03	1.80
Discounted bills	31,209.85	9.26	38,525.05	12.37
Sub-total	39,792.43	11.81	44,151.08	14.17
Gross loans and advances to customers	336,889.50	100.00	311,481.17	100.00

Corporate loans and advances

As of the end of the Reporting Period, the Group's corporate loans and advances (discounted bills inclusive) amounted to RMB251.107 billion, representing an increase of RMB23.278 billion, or 10.22% as compared with the end of the previous year, mainly because the Group adhered to the philosophy of "serving the urban and rural residents, small and medium enterprises and local economy", and continued to increase loans to major key projects, rural revitalization and green finance and others, thereby realizing a steady growth in corporate loans.

CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

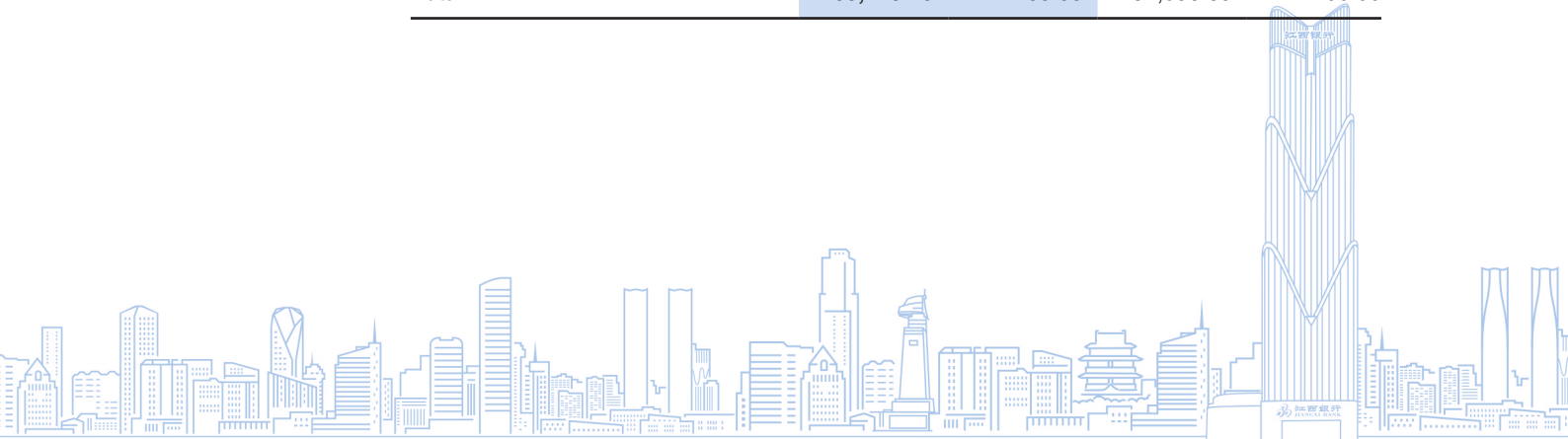
Personal loans and advances

As of the end of the Reporting Period, the Group's personal loans and advances amounted to RMB85.783 billion, representing an increase of RMB2.131 billion, or 2.55% as compared with the end of the previous year. It was mainly due to the Group's active adjustment of its personal loan structure and the increased investment in operating loans to individual businesses, new citizens and new agricultural business entities.

2 *Financial investments*

As of the end of the Reporting Period, the Group's balance of financial investments amounted to RMB163.773 billion, representing an increase of RMB6.676 billion or 4.25% compared to the end of the previous year. Mainly due to the fact that the Group continued to optimize the investment structure of financial assets and increase the allocation of bonds and other standardized assets during the Reporting Period, and the proportion of bond assets in financial investment assets increased from 55.67% at the end of the previous year to 68.48%.

	As of December 31, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
	(in millions of RMB, unless otherwise stated)			
Financial investments				
– Financial investments at amortized cost	84,085.80	51.34	90,065.86	57.33
– Financial investments at fair value through profit or loss	50,954.03	31.11	43,546.14	27.72
– Financial investments at fair value through other comprehensive income	28,733.33	17.55	23,484.89	14.95
Total	163,773.16	100.00	157,096.89	100.00



CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Group continued to optimize the structure of financial investment assets, with a focus on increasing holdings of standardized assets with high liquidity and appropriately balanced risks and returns. Financial investment assets such as Chinese government bonds and policy bank bonds were the major targets for increasing of holdings. As of the end of the Reporting Period, the Group's holdings of Chinese government bonds accounted for 27.53% of financial investment assets, while holdings of policy bank bonds accounted for 29.19% of financial investment assets.

	As of December 31, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Distribution of financial investments				
Debt securities				
Chinese government bonds	45,090.88	27.53	38,674.95	24.62
Policy bank bonds	47,813.11	29.19	34,625.74	22.04
Commercial banks and other financial institutions bonds	9,571.35	5.84	3,097.73	1.97
Corporate bonds	9,693.81	5.92	11,057.41	7.04
Sub-total	112,169.15	68.48	87,455.83	55.67
Other financial assets				
Wealth management products issued by financial institutions	—	—	—	—
Fund investments ¹	29,731.96	18.16	28,504.85	18.15
Equity instruments	1,035.40	0.63	199.54	0.13
Investment management products managed by securities companies and trust plan	19,156.13	11.70	39,609.39	25.21
Sub-total	49,923.49	30.49	68,313.78	43.49
Accrued interest	1,680.52	1.03	1,327.28	0.84
Total financial investments	163,773.16	100.00	157,096.89	100.00

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

CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

5.4.2 Liabilities

As of the end of the Reporting Period, the Group's total liabilities amounted to RMB504.813 billion, representing an increase of RMB36.055 billion, or 7.69% as compared with the end of the previous year. It was mainly due to the increase in deposits from customers, borrowings from the Central Bank and financial assets sold under repurchase agreements of the Group.

	As of December 31, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
	(in millions of RMB, unless otherwise stated)			
Deposits from customers	381,212.27	75.52	352,711.37	75.24
Deposits from banks and other financial institutions	17,200.60	3.41	13,266.96	2.83
Borrowing from the Central Bank	26,124.26	5.18	18,797.98	4.01
Borrowing from other financial institutions	1,237.97	0.25	4,302.92	0.92
Placements from banks and other financial institutions	4,002.90	0.79	4,103.53	0.88
Financial assets sold under repurchase agreements	25,731.37	5.10	17,209.18	3.67
Debt securities issued	45,371.28	8.99	52,161.88	11.13
Tax payable	42.69	0.01	850.05	0.18
Other liabilities ¹	3,889.52	0.75	5,353.75	1.14
Total liabilities	504,812.86	100.00	468,757.62	100.00

Note: 1. Primarily include lease liabilities, guarantee deposits from leases, accrued staff costs, other tax payables, provisions, and other payables.



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1 Deposits from customers

As of the end of the Reporting Period, the Group's total deposits from customers amounted to RMB381.212 billion, representing an increase of RMB28.501 billion, or 8.08% as compared with the end of the previous year.

	As of December 31, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
(in millions of RMB, unless otherwise stated)				
Demand deposits				
Corporate deposits	93,778.96	24.60	108,088.43	30.65
Personal deposits	24,403.09	6.40	24,080.47	6.83
Sub-total	118,182.05	31.00	132,168.90	37.48
Time deposits				
Corporate deposits	71,382.86	18.73	61,701.95	17.49
Personal deposits	161,172.77	42.28	136,470.10	38.69
Sub-total	232,555.63	61.01	198,172.05	56.18
Pledged deposits				
Acceptances	18,331.13	4.81	13,178.99	3.74
Letters of guarantees	1,599.20	0.42	1,938.13	0.55
Letters of credit	2,560.11	0.67	2,483.32	0.70
Others	22.00	0.01	18.08	0.01
Sub-total	22,512.44	5.91	17,618.52	5.00
Inward and outward remittances	135.61	0.04	45.21	0.01
Interest payable	7,826.54	2.04	4,706.69	1.33
Total deposits from customers	381,212.27	100.00	352,711.37	100.00

CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

2 *Deposits from banks and other financial institutions*

As of the end of the Reporting Period, the Group's balance of deposits from banks and other financial institutions was RMB17.201 billion, representing an increase of RMB3.934 billion, or 29.65% as compared with the end of the previous year. It was mainly due to the increase in deposits from banks and other financial institutions based on the Group's comprehensive consideration of liquidity management needs while maintaining stable sources of funds.

3 *Borrowing from the Central Bank*

As of the end of the Reporting Period, the balance of the Group's borrowing from the Central Bank amounted to RMB26.124 billion, representing an increase of RMB7.326 billion, or 38.97% as compared with the end of the previous year. This was mainly because the Central Bank provided more monetary policy support tools to the Group during the Reporting Period.

4 *Financial assets sold under repurchase agreements*

As of the end of the Reporting Period, the Group's amount of financial assets sold under repurchase agreements was RMB25.731 billion, representing an increase of RMB8.522 billion, or 49.52% as compared with the end of the previous year. It was mainly due to the increase in financial assets sold under repurchase agreements to cover short-term funding gap according to the Group's liquidity management needs.

5 *Debt securities issued*

As of the end of the Reporting Period, the Group's debt securities issued was RMB45.371 billion, representing a decrease of RMB6.791 billion, or 13.02% as compared with the end of the previous year. This was mainly due to the decrease in the scale of the Group's certificates of interbank deposit as a result of changes in market supply and demand management during the Reporting Period.



CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

5.4.3 Shareholders' Equity

As of the end of the Reporting Period, the Groups' total equity was RMB47.533 billion, representing an increase of RMB717 million, or 1.53% as compared with the end of the previous year. The total equity attributable to equity shareholders of the Bank was RMB46.777 billion, representing an increase of RMB729 million, or 1.58% as compared with the end of the previous year, which was mainly due to the net profit and profit distribution for the period.

	As of December 31, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
	(in millions of RMB, unless otherwise stated)			
Share capital	6,024.28	12.67	6,024.28	12.87
Capital reserve	13,291.25	27.96	13,291.25	28.39
Surplus reserve	3,327.02	7.00	3,220.43	6.88
General reserve	7,645.26	16.08	7,019.10	14.99
Other comprehensive income	654.49	1.38	299.49	0.64
Retained earnings	7,836.47	16.49	8,195.44	17.51
Other equity instruments	7,997.96	16.83	7,997.96	17.08
Total equity attributable to equity shareholders of the Bank	46,776.73	98.41	46,047.95	98.36
Non-controlling interests	755.79	1.59	767.09	1.64
Total equity	47,532.52	100.00	46,815.04	100.00



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5.5 OFF-BALANCE SHEET CREDIT COMMITMENTS

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

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

	As of December 31, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
	(in millions of RMB, unless otherwise stated)			
Bank acceptances	36,790.56	59.95	29,296.02	52.21
Letters of credit	10,617.46	17.30	8,217.02	14.64
Unused credit card commitments	8,258.25	13.46	7,639.96	13.61
Letters of guarantees	5,693.68	9.28	10,923.20	19.46
Loan commitments	–	–	40.00	0.06
Sub-total	61,359.95	99.99	56,116.20	99.98
Capital commitments	7.58	0.01	3.29	0.02
Total	61,367.53	100.00	56,119.49	100.00



CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

5.6 LOAN QUALITY ANALYSIS

As of the end of the Reporting Period, the Group's gross loans and advances to customers were RMB336.890 billion, representing an increase of RMB25.408 billion, or 8.16% over the end of the previous year.

5.6.1 Distribution of Loans by Five-category Classification

Five-category classification	As of December 31, 2023		As of December 31, 2022	
	Amount	% of total (%)	Amount	% of total (%)
	(in millions of RMB, unless otherwise stated)			
Normal	312,553.84	92.77	285,627.62	91.70
Special mention	17,036.61	5.06	19,072.31	6.12
Substandard	2,987.83	0.89	3,455.73	1.11
Doubtful	3,345.98	0.99	2,483.87	0.80
Loss	965.24	0.29	841.64	0.27
Gross loans and advances to customers	336,889.50	100.00	311,481.17	100.00
Non-performing loans and non-performing loans ratio	7,299.05	2.17	6,781.24	2.18
Allowances for impairment losses	12,930.81		12,073.74	
Including: Allowances for impairment losses on loans and advances to customers at amortized costs	12,373.85		11,984.61	
Allowances for impairment losses on loans and advances to customers measured at FVOCI	556.96		89.13	

As of the end of the Reporting Period, the Group's normal loans amounted to RMB312.554 billion, accounting for 92.77%. The proportion of normal loans increased by 1.07 percentage points compared with that at the end of the previous year. Special mention loans amounted to RMB17.037 billion, accounting for 5.06%. The proportion of special mention loans decreased by 1.06 percentage points compared with that at the end of the previous year. The total amount of non-performing loans was RMB7.299 billion with a non-performing loan ratio of 2.17%. The ratio decreased by 0.01 percentage points compared with that at the end of the previous year. The decrease in the proportion of special mention loans and non-performing loans was mainly due to the continuous economic recovery, the significant increase in the credit scale, the remarkable results of the collection work, and the improvement in the operating conditions and repayment ability of some customers.

CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

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

Item	As of December 31, 2023				As of December 31, 2022			
	Loan amount	% of total (%)	NPL amount	NPL ratio (%)	Loan amount	% of total (%)	NPL amount	NPL ratio (%)
(in millions of RMB, unless otherwise stated)								
Corporate loans and advances	219,896.88	65.28	6,131.11	2.79	189,304.14	60.77	5,710.49	3.02
Personal loans and advances	85,782.77	25.46	1,167.94	1.36	83,651.98	26.86	1,070.75	1.28
Discounted bills	31,209.85	9.26	-	-	38,525.05	12.37	-	-
Total	336,889.50	100.00	7,299.05	2.17	311,481.17	100.00	6,781.24	2.18

As of the end of the Reporting Period, the Group's corporate loans and advances increased by RMB30.593 billion, or 16.16% as compared with that at the end of last year; and the non-performing ratio of the corporate loans and advances reached 2.79%, representing a decrease of 0.23 percentage points compared with that at the end of the previous year. The amount of corporate non-performing loans increased by RMB421 million compared with that at the end of the previous year. The personal loans and advances increased by RMB2.131 billion, or 2.55% compared with that at the end of the previous year. The non-performing ratio of the personal loans and advances reached 1.36%, representing an increase of 0.08 percentage points compared with that at the end of the previous year. The amount of discounted bills decreased by RMB7.315 billion, or 18.99% as compared with that at the end of last year.



CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

5.6.3 Distribution of Loans and Non-performing Loans by Industry

Industry	As of December 31, 2023				As of December 31, 2022			
	Loan amount	% of total (%)	NPL amount	NPL ratio (%)	Loan amount	% of total (%)	NPL amount	NPL ratio (%)
(in millions of RMB, unless otherwise stated)								
Agriculture, forestry, animal husbandry and fishery	5,322.16	1.58	59.39	1.12	4,877.84	1.57	183.96	3.77
Mining	2,120.60	0.63	-	-	1,978.76	0.64	-	-
Manufacturing	21,146.71	6.28	934.40	4.42	20,700.40	6.65	581.26	2.81
Production and distribution of electricity, heating power, gas and water	3,258.90	0.97	-	-	2,379.33	0.76	15.91	0.67
Construction	25,132.26	7.46	1,039.08	4.13	20,794.23	6.68	1,042.05	5.01
Wholesale and retail trade	31,065.04	9.22	3,484.27	11.22	27,268.36	8.75	3,078.01	11.29
Transportation, storage and postal services	7,111.33	2.11	17.55	0.25	5,995.44	1.92	14.28	0.24
Accommodation and catering	766.32	0.23	26.64	3.48	348.24	0.11	34.39	9.87
Information transmission, software and information technology services	1,586.72	0.47	12.22	0.77	1,056.39	0.34	16.80	1.59
Finance	4,501.03	1.34	-	-	3,670.49	1.18	-	-
Real estate	10,473.80	3.11	344.09	3.29	9,336.32	3.00	307.33	3.29
Leasing and commercial services	66,088.55	19.62	191.89	0.29	59,994.25	19.25	356.50	0.59
Scientific research and technical services	4,326.19	1.28	-	-	557.03	0.18	-	-
Water conservancy, environment and public facility management	31,901.36	9.47	4.64	0.01	25,917.41	8.32	5.17	0.02
Residents services, repairs and other services	630.58	0.19	10.37	1.64	287.83	0.09	11.00	3.82
Education	962.95	0.29	-	-	1,247.84	0.40	60.00	4.81
Health, social security and social welfare	1,499.33	0.45	-	-	1,367.88	0.44	-	-
Culture, sports, and entertainment	2,003.05	0.58	6.57	0.33	1,526.10	0.49	3.83	0.25
Public administration, social security and social organizations	-	-	-	-	-	-	-	-
Total amount of corporate loans and advances	219,896.88	65.28	6,131.11	2.79	189,304.14	60.77	5,710.49	3.02
Total amount of personal loans and advances	85,782.77	25.46	1,167.94	1.36	83,651.98	26.86	1,070.75	1.28
Discounted bills	31,209.85	9.26	-	-	38,525.05	12.37	-	-
Total	336,889.50	100.00	7,299.05	2.17	311,481.17	100.00	6,781.24	2.18

CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

As of the end of the Reporting Period, the top five industries of the Group's corporate loans and advances include: leasing and commercial services, water conservancy, environment and public facilities management, wholesale and retail, construction and manufacturing. The five largest industries in terms of the balance of non-performing loans of the Group were industries as follows: wholesale and retail, construction, manufacturing, real estate, leasing and commercial services.

5.6.4 Distribution of Loans and Non-performing Loans by Collateral

Type of collateral	As of December 31, 2023				As of December 31, 2022			
	Loan amount	% of total (%)	NPL amount	NPL ratio (%)	Loan amount	% of total (%)	NPL amount	NPL ratio (%)
	(in millions of RMB, unless otherwise stated)							
Unsecured loans	36,085.58	10.71	432.85	1.20	32,199.67	10.34	413.20	1.28
Guaranteed loans	199,997.72	59.37	3,330.46	1.67	179,639.48	57.67	3,934.02	2.19
Collateralized loans	89,200.68	26.48	3,125.85	3.50	92,121.22	29.58	2,254.37	2.45
Pledged loans	11,605.52	3.44	409.89	3.53	7,520.80	2.41	179.65	2.39
Total	336,889.50	100.00	7,299.05	2.17	311,481.17	100.00	6,781.24	2.18

As of the end of the Reporting Period, the main types of collateral of the Group's loans and advances to customers were guaranteed loans, which accounted for 59.37% of the loans and advances to customers. Except for the decrease of 3.10 percentage points in the proportion of guaranteed loans as compared to the end of the previous year, the proportion of credit loans, mortgage loans and pledged loans increased by 0.37, 1.70 and 1.03 percentage points respectively as compared to the end of the previous year. The non-performing loan ratio of credit and guaranteed loans decreased by 0.08 and 0.52 percentage points as compared to the end of the previous year, and the non-performing loan ratio of mortgage and pledge increased by 1.05 and 1.14 percentage points as compared to the end of the previous year.



CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

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

Geographical region	As of December 31, 2023				As of December 31, 2022			
	Loan amount	% of total (%)	NPL amount	NPL ratio (%)	Loan amount	% of total (%)	NPL amount	NPL ratio (%)
(in millions of RMB, unless otherwise stated)								
Nanchang area	155,959.65	46.29	4,692.81	3.01	156,362.98	50.20	4,344.45	2.78
Within Jiangxi Province (apart from Nanchang area)	160,759.65	47.72	1,106.85	0.69	133,910.37	42.99	910.60	0.68
Outside Jiangxi Province	20,170.20	5.99	1,499.39	7.43	21,207.82	6.81	1,526.19	7.20
Total	336,889.50	100.00	7,299.05	2.17	311,481.17	100.00	6,781.24	2.18

As of the end of the Reporting Period, the proportion of the Group's loans in the Nanchang area, Jiangxi Province (apart from the Nanchang area) and outside Jiangxi Province was 46.29%, 47.72% and 5.99%, respectively, among which, the proportion of Jiangxi Province (apart from the Nanchang area) increased by 4.73 percentage points compared with that at the end of the previous year, and the proportion of the Nanchang area and outside Jiangxi Province decreased by 3.91 and 0.82 percentage points respectively compared with that at the end of the previous year.



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5.6.6 Distribution of Loans by Overdue Period

Type of overdues	As of December 31, 2023		As of December 31, 2022	
	Loan amount	% of total (%)	Loan amount	% of total (%)
(in millions of RMB, unless otherwise stated)				
Current loans	324,616.05	96.36	296,658.91	95.24
Loans past due for				
Up to 3 months	5,207.03	1.55	8,780.60	2.82
Over 3 months up to 1 year	2,444.02	0.73	4,264.55	1.37
Over 1 year up to 3 years	4,047.95	1.20	1,319.14	0.42
Over 3 years	574.45	0.16	457.97	0.15
Sub-total	12,273.45	3.64	14,822.26	4.76
Total	336,889.50	100.00	311,481.17	100.00

As of the end of the Reporting Period, the Group's total overdue loans were RMB12.273 billion, representing a decrease of RMB2.549 billion as compared to the end of the previous year. The ratio of overdue loans to total loans was 3.64%, representing a decrease of 1.12 percentage points as compared to the end of the previous year. Overdue loans were mainly loans overdue for less than one year, representing a decrease of RMB5.394 billion or 1.91 percentage points as compared to the end of the previous year.



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5.6.7 Measures for Non-performing Assets

During the Reporting Period, the Group adopted the following measures to promote the disposal of non-performing assets: Firstly, the Group enhanced target orientation by formulating overall improvement plans for the collection and management of non-performing assets at the beginning of the year, which clarifies objectives, working ideas and measures; optimized the collection management framework across the Bank, which enables unified collection management and professional operation of both on-and off-balance sheet non-performing assets. Secondly, the Bank strengthened the use of methods. The Bank established a decisive mechanism, focused on key large accounts, formed dedicated task forces, consolidated responsibilities, and collaboratively promoted disposal between the Head Office and branches; innovated disposal methods by comprehensively utilizing pre-litigation reconciliation, litigation mediation, judicial auctions, online live streaming, and VR demonstrations, to significantly expedite the disposal process; conducted centralized targeted initiatives for collection, such as door-to-door collections, and the special court and public security supervisory mechanism to continuously improve the effectiveness of connection and disposal. Thirdly, the Bank strengthened support and guarantee. The Bank arranged and systematically revised a number of documents on collection system, improved a multi-level and standardized debt collection system; utilized multi-level and normalized scheduling mechanisms to schedule when necessary and in real time, discuss and deliberate disposal solutions, and thus break down the obstacles to collection and collaborate in promoting the disposal process; and improved the reward and punishment assessment system to enhance the effectiveness of disposal.



CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

5.6.8 Large Risk Exposures

1 Large risk exposures to ten largest non-interbank single customers

In accordance with the applicable banking laws and regulations in the PRC, the Group's risk exposure to non-interbank single customers shall not exceed 15% of net Tier 1 capital. The following table sets out the Group's risk exposure to non-interbank single customers as of the end of the Reporting Period.

Item	Industry	As of December 31, 2023		
		Balance of risk exposure	% of total loans	% of net tier-one capital
Borrower A	Leasing and commercial services	3,416.74	1.01	6.95
Borrower B	Leasing and commercial services	3,180.87	0.94	6.47
Borrower C	Scientific research and technical services	3,133.59	0.93	6.37
Borrower D	Water conservancy, environment and public facility management	2,840.00	0.84	5.78
Borrower E	Leasing and commercial services	2,835.89	0.84	5.77
Borrower F	Wholesale and retail	2,715.07	0.81	5.52
Borrower G	Wholesale and retail	2,694.10	0.80	5.48
Borrower H	Water conservancy, environment and public facility management	2,519.33	0.75	5.12
Borrower I	Leasing and commercial services	2,429.22	0.72	4.94
Borrower J	Leasing and commercial services	2,400.00	0.71	4.88
Total		28,164.81	8.35	57.28



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2 Large risk exposures to ten largest non-interbank related customers

In accordance with the applicable guidelines for banking industry in the PRC, the Group's risk exposure to non-interbank related customers shall not exceed 20% of net Tier 1 capital. The following table sets out the Group's risk exposure to non-interbank related customers as of the end of the Reporting Period.

Item	Industry	As of December 31, 2023		
		Balance of risk exposure	% of total loans	% of net tier-one capital
		(expressed in millions of RMB)		
Borrower A	Water conservancy, environment and public facility management	5,739.83	1.70	11.68
Borrower B	Leasing and commercial services	4,690.21	1.39	9.54
Borrower C	Leasing and commercial services	4,674.51	1.39	9.51
Borrower D	Leasing and commercial services	4,396.03	1.30	8.94
Borrower E	Leasing and commercial services	4,110.54	1.22	8.36
Borrower F	Scientific research and technical services	4,011.60	1.19	8.16
Borrower G	Leasing and commercial services	3,800.89	1.13	7.73
Borrower H	Transportation, storage and postal services	3,387.68	1.01	6.89
Borrower I	Water conservancy, environment and public facility management	3,352.67	1.00	6.82
Borrower J	Construction	3,311.35	0.98	6.74
Total		41,475.31	12.31	84.37

5.6.9 Repossessed Assets and Impairment Allowances

Item	As of	As of
	December 31, 2023	December 31, 2022
	(in millions of RMB, unless otherwise stated)	
	Amount	Amount
Land use rights and buildings	171.41	153.01
Others	2.25	—
Less: Allowances for impairment losses	(33.87)	(32.82)
Net repossessed assets	139.79	120.19

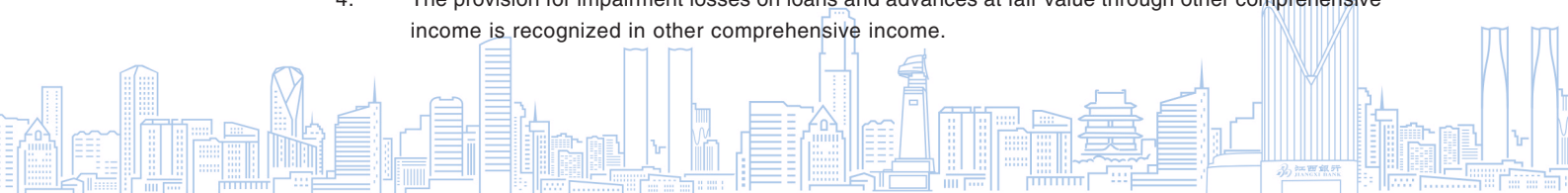
CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

5.6.10 Movements of Allowances for Impairment Losses on Loans

	Stage 1 ¹ Amount	Stage 2 ² Amount	Stage 3 ³ Amount	Total Amount
(in millions of RMB, unless otherwise stated)				
Loans and advances to customers measured at amortized cost				
As at January 1, 2023	2,250.47	1,877.00	7,857.14	11,984.61
Transferred to 12-month ECL	178.73	(151.73)	(27.00)	–
Transferred to lifetime ECL – not credit-impaired	(70.24)	82.88	(12.64)	–
Transferred to lifetime ECL – credit-impaired	(7.69)	(113.44)	121.13	–
Charged/(released) for the year	2,195.10	(247.73)	4,622.20	6,569.57
Transferred out for the year	–	–	–	–
Recoveries for the year	–	–	430.17	430.17
Write-offs for the year	–	–	(6,059.19)	(6,059.19)
Others	–	–	(551.31)	(551.31)
As at December 31, 2023	4,546.37	1,446.98	6,380.50	12,373.85
Loans and advances to customers measured at FVOCI⁴				
As at January 1, 2023	89.13	–	–	89.13
Charged/(released) for the year	467.83	–	–	467.83
As at December 31, 2023	556.96	–	–	556.96

Notes:

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



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5.7 SEGMENT REPORTS

5.7.1 Summary of Business Segment Information

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

	2023				Total	2022				Total
	Corporate banking	Retail banking	Financial markets business	Other business		Corporate banking	Retail banking	Financial markets business	Other business	
	(in millions of RMB, unless otherwise stated)									
External net interest income	6,986.02	(1,221.01)	3,006.36	-	8,771.37	5,082.87	(274.11)	4,815.57	-	9,624.33
Internal net interest income/ (expense)	(1,570.02)	3,656.25	(2,144.99)	58.76	-	78.47	2,581.55	(2,624.69)	(35.33)	-
Net interest income/(expense)	5,416.00	2,435.24	861.37	58.76	8,771.37	5,161.34	2,307.44	2,190.88	(35.33)	9,624.33
Net fee and commission income/ (expense)	215.99	0.38	311.59	(6.33)	521.63	272.90	30.33	360.17	(21.31)	642.09
Net trading gains	-	-	102.82	-	102.82	-	-	121.32	-	121.32
Net gains/(losses) arising from financial investments	36.47	0.39	1,479.77	-	1,516.63	42.34	(28.95)	2,115.83	-	2,129.22
Other operating income/(expenses)	181.47	126.57	55.72	20.43	384.19	28.20	(0.55)	(28.90)	198.33	197.08
Operating income	5,849.93	2,562.58	2,811.27	72.86	11,296.64	5,504.78	2,308.27	4,759.30	141.69	12,714.04
Operating expenses	(585.37)	(1,262.45)	(1,781.27)	(1.76)	(3,630.85)	(703.02)	(1,145.38)	(1,782.08)	(13.44)	(3,643.92)
Operating profit before impairment	5,264.56	1,300.13	1,030.00	71.10	7,665.79	4,801.76	1,162.89	2,977.22	128.25	9,070.12
Impairment losses on assets	(5,766.34)	(635.82)	(117.11)	(145.22)	(6,664.49)	(5,501.70)	(448.48)	(1,313.86)	(132.73)	(7,396.77)
Share of profits of associates	-	-	-	9.05	9.05	-	-	-	7.61	7.61
Profit/(loss) before taxation	(501.78)	664.31	912.89	(65.07)	1,010.35	(699.94)	714.41	1,663.36	3.13	1,680.96
Proportion to profit/(loss) before taxation	(49.66)	65.75	90.35	(6.44)	100.00	(41.64)	42.50	98.95	0.19	100.00

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5.7.2 Main Segment Operating Income

During the Reporting Period, the Group implemented the macroeconomic policy requirements of returning to the core business and supporting entities, and allocated more asset allocation resources from financial market business to credit granting and entity supporting, so as to promote the growth of operating income of corporate and personal credit business. The main reasons for the decrease in income from financial market business are as follows: (i) the market yield continued to decline due to the impact of the macroeconomic situation; (ii) the Group proactively responded to market fluctuations, optimized the risk-to-return ratio of financial market assets, and allocated more high-liquidity and low-risk assets; (iii) based on the principle of prudence, the Group measured certain financial investment assets at fair value, and its changes included in the current profit and loss decreased year-on-year.

	2023		2022	
	Amount	% of total	Amount	% of total
	(in millions of RMB, unless otherwise stated)			
Corporate banking	5,849.93	51.78	5,504.78	43.30
Retail banking	2,562.58	22.68	2,308.27	18.16
Financial markets business	2,811.27	24.89	4,759.30	37.43
Other business	72.86	0.65	141.69	1.11
Total	11,296.64	100.00	12,714.04	100.00

5.8 BUSINESS OVERVIEW

5.8.1 Corporate Banking

1 Corporate customers

During the Reporting Period, the Bank vigorously reformed customer marketing mechanism, and implemented classified strategies in customer expansion channel, process optimization, customer management, among others, to continuously expand the customer base and optimize the customer structure. In terms of customer expansion channel, the Bank actively connected to the “Jiangxi enterprise registration online service system” to expand online channels and increase the efficiency of acquiring customers from the source. In terms of process optimization, the Bank set up a corporate business post for the purpose of experiencing, strengthened the synergy of the front desk, middle office and back office, actively addressed difficulties and bottlenecks in customer service to enhance customer experience. In terms of customer management, the Bank categorized strategic and non-strategic customers, institutional and corporate customers, borrowers and non-borrowers for providing targeted differentiated services to effectively meet customer needs. As of the end of the Reporting Period, the Bank’s corporate customers increased by 12,800 as compared to the end of the previous year, reaching a new high in growth.

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2 *Corporate deposits*

During the Reporting Period, the Bank prioritized customer expansion, institutional business, scenario-based finance, and lender management to boost low-cost deposit marketing, ensuring an increase in the quantity and quality of corporate deposits. The Bank clarified the responsibilities of institutions at all levels, strengthened customer stratified marketing, effectively developed new customers and tapped potential of existing customers to solidify the foundation of deposit business; intensified marketing efforts through cooperation such as Party building and joint construction, and strategic contracting for the series of key accounts of budgetary units at the provincial, municipal, and county (district) levels, as well as bankruptcy administrators, to consolidate and expand institutional deposits; optimized settlement processes, innovatively upgraded service models such as Cash Management III and Payroll Manager, and advanced the scenario-based finance such as the supervision of housing transaction funds and smart payment to expand transaction settlement funds; enhanced the recovery management of funds of loan customers and sales proceeds, increased the flow rate of funds within the Bank, strengthened the comprehensive service capability of asset and liability business, and increased the comprehensive customer contribution.

As of the end of the Reporting Period, according to the statistics of the PBOC, the Bank ranked fourth with a market share of 8.81% in RMB corporate deposits (excluding deposits from non-deposit financial institutions) in Jiangxi Province, which showed a significantly improvement as compared to the end of the previous year and ranked fourth among 27 major financial institutions in Jiangxi Province.



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3 Corporate loans and advances

As of the end of the Reporting Period, the total amount of corporate loans and advances issued by the Group had reached RMB219.897 billion, representing an increase of 16.16% as compared to the end of the previous year. Corporate loans and advances were the largest components of the Group's loan portfolio.

Distribution of corporate loans and advances by product type

The Group provided various loan products to corporate customers, including working capital loans, fixed asset loans and financial leasing services. As of the end of the Reporting Period, while further returning to core business and strengthening the risk management and control of leased assets, the Group's corporate loans and advances increased by RMB30.593 billion as compared to the end of the previous year, mainly because the Group resolutely implemented the decisions and deployment of the CPC Central Committee, focused on the development of "three highlands" and implementation of "five strategies" closely centering on Jiangxi, increased support for key areas and weak links such as green finance, rural revitalization, manufacturing industries, SRDI enterprises, small and micro enterprises and private enterprises with better financial services to enable the high-quality development of the local economy and society.

Item	As of December 31, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
	(in millions of RMB, unless otherwise stated)			
Working capital loans	120,615.01	54.85	105,559.00	55.76
Fixed asset loans	71,591.10	32.56	59,115.62	31.23
Financial lease	6,012.53	2.73	8,058.61	4.26
Others ¹	21,678.24	9.86	16,570.91	8.75
Total amount of corporate loans and advances	219,896.88	100.00	189,304.14	100.00

Note:

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



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Distribution of corporate loans and advances by contract maturity

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

Item	As of December 31, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
Short-term loans and advances ¹	70,021.01	31.84	84,591.33	44.69
Medium to long-term loans ²	149,875.87	68.16	104,712.81	55.31
Total amount of corporate loans and advances	219,896.88	100.00	189,304.14	100.00

Notes:

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

Short-term loans and advances

As of the end of the Reporting Period, the Group's short-term loans and advances amounted to RMB70.021 billion, representing a decrease of RMB14.570 billion or 17.22% as compared to the end of the previous year.

Medium to long-term loans

As of the end of the Reporting Period, the Group's medium to long-term loans amounted to RMB149.876 billion, representing an increase of RMB45.163 billion or 43.13% as compared to the end of the previous year.

Distribution of corporate loans and advances by customer category

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

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

Item	As of December 31, 2023		As of December 31, 2022	
	Amount	% of total	Amount	% of total
	(in millions of RMB, unless otherwise stated)			
Micro enterprises ¹	22,414.23	10.19	13,492.84	7.12
Small enterprises ¹	109,024.54	49.58	95,301.24	50.34
Medium enterprises ¹	55,245.84	25.12	46,333.91	24.48
Large enterprises ¹	24,537.70	11.16	28,542.03	15.08
Others ²	8,674.57	3.95	5,634.12	2.98
Total amount of corporate loans and advances	219,896.88	100.00	189,304.14	100.00

Notes:

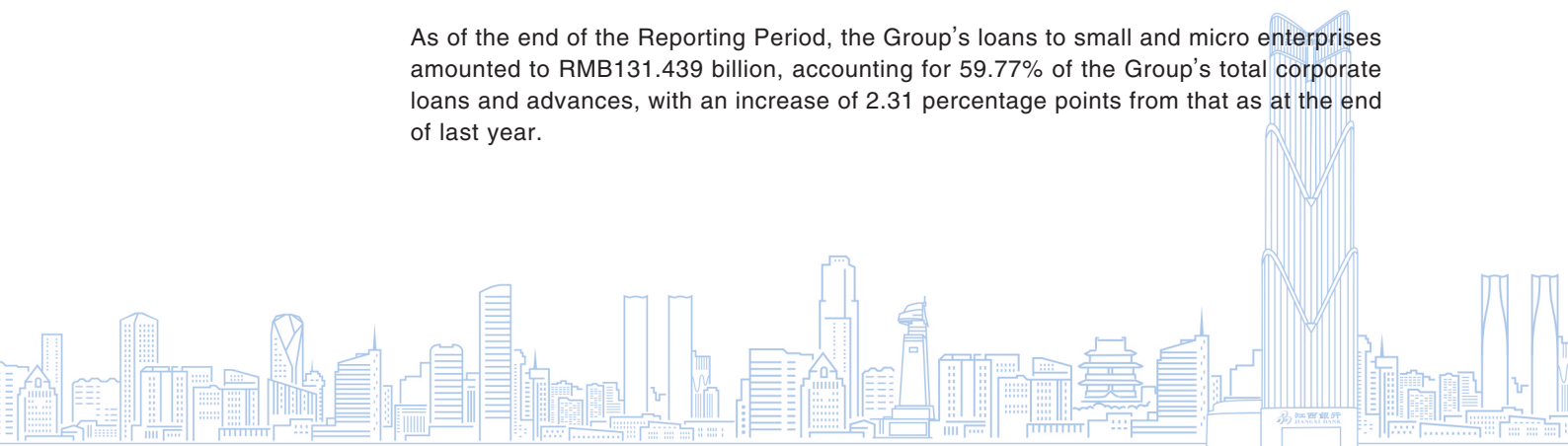
1. Statistics on the Measures for Classification of Large, Medium, Small and Micro Enterprises (2017) stipulates that the classification of large enterprises, medium enterprises, small enterprises and micro enterprises shall be based on the number of employees, operating income and total assets.
2. Primarily includes loans to public institutions such as hospitals and schools.

Loans and advances to large and medium enterprises

As of the end of the Reporting Period, the Group's loans to large and medium enterprises amounted to RMB79.784 billion, accounting for 36.28% of the Group's total corporate loans and advances, with a decrease of 3.28 percentage points from that as at the end of last year.

Loans and advances to small and micro enterprises

As of the end of the Reporting Period, the Group's loans to small and micro enterprises amounted to RMB131.439 billion, accounting for 59.77% of the Group's total corporate loans and advances, with an increase of 2.31 percentage points from that as at the end of last year.



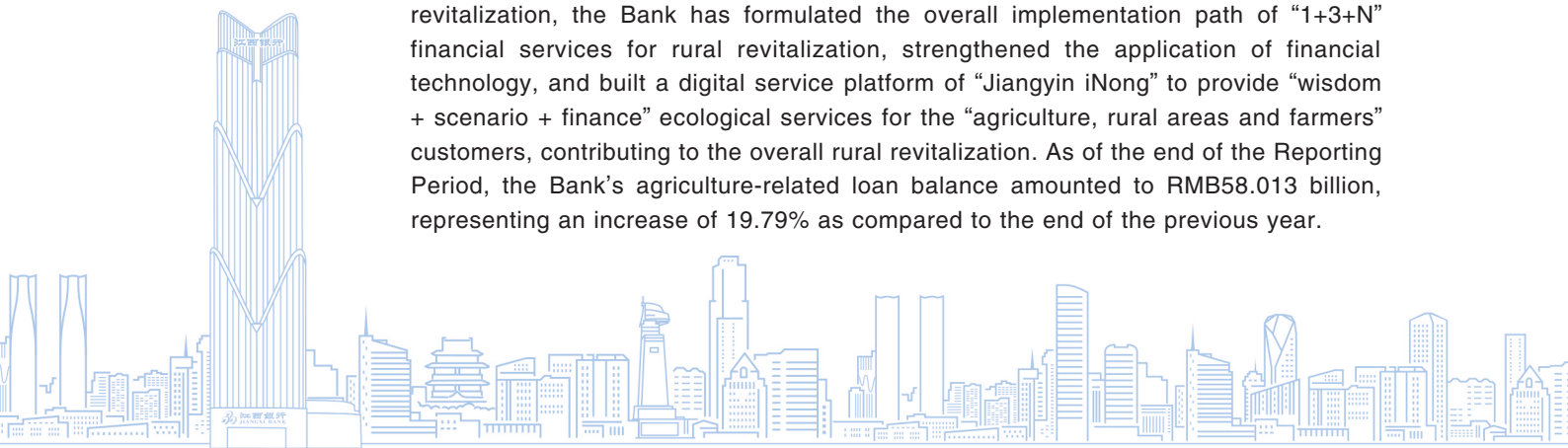
CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

4 *Characteristic corporate credit business*

Practicing the "carbon peaking and carbon neutrality" goals and vigorously developing green finance, the Bank successfully released the support facility loan for the first carbon emission reduction and sustainable development linked loan for the manufacturing industry for corporate banking institution in Jiangxi Province, innovatively launched a financing service program for ecological and environmental restoration, released carbon account performance linked loan in Pingxiang, Jiangxi, established the first "carbon neutrality" sub-branch among local legal person financial institutions in Jiangxi Province, became a "Pioneer Partner of ISSB Sustainability Disclosure Standards," and explored cooperation in the fields of green finance, value realization of ecological products and carbon finance research. As of the end of the Reporting Period, the Bank's green loan balance amounted to RMB31.196 billion, representing an increase of 37.46% as compared to the end of the previous year.

Focusing on "1269" Action Plan to serve the manufacturing transition and upgrading. The Bank actively supported the "1269" Action Plan for the modernization of key manufacturing industrial chains in Jiangxi Province and identified a number of major industries, major infrastructure and major livelihood projects, such as manufacturing, as priority industries to support, innovatively applied credit products such as "loans for specialized and innovative products", "pledge of account receivable pools", and intellectual property pledges, to support the development of customers such as individual champions in manufacturing, leading enterprises in manufacturing, and specialized and innovative customers. As at the end of the Reporting Period, the Group's manufacturing loan balance amounted to RMB21.147 billion; the balance of loans for SRDI enterprises amounted to nearly RMB4.3 billion, representing an increase of 14.91% as compared to the end of the previous year; and the "pledge loan of account receivable pools" was recognized as "2023 Excellent Innovative Financial Product in Jiangxi for Serving Real Economy" by the People's Bank of China Jiangxi Branch and Local Financial Supervision and Administration Bureau of Jiangxi Province.

Strengthening technology empowerment and facilitating comprehensive rural revitalization, the Bank has formulated the overall implementation path of "1+3+N" financial services for rural revitalization, strengthened the application of financial technology, and built a digital service platform of "Jiangyin iNong" to provide "wisdom + scenario + finance" ecological services for the "agriculture, rural areas and farmers" customers, contributing to the overall rural revitalization. As of the end of the Reporting Period, the Bank's agriculture-related loan balance amounted to RMB58.013 billion, representing an increase of 19.79% as compared to the end of the previous year.



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Upgrading special policies to support talent innovation and entrepreneurship. The Bank has taken the advantage as an exclusive service provider for talents in Jiangxi Province, and applied the upgraded policy of exclusive talent finance products “Benefiting Talents in Jiangxi with Awards and Sincerity of Jiangxi Bank 3.0” (江西銀行真金誠意惠贛才 3.0) to effectively support innovation and entrepreneurship by various types of talents. As at the end of the Reporting Period, the Bank has provided various types of talent enterprises with credit of more than RMB10 billion. At the same time, the Bank enabled the high-quality development of Jiangxi through excellent talent financial services by setting up the Talent Financial Services Center in cities of Jiangxi Province, which is equipped with professional teams.

5. *Investment Banking*

During the Reporting Period, the Bank gave active play to the advantages of the principal undertaking business, and supported the development of bond issuers in Jiangxi with direct financing to lower their financing cost; further refined and improved the principal underwriting business products system, provided differentiated and professional service solutions for bond issuers, steadily promoted the stable development of the underwriting business of debt financing instruments of non-financial enterprises, and successfully obtained the qualification of a general underwriter. During the Reporting Period, the Bank issued a total of 9 non-financial corporate debt financing instruments in Jiangxi Province, participating in the issuance of RMB6.885 billion, of which the Bank underwrote RMB1.860 billion.

Additionally, leveraging the advantages of presence of outlets in districts and counties across Jiangxi, the Bank set up specialized teams to provide consultation services to governments at all levels in project selection, planning, and project declaration. The Bank launched special bonds advisory services in multiple cities within Jiangxi such as Yichun, Xinyu and Pingxiang, and assisted Jiangxi Provincial Government in the bond issuance projects, and received customer recognition for quality services.



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6 *Inclusive finance*

The Bank has been a strong champion of the decisions and deployments of the CPC Central Committee and the State Council. Based on the market positioning of “serving urban and rural residents, small and medium-sized enterprises (SMEs), and the local economy”, the Bank has continued to work on key areas such as inclusive finance and rural revitalization. That meant increasing credit investment and lowering the cost of financing to make possible the increase in the quantity, expansion of the service coverage, reduction of the price, and improvement in the quality of financing for SMEs, and endeavored for the high-quality development of SMEs. As of the end of the Reporting Period, the Bank’s inclusive small and micro enterprise loan balance (with the credit granted to a single customer less than RMB10 million (inclusive)) was RMB46.141 billion, up by RMB10.754 billion or 30.39% as compared with the end of last year, and this growth rate and net increase ranking at the forefront of the financial institutions in the province. The customers who received inclusive small and micro enterprise loans (with the credit granted to a single customer less than RMB10 million (inclusive)), up by more than 7,500 as compared with the end of last year, better meeting the regulatory indicators such as “two increases”.

Optimizing inclusive credit structure. Through the development of specialized marketing strategies and the implementation of targeted initiatives, the Bank clearly defined key industries and investment areas, provided complementary business incentive policies, strengthened the marketing efforts for small and micro-market entities, continuously optimized credit structure, broadened the coverage of financing services, and directed credit resources towards supporting small and micro enterprises. The Bank effectively improved the service coverage, satisfaction and sense of gain in inclusive finance.



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Continuously optimizing loan application process. The Bank optimized loan application process, improved the long-term mechanism of “Dare to, be able to”, and further simplified credit approval process to improve the speed of responding to the demands of inclusive small and micro loans and the approval efficiency. We introduced the Jiangxi Bank Inclusive Mobile Operation Platform to further enhance the operational efficiency of our staff and improve the quality and effectiveness of inclusive services.

Innovating dedicated financial products. To this end, the Bank refreshed our efforts to optimize the existing products and enhance the core competitiveness by launching dedicated products such as “Super Mortgage Loan”, “Turnover Loan” and “Guaranteed Loans for Business Start-ups”, as well as successfully launched the first online “Government Procurement E-loan” in the e-marketplace of the province. Taking into account the business characteristics of rural enterprises and ecological scenes, the Bank innovated the supply of financial products by launching “iNong Loan – Loan of Agricultural Products” and “iNong Loan – Rural Insurance Loan”, of which “Rural Insurance Loan” has been successfully selected as a typical case of China’s inclusive financial services in 2023. Targeting the competitive industries with local distinctive characters, the Bank has launched six “one product for one industry” unique businesses, including the “Live Livestock Mortgage Loan” and the “Public Welfare Forest Compensation Revenue Right Pledge Loan”, which have injected strong impetus into the development of inclusive agricultural business and better enhanced the accessibility and satisfaction of financing for small and micro enterprises.

Providing county area finance. Focusing on service entities and scenarios, with county area finance as the focal point, the Bank extended service radius and promoted the penetration of inclusive finance into the county areas and key townships. Through targeted initiatives, we fully tapped into the development potential of branches in county areas. As of the end of the Reporting Period, the growth rate of inclusive loans in county areas across the Bank exceeded 50% as compared to the end of the previous year, continuously driving the development of inclusive finance in county areas.



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5.8.2 Retail Banking

1 *Retail customers*

During the Reporting Period, the Bank organized branches to plan and carry out employee payroll activities, collaborated with acquiring merchants to launch discounted activities in food, supermarkets, and travel to improve the service level for individual customers. The Bank continued to carry out activities and co-building with communities, operated the "Jiangyin Loves the Elderly" service brand, launched the savings products like "happy saving" (only for pension), deposit certificate and deposit products, "Jiangyin Loves the Elderly" section on mobile banking, with focus on provision of more efficient, convenient and warm financial services for the elderly population.

As of the end of the Reporting Period, the total number of individual customers of the Bank was 6.2217 million, among which, the number of individual customers aged 60 and above was 1.2864 million, an increase of 127,600 or 11.01% as compared to the end of the previous year; the AUM retention rate of individual payroll customers was 33.19%, an increase of 7.64 percentage points as compared to the end of the previous year; the number of acquiring merchants was 33,500, an increase of 15,300 or 84.29% as compared to the end of the previous year.

2 *Personal deposits*

During the Reporting Period, the Bank strengthened the retention of payroll funds of personal clients to absorb personal deposits from the source. The Bank initiated activities like monthly reward points, and point-based lottery by payroll customers, strengthened activity planning for payroll customers, organized branch institutions to carry out offline activities for payroll businesses, and enhanced engagement of individual payroll customers. The Bank deepened its acquisition of individual business owners' acquiring business, driving higher merchant transaction activity and settlement deposit retention to promote steady growth in savings deposits.

As of the end of the Reporting Period, the balance of the Group's personal deposits amounted to RMB185.576 billion, representing an increase of RMB25.025 billion or 15.59% as compared to the end of the previous year; the average cost ratio of personal deposits decreased by 0.19 percentage points as compared to the corresponding period of the previous year.

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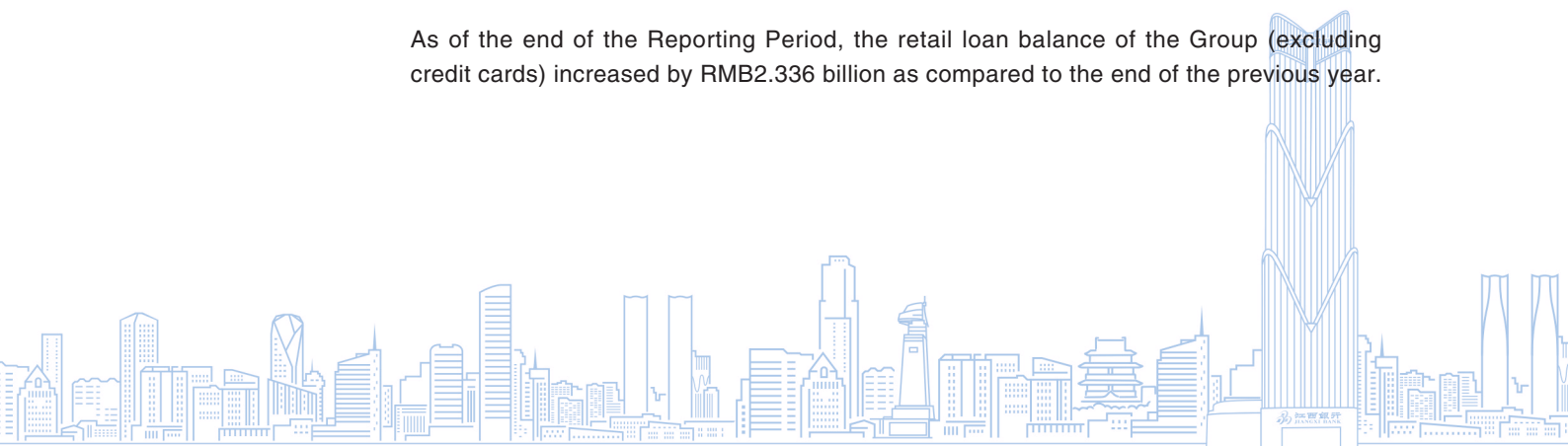
As of the end of the Reporting Period, according to the statistics of the PBOC, the Bank's market share of personal deposits balance reached 5.19% in Jiangxi Province, up by 0.04 percentage points from the end of the previous year, ranking first among the city commercial banks in Jiangxi Province; the Bank's growth rate of personal deposits balance was 0.93 percentage points higher than the growth rate in Jiangxi Province.

3 *Personal loans*

During the Reporting Period, the Bank focused on personal consumption loan customers. The Bank worked to improve product functions, optimize business processes, and strengthen risk control by using digital technologies such as big data and facial recognition. As at the end of the Reporting Period, the number of customers granted with "Jiangyin Express Loan", the Bank's key consumption loan product, increased by 125.00% over the end of the previous year, and the balance of the loan amounted to RMB4.831 billion, representing an increase of RMB3.215 billion or 198.95% over the end of the previous year.

During the Reporting Period, the Bank continued to deepen its financial services for new citizens, launched 11 measures serving new citizens to effectively expand financial supply and comprehensively improve the availability and convenience of financial services for new citizens. As of the end of the Reporting Period, the balance of the Bank's personal housing and consumption loans for new citizens amounted to RMB2.192 billion, with a total of 7,269 loans issued during the Reporting Period, totaling RMB1.490 billion. The Bank consistently reduced fees to stimulate consumption demand among new citizens. This was realized by organizing activities like the "Jiangyin Consumer Season", "Teacher's Day Appreciation" and the "Big Sale at Mid-Autumn Festival and National Day". To implement the policy of ownership transfer of existing home with mortgage, the Bank optimized the functions of the relevant system. As of the end of the Reporting Period, second-hand individual housing loans of RMB100 million were released. The Bank also adjusted the interest rate for existing first-home loans orderly, with a total of over 90,000 existing loans adjusted during the Reporting Period, totaling RMB38.417 billion.

As of the end of the Reporting Period, the retail loan balance of the Group (excluding credit cards) increased by RMB2.336 billion as compared to the end of the previous year.



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4 *Bank cards*

During the Reporting Period, the Bank adhered to the customer-centered concept, focused on precise marketing scenarios for existing customers across the Bank, utilized data-driven strategies to promote cross-marketing of debit cards and credit cards across the Bank, collaborated with third-party payment providers to conduct activities such as card binding for online payment and cash back. As at the end of the Reporting Period, the number of customers signing up for electronic payments with debit cards was 2.085 million, representing an increase of 163,500 or 8.51% as compared to the end of the previous year.

During the Reporting Period, the Bank actively explored new driving forces for operation under digital scenarios, launched the credit card “One Beauty Life” platform and a star member program, and continuously enhanced the operation capability of customer by building a customer life cycle system, carrying out refined and differentiated customer management. As of the end of the Reporting Period, the Bank’s credit card overdraft balance was RMB3.332 billion.

During the Reporting Period, the Bank strengthened the expansion of the social security card issuance business in Jiangxi Province and carried out discount activities for social security card customers. As of the end of the Reporting Period, the Bank issued a total of 265,000 social security cards, representing an increase of 20,100 or 8.21% as compared to the end of the previous year.

5 *Wealth management*

During the Reporting Period, the Bank enriched its wealth management products, introducing 23 financial products sold on a commission basis and witnessing rapid growth in insurance agency sales, with agency fee income reaching 128.30% of the previous year’s level. The Bank upgraded its sales voice and video recording system for wealth management and agency products, with optimized voice and video recording self-recording function in the counter wealth management area and mobile banking, enhancing business handling efficiency, customer experience, and sales compliance capabilities. The Bank made continuous efforts to strengthen the wealth management team building, organized topic training to enhance asset allocation capabilities, and held regular online investor education salons to comprehensively improve wealth management personnel’s comprehensive abilities.

As of the end of the Reporting Period, the number of individual VIP customers holding financial assets worth RMB100,000 or more in the Bank increased 15.59% as compared to the end of the previous year. The AUM balance of individual VIP customers increased 16.18% as compared to the end of the previous year.

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5.8.3 Financial markets business

1 *Money market business*

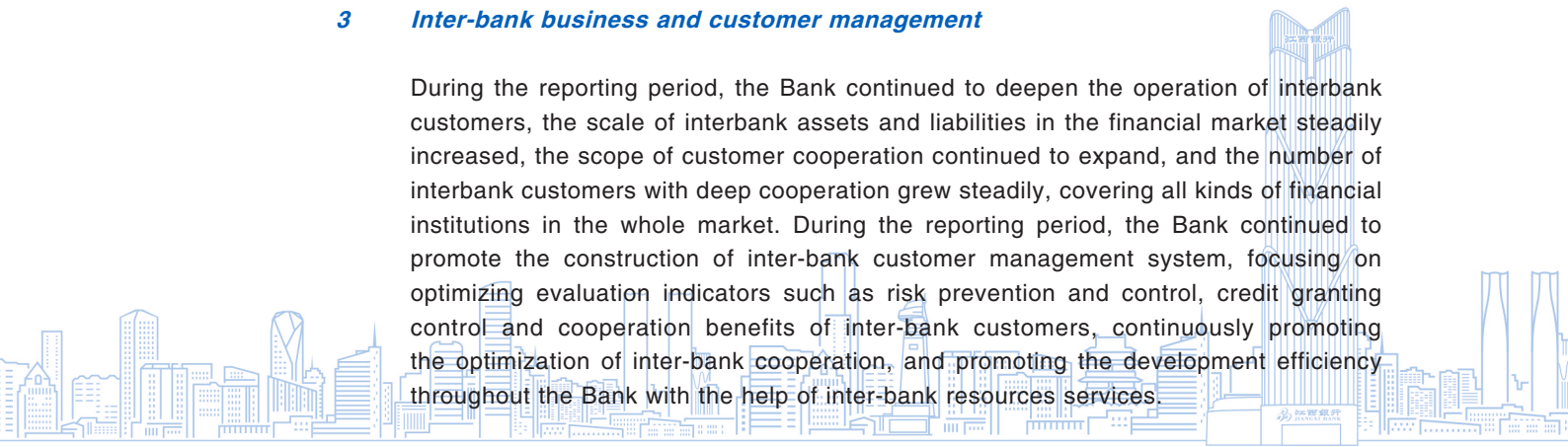
During the Reporting Period, China's monetary policy was precisely implemented, with increased efforts in cross-cycle and countercyclical adjustments. The Bank actively implemented the monetary policy requirements, took the initiative to optimize the structure of various money market instruments under the correct leadership and with the strong support of the People's Bank of China and the China Foreign Exchange Trade System, and continuously enhanced the service capabilities as a money market trader, and steadily increased the trading volume of the money market. At the same time, the Bank actively responded to market fluctuations, rationally matched the scale of money market instruments such as interbank deposit, interbank lending and buy-back (selling under repurchase agreement), steadily increased the scale of interbank liabilities, strengthened the maturity matching of assets and liabilities, and reduced the financing cost of interbank liabilities as a whole.

2 *Investment in securities and other financial assets*

During the Reporting Period, the Bank always insists on serving the local economy, serving the real economy, and preventing investment risks. Based on the basic principle of "returning to the original source and focusing on the main business", the Bank continuously optimizes its business structure, flexibly allocates standardized products and high-liquidity assets, and maintains the steady development of various investment business. During the Reporting Period, the Bank actively fulfilled the functions of an interbank market dealer and a market maker, proactively participated in the trading of innovative products in the interbank market, continued to expand the allocation of bond assets, and enhanced its market activity thereby. The Bank achieved "double growth" in terms of scale and income in multiple trading businesses such as bond lending and market making transactions, and was honored as the "Market Influence Institution in the Interbank Domestic Currency Market: Core Dealer of 2023".

3 *Inter-bank business and customer management*

During the reporting period, the Bank continued to deepen the operation of interbank customers, the scale of interbank assets and liabilities in the financial market steadily increased, the scope of customer cooperation continued to expand, and the number of interbank customers with deep cooperation grew steadily, covering all kinds of financial institutions in the whole market. During the reporting period, the Bank continued to promote the construction of inter-bank customer management system, focusing on optimizing evaluation indicators such as risk prevention and control, credit granting control and cooperation benefits of inter-bank customers, continuously promoting the optimization of inter-bank cooperation, and promoting the development efficiency throughout the Bank with the help of inter-bank resources services.



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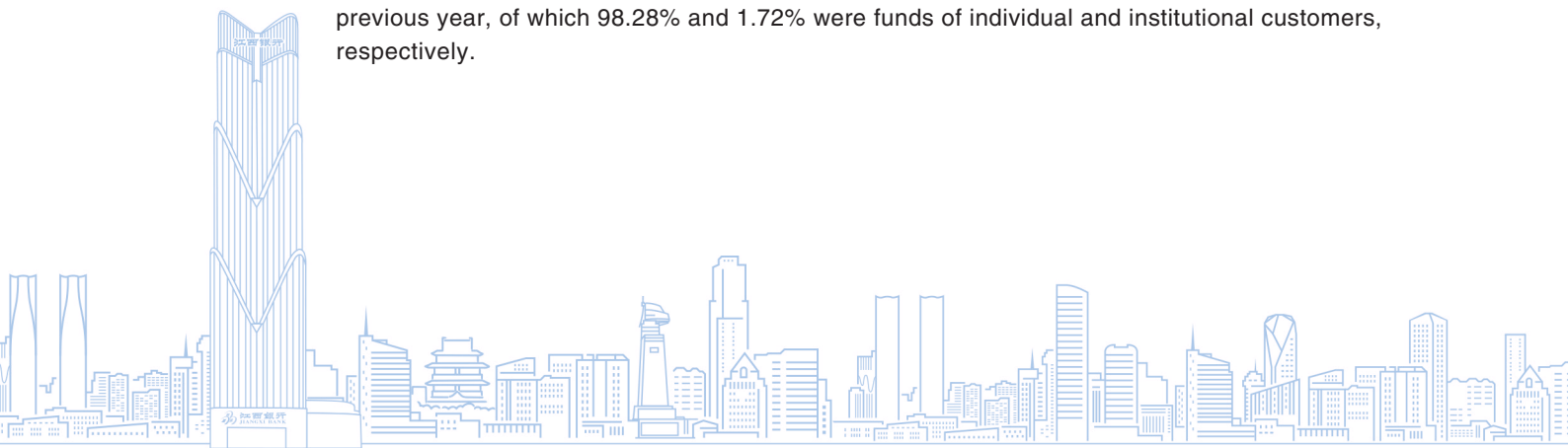
4 *Financial markets serve the real economy*

During the reporting period, the Bank's financial market business actively promoted the implementation of the “two-wheel drive” strategy to achieve steady development and serve entities, and made great efforts to give full play to the advantages of financial market products such as bonds and bills, so as to enhance the efficiency of serving entity customers and the real economy. During the reporting period, the Bank underwrote more than 30 tranches of local bonds in Jiangxi Province, ranking first among the underwriting syndicates and highly recognized by relevant authorities. During the reporting period, the Bank made every effort to promote the financial market sector to expand and improve bill discount services, and continued to serve the bill financing needs of enterprises. The scale of bill business and the number of entities it served grew steadily.

5.8.4 Assets management business

During the Reporting Period, the Bank stayed committed to serving the local economy by following financial policies, making it a member of the 4th standing committee of the Wealth Management Specialized Committee of the China Banking Association. Embracing market changes, the Bank worked to optimize the structure of asset allocation by issuing ESG-themed wealth management products to support rural revitalization and green development, which was awarded the “Tianji ESG Practice Award of China's Banking Industry” by the Securities Times. The Bank worked on digital transformation and became the first city commercial bank in the province to achieve a comprehensive direct connection of the wealth management registration system. Furthermore, the Bank worked to improve the quality of customer service and enrich wealth management products and customer experiences by launching investor education, which was awarded the “Excellent Fixed Income Bank Wealth Management Product Award” by PYSTANDARD, and the “Five-star Product” award and “Excellent Institution” award, the highest level of banking wealth management products evaluation award by the China Investment Association in 2023.

As of the end of the Reporting Period, the subsisting balance of the Bank's wealth management products was RMB29.944 billion, which remained basically stable as compared to the end of the previous year, of which 98.28% and 1.72% were funds of individual and institutional customers, respectively.



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5.8.5 International Business

During the Reporting Period, the Bank actively implemented the decisions and deployment of the CPC Central Committee and the State Council on the orderly promotion of internationalization of Renminbi and the promotion of the integrated development of domestic and foreign trade, as well as the requirements of the State Administration of Foreign Exchange on guiding market players to establish a sense of “exchange rate risk neutrality”, and consistently adhered to the concept of synergistic development of local and foreign currencies to support the integrated operation of domestic and foreign trade of enterprises. In addition, the Bank continued to release the technological dividends of the cross-border financial service platform, and continuously strengthened its ability to accurately serve the real economy, so as to inject new impetus and vitality into the brand image of the foreign exchange business of the Bank.

During the Reporting Period, the Bank assisted Jiangxi-based enterprises in cross-border RMB settlement to support their going global efforts, serving a total of more than 100 enterprises in “opening accounts” for exchange rate hedging. The number of the Bank’s cross-border RMB customers increased by 81% as compared to the end of the previous year, the cross-border RMB settlement volume increased by 138.84% as compared to the end of the previous year, reaching a new high, being far beyond the sum in the past two years. Through cooperation with overseas peers to use RMB to pay overseas dividends, it became the first overseas listed financial institution in Jiangxi Province to pay dividends in RMB, which helped RMB internationalization to move forward steadily with the responsibility of a city commercial bank; the number of effective customers in international business increased by 67.92% as compared to the end of the previous year, exceeding the sum of effective customers in the past two years, which achieved a significant increase in the scale of the basic customers and the indicators of the volume of business; the balance of integrated operation supporting domestic and foreign trade of enterprises increased by 41.10% as compared to the end of the previous year, with the net increase in scale exceeding the total net increase in previous two years; the volume of letter of credit business increased by 25.23% as compared to the end of the previous year; and the indicators of cross-border RMB settlement, export accounts receivable financing, credit insurance financing and exchange rate hedging realized the enhancement of quality and increase of quantity and catching up with the peers.



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5.8.6 Channel Construction

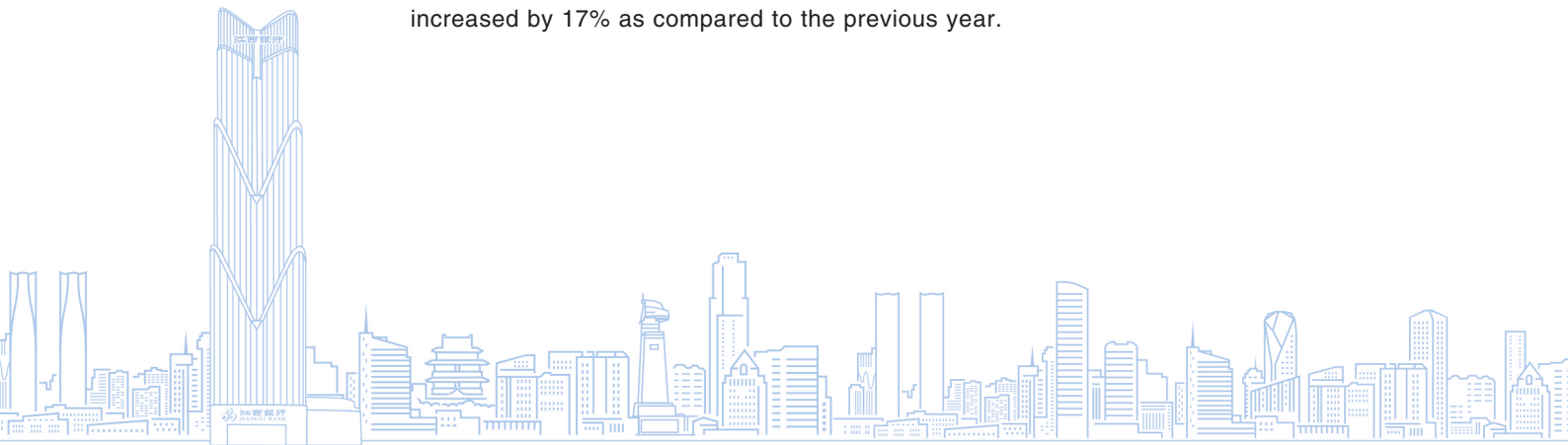
1 Physical Channels

As of the end of the Reporting Period, the Bank had a total of 238 self-service banking service zones (outlets) and 1,133 units of automatic services machines (including 478 units of cash recycling systems and 655 units of smart self-service terminals).

2 Electronic Channels

During the Reporting Period, the Bank continuously consolidated the construction of electronic channels and strengthened its unified management, increased the reach of online functions, continuously improved customer experience, and committed to providing customers with unified, high-quality, efficient and comprehensive financial services.

Individual e-banking: During the Reporting Period, the Bank rebuilt the individual electronic channel transaction process to collaborate with offline channels and continuously improve user experience and service efficiency. Firstly, the Bank accelerated the enhancement of user experience by building brand-new personal mobile banking 3.0. Centering around the needs of customers in fund settlement, investment and wealth management, loans, and life services, it featured more service scenarios, intelligent interactive, simplified operation procedures, and local services. It improved our online service capabilities across five dimensions – “comprehensiveness, precision, intelligence, simplicity, and warmth” to provide more comprehensive business functions, and a more convenient user experience. Secondly, the Bank set up tailored customers zones in line with the “customer-centered” concept. Six tailored zones were set up with themes of rural revitalization, Jiangyin Loves the Elderly, income and wealth, family finance, inclusive finance, and talent services for people in rural areas, senior citizens, new citizens, and small and micro business owners, to provide them with exclusive products and equity services to meet the financial and non-financial service needs of different customer groups. As at the end of the Reporting Period, the number of the Bank’s individual e-banking registered customers totaled 3.40 million, and the number of active users increased by 17% as compared to the previous year.



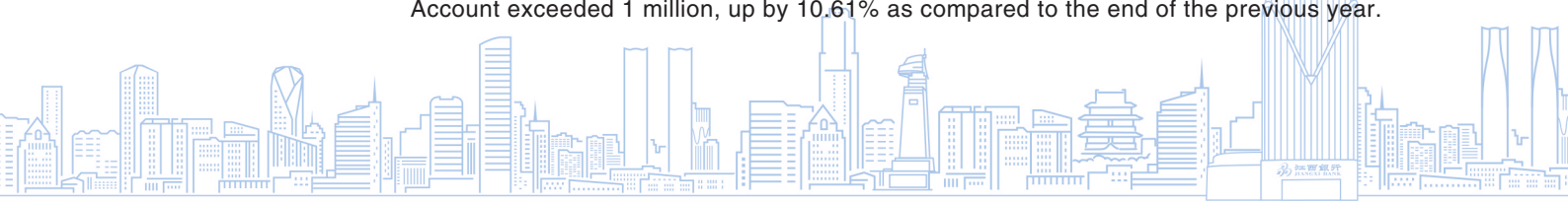
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Corporate e-bank: During the Reporting Period, the corporate e-channels, aiming to “shape a superb user experience”, worked on the online corporate service level to better meet the diversified financial needs of customers. The Bank adopted cloud storage mode to realize an ultra-large capacity, ultra-long cycle and ultra-fast response data processing capability. The Bank created a dedicated customer manager business card to provide one-to-one heartwarming service. The Bank added a new mobile payment feature and E-payroll to realize convenient and low-carbon operation. The Bank added high-frequency scenes to facilitate the operation of related transactions for better efficiency. The Bank added a new financial calendar and analysis of profits and losses to enhance the efficiency of customers’ fund management. The Bank expanded the payment scenes of the corporate electronic channel to diversify non-financial features. The Bank added the “Cloud Certificate Pass” authentication to transaction risk control rules for better risk prevention and control capabilities. The Bank created a new corporate micro-banking to realize the interoperability of the corporate Internet banking terminal, mobile banking terminal and WeChat terminal. As at the end of the Reporting Period, the total number of the Bank’s corporate e-banking customers increased by 19.66% as compared with the end of the previous year, the effective customer penetration rate of corporate e-channels reached 87.82%, and the online transaction volume increased by 49.33% as compared to the end of last year. The corporate online banking of the Bank won the “Gold Award” in the 6th (2023) Digital Finance Innovation Competition organized by the Cebnet and Digital Finance Joint Publicity Year, and the Best Corporate E-bank Award in the 2023 Digital Banking Golden Ranking Awards organized by China Financial Certification Authority and Cebnet.

Integrating e-channels: The Bank worked to integrate the independent apps of the inclusive line and the “Enjoy Preferential Life” of the credit card line into mobile banking to make possible the most complete mobile APP covering all business. The Bank worked to create corporate micro-banking, and add the feature of “Corporate Business Hall” in the service account of “Jiangxi Bank” to realize the full reach of both individual and corporate customers in the mobile, PC and WeChat terminals.

Telephone banking: During the Reporting Period, the customer service center received a total of 1.2591 million calls from customers, with an average daily of 3,450 calls, a telephone connection rate of 89.78%, and a customer satisfaction rate of 99.69%.

WeChat official account: During the Reporting Period, the Bank worked to optimize the menu function of the service account of “Jiangxi Bank” by covering the entrances of each business to offer one-stop services for customers throughout their journeys. As at the end of the Reporting Period, the number of followers of the “Jiangxi Bank” WeChat Official Account exceeded 1 million, up by 10.61% as compared to the end of the previous year.



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5.8.7 Informatization Construction

During the Reporting Period, the Group pursued a “**digitalized, online, intelligent and ecological**” development path for the Bank-wide digital transformation. **Refreshing efforts in enhancing fin-tech level.** The Bank, thanks to a stable and responsive two-speed development model, catered to business needs by applying more digital technologies. This has helped create a number of technology-enabled platforms including a digital financial service platform, RPA robotic process automation and more. **Working more on the digital foundation.** The Bank has strengthened its network security capability by enhancing the digitization and intelligent transformation of its data center infrastructure.

1 *Pushing forward with digital transformation*

Working out the strategy for "432N" digital transformation. The Bank has defined its clear strategic positioning for transformation, capacity building blueprint and transformation indicator system and mapped out a specific implementation path for digital transformation from 2024 to 2026. **Shaping a powerful technology organization framework.** The vertical decision-making and promotion system consists of the Strategic Development and Digital Transformation Committee under the Board, the leading group for digital transformation, and the consultative meeting. The horizontal planning and execution system consists of the Information Technology Department, the Digital Transformation Office of the Head Office, and the technology departments of the branches, which promotes the Bank-wide digital transformation from top to bottom. **Setting up the secondary data management department.** It is designed to coordinate the Bank-wide data governance and application for the development of data-enabled business by monitoring data governance, piloting the implementation of data standards, and perfecting the integrated construction of “Hucang”.



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2 *Deepening technology empowerment*

Prioritizing technology empowerment. In order to align services with the business lines, the Bank has set up 7 departments dedicated to the business lines for better ability of technological reach and swift response. For the key business departments of the Head Office, technologists have been stationed to form the digital transformation room of the business departments to strengthen the integration of science and industry. **Stable and responsive two-speed development model.** The Bank responded fast to and iteratively calculated urgent business needs for efficient product output while ensuring the efforts in major projects such as the new-generation credit system project group and the digital financial service platform. **The Bank has built enterprise-level technology-enabling platforms such as OCR smart identification, unified Biometrics, and RPA robotic process automation,** providing nearly 500,000 identification services a month and piloting over 10 business process automation scenarios. **The integrated research and investment platform** enhances the efficiency of demand research and development with highly integrated, standardized and intelligent research and investment management solutions. The platform has completed the commissioning of the second phase of the correspondence system, the interest-free bond system and the new local bond system. By integrating the “industry chain,” “capital chain,” and “digital intelligence chain,” the Bank has **established the “Jiangyin iNong” digital financial services platform.** With eight major sections: the iNong Loan series, digital scenarios, featured zones, bank-government cooperation, bank-enterprise cooperation, village express, farmer-friendly finance, and online inclusive finance station, this platform enables financial services to be more precise and extensively extended to more County Areas and villages, bringing new financial impetus to rural development. “Jiangyin iNong” won the “Best Rural Revitalization Digital Construction Award” of the 9th “Golden Pine Award” in the financial technology industry.



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3 *Strengthening the digital foundation*

The Bank has continued to work on the operation capability of the data center support business based on the principles of **operation and maintenance front, security first, and good guarantee**. **In terms of operation support**, the capacity of servers of all kinds expanded by 35% year on year in 2023, and nearly an additional 1,000 new servers were equipped for automated operation and maintenance monitoring and control. The construction of data-level disaster recovery for 7 systems was in place, which would further improve the level of business continuity management. The operational efficiency of smart machines remained improving, with the replacement rate of STM business rising from 46% to 79%. **In terms of network security**, the Bank has made the network security protection tasks great successes during important periods such as the “Two Sessions” and the “Hangzhou Asian Games” by leveraging a network security protection system, which featured complete encryption measures, outstanding monitoring capability and accurate and effective defense. The Bank worked on the deployment and application of IPv6, with a 100% support rate on the official website, leading the province. The Bank actively participated in the 2023 Jiangxi financial industry “Gan Banking Trophy” network security attack and defense competition, the 4th “Gan Cyber-security Trophy” network security competition and other competitions, and won the “Third Prize” and “Excellent Organization Award” and others.



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5.8.8 Subsidiary Business

1 Subsidiary Business

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

As at the end of the Reporting Period, Jiangxi Financial Leasing recorded total assets of RMB6.773 billion, net assets of RMB3.105 billion, and a net profit of RMB168 million. All regulatory indicators of the Company met the standards. During the Reporting Period, Jiangxi Financial Leasing focused on the goal of “strengthening management, controlling risks, ensuring stability and seeking transformation”, adhered to the principle of prudent and stable operation, gave full play to its own functional advantages, assisted local economic development, strengthened comprehensive risk management, actively practiced new development concepts, and achieved new results in the transformation and development of clean energy and construction machinery business.

In the future, Jiangxi Financial Leasing will make the best of the function orientation of “financing capitals + financing goods”, follow the requirements to serve the building of “three highlands” and the implementation of “five strategies” in Jiangxi Province, actively respond to the strategic deployment of the “1269” action plan, consolidate the traditional leasing business, consolidate and expand the advantages of business development in the province, continue to expand the business markets of new energy and factory leasing, stick to the sustainable development path featuring localization, specialization and professionalization, unswervingly promote the high-quality development of the Company, and comprehensively serve the development of the real economy in the province.



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2 *Jinxian Ruifeng County Bank*

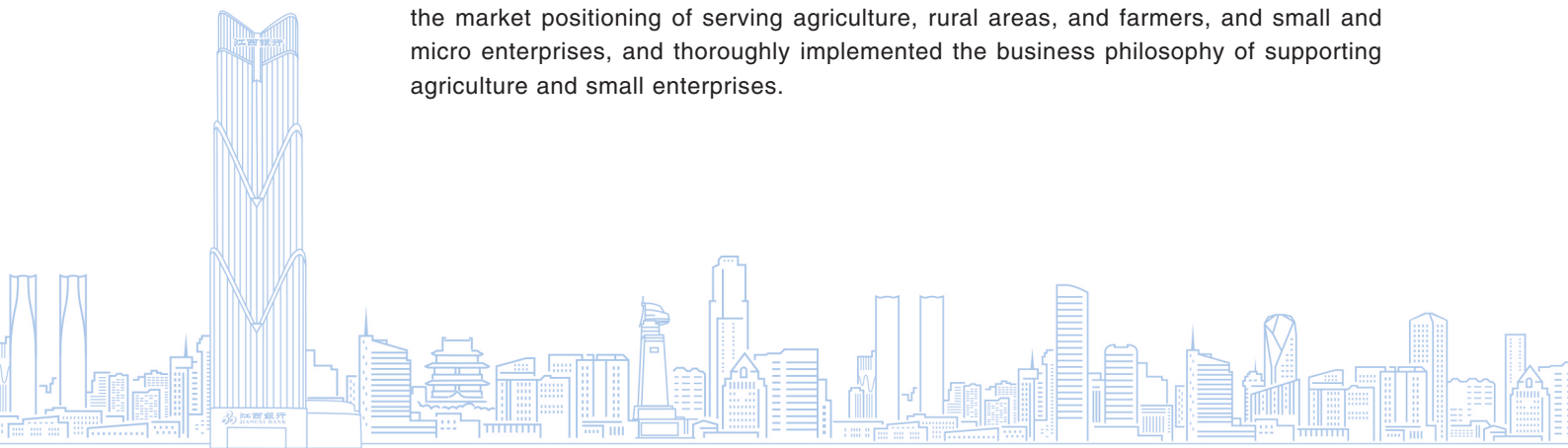
Jinxian Ruifeng County Bank Co., Ltd. (“Jinxian Ruifeng”) was incorporated on June 15, 2012 at Jinxian County, Jiangxi Province, with a registered capital of RMB50 million, 30% of which was held by Jiangxi Bank. At the end of December 2020, the registered capital of Jinxian Ruifeng was changed to RMB100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

As at the end of the Reporting Period, the total assets of Jinxian Ruifeng was RMB339 million, total liabilities was RMB290 million and total loans and advances to customers was RMB208 million. During the Reporting Period, Jinxian Ruifeng adhered to the business philosophy of combining development with risk, followed the general principle of “controlling risks, lowering costs, and stabilizing growth”, further strengthened confidence, improved efficiency and made improvements to solidly push forward all tasks.

3 *Business of immaterial affiliated enterprises*

As at the end of the Reporting Period, the Bank’s immaterial affiliated enterprises were 4 village and township banks, namely, Nanchang Dafeng County Bank Co., Ltd. (南昌大豐村鎮銀行有限責任公司), Si Ping Tie Dong De Feng County Bank Co., Ltd. (四平鐵東德豐村鎮銀行股份有限公司), Nanfeng Judu County Bank Co., Ltd. (南豐桔都村鎮銀行有限責任公司) and Guangchang Nanyin County Bank Co., Ltd. (廣昌南銀村鎮銀行股份有限公司). As of the end of the Reporting Period, the total assets of the 4 village and township banks were RMB3.892 billion, total liabilities were RMB3.391 billion and total loans were RMB2.532 billion.

The village and township banks initiated by the Bank actively implemented the overall development strategy of the Group, and followed the general principle of seeking progress while maintaining stability. Specifically, it adhered to the business policy of serving agriculture, rural areas and farmers and small and micro enterprises, and operated in accordance with laws and regulations. As a result, the Bank further improved its corporate governance structure, enhanced the level of corporate governance, clarified the market positioning of serving agriculture, rural areas, and farmers, and small and micro enterprises, and thoroughly implemented the business philosophy of supporting agriculture and small enterprises.



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5.9 PLEDGED ASSETS OF THE GROUP

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

5.10 RISK MANAGEMENT

The Bank adheres to a stable and moderate risk appetite. By establishing and improving a comprehensive risk governance structure with clear responsibilities, the Bank improved the risk management process of classification and grading, joint prevention and control, and optimized the risk management and assessment system that takes into account the effect of risk management and control and collaborative support capabilities, so as to comprehensively promote effective risk control and healthy business development, and boost the high-quality development of the Bank.

The comprehensive risk management of the Bank includes credit risk, liquidity risk, market risk, operational risk, information technology risk, legal and compliance risk, reputational risk, strategic risk and other risks.

The Bank has established an organizational structure for risk management featuring “centralized management and matrix distribution” to clarify risk management responsibilities, and form three defense lines of risk management: “business unit to control by itself in the first line, risk department to manage in the second line, and audit department to supervise in the third line”. The Board assumes the ultimate responsibility for comprehensive risk management.

5.10.1 Credit Risk Management

Credit risk refers to the risk of economic losses caused by the counterparty's failure to fulfill the obligations in the contract, which mainly comes from various loan portfolios, investment portfolios, guarantees and other on-balance-sheet and off-balance-sheet credit risk exposures. In accordance with the requirements of the Measures for the Risk Classification of Financial Assets of Commercial Banks, the Bank further implements a twelve-level risk classification of financial assets based on the five-category classification, covering on- and off-balance-sheet credit assets. Regular monitoring is in place, covering customer operating strength, financial condition, solvency, credit status, fund usage, and impairments, to make timely adjustment and accurately reflect asset quality. This further enhances the precision of credit asset risk management.



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During the Reporting Period, the Bank improved the credit risk management by taking the following measures:

Strengthening the whole-process risk management and control of credit granting. The Bank strengthened pre-loan investigation management, improved the hierarchical pre-loan investigation model, strengthened the source control of risks, strengthened review and approval, established an approval team with division of work by business and industry, and improved the professionalism and effectiveness of credit approval; It improved the post-lending management structure, consolidated the post-lending management responsibilities, strengthened post-lending management in important fields and key links, improved the scientific accountability system and built a scientific accountability system of “accountability for dereliction of duty and exemption from liability in case of duty fulfillment”.

Stepping up the collection and disposal of non-performing loans. The Bank accelerated the clearing of existing risks, made a three-year action plan; formulated overall improvement plans for the collection and management of non-performing assets, which feature systematic improvement in terms of management structure, professional skills and process mechanism, and raise requirements for collaborative promotion of disposal between the Head Office and branches. Through special actions and focusing on key large accounts, the Bank consolidated responsibility and innovated methods, and took comprehensive measures to improve the effectiveness of disposal. The Bank improved the multi-level and standardized debt collection system, utilized multi-level and normalized scheduling mechanisms to strengthen support and guarantee.

Strengthening digital risk control technology. The Bank orderly advanced the construction of a new generation of credit system group, optimized management for limits, processes and risk control rules of credits granted to groups, and further promoted digital transformation; orderly advanced model system construction, improved rating management, optimized the internal rating and anti-fraud models and expanded the application areas of intelligent risk control model.



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5.10.2 Liquidity Risk Management

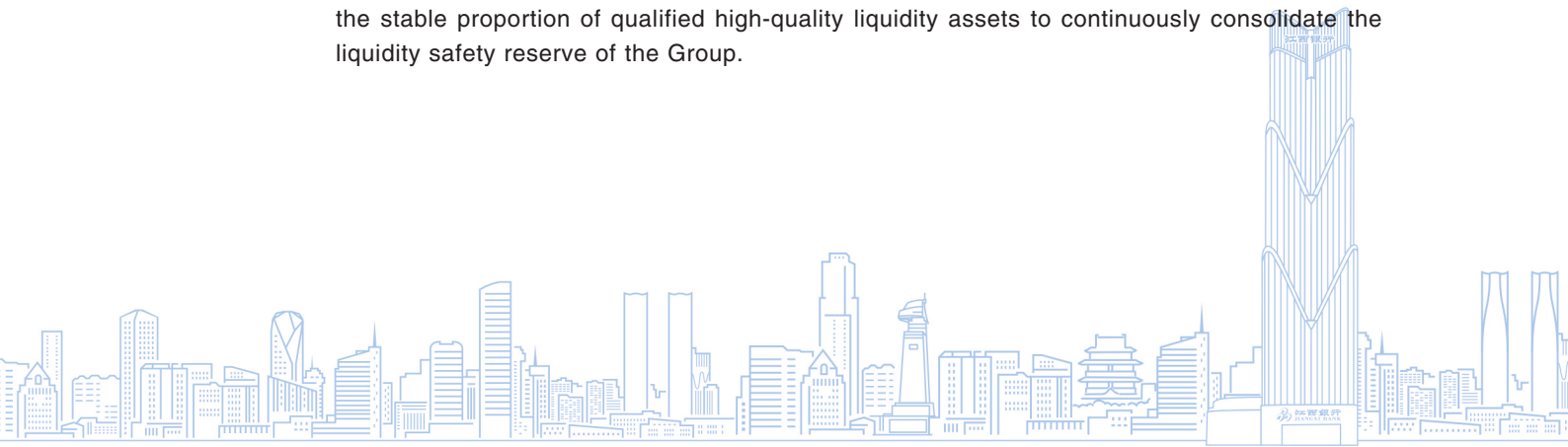
Liquidity risk refers to the risk of loss or bankruptcy caused by the failure of commercial banks to promptly provide financing for the reduction of liabilities and (or) the increase of assets. During the Reporting Period, the Group adhered to prudent liquidity risk management strategies, and mainly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

Under the background of a sustained recovery of the macro economy, the Bank dynamically monitored the maturity assets and liabilities within each maturity window, strengthened the pre-adjustment and fine-tuning of assets and liabilities, further increased credit supply to the real economy while deepening the cooperation relationship with key customers and peers, and actively absorbed core liabilities to strictly prevent the risk of mismatching and maintain a reasonable matching of the structure of assets and liabilities.

The liquidity level of the Group remained reasonable and sufficient, all liquidity regulatory indicators met the regulatory requirements, and showed an upward stable trend. As of December 31, 2023, the Group's liquidity ratio was 76.27%, NSFR was 145.05%, and liquidity coverage ratio was 333.38%. Among them, the balance of qualified high-quality liquid assets was RMB52.940 billion, and the amount of net cash outflow in the next 30 days was RMB15.880 billion.

The Bank firmly implemented the monitoring requirements for full coverage of large-sum funds of all outlets, saw that local institutions fulfill their responsibilities, properly prepared the position forecast and capital planning to ensure the orderly and safe daytime payments of the Group. Taking into account internal and external situations, the Bank insisted on conducting regular liquidity stress tests, simulated the impact of online public opinion events, carried out emergency drills at opportune timing, explored potential risk points, made up for its own shortcomings, and continuously improved the emergency management and asset and liability allocation strategy.

Via the multi-layer liquidity reserve mechanism and taking into account the market dynamics and trends, the Group promoted policy tools to make forward efforts, and opportunely allocated treasury bonds, policy financial bonds, and other high-quality liquidity assets and maintained the stable proportion of qualified high-quality liquidity assets to continuously consolidate the liquidity safety reserve of the Group.



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5.10.3 Market Risk Management

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

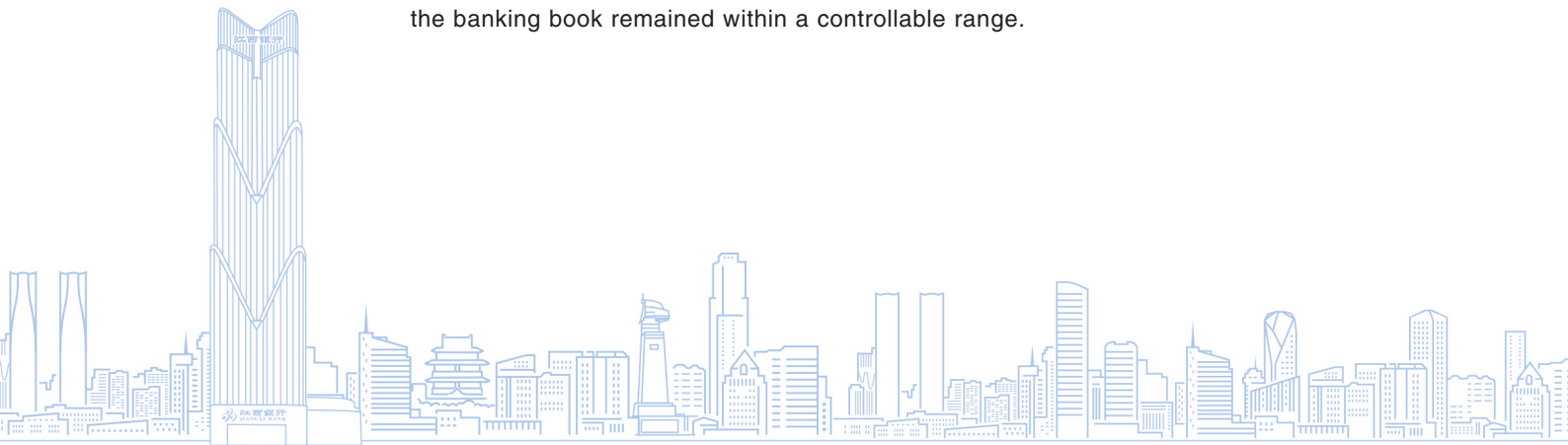
The major market risks faced by the Bank include transaction book interest rate risk, bank book interest rate risk and bank book exchange rate risk.

1 Transaction Book Interest Rate Risk Management

During the Reporting Period, the Bank strengthened daytime monitoring and end-of-day analysis by using the limit mechanism to ensure that the risk exposure falls within the prescribed limits; closely monitored the transactions and investment portfolio, conducted daily measurement and profit and loss analysis, and attribution of investment portfolio profit and loss; regularly conducted risk assessment, reviewed weak management links, and made improvements through rectification to address deficiencies. The Bank improved the market risk measurement system, consolidated and improved valuation measurement capabilities to ensure that the transaction book interest rate risk remained within a controllable range.

2 Bank Book Interest Rate Risk Management

During the Reporting Period, the Bank measured and monitored the interest rate risk associated with the Bank's assets, liabilities and off-balance sheet business positions through stress testing, and adjusted the risk strategy in a timely manner according to the stress testing results; established the management framework and process of interest rate risk limit of banking book, and set interest rate risk appetite and limit indicators of banking book. The Bank adjusted internal and external pricing policies in a timely manner, adjusted the business term in a timely manner, and controlled the allocation of the term of assets and liabilities within a reasonable range to ensure that the interest rate risk of the banking book remained within a controllable range.



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3 *Bank Book Exchange Rate Risk Management*

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

5.10.4 Operational Risk Management

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

During the Reporting Period, the Bank improved the operational risk management by taking the following measures:

Ramping up risk identification and assessment. The Bank reviewed and updated operational risk points in business processes and management activities, identified risk points and the inherent risk level, set control measures and evaluated its effectiveness, and analyzed the likelihood and impact of residual risks.

Ensuring stable operational resilience. The Bank formulated a business continuity plan that adapts to the scale and complexity of the business, completed drills for the city-wide disaster recovery switch of important information systems, simultaneously organized drills for important business emergency processes to test the rapid switch and real takeover capabilities of disaster recovery resources, and verified the comprehensiveness, effectiveness and operability of relevant emergency plans.

Conducting continuous risk monitoring. The Bank set operational risk appetite, fully utilized information systems to perform early warning and monitoring as to key risk indicators for operational risks, and conduct timely analysis of indicator early warning situations. The Bank continuously collected and organized data on operational risk losses, encouraged proactive reporting, and conducted retroactive investigations based on relevant information, and categorized them according to the form of losses and business lines.

Strengthening the risk control environment. The Bank established a personal affairs reporting mechanism for employee behavior management, optimized rules for monitoring and prewarning abnormal employee behaviors, paid timely attention to situations of monitored employees, and checked hidden case risks of key personnel.



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5.10.5 Information Technology Risk Management

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

During the Reporting Period, the Bank improved the information technology risk management by taking the following measures:

Strengthening risk identification and monitoring. We optimized non-site monitoring indicators for information technology, intensified risk monitoring for new technologies and applications, continuously improved risk management processes for information technology project development, strengthened in-process risk control, continuously improved monitoring processes, promptly kept abreast of the operating status of the information system network across the Bank, and enhanced the cyber security protection level.

Strengthening risk inspection and assessment. The Bank conducted on-site inspection on information technology outsourcing for important systems and information technology risk inspection for branches, strengthened outsourcing management and information technology risk management of branches; performed information technology risk assessment across the Bank, promptly identified weak management links, and continuously improved information technology management level.

Strengthening business continuity management. The Bank organized 2 drills for the city-wide disaster recovery switch of important information systems, covering 7 information systems, Head Office, branches and sub-branches, and rural banks, and effectively strengthened the emergency response capabilities of emergency teams at all levels.



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5.10.6 Legal and Compliance Risks

Legal risk

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

During the Reporting Period, in accordance with external regulations and industry requirements, the Bank continued to conduct pre-legal reviews on new products and new business, rules and regulations, and investment business, so as to effectively prevent and resolve legal risks in advance. The Bank set a second-level organization Legal Affairs Office under the Compliance Department of the Head Office, responsible for legal affairs management and as the legal service support center for the entire Bank. The Bank issued the Implementation Plan for Strengthening Legal Affairs Management throughout the Bank, assigned full-time legal personnel to relevant lines and departments to move forward the control point for legal management compliance review. The Bank organized activities such as Civil Code Publicity Month and Constitution Publicity Week to effectively improve the legal literacy of cadres and employees, and create a good atmosphere of respecting, learning, abiding by, and practicing the law.

Compliance risk

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

During the Reporting Period, the Bank comprehensively implemented the achievements of the reform of the compliance management system, promoted the transformation compliance management to focusing on the source and preventing problems, and promoted the Bank's operation in compliance with the law. The Bank organized training and examinations for the key systems of the entire Bank in 2022 to 2023 to enhance the understanding and mastery of the key systems by all employees. The Bank set the "Jiangyin Compliance Lecture Room" to enhance the professional capabilities of legal personnel and the compliance awareness of business personnel. The Bank organized the "zero distance" – case warning and discipline and law publicity and education activities at the grassroots level and persisted in using actual cases to alert people around, strengthening the ideological defense line of compliance with discipline and law.



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Money laundering risks

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

During the Reporting Period, the Bank adhered to institutionalization, standardization and scientific promotion of anti-money laundering to continuously improve the management level of money laundering risks. The Bank continuously improved internal control system for the anti-money laundering, clarified the direct responsibility of business departments for money laundering risk management, and established a multi-level anti-money laundering assessment system to solidify the foundation of anti-money laundering management. The Bank strengthened reporting and treatment of suspicious clues and intensified supervision and inspection, and risk investigations in key areas to fortify the defense line against money laundering risks. The Bank enhanced personnel training, increased dedicated staff, fully utilized internal and external training resources, and conducted hierarchical training and exchanges for anti-money laundering personnel at all levels to improve their anti-money laundering performance capability. The Bank optimized the independent monitoring model of suspicious transactions to enhance the effectiveness and precision of early warning. The Bank also implemented specialized governance of customer data, applied differentiated customer risk management strategies to enhance the adaptability of control measures to the level of risk.



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5.10.7 Reputational Risk

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

During the Reporting Period, the Bank, following the new characteristics and requirements of reputational risk management under the new situation, continuously improved the whole process management system guarding against reputation risk, continuously optimized the working mechanism for preventing reputation risk, actively strengthened the prevention and control of risk sources, and continuously improved the quality and efficiency of reputation risk management. The Bank strengthened training and drills to improve the reputation risk awareness and the ability for dealing with reputation risk of the whole bank. The Bank attached importance to brand reputation building, promoted the Bank's work highlights in serving the real economy, contributing to local economic development, characteristic operation and development and performing social responsibilities so as to continuously enhance the Bank's brand influence.



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5.10.8 Strategic Risk

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

The year of 2023 is the first year for the full implementation of the spirit of the 20th Session of National Congress of the Communist Party of China, and a crucial year for the implementation of the “14th Five-Year” Plan. The Bank firmly implemented the spirit of the important speech delivered by General Secretary Xi Jinping during his inspection trip in Jiangxi, focused on the development of “three highlands”, implementation of “five strategies” and greatly promoted the Strategic Planning of the Third Session of the Board of Directors. Upholding the principle of high-quality Party building leading high-quality development, the Bank has maintained steady growth with constant optimizations to its business structure, and has continued cementing its foundation to achieve tangible results in development in the process of “stabilization, consolidation, enhancement and breakthrough”. By tracking and analyzing important information such as macroeconomic situation, regulatory policies and peer dynamics, the Bank has established a regular analysis mechanism for business development and continuously strengthened internal and external strategic risk monitoring. As of the end of the Reporting Period, the Bank’s strategic risks were stable and controllable on the whole.

5.10.9 Country Risk

Country risk represents the risk due to changes and incidents occurred in the economy, politics and society of a specific country or region, which results in the borrowers or debtors in that country or region incapable of or unwilling to pay their debts owed to the Bank or otherwise leads to business losses or other losses to the Bank in that country or region.

During the Reporting Period, the Bank’s business was subject to small country risk exposure, and the Bank strictly controlled the further expansion of country risk exposure by setting the country risk exposure limits, strengthening the country risk monitoring, and making sufficient provisions for country risk capitals.



CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

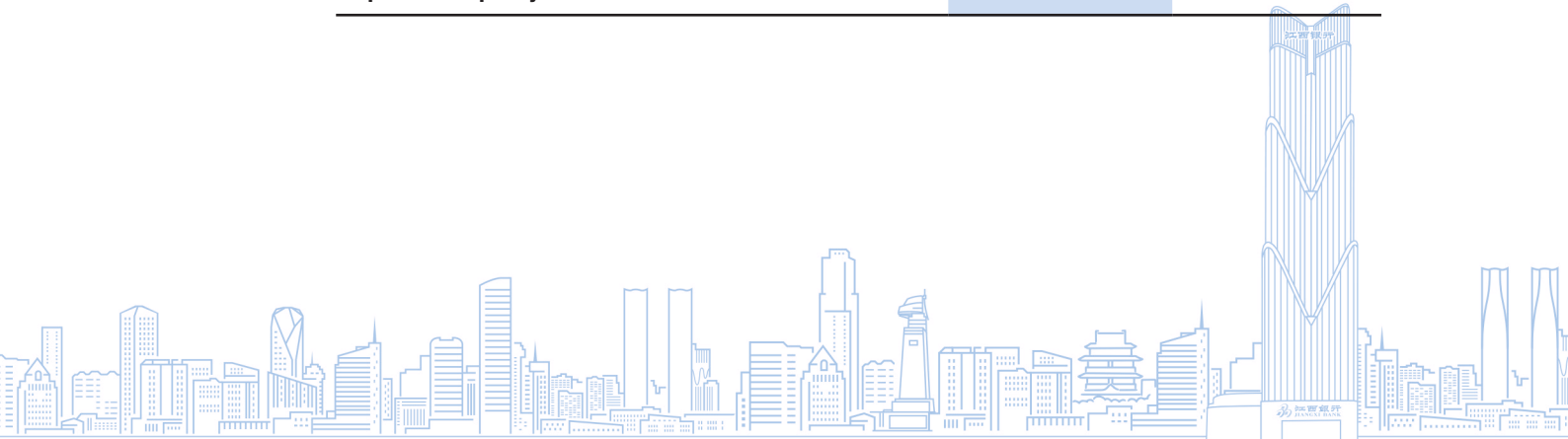
5.10.10 Capital Management

As of the end of the Reporting period, the Group's core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio were 9.37%, 12.37% and 13.55%, respectively, and the capital adequacy ratios at all levels met the regulatory requirements. The Group continued to optimize its business structure, strengthen capital management, and was committed to promoting the balance between organic capital growth and risk weighted asset growth, so as to maintain a stable level of capital adequacy.

As of 31 December 2022 and 31 December 2023, the Group's leverage ratios were 8.68% and 8.25%, respectively, which were in compliance with the relevant regulatory requirements in the PRC.

Capital Adequacy Ratios Table

Item	As of December 31, 2023	As of December 31, 2022
	(in millions of RMB, unless otherwise stated)	
Net core tier-one capital	37,227.26	36,366.53
Net tier-one capital	49,160.70	48,298.78
Net tier-two capital	4,669.44	4,439.62
Net capital base	53,830.14	52,738.40
Risk weighted assets	397,301.60	376,684.50
Credit risk-weighted assets	372,475.76	354,054.13
Market risk-weighted assets	2,929.01	1,361.07
Operational risk-weighted assets	21,896.83	21,269.31
Core tier-one capital adequacy ratio	9.37%	9.65%
Tier-one capital adequacy ratio	12.37%	12.82%
Capital adequacy ratio	13.55%	14.00%



CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

5.11 SOCIAL RESPONSIBILITIES

Fully serving local development. Adhering to the political and people-oriented nature of financial work, the Bank upheld the original intention of financial services, rooted in the real economy, and served the local community. The Bank supported the "1269" Action Plan for the modernization of key industrial chains in the manufacturing of Jiangxi Province. Loans for 12 key industrial chains in the manufacturing sector, 6 advanced manufacturing clusters, core industries in the digital economy, "small giants" firms recognized as specialized and sophisticated enterprises and others all achieved double-digit growth. The Bank continued to deepen inclusive finance, and the balance of inclusive small and micro loans reached RMB46.141 billion at the end of 2023, representing an increase of RMB10.754 billion or 30.39% as compared with the end of the previous year. The Bank promoted green and low-carbon transformation by successfully listing the "Carbon Neutrality" sub-branch of the first corporate city commercial bank in Jiangxi Province, and implementing the first support loan for carbon emission reduction and the first sustainable development linked loan for the manufacturing industry for corporate banking institution in Jiangxi Province. By the end of 2023, the balance of green loan amounted to RMB31.196 billion, representing an increase of RMB8.501 billion or 37.46% as compared with the end of the previous year. The Bank improved its cross-border financial service capabilities, and became the first overseas listed financial institution in Jiangxi Province to pay dividends in RMB, with a year-on-year increase of 138.7% in cross-border RMB settlement volume. The number of enterprises served doubled.

Supporting rural revitalization. The Bank conscientiously implemented the decisions and deployment of the CPC Central Committee and the State Council on rural revitalization, continued to serve the lower-tier cities, deeply cultivated the small and micro financial service market in counties and towns, and actively consolidated and expanded the achievements of poverty alleviation and effectively connected with rural revitalization. The Bank promoted the establishment of inclusive finance service stations. As at the end of the Reporting Period, the Bank had completed the establishment of 106 service stations and promoted the construction of 324 service stations, available in all County Areas. In 2023, the Bank carried out more than 1,000 financial literacy publicity activities relying at the service stations, covering nearly 20,000 person-times of rural residents. The Bank's balance of agriculture-related loans amounted to RMB58.013 billion, representing an increase of RMB9.585 billion or 19.79% as compared to the end of the previous year. The Bank served 13,579 agriculture-related customers, and the weighted average interest rate of agriculture-related loans had a decrease of 0.18 percentage points over the same period of the previous year. The balance of inclusive agriculture-related loans amounted to RMB9.447 billion, representing an increase of RMB3.387 billion or 55.89% as compared to the end of the previous year, which was 42.75 percentage points higher than the growth rate of various loans (excluding discounted bills) of the Bank. The Bank served nearly 8,000 inclusive agriculture-related customers, and the weighted average interest rate of inclusive agriculture-related loans was 0.28 percentage points lower as compared to the same period of last year. The growth rate of inclusive agriculture-related loans was not lower than the growth rate of various loans in line with the regulatory indicators.

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Lowering financing costs for enterprises. The Bank focused on serving the real economy, implemented and refined the transmission of policies to ease the difficulties of enterprises, boosted the confidence of market entities, and introduced a package of exclusive policies of fee reduction and profit concession for small and micro customers, such as “exclusive preferential interest rates” and “principal-free renewal loans”. The Bank made full use of PBOC’s monetary policy tools and internal fund transfer pricing to drive down the financing costs of inclusive small and micro enterprises. Through extensive promotion via online and offline channels, the Bank expanded the social awareness and coverage of the policies, boosting the confidence of market players, and actively fulfilling their social responsibilities. During the Reporting Period, the Bank had reduced or exempted inclusive customers’ handling fees by nearly RMB17.00 million, and the weighted average interest rate for inclusive small and micro enterprise loans decreased by 0.35 percentage points from the same period of the previous year, effectively reducing the financing cost for small and micro enterprises.

Protecting the rights and interests of consumers. The Bank continued to deepen the customer-centric concept of consumer rights protection, set up a consumer rights protection department, and comprehensively optimized and upgraded the management of consumer rights protection. The Bank continuously enriched the content of elderly-friendly services by adding the “Caring Edition (關愛版)” function on smart teller machines (STM), through which, the elderly can enjoy intimate voice broadcast, voice tips for preventing telecommunications network fraud and large font services when handling businesses. The Bank extensively organized 12 large-scale consumer rights protection-themed publicity and educational activities, including the Long March of Financial Knowledge (金融知識萬里行), “Everyone Against Fraud in Action (全民反詐在行動)”, the Prevention of Illegal Fund-Raising Publicity Month (防範非法集資宣傳月), “Popularizing Financial Knowledge and Keeping the ‘Money Bag’”, Financial Consumer Rights and Interests Protection Education and Publicity Month, etc; meticulously produced public welfare financial knowledge publicity and educational videos, among which, “If the Illegal Scam Mastermind Tells the Truth” won the Excellence Award of the “Bank of China Cup” Jiangxi Province Short Video Competition for Prevention of Illegal Fund Raising, and “Warm Traps” won the Outstanding Works Award (Scene) of the Third “Keeping the Money Bag, Protecting Your Happy Home” Short Video Competition for Prevention of Illegal Fund Raising.



CHAPTER V MANAGEMENT DISCUSSION AND ANALYSIS

5.12 FUTURE DEVELOPMENT PROSPECTS

The year 2024 is the 75th anniversary of the founding of the People's Republic of China, a critical year for the realization of the objectives and tasks set out in "the 14th Five-year Plan", and an important year for the strategic planning of the third session of the Board of Directors of Jiangxi Bank. China's economy has steady progress and improvement, with a growth rate that ranks among the top of the world's major economies. There is no change in ranking of Jiangxi in economic development, with constant recovery and improvements. All these are favorable conditions for the operations of Jiangxi Bank. However, the Bank is aware of the rising complexity, severity and uncertainty of the external environment, which challenges the prudent operation of the banking industry.

Jiangxi Bank will, following the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, deeply implement the spirit of the 20th Session of National Congress of CPC, the spirit of the Central Financial Work Conference, and the spirit of the Central Economic Work Conference, and fully implement the spirit of the important speech delivered by General Secretary Xi Jinping during his inspection trip in Jiangxi, conscientiously implement the spirit of the fifth plenary session of the 15th CPC Jiangxi Committee and of the economic work conference of CPC Jiangxi Committee, prioritize the goal of "staying at the forefront of the times, contending for first place and being adept in making efforts", focus on serving Jiangxi in the development of "three highlands" and implementation of "five strategies", paid particular attention to new quality productive forces, continuously enhance technology-based financial service capabilities, promote the green finance development by leveraging the unique ecological advantages of Jiangxi, deepen the connotation of inclusive finance with a commitment to deepening the connotation of inclusive finance and improving the coverage and efficiency of inclusive loans, strengthen the construction of the "Jiangyin Loves the Elderly" service system, comprehensively start the "432N" digital transformation strategy, and make the "five writings" of finance in a solid way.

Taking solid action and striving to stay in a leading position. Jiangxi Bank will highlight its main responsibilities and business, rely on the strategy of differential development, concentrate on "all-round improvement of quality, efficiency and capacity", create a local legal person bank that is more featured, more stable, more efficient and warmer, and strive to push forward the high-quality development of Jiangxi Bank to a new stage to make our contribution to writing the chapter of Jiangxi in Chinese modernization with practical action and excellent results.



CHAPTER VI CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

6.1 CHANGES IN SHARE CAPITAL

There were no changes in the share capital of the Bank during the Reporting Period. As of December 31, 2023, the total issued share capital of the Bank amounted to RMB6,024,276,901, including 1,345,500,000 H Shares with a par value of RMB1.00 each and 4,678,776,901 Domestic Shares with a par value of RMB1.00 each.

(Unit: share)

Item		As of December 31, 2022	Changes in the Reporting Period	As of December 31, 2023
Domestic Shares	State Fund	439,390,278	(228,070,170)	211,320,108
	Corporate Fund	4,164,247,754	228,070,170	4,392,317,924
	Individual Fund	75,138,869	–	75,138,869
H Shares		1,345,500,000	–	1,345,500,000
Total		6,024,276,901	–	6,024,276,901

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

6.2 SHAREHOLDER DATA

6.2.1 Total Number of Shareholders

As of December 31, 2023, the Bank had 8,859 domestic shareholders, including 27 state shareholders, 284 corporate shareholders and 8,548 natural person shareholders. The Bank had 692 H Share shareholders.



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

No.	Name of shareholder	Nature of shareholder	Total number of shares held as of December 31, 2023 (share)	Changes as compared to December 31, 2022 (share)	Percentage of total share capital as of December 31, 2023 (%)	Pledged or frozen shares Status of shares	Number (share)
1	Jiangxi Provincial Communications Investment Group Co., Ltd.	State-owned corporate shareholder	937,651,339	0	15.56	Normal	-
2	Jiangxi Financial Holding Group Co., Ltd.	State-owned corporate shareholder	347,546,956	0	5.77	Normal	-
3	Nanchang Industrial Investment Group Co., Ltd.	State-owned corporate shareholder	289,710,670	269,575,170	4.81	Normal	-
4	China National Tobacco Corporation Jiangxi Branch (including Jiangxi Jinfeng Investment Management Co., Ltd.)	State-owned corporate shareholder	263,000,000	0	4.37	Normal	-
5	Pingxiang Huixiang Construction Development Co., Ltd.	State-owned corporate shareholder	241,088,500	0	4.00	Normal	-
6	Jiangxi Province Investment Group Co., Ltd.	State-owned corporate shareholder	180,000,000	0	2.99	Normal	-
7	Ganshang Union (Jiangxi) Co., Ltd.	General corporate shareholder	148,308,400	0	2.46	Pledged	74,000,000
8	Jiangxi Copper Company Limited	State-owned corporate shareholder	140,000,000	0	2.32	Normal	-
9	Jiangxi Provincial Water Conservancy Investment Group Co., Ltd.	State-owned corporate shareholder	99,830,800	0	1.66	Normal	-
10	Jiangxi Blue Sky Automobile Driving School Co., Ltd.	General corporate shareholder	97,289,259	0	1.61	Normal	-

CHAPTER VI CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

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

To the knowledge of the Bank and the Directors, as at December 31, 2023, the following substantial Shareholders of the Bank and other persons (other than the Directors, Supervisors and chief executive of the Bank) had or were deemed to have interests and short positions in the shares and underlying shares of the Bank which would be required to be disclosed to the Bank or the Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO:

Name of shareholder	Class of shares	Nature of interest	Number (share) and nature of shares ¹	Changes as compared to December 31, 2022 (share)	Approximate percentage of the total issued share capital of the Bank ²	Approximate percentage of the total issued share capital of the Bank ²
Jiangxi Provincial Communications Investment Group Co., Ltd. ³	Domestic Shares	Beneficial owner	937,651,339 (L)	0	20.04%	15.56%
Jiangxi Financial Holding Group Co., Ltd. ⁴	Domestic Shares	Beneficial owner	347,546,956 (L)	0	7.43%	5.77%
Nanchang Industrial Investment Group Co., Ltd. ⁵	Domestic Shares	Beneficial owner	296,876,170(L)	269,575,170	6.35%	4.93%
Hua An Fund Management Co., Ltd represent Hua An Fund-Track Group QDII, Hua An Fund-Municipal Group QDII, Hua An Fund-Track City Investment Company QDII, Hua An Fund-Industrial Holdings QDII, Hua An Fund-High and New Municipal QDII, Hua An Fund-Honggu Tan City Investment QDII, Hua An Fund-Jinkai Capital QDII, Hua An Fund-County investment QDII and other asset management plans ⁵	H Shares	Beneficial owner	31,970,000(L)	0	2.38%	0.53%
	H Shares	Others	272,084,000 (L)	1,500,000	20.22%	4.52%
China National Tobacco Corporation Jiangxi Branch ⁷	Domestic Shares	Beneficial owner	180,000,000 (L)	0	3.85%	2.99%
		Interest of controlled corporation	83,000,000 (L)	0	1.77%	1.38%
Pingxiang Huixiang Construction Development Co., Ltd. ⁸	Domestic Shares	Beneficial owner	241,088,500 (L)	0	5.15%	4.00%
Luso International Banking Limited ⁹	H Shares	Beneficial owner	134,602,500 (L)	134,602,500	10.00%	2.23%

CHAPTER VI CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

Name of shareholder	Class of shares	Nature of interest	Number (share) and nature of shares ¹	Changes as compared to December 31, 2022 (share)	Approximate percentage of the total issued share capital of the Bank ²	Approximate percentage of the total issued share capital of the Bank ²
Chiyu Banking Corporation Limited ⁹	H Shares	Beneficial owner	123,248,500 (L)	0	9.16%	2.05%
Xiamen International Bank Co., Ltd. ⁹	H Shares	Interest of controlled corporation	257,851,000 (L)	134,602,500	19.16%	4.28%
AMTD Asia Limited ¹⁰	H Shares	Beneficial owner	111,149,500 (L)	(11,692,000)	8.26%	1.85%
AMTD Group Company Limited ¹⁰	H Shares	Interest of controlled corporation	111,149,500 (L)	(11,692,000)	8.26%	1.85%
CITIC Guoan Group ¹¹	H Shares	Interest of controlled corporation	105,968,000 (L)	(9,245,000)	7.88%	1.76%
Road Shine Developments Limited ¹¹	H Shares	Beneficial owner	105,968,000 (L)	(9,245,000)	7.88%	1.76%
Yichun Yuanzhou Guotou Group Co., Ltd. ¹²	H Shares	Beneficial owner	103,701,000 (L)	103,701,000	7.71%	1.72%
Yichun Development Investment Group Co., Ltd. ¹³	H Shares	Beneficial owner	94,840,500 (L)	0	7.05%	1.57%
Representative of Guotai Asset Management Co., Ltd.: Guotai-Global Investments Asset Management Plan No. 10/Guotai Asset Management Co Ltd-CHINA GUANG FA BANK CO. LTD-GTFUND-QDII1-10 Principal: Yichun Development Investment Group Co., Ltd. ¹³	H Shares	Trustee	94,840,500 (L)	0	7.05%	1.57%

Notes:

- (L) represents long position, and (S) represents short position.
- As at December 31, 2023, the total issued share capital of the Bank was 6,024,276,901 shares, including 4,678,776,901 Domestic Shares and 1,345,500,000 H Shares.
- Jiangxi Provincial Communications Investment Group Co., Ltd. is a state-owned corporate shareholder, whose legal representative is XIE Jianfa. Regarding Jiangxi Provincial Communications Investment Group Co., Ltd., its controlling shareholder and de facto controller are both Department of Transportation of Jiangxi Province (江西省交通運輸廳).
- Jiangxi Financial Holding Group Co., Ltd. is a state-owned corporate shareholder, whose legal representative is QI Wei. Regarding Jiangxi Financial Holding Group Co., Ltd., its controlling shareholder and de facto controller are both Jiangxi Financial Assets Center (江西省財政資產中心).
- Nanchang Industrial Investment Group Co., Ltd. (including Hua An Funds Management Co., Ltd., the trustee of the Trust, holding 31,970,000 H Shares of the Bank) and its wholly-owned subsidiaries, including Nanchang Guojin Industrial Investment Co., Ltd. (南昌市國金工業投資有限公司), Nanchang Jinchang State-owned Assets Operation Co., Ltd. (南昌市金昌國有資產運營有限責任公司) and Jiangxi Huayuan Jiangfang Co., Ltd. (江西華源江紡有限公司), jointly holding 328,846,170 shares of the Bank (of which the shareholding qualification of 269,575,170 Domestic Shares is subject to the approval of the National Financial Regulatory Administration Jiangxi Office). Nanchang Industrial Investment Group Co., Ltd. is a state-owned corporate shareholder, whose legal representative is LI Shuiping. Regarding Nanchang Industrial Investment Group Co., Ltd., its controlling shareholder and de facto controller are both Nanchang Municipal People's Government.

CHAPTER VI CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

6. Hua An Fund Management Co., Ltd. is the manager of eight QDII Single Asset Management Plans, and holds shares of the Bank through the above-mentioned eight asset management plans to achieve its investment plans on behalf of its asset trustees.
7. China National Tobacco Corporation Jiangxi Branch holds 263,000,000 shares of the Bank jointly with its wholly-owned subsidiary Jiangxi Jinfeng Investment Management Co., Ltd. It is a state-owned corporate shareholder and its legal representative is JIANG Kai. Regarding China National Tobacco Corporation Jiangxi Branch, its controlling shareholder and de facto controller both are China National Tobacco Corporation (中國煙草總公司).
8. Pingxiang Huixiang Construction Development Co., Ltd. is a state-owned corporate shareholder, whose legal representative is OUYANG Dian (歐陽淀). Regarding Pingxiang Huixiang Construction Development Co., Ltd., its controlling shareholder is Pingxiang Huifeng Investment Co., Ltd. (萍鄉市滙豐投資有限公司), its de facto controller is Pingxiang State-owned Assets Supervision and Administration Commission (萍鄉市國有資產監督管理委員會).
9. Luso International Banking Limited directly holds 134,602,500 shares of the Bank, and Xiamen International Bank Co., Ltd. indirectly holds 49.01% interest in Luso International Banking Limited through its wholly-owned subsidiary; Chiyu Banking Corporation Limited directly holds 123,248,500 shares of the Bank, and Xiamen International Bank Co., Ltd. indirectly holds 69.63% interests of Chiyu Banking Corporation Limited through its wholly-owned subsidiaries. Therefore, Xiamen International Bank Co., Ltd. is deemed to be interested in the H Shares of the Bank held by Luso International Banking Limited and Chiyu Banking Corporation Limited.
10. AMTD Asia Limited directly holds 111,149,500 shares of the Bank, and 100% of its interests is indirectly held by AMTD Group Company Limited through AMTD Asia (Holdings) Limited. Therefore, AMTD Group Company Limited is deemed to be interested in the H Shares of the Bank held by AMTD Asia Limited.
11. CITIC Guoan Group indirectly holds 105,968,000 H Shares of the Bank held by Road Shine Developments Limited through Guoan (HK) Holdings Limited, its controlled corporation. Therefore, according to the SFO, CITIC Guoan Group and Guoan (HK) Holdings Limited are deemed to be interested in the Bank's H Shares held by Road Shine Developments Limited.
12. Yichun Yuanzhou Guotou Group Co., Ltd. is wholly-owned by Yichun Yuanzhou District State-owned Assets Supervision and Administration Office (宜春市袁州區國有資產監督管理辦公室). Yichun Yuanzhou Guotou Group Co., Ltd. holds 103,701,000 shares of the Bank.
13. Yichun Development Investment Group Co., Ltd. is wholly owned by Yichun Stated-owned Assets Supervision and Administration Commission (宜春市國有資產監督管理委員會). Yichun Development Investment Group Co., Ltd. holds 94,840,500 shares of the Bank through the trustee Guotai Asset Management Co., Ltd.



CHAPTER VI CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

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

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

6.2.5 Other Substantial Domestic Shareholders

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

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

Name of shareholder	Class of shares	Nature of interest	Number and nature of shares ¹	Changes as compared to December 31, 2022	Approximate percentage of the total issued share capital of the Bank ²	Approximate percentage of the total issued share capital of the Bank ²
Jiangxi Copper Company Limited ³	Domestic Shares	Beneficial owner	140,000,000 (L)	0	2.99%	2.32%

Notes:

- (L) represents long position, and (S) represents short position.
- As at December 31, 2023, the total issued share capital of the Bank was 6,024,276,901 shares, including 4,678,776,901 Domestic Shares and 1,345,500,000 H Shares.
- Jiangxi Copper Company Limited is a state-owned corporate Shareholder, whose legal representative is ZHENG Gaoqing. Regarding Jiangxi Copper Company Limited, its controlling shareholder is Jiangxi Copper Corporation Limited, and its de facto controller is State-owned Assets Supervision and Administration Commission of Jiangxi Province.

CHAPTER VI CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

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

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



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No.	Name of substantial shareholders	Related parties of substantial shareholders
3	Nanchang Industrial Investment Group Co., Ltd.	Nanchang Guojin Industrial Investment Co., Ltd. (南昌市國金產業投資有限公司), Nanchang Guosheng Industrial Investment Co., Ltd. (南昌國晟產業投資有限公司), Nanchang Guowei Industrial Investment Co., Ltd. (南昌國微產業投資有限公司), Jiangxi Production and Investment Business Development Co., Ltd. (江西產投商貿發展有限公司), Nanchang State-owned Venture Capital Management Co., Ltd. (南昌國資創業投資管理有限公司), Nanchang Ruidonghui Industrial Investment Co., Ltd. (南昌瑞東匯產業投資有限公司), Jiangxi Jiulong Trading Co., Ltd. (江西久隆貿易有限公司), Nanchang State-owned Supply Chain Financial Management Co., Ltd. (南昌市國資供應鏈金融管理有限公司), Nanchang State-owned Industrial Operation Group Investment Development Co., Ltd. (南昌國資產業經營集團投資發展有限公司), etc.
4	China National Tobacco Corporation Jiangxi Branch	China National Tobacco Corporation (中國煙草總公司), Jiangxi Tobacco Corporation Nanchang Branch (江西省煙草公司南昌市公司), Jiangxi Tobacco Corporation Jiujiang Branch (江西省煙草公司九江市公司), Jiangxi Tobacco Corporation Fuzhou Branch (江西省煙草公司撫州市公司), Jiangxi Tobacco Corporation Ji'an Branch (江西省煙草公司吉安市公司), Jiangxi Jinfeng Investment Management Co., Ltd., etc.
5	Jiangxi Copper Company Limited	Jiangxi Copper Corporation Limited (江西銅業集團有限公司), Jiangxi State-owned Capital Operation Holding Group Co., Ltd. (江西省國有資本運營控股集團有限公司), Jiangxi Copper Leadzinc Metal Co., Ltd. (江西銅業鉛鋅金屬有限公司), Jiangxi Copper Hotel Management Co., Ltd. (江西銅業酒店管理有限公司), JCC Financial Co., Ltd. (江西銅業集團財務有限公司), Jiangxi Copper Industry Group Yinshan Mining Industry Co., Ltd. (江西銅業集團銀山礦業有限責任公司), Jiangxi Copper Corporation Construction Limited (江西銅業集團建設有限公司), etc.

Note:

- Ganshang Union (Jiangxi) Co., Ltd. has become a related party legal person of the Bank due to the significant influence of the appointment of shareholder representative Supervisor of the second session of the Board of Supervisors. The appointed Supervisor resigned on June 28, 2022, and no supervisor was appointed after the resignation. According to the principle of substance over form, Ganshang Union (Jiangxi) Co., Ltd. retained as a related party of the Bank within 12 months after the appointed Supervisor's retirement, until June 28, 2023.

CHAPTER VI CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

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

(Unit: in millions)

No.	Name of Shareholder	Credit balance	Controlling	Credit balance	De facto	Credit balance	Persons	Credit balance	Ultimate	Credit balance	Related party	Credit balance	Total
			shareholder of the enterprise		controller		acting in concert		beneficiary				
1	Jiangxi Provincial Communications Investment Group Co., Ltd.	2,267.23	Department of Transportation of Jiangxi Province	-	Department of Transportation of Jiangxi Province	-	None	-	Jiangxi Provincial Communications Investment Group Co., Ltd.	2,267.23	Jiangxi Provincial Expressway Investment Group Materials Co., Ltd. Jiangxi Province Jiaotou Supply Chain Co., Ltd. (江西省交投供應鏈有限公司) Guosheng Financial Holding Inc. (國盛金融控股集團股份有限公司) Jiangxi Hengrui Traffic Technology Co., Ltd. (江西省恒瑞交通科技有限公司)	529.13 529.77 120.00 10.00	3,456.13



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No.	Name of Shareholder	Credit balance	Controlling	Credit balance	De facto	Credit balance	Persons	Credit balance	Ultimate	Credit balance	Related party	Credit balance	Total
			shareholder of the enterprise		controller		acting in concert		beneficiary				
2	Jiangxi Financial Holding Group Co., Ltd.	770.00	Jiangxi Provincial Financial Assets Center (江西省財政資產中心)	-	Jiangxi Provincial Financial Assets Center (江西省財政資產中心)	-	None	-	Jiangxi Financial Holding Group Co., Ltd.	770.00	Jiangxi Financial Asset Management Co., Ltd.	825.36	2,525.36
											Jiangxi Fanc Supply Chain Financial Service Co., Ltd. (江西省財通供應鏈金融集團有限公司)	300.00	
											Jiangxi Financial Supply Chain Services Co., Ltd. (江西金控供應鏈服務有限公司)	80.00	
											Jiangxi Financial Holding Foreign Trade Co., Ltd.	100.00	
											Jiangxi Xingsen International Trade Co., Ltd.	50.00	
											Jiangxi Jinkong Industrial Development Co., Ltd. (江西省金控實業發展有限公司)	400.00	



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No.	Name of Shareholder	Credit balance	Controlling shareholder of the enterprise	Credit balance	De facto controller	Credit balance	Persons acting in concert	Credit balance	Ultimate beneficiary	Credit balance	Related party	Credit balance	Total
3	Nanchang Industrial Investment Group Co., Ltd. (南昌市產業投資集團有限公司)	1,085.00	the People's Government of Nanchang Municipality	-	the People's Government of Nanchang Municipality	-	None	-	Nanchang Industrial Investment Group Co., Ltd.	1,085.00	Nanchang Guosheng Industrial Investment Co., Ltd. (南昌國晟產業投資有限公司)	430.00	3,266.18
											Jiangxi Industry Investment Trade Development Co., Ltd. (江西產投商貿發展有限公司)	200.00	
											Jiangxi Jiulong Trading Co., Ltd. (江西久隆貿易有限公司)	186.18	
											Nanchang Guowei Industrial Investment Co., Ltd. (南昌國微產業投資有限公司)	150.00	
											Nanchang State-owned Assets Industrial Management Group Investment Development Co., Ltd. (南昌國資產業經營集團投資發展有限公司)	95.00	
											Nanchang City State-owned Assets Supply Chain Finance Management Co., Ltd. (南昌市國資供應鏈金融管理有限公司)	50.00	
											Nanchang Ruidonghui Industrial Investment Co., Ltd. (南昌瑞東匯產業投資有限公司)	20.00	
											Nanchang State-owned Venture Capital Management Co., Ltd. (南昌國資創業投資管理有限公司)	1,050.00	



CHAPTER VI CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

No.	Name of Shareholder	Controlling		De facto controller	Persons		Ultimate beneficiary	Credit		Credit balance	Total
		Credit balance	shareholder of the enterprise		Credit balance	acting in concert		balance	Related party		
4	China National Tobacco Corporation Jiangxi Branch	-	China National Tobacco Corporation	-	China National Tobacco Corporation	-	China National Tobacco Corporation Jiangxi Branch	-	-	-	0.00
5	Jiangxi Copper Company Limited	-	Jiangxi Copper Corporation Limited	-	State-owned Assets Supervision and Administration Commission of Jiangxi Province	-	Jiangxi Copper Company Limited	-	Jiangxi Copper Lead-zinc Metal Co., Ltd. (江西銅業鉛鋅金屬有限公司)	92.24	92.24
Total		4,122.23	-	-	-	-	-	4,122.23	-	5,217.68	9,339.91



CHAPTER VI CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

6.2.8 Pledge of Equity in the Bank by Substantial Domestic Shareholders

None

Pledge of the Bank's Equity by any of the Substantial Shareholders

None

6.2.9 Nomination of Directors and Supervisors by the Shareholders

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

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

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

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

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

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

None

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

None



CHAPTER VI CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

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

As of the end of the Reporting Period, the Bank had a total of 6,024,276,901 shares, and a total of 602,636,653 shares held by 24 Domestic Shareholders were pledged, accounting for 10.00% of the Bank's total shares. 129,295,649 pledged shares were judicially frozen and 0 share was judicially auctioned.

According to the Articles of Association, when the number of shares pledged by a shareholder reaches or exceeds 50% of the total shares held by him/her in the Bank, the said shareholder is required to issue a commitment letter of giving up his/her voting right at the general meeting. As at the end of the Reporting Period, 22 Shareholders pledged 50% or more of the Domestic Shares held by him/her in the Bank, and voting rights represented by 514,088,164 shares were restricted, accounting for 8.53% of the total shares.



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

7.1 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS

7.1.1 Directors

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

Current Directors

Name	Gender	Date of birth	Date of appointment of the third session of the Board ¹	Title
ZENG Hui	Female	1970.9	August 4, 2022	Secretary to the Party Committee, Executive Director, Chairman
LUO Xiaolin	Male	1971.3	August 3, 2022	Deputy secretary to the Party Committee, Executive Director, Vice Chairman
YU Minxin	Male	1977.10	June 28, 2022	Non-executive Director
DENG Yonghang	Male	1974.6	September 5, 2022	Non-executive Director
XIONG Jiemin	Female	1985.11	September 5, 2022	Non-executive Director
LI Shuiping	Male	1968.10	June 28, 2022	Non-executive Director
ZHUO Liping	Female	1972.12	September 5, 2022	Non-executive Director
WANG Yun ²	Female	1966.5	June 28, 2022	Independent Non-executive Director
WONG Hin Wing ²	Male	1962.12	June 28, 2022	Independent Non-executive Director
LIU Xinghua	Male	1972.7	August 25, 2022	Independent Non-executive Director
YANG Ailin	Male	1969.5	August 25, 2022	Independent Non-executive Director

Notes:

1. The table set out the Directors of the third session of the Board elected at 2021 annual general meeting on June 28, 2022, and the relevant Directors obtained the approval of directorship qualifications from the former CBIRC Jiangxi Office.
2. Ms. WANG Yun and Mr. WONG Hin Wing have served as independent non-executive Directors of the Bank for a cumulative period of six years, with their respective terms ended in December 2023 and February 2024. To ensure that the Board of Directors meets the legal requirement that the number of independent non-executive Directors is not less than one-third of the total number of Board members, the two Directors said above will continue to serve until the new independent non-executive Directors take office.

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7.1.2 Supervisors

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

Current Supervisors

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

Resigned Supervisors

Name	Gender	Date of birth	Commencement of term of office of the third session of the Board of Supervisors	Title
WANG Guizhi ²	Female	1960.8	June 28, 2022	External Supervisor

Note:

1. On February 2, 2024, Mr. LIU Fulin has submitted his resignation letter to the Board of Supervisors of the Bank, as he has reached the retirement age, resigning as the chairman of the Board of Supervisors, the member of the Nomination Committee under the Board of Supervisors and the employee representative Supervisor of the Bank. The resignation of Mr. LIU Fulin as the chairman of the Board of Supervisors was effective from February 2, 2024.

After the resignation of Mr. LIU Fulin, the proportion of employee representative supervisors of the Bank will be less than one-third. According to the relevant regulations of the Company Law of the People's Republic of China and the Articles of Association of the Bank, Mr. LIU Fulin will continue to perform his duties as employee representative Supervisor of the Bank before the new employee representative Supervisor is elected at the employee representatives' meeting held by the Bank.

2. On March 24, 2023, Ms. WANG Guizhi submitted a written resignation letter to the Bank, resigning from the position of external supervisor of the Bank, with effect from the date of resignation.

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

7.1.3 Senior management members

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

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

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

7.2.1 Changes of Directors during the Reporting Period

During the Reporting Period, there was no change in the Directors of the Bank.

7.2.2 Changes of Supervisors during the Reporting Period

On March 24, 2023, Ms. WANG Guizhi submitted a written resignation letter to the Bank, resigning from the position of external Supervisor of the Bank, with effect from the date of resignation.

7.2.3 Changes of Senior Management Members during the Reporting Period

During the Reporting Period, there was no change in the Senior Management Members of the Bank.



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

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

7.3.1 Directors

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

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

Ms. ZENG graduated from Jiangxi University of Finance and Economics (江西財經大學) with a bachelor's degree in June 1992, and obtained a master's degree in June 1999. She went to the Monetary Authority of Singapore for further studies from April 2001 to June 2001; from February 2018 to April 2018, she participated in the training for department-level cadres at the Party School of the Central Committee of CPC.

Since July 1992, she successively served as a staff member, deputy section chief and section chief of the PBOC Jiangxi Branch; since October 2003, she successively served as the deputy director, director, secretary of the Youth League Committee and director of the division of CBRC Jiangxi Bureau; and since December 2014, she successively served as a member of the Party committee and deputy director of CBRC Jiangxi Bureau and CBIRC Jiangxi Bureau. She has served as the secretary of the Party Committee and director of CBIRC Xiamen Bureau since May 2020; since March 2022, she has served as the secretary of the Party Committee of Jiangxi Bank; and since August 2022, she has served as the secretary of the Party Committee and chairman of the Board of Jiangxi Bank.

From May 2020 to March 2022, she served as a representative of the 13th Party Congress of Xiamen City, a representative of the 16th People's Congress of Xiamen City, and a part-time deputy director of the Finance and Economics Committee of Xiamen Municipal People's Congress. She has been a member of the 13th Jiangxi Provincial Committee of the Chinese People's Political Consultative Conference since January 2023.



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

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

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

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

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

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



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

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

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

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

Mr. DENG obtained a master's degree in MBA from the School of Management of Zhejiang University from September 2002 to March 2005. He is currently the secretary of the Party Committee and Chairman of Jiangxi Communications Investment Digital Intelligence Technology Co., Ltd. (江西省交投數智科技有限公司), a director of Jiangxi Ganyue Expressway Co., Ltd. (江西贛粵高速公路股份有限公司) and Jiangxi United Equity Center Co., Ltd. (江西聯合股權中心股份有限公司).

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

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

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

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

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

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



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

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

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

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

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

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

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

Since July 1988, Ms. WANG has successively served as an intern-teaching assistant, teaching assistant, lecturer, head of accounting department, associate professor, deputy dean and professor of faculty of economic management of East China Jiaotong University. From April 2002 to November 2008, she served as an independent director in Anyuan Industrial Co., Ltd. (安源實業股份有限公司, SSE stock code: 600397). From April 2003 to October 2009, she was an independent director of Tellhow Sci-tech Co., Ltd. (泰豪科技股份有限公司, SSE stock code: 600590). From September 2007 to January 2008, she was a visiting scholar at faculty of management, Fudan University (復旦大學) in Shanghai, China. From February 2008 to April 2014, she was an independent director of Winall Hi-tech Seed Co., Ltd. (安徽荃銀高科種業股份有限公司, SZSE stock code: 300087). From December 2009 to May 2016, she was an independent director of Jiangxi Special Electric Motor Co., Ltd. (江西特種電機股份有限公司, SZSE stock code: 002176). From February 2012 to March 2019, she served as an independent director of Anyuan Coal Industry Group Co., Ltd. (安源煤業集團股份有限公司, SSE stock code: 600397). From September 2012 to September 2018, she was an independent director of Jiangxi Wannianqing Cement Co., Ltd. (江西萬年青水泥股份有限公司, SZSE stock code: 000789). From May 2017 to April 2023, she was an independent director of Jiangxi 3L Medical Products Group Co., Ltd. (江西 3L 醫用製品集團有限公司). From April 2018 to present, she has been an independent director of China Nerin Engineering Co., Ltd. (中國瑞林工程技術股份有限公司). From December 2020 to present, she has been an independent director of Jiangxi Special Electric Motor Co., Ltd. (江西特種電機股份有限公司, SZSE stock code: 002176). From April 2022 to present, she has been an external director of Jiangxi Port Group Co., Ltd. (江西省港口集團有限公司).

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



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

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

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

He also serves as an independent non-executive director of other companies listed on the Stock Exchange, such as Jiangxi Bank Co., Ltd., Zhaoke Ophthalmology Limited, Kingmaker Footwear Holdings Limited (信星鞋業集團有限公司), C Cheng Holdings Limited and YNBY International Limited.

He is a member of Anhui Provincial Committee of the Chinese People's Political Consultative Conference, a panel member the Accounting and Financial Reporting Review Tribunal, a member of Betting, Gaming and Lotteries Commission, a member of the Medical Council of Hong Kong and a member of the "Enhancing Self-Reliance" Plan Advisory Committee ("夥伴倡自強"計劃諮詢委員會). He is also a board member of Hong Kong Ocean Park (香港海洋公園董事局).

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



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

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

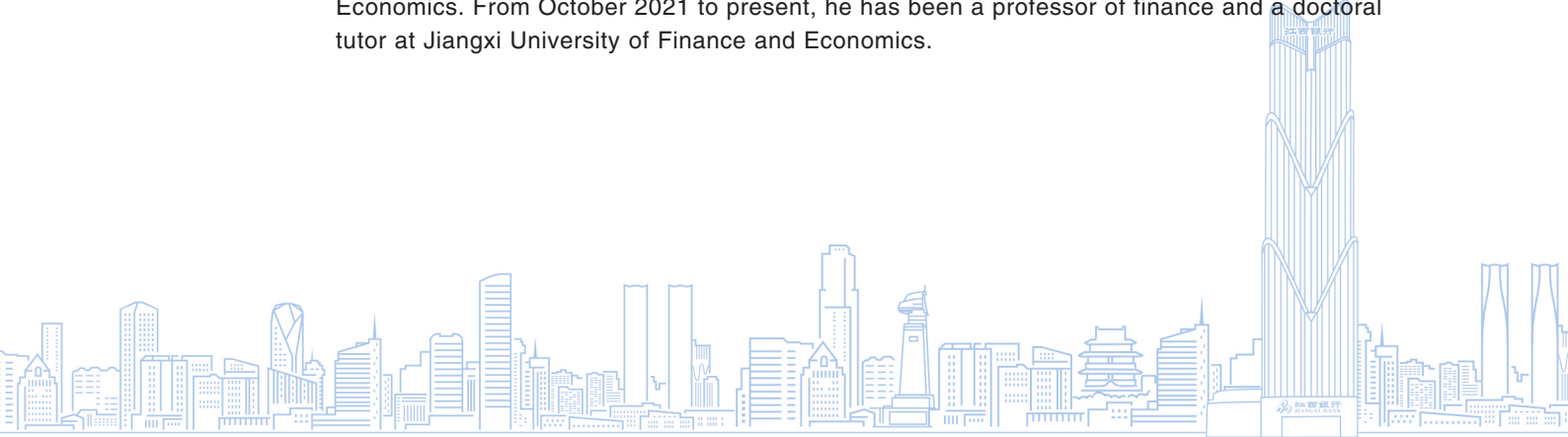
He has a doctorate degree and currently the director of Jiangxi Huabang Law Firm.

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

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

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

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



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7.3.2 Supervisors

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

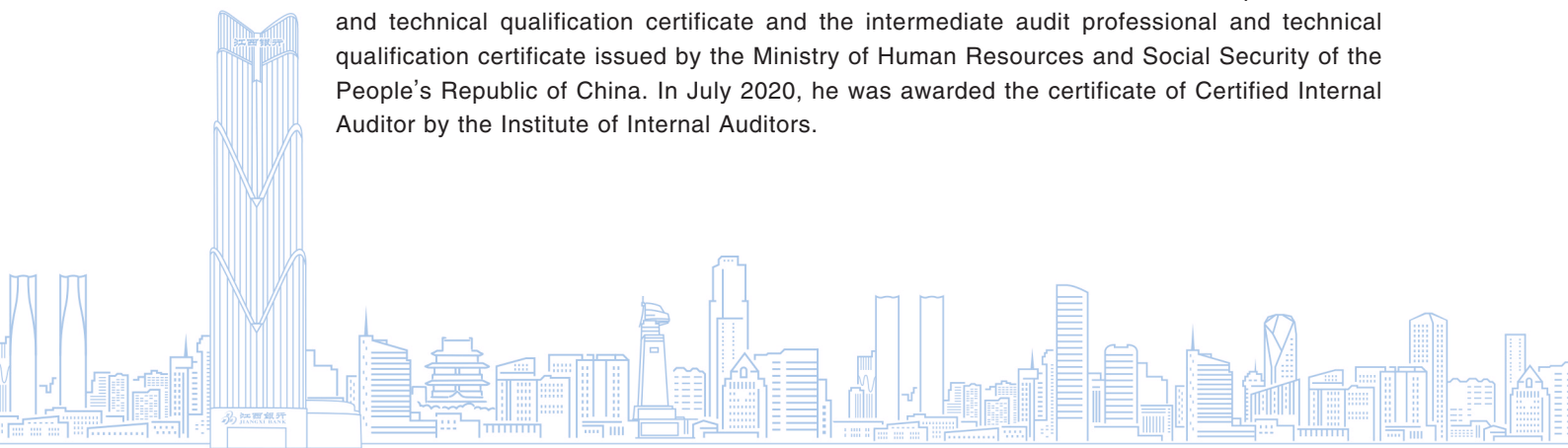
From July 1985 to September 1988, Mr. Liu was a teacher and a teaching assistant at Jiangxi Institute of Economic Administrators (江西經濟管理幹部學院). From July 1990 to March 2010, Mr. Liu was with Jiangxi Government and successively served as a cadre, senior staff member and principal staff at the financial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

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

Mr. WANG Wei (王威) An employee representative Supervisor

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

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



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

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

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

Mr. LUO Ping (羅平) An external Supervisor

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

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



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

Mr. LI Xunlei (李迅雷) An external Supervisor

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

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



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7.3.3 Senior management members

Mr. YU Jian (俞健) The vice president

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

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

Mr. CHENG Zongli (程宗禮) The vice president

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

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



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Mr. CAI Xiaojun (蔡小俊) The vice president

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

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



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

7.3.4 Company Secretaries

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

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

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

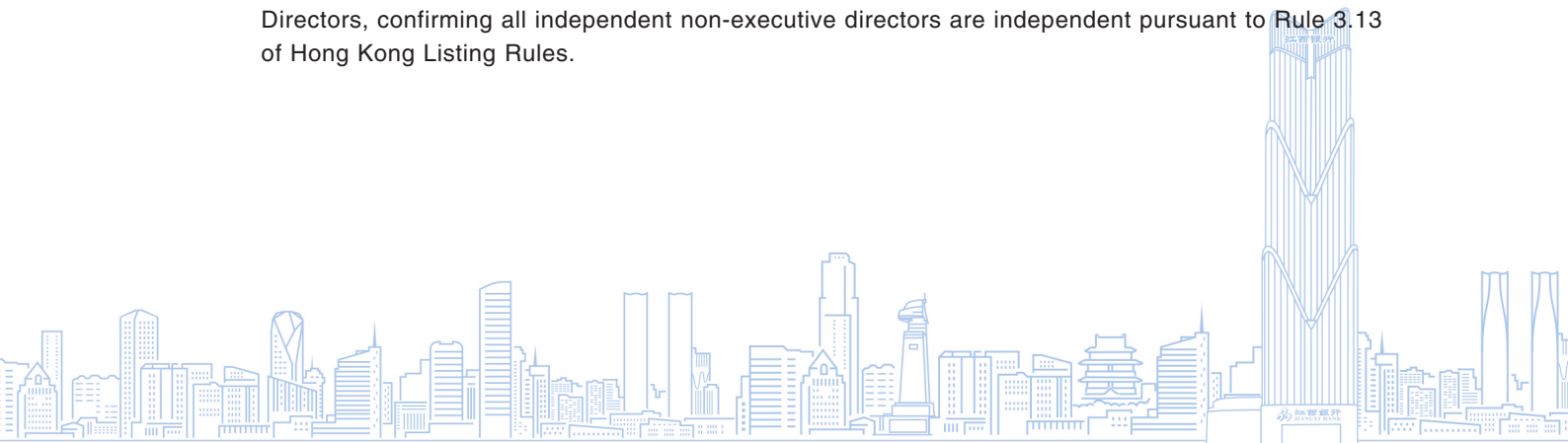
Dr. Ngai holds a master's degree in business administration from Andrews University in the United States, a bachelor's degree (Honors) in law from the University of Wolverhampton in the United Kingdom, a master's degree in corporate finance from the Hong Kong Polytechnic University, and a doctoral degree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

Ms. ZHANG Na (張娜) The joint company secretary

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

7.4 CONFIRMATION OF INDEPENDENCE FROM INDEPENDENT NON-EXECUTIVE DIRECTORS

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



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

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

As at December 31, 2023, the interests and short positions of the Directors, Supervisors and chief executives of the Bank in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Bank and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) which were required to be notified to the Bank and the Stock Exchange pursuant to the Model Code, were as follows:

I) Directors: Nil

II) Supervisors:

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

Note:

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

III) Chief executives: Nil

7.6 INFORMATION OF EMPLOYEES

7.6.1 Composition of Employees

As of the end of the Reporting Period, the Bank has a total of 5,143 official employees.

By age

The Bank has 1,548 employees aged 30 or under, accounting for 30.10% of the total number of employees; 2,615 employees aged 31 to 40, accounting for 50.85% of the total number of employees; 750 employees aged 41 to 50, accounting for 14.58% of the total number of employees; and 230 employees aged over 51, accounting for 4.47% of the total number of employees.

By education

The Bank has 4,872 employees with a bachelor degree or above, accounting for 94.73% of the total number of employees, and 271 employees with a college degree or below, accounting for 5.27% of the total number of employees.

By gender

The Bank has 2,378 male employees and 2,765 female employees. The Bank attaches great importance to gender diversity. As of the end of the Reporting Period, the ratio of male employees to female employees (including senior management) of the Bank was 46.24% and 53.76%, respectively. The Bank believes that gender diversity at the level of employees (including senior management) has been achieved during the Reporting Period. The Bank will continue to implement measures to support gender diversity of employees.



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

7.6.2 Employee Training Plan

During the Reporting Period, all cadres and employees of the Bank continued to study and implement Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, closely followed the spirit of the 20th National Congress of the Communist Party of China, firmly established the strategic position of talent-led development, strengthened the awareness of talents as the primary resource, highlighted the political training and the Party spirit, educated and guided the Party members and cadres of the Bank to resolutely defend “establishing Comrade Xi Jinping’s core position on the CPC Central Committee and in the Party as a whole and establishing the guiding role of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era”, firmly established the “consciousness of the need to maintain political integrity, think in big-picture terms, follow the leadership core, and keep in alignment with the central Party leadership”, and resolutely “uphold Comrade Xi Jinping’s core position on the Party Central Committee and in the Party as a whole and uphold the Central Committee’s authority and its centralized, unified leadership”.

During the Reporting Period, the Bank focused on the key tasks of the Bank, adhered to the full coverage of employees at all levels and in all lines of work, strengthened theoretical martial arts and Party education, solidly launched the professional training of talents, and strengthened the coordination of education and training resources as well as the guarantee of resources, so as to continuously improve the comprehensive quality of the cadres and employees of the Bank.



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

7.6.3 Employee Remuneration Policy

Remuneration Policy

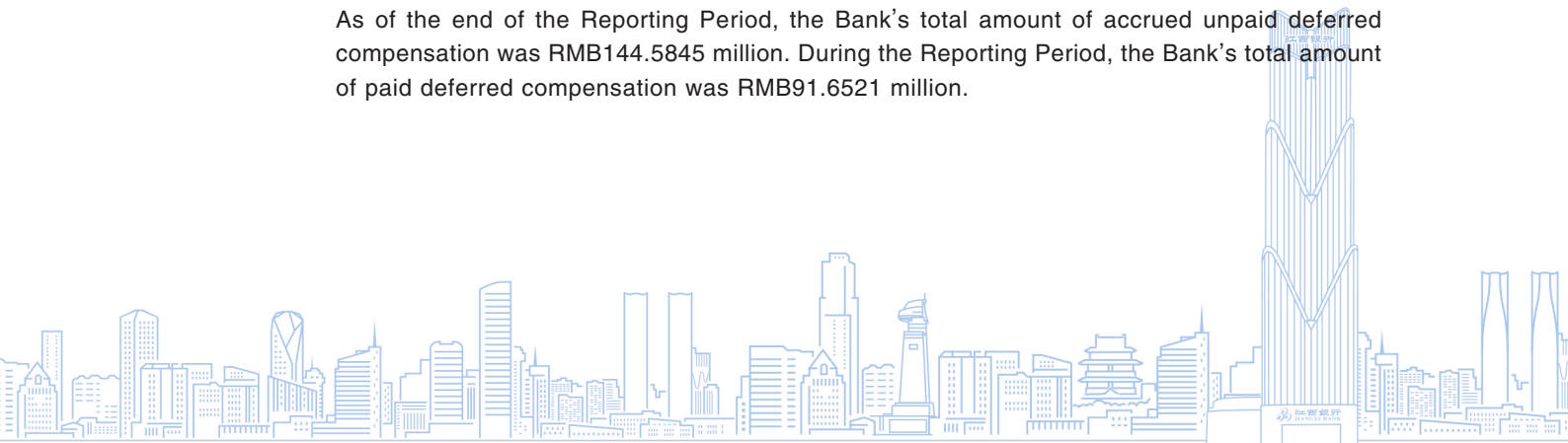
In accordance with the Provisions on Wage Payment in Jiangxi Province, Rules for the Implementation of Wage Determination Mechanism in State-owned Financial Enterprises, Supervisory Guidelines on Sound Compensation in Commercial Banks and other relevant systems and regulations, and in line with the remuneration concepts of “unified position and salary, salary changes for ranking changes and bonus based on performance”, the Bank established a remuneration management system that fits with the dual-channel occupational development system. Employee remuneration consists of four parts: basic remuneration, performance-based remuneration, performance incentives and welfare guarantee. Employees enjoy the enterprise annuity, supplementary medical insurance and other welfares, in addition to the basic pension insurance, basic medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, housing provident fund and other various legal welfares specified by the state.

Linkage between remuneration policy and risk

In order to further strengthen risk management, enhance risk awareness, give full play to the guiding role of remuneration in risk management and control, and promote the stable operation and sustainable development of the Bank, the Bank has established and improved the deferred payment and recourse and deduction mechanism of performance-based remuneration in accordance with the Provisional Regulations on Remuneration Recourse and Deduction for Persons in Charge of Provincial State-owned Enterprises, the Supervisory Guidelines on Sound Compensation in Commercial Banks issued by the former CBRC and the Notice on the Guidance on the Establishment and Improvement of the Recourse and Deduction Mechanism of Performance-based Remuneration of Banking and Insurance Institutions issued by the former CBIRC.

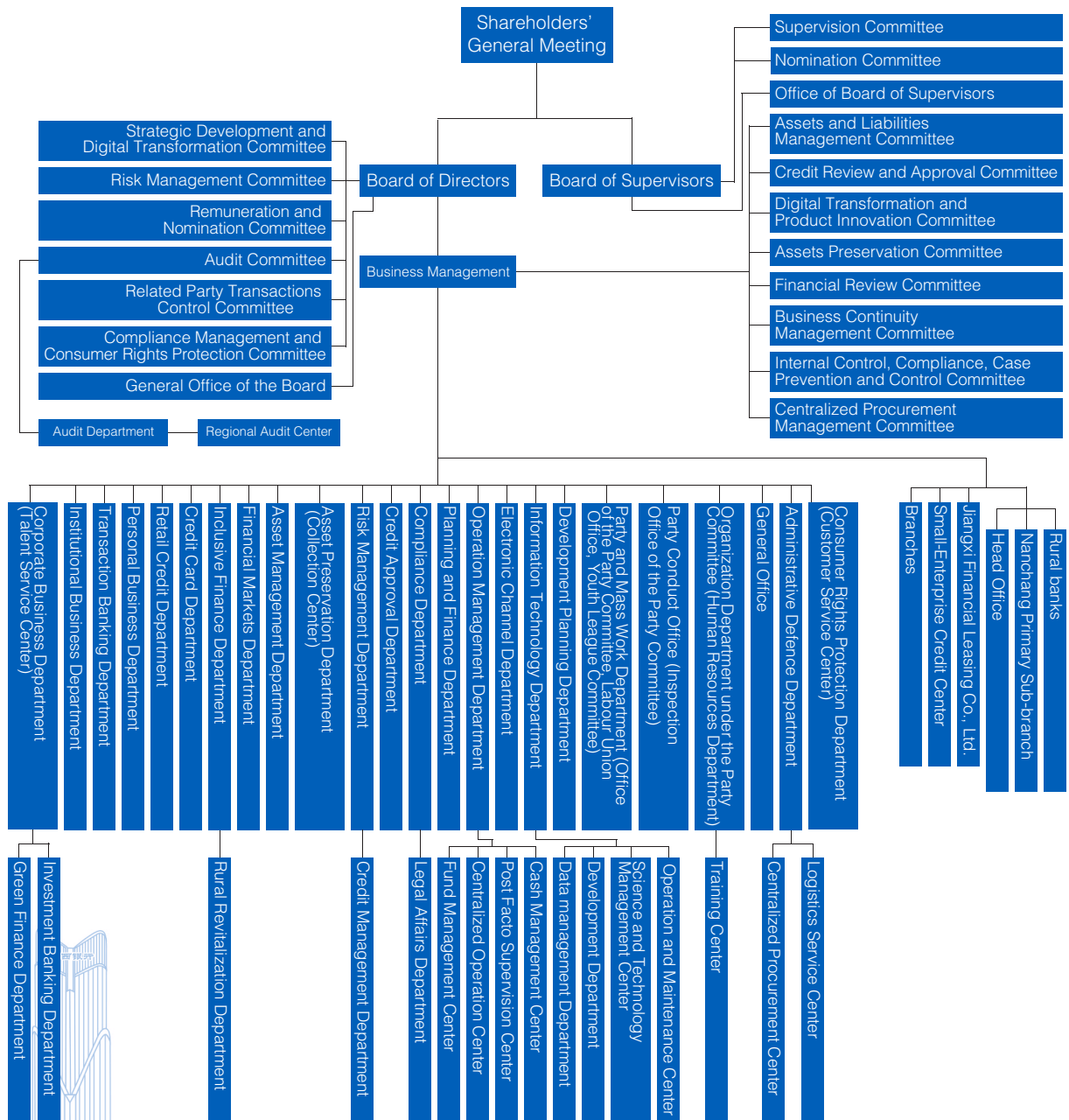
Total amount of unpaid and paid deferred compensation

As of the end of the Reporting Period, the Bank’s total amount of accrued unpaid deferred compensation was RMB144.5845 million. During the Reporting Period, the Bank’s total amount of paid deferred compensation was RMB91.6521 million.



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

7.7 ORGANIZATIONAL STRUCTURE



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

7.8 BASIC INFORMATION OF BRANCHES AND SUB-BRANCHES

As of the end of the Reporting Period, the Bank had a total of 13 branches and 1 small enterprise credit center, of which 12 were located in Jiangxi Province and 2 were located in other provinces. Details of the branches and sub-branches of the Bank are set out as below:

Area	Name of entity	Business address (in China)	Note
Nanchang, Jiangxi	Head office	No. 699 Financial Street, Honggutan New District, Nanchang, Jiangxi Province	Governing 76 licensed branches and sub-branches in Nanchang (including Ganjiang New District branch and its 4 licensed institutions)
Pingxiang, Jiangxi	Pingxiang branch	No. 198 Jianshe Middle Road, Anyuan District, Pingxiang, Jiangxi Province	Governing 8 licensed institutions in Pingxiang
Jiujiang, Jiangxi	Jiujiang branch	No. 248 Changhong Avenue, Lianxi District, Jiujiang, Jiangxi Province	Governing 14 licensed institutions in Jiujiang
Ganzhou, Jiangxi	Ganzhou branch	Building 8, Shenghui City Center, Ganxian Road, Zhanggong District, Ganzhou, Jiangxi Province	Governing 22 licensed institutions in Ganzhou
Yichun, Jiangxi	Yichun branch	No. 636 Yichun North Road, Yichun, Jiangxi Province	Governing 14 licensed institutions in Yichun
Xinyu, Jiangxi	Xinyu branch	No. 69 Zhongshan Road, Yushui District, Xinyu, Jiangxi Province	Governing 4 licensed institutions in Xinyu
Shangrao, Jiangxi	Shangrao branch	Block 20, No. 32 Xingyuan Avenue, Shangrao Economic and Technical Development Zone, Jiangxi Province	Governing 14 licensed institutions in Shangrao



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Area	Name of entity	Business address (in China)	Note
Ji'an, Jiangxi	Ji'an branch	1/F, Tianhong Shopping Plaza, West of Jinggangshan Avenue and North of Guangchang South Road, Jizhou District, Ji'an, Jiangxi Province	Governing 15 licensed institutions in Ji'an
Fuzhou, Jiangxi	Fuzhou branch	No. 618 Gandong Avenue, Fuzhou, Jiangxi Province	Governing 11 licensed institutions in Fuzhou
Yingtian, Jiangxi	Yingtian branch	No. 1 Yuqing Road, Xinjiang New District, Yingtian, Jiangxi Province	Governing 4 licensed institutions in Yingtian
Jingdezhen, Jiangxi	Jingdezhen branch	Building 1, West Area 1, Crown Shopping Plaza, Guangchang South Road, Zhushan District, Jingdezhen, Jiangxi Province	Governing 16 licensed institutions in Jingdezhen
Guangzhou	Guangzhou branch	Unit 201, Floor 2 and Unit 101, Floor 1, No. 120 Huangpu Avenue West, Tianhe District, Guangzhou City, Guangdong Province	Governing 6 licensed institutions in Guangzhou
Suzhou	Suzhou branch	Rongsheng Business Center, No. 135 Wangdun Road, Suzhou Industrial Park, Jiangsu Province	Governing 5 licensed institutions in Suzhou
Nanchang, Jiangxi	Small Enterprise Credit Center	No.96 Zhanqian Road, Xihu District, Nanchang, Jiangxi Province	Governing 8 licensed institutions in Jiangxi

CHAPTER VIII CORPORATE GOVERNANCE REPORT

8.1 OVERVIEW OF CORPORATE GOVERNANCE

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

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

The Bank has adopted Appendix C1 to the Hong Kong Listing Rules headed Corporate Governance Code. The Bank has met the requirements of the measures for the administration of domestic commercial banks and the corporate governance requirements and has established a sound corporate governance system. During the Reporting Period, the Bank has complied with all applicable code provisions as set forth in Appendix C1 to the Hong Kong Listing Rules.

The Bank continues to pursue financial development with Chinese characteristics, deeply understands the basic essence of "eight do's", promotes the financial culture with Chinese characteristics, and always adheres to the business philosophy of "serving urban and rural residents, serving small and medium-sized enterprises and serving local economy". Guided by Party building, the Bank inherits the "red financial gene", continuously fosters the value orientation of regarding integrity as beauty and honesty as honor, and strives to integrate incorruptibility into various links of corporate governance, internal control and compliance and business operation. In this way, the Bank constantly enriches the brand connotation of "Sincere Service of a New Jiangxi Bank", and provides ideological guarantee and spiritual motivation for promoting high-quality development.

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



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8.2 SHAREHOLDERS' GENERAL MEETING

In 2023, the Bank convened the 2022 Annual General Meeting in Nanchang, Jiangxi Province, details of which are set out below:

On May 30, 2023, the Bank held the 2022 Annual General Meeting and considered and approved the 2022 Board of Directors' Report, 2022 Board of Supervisors' Report, 2022 Annual Financial Account Report, 2023 financial budget plan, 2022 profit distribution proposal, etc.

The above general meeting was convened in line with the procedures specified by relevant laws and regulations. For details of the attendance, main issues and voting of the general meeting, please refer to the announcement of Poll Results of 2022 Annual General Meeting dated May 30, 2023 published by the Bank on the websites of the Hong Kong Stock Exchange and the Bank.

For the attendance rate of each Director at the general meeting, please refer to the section 8.3.5 in this chapter.

8.3 BOARD OF DIRECTORS

8.3.1 Operation of the Board

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

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

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

8.3.2 Composition of the Board

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

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

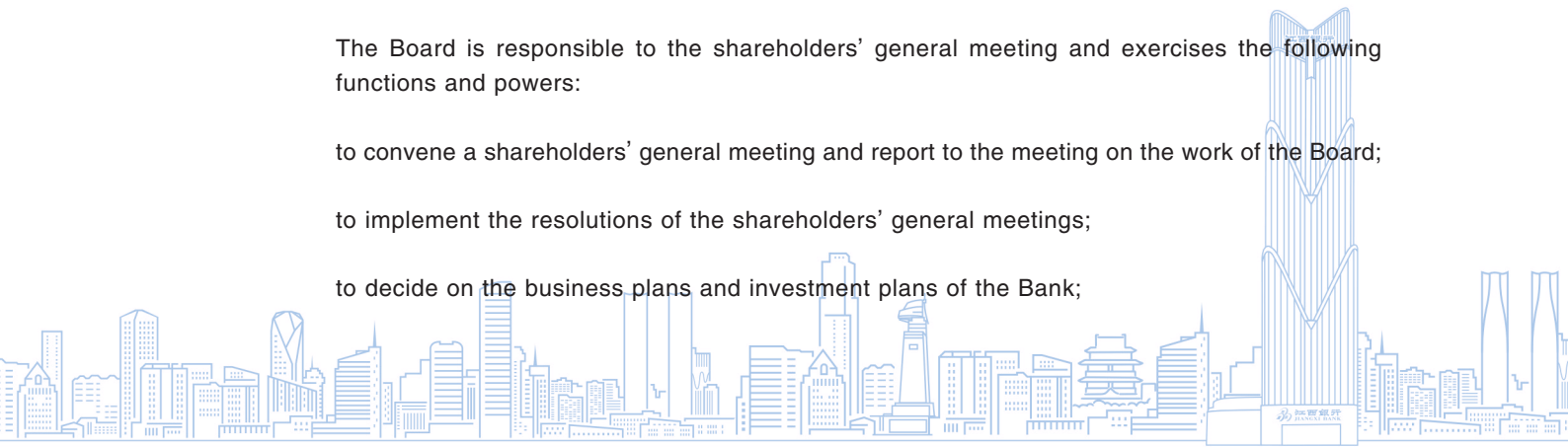
8.3.3 Authority of the Board

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

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

to implement the resolutions of the shareholders’ general meetings;

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



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

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

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

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

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

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

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

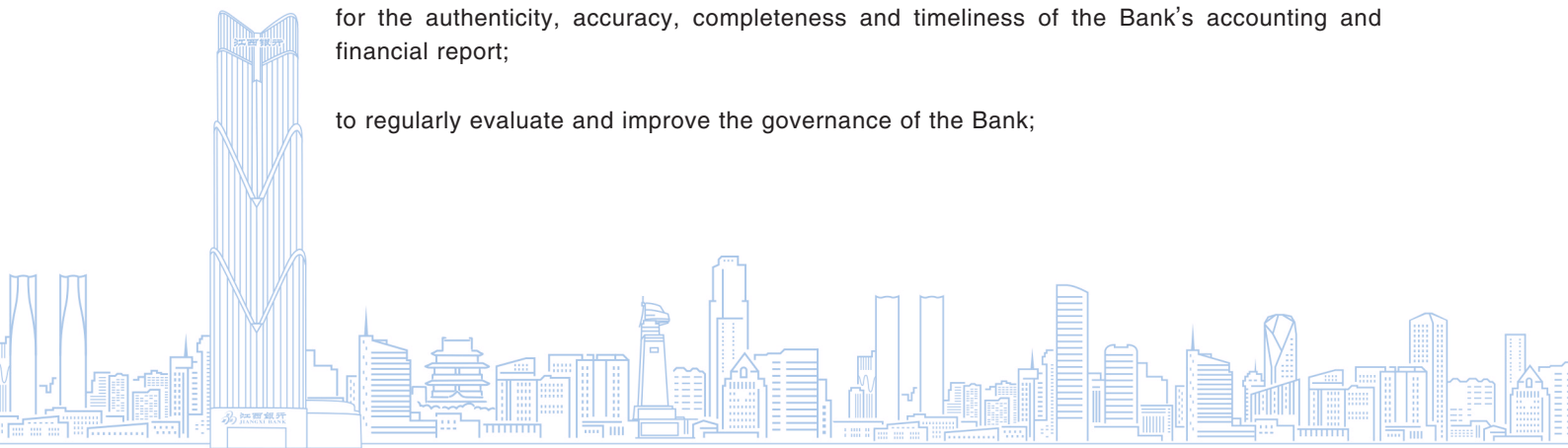
to formulate the development strategies of the Bank, and supervise the implementation of the strategies;

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

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

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

to regularly evaluate and improve the governance of the Bank;



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

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

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

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

to take responsibility for the management of Shareholders' affairs;

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

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

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

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

8.3.4 Directors' Responsibilities for Preparing Financial Statements

The Directors confirm that they are responsible for preparing financial statements for the year ended December 31, 2023 which should truly and fairly reflect the business status and performance of the Bank. To prepare financial statements, the directors shall select and apply appropriate accounting policies, and use accounting estimates that are appropriate for relevant circumstances. With the assistance of accounting and finance personnel, the directors ensure that they have prepared the financial statements for the Bank in accordance with statutory requirements and applicable financial reporting standards.



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8.3.5 Board Meetings and the Attendance of Directors

During the Reporting Period, the Board convened a total of 15 Board meetings, at which the Bank debriefed on, considered and approved 103 proposals mainly involving topics such as adoption and/or revision of various corporate governance measures, profit distribution plans, development plans, and business performance. Details of the Board meetings convened during the Reporting Period are set out below:

Session	Date	Form
Periodic meetings		
The eleventh meeting of the third session of the Board	March 31, 2023	On-site meeting
The fourteenth meeting of the third session of the Board	May 30, 2023	On-site meeting
The seventeenth meeting of the third session of the Board	August 25, 2023	On-site meeting
The twenty-second meeting of the third session of the Board	December 15, 2023	On-site meeting
Extraordinary meetings		
The ninth meeting of the third session of the Board	February 27, 2023	Circulating written resolutions
The tenth meeting of the third session of the Board	March 28, 2023	Circulating written resolutions
The twelfth meeting of the third session of the Board	April 27, 2023	Circulating written resolutions
The thirteenth meeting of the third session of the Board	April 28, 2023	Circulating written resolutions
The fifteenth meeting of the third session of the Board	June 27, 2023	Circulating written resolutions
The sixteenth meeting of the third session of the Board	July 10, 2023	On-site meeting
The eighteenth meeting of the third session of the Board	October 13, 2023	Circulating written resolutions
The nineteenth meeting of the third session of the Board	October 19, 2023	Circulating written resolutions
The twentieth meeting of the third session of the Board	October 27, 2023	Circulating written resolutions
The twenty-first meeting of the third session of the Board	December 1, 2023	Circulating written resolutions
The twenty-third meeting of the third session of the Board	December 19, 2023	Circulating written resolutions

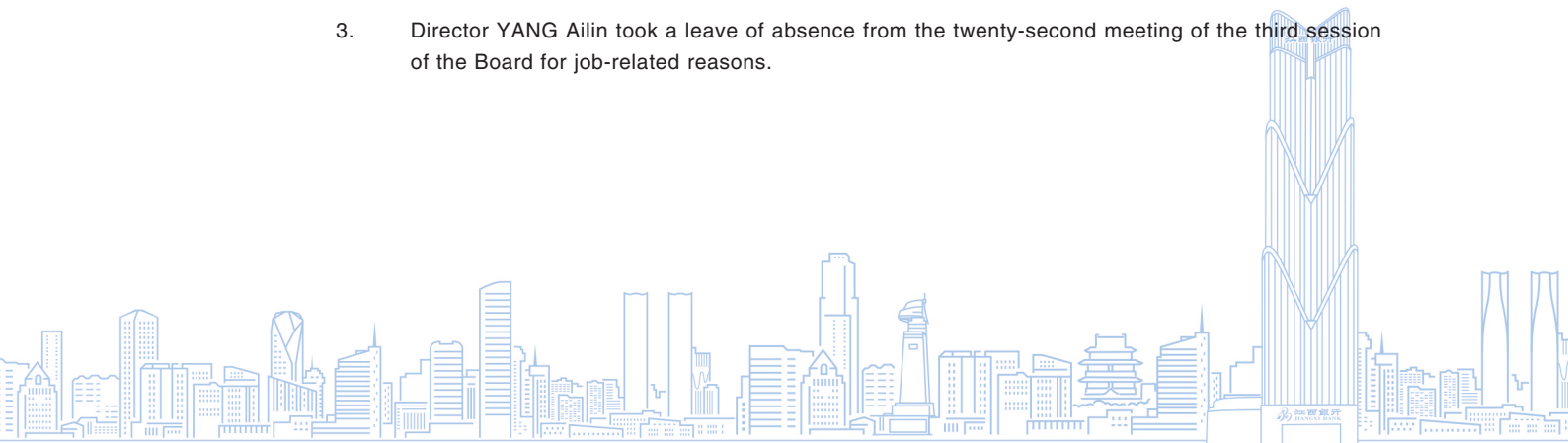
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The attendance of each Director at the Shareholders' general meetings and Board meetings during the Reporting Period is as follows:

Members of the Board	Number of Attendance Required at Board Meetings	Number of Attendances in Person at Board Meetings	Number of Attendances by Proxy at Board Meetings	Attendance Rate at Board Meetings ¹	Number of Attendances/Attendances Required at Shareholders' General Meetings
ZENG Hui	15	15	0	100%	1/1
LUO Xiaolin	15	15	0	100%	1/1
YU Minxin	15	15	0	100%	1/1
DENG Yonghang	15	15	0	100%	1/1
XIONG Jiemin	15	15	0	100%	1/1
LI Shuiping	15	15	0	100%	1/1
ZHUO Liping	15	15	0	100%	1/1
WANG Yun	15	15	0	100%	1/1
WONG Hin Wing ²	15	15	0	100%	0/1
LIU Xinghua	15	15	0	100%	1/1
YANG Ailin ³	15	14	0	93.33%	1/1

Notes:

1. During the Reporting Period, attendance by way of proxy was not treated as attendance, and it is the same below.
2. Director WONG Hin Wing took a leave of absence from the 2022 Annual General Meeting for job-related reasons.
3. Director YANG Ailin took a leave of absence from the twenty-second meeting of the third session of the Board for job-related reasons.



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8.3.6 Independent Non-executive Director

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

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

All independent non-executive Directors have confirmed their independence pursuant to the factors set out in Rule 3.13 of the Hong Kong Listing Rules. Therefore, the Bank considers all independent non-executive Directors are independent.

8.3.7 Special Committees of the Board

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

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

As of the end of the Reporting Period, the Strategic Development and Digital Transformation Committee consists of four Directors, namely Ms. ZENG Hui, Mr. LUO Xiaolin, Mr. YU Minxin and Mr. LIU Xinghua. Ms. ZENG Hui and Mr. LUO Xiaolin are executive Directors, Mr. YU Minxin is a non-executive Director and Mr. LIU Xinghua is an independent non-executive Director. Ms. ZENG Hui is the chairperson of the Strategic Development and Digital Transformation Committee.

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

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

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

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

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

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

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

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

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



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

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

to consider external equity investments of the Bank;

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

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

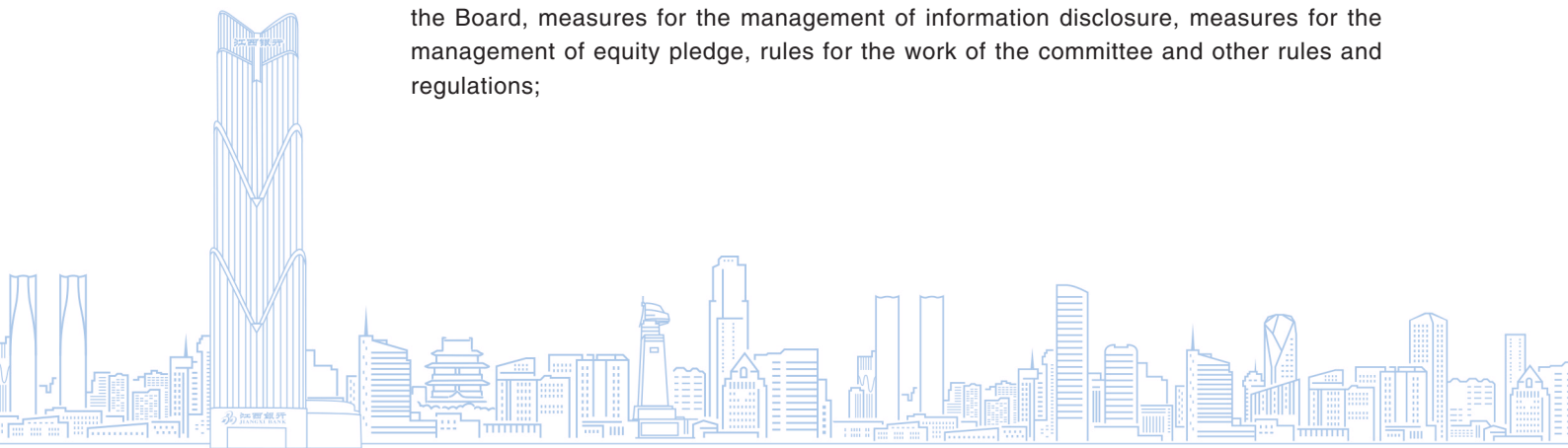
to formulate the Bank's environmental, social and governance (ESG) strategy and its rules and regulations, and supervise the implementation of the Bank's ESG efforts;

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

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

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

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



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to consider the qualifications of Shareholders and equity transfer;

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

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

During the Reporting Period, the Strategic Development and Digital Transformation Committee of the third session of the Board convened a total of 8 meetings, at which the Bank, considered and approved 34 proposals mainly involving topics such as "New Journey" Strategic Plan for Green and Sustainable Development of Jiangxi Bank, Information Technology Strategic Plan of Jiangxi Bank (2023-2025), 2022 Strategies Execution Evaluation Report of Jiangxi Bank, Operation and Management in 2022 and Work Plan for 2023 of Jiangxi Bank, Social Responsibility Report 2022 of Jiangxi Bank, Environmental Information Disclosure Report 2022 of Jiangxi Bank, etc.

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

Members of the Committee	Number of Attendances Required at Meetings	Number of Attendances in Person at Meetings	Number of Attendances by Proxy at Meetings	Attendance Rate at Meetings
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The Strategic Development and Digital Transformation Committee of the third session of the Board

ZENG Hui	8	8	0	100%
LUO Xiaolin	8	8	0	100%
YU Minxin	8	6	0	75%
LIU Xinghua	8	8	0	100%



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

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

The duties of the Audit Committee primarily include:

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

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

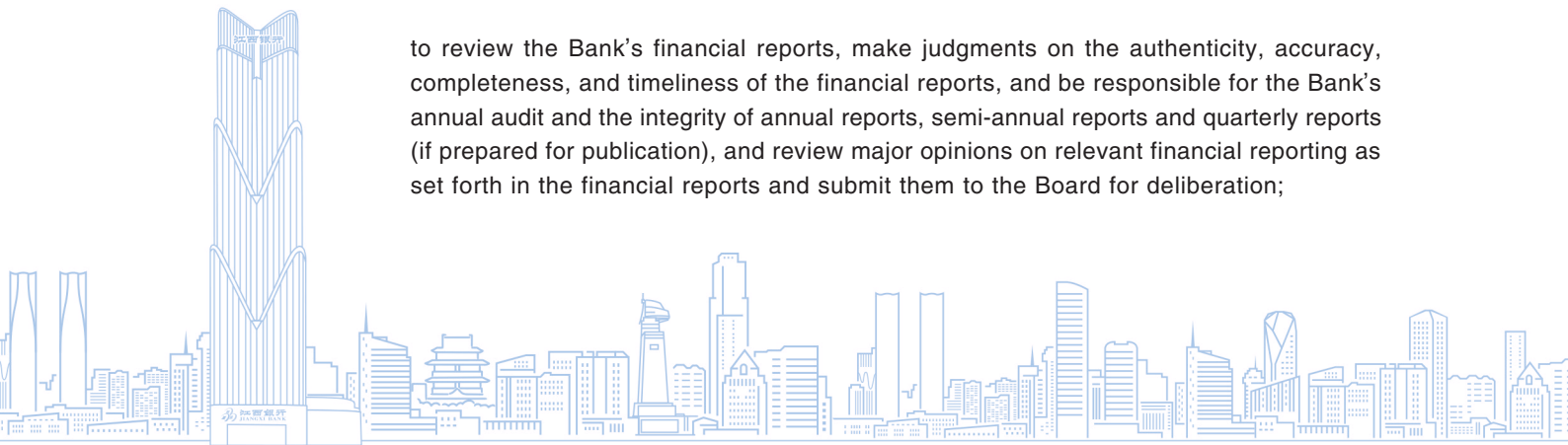
to review the special audit report on related party transactions by the Bank's internal audit, such as the audit report on the implementation of related party transaction management, and report to the Board for consideration;

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

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

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

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



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

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

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

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

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

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

During the Reporting Period, the Audit Committee convened a total of six meetings, at which it briefed on, considered and approved 22 proposals mainly involving topics such as the 2022 Annual Results Announcement of Jiangxi Bank, the 2022 Annual Report of Jiangxi Bank, the Engagement of Auditors for 2023, the 2023 Interim Results Announcement of Jiangxi Bank, the 2023 Interim Report of Jiangxi Bank, and the Report on Evaluating the Audit of the 2022 Annual Report.



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The Audit Committee arranged for the preparation and review of the 2022 Annual Report and the 2023 Interim Report in compliance with the relevant disclosure provisions of the annual financial report. During the Reporting Period, the Audit Committee convened meetings and communicated with external auditors in the absence of executive Directors and senior management. As at March 30, 2023, the Audit Committee reviewed the audited consolidated financial statements for the year ended December 31, 2022, which were prepared in accordance with the Bank's accounting principles and policies. The Audit Committee also reviewed the effectiveness of the internal control system and the internal audit function of the Bank by regularly listening to the report of the audit department on the internal audit.

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

Members of the Committee	Number of Attendances Required at Meetings	Number of Attendances in Person at Meetings	Number of Attendances by Proxy at Meetings	Attendance Rate at Meetings
The Audit Committee of the third session of the Board				
WANG Yun	6	6	0	100%
XIONG Jiemin	6	6	0	100%
WONG Hin Wing	6	6	0	100%

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

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

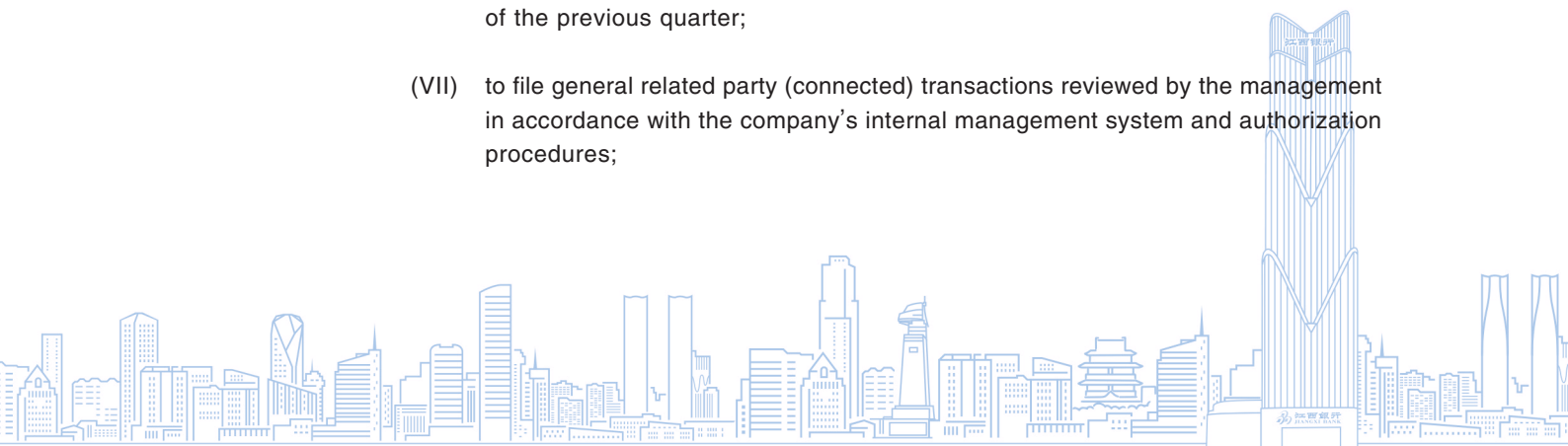
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The duties of the Related Party Transactions Control Committee primarily include:

- (I) to be responsible for the management of related party (connected) transactions of the Bank, timely review of related party (connected) transactions and control the risk of related party (connected) transactions;
- (II) to improve the internal control mechanism of related party (connected) transactions, optimize the management process of related party (connected) transactions, and focus on the compliance, fairness and necessity of related party (connected) transactions of the Bank;
- (III) to revise the management measures for the Bank's related party (connected) transactions, and the working rules for the committee;
- (IV) to formulate the annual work plan of the committee;
- (V) to submit a special report on the overall status of related party (connected) transactions to the Board every year, for which a special report will then be submitted to the general meeting after being reviewed by the Board; and to be responsible for submitting a special report on related party (connected) transactions to the CBIRC or its agencies;
- (VI) to review material related party transactions in which the amount of a single transaction between the Bank and a single related party reaches more than 1% of the Bank's net capital at the end of the previous quarter, or cumulatively reaches more than 5% of the Bank's net capital at the end of the previous quarter, and submit the same to the Board for approval.

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

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



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- (VIII) to guide and urge the Related Party Transactions Management Office to deal with daily affairs such as identification and maintenance of related (connected) parties and management of related party (connected) transactions, and to consider or review the proposals submitted by the Related Party Transactions Management Office;
- (IX) to review the accountability of internal personnel who fail to report related (connected) parties or conduct related party (connected) transactions in violation of regulations;
- (X) to perform other duties as set forth in laws, regulations, rules, normative documents, listing regulations of the stock exchange(s) where the stocks of the Bank are listed, the Articles of Association of the Bank, authorised by the Board and determined by the chairman of the Board, the president or relevant meeting of the management as required to be submitted.

During the Reporting Period, the Related Party Transactions Control Committee of the third session of the Board convened a total of 8 meetings, at which it reviewed, considered and approved 20 proposals mainly involving topics such as the Special Report on Related-party Transactions of Jiangxi Bank Co., Ltd. for 2022, Working Rules for Related Party Transactions Control Committee of the Board of Jiangxi Bank Co., Ltd. (2023 version), and Report on Major Related Party Transactions with Jiangxi Financial Holding Group Co., Ltd. and Other Two Entities.

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

Members of the Committee	Number of Attendances Required at Meetings	Number of Attendances in Person at Meetings	Number of Attendances by Proxy at Meetings	Attendance Rate at Meetings
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The Related Party Transactions Control Committee of the third session of the Board				
YANG Ailin	8	8	0	100%
WANG Yun	8	8	0	100%
ZHUO Liping	8	8	0	100%

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

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

The duties of the Risk Management Committee primarily include:

to establish risk culture;

to formulate risk management strategy;

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

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

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

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

to review the matters beyond the permission of the management;



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

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

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

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

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

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

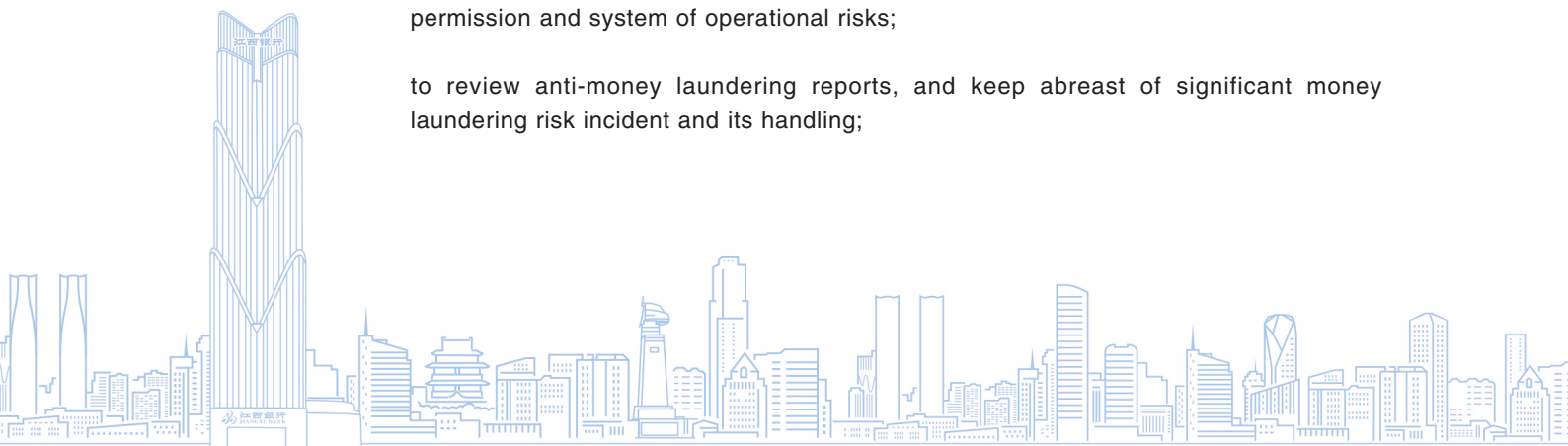
to consider management reports on business continuity, and examine and approve management strategies, policies, and procedures for business continuity;

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

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

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

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



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

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

The Bank reviewed the Bank's risk management and internal control system at least once a year to ensure the effectiveness of the existing system. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. During the Reporting Period, the Risk Management Committee convened a total of 11 meetings, at which it reviewed, considered and approved 74 proposals mainly involving topics such as Major Risk Recovery Plan of Jiangxi Bank, Major Risk Disposal Plan of Jiangxi Bank, the 2022 Comprehensive Risk Management Report of Jiangxi Bank, the 2023 Risk Appetite Statement of Jiangxi Bank, and 2022 Capital Adequacy Ratio Report. The Risk Management Committee believed that the Bank's existing risk management and internal control system is sufficient and effective.

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

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

LUO Xiaolin	11	11	0	100%
YANG Ailin	11	11	0	100%
LIU Xinghua	11	11	0	100%
ZHUO Liping	11	11	0	100%



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

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

The duties of the Remuneration and Nomination Committee primarily include:

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

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

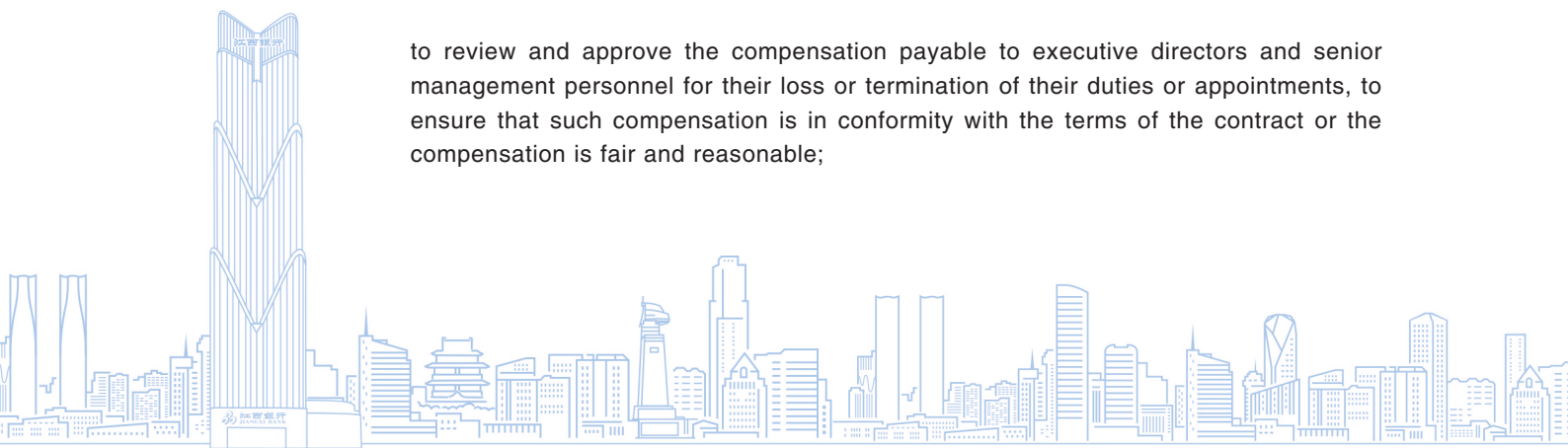
to formulate remuneration schemes for directors and senior management in accordance with the corporate policies and objectives set by the Board, advise the Board on remuneration plans, and supervise the implementation of the plans;

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

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

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

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



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

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

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

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

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

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

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

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

to assess the independence of independent Directors;

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



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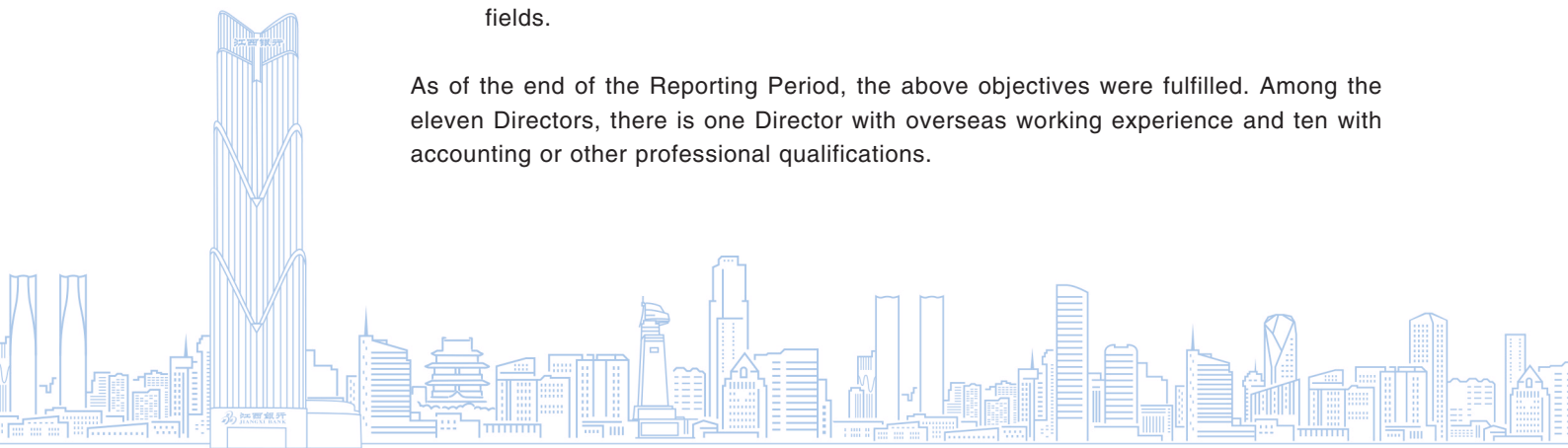
to perform other duties as set forth in laws, regulations, rules, normative documents, listing regulations of the stock exchange(s) where the stocks of the Bank are listed, the Articles of Association of the Bank, authorised by the Board and determined by the chairman of the Board, the president or relevant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

During the Reporting Period, the Remuneration and Nomination Committee convened a total of seven meetings, at which it considered and approved 10 proposals mainly involving topics such as revising Code of Ethics for Directors and Officers of Jiangxi Bank, Results of Performance Evaluation of Directors and Management Members for 2022, Matters Subject to Performance Evaluation of Management Members for 2023 of Jiangxi Bank, and the Report on the Remuneration Approval of the Person-in-charge of Jiangxi Bank for 2022. The Remuneration and Nomination Committee also reviewed the remuneration of the Bank's Directors, Supervisors, and senior management during the Reporting Period and considered that it is fair and reasonable.

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

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

As of the end of the Reporting Period, the above objectives were fulfilled. Among the eleven Directors, there is one Director with overseas working experience and ten with accounting or other professional qualifications.



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

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

Nomination Policy

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

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

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

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



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

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

Members of the Committee	Number of Attendances Required at Meetings	Number of Attendances in Person at Meetings	Number of Attendances by Proxy at Meetings	Attendance Rate at Meetings
The Remuneration and Nomination Committee of the third session of the Board				
LIU Xinghua	7	7	0	100%
WANG Yun	7	7	0	100%
DENG Yonghang	7	7	0	100%

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

As of the end of the Reporting Period, the Compliance Management and Consumer Rights Protection Committee consisted of four Directors, namely Mr. DENG Yonghang, Ms. XIONG Jiemin, Mr. LI Shuiping and Mr. WONG Hin Wing. Mr. DENG Yonghang, Ms. XIONG Jiemin and Mr. LI Shuiping are non-executive Directors, and Mr. WONG Hin Wing is an independent non-executive Director. Mr. DENG Yonghang is the chairperson of the Compliance Management and Consumer Rights Protection Committee.

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

During the Reporting Period, the Compliance Management and Consumer Rights Protection Committee of the third session of the Board convened a total of five meetings, at which it reviewed, considered and approved 22 proposals mainly involving topics such as the Compliance Risk Management Report of Jiangxi Bank for 2022, the Case Prevention Work Report of Jiangxi Bank for 2022, Practitioners Behavior Assessment Report of Jiangxi Bank for 2022, Work Report on Consumer Rights Protection of Jiangxi Bank for 2022, and Report on Self-assessment of Case Prevention Work of Jiangxi Bank for 2022.

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

Members of the Committee	Number of Attendances Required at Meetings	Number of Attendances in Person at Meetings	Number of Attendances by Proxy at Meetings	Attendance Rate at Meetings
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The Compliance Management and Consumer Rights Protection Committee of the third session of the Board

DENG Yonghang	5	5	0	100%
XIONG Jiemin	5	5	0	100%
LI Shuiping	5	5	0	100%
WONG Hin Wing	5	5	0	100%

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8.4 CORPORATE GOVERNANCE FUNCTIONS

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

8.5 BOARD OF SUPERVISORS

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

8.5.1 Composition of the Board of Supervisors

As of the end of the Reporting Period, the Board of Supervisors consists of five Supervisors, including two employee representative Supervisors, one shareholder representative Supervisor and two external Supervisors. The members of the board of supervisors are sufficiently professional and independent to ensure that the board of supervisors effectively performs its supervisory functions.

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

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

During the Reporting Period, the board of supervisors convened a total of five meetings, at which it considered and approved 11 proposals, including the 2022 Work Report on the Board of Supervisors of Jiangxi Bank Co., Ltd., the 2022 Report on the Evaluation of the Performance of Duties of Jiangxi Bank Co., Ltd., and the Opinions on the Supervision and Evaluation of Comprehensive Risk Management by the Board of Supervisors of Jiangxi Bank Co., Ltd.



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Meetings of the Board of Supervisors

Session	Date of convening	Form
The fifth meeting of the third session of the Board of Supervisors	March 31, 2023	On-site meeting
The sixth meeting of the third session of the Board of Supervisors	April 28, 2023	On-site meeting
The seventh meeting of the third session of the Board of Supervisors	June 28, 2023	On-site meeting
The eighth meeting of the third session of the Board of Supervisors	August 25, 2023	On-site meeting
The ninth meeting of the third session of the Board of Supervisors	December 15, 2023	On-site meeting

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

Supervisors	Number of Attendances Required	Number of Attendances in Person	Number of Attendances by Proxy	Attendance Rate
LIU Fulin	5	5	0	100%
LI Xunlei ¹	5	4	1	80%
LUO Ping	5	5	0	100%
ZHOU Minhui	5	5	0	100%
WANG Wei	5	5	0	100%
Resigned Supervisors				
WANG Guizhi ²	0	0	0	N/A

Note:

1. Mr. LUO Ping, Mr. LI Xunlei, Mr. ZHOU Minhui and Mr. WANG Wei shall attend five meetings during the Reporting Period, and Mr. LI Xunlei appointed Mr. LUO Ping as his proxy to vote once.
2. As at March 24, 2023, Ms. WANG Guizhi submitted a written resignation letter to the Bank, resigning from the position of external supervisor of the Bank, with effect from the date of resignation.

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8.5.3 Committees under the Board of Supervisors

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

Note: Ms. WANG Guizhi, the chairperson of Supervision Committee, submitted a written resignation letter to the Bank as at March 24, 2023, resigning from the position of external supervisor of the Bank, with effect from the date of resignation.

Nomination Committee under the Board of Supervisors

The duties of the Nomination Committee primarily include:

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

During the Reporting Period, the Nomination Committee under the board of supervisors convened a total of three meetings, at which it considered and approved four proposals such as the 2023 Main Work Plan of the Nomination Committee under the Board of Supervisors of Jiangxi Bank Co., Ltd. and the 2022 Comprehensive Evaluation Results of Performance Evaluation.



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Supervision Committee under the Board of Supervisors

The duties of the Supervision Committee primarily include:

- to be responsible for drawing up the supervision plans for the Bank's financial activities and implementing related inspections;
- to supervise the development of prudent business philosophy and values as well as strategies by the Board of Directors according to the conditions of the Bank;
- to supervise and inspect the business decision-making, risk management and internal control;
- to perform other duties as authorised by the board of supervisors.

During the Reporting Period, the Supervision Committee under the Board of Supervisors convened a total of four meetings, at which it considered and approved eight proposals such as the Report of the Supervision Committee under the Board of Supervisors of Jiangxi Bank Co., Ltd. on Supervision and Inspection of Comprehensive Risk Management and the Report of the Supervision Committee under the Board of Supervisors of Jiangxi Bank Co., Ltd. on Supervision and Inspection of Financial Management.

8.5.4 Attendance at Shareholders' General Meetings During the Reporting Period

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

8.5.5 Performance of External Supervisors

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

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

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

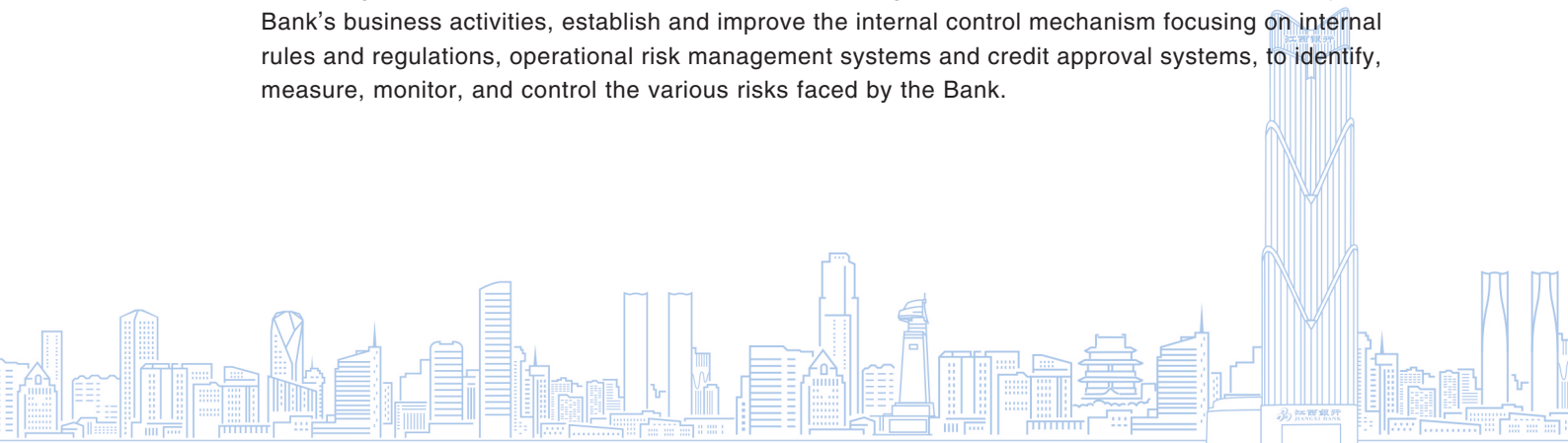
During the Reporting Period, directors and supervisors participated in the training on corporate governance organized by the Bank. The Board of Supervisors organized Supervisors to participate in special training on corporate governance theory and practices for twice, and participated in the "Four Seasons Lecture on Corporate Governance" organized by the China Banking Association on a quarterly basis, which played a positive role in facilitating Supervisors' understanding of regulatory requirements and improvement of their abilities to perform their duties.

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

8.7 SENIOR MANAGEMENT

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

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



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8.8 CHAIRMAN OF THE BOARD AND PRESIDENT

During the Reporting Period, the positions of the chairman of the Board and the president of the Bank were held by different individuals. The responsibilities of the chairman and the president were clearly defined and complied with the Hong Kong Listing Rules.

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

8.9 COMPANY SECRETARIES

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

For the year ended December 31, 2023, each of Ms. ZHANG Na and Dr. NGAI Wai Fung has taken no less than 15 hours of the relevant professional training on review of the Listing Rules and other compliance requirements.

8.10 RELATIONSHIP AMONG DIRECTORS, SUPERVISORS, AND SENIOR MANAGEMENT

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

8.11 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In accordance with the requirements of the latest laws, regulations and regulatory policies, and taking into account the actual situation of the Bank, the Bank amended certain provisions of the Articles of Association. In May 2023, the Bank received the approval from the former CBIRC Jiangxi Office in relation to the amendments to the Articles of Association. The former CBIRC Jiangxi Office has approved the amendments to the Articles of Association on May 23, 2023, and the amended Articles of Association became effective from the date of approval. Please refer to the announcements of the Bank dated December 21, 2021, March 25, 2022, May 24, 2022 and May 25, 2023 for details of this amendment to the Articles of Association.

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8.12 COMMUNICATION WITH SHAREHOLDERS

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

Address: No. 699 Financial Street, Honggutan District, Nanchang, Jiangxi Province, the PRC
Postal Code: 330038
Tel.: +86-0791-86791009
Fax: +86-0791-86791100
Email: dshbgs@jx-bank.com

8.13 SHAREHOLDERS' RIGHTS

8.13.1 Procedures for Convening Extraordinary General Meetings

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

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

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

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

CHAPTER VIII CORPORATE GOVERNANCE REPORT

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

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

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

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

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

8.13.2 Procedure for Submitting Proposals at Shareholders' General Meetings

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

8.14 EXTERNAL AUDITORS AND THEIR REMUNERATION

For the year of 2023, RMB3,465,000 and RMB1,485,000 of the remuneration for audit services and non-audit services were agreed to be paid by the Company to BDO China Shu Lun Pan Certified Public Accountants LLP and BDO LIMITED, respectively. The non-audit services included the review of 2023 interim report.

8.15 REMUNERATION OF SENIOR MANAGEMENT

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

CHAPTER VIII CORPORATE GOVERNANCE REPORT

8.16 RISK MANAGEMENT AND INTERNAL CONTROL

8.16.1 Risk Management

1. *Procedures for identifying, evaluating, and managing significant risks*

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

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

2. *Characteristics of the risk management system*

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

- (1) to foster compliant and sound risk culture, foster comprehensive risk management awareness, perfect the comprehensive risk management process, and continuously improve the prevention and control level for various risks;
- (2) to improve the risk management structure, optimize the mechanism for risk management and control, and effectively improve risk prevention capabilities;
- (3) to continuously strengthen the construction of the risk system, optimize the features of the post-lending monitoring system, and enhance early warning and monitoring;
- (4) to accelerate the development and improvement of the risk measurement model, and provide decision support for risk management for all types of business of the Bank.



CHAPTER VIII CORPORATE GOVERNANCE REPORT

8.16.2 Internal Control

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

Refining internal control assessment system. The Bank optimized the assessment indicators of internal control and compliance KPI of branches and sub-branches, and highlighted internal control and compliance management in key business areas. Implementing differentiated assessment for each department, the Bank established a “one department, one table” assessment system to clearly identify and ensure fulfilment of the compliance management responsibilities of each branches and department across the Bank.

Building a scientific accountability system. Guiding by "accountability for dereliction of duty and exemption from liability in case of duty fulfillment", the Bank revised and improved the accountability system to form a “1+3+N” accountability system to effectively uplift the scientific and precise management level of accountability work.

Enhancing the supervision and inspection of internal control and compliance. Focusing on key issues of regulatory concern and internal system requirements, the Bank formulated and implemented the Plan for Internal Control and Compliance Inspection for 2023 of Jiangxi Bank, carried out special inspections such as system effectiveness and delved deep to investigate various risks and hidden dangers.

Promoting the rectification of regulatory findings. The Bank made a list of exhaustive rectification measures and responsibilities, clarified the standards for rectification quality control, fully implemented the rectification requirements, continuously optimized the internal control system and management mechanism, and sustainably promoted the rational and effective operation of the internal control system.



CHAPTER VIII CORPORATE GOVERNANCE REPORT

8.16.3 Internal Audit

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

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

8.17 MANAGEMENT OF INSIDER INFORMATION

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

8.18 SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS, AND RELATED EMPLOYEES

The Bank has adopted Appendix C3 to the Listing Rules headed “Model Code for Securities Transactions by Directors of Listed Issuers” as the code of conduct for securities transactions by directors, supervisors, and related employees. Having made specific inquiries by the Bank, all directors and supervisors confirmed that they have complied with requirements under the above Model Code throughout the Reporting Period.

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

CHAPTER IX REPORT OF THE BOARD OF DIRECTORS

9.1 PRINCIPAL BUSINESS AND BUSINESS REVIEW

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

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

9.2 ANNUAL GENERAL MEETING AND DIVIDENDS

9.2.1 Annual General Meeting

The Bank proposes to hold the 2023 Annual General Meeting on May 29, 2024 (Wednesday). In order to determine the list of Shareholders who are entitled to attend and vote at the Annual General Meeting, the Bank's register of members will be closed from May 24, 2024 (Friday) to May 29, 2024 (Wednesday), both days inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the Annual General Meeting, all transfer documents together with relevant share certificates and other appropriate documents shall be sent to the office of the Board of the Bank at No. 699 Financial Street, Honggutan New District, Nanchang, Jiangxi Province, the PRC (for holders of Domestic Shares) or to the H Share Registrar, namely, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) before 4:30 p.m. on May 23, 2024 (Thursday) for registration. The Bank will publish the circular and notice of 2023 Annual General Meeting in due course.

9.2.2 Dividend Policy

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

- Operating results;
- Cash flow;
- Financial conditions;

CHAPTER IX REPORT OF THE BOARD OF DIRECTORS

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

9.2.3 Dividends

The Shareholders of the Bank have approved the 2022 profit distribution plan at the 2022 Annual General Meeting held on May 30, 2023. The Bank has approved to distribute cash dividends at RMB0.5 per 10 shares (tax inclusive) for 2022, amounting to RMB301 million. The dividend for the year 2022 has been distributed to the holders of the Bank's shares on July 26, 2023.

The Board of Directors proposed the payment of final dividends for the year ended December 31, 2023 in cash with RMB0.4 per 10 shares (tax inclusive), representing a distribution amount of RMB241 million. The proposed final dividend is expected to be distributed to Shareholders within two months from the date of the 2023 Annual General Meeting, subject to the approval of the Shareholders at the Annual General Meeting. The Bank would make further announcement(s) in respect of the book closure period and record date in relation to the proposed final dividend.

9.2.4 Tax Relief

Withholding foreign non-resident enterprises' enterprise income tax

Pursuant to the applicable provisions and the implementing regulations of the Enterprise Income Tax Law of the PRC, Notice of the State Taxation Administration on Issues Concerning the Disbursement of Dividends by Chinese Resident Enterprises to Shareholders of Overseas H-Share Non-Resident Enterprises and Deduction of Enterprise Income Tax (Guo Shui Han [2008] No. 897) and Approval of the State Taxation Administration on the Issue of Enterprise Income Tax on Non-Resident Enterprises Obtaining B Shares and Other Stock Dividends (Guo Shui Han [2009] No. 394), the Bank shall withhold the enterprise income tax at the rate of 10% for non-resident enterprise holders of H Shares (including the H Shares registered in the name of HKSCC Nominees Limited) when distributing final dividends for 2023 to the non-resident enterprises listed on the register of member of H shares. Holders of H shares of non-resident enterprises who enjoy the treatment under Tax Treaty pursuant to relevant regulations shall be treated correspondingly.



CHAPTER IX REPORT OF THE BOARD OF DIRECTORS

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

Pursuant to the applicable provisions and the implementing regulations of the Individual Income Tax Law of the PRC and Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 issued by State Administration of Taxation (Guo Shui Han [2011] No. 348) as well as the Announcement of the State Taxation Administration on the Promulgation of Measures for “the Administration of the Treatment of Non-Resident Taxpayer under Tax Treaty” (SAT Announcement [2019] No. 35, hereinafter referred to as “Tax Treaty”), the Bank shall withhold individual income tax from the holders of H Shares according to the following arrangement when distributing final dividends for 2023 to the non-resident individual shareholders listed on the register of member of H Shares:

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

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

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

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

9.3 SHARE CAPITAL AND SHAREHOLDERS

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

CHAPTER IX REPORT OF THE BOARD OF DIRECTORS

9.4 INFORMATION DISCLOSURE

The Bank strictly abided by relevant laws, regulations and regulatory requirements for information disclosure, actively fulfilled its information disclosure obligations, ensured the truthfulness, accuracy, completeness and timeliness of the information disclosure, and continuously improved its information disclosure level.

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

9.5 BOND ISSUE AND REPURCHASE

9.5.1 Bonds Issued

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



CHAPTER IX REPORT OF THE BOARD OF DIRECTORS

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

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



CHAPTER IX REPORT OF THE BOARD OF DIRECTORS

Detailed information of bonds

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



CHAPTER IX REPORT OF THE BOARD OF DIRECTORS

9.5.2 Issue of Interbank Deposit Receipts

As of December 31, 2023, the Bank has successfully issued 233 interbank deposit receipts throughout the year, totaling book balance of interbank deposit of RMB45.371 billion.

9.5.3 Repurchase

The Bank or any of its subsidiaries did not repurchase any bonds during the Reporting Period.

9.6 RESERVE

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

9.7 PROPERTY AND EQUIPMENT

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

9.8 RELATED PARTY TRANSACTIONS

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

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

CHAPTER IX REPORT OF THE BOARD OF DIRECTORS

9.9 DIRECTORS AND SUPERVISORS AND SENIOR MANAGEMENT MEMBERS

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

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

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

9.11 REMUNERATION AND RETIREMENT BENEFITS OF DIRECTORS AND SUPERVISORS

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

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

9.12 SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

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

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

As at December 31, 2023, none of the Bank’s Directors and Chief Executive had any interests or short positions in any of the shares, underlying shares and debentures of the Bank or its associated corporations.

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



CHAPTER IX REPORT OF THE BOARD OF DIRECTORS

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

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

9.15 ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

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

9.16 MANAGEMENT CONTRACTS

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

9.17 PERMITTED INDEMNITY PROVISIONS

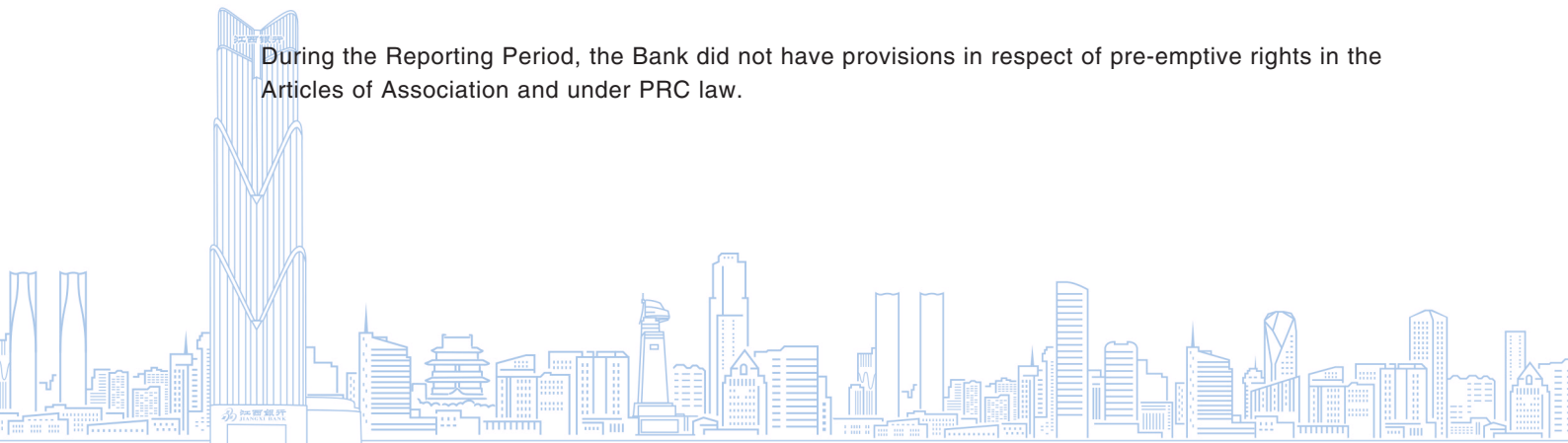
During the Reporting Period, the Bank has purchased appropriate liability insurance to indemnify its Directors, Supervisors and senior management in respect of the liabilities arising from engaging in the activities of the Bank. Such arrangements remained effective during the Reporting Period.

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

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

9.19 PRE-EMPTIVE RIGHTS

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



CHAPTER IX REPORT OF THE BOARD OF DIRECTORS

9.20 DONATION

During the Reporting Period, the Group made charitable and other donations totaling approximately RMB5.1771 million.

9.21 EQUITY-LINKED AGREEMENTS

The Bank entered into the Agreement on the Replenishment of “Convertible Negotiated Deposit” for the Capital of Small and Medium-sized Banks with Special Bonds (the “Agreement”) with Jiangxi Provincial Department of Finance on August 20, 2021. According to the Agreement, after the Jiangxi Provincial Department of Finance obtained the corresponding funds through the issuance of local government special bonds, the Jiangxi Provincial Department of Finance deposited a total of RMB3.9 billion in five installments in the form of convertible negotiated deposits.

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

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

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



CHAPTER IX REPORT OF THE BOARD OF DIRECTORS

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

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

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

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

9.22 RELATIONS WITH SUPPLIERS, EMPLOYEES AND CUSTOMERS

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

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

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

CHAPTER IX REPORT OF THE BOARD OF DIRECTORS

9.23 PUBLIC FLOAT

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

9.24 CORPORATE GOVERNANCE

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

9.25 MAJOR DEPOSITORS AND BORROWERS

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

9.26 ENVIRONMENTAL POLICIES

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

9.27 COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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



CHAPTER IX REPORT OF THE BOARD OF DIRECTORS

9.28 SUBSEQUENT EVENT

On February 2, 2024, Mr. LIU Fulin has submitted his resignation letter to the Board of Supervisors of the Bank, as he has reached the retirement age, resigning as the chairman of the Board of Supervisors, the member of the Nomination Committee under the Board of Supervisors and the employee representative Supervisor of the Bank. The resignation of Mr. LIU Fulin as the chairman of the Board of Supervisors was effective from February 2, 2024.

After the resignation of Mr. LIU Fulin, the proportion of employee representative supervisors of the Bank will be less than one-third. According to the relevant regulations of the Company Law of the People's Republic of China and the Articles of Association of the Bank, Mr. LIU Fulin will continue to perform his duties as employee representative Supervisor of the Bank before the new employee representative Supervisor is elected at the employee representatives' meeting held by the Bank.

By Order of the Board

ZENG Hui

Chairman of the Board of Directors

Nanchang, China

March 28, 2024



CHAPTER X REPORT OF THE BOARD OF SUPERVISORS

10.1 MAJOR WORKS

Carrying out Discussion and Supervision in Accordance with the Law and Effectively Participating in Corporate Governance

During the Reporting Period, the Board of Supervisors carefully organized and convened 5 meetings of the Board of Supervisors, 3 meetings of the Nomination Committee and 4 meetings of the Supervision Committee in strict accordance with laws and regulations, regulatory requirements and the Articles of Association, considered 23 resolutions such as the performance evaluation report, annual work report and supervision and evaluation opinions, and attended 1 general meeting and 5 meetings of the Board of Directors as non-voting delegates, and supervised the procedures, contents and voting procedures of the meetings of the Board of Directors in accordance with the law.

Standardized Performance Evaluation with the help of the Supervision and Management System

During the Reporting Period, the Board of Supervisors established and improved the performance files of Directors, Supervisors and senior management through the supervision and management system, improved the methods, content dimensions and quantitative indicators of annual performance evaluation, and further improved the standardization and effectiveness of performance evaluation.

Closely Tracking Business Dynamics and Dynamically Carrying out Daily Supervision

During the Reporting Period, the Board of Supervisors continued to optimize the supervision information reporting and collection mechanism, and dynamically tracked the Bank's business development, regulatory indicators and the implementation of new regulatory regulations through special investigations, listening to reports and urging rectifications. Throughout the year, the Board of Supervisors organized eight departments including the Audit Department, the Planning and Finance Department and the Human Resources Department to listen to work reports, carried out special research on scenario finance, and issued four risk warning letters and management proposals. The rectification rate of the problems identified by the Board of Supervisors reached 100%.



CHAPTER X REPORT OF THE BOARD OF SUPERVISORS

Strengthening Supervision in Key Areas to Facilitate Compliant and Steady Development

During the Reporting Period, the Board of Supervisors focused on key areas such as consumer protection and anti-money laundering, internal control and compliance, case prevention management, financial management and risk management, carried out special inspections and issued supervision and evaluation opinions to reveal important risks or management defects, and put forward targeted rectification suggestions. During the year, a total of 4 supervision and evaluation opinions, 3 audit opinions and 22 opinions and suggestions were issued.

Continuously deepen self-construction and improve the level of duty performance

During the Reporting Period, the Board of Supervisors organized Supervisors to participate in special training on corporate governance theory and practices through a combination of “online + offline” methods for twice, which played a positive role in facilitating Supervisors’ understanding of regulatory requirements and improvement of their abilities to perform their duties. At the same time, the Bank contacted Ganzhou Bank for exchange and discussion, and exchanged views on the system construction and supervision methods of the Board of Supervisors.

10.2 INDEPENDENT OPINIONS ON RELEVANT MATTERS

Supervision Opinions on Legal Operation

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

Supervision Opinions on Financial Report

During the Reporting Period, BDO Limited audited our financial report and issued a standard audit report with unqualified opinions. The financial report is a true, objective and accurate reflection of the Bank’s financial position and operating results.



CHAPTER X REPORT OF THE BOARD OF SUPERVISORS

Supervision Opinions on Risk Management

During the Reporting Period, the Board of Directors and senior management continued to implement the overall risk appetite of “prudent and moderate”, intensified efforts to resolve existing risks and control incremental risks, continuously promoted the improvement and optimization of the risk management system, and earnestly performed relevant duties such as liquidity risk and reputation risk management.

Supervision Opinions on Capital Management

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

Supervision Opinions on Stress Test Management

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

Supervision Opinions on Related Party Transactions

During the Reporting Period, the related party transactions of the Bank were in line with commercial principles, and no behavior that harmed the interests of the Bank was found. The consideration, voting, disclosure and performance of related party transactions were in compliance with the relevant provisions of laws, regulations and the Articles of Association.

Supervision Opinions on Implementation of General Meeting’s Resolutions

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

Board of Supervisors
Jiangxi Bank Co., Ltd.

March 28, 2024



CHAPTER XI IMPORTANT MATTERS

11.1 USE OF PROCEEDS

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

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

As of the end of the Reporting Period, there were 86 pending litigation and arbitration cases with a principal balance of RMB30 million or above claimed by the Bank as a plaintiff and an arbitration applicant, involving a total principal balance of approximately RMB13.466 billion (including the amount written off); there were 2 pending litigation and arbitration cases with the principal amount of more than RMB10 million with the Bank as a defendant and a respondent, involving a total principal amount of approximately RMB99 million.

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

11.3 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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

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

11.5 MATERIAL CONTRACTS AND THEIR PERFORMANCE

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

CHAPTER XI IMPORTANT MATTERS

11.6 MAJOR GUARANTEES AND COMMITMENTS

11.6.1 Major Guarantees

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

11.6.2 Major Commitments

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

11.7 AUDIT REVIEW

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

11.8 APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

According to the requirements of the Administrative Measures for the Appointment of Accounting Firms by State-owned Financial Enterprises by State-owned Financial Enterprises (《國有金融企業選聘會計師事務所管理辦法》) (Cai Jin [2020] No. 6) issued by the Ministry of Finance, the consecutive engagement of the same accounting firm by a financial enterprise shall not exceed five years in principle. Upon the expiration of the five-year term, the term of employment may be appropriately extended in accordance with relevant regulations, but the consecutive term of employment shall not exceed 8 years. As of the end of 2021, KPMG Huazhen LLP and KPMG have been appointed as the accounting firms of the Bank for six consecutive years. In order to comply with the above relevant requirements, KPMG Huazhen LLP and KPMG ceased to be the accounting firms of the Bank from the date of the 2021 annual general meeting of the Bank.

As considered at the 2021 annual general meeting of the Bank held on 28 June 2022, BDO China Shu Lun Pan Certified Public Accountants LLP and BDO Limited were appointed as the domestic and overseas auditors of the Bank for 2022, respectively, with a term until the conclusion of the 2022 annual general meeting of the Bank.

At the 2022 Annual General Meeting held on May 30, 2023, the Bank considered and approved the reappointment of BDO China Shu Lun Pan Certified Public Accountants LLP and BDO LIMITED as domestic and international auditors of the Bank for 2023 respectively, with a term of office to expire at the conclusion of the 2023 annual general meeting of the Bank.

CHAPTER XI IMPORTANT MATTERS

11.9 MAJOR ASSETS ACQUISITIONS, SALES AND BUSINESS MERGERS

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

11.10 SIGNIFICANT INVESTMENTS

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

11.11 LOAN AGREEMENT

During the Reporting Period, the Group did not violate any loan agreements that are significant to its business operations.

11.12 SHARE OPTION SCHEME

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



CHAPTER XII INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF JIANGXI BANK CO., LTD.

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

OPINION

We have audited the consolidated financial statements of Jiangxi Bank Co., Ltd. (the "Bank") and its subsidiaries (together the "Group") set out on pages 190 to 344, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

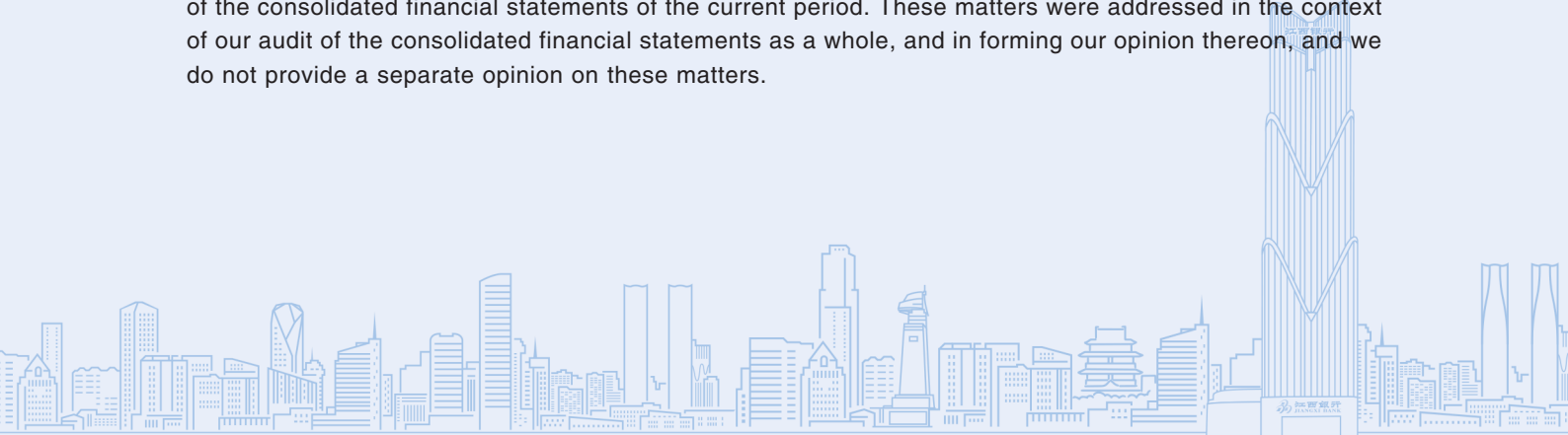
In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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



CHAPTER XII INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

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

Refer to Note 18 and Note 19 to the consolidated financial statements and the accounting policies in Note 2(7) and Note 2(17).

The Key Audit Matter

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

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

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

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



CHAPTER XII INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

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

How the matter was addressed in our audit

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

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



CHAPTER XII INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

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

How the matter was addressed in our audit (continued)

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

Fair value of financial instruments

Refer to Note 38 to the consolidated financial statements and the accounting policies in Note 2(7) and Note 2(17).

The Key Audit Matter

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

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

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

CHAPTER XII INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Fair value of financial instruments (continued)

The Key Audit Matter (continued)

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

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

How the matter was addressed in our audit

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

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

Consolidation of structured entities

Refer to Note 41 to the consolidated financial statements and the accounting policies in Note 2(4) & Note 2(17).

The Key Audit Matter

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



CHAPTER XII INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Consolidation of structured entities (continued)

The Key Audit Matter (continued)

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

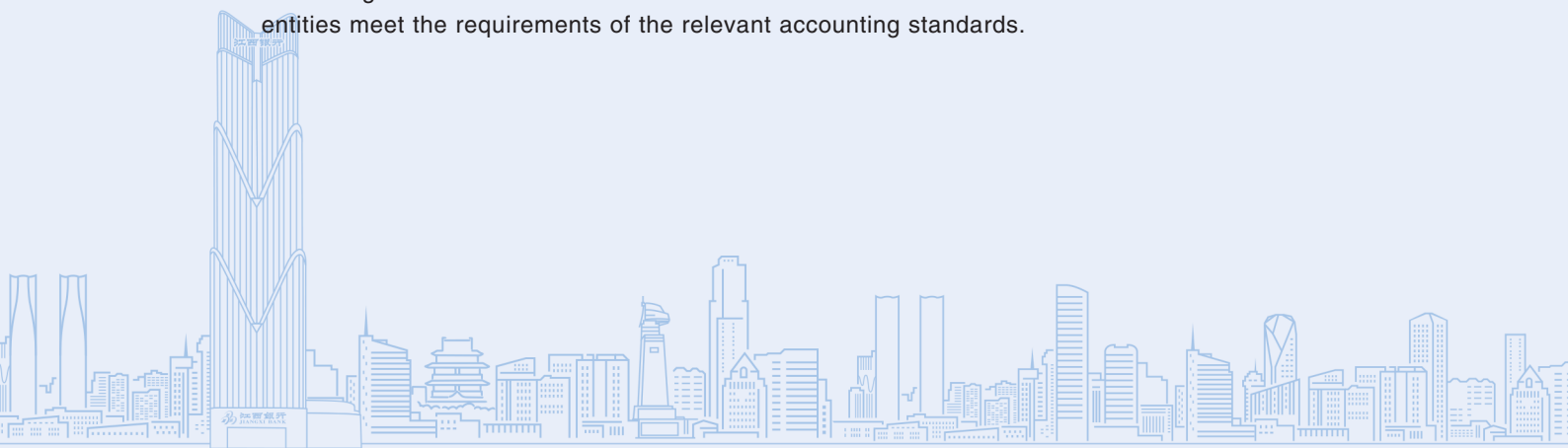
In determining whether a structured entity is required to be consolidated by the Group, management is required to consider the power the Group is able to exercise over the activities of the entity and its ability to influence the Group's own returns from the entity. In certain circumstances the Group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

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

How the matter was addressed in our audit

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

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



CHAPTER XII INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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



CHAPTER XII INDEPENDENT AUDITOR'S REPORT

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

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

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

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

CHAPTER XII INDEPENDENT AUDITOR'S REPORT

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

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

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

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

BDO Limited

Certified Public Accountants

Chan Wing Fai

Practising Certificate Number P05443

Hong Kong, 28 March 2024



CHAPTER XIII FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 RMB'000	2022 RMB'000
Interest income		19,886,295	20,990,725
Interest expense		(11,114,930)	(11,366,399)
Net interest income	3	8,771,365	9,624,326
Fee and commission income		644,494	786,807
Fee and commission expense		(122,860)	(144,717)
Net fee and commission income	4	521,634	642,090
Net trading gains	5	102,821	121,323
Net gains arising from financial investments	6	1,516,630	2,129,216
Other operating income	7	384,188	197,082
Operating income		11,296,638	12,714,037
Operating expenses	8	(3,630,847)	(3,643,917)
Impairment losses on assets	11	(6,664,485)	(7,396,765)
Operating profit		1,001,306	1,673,355
Share of profits of associates		9,049	7,608
Profit before taxation		1,010,355	1,680,963
Income tax credit/(expense)	12	63,536	(80,444)
Profit for the year		1,073,891	1,600,519
Attributable to:			
Equity shareholders of the Bank		1,036,187	1,549,551
Non-controlling interests		37,704	50,968

The notes on pages 199 to 344 form part of these financial statements. Details of dividends payable to equity shareholders of the Bank attributable to the profit for the year are set out in Note 35(a).

CHAPTER XIII FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 RMB'000	2022 RMB'000
Profit for the year		1,073,891	1,600,519
Basic and diluted earnings per share (in RMB)	13	0.11	0.23
Other comprehensive income for the year, net of tax			
Items that may be reclassified subsequently to profit or loss:			
– Financial assets at fair value through other comprehensive income:			
net movement in the fair value reserve		438,174	499,728
net movement in impairment losses		35,165	16,328
less: income tax effect		(118,335)	(440,682)
Other comprehensive income for the year, net of tax	34(a)	355,004	75,374
Total comprehensive income for the year		1,428,895	1,675,893
Attributable to:			
Equity shareholders of the Bank		1,391,191	1,624,925
Non-controlling interests		37,704	50,968
Total comprehensive income for the year		1,428,895	1,675,893

The notes on pages 199 to 344 form part of these financial statements.

CHAPTER XIII FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	31 December 2023 RMB'000	31 December 2022 RMB'000
Assets			
Cash and deposits with the central bank	14	32,128,146	35,792,748
Deposits with banks and other financial institutions	15	3,691,587	1,451,495
Placements with banks and other financial institutions	16	16,694,986	5,632,339
Financial assets held under resale agreements	17	–	4,331,584
Loans and advances to customers	18	325,516,872	300,312,767
Financial investments:	19		
– Financial investments at fair value through profit or loss		50,954,029	43,546,143
– Financial investments at fair value through other comprehensive income		28,733,334	23,484,887
– Financial investments at amortised cost		84,085,797	90,065,861
Interest in associates	20	147,832	133,283
Property and equipment	22	1,991,837	2,155,188
Deferred tax assets	23	5,861,054	5,463,885
Other assets	24	2,539,889	3,202,471
Total assets		552,345,363	515,572,651
Liabilities and equity			
Liabilities			
Borrowing from the central bank		26,124,256	18,797,977
Deposits from banks and other financial institutions	25	17,200,603	13,266,957
Placements from banks and other financial institutions	26	4,002,897	4,103,534
Borrowing from other financial institutions	27	1,237,965	4,302,920
Financial assets sold under repurchase agreements	28	25,731,370	17,209,176
Deposits from customers	29	381,212,270	352,711,370
Income tax payable		42,687	850,047
Debt securities issued	30	45,371,276	52,161,884
Other liabilities	31	3,889,522	5,353,747
Total liabilities		504,812,846	468,757,612

The notes on pages 199 to 344 form part of these financial statements.

CHAPTER XIII FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	31 December 2023 RMB'000	31 December 2022 RMB'000
Equity			
Share capital	32	6,024,277	6,024,277
Other equity instruments			
– Perpetual debt	33	7,997,960	7,997,961
Capital reserve	34	13,945,743	13,590,739
Surplus reserve	34	3,327,023	3,220,431
General reserve	34	7,645,260	7,019,104
Retained earnings	35	7,836,463	8,195,440
		46,776,726	46,047,952
Total equity attributable to equity shareholders of the Bank			
Non-controlling interests		755,791	767,087
		47,532,517	46,815,039
Total equity			
Total liabilities and equity		552,345,363	515,572,651

Approved and authorised for issue by the Board of Directors on 28 March 2024.

ZENG Hui
Legal Representative

LUO Xiaolin
President

CHENG Zongli
*The Person In Charge of
Accounting Affairs*

PENG Long
*The Head of the
Accounting Department*

Jiangxi Bank Co., Ltd.
(Company stamp)

The notes on pages 199 to 344 form part of these financial statements.

CHAPTER XIII FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to equity shareholders of the Bank																			
	Note	Share capital		Other equity instruments		Capital reserve		Surplus reserve		General reserve		Retained earnings		Sub-total		Non-controlling interests		Total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2023		6,024,277	7,997,961	13,590,739	3,220,431	7,019,104	8,195,440	46,047,952	767,087	46,815,039										
Changes in equity for the year																				
Profit for the year		-	-	-	-	-	1,036,187	1,036,187	37,704	1,073,891										
Other comprehensive income	34(a)	-	-	355,004	-	-	-	355,004	-	355,004										
Total other comprehensive income		-	-	355,004	-	-	1,036,187	1,391,191	37,704	1,428,895										
Other		-	(1)	-	-	-	-	(1)	-	(1)										(1)
Appropriation of profit	35	-	-	-	-	-	-	-	-	-										
- Appropriation to surplus reserve		-	-	-	106,592	-	(106,592)	-	-	-										
- Appropriation to general reserve		-	-	-	-	626,156	(626,156)	-	-	-										
- Appropriation to shareholders		-	-	-	-	-	(301,216)	(301,216)	(49,000)	(350,216)										
- Appropriation to perpetual debt interest		-	-	-	-	-	(361,200)	(361,200)	-	(361,200)										
Balance at 31 December 2023		6,024,277	7,997,960	13,945,743	3,327,023	7,645,260	7,836,463	46,776,726	755,791	47,532,517										

The notes on pages 199 to 344 form part of these financial statements.

CHAPTER XIII FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to equity shareholders of the Bank							Total RMB'000		
	Note	Share capital		Other equity instruments		Non-controlling interests				
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000			
Balance at 1 January 2022		6,024,277	3,999,037	13,515,365	3,081,890	6,689,104	7,607,644	40,917,317	716,119	41,633,436
Changes in equity for the year										
Profit for the year		-	-	-	-	-	1,549,551	1,549,551	50,968	1,600,519
Other comprehensive income	34(a)	-	-	75,374	-	-	-	75,374	-	75,374
Total other comprehensive income		-	-	75,374	-	-	1,549,551	1,624,925	50,968	1,675,893
Issuance of perpetual debt	33	-	3,998,924	-	-	-	-	3,998,924	-	3,998,924
Appropriation of profit	35	-	-	-	138,541	-	(138,541)	-	-	-
- Appropriation to surplus reserve		-	-	-	-	330,000	(330,000)	-	-	-
- Appropriation to general reserve		-	-	-	-	-	(301,214)	(301,214)	-	(301,214)
- Appropriation to shareholders		-	-	-	-	-	(192,000)	(192,000)	-	(192,000)
- Appropriation to perpetual debt interest		-	-	-	-	-	-	-	-	-
Balance at 31 December 2022		6,024,277	7,997,961	13,590,739	3,220,431	7,019,104	8,195,440	46,047,952	767,087	46,815,039

The notes on pages 199 to 344 form part of these financial statements.

CHAPTER XIII FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 RMB'000	2022 RMB'000
Cash flows from operating activities			
Profit before taxation		1,010,355	1,680,963
<i>Adjustments for:</i>			
Impairment losses on assets		6,664,485	7,396,765
Depreciation and amortisation		460,793	471,813
Interest income on financial investments		(4,278,355)	(5,845,929)
Unrealised foreign exchange losses/(gains)		57,942	(80,227)
Net (gains)/losses on changes in fair value		(13,187)	3,569
Net gains arising from financial investments		(1,516,630)	(2,129,216)
Share of profits of associates		(9,049)	(7,608)
Interest expense on lease liabilities		34,218	38,046
Interest expense on debt securities issued		1,222,040	1,475,076
Net gains on disposal of non-current assets		(5,214)	(3,850)
Others		(551,279)	(219,635)
		3,076,119	2,779,767
<i>Changes in operating assets</i>			
Net decrease in deposits with the central bank		115,915	1,422,837
Net increase in deposits with banks and other financial institutions		(84,361)	(86,494)
Net increase in placements with banks and other financial institutions		(11,250,000)	—
Net increase in loans and advances to customers		(31,037,351)	(34,987,768)
Net (increase)/decrease in financial investments held for trading purpose		(4,990,892)	2,744,623
Net decrease in other operating assets		368,657	848,415
		(46,878,032)	(30,058,387)

The notes on pages 199 to 344 form part of these financial statements.

CHAPTER XIII FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 RMB'000	2022 RMB'000
Cash flows from operating activities (continued)			
<i>Changes in operating liabilities</i>			
Net increase/(decrease) in borrowing from the central bank		7,287,860	(495,479)
Net increase/(decrease) in deposits from banks and other financial institutions		4,222,512	(12,195,636)
Net decrease in placements from banks and other financial institutions		(100,000)	(2,020,000)
Net decrease in borrowing from other financial institutions		(2,992,000)	(4,632,000)
Net increase in financial assets sold under repurchase agreements		8,527,229	918,650
Net increase in deposits from customers		25,381,059	8,200,346
Net decrease in other operating liabilities		(38,275)	(13,873)
		42,288,385	(10,237,992)
Net cash flows used in operating activities before tax			
Income tax paid		(1,513,528)	(37,516,612)
		(1,259,328)	(1,087,355)
Net cash flows used in operating activities			
Cash flows from investing activities			
Proceeds from disposal and redemption of investments		47,179,149	54,123,641
Net cash received from investment gains and interest		6,479,977	7,174,334
Proceeds from disposal of property and equipment and other assets		9,731	4,856
Payments on acquisition of investments		(47,871,714)	(41,800,398)
Payments on acquisition of property and equipment, intangible assets and other assets		(164,495)	(124,138)
Net cash flows generated from investing activities			
		5,632,648	19,378,295

The notes on pages 199 to 344 form part of these financial statements.

CHAPTER XIII FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 RMB'000	2022 RMB'000
Cash flows from financing activities			
Proceeds from debt securities issued	36(c)	108,910,445	78,949,493
Repayment of debt securities issued	36(c)	(116,923,093)	(69,061,866)
Interest paid on debt securities issued	36(c)	–	(300,000)
Capital element of lease rentals paid	36(c)	(156,647)	(154,862)
Proceeds from perpetual debt issued		–	3,998,924
Cash paid for issuance of perpetual debt		(1)	–
Dividends paid		(346,408)	(303,210)
Perpetual debt interest paid		(361,200)	(192,000)
Net cash flows generated from financing activities		(8,876,904)	12,936,479
Effect of foreign exchange rate changes on cash and cash equivalents			
		16,533	58,864
Net decrease in cash and cash equivalents	36(a)	(6,000,579)	(6,230,329)
Cash and cash equivalents as at 1 January		19,040,727	25,271,056
Cash and cash equivalents as at 31 December	36(b)	13,040,148	19,040,727
Net cash flows used in operating activities include:			
Interest received		15,587,685	15,348,724
Interest paid		(7,102,123)	(8,857,923)

The notes on pages 199 to 344 form part of these financial statements.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1. BACKGROUND INFORMATION

Jiangxi Bank Co., Ltd. (the “Bank”), formerly known as Nanchang Bank Co., Ltd., headquartered in Nanchang, Jiangxi Province. On 31 December 1997, the Bank was established by Nanchang Municipal Bureau of Finance, several business entities and natural persons, on the basis of formerly 40 urban credit cooperatives located in Nanchang City, with the approval of the People’s Bank of China (“PBOC”). On 18 February 1998, the Bank was registered as Nanchang City Commercial Bank Co., Ltd., with the approval of Jiangxi Province Administration of Industry and Commerce.

On 6 August 2008, the Bank changed its name from Nanchang City Commercial Bank Co., Ltd. to Nanchang Bank Co., Ltd.. On 3 December 2015, the former China Banking Regulatory Commission (the “former CBRC”) promulgated Yinjianfu 2015 No.658 <Approval of the Acquisition of Jingdezhen City Commercial Bank by Nanchang Bank>. On 7 December 2015, Jiangxi Province State Council promulgated GanFuzi 2015 No. 85 <Notice on the Issuance of Establishment Plan for Jiangxi Bank Co., Ltd.>, Nanchang Bank Co., Ltd. acquired Jingdezhen City Commercial Bank Co., Ltd. by acquiring its entire equity interest and changed its name to Jiangxi Bank Co., Ltd. on 11 December 2015.

The Bank obtained its finance permit No. B0792H236010001 from the China Banking and Insurance Regulatory Commission (the “CBIRC”) of the PRC, in 2023, the regulator was renamed the National Financial Regulatory Administration (the “NFRA”). The principal activities of the Bank and its subsidiaries (collectively referred to as the “Group”) are deposit taking; granting of loans; domestic settlement; foreign exchange business, bill acceptances and discounting; issuing financial bonds; acting as agent to issue, settle and underwrite government bonds; trading of government bonds; inter-bank placement; providing guarantee; acting as agent on inward and outward payments, acting as insurance agent; safe-box service; entrusted loans based on local government fund and other business activities approved by the CBIRC (the “NFRA”).The Bank is regulated by the National Financial Regulatory Administration (the “NFRA”, the former of “CBIRC”) authorised by the State Council.

In June 2018, the Bank’s H Shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (Stock code: 1916).



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION

(1) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (the “IFRS Accounting Standards”), 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. Material accounting policy information adopted by the Group are disclosed below.

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

(2) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2023 comprise the Bank and its subsidiaries and the Group’s interest in associates.

The measurement basis used in the preparation of the financial statements is the historical basis, except that financial investments at fair value through other comprehensive income or financial investments at fair value through profit or loss (see Note 2(7)) are stated at their fair value as explained in the accounting policies.

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expense.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(2) Basis of preparation of the financial statements (continued)

Judgments made by management in the application of IFRS Accounting Standards that have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 2(17).

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

(3) Changes in accounting policies

(a) *New standards, interpretations and amendments adopted from 1 January 2023*

The Group has applied the following amendments to IFRS Accounting Standards issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

- Amendments to IAS 8, *Definition of Accounting Estimates*
- Amendments to IAS 1 and IFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to IAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to IAS 12, *International Tax Reform-Pillar Two Model Rules*
- IFRS 17, *Insurance Contracts*

Except as described below, the application of the new amendments to IFRS Accounting Standards in the current year has had no material impact on the Group’s result of operation and financial positions for the current or on the disclosures set out in the consolidated financial statements.

Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2, *Disclosure of Accounting Policies*

The Group has adopted Amendments to IAS 1 and IFRS Practice Statement 2, *Disclosure of Accounting Policies* for the first time in the current year. IAS 1, *Presentation of Financial Statements* is amended to replace all instances of the term “*significant accounting policies*” with “*material accounting policy information*”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(3) Changes in accounting policies (continued)

(a) *New standards, interpretations and amendments adopted from 1 January 2023 (continued)*

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 Making Materiality Judgements (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in Note 2(3) to the consolidated financial statements.

(b) *Issued but not yet effective International Financial Reporting Standards*

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the financial statements, the Group has adopted all applicable new and revised IFRS Accounting Standards to the reporting period, except for any new standards or interpretations that are not yet effective for the year ended 31 December 2023.

The revised and new accounting standards and interpretations issued but not yet effective for the year ended 31 December 2023 or before, are set out below:

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to IAS 16	<i>Lease Liability in a Sale and Leaseback¹</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-Current¹</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants¹</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements¹</i>
Amendments to IAS 21	<i>Lack of Exchangeability²</i>

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(3) Changes in accounting policies (continued)

(b) Issued but not yet effective International Financial Reporting Standards (continued)

- ¹ Effective for annual periods beginning on or after January 1, 2024.
- ² Effective for annual periods beginning on or after January 1, 2025.
- ³ Effective for annual periods beginning on or after a date to be determined.

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them are unlikely to have significant impacts on the Group's result of operations and financial position.

(4) Consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. Refer to Note 2(17)(f) for judgement applies by management in determining control over structured entities.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. Intercompany transactions, balances and unrealised gains on transactions between the Group companies are eliminated.

Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries are aligned to ensure consistency with the policies adopted by the Group.

(5) Separate Financial Statement

In the Bank's statement of financial position, an investment in a subsidiary and associates are stated at cost less impairment loss (see Note 2(17)(d)).



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(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. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(7)(vi).

(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, etc.

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

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

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

(ii) Classification and subsequent measurement of financial assets

(a) Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at fair value through other comprehensive income (“FVOCI”), or at fair value through profit or loss (“FVTPL”).

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

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(7) Financial instruments (continued)

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

(a) 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:

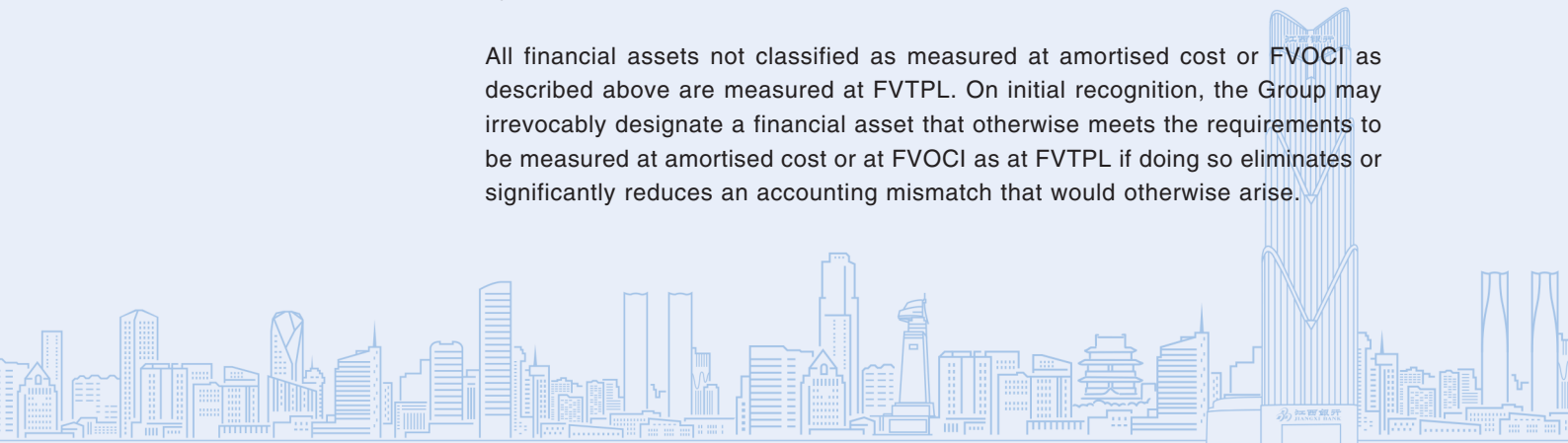
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

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



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(7) Financial instruments (continued)

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

(a) Classification of financial assets (continued)

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

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

(b) Subsequent measurement of financial assets

– Financial assets at FVTPL

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

– Financial assets at amortised cost

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

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(7) Financial instruments (continued)

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

(b) Subsequent measurement of financial assets (continued)

- Debt investments measured at FVOCI

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

- Equity investments measured at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

(iii) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL or amortised cost.

- Financial liabilities at amortised cost

The Group's financial liabilities including trade and other payables, interest-bearing liabilities (borrowing from the central bank, deposit from banks and other financial institutions, placement from banks and other financial institutions, borrowing from other financial institutions, financial assets sold under repurchase agreements, deposits from customers and debt securities) which are initially recognized at fair value and subsequently measured at amortised cost, using the effective interest method.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(7) Financial instruments (continued)

(iv) Offsetting

Financial assets and financial liabilities are generally presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- the Group currently has a legally enforceable right to set off the recognised amounts;
- the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(v) Derecognition of financial assets and financial liabilities

Financial asset is derecognised when one of the following conditions is met:

- the Group's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or
- the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred measured at the date of derecognition;
- the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment measured at FVOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the part derecognised.

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(7) Financial instruments (continued)

(vi) Impairment

The Group recognises loss allowances for expected credit loss (ECL) on:

- financial assets measured at amortised cost
- loans and advances to customers and debt investments measured at FVOCI
- lease receivables
- credit commitments

Other financial assets measured at fair value, including debt or equity securities at FVTPL and equity securities designated at FVOCI (non-recycling), are not subject to the ECL assessment.

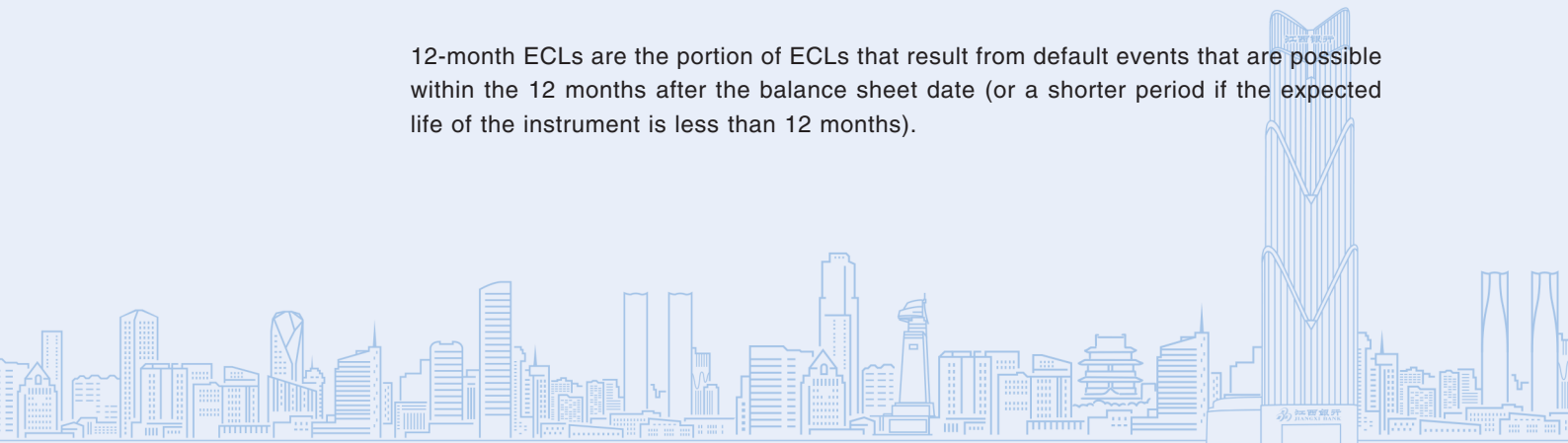
Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the Group is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(7) Financial instruments (continued)

(vi) Impairment (continued)

Measurement of ECLs (continued)

The Group measures loss allowances at an amount equal to 12-month ECL for the following financial instruments, and at an amount equal to lifetime ECL for all other financial instruments.

- If the financial instrument is determined to have low credit risk at the balance sheet date;
- If the credit risk on a financial instrument has not increased significantly since initial recognition.

Financial instruments that have low credit risk

The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(7) Financial instruments (continued)

(vi) Impairment (continued)

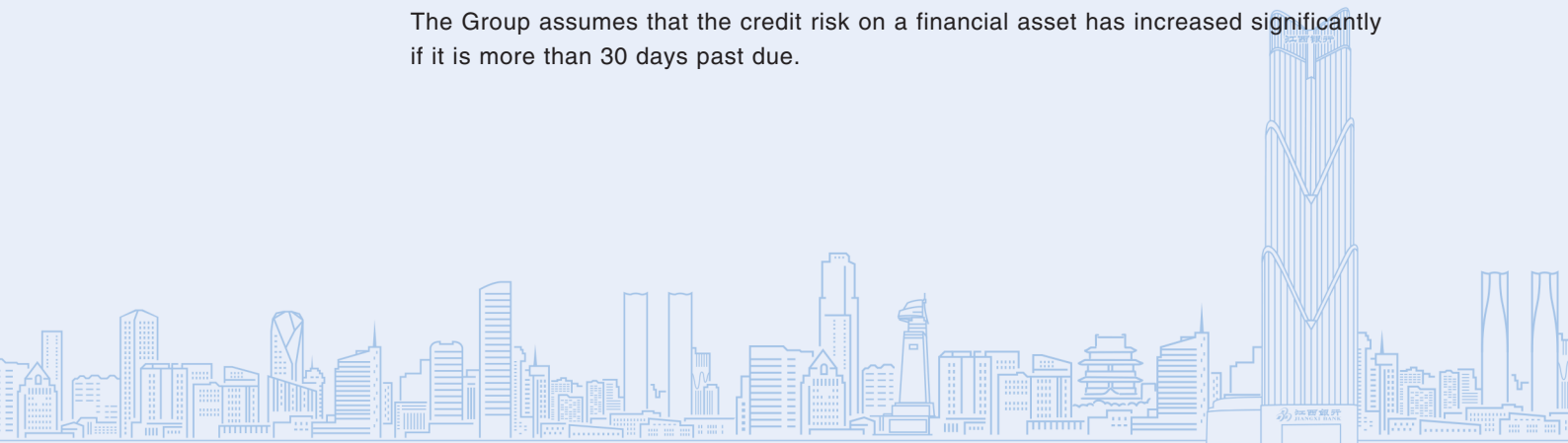
Significant increases in credit risk (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information. In particular, the following information is taken into account:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(7) Financial instruments (continued)

(vi) Impairment (continued)

Credit-impaired financial assets

At each balance sheet date, the Group assesses whether financial assets carried at amortised cost and debt investments measured at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or past due event;
- for economic or contractual reasons relating to the borrower's financial difficulty, the Group having granted to the borrower a concession that would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Presentation of allowances for ECL

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(7) Financial instruments (continued)

(vi) Impairment (continued)

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(8) Financial assets held under resale and repurchase agreements

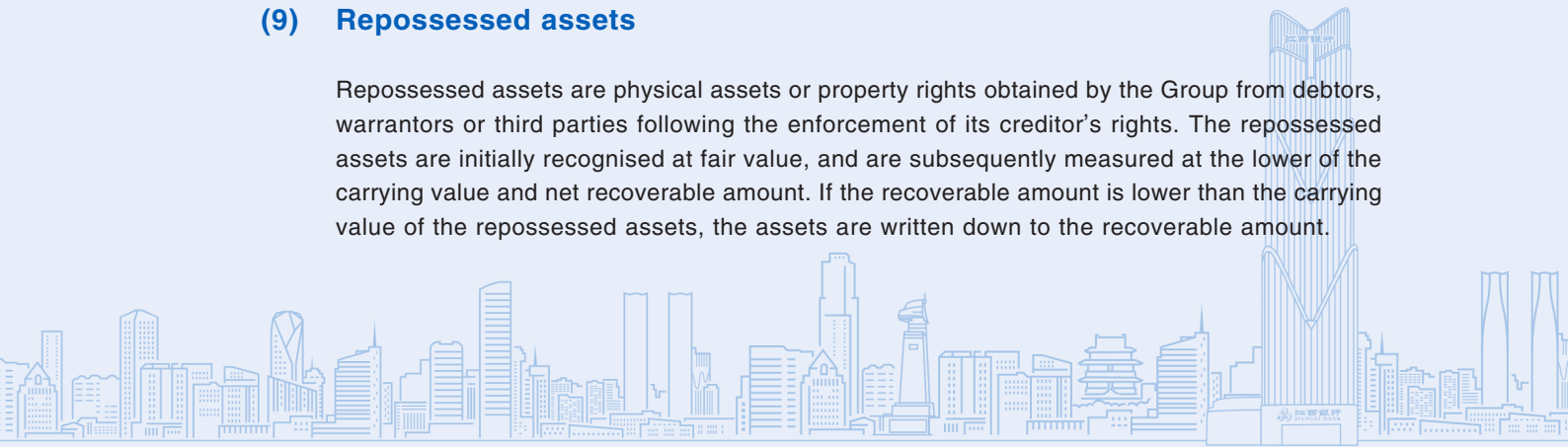
Financial assets purchased under agreements to resell are reported not as purchases of the assets but as receivables and are carried in the statements of financial position at amortised cost. Financial assets held under resale agreements are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(7)(vi).

Financial assets sold subject to a simultaneous agreement to repurchase these assets are retained in the statements of financial position and measured in accordance with their original measurement principles. The proceeds from the sale are reported as liabilities and are carried at amortised cost.

Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements are recognised respectively as interest income and interest expense over the life of each agreement using the effective interest method.

(9) Repossessed assets

Repossessed assets are physical assets or property rights obtained by the Group from debtors, warrantors or third parties following the enforcement of its creditor's rights. The repossessed assets are initially recognised at fair value, and are subsequently measured at the lower of the carrying value and net recoverable amount. If the recoverable amount is lower than the carrying value of the repossessed assets, the assets are written down to the recoverable amount.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(10) Employee benefits

(i) *Short-term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

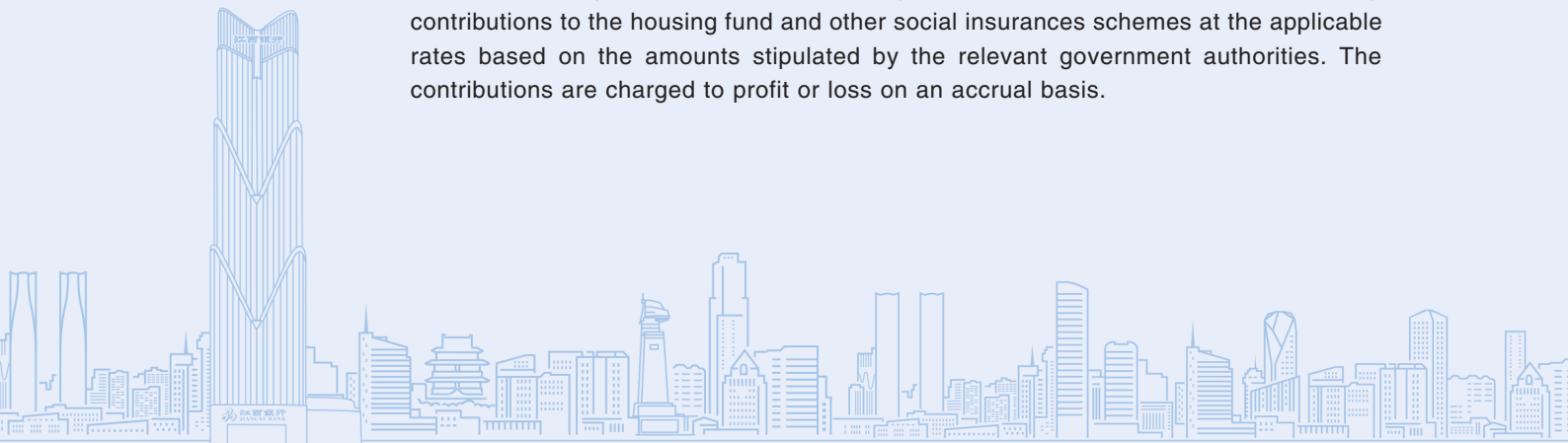
The defined contribution retirement plans of the Group include the social pension schemes.

Social pension schemes

Pursuant to the relevant laws and regulations in the PRC, the Group has participated in the social pension schemes for the employees arranged by local government labour and security authorities. The Group makes contributions to the retirement schemes at the applicable rates based on the amounts stipulated by the government. The contributions are charged to the profit or loss on an accrual basis. When employees retire, the local government labour and security authorities are responsible for the payment of the basic retirement benefits to the retired employees.

Housing fund and other social insurances

In addition to the retirement benefits above, the Group has joined social security contributions schemes for employees pursuant to the relevant laws and regulations of the PRC. These schemes include a housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances schemes at the applicable rates based on the amounts stipulated by the relevant government authorities. The contributions are charged to profit or loss on an accrual basis.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(10) Employee benefits (continued)

(ii) *Supplementary retirement benefits*

Early retirement benefits

According to the Group's policy on early retirement benefits, certain employees are entitled to take leave of absence and in return receive a certain level of staff salaries and related benefits from the Group. The salaries and benefit payments are made from the date of early retirement to the normal retirement date. The amounts of retirement benefits expense and present value of these liabilities are dependent on assumptions used in calculating such amounts. These assumptions include discount rates, retirement benefit growth rates and other factors. Gains and losses arising from the changes in assumptions and amendments to pension plans are recognised in the income statement as they occur.

Retirement benefit annuity plan

In addition to the basic pension insurance scheme, employees and early retirees of the Group also participate in a defined contribution plan established by the Group (the "Annuity Plan"). The Group and its employees are required to contribute a certain percentage of the employees' previous year basic salaries to the Annuity Plan. The contribution is charged to the income statement when it incurs. The Group has no obligation to pay further contributions if the Annuity Plan does not hold sufficient assets to pay all employee benefits. Contributions to the defined contribution retirement plan are recognised as expenses when incurred, and there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

(11) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively. Please refer to Note 2(17)(c) for significant judgement made by management on deferred tax and uncertain tax matters.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(12) Credit related commitment, financial guarantees, provisions and contingent liabilities

(i) *Credit-related commitments and financial guarantees*

Financial guarantees contract requires the provider to provide reimbursement guarantee for the contract holder, that is, when the guarantee fails to fulfil the terms of the contract at maturity, to compensate for the loss of the contract holder by the guarantor. Such financial guarantees are provided to banks, financial institutions and other entities to secure customer loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised at fair value on the date the guarantee was provided. On the date of financial report, the subsequent measurement shall be made according to the larger of the amortised value of the contract and the amount of impairment provision determined by the expected credit loss model, any increase in the liability relating to guarantees is recognised in the statement of profit or loss.

Credit-related commitment is provided by the Group to the customer to extend credit-related financial assets to the customer within the commitment period on the agreed terms of the contract. The Group normally does not lend at below-market rates or provide customers with credit-related commitments to be settled in cash or by issuing other financial instruments. Impairment losses on credit-related commitment are recognised according to the expected credit loss model.

The Group shows the impairment provision of the financial guarantee contracts and credit-related commitment in provision.

(ii) *Other provisions and contingent liabilities*

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

For a possible obligation resulting from a past transaction or event whose existence will only be confirmed by the occurrence or non-occurrence of uncertain future events or a present obligation resulting from a past transaction or event, where it is not probable that the settlement of the above obligation will cause an outflow of economic benefits, or the amount of the outflow cannot be estimated reliably, the possible or present obligation is disclosed as a contingent liability.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(13) Fiduciary activities

The Group acts in a fiduciary activity as a manager, a custodian, or an agent for customers. Assets held by the Group and the related undertakings to return such assets to customers are recorded as off-balance sheet items as the risks and rewards of the assets reside with customers.

The Group enters into entrusted loan agreements with customers, whereby the customers provide funding (“entrusted funds”) to the Group, and the Group grants loans to third parties (“entrusted loans”) under instructions of the customers. As the Group does not assume the risks and rewards of the entrusted loans and the corresponding entrusted funds, the entrusted loans and funds are recorded as off-balance sheet items at their principal amount. No allowances for impairment loss is made for entrusted loans.

(14) Income recognition

The following is the description of accounting policies regarding income from the Group’s principal activities.

(i) Interest income

Interest income for financial assets is recognised in profit or loss as it is incurred, based on the time for alienation of right to use capital and effective interest rates. Interest income includes the amortisation of any discount or premium or differences between the initial carrying amount of an interest-bearing asset and its amount at maturity calculated using the effective interest rate.

When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract, transaction costs and all other premiums or discounts that are an integral part of the effective interest rate.

For the financial assets acquired or originated without any credit impairment, but incurred credit impairment in the subsequent period, the Group calculates the interest income in accordance with the amortised cost and the effective interest rate of the financial assets.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(14) Income recognition (continued)

(ii) *Fee and commission income*

The Group earns fee and commission income from a diverse range of services it provides to its customers. The fee and commission income recognised by the Group reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring promised services to customers, and income is recognised when its performance obligation in contracts is satisfied.

The Group recognises income over time by measuring the progress towards the complete satisfaction of a performance obligation, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the customer controls the service provided by the Group in the course of performance;
- the Group does not provide service with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date; or
- in other cases, the Group recognises revenue at a point in time at which a customer obtains control of the promised services.

(iii) *Government grants*

Government grants are recognised in the statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(15) Perpetual bonds

At initial recognition, the Group classifies the perpetual bonds issued or their components as financial assets, financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definition of financial assets, financial liabilities and equity instruments.

Perpetual bonds issued that should be classified as equity instruments are recognised in equity based on the actual amount received. Any distribution of dividends or interests during the instruments' duration is treated as profit appropriation. When the perpetual bonds are redeemed according to the contractual terms, the redemption price is charged to equity.

(16) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(17) 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.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(17) Significant accounting estimates and judgements (continued)

(a) *Measurement of expected credit loss*

The measurement of the expected credit loss allowance for the investment in financial assets and debt instruments measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring expected credit losses is further detailed in Note 44(a).

A number of significant judgements are required in applying the accounting requirements for measuring expected credit losses,

such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of expected credit losses;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated expected credit losses.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in Note 44(a) credit risk.

(b) *Fair value of financial instruments*

There are no quoted prices from an active market for a number of financial instruments. The fair values for these financial instruments are established by using valuation techniques. These techniques include using recent arm's length market transactions by referring to the current fair value of similar instruments, discounted cash flow analysis, and option pricing models. Valuation models established by the Group make maximum use of market input and rely as little as possible on the Group's specific data. However, it should be noted that some input, such as credit and counterparty risk, and risk correlations require management's estimates. The Group reviews the above estimations and assumptions periodically and makes adjustment if necessary.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(17) Significant accounting estimates and judgements (continued)

(c) *Income taxes*

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates the tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

(d) *Impairment of non-financial assets*

Non-financial assets (property and equipment, construction in progress, intangible assets, right-of-use assets, investment properties measured using a cost model, long-term deferred expenses and investment in subsidiaries and associates) 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 (or a cash generating unit or "CGU") 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.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(17) Significant accounting estimates and judgements (continued)

(e) Depreciation and amortisation

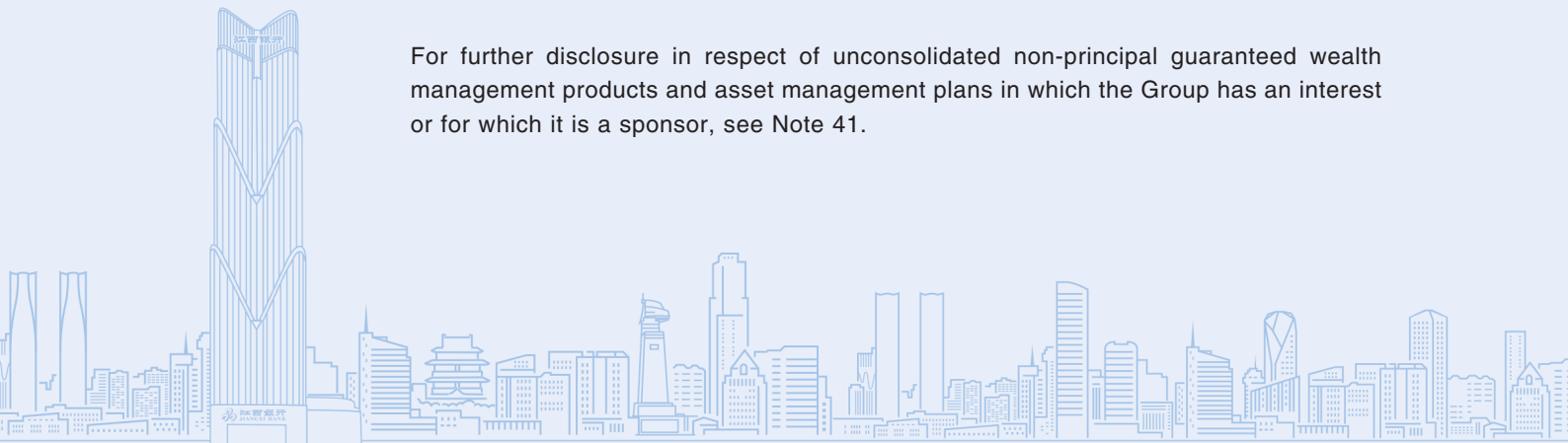
Investment properties, property and equipment, intangible assets and right-use-of assets are depreciated and amortised using the straight-line method over their estimated useful lives after taking into account residual values. The estimated useful lives are regularly reviewed to determine the depreciation and amortisation costs charged in each of the reporting period. The estimated useful lives are determined based on historical experiences of similar assets and the estimated technical changes. If there is an indication that there has been a change in the factors used to determine the depreciation or amortisation, the amount of depreciation or amortisation will be revised.

(f) Determination of control over structured entities

Management applies its judgement to determine whether the control indicators indicate that the Group controls a non-principal guaranteed wealth management product and an asset management plan.

The Group acts as manager to a number of non-principal guaranteed wealth management products and asset management plans. Determining whether the Group controls such a structured entity usually focuses on the assessment of the aggregate economic interests of the Group in the entity (comprising any carried interests and expected management fees) and the decision-making authority of the entity. For all these structured entities managed by the Group, the Group's aggregate economic interest is in each case not significant and the decision makers establish, market and manage them according to restricted parameters as set out in the investment agreements as required by laws and regulations. As a result, the Group has concluded that it acts as agent as opposed to principal for the investors in all cases, and therefore has not consolidated these structured entities.

For further disclosure in respect of unconsolidated non-principal guaranteed wealth management products and asset management plans in which the Group has an interest or for which it is a sponsor, see Note 41.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

3. NET INTEREST INCOME

	2023 RMB'000	2022 RMB'000
Interest income arising from		
Deposits with the central bank	447,133	462,894
Deposits with banks and other financial institutions	17,442	6,716
Placements with banks and other financial institutions	256,782	70,337
Financial assets held under resale agreements	241,479	351,509
Loans and advances to customers		
– Corporate loans and advances	9,971,294	9,081,892
– Personal loans and advances	3,881,834	4,265,129
– Discounted bills	791,975	906,319
Financial investments	4,278,356	5,845,929
Sub-total	19,886,295	20,990,725
Interest expense arising from		
Borrowing from the central bank	(533,704)	(416,987)
Deposits from banks and other financial institutions	(330,197)	(493,057)
Placements from banks and other financial institutions	(101,973)	(113,229)
Borrowing from other financial institutions	(58,816)	(234,934)
Financial assets sold under repurchase agreements	(432,065)	(401,028)
Deposits from customers	(8,436,135)	(8,232,088)
Debt securities issued	(1,222,040)	(1,475,076)
Sub-total	(11,114,930)	(11,366,399)
Net interest income	8,771,365	9,624,326



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

4. NET FEE AND COMMISSION INCOME

	2023 RMB'000	2022 RMB'000
Fee and commission income		
Agency and custody services fees	354,534	416,002
Acceptance and guarantee service fees	95,388	180,831
Settlement and electronic channel business fees	109,831	91,800
Financial leasing service fees	490	15,969
Bank card service fees	72,460	71,656
Advisory and consulting fees	59	493
Others	11,732	10,056
Sub-total	644,494	786,807
Fee income, other than amounts included in determining the effective interest rate, arising from financial assets or financial liabilities that are not held for trading or designated at FVPL	58,499	38,721
Fee income on trust and other fiduciary activities where the Group holds or invests on behalf of its customers	-	32
Fee and commission expense		
Transaction fees	(87,712)	(79,455)
Settlement and clearing fees	(27,341)	(38,258)
Financial leasing service fees	(1,196)	(14,074)
Platform cooperation fees	(6,169)	(11,787)
Others	(442)	(1,143)
Sub-total	(122,860)	(144,717)
Fee expense, other than amounts included in determining the effective interest rate, arising from financial assets or financial liabilities that are not held for trading or designated at FVPL	(17,720)	(31,790)
Net fee and commission income	521,634	642,090

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

5. NET TRADING GAINS

	2023 RMB'000	2022 RMB'000
Net gains from debt securities	102,821	121,323

Net gains from debt securities include gains arising from the buying or selling of, the interest income gained from, and changes in fair value of financial assets held for trading.

6. NET GAINS ARISING FROM FINANCIAL INVESTMENTS

	Note	2023 RMB'000	2022 RMB'000
Net gains on financial investments at fair value through profit or loss	(i)	534,374	1,543,897
Realised gains from investment funds		858,038	302,176
Net gains on financial investments at fair value through other comprehensive income		50,038	38,108
Dividend income		11,338	8,000
Net gain on financial investments measured at amortised cost		1,071	–
Investment income from debt restructuring		61,771	237,035
Total		1,516,630	2,129,216

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



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

7. OTHER OPERATING INCOME

	2023 RMB'000	2022 RMB'000
Government grants	303,218	128,960
Rental income	2,502	4,251
Foreign exchange gains	59,710	60,624
Net gains on disposal of non-current assets	5,214	13,914
Others	13,544	(10,667)
Total	384,188	197,082

8. OPERATING EXPENSES

	2023 RMB'000	2022 RMB'000
Staff costs		
– Salaries, bonuses and allowances	1,455,018	1,480,666
– Social insurance and supplementary retirement benefits	291,430	286,695
– Housing fund	121,192	120,533
– Staff welfares	133,252	108,698
– Employee education expenses and labour union expenses	47,832	44,539
– Others	57,746	65,165
Sub-total	2,106,470	2,106,296
Depreciation and amortisation	460,793	471,813
Tax and surcharges	174,225	147,914
Interest expense on lease liabilities	34,218	38,046
Other general and administrative expenses	855,141	879,848
Total	3,630,847	3,643,917

Auditor's remuneration for the year ended 31 December 2023 was RMB4.95 million (year ended 31 December 2022: RMB4.95 million).

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

9. DIRECTORS', SUPERVISORS' AND OTHER KEY MANAGEMENT PERSONNELS' EMOLUMENTS

Directors' 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. The emolument are disclosed with monetary amounts before taxation.

Year ended 31 December 2023								
Note	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Sub-total RMB'000	Contributions by the employer to social insurance and staff welfares, housing fund, etc RMB'000	Other welfares RMB'000	Total RMB'000	
Executive directors								
Zeng Hui (2)	-	494	-	494	130	44	668	
Luo Xiaolin (2)	-	460	-	460	130	44	634	
Non-executive directors								
Yu Minxin	-	-	-	-	-	-	-	
Zhuo Liping	-	-	-	-	-	-	-	
Li Shuiping (2)	-	-	-	-	-	-	-	
Xiong Jiemin (2)	-	-	-	-	-	-	-	
Deng Yonghang (2)	-	-	-	-	-	-	-	
Independent non-executive directors								
Wang Yun	171	-	-	171	-	-	171	
Wong Hin Wing	212	-	-	212	-	-	212	
Liu Xinghua (2)	178	-	-	178	-	-	178	
Yang Ailin (2)	165	-	-	165	-	-	165	



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

9. DIRECTORS', SUPERVISORS' AND OTHER KEY MANAGEMENT PERSONNELS' EMOLUMENTS (continued)

Year ended 31 December 2023							
Note	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Sub-total RMB'000	Contributions by the employer to social insurance and staff welfares, housing fund, etc RMB'000	Other welfares RMB'000	Total RMB'000
Internal supervisors							
Liu Fulin	-	940	-	940	125	36	1,101
Wang Wei (4)	-	261	-	261	100	16	377
Zhou Minhui	-	-	-	-	-	-	-
External supervisors							
Li Xunlei (5)	150	-	-	150	-	-	150
Luo Ping (5)	151	-	-	151	-	-	151
Wang Guizhi (1),(5)	-	-	-	-	-	-	-
Other key management personnels							
Cai Xiaojun (6)	-	717	-	717	125	35	877
Cheng Zongli (7)	-	662	-	662	125	35	822
Yu Jian (8)	-	535	-	535	125	36	696
Total	1,027	4,069	-	5,096	860	246	6,202

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

9. DIRECTORS', SUPERVISORS' AND OTHER KEY MANAGEMENT PERSONNELS' EMOLUMENTS (continued)

Year ended 31 December 2022								
Note	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Sub-total RMB'000	Contributions by the employer to social insurance and staff welfares, housing fund, etc RMB'000	Other welfares RMB'000	Total RMB'000	
Executive directors								
Zeng Hui	(2)	–	387	–	387	75	32	494
Luo Xiaolin	(2)	–	574	–	574	92	42	708
Chen Xiaoming	(3)	–	782	–	782	20	2	804
Xu Jihong	(3)	–	867	–	867	37	10	914
Luo Yan	(2)	–	547	–	547	–	–	547
Non-executive directors								
Yu Minxin		–	–	–	–	–	–	–
Li Zhanrong	(2)	–	–	–	–	–	–	–
Liu Sanglin	(2)	–	–	–	–	–	–	–
Zhuo Liping		–	–	–	–	–	–	–
Deng Jianxin	(2)	–	–	–	–	–	–	–
Li Shuiping	(2)	–	–	–	–	–	–	–
Xiong Jiemin	(2)	–	–	–	–	–	–	–
Deng Yonghang	(2)	–	–	–	–	–	–	–
Independent non-executive directors								
Zhang Rui	(2)	182	–	–	182	–	–	182
Wang Yun		185	–	–	185	–	–	185
Zhang Wangxia	(2)	191	–	–	191	–	–	191
Wong Hin Wing		228	–	–	228	–	–	228
Liu Xinghua	(2)	–	–	–	–	–	–	–
Yang Ailin	(2)	–	–	–	–	–	–	–

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

9. DIRECTORS', SUPERVISORS' AND OTHER KEY MANAGEMENT PERSONNELS' EMOLUMENTS (continued)

Year ended 31 December 2022								
Note	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Sub-total RMB'000	Contributions by the employer to social insurance and staff welfares, housing fund, etc RMB'000	Other welfares RMB'000	Total RMB'000	
Internal supervisors								
Liu Fulin	–	1,232	–	1,232	102	45	1,379	
Wang Wei (4)	–	97	–	97	42	10	149	
Lou Mingnong (5)	–	651	85	736	24	2	762	
Chen Xinxiang (5)	–	296	18	314	43	10	367	
Zhou Minhui	–	–	–	–	–	–	–	
Yu Han (5)	–	–	–	–	–	–	–	
Wang Ruiqiang (5)	–	–	–	–	–	–	–	
External supervisors								
Li Xunlei (5)	–	–	–	–	–	–	–	
Luo Ping (5)	–	–	–	–	–	–	–	
Wang Guizhi (1),(5)	–	–	–	–	–	–	–	
Shi Zhongliang (5)	75	–	–	75	–	–	75	
Li Danlin (5)	75	–	–	75	–	–	75	
Shi Jing (5)	100	–	–	100	–	–	100	
Other key management personnels								
Cai Xiaojun (6)	–	1,130	–	1,130	102	37	1,269	
Cheng Zongli (7)	–	1,129	–	1,129	102	37	1,268	
Yu Jian (8)	–	590	–	590	102	37	729	
Chen Yong (9)	–	448	–	448	25	11	484	
Total	1,036	8,730	103	9,869	766	275	10,910	

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

9. DIRECTORS', SUPERVISORS' AND OTHER KEY MANAGEMENT PERSONNELS' EMOLUMENTS (continued)

- (1) On 24 March 2023 Ms. Wang Guizhi formally submitted a written letter of resignation to the Bank and resigned from her position as an external supervisor of the Bank with effect from the date of her resignation.
- (2) At the 2021 Shareholders' annual general meeting held on 28 June 2022, Zeng Hui, Luo Xiaolin, Xiong Jiemin, Li Shuiping, Deng Yonghang, Liu Xinghua and Yang Ailin were elected as directors of the third session of the board of directors of the Bank, and Luo Yan, Li Zhanrong, Liu Sanglin, Deng Jianxin, Zhang Rui and Zhang Wangxia ceased to be directors of the Bank since the change of the Board of Directors. The CBRIC has approved the appointments of Zeng Hui as a director and chairman of the Bank on 4 August 2022; The CBRIC has approved the appointments of Luo Xiaolin as a director and the vice chairman of the Bank of the third session of the board of directors on 3 August 2022; The CBRIC has approved the appointments of Liu Xinghua and Yang Ailin as independent non-executive directors of the third session of the board of directors on 25 August 2022; The CBRIC has approved the appointments of Li Shuiping, Deng Yonghang and Xiong Jiemin as non-executive directors of the third session of the board of directors of the Bank on 5 September 2022.
- (3) Chen Xiaoming and Xu Jihong resigned as executive directors on 21 February 2022 and 9 May 2022, respectively.
- (4) On June 24, 2022, the employee representatives' meeting of Jiangxi Bank Co., Ltd. elected Mr. Wang Wei as the employee representative supervisor.
- (5) At the 2021 Shareholders' annual general meeting held on 28 June 2022, Li Xunlei, Luo Ping, Wang Guizhi were elected as supervisors of the third session of the board of supervisors of the Bank. Lou Mingnong, Chen Xinxiang, Yu Han, Wang Ruiqiang, Shi Zhongliang, Li Danlin and Shi Jing quit as supervisors start from the end of appointment of the second session of the board of supervisors of the Bank.
- (6) On 24 October 2011, Cai Xiaojun was appointed as the vice president of the Bank.
- (7) On 25 April 2011, Cheng Zongli was appointed as the vice president of the Bank.
- (8) On 28 May 2020, Yu Jian was appointed as the vice president of the Bank.
- (9) On 16 June 2006, Chen Yong was appointed as the vice president of the Bank. On 25 March 2022, Chen Yong ceased to be the vice president of the Bank as he reached retirement age.

There was no amount paid during the year ended 31 December 2023 to the directors, supervisors, and other key personnels, in connection with their retirement from employment or compensation for loss of office with the Group, or inducement to join the Group (year ended 31 December 2022: nil). There was no arrangement under which a director, a supervisor, or an other key personnel, waived or agreed to waive any remuneration during the year ended 31 December 2023 (year ended 31 December 2022: nil).



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The emoluments for the five highest paid individuals as at 31 December were as follows:

	2023 RMB'000	2022 RMB'000
Salaries and other emoluments	5,327	7,729
Discretionary bonuses	—	—
Contributions by the employer to social insurance and staff welfares, housing fund, etc	711	481
Others	143	167
Total	6,181	8,377

The number of these individuals whose emoluments are within the following bands is set out below:

	2023	2022
RMB1,000,001 — 1,500,000	5	2
RMB1,500,001 — 2,000,000	—	3
Total	5	5

None of these individuals received any inducement to join or upon joining the Group or compensation for loss of office, or waived any emoluments during the year ended 31 December 2023 (year ended 31 December 2022: nil).



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

11. IMPAIRMENT LOSSES ON ASSETS

	2023 RMB'000	2022 RMB'000
Loans and advances to customers	7,037,403	5,846,036
Financial investments	(496,623)	966,314
Others	123,705	584,415
Total	6,664,485	7,396,765

12. INCOME TAX (CREDIT)/EXPENSE

(a) Income tax (credit)/expense:

	Note	2023 RMB'000	2022 RMB'000
Current tax		451,968	1,191,937
Changes in deferred tax	23(b)	(515,504)	(1,111,493)
Total		(63,536)	80,444



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

12. INCOME TAX (CREDIT)/EXPENSE (continued)

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

	Note	2023 RMB'000	2022 RMB'000
Profit before taxation		1,010,355	1,680,963
Statutory tax rate		25%	25%
Income tax calculated at statutory tax rate		252,588	420,241
Non-taxable income	(i)	(633,483)	(431,113)
Non-deductible expenses		143,640	110,651
Tax filing differences		173,719	(30,055)
Others		—	10,720
Income tax (credit)/expense		(63,536)	80,444

(i) The non-taxable income mainly represents the interest income arising from the PRC government bonds and realised gains from investment funds.

13. BASIC AND DILUTED EARNINGS PER SHARE

	2023 RMB'000	2022 RMB'000
Net profit attributable to equity shareholders of the Bank	1,036,187	1,549,551
Less: Distribution to perpetual bondholders	(361,200)	(192,000)
Adjusted net profit attributable to equity shareholders of the Bank	674,987	1,357,551
Weighted average number of ordinary shares (in thousands)	6,024,277	6,024,277
Basic and diluted earnings per share attributable to equity shareholders of the Bank (in RMB)	0.11	0.23

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

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

14. CASH AND DEPOSITS WITH THE CENTRAL BANK

	Note	31 December 2023 RMB'000	31 December 2022 RMB'000
Cash on hand		839,171	879,119
Deposits with the central bank			
– Statutory deposit reserves	(a)	26,435,350	26,433,391
– Surplus deposit reserves	(b)	4,713,648	8,222,080
– Fiscal deposits		127,627	245,677
Sub-total		32,115,796	35,780,267
Accrued interest		12,350	12,481
Total		32,128,146	35,792,748

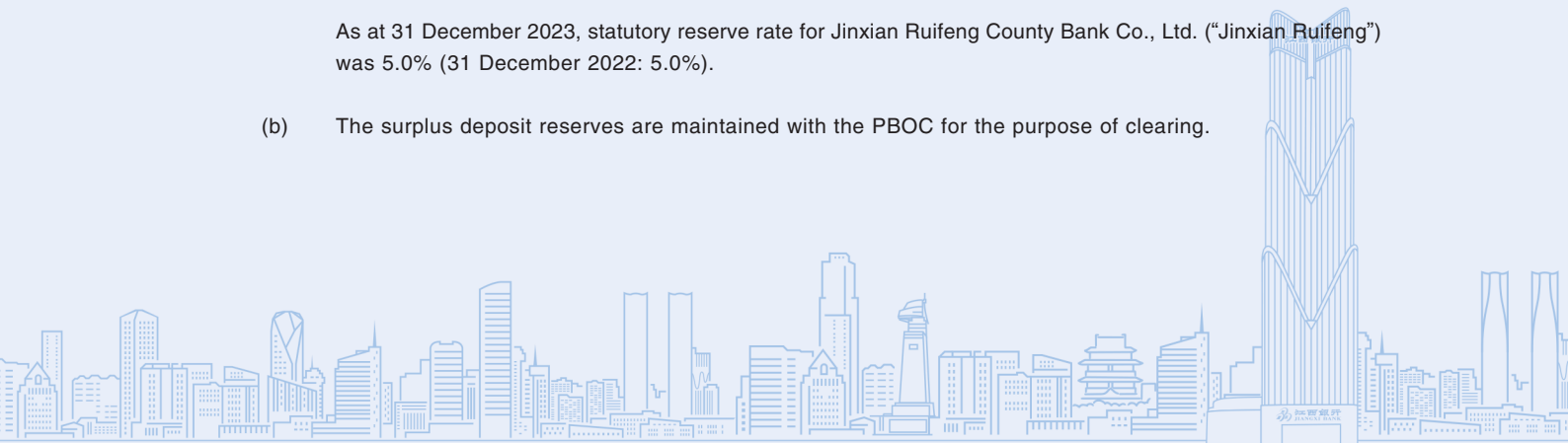
- (a) The Bank places statutory deposit reserves with the PBOC in accordance with relevant regulations. The statutory deposit reserves are not available for the Bank's daily business.

The statutory deposit reserve ratios applicable to the Bank were as follows:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Reserve ratio for RMB deposits	7.0%	7.5%
Reserve ratio for foreign currency deposits	4.0%	6.0%

As at 31 December 2023, statutory reserve rate for Jinxian Ruifeng County Bank Co., Ltd. ("Jinxian Ruifeng") was 5.0% (31 December 2022: 5.0%).

- (b) The surplus deposit reserves are maintained with the PBOC for the purpose of clearing.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

15. DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty

	31 December 2023 RMB'000	31 December 2022 RMB'000
In mainland China		
– Banks	2,478,924	863,279
– Other financial institutions	97,063	–
Outside mainland China		
– Banks	1,121,342	587,669
Gross balance	3,697,329	1,450,948
Accrued interest	5,189	1,782
Less: Allowances for impairment losses	(10,931)	(1,235)
Net balance	3,691,587	1,451,495

16. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty

	31 December 2023 RMB'000	31 December 2022 RMB'000
In mainland China		
– Other financial institutions	16,550,000	5,600,000
Gross balance	16,550,000	5,600,000
Accrued interest	184,042	33,744
Less: Allowances for impairment losses	(39,056)	(1,405)
Net balance	16,694,986	5,632,339

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

17. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(a) Analysed by type and location of counterparty

	31 December 2023 RMB'000	31 December 2022 RMB'000
In mainland China		
– Banks	–	4,330,580
Gross balance	–	4,330,580
Accrued interest	–	1,051
Less: Allowances for impairment losses	–	(47)
Net balance	–	4,331,584

(b) Analysed by type of collateral

	31 December 2023 RMB'000	31 December 2022 RMB'000
Debt securities		
– Government	–	2,889,000
– Policy Banks	–	700,870
– Commercial banks and other financial institutions	–	500,460
– Corporate	–	240,250
Gross balance	–	4,330,580
Accrued interest	–	1,051
Less: Allowances for impairment losses	–	(47)
Net balance	–	4,331,584

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

18. LOANS AND ADVANCES TO CUSTOMERS

(a) Analysed by nature

	31 December 2023 RMB'000	31 December 2022 RMB'000
Loans and advances to customers measured at amortised cost		
Corporate loans and advances	211,314,296	183,678,108
Personal loans and advances		
– Residential mortgage	53,515,401	59,915,694
– Personal business loans	20,292,674	16,785,421
– Personal consumption loans	8,642,778	3,413,978
– Credit cards	3,331,921	3,536,890
Sub-total	85,782,774	83,651,983
Gross loans and advances to customers measured at amortised cost	297,097,070	267,330,091
Accrued interest	1,001,221	816,211
Less: Allowances for impairment losses on loans and advances to customers measured at amortised cost	(12,373,851)	(11,984,613)
Net loans and advances to customers measured at amortised cost	285,724,440	256,161,689
Loans and advances to customers measured at FVOCI		
Corporate loans and advances – Forfeiting	8,582,582	5,626,030
Discounted bills	31,209,850	38,525,048
Total amount of loans and advances to customers measured at FVOCI	39,792,432	44,151,078
Net loans and advances to customers	325,516,872	300,312,767

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(b) Analysed by industry sector

	31 December 2023		Loans and advances secured by collaterals RMB'000
	Amount RMB'000	Percentage	
Leasing and commercial services	66,088,548	19.62%	8,643,384
Water conservancy, environment and public facility management	31,901,359	9.47%	2,217,809
Wholesale and retail trade	31,065,037	9.22%	156,462
Construction	25,132,255	7.46%	1,535,657
Manufacturing	21,146,706	6.28%	2,122,925
Real estate	10,473,797	3.11%	4,189,105
Transportation, storage and postal services	7,111,328	2.11%	624,006
Agriculture, forestry, animal husbandry and fisheries	5,322,163	1.58%	543,085
Finance	4,501,029	1.34%	558,600
Scientific research and technical services	4,326,192	1.28%	—
Others	12,828,464	3.81%	1,067,714
Sub-total of corporate loans and advances	219,896,878	65.28%	21,658,747
Personal loans and advances	85,782,774	25.46%	67,541,934
Discounted bills	31,209,850	9.26%	—
Gross loans and advances to customers	336,889,502	100.00%	89,200,681



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(b) Analysed by industry sector (continued)

	31 December 2022		Loans and advances secured by collaterals RMB'000
	Amount RMB'000	Percentage	
Leasing and commercial services	59,994,250	19.26%	8,957,045
Wholesale and retail trade	27,268,364	8.75%	3,095,662
Water conservancy, environment and public facility management	25,917,405	8.32%	669,824
Construction	20,794,233	6.68%	1,756,934
Manufacturing	20,700,397	6.65%	2,710,074
Real estate	9,336,321	3.00%	3,305,274
Transportation, storage and postal services	5,995,436	1.92%	508,231
Finance	3,670,493	1.18%	—
Production and distribution of electricity, heating power, gas and water	2,379,332	0.76%	622,577
Information transmission, software and information technology services	1,056,394	0.34%	546,970
Others	12,191,513	3.91%	950,125
Sub-total of corporate loans and advances	189,304,138	60.77%	23,122,716
Personal loans and advances	83,651,983	26.86%	68,998,507
Discounted bills	38,525,048	12.37%	—
Gross loans and advances to customers	311,481,169	100.00%	92,121,223



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(c) Analysed by geographical area

	31 December 2023	
	Amount	Percentage
	RMB'000	
Within Jiangxi Province (apart from Nanchang area)	160,759,650	47.72%
Nanchang area	129,237,711	38.36%
Head office	26,721,942	7.93%
Outside Jiangxi Province	20,170,199	5.99%
Gross loans and advances to customers	336,889,502	100.00%

	31 December 2022	
	Amount	Percentage
	RMB'000	
Within Jiangxi Province (apart from Nanchang area)	133,910,375	42.99%
Nanchang area	126,567,232	40.63%
Head office	29,795,745	9.57%
Outside Jiangxi Province	21,207,817	6.81%
Gross loans and advances to customers	311,481,169	100.00%

(d) Analysed by type of collateral

	31 December 2023	31 December 2022
	RMB'000	RMB'000
Unsecured loans	36,085,572	32,199,668
Guaranteed loans	199,997,725	179,639,482
Collateralised loans	89,200,680	92,121,223
Pledged loans	11,605,525	7,520,796
Gross loans and advances to customers	336,889,502	311,481,169
Accrued interest	1,001,221	816,211
Less: Allowances for impairment losses on loans and advances to customers measured at amortised cost	(12,373,851)	(11,984,613)
Net loans and advances to customers	325,516,872	300,312,767

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(e) Overdue loans analysed by overdue period

	31 December 2023				
	Overdue within three months (inclusive) RMB'000	Overdue more than three months to one year (inclusive) RMB'000	Overdue more than one year to three years (inclusive) RMB'000	Overdue more than three years RMB'000	Total RMB'000
Unsecured loans	108,798	195,230	217,659	18,459	540,146
Guaranteed loans	1,992,080	747,852	2,001,735	434,925	5,176,592
Collateralised loans	2,680,802	1,144,291	1,775,353	121,026	5,721,472
Pledged loans	425,353	356,650	53,200	43	835,246
Total	5,207,033	2,444,023	4,047,947	574,453	12,273,456
As a percentage of gross loans and advances to customers	1.55%	0.73%	1.20%	0.17%	3.65%

	31 December 2022				
	Overdue within three months (inclusive) RMB'000	Overdue more than three months to one year (inclusive) RMB'000	Overdue more than one year to three years (inclusive) RMB'000	Overdue more than three years RMB'000	Total RMB'000
Unsecured loans	1,086,945	375,034	30,036	7,336	1,499,351
Guaranteed loans	2,757,169	2,249,409	1,068,126	273,099	6,347,803
Collateralised loans	4,538,265	1,586,795	220,968	177,498	6,523,526
Pledged loans	398,216	53,312	6	43	451,577
Total	8,780,595	4,264,550	1,319,136	457,976	14,822,257
As a percentage of gross loans and advances to customers	2.82%	1.37%	0.42%	0.15%	4.76%

Overdue loans represent loans, of which the whole or part of the principal or interest are overdue for one day or more.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(f) Loans and advances and allowances for impairment losses

	31 December 2023			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
Total loans and advances to customers measured at amortised cost	270,642,622	13,651,270	12,803,178	297,097,070
Accrued interest	510,355	118,833	372,033	1,001,221
Less: Allowances for impairment losses on loans and advances to customers measured at amortised cost	(4,546,367)	(1,446,980)	(6,380,504)	(12,373,851)
Carrying amount of loans and advances to customers measured at amortised cost	266,606,610	12,323,123	6,794,707	285,724,440
Carrying amount of loans and advances to customers measured at FVOCI	39,792,432	–	–	39,792,432
Total carrying amount of loans and advances to customers	306,399,042	12,323,123	6,794,707	325,516,872

As at 31 December 2023, the Group adjusted the customer ratings of the loans and advances to customers. The loans and advances to customers transferred from stage 1 to stage 2 and stage 3 amounted to RMB6,133.34 million, the corresponding allowance for impairment losses increased by RMB1,113.98 million. The loans and advances to customers transferred from stage 2 to stage 3 amounted to RMB1,335.73 million, the corresponding allowance for impairment losses increased by RMB495.05 million. The loans and advances to customers transferred from stage 2 to stage 1 amounted to RMB886.54 million, the corresponding allowance for impairment losses decreased by RMB142.00 million. The loans and advances to customers transferred from stage 3 to stage 1 and stage 2 were not significant.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(f) Loans and advances and allowances for impairment losses (continued)

	31 December 2022			
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	Total RMB'000
Total loans and advances to customers measured at amortised cost	237,377,693	14,490,090	15,462,308	267,330,091
Accrued interest	590,256	32,248	193,707	816,211
Less: Allowances for impairment losses on loans and advances to customers measured at amortised cost	(2,250,464)	(1,877,003)	(7,857,146)	(11,984,613)
Carrying amount of loans and advances to customers measured at amortised cost	235,717,485	12,645,335	7,798,869	256,161,689
Carrying amount of loans and advances to customers measured at FVOCI	44,151,078	–	–	44,151,078
Total carrying amount of loans and advances to customers	279,868,563	12,645,335	7,798,869	300,312,767

As at 31 December 2022, the Group adjusted the customer ratings of the loans and advances to customers. The loans and advances to customers transferred from stage 1 to stage 2 and stage 3 amounted to RMB5,750.79 million, the corresponding allowance for impairment losses increased by RMB1,495.90 million. The loans and advances to customers transferred from stage 2 to stage 3 amounted to RMB4,443.38 million, the corresponding allowance for impairment losses increased by RMB946.42 million. The loans and advances to customers transferred from stage 2 to stage 1 amounted to RMB132.39 million, the corresponding allowance for impairment losses decreased by RMB11.31 million. The loans and advances to customers transferred from stage 3 to stage 1 and stage 2 were not significant.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(g) Movements of allowances for impairment losses

(i) *Movements of allowances for impairment losses on loans and advances to customers measured at amortised cost:*

	Year ended 31 December 2023			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
As at 1 January	2,250,464	1,877,003	7,857,146	11,984,613
Transferred:				
– to 12-month ECL	178,731	(151,734)	(26,997)	–
– to lifetime ECL not credit-impaired	(70,243)	82,884	(12,641)	–
– to lifetime ECL credit-impaired	(7,686)	(113,441)	121,127	–
Charged/(released) for the year	2,195,101	(247,732)	4,622,207	6,569,576
Transferred out	–	–	–	–
Recoveries	–	–	430,174	430,174
Write-offs	–	–	(6,059,192)	(6,059,192)
Others	–	–	(551,320)	(551,320)
As at 31 December	4,546,367	1,446,980	6,380,504	12,373,851

	Year ended 31 December 2022			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
As at 1 January	2,196,886	1,595,654	3,827,332	7,619,872
Transferred:				
– to 12-month ECL	22,332	(11,356)	(10,976)	–
– to lifetime ECL not credit-impaired	(30,493)	33,030	(2,537)	–
– to lifetime ECL credit-impaired	(16,062)	(378,877)	394,939	–
Charged for the year	77,801	638,552	5,089,984	5,806,337
Transferred out	–	–	(412,898)	(412,898)
Recoveries	–	–	276,365	276,365
Write-offs	–	–	(1,085,428)	(1,085,428)
Others	–	–	(219,635)	(219,635)
As at 31 December	2,250,464	1,877,003	7,857,146	11,984,613

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

18. LOANS AND ADVANCES TO CUSTOMERS (continued)

(g) Movements of allowances for impairment losses (continued)

(ii) *Movements of allowances for impairment losses on loans and advances to customers measured at fair value through other comprehensive income:*

	Year ended 31 December 2023			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
As at 1 January	89,126	–	–	89,126
Charged for the year	467,827	–	–	467,827
As at 31 December	556,953	–	–	556,953

	Year ended 31 December 2022			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
As at 1 January	49,427	–	–	49,427
Charged for the year	39,699	–	–	39,699
As at 31 December	89,126	–	–	89,126

(h) Disposal of loans and advances to customers

In 2023, the Group disposed certain loans with gross amount of RMB224.85 million (2022: RMB271.52 million) to asset management companies at a consideration of RMB55.00 million (2022: RMB156.35 million).

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

19. FINANCIAL INVESTMENTS

	Note	31 December 2023 RMB'000	31 December 2022 RMB'000
Financial investments at fair value through profit or loss	(a)	50,954,029	43,546,143
Financial investments at fair value through other comprehensive income	(b)	28,733,334	23,484,887
Financial investments at amortised cost	(c)	84,085,797	90,065,861
Total		163,773,160	157,096,891

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

	Note	31 December 2023 RMB'000	31 December 2022 RMB'000
Debt securities issued by the following institutions in mainland China	(i)		
– Government		748,842	2,208,300
– Policy banks		7,167,224	2,674,714
– Commercial banks and other financial institutions		5,969,918	2,004,040
– Corporate		3,971,770	4,817,255
Sub-total		17,857,754	11,704,309
Equity instruments	(ii)	1,025,149	189,290
Fund investments	(iii)	29,731,958	28,504,849
Other financial investments	(iv)	2,339,168	3,147,695
Total		50,954,029	43,546,143
Listed		614,246	97,829
Unlisted		50,339,783	43,448,314
Total		50,954,029	43,546,143

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

19. FINANCIAL INVESTMENTS (continued)

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

- (i) Certain debt securities were pledged for repurchase agreements (Note 40(e)). No other investment were subject to material restrictions in the realisation.
- (ii) Equity instruments are acquired by the Group through debt repayments. The Group intends to dispose of them at appropriate opportunity.
- (iii) The fund investments held by the Group are monetary market funds and bond funds issued by financial institutions.
- (iv) Other financial investments held by the Group at FVTPL include wealth management products issued by financial institutions and investment management products managed by securities companies and trust plans.

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

	Note	31 December 2023 RMB'000	31 December 2022 RMB'000
Debt securities issued by the following institutions in mainland China	(i)		
– Government		7,713,414	3,088,808
– Policy banks		16,364,013	11,767,543
– Commercial banks and other financial institution		1,205,803	1,093,690
– Corporate		1,817,109	1,714,014
Sub-total		27,100,339	17,664,055
Equity instruments	(ii)	10,250	10,250
Investment management products managed by securities companies and trust plans		1,213,070	5,448,410
Accrued interest		409,675	362,172
Total		28,733,334	23,484,887
Unlisted		28,733,334	23,484,887
Allowances for impairment losses recognised in OCI	(iii)	(741,212)	(1,173,874)

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

19. FINANCIAL INVESTMENTS (continued)

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

- (i) Certain debt securities were pledged for repurchase agreements (Note 40(e)). No other investment were subject to material restrictions in the realisation.
- (ii) The Group designated the investments shown in the table below as equity instruments that are measured at FVOCI, as the Group intended to hold the equity instruments for a long term. The details are as follows:

	Dividend income recognised for the year ended		Dividend income recognised for the year ended	
	31 December 2023	31 December 2023	31 December 2022	31 December 2022
	RMB'000	RMB'000	RMB'000	RMB'000
Clearing Centre for City Commercial Banks	250	–	250	–
China UnionPay	10,000	5,800	10,000	8,000
Total	10,250	5,800	10,250	8,000
Unlisted	10,250		10,250	

The Group did not sell the above equity instruments in 2023.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

19. FINANCIAL INVESTMENTS (continued)

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

(iii) The movements in the gross carrying amount of financial investments at FVOCI are summarised as follows:

	Year ended 31 December 2023			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
As at 1 January	21,589,508	984,038	901,091	23,474,637
New financial assets originated or purchased	15,320,341	–	–	15,320,341
Financial assets derecognised during the year	(9,220,575)	(999,000)	(279,000)	(10,498,575)
Transfers:				
– to 12-month ECL	(288,000)	288,000	–	–
– to lifetime ECL not credit-impaired	–	–	–	–
– to lifetime ECL credit-impaired	–	–	–	–
Changes in accrual interest	49,048	(1,545)	–	47,503
Exchange differences	–	–	–	–
Changes in fair value	164,956	824	213,398	379,178
As at 31 December	27,615,278	272,317	835,489	28,723,084

	Year ended 31 December 2022			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
As at 1 January	23,817,098	1,001,755	111,515	24,930,368
New financial assets originated or purchased	3,911,209	–	–	3,911,209
Financial assets derecognised during the year	(5,488,898)	(1,000)	(636,154)	(6,126,052)
Transfers:				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit-impaired	–	–	–	–
– to lifetime ECL credit-impaired	(1,350,000)	–	1,350,000	–
Changes in accrual interest	(71,076)	(460)	–	(71,536)
Exchange differences	–	–	–	–
Changes in fair value	771,175	(16,257)	75,730	830,648
As at 31 December	21,589,508	984,038	901,091	23,474,637

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

19. FINANCIAL INVESTMENTS (continued)

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

(iii) Movements of allowances for impairment of financial investments at fair value through other comprehensive income: (continued)

	Year ended 31 December 2023			
	12-month ECL RMB'000	Lifetime ECL not credit-impaired RMB'000	Lifetime ECL credit-impaired RMB'000	Total RMB'000
As at 1 January	22,513	256,461	894,900	1,173,874
Addition/(Reversal), net	30,967	(256,229)	(207,400)	(432,662)
Transfer out	–	–	–	–
Written-offs	–	–	–	–
Recovery after written-offs	–	–	–	–
Transfers:				
– to 12-month ECL	(15,262)	15,262	–	–
– to lifetime ECL not credit-impaired	–	–	–	–
– to lifetime ECL credit-impaired	–	–	–	–
Remeasurement	–	–	–	–
Exchange differences	–	–	–	–
As at 31 December	38,218	15,494	687,500	741,212

	Year ended 31 December 2022			
	12-month ECL RMB'000	Lifetime ECL not credit-impaired RMB'000	Lifetime ECL credit-impaired RMB'000	Total RMB'000
As at 1 January	91,888	101,718	1,003,639	1,197,245
(Reversal)/Addition, net	(69,248)	154,743	38,143	123,638
Transfer out	–	–	–	–
Written-offs	–	–	(147,009)	(147,009)
Recovery after written-offs	–	–	–	–
Transfers:				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit-impaired	–	–	–	–
– to lifetime ECL credit-impaired	(127)	–	127	–
Remeasurement	–	–	–	–
Exchange differences	–	–	–	–
As at 31 December	22,513	256,461	894,900	1,173,874

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

19. FINANCIAL INVESTMENTS (continued)

(c) Financial investments at amortised cost

	Note	31 December 2023 RMB'000	31 December 2022 RMB'000
Debt securities issued by the following institutions in mainland China	(i)		
– Government		36,644,715	33,384,251
– Policy banks		24,294,195	20,188,295
– Commercial banks and other financial institutions		2,401,920	–
– Corporate		4,219,532	5,423,635
Sub-total		67,560,362	58,996,181
Investment management products managed by securities companies and trust plans		18,482,550	34,114,389
Accrued interest		1,270,848	965,106
Less: Allowances for impairment losses	(ii)	(3,227,963)	(4,009,815)
Net carrying amount		84,085,797	90,065,861
Unlisted		84,085,797	90,065,861

(i) Certain debt securities were pledged for repurchase agreements (Note 40(e)). No other investment were subject to material restrictions in the realisation.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

19. FINANCIAL INVESTMENTS (continued)

(c) Financial investments at amortised cost (continued)

- (ii) The movements in the gross carrying amount of financial investments at amortised cost are summarised as follows:

	Year ended 31 December 2023			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
As at 1 January	82,965,453	4,684,086	6,426,137	94,075,676
New financial assets originated or purchased	14,750,890	–	26,054	14,776,944
Financial assets derecognised during the year	(19,510,455)	(1,274,815)	(1,059,332)	(21,844,602)
Transfers:				
– to 12-month ECL	(1,024,629)	1,024,629	–	–
– to lifetime ECL not credit-impaired	–	–	–	–
– to lifetime ECL credit-impaired	–	–	–	–
Changes in accrual interest	208,031	36,477	61,234	305,742
Exchange differences	–	–	–	–
As at 31 December	77,389,290	4,470,377	5,454,093	87,313,760

	Year ended 31 December 2022			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
As at 1 January	104,284,015	128,938	8,101,987	112,514,940
New financial assets originated or purchased	6,313,325	–	1,050,803	7,364,128
Financial assets derecognised during the year	(22,915,265)	(410,813)	(2,106,029)	(25,432,107)
Transfers:				
– to 12-month ECL	–	–	–	–
– to lifetime ECL not credit-impaired	(4,075,854)	4,953,310	(877,456)	–
– to lifetime ECL credit-impaired	(449,135)	–	449,135	–
Changes in accrual interest	(191,633)	12,651	(192,303)	(371,285)
Exchange differences	–	–	–	–
As at 31 December	82,965,453	4,684,086	6,426,137	94,075,676

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

19. FINANCIAL INVESTMENTS (continued)

(c) Financial investments at amortised cost (continued)

Movements of allowances for impairment of financial investments at amortised cost:

	Year ended 31 December 2023			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
As at 1 January	228,511	350,717	3,430,587	4,009,815
(Reversal)/Addition, net	(204,705)	(82,185)	222,929	(63,961)
Transfer out	–	–	–	–
Written-offs	–	–	(751,272)	(751,272)
Recovery after written-offs	–	–	33,381	33,381
Transfers:				
– to 12-month ECL	185,909	(185,909)	–	–
– to lifetime ECL not credit-impaired	–	–	–	–
– to lifetime ECL credit-impaired	–	–	–	–
Remeasurement	–	–	–	–
Exchange differences	–	–	–	–
As at 31 December	209,715	82,623	2,935,625	3,227,963

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

19. FINANCIAL INVESTMENTS (continued)

(c) Financial investments at amortised cost (continued)

Movements of allowances for impairment of financial investments at amortised cost: (continued)

	Year ended 31 December 2022			Total RMB'000
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
As at 1 January	574,963	18,429	4,530,959	5,124,351
(Reversal)/Addition, net	(319,176)	(152,941)	1,314,793	842,676
Transfer out	–	–	(834,113)	(834,113)
Written-offs	–	–	(1,204,896)	(1,204,896)
Recovery after written-offs	–	–	81,797	81,797
Transfers:				
– to 12-month ECL	18,429	(18,429)	–	–
– to lifetime ECL not credit-impaired	(45,591)	503,658	(458,067)	–
– to lifetime ECL credit-impaired	(114)	–	114	–
Remeasurement	–	–	–	–
Exchange differences	–	–	–	–
As at 31 December	228,511	350,717	3,430,587	4,009,815

(d) Disposal of financial investments

In 2023, the Group did not dispose any financial investments to asset management companies. In 2022, the Group disposed certain financial investments with gross amount of RMB148.00 million to asset management companies at a consideration of RMB41.48 million.



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20. INTEREST IN ASSOCIATES

The following list contains the Group's associates, all of which are individually immaterial to the Group and are unlisted rural banks whose quoted market price are not available:

	Note	31 December 2023 RMB'000	31 December 2022 RMB'000
Nanchang Dafeng County Bank Co., Ltd. ("南昌大豐村鎮銀行有限責任公司")		76,335	66,566
Nanfeng Judu County Bank Co., Ltd. ("南豐桔都村鎮銀行有限責任公司")		31,635	29,280
Si Ping Tie Dong De Feng County Bank Co., Ltd. ("四平鐵東德豐村鎮銀行股份有限公司")		24,069	23,097
Guangchang Nanyin County Bank Co., Ltd. ("廣昌南銀村鎮銀行股份有限公司")		15,793	14,340
Total	(a)/(b)	147,832	133,283

(a) The following table illustrates the aggregate information of the Group's associates that are not individually material:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Aggregate carrying amount of the individually immaterial associates in the consolidated statements of financial position of the Group	147,832	133,283
Aggregate amounts of the Group's share of results of the associates		
– Profit from continuing operations	9,049	7,608
– Total comprehensive income	9,049	7,608

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

20. INTEREST IN ASSOCIATES (continued)

- (b) Detailed information of the Group's associates that are not individually material is as follows:
- (i) Nanchang Dafeng County Bank Co., Ltd. ("Nanchang Dafeng") was incorporated on 30 September 2010 at Nanchang County, Jiangxi Province, with registered capital of RMB220.00 million. The principal activities of Nanchang Dafeng are the provision of corporate and retail banking services. The Bank increased its capital to Nanchang Dafeng by RMB5.50 million at RMB1.00 per share on 3 November 2023, pending approval from the National Financial Regulatory Administration ("NFRA"). The Bank will obtain 30.68% of the voting rights of Nanchang Dafeng upon approval by the NFRA (31 December 2022: 28.18%). As at 31 December 2023, the Bank holds 30.68% of equity interest of Nanchang Dafeng (31 December 2022: 28.18%).
 - (ii) Nanfeng Judu County Bank Co., Ltd. ("Nanfeng Judu") was incorporated on 20 December 2011 at Nanfeng County, Fuzhou City, Jiangxi Province, with registered capital of RMB55.11 million. The principal activities of Nanfeng Judu are the provision of corporate and retail banking services. As of 31 December 2023, the Bank holds 40.00% of equity interest of Nanfeng Judu (31 December 2022: 40.00%).
 - (iii) Si Ping Tie Dong De Feng County Bank Co., Ltd. ("Si Ping De Feng") was incorporated on 22 July 2011 at Si Ping City, Jilin Province, with registered capital of RMB30.00 million. The principal activities of Si Ping De Feng are the provision of corporate and retail banking services. As of 31 December 2023, the Bank holds 20.00% of equity interest of Si Ping De Feng (31 December 2022: 20.00%).
 - (iv) Guangchang Nanyin County Bank Co., Ltd. ("Guangchang Nanyin") was incorporated on 30 December 2013 at Fuzhou City, Jiangxi Province, with registered capital of RMB50.00 million. The principal activities of Guangchang Nanyin are the provision of corporate and retail banking services. As of 31 December 2023, the Bank holds 30.00% of equity interest of Guangchang Nanyin (31 December 2022: 30.00%).



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

21. INVESTMENTS IN SUBSIDIARIES

	Note	31 December 2023 RMB'000	31 December 2022 RMB'000
Jiangxi Financial Leasing Co., Ltd. ("江西金融租賃股份有限公司")	(i)	1,734,000	1,734,000
Jinxian Ruifeng County Bank Co., Ltd. ("進賢瑞豐村鎮銀行有限責任公司")	(ii)	59,916	59,916
Total		1,793,916	1,793,916

- (i) Jiangxi Financial Leasing Co., Ltd. ("JXFL") was incorporated on 24 November 2015 at Nanchang City, Jiangxi Province, with registered capital of RMB1.00 billion. The principal activities of JXFL are financial leasing services and the location of its principal activities is Nanchang, and it is a corporate legal entity and a non-wholly-owned subsidiary of the Bank. On 13 February 2018, the Bank subscribed for 1.02 billion shares at the price of RMB1.20 per share. Upon the completion of capital injection, the Bank acquired 75.74% of equity interest of JXFL. As of 31 December 2023, the Bank holds 75.74% of equity interest of JXFL (31 December 2022: 75.74%).
- (ii) Jinxian Ruifeng County Bank Co., Ltd. ("Jinxian Ruifeng") was incorporated on 15 June 2012 at Jinxian County, Jiangxi Province, with registered capital of RMB100.00 million. The principal activities of Jinxian Ruifeng are the provision of corporate and retail banking services, and it is a corporate legal entity and a non-wholly-owned subsidiary of the Bank.

On 15 July 2020, the Bank acquired 4.50 million shares in Jinxian Ruifeng at the price of RMB1.395 million from Nanchang Jinyu Stainless Steel Products Co., Ltd., a shareholder of Jinxian Ruifeng. After the acquisition, the Bank held 39.00% of equity interest of Jinxian Ruifeng.

On 25 December 2020, the Bank subscribed for 50.00 million shares at the price of RMB1.00 per share in Jinxian Ruifeng, with the approval of the former CBIRC Jiangxi Office. Upon the completion of the capital injection, the Bank acquired 69.50% of the shares and voting interest in Jinxian Ruifeng and obtained the control of Jinxian Ruifeng. As of 31 December 2023, the Bank holds 69.50% of equity interest of Jinxian Ruifeng (31 December 2022: 69.50%).

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

22. PROPERTY AND EQUIPMENT

	Premises RMB'000	Construction in progress RMB'000	Electronic equipment RMB'000	Fixtures RMB'000	Others RMB'000	Total RMB'000
Cost:						
As at 1 January 2022	2,904,053	45,474	822,637	292,522	354,459	4,419,145
Additions	4,539	42,340	33,476	1,646	16,250	98,251
Transfers (out of)/from construction in progress	–	(34,948)	–	12,044	–	(22,904)
Disposals	(2,985)	–	(93,429)	(4,924)	(14,598)	(115,936)
As at 31 December 2022	2,905,607	52,866	762,684	301,288	356,111	4,378,556
As at 1 January 2023	2,905,607	52,866	762,684	301,288	356,111	4,378,556
Additions	1,232	53,789	55,332	8,343	13,123	131,819
Transfers (out of)/from construction in progress	–	(39,445)	4,554	2,575	1,671	(30,645)
Disposals	(3,155)	(2,106)	(67,103)	–	(6,801)	(79,165)
As at 31 December 2023	2,903,684	65,104	755,467	312,206	364,104	4,400,565
Accumulated depreciation:						
As at 1 January 2022	(936,675)	–	(685,800)	(205,578)	(238,954)	(2,067,007)
Charged for the year	(134,005)	–	(44,827)	(37,042)	(39,796)	(255,670)
Disposals	1,114	–	85,217	4,469	8,509	99,309
As at 31 December 2022	(1,069,566)	–	(645,410)	(238,151)	(270,241)	(2,223,368)
As at 1 January 2023	(1,069,566)	–	(645,410)	(238,151)	(270,241)	(2,223,368)
Charged for the year	(134,129)	–	(52,450)	(37,701)	(32,250)	(256,530)
Disposals	1,301	–	63,734	(65)	6,200	71,170
As at 31 December 2023	(1,202,394)	–	(634,126)	(275,917)	(296,291)	(2,408,728)
Net book value:						
As at 31 December 2022	1,836,041	52,866	117,274	63,137	85,870	2,155,188
As at 31 December 2023	1,701,290	65,104	121,341	36,289	67,813	1,991,837

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

22. PROPERTY AND EQUIPMENT (continued)

As at 31 December 2023, the net book value of premises of which title deeds were not yet finalised was RMB0.54 million (31 December 2022: RMB8.32 million).

The net book values of premises at 31 December were analysed by the remaining terms of the leases as follows:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Held in mainland China		
– Medium-term leases (10 – 50 years)	1,701,289	1,836,041

Property and equipment are depreciated using the straight-line method over their estimated useful lives, after taking into account their estimated residual values. The estimated useful lives, residual values and depreciation rates of each class of property and equipment are as follows:

Asset category	Estimated useful life	Estimated rate of residual value	Depreciation rate
Premises	5-20 years	3.00%-5.00%	4.75%-19.40%
Electronic equipments	3-5 years	3.00%-5.00%	19.00%-32.33%
Fixtures	5-20 years	0.00%-5.00%	4.75%-20.00%
Others	3-10 years	3.00%-5.00%	9.50%-32.33%

Useful lives, residual values and depreciation methods are reviewed at least at each year-end.



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23. DEFERRED TAX ASSETS AND LIABILITIES

(a) Analysed by nature

	31 December 2023		31 December 2022		1 January 2023	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Allowance for impairment losses	20,931,868	5,232,968	19,049,017	4,762,254	19,049,017	4,762,254
Fair value changes in financial instruments	737,017	184,254	1,322,546	330,637	1,322,546	330,637
Accrued staff cost	1,162,906	290,727	719,094	179,774	719,094	179,774
Deferred income	502,793	125,698	600,403	150,101	600,403	150,101
Right of use assets	(745,139)	(186,285)	–	–	(795,231)	(198,808)
Lease liabilities	834,862	208,715	–	–	879,842	219,961
Others	19,907	4,977	164,480	41,119	79,869	19,966
Net amount	23,444,214	5,861,054	21,855,540	5,463,885	21,855,540	5,463,885



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

23. DEFERRED TAX ASSETS AND LIABILITIES (continued)

(b) Movements of deferred tax

	Net balance of deferred tax assets RMB'000
At 1 January 2022	4,793,074
Recognised in profit or loss	1,111,493
Recognised in other comprehensive income	(440,682)
At 31 December 2022	5,463,885
At 1 January 2023	5,463,885
Recognised in profit or loss	515,504
Recognised in other comprehensive income	(118,335)
At 31 December 2023	5,861,054

(i) Net gains or losses on fair value changes of financial instruments are subject to tax when realised.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

24. OTHER ASSETS

	Note	31 December 2023 RMB'000	31 December 2022 RMB'000
Right-of-use assets	(a)	747,615	798,774
Prepayments for acquisition of property and equipment		660,798	629,333
Interests receivable	(b)	456,237	1,026,090
Land use rights	(c)	185,706	194,650
Repossessed assets	(d)	173,662	153,009
Intangible assets	(e)	151,431	146,221
Long-term deferred expenses		60,393	74,690
Deferred expenses		51,730	54,942
Settlement and clearing accounts		11,354	20,841
Receivables from disposal of financial assets		10,734	85,074
Goodwill		7,126	7,126
Investment property		1,799	1,954
Others		355,258	231,674
Gross balance		2,873,843	3,424,378
Less: Allowances for impairment losses		(333,954)	(221,907)
Net balance		2,539,889	3,202,471



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

24. OTHER ASSETS (continued)

(a) Right-of-use assets

	RMB'000
Cost:	
As at 1 January 2022	1,532,438
Additions	59,830
Disposals	(388,973)
As at 31 December 2022	1,203,295
Additions	109,304
Disposals	(106,166)
As at 31 December 2023	1,206,433
Accumulated depreciation:	
As at 1 January 2022	(434,889)
Charged for the year	(132,139)
Disposals	162,507
As at 31 December 2022	(404,521)
Charged for the year	(132,245)
Disposals	77,948
As at 31 December 2023	(458,818)
Net book value:	
As at 31 December 2022	798,774
As at 31 December 2023	747,615

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

24. OTHER ASSETS (continued)

(b) Interests receivable

	31 December 2023 RMB'000	31 December 2022 RMB'000
Interests receivable arising from:		
Financial investments	409,602	971,092
Loans and advances to customers	46,635	54,998
Total	456,237	1,026,090

Interest receivable only includes interest that has been due for the relevant financial instruments but not yet received at the balance sheet date. Interest on financial instruments based on the effective interest method has been reflected in the balance of corresponding financial instruments.

(c) Land use rights

	31 December 2023 RMB'000	31 December 2022 RMB'000
Located in Mainland China		
Over 50 years	22,206	22,583
10 – 50 years	163,500	172,067
Total	185,706	194,650

(d) Repossessed assets

	31 December 2023 RMB'000	31 December 2022 RMB'000
Land use rights and buildings	171,412	153,009
Other	2,250	–
Less: Impairment allowances	(33,866)	(32,822)
Net repossessed assets	139,796	120,187

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

24. OTHER ASSETS (continued)

(e) Intangible assets

	RMB'000
Cost:	
As at 1 January 2022	247,655
Additions	26,883
Disposals	(264)
As at 31 December 2022	274,274
As at 1 January 2023	274,274
Additions	29,623
Disposals	(300)
As at 31 December 2023	303,597
Accumulated depreciation:	
As at 1 January 2022	(105,404)
Charged for the year	(22,649)
Disposals	—
As at 31 December 2022	(128,053)
As at 1 January 2023	(128,053)
Charged for the year	(24,268)
Disposals	155
As at 31 December 2023	(152,166)
Net book value:	
As at 31 December 2022	146,221
As at 31 December 2023	151,431

Intangible assets include core deposits, real estate use rights, computer software, etc. Core deposits are accounts that a financial institution expects to maintain for an extended period of time due to ongoing business relationships. The core deposit intangibles reflect the present value of the additional cash flow resulting from the use of the account deposit at a lower alternative financing cost in the future period.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

24. OTHER ASSETS (continued)

(e) Intangible assets (continued)

The respective amortisation periods for intangible assets are as follows:

– Land use rights	30-50 years
– Real estate use rights	20-25 years
– Computer software	3-10 years
– Core deposits	10 years
– Others	20 years

25. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty

	31 December 2023 RMB'000	31 December 2022 RMB'000
In mainland China		
– Banks	6,265,271	2,448,635
– Other financial institutions	10,690,147	10,284,271
Gross Balance	16,955,418	12,732,906
Accrued interest	245,185	534,051
Total	17,200,603	13,266,957



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

26. PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty

	31 December 2023 RMB'000	31 December 2022 RMB'000
In mainland China – Banks	4,000,000	4,100,000
Gross Balance	4,000,000	4,100,000
Accrued interest	2,897	3,534
Total	4,002,897	4,103,534

27. BORROWING FROM OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty

	31 December 2023 RMB'000	31 December 2022 RMB'000
In mainland China – Other financial institutions	1,218,000	4,210,000
Gross Balance	1,218,000	4,210,000
Accrued interest	19,965	92,920
Total	1,237,965	4,302,920

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

28. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(a) Analysed by type and location of counterparty

	31 December 2023 RMB'000	31 December 2022 RMB'000
In mainland China		
– Banks	25,727,229	17,200,000
Gross Balance	25,727,229	17,200,000
Accrued interest	4,141	9,176
Total	25,731,370	17,209,176

(b) Analysed by type of collateral

	31 December 2023 RMB'000	31 December 2022 RMB'000
Debt securities		
– Government	3,400,000	4,500,000
– Policy banks	18,200,000	12,700,000
Sub-total	21,600,000	17,200,000
Acceptance Bill		
– Bank	4,127,229	–
Gross Balance	25,727,229	17,200,000
Accrued interest	4,141	9,176
Total	25,731,370	17,209,176



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

29. DEPOSITS FROM CUSTOMERS

	Note	31 December 2023 RMB'000	31 December 2022 RMB'000
Demand deposits			
– Corporate customers		93,778,957	108,088,433
– Individual customers		24,403,087	24,080,467
Sub-total		118,182,044	132,168,900
Time deposits			
– Corporate customers		67,482,862	57,801,948
– Individual customers		161,172,774	136,470,102
Sub-total		228,655,636	194,272,050
Pledged deposits			
– Acceptances		18,331,129	13,178,991
– Letters of guarantees		1,599,201	1,938,129
– Letters of credit		2,560,109	2,483,319
– Others		22,005	18,085
Sub-total		22,512,444	17,618,524
Inward and outward remittances		135,615	45,206
Convertible negotiated deposit	(a)	3,900,000	3,900,000
Accrued interest		7,826,531	4,706,690
Total		381,212,270	352,711,370

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

29. DEPOSITS FROM CUSTOMERS (continued)

(a) Convertible negotiated deposit

Jiangxi Provincial Department of Finance has saved funds of negotiated deposit raised from local government special bond into deposit account of Jiangxi Provincial Department of Finance in the Bank of Jiangxi. The deposit can be converted into ordinary shares to replenish other tier-one capital of the Bank. The maturity of the deposit shall be set in accordance with the maturity requirements of the convertible negotiated deposit in batches. Among them, RMB0.8 billion is for the six-year maturity, RMB0.8 billion for the seven-year maturity, RMB0.8 billion for the eight-year maturity, RMB0.8 billion for the nine-year maturity and RMB0.7 billion for the ten-year maturity. The interest is paid semiannually on the convertible negotiated deposit, and the interest rate shall match with the corresponding local government special bond issuance interest rate. The conversion for convertible negotiated deposit into ordinary shares of the Bank shall satisfy the following conditions at the same time: (i) the core tier-one capital adequacy ratio of the Bank is lower than 5.125%; (ii) Jiangxi Provincial Department of Finance consent to the conversion; and (iii) the class and number of the converted ordinary shares and the shareholding structure of the Bank after the conversion shall satisfy the particular requirement of the Hong Kong Stock Exchange for the minimum public float. When the conditions are met, the negotiated deposits will be converted into ordinary shares periodically and included in the core tier-one capital.

30. DEBT SECURITIES ISSUED

	Note	31 December 2023 RMB'000	31 December 2022 RMB'000
Certificates of interbank deposits issued	(a)	45,371,276	52,161,884
Total		45,371,276	52,161,884

(a) Certificates of interbank deposits issued

In 2023, the Group issued a number of certificates of interbank deposit with total nominal amount of RMB110,200.00 million (31 December 2022: RMB80,200.00 million) and duration between 1-12 months (31 December 2022: 1-12 months). The effective interest rates range from 1.80% to 2.85% per annum (31 December 2022: 1.33% to 2.85% per annum).



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

31. OTHER LIABILITIES

	Note	31 December 2023 RMB'000	31 December 2022 RMB'000
Accrued staff costs	(a)	1,441,839	1,465,450
Lease liabilities		837,235	883,087
Guarantee deposits from leases		504,775	741,581
Provisions	(b)	322,717	626,209
Other tax payables		291,361	159,792
Deferred income		131,873	194,348
Settlement and clearing accounts		58,796	746,724
Non-performing assets collection		39,275	23,639
Receipt in advance		24,371	68,097
Dividend payable		17,535	13,729
Payables for purchase of fixed assets		15,882	38,380
Others		203,863	392,711
Total		3,889,522	5,353,747

(a) Accrued staff costs

	31 December 2023 RMB'000	31 December 2022 RMB'000
Salaries, bonuses and allowances	1,307,879	1,345,516
Social insurance	2,924	957
Housing fund	296	304
Employee education costs and labor union expenditure	16,663	16,682
Supplementary retirement benefits	114,077	101,991
Total	1,441,839	1,465,450

Contributions to the defined contribution retirement plan are recognised as expenses when incurred, and there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

(b) Provisions

	Note	31 December 2023 RMB'000	31 December 2022 RMB'000
Credit commitments provision	(i)	293,091	594,540
Litigations and disputes provision		29,626	31,669
Total		322,717	626,209

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

31. OTHER LIABILITIES (continued)

(b) Provisions (continued)

(i) Movements of credit commitments provision is as follows:

	Year ended 31 December 2023			
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	Total RMB'000
As at 1 January	220,823	279	373,438	594,540
Transferred:				
– to 12-month ECL	151	(151)	–	–
– to lifetime ECL not credit-impaired	(8)	8	–	–
– to lifetime ECL credit-impaired	(8)	(30)	38	–
Charged/(Released) for the year	29,087	146	(330,682)	(301,449)
As at 31 December	250,045	252	42,794	293,091

	Year ended 31 December 2022			
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	Total RMB'000
As at 1 January	316,347	1,060	1,998	319,405
Transferred:				
– to 12-month ECL	172	(172)	–	–
– to lifetime ECL not credit-impaired	(5)	5	–	–
– to lifetime ECL credit-impaired	(12,039)	(14)	12,053	–
(Released)/Charged for the year	(83,652)	(600)	359,387	275,135
As at 31 December	220,823	279	373,438	594,540

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

32. SHARE CAPITAL

	31 December 2023	31 December 2022
Number of shares in Mainland China (in thousands)	4,678,777	4,678,777
Ordinary shares in Mainland China (RMB'000)	4,678,777	4,678,777
Number of H-shares in Hong Kong (in thousands)	1,345,500	1,345,500
Ordinary shares listed in Hong Kong (H-share) (RMB'000)	1,345,500	1,345,500
Total	6,024,277	6,024,277

33. OTHER EQUITY INSTRUMENTS

(a) Perpetual debt outstanding at the end of the year

Financial instrument outstanding	Time issued	Accounting Classifications	Initial Interest rate	Issue price	Quantities	In thousands of RMB	Maturity
Perpetual Debts	23 August 2021	Equity	4.80%	RMB100/bond	40,000,000	4,000,000	None
Perpetual Debts	21 September 2022	Equity	3.67%	RMB100/bond	20,000,000	2,000,000	None
Perpetual Debts	15 December 2022	Equity	4.79%	RMB100/bond	20,000,000	2,000,000	None
Less: issuing cost						(2,040)	
Book Value						7,997,960	

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

33. OTHER EQUITY INSTRUMENTS (continued)

(b) Main clause

Perpetual debts presented in the balance sheet represent the undated capital bonds issued by the Bank. With the authorisation of the annual general meeting and the approval from regulatory authorities, the Bank was permitted to issue undated capital bonds of an amount no more than RMB8.0 billion in 2021.

With the approval of Jiangxi Banking and Insurance Regulatory Bureau on Jiangxi Bank's Issuance of undated capital bonds (Jiangxi Banking and Insurance Regulatory Bureau [2020] No. 362) and the Decision of the People's Bank of China on Granting Administrative License (Bank Approval Word [2021] No. 22), the Bank issued the "2021 Capital Bond with No Fixed Maturity (First Tranche)" for a total of RMB4.0 billion on 23 August 2021. The unit par value of the bond is RMB100.0, the interest rate for the first 5 years is 4.80%, and the coupon rate adjusted period will be every 5 years from the issuance of the Bonds. In any coupon rate adjusted period, the coupon rate of the Bonds will be made at a prescribed fixed coupon rate.

The Bank issued the "2022 Capital Bond with No Fixed Maturity (First Tranche)" for a total of RMB2.0 billion on 21 September 2022. The unit par value of the bond is RMB100.0, the interest rate for the first 5 years is 3.67%, and the coupon rate adjusted period will be every 5 years from the issuance of the Bonds. In any coupon rate adjusted period, the coupon rate of the Bonds will be made at a prescribed fixed coupon rate. The book value of the instruments was RMB1,999.5 million which was the result of purchase price deduct the issuance cost of RMB0.5 million.

The Bank issued the "2022 Capital Bond with No Fixed Maturity (Second Tranche)" for a total of RMB2.0 billion on 15 December 2022. The unit par value of the bond is RMB100.0, the interest rate for the first 5 years is 4.79%, and the coupon rate adjusted period will be every 5 years from the issuance of the Bonds. In any coupon rate adjusted period, the coupon rate of the Bonds will be made at a prescribed fixed coupon rate. The book value of the instruments was RMB1,999.5 million which was the result of purchase price deduct the issuance cost of RMB0.5 million.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

33. OTHER EQUITY INSTRUMENTS (continued)

(b) Main clause (continued)

The Bonds will continue to be outstanding so long as the Bank's business continues to operate. This bond issuance is subject to the Bank's conditional redemption clause. The Issuer shall have the right to redeem the current Bonds in whole or in part on the annual coupon payment date (including the coupon payment date of the fifth year after the issuance date) five years after the issuance date. The issuer has the right to redeem the Bonds in whole, but not in part, in the event of an unpredictable regulatory change that prevents the current issuance from being counted as other Tier 1 capital. The issuer shall exercise the right of redemption upon the approval of the CBIRC and upon meeting the following conditions: (1) replace the redeemed bond with a capital instrument of the same or higher class, and the replacement of the capital instrument shall be implemented only if the profitability of the Bank remains sustainable; (2) or the capital adequacy ratio remains significantly higher than the regulatory after the exercise of the right.

The Bank has the right to cancel, in whole or in part, distributions on the Bonds and any such cancellation does not constitute an event of default. The Bank will fully consider the interests of bondholders when exercising this right. The Bank is free to use the interest of the cancelled bond for other due debts. Cancellation of any distributions to the Bonds, no matter in whole or in part, will not impose any other restriction on the Bank, except in relation to dividend distributions to ordinary shares. The dividend is paid on a non-cumulative basis, that is, the dividend not paid in full to the shareholder previously will not accumulated to the next interest-bearing year.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. RESERVES

(a) Capital reserve

	Note	31 December 2023 RMB'000	31 December 2022 RMB'000
Share premium		13,291,249	13,291,249
Other comprehensive income	(i)	654,494	299,490
Total		13,945,743	13,590,739

(i) Other comprehensive income

	2023 RMB'000	2022 RMB'000
As at 1 January	299,490	224,116
Changes in fair value recognised in other comprehensive income	469,975	506,605
Transfer to profit or loss upon disposal	(31,801)	(6,877)
Changes in impairment losses recognised in other comprehensive income	35,165	16,328
Less: Income tax effect	(118,335)	(440,682)
As at 31 December	654,494	299,490



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. RESERVES (continued)

(b) Surplus reserve

The surplus reserve at the end of each of the reporting period represented statutory surplus reserve fund and discretionary surplus reserve fund. Pursuant to the Company Law of the PRC and the Article of Association of the Group, the Group is required to appropriate 10% of its net profit as on an annual basis determined under the People's Republic of China Generally Accepted Accounting Principles ("PRC GAAP") after making good prior year's accumulated loss, to statutory surplus reserve fund until the reserve fund balance reaches 50% of its registered capital.

The Group appropriated an amount of RMB106.59 million to the statutory surplus reserve fund for the year ended 31 December 2023 (year ended 31 December 2022: RMB138.54 million).

The Group may also appropriate discretionary surplus reserve fund in accordance with the resolution of the shareholders.

(c) General reserve

Pursuant to the "Measures on Impairment Allowances for Financial Enterprises (Cai Jin [2012] No. 20)" issued by the Ministry of Finance ("MOF"), the Group is required to set aside a general reserve through net profit appropriation which should not be lower than 1.5% of the ending balance of its gross risk-bearing assets on an annual basis. The balance of the general reserve amounted to RMB7,645.26 million as at 31 December 2023 (31 December 2022: RMB7,019.10 million).



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

35. RETAINED EARNINGS

(a) Appropriation of profits

In accordance with the resolution of the Group's Board of Directors Meeting held on 28 March 2024, the proposed profit appropriations for the year ended 31 December 2023 is listed as follows:

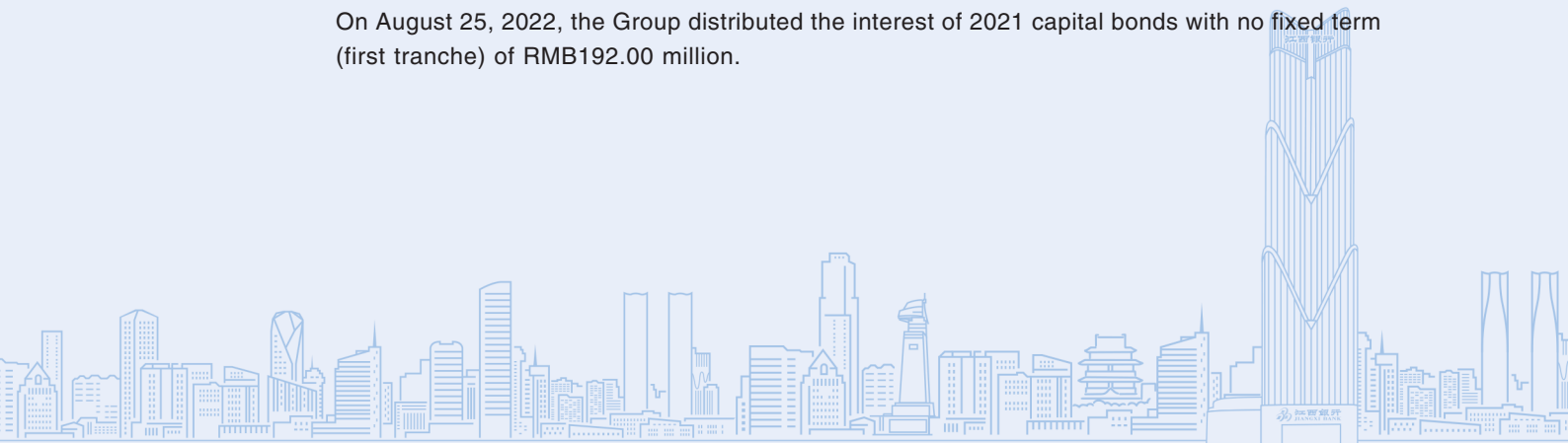
- Appropriation of statutory surplus reserve amounted to RMB106.59 million;
- Appropriation of general reserve amounted to RMB626.16 million; and
- Declaration of cash dividend of RMB0.40 per 10 shares before tax and in an aggregation amount of RMB240.97 million to all existing shareholders of record.

On August 25, 2023, the Group distributed the interest of 2021 capital bonds with no fixed term (first tranche) of RMB192.00 million; on September 25, 2023, the Group distributed the interest of 2022 capital bonds with no fixed term (first tranche) of RMB73.40 million; and on December 19, 2023, the Group distributed the interest of 2022 capital bonds with no fixed term (second tranche) of RMB95.80 million.

In accordance with the resolution of the Group's Board of Directors Meeting held on 31 March 2023, the proposed profit appropriations for the year ended 31 December 2022 is listed as follows:

- Appropriation of statutory surplus reserve amounted to RMB138.54 million;
- Appropriation of general reserve amounted to RMB330.00 million; and
- Declaration of cash dividend of RMB0.50 per 10 shares before tax and in an aggregation amount of RMB301.21 million to all existing shareholders of record.

On August 25, 2022, the Group distributed the interest of 2021 capital bonds with no fixed term (first tranche) of RMB192.00 million.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

35. RETAINED EARNINGS (continued)

(b) Movements in components of equity

Details of the changes in the Bank's individual components of equity between the beginning and the end of the year are set out below.

	Share capital RMB'000	Other equity instruments RMB'000	Capital reserve RMB'000	Surplus reserve RMB'000	General reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2023	6,024,277	7,997,961	13,603,584	3,220,431	6,830,158	7,719,536	45,395,947
Changes in equity for the year							
Profit for the year	-	-	-	-	-	1,065,915	1,065,915
Other comprehensive income	-	-	355,004	-	-	-	355,004
Total comprehensive income	-	-	355,004	-	-	1,065,915	1,420,919
Issuance of perpetual debt	-	(1)	-	-	-	-	(1)
Appropriation of profits							
- Appropriation to surplus reserve	-	-	-	106,592	-	(106,592)	-
- Appropriation to general reserve	-	-	-	-	626,156	(626,156)	-
- Appropriation to shareholders	-	-	-	-	-	(301,213)	(301,213)
- Appropriation to perpetual debt interest	-	-	-	-	-	(361,200)	(361,200)
Balance at 31 December 2023	6,024,277	7,997,960	13,958,588	3,327,023	7,456,314	7,390,290	46,154,452

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

35. RETAINED EARNINGS (continued)

(b) Movements in components of equity (continued)

	Share capital RMB'000	Other equity instruments RMB'000	Capital reserve RMB'000	Surplus reserve RMB'000	General reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2022	6,024,277	3,999,037	13,528,210	3,081,890	6,500,158	7,295,880	40,429,452
Changes in equity for the year							
Profit for the year	-	-	-	-	-	1,385,411	1,385,411
Other comprehensive income	-	-	75,374	-	-	-	75,374
Total comprehensive income	-	-	75,374	-	-	1,385,411	1,460,785
Issuance of perpetual debt	-	3,998,924	-	-	-	-	3,998,924
Appropriation of profits							
- Appropriation to surplus reserve	-	-	-	138,541	-	(138,541)	-
- Appropriation to general reserve	-	-	-	-	330,000	(330,000)	-
- Appropriation to shareholders	-	-	-	-	-	(301,214)	(301,214)
- Appropriation to perpetual debt interest	-	-	-	-	-	(192,000)	(192,000)
Balance at 31 December 2022	6,024,277	7,997,961	13,603,584	3,220,431	6,830,158	7,719,536	45,395,947



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

36. NOTES TO CONSOLIDATED CASH FLOW STATEMENTS

(a) Net decrease in cash and cash equivalents

	2023 RMB'000	2022 RMB'000
Cash and cash equivalents as at 31 December	13,040,148	19,040,727
Less: Cash and cash equivalents as at 1 January	(19,040,727)	(25,271,056)
Net decrease in cash and cash equivalents as at 31 December	(6,000,579)	(6,230,329)

(b) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following balances with maturities of less than or equal to 90 days from date of purchase and used for purpose of meeting short-term cash commitments:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Cash on hand	839,171	879,119
Deposits with the central bank	4,713,648	8,222,080
Deposits with banks and other financial institutions	3,587,329	1,408,948
Placements with banks and other financial institutions	3,900,000	4,200,000
Financial assets held under resale agreements	–	4,330,580
Total	13,040,148	19,040,727



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

36. NOTES TO CONSOLIDATED CASH FLOW STATEMENTS (continued)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Debt securities issued RMB'000	Accrued interest arising from debt securities issued RMB'000	Lease liabilities RMB'000	Total RMB'000
Balance at 1 January 2023	52,161,884	–	883,087	53,044,971
Changes from financing cash flows:				
– Proceeds from debt securities issued	108,910,445	–	–	108,910,445
– Interest paid on debt securities issued	–	–	–	–
– Repayment of debt securities issued	(116,923,093)	–	–	(116,923,093)
– Capital element of lease rentals paid	–	–	(156,647)	(156,647)
Total changes from financing cash flows	44,149,236	–	726,440	44,875,676
Other changes:				
– Net decrease in lease liabilities	–	–	76,577	76,577
– Interest expense	1,222,040	–	34,218	1,256,258
Balance at 31 December 2023	45,371,276	–	837,235	46,208,511



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

36. NOTES TO CONSOLIDATED CASH FLOW STATEMENTS (continued)

(c) Reconciliation of liabilities arising from financing activities (continued)

	Debt securities issued RMB'000	Accrued interest arising from debt securities issued RMB'000	Lease liabilities RMB'000	Total RMB'000
Balance at 1 January 2022	40,974,660	124,521	1,192,489	42,291,670
Changes from financing cash flows:				
– Proceeds from debt securities issued	78,949,493	–	–	78,949,493
– Interest paid on debt securities issued	–	(300,000)	–	(300,000)
– Repayment of debt securities issued	(69,061,866)	–	–	(69,061,866)
– Capital element of lease rentals paid	–	–	(154,862)	(154,862)
Total changes from financing cash flows	50,862,287	(175,479)	1,037,627	51,724,435
Other changes:				
– Net decrease in lease liabilities	–	–	(192,586)	(192,586)
– Interest expense	1,299,597	175,479	38,046	1,513,122
Balance at 31 December 2022	52,161,884	–	883,087	53,044,971

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

37. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Related parties of the Group

(i) Major shareholders

Major shareholders include shareholders of the Bank with direct or indirect 5% or above shareholding, or with the right to appoint a director, member of the Board of supervisors in the Bank.

Shareholding in the Bank:

	Registered location	Legal representative	Business	Percentage of shares held as at 31 December 2023	Percentage of shares held as at 31 December 2022
Jiangxi Provincial Expressway Investment Group Co., Ltd. (“江西省交通投資集團有限責任公司”)	Nanchang	Xie Jianfa	Infrastructure	15.56%	15.56%
Jiangxi Financial Holding Group Co., Ltd. (“江西省金融控股集團有限公司”)	Nanchang	Qi Wei	Asset operation and management	5.77%	5.77%
Nanchang Traffic Investment Group Co., Ltd. (“南昌市產業投資集團有限公司”)	Nanchang	Li Shui Ping	Domestic trade	5.46%	0.33%
China National Tobacco Corporation Jiangxi Branch (“中國煙草總公司江西省公司”)	Nanchang	Jiang Kai	Wholesale	4.37%	4.37%
Jiangxi Copper Company Limited (“江西銅業股份有限公司”)	Yingtian	Zheng Gaoqing	Non-ferrous metals, rare precious metals mining, dressing, smelting, further processing and related technical services	2.32%	2.32%

The official names of these related parties are in Chinese. The English translation is for reference only.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

37. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(a) Related parties of the Group (continued)

(i) Major shareholders (continued)

Registered capital of major shareholders and its changes:

	Currency	31 December 2023 RMB	31 December 2022 RMB
Jiangxi Provincial Expressway Investment Group Co., Ltd. ("江西省交通投資集團有限責任公司")	RMB	9,505 Million	9,505 Million
Jiangxi Financial Holding Group Co., Ltd. ("江西省金融控股集團有限公司")	RMB	8,000 Million	8,000 Million
Nanchang Traffic Investment Group Co., Ltd. ("南昌市產業投資集團有限公司")	RMB	4,771 Million	4,771 Million
China National Tobacco Corporation Jiangxi Branch ("中國煙草總公司江西省公司")	RMB	287 Million	287 Million
Jiangxi Copper Company Limited ("江西銅業股份有限公司")	RMB	3,463 Million	3,463 Million

(ii) Subsidiaries of the Bank

The detailed information of the Bank's subsidiaries is set out in Note 21.

(iii) Associates of the Bank

The detailed information of the Bank's associates is set out in Note 20.

(iv) Other related parties

Other related parties can be individuals or enterprises, including members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals; entities (and their subsidiaries) controlled or jointly controlled by members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals; and entities controlled or jointly controlled by the major shareholders of the Bank as set out in Note 37(a) or their controlling shareholders.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

37. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(b) Transactions with related parties other than key management personnel

(i) Transactions between the Group and major shareholders

	2023		2022	
	Amount RMB'000	Percentage	Amount RMB'000	Percentage
Transactions during the year:				
Interest income	97,654	0.50%	79,371	0.39%
Interest expense	11,648	0.11%	10,756	0.10%

	31 December 2023		31 December 2022	
	Amount RMB'000	Percentage	Amount RMB'000	Percentage
Balances as at the year end:				
Loans and advances to customers	3,464,620	1.13%	2,879,282	1.02%
Deposits from customers	416,439	0.11%	262,003	0.07%
Financial investments	190,593	0.12%	–	0.00%

(ii) Transactions between the Bank and subsidiaries

The subsidiaries of the Bank are its related parties. The transactions between the Bank and its subsidiaries are eliminated on consolidation.

	2023		2022	
	Amount RMB'000	Percentage	Amount RMB'000	Percentage
Transactions during the year:				
Interest income	34,570	0.18%	42,267	0.21%
Interest expense	16,803	0.15%	32,714	0.29%
Fee and commission income	–	0.00%	13	0.00%
Operating expenses	11,104	0.33%	11,627	0.34%

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

37. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(b) Transactions with related parties other than key management personnel (continued)

(ii) Transactions between the Bank and subsidiaries (continued)

	31 December 2023		31 December 2022	
	Amount RMB'000	Percentage	Amount RMB'000	Percentage
Balances as at the year end:				
Placements with banks and other financial institutions	1,804,407	9.73%	2,551,741	31.17%
Deposits from banks and other financial institutions	545,123	3.07%	2,879,904	17.84%

(iii) Transactions between the Bank and associates

	2023		2022	
	Amount RMB'000	Percentage	Amount RMB'000	Percentage
Transactions during the year:				
Interest expense	4,397	0.04%	1,915	0.02%

	31 December 2023		31 December 2022	
	Amount RMB'000	Percentage	Amount RMB'000	Percentage
Balances as at the year end:				
Deposits from banks and other financial institutions	154,126	0.87%	169,673	1.05%

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

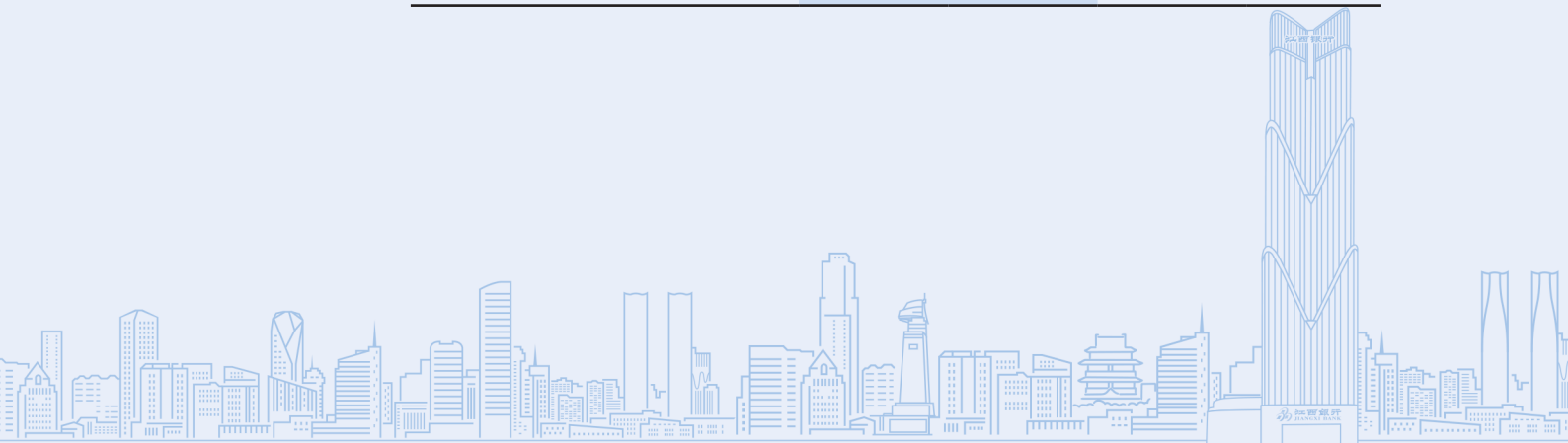
37. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(b) Transactions with related parties other than key management personnel (continued)

(iv) Transactions between the Bank and other related parties

	2023		2022	
	Amount RMB'000	Percentage	Amount RMB'000	Percentage
Transactions during the year:				
Interest income	112,717	0.58%	276,728	1.36%
Interest expense	194,971	1.76%	194,738	1.75%
Fee and commission income	9,102	1.41%	11,699	1.52%

	31 December 2023		31 December 2022	
	Amount RMB'000	Percentage	Amount RMB'000	Percentage
Balances as at the year end:				
Loans and advances to customers	3,009,413	0.98%	6,525,706	2.32%
Deposits from customers	5,692,701	1.49%	7,426,475	2.11%
Deposits from banks and other financial institutions	369	0.00%	513	0.00%
Financial investments	66,323	0.04%	143,904	0.09%
Bank acceptances	1,397,598	3.80%	1,621,957	5.54%
Letters of guarantees	3,346	0.06%	213,014	1.95%
Letters of credit	38,526	0.36%	67,887	0.83%



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

37. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(c) Key management personnel

The key management personnel are those persons who have the authority and responsibility to plan, direct and control the activities of the Group, directly or indirectly, including members of the Board of Directors, the Board of Supervisors and executive officers.

(i) Transactions between the Bank and key management personnel

	2023		2022	
	Amount RMB'000	Percentage	Amount RMB'000	Percentage
Transactions during the year:				
Interest income	44	0.00%	261	0.00%
Interest expense	24	0.00%	72	0.00%

	31 December 2023		31 December 2022	
	Amount RMB'000	Percentage	Amount RMB'000	Percentage
Balances as at the year end:				
Loans and advances to customers	1,001	0.00%	6,019	0.00%
Deposits from customers	3,029	0.00%	7,589	0.00%

(ii) Key management personnel compensation

The aggregate compensation of key management personnel is listed as follows:

	2023 RMB'000	2022 RMB'000
Salaries and other emoluments	5,096	9,766
Discretionary bonuses	—	103
Contributions by the employer to social insurance and staff welfares, housing fund, etc.	860	766
Other welfares	246	275
Total	6,202	10,910

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

38. FAIR VALUE

(a) Methods and assumptions for measurement of fair value

The Group adopts the following methods and assumptions when evaluating fair values:

(i) *Debt securities and equity investments*

The fair values of debt securities and equity investments that are traded in an active market are based on their quoted market prices in an active market at the end of the reporting period.

(ii) *Financial investments and other financial assets*

Fair values are estimated as the present value of the future cash flows, discounted at the market interest rates at the end of the reporting period.

(iii) *Debt securities issued and other financial liabilities*

Fair values of debt securities issued are based on their quoted market prices at the end of the reporting period, or the present value of estimated future cash flows. The fair values of other financial liabilities are valued at the present value of estimated future cash flows. The discount rates are based on the market interest rates at the end of the reporting period.

The Group has established policies and internal controls with respect to the measurement of fair values, specified the framework of fair value measurement of financial instruments, fair value measurement methodologies and procedures.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

38. FAIR VALUE (continued)

(b) Fair value measurement

(i) *Financial assets*

The Group's financial assets mainly consist of cash and deposits with the central bank, receivables with banks and other financial institutions, loans and advances to customers, and financial investments.

Deposits with the central bank and receivables with banks and other financial institutions are mostly priced at market interest rates and due within one year. Accordingly, the carrying amounts approximate the fair values.

Loans and advances to customers are mostly priced at floating rates close to the PBOC rates. Accordingly, the carrying amounts approximate the fair values. The fair values of loans and advances to customers measured at fair value through other comprehensive income are based on valuation techniques.

Financial investments at fair value through other comprehensive income and financial investments at fair value through profit or loss are stated at fair value. The carrying amounts of financial investments at amortised cost are the reasonable approximations of their fair values because, for example, they are short-term in nature or repriced at current market rates frequently.

(ii) *Financial liabilities*

The Group's financial liabilities mainly include payables to banks and other financial institutions, deposits from customers and debt securities issued.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

38. FAIR VALUE (continued)

(c) Fair value hierarchy

The following table presents the fair value of financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair Value Measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1 and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available; and
- Level 3: Fair value measured using significant unobservable inputs.

Financial investments

If there is a reliable market quote for financial instruments, the fair value of financial instruments is based on quoted market prices. If a reliable quoted market price is not available, the fair value of the financial instruments is estimated using valuation techniques. Valuation techniques applied include reference to the fair value of another instrument that is substantially the same and discounted cash flow analysis. The inputs used in valuation techniques include risk-free and benchmark interest rates, and credit spreads. Where discounted cash flow analysis is used, estimated cash flows are based on the management's best estimates and the discount rate used is reference to another instrument that is substantially the same.

Loans and advances to customers

Discounted bills and forfeiting in loans and advances to customers are valued by using a discounted cash flow model, the discounted rate is established based on the interbank offered rates and spreads adjusted by credit risk and liquidity.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

38. FAIR VALUE (continued)

(c) Fair value hierarchy (continued)

	31 December 2023			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Recurring fair value measurements assets				
<i>Loans and advances to customers measured at FVOCI</i>				
– Corporate loans and advances	–	–	8,582,582	8,582,582
– Discounted bills	–	–	31,209,850	31,209,850
Sub-total	–	–	39,792,432	39,792,432
<i>Financial investments at fair value through profit or loss</i>				
– Debt securities	–	16,350,621	1,507,133	17,857,754
– Equity instruments	614,246	–	410,903	1,025,149
– Fund investments	29,731,958	–	–	29,731,958
– Other financial investments	–	–	2,339,168	2,339,168
Sub-total	30,346,204	16,350,621	4,257,204	50,954,029
<i>Financial investments at fair value through other comprehensive income</i>				
– Debt securities	–	27,508,364	–	27,508,364
– Equity instruments	–	–	10,250	10,250
– Investment management products managed by securities companies and trust plans	–	–	1,214,720	1,214,720
Sub-total	–	27,508,364	1,224,970	28,733,334
Total	30,346,204	43,858,985	45,274,606	119,479,795

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

38. FAIR VALUE (continued)

(c) Fair value hierarchy (continued)

	31 December 2022			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Recurring fair value measurements assets				
<i>Loans and advances to customers measured at FVOCI</i>				
– Corporate loans and advances	–	–	5,626,030	5,626,030
– Discounted bills	–	–	38,525,048	38,525,048
Sub-total	–	–	44,151,078	44,151,078
<i>Financial investments at fair value through profit or loss</i>				
– Debt securities	–	9,983,500	1,720,809	11,704,309
– Equity instruments	97,829	–	91,461	189,290
– Fund investments	28,504,849	–	–	28,504,849
– Other financial investments	–	–	3,147,695	3,147,695
Sub-total	28,602,678	9,983,500	4,959,965	43,546,143
<i>Financial investments at fair value through other comprehensive income</i>				
– Debt securities	–	18,018,054	–	18,018,054
– Equity instruments	–	–	10,250	10,250
– Investment management products managed by securities companies and trust plans	–	–	5,456,583	5,456,583
Sub-total	–	18,018,054	5,466,833	23,484,887
Total	28,602,678	28,001,554	54,577,876	111,182,108

During the reporting period, the Group had no significant transfers among instruments in Level 1, Level 2 and Level 3.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

38. FAIR VALUE (continued)

(c) Fair value hierarchy (continued)

A reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy on an on-going basis is as below:

	Year ended 31 December 2023	
	Loans and advances to customers RMB'000	Financial investments RMB'000
As at 1 January 2023	44,151,078	10,426,798
Total gains or (losses)		
– In profit or loss for the current year	615,857	(12,038)
– In other comprehensive income for the current year	(47,415)	379,178
Purchases	70,545,235	–
Settlements	(78,095,711)	(5,215,355)
As at 31 December 2023	37,169,044	5,578,583
Total unrealised gains or losses for the year included in profit or loss for assets and liabilities held at the end of the year	(467,826)	(747,299)



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

38. FAIR VALUE (continued)

(c) Fair value hierarchy (continued)

	Year ended 31 December 2022	
	Loans and advances to customers RMB'000	Financial investments RMB'000
As at 1 January 2022	36,092,605	11,569,479
Total gains or (losses)		
– In profit or loss for the current year	1,100,901	1,078,895
– In other comprehensive income for the current year	(75,840)	(613,511)
Purchases	70,488,897	–
Settlements	(63,455,485)	(1,608,065)
As at 31 December 2022	44,151,078	10,426,798
Total unrealised gains or losses for the year included in profit or loss for assets and liabilities held at the end of the year	(39,699)	(732,098)

During the year ended 31 December 2023, there were no significant transfers into or out of Level 3 (year ended 31 December 2022: nil).



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

38. FAIR VALUE (continued)

(c) Fair value hierarchy (continued)

The valuation techniques used and the qualitative and quantitative information of key parameters for recurring fair value measurements categorised within Level 3. Quantitative information of Level 3 fair value measurement is as below:

	Fair value as at 31 December 2023 RMB'000	Valuation techniques	Unobservable input
Loans and advances to customers measured at FVOCI			
– Corporate loans and advances	8,582,582	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Discounted bills	31,209,850	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through profit or loss			
– Debt securities	1,507,133	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Equity instruments	410,903	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Other financial investments	2,339,168	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through other comprehensive income			
– Equity instruments	10,250	Market comparison technique	Adjusted market multiple
– Investment management products managed by securities companies and trust plans	1,214,720	Discounted cash flow	Risk-adjusted discount rate, cash flow

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

38. FAIR VALUE (continued)

(c) Fair value hierarchy (continued)

	Fair value as at 31 December 2022 RMB'000	Valuation techniques	Unobservable input
Loans and advances to customers measured at FVOCI			
– Corporate loans and advances	5,626,030	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Discounted bills	38,525,048	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through profit or loss			
– Debt securities	1,720,809	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Equity instruments	91,461	Discounted cash flow	Risk-adjusted discount rate, cash flow
– Other financial investments	3,147,695	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through other comprehensive income			
– Equity instruments	10,250	Market comparison technique	Adjusted market multiple
– Investment management products managed by securities companies and trust plans	5,456,583	Discounted cash flow	Risk-adjusted discount rate, cash flow



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

38. FAIR VALUE (continued)

(c) Fair value hierarchy (continued)

During the year ended 31 December 2023, there were no significant change in the valuation techniques (year ended 31 December 2022: nil).

As at 31 December 2023, unobservable inputs such as risk-adjusted discount rate and cash flow were used in the valuation of financial investments at fair value classified as Level 3, which were mainly discounted bills and forfeiting in loans and advances to customers and investment management products managed by securities companies and trust plans. The fair value of these financial investments fluctuates according to the changes in the unobservable inputs.

The sensitivity of the fair value measurement on changes in unobservable inputs for Level 3 financial instruments measured at fair value on an ongoing basis.

(d) Financial instruments carried at other than fair value

As at the end of the reporting period, the carrying amounts and the fair value of the financial assets and the financial liabilities of the Group have no significant difference except following items.

	31 December 2023				
	Carrying amount RMB'000	Fair value RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Financial assets					
– Financial investments at amortised cost – debt securities	68,294,204	68,407,493	–	68,407,493	–
Financial liabilities					
– Certificates of interbank deposits issued	45,371,276	45,414,704	–	45,414,704	–

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

38. FAIR VALUE (continued)

(d) Financial instruments carried at other than fair value (continued)

	31 December 2022				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets					
– Financial investments at amortised cost – debt securities	59,002,411	58,794,724	–	58,794,724	–
Financial liabilities					
– Certificates of interbank deposits issued	52,161,884	52,152,747	–	52,152,747	–

39. ENTRUSTED LENDING BUSINESS

The Group provides entrusted lending business services to customers. All entrusted loans are funded by entrusted funds from these customers. The Group does not take any credit risk in relation to these transactions. The Group acts as an agent to hold and manage these assets and liabilities at the direction of the entrustor and receives fee income for the services provided. The entrusted assets are not the assets of the Group and are not recognised in the statements of financial position. Surplus funding is accounted for as deposits from customers.

As at 31 December, the entrusted assets and liabilities were as follows:

	31 December 2023	31 December 2022
	RMB'000	RMB'000
Entrusted loans	16,678,381	20,599,918
Entrusted funds	(16,678,381)	(20,599,918)



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

40. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Credit commitments

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

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

	31 December 2023 RMB'000	31 December 2022 RMB'000
Loan commitments		
– Original contractual maturity within one year	–	–
– Original contractual maturity more than one year (inclusive)	–	40,000
Sub-total	–	40,000
Unused credit card commitments		
– Original contractual maturity within one year	8,258,253	7,639,961
Sub-total	8,258,253	7,639,961
Bank acceptances	36,790,557	29,296,015
Letters of guarantees	5,693,682	10,923,202
Letters of credit	10,617,460	8,217,024
Total	61,359,952	56,116,202

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

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

40. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

(b) Credit risk-weighted amount

	31 December 2023 RMB'000	31 December 2022 RMB'000
Credit risk-weighted amount	11,464,468	19,961,584

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

(c) Capital commitments

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

	31 December 2023 RMB'000	31 December 2022 RMB'000
Contracted but not paid for	7,576	3,292

(d) Outstanding litigations and disputes

As at 31 December 2023, there was no outstanding legal proceedings that had a significant impact on the financial statements against the Group (31 December 2022: nil).



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

40. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

(e) Pledged assets

(i) Assets pledged as collaterals

Analysed by type of collateral

	31 December 2023 RMB'000	31 December 2022 RMB'000
Debt securities		
– Government	5,207,286	3,850,000
– Policy banks	17,584,321	14,401,000
Sub-total	22,791,607	18,251,000
Bank acceptances	4,130,971	–
Total	26,922,578	18,251,000

Analysed by type of asset

	31 December 2023 RMB'000	31 December 2022 RMB'000
Financial investment		
– Financial assets at fair value through other comprehensive income	5,037,297	7,771,000
– Financial assets at amortised cost	17,754,310	10,480,000
Loans and advances to customers		
– Loans and advances to customers at fair value through other comprehensive income	4,130,971	–
Total	26,922,578	18,251,000

Financial assets pledged by the Group as collaterals for liabilities are for repurchase agreements.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

40. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

(e) Pledged assets (continued)

(ii) Received pledged assets

As part of the reverse repurchase agreements, the Group has received securities as collateral that allowed to sell or repledge in the absence of default by their owners; the fair value of such collateral accepted by the Group was nil as at 31 December 2023 (31 December 2022: nil).

(f) Redemption obligations

As an underwriting agent of PRC government bonds, the Group has the responsibility to buy back its bonds if the holders decide to early redeem the bonds held. The redemption price for the bonds at any time before their maturity date is based on the coupon value plus any interest unpaid and accrued up to the redemption date. Accrued interest payable to the bond holders are calculated in accordance with relevant rules of the MOF and the PBOC. The redemption price may be different from the fair value of similar instruments traded in the markets at the redemption date. The redemption obligations below represent the nominal value of government bonds underwritten and sold by the Group, but not yet matured at the end of the reporting period:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Redemption obligations	2,360	2,669

The Group expects that the amount of redemption before the maturity date of these government bonds through the Group will not be material.

41. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

(a) Structured entities sponsored by third party institutions in which the Group holds an interest

The Group holds interests in certain structured entities sponsored by third party institutions through investments in the units issued by these structured entities. Such structured entities include investment management products managed by securities companies and trust plans and wealth management products issued by financial institutions. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of third party investors. These vehicles are financed through the issue of units to investors.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

41. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

(continued)

(a) Structured entities sponsored by third party institutions in which the Group holds an interest (continued)

The following table sets out an analysis of the carrying amounts of interests held by the Group in unconsolidated structured entities, as well as an analysis of the line items in the consolidated statement of financial position in which relevant assets are recognised:

	31 December 2023	
	Carrying amount RMB'000	Maximum exposure RMB'000
Financial investments at fair value through profit or loss	33,587,316	33,587,316
Financial investments at fair value through other comprehensive income	1,214,721	1,214,721
Financial investments at amortised cost	21,366,731	21,366,731
Total	56,168,768	56,168,768

	31 December 2022	
	Carrying amount RMB'000	Maximum exposure RMB'000
Financial investments at fair value through profit or loss	31,566,213	31,566,213
Financial investments at fair value through other comprehensive income	5,456,583	5,456,583
Financial investments at amortised cost	31,063,450	31,063,450
Total	68,086,246	68,086,246

The carrying amounts of the unconsolidated structural entities equal to the maximum exposures.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

41. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

(continued)

(b) Structured entities sponsored by the Group which the Group does not consolidate but holds an interest in

The types of unconsolidated structured entities sponsored by the Group include non-principal-guaranteed wealth management products. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of units to investors. Interest held by the Group includes investments in units issued by these structured entities and fees charged by providing management services.

As at 31 December 2023, the amount of assets held by the unconsolidated non-principal-guaranteed wealth management products, which are sponsored by the Group, was RMB29,944.17 million (31 December 2022: RMB30,023.47 million). For the year ended 31 December 2023, the Group recorded commission income as the manager of these wealth management products amounting to RMB270.37 million (year ended 31 December 2022: RMB352.02 million).

(c) Unconsolidated structure entities sponsored by the Group during the year which the Group does not consolidate and does not have an interest in

During the year ended 31 December 2023, the aggregated amount of the non-principal guaranteed wealth management products sponsored and issued by the Group after 1 January, but matured before 31 December amounted to RMB89.35 million (year ended 31 December 2022: nil).



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

42. CAPITAL MANAGEMENT

The Group's capital management includes capital adequacy ratio management, capital financing management and economic capital management, of which the primary focus is on capital adequacy ratio management. The Group calculates the capital adequacy ratio in accordance with guidelines issued by the former CBIRC. The capital of the Group is divided into core tier-one capital, other core tier-one capital and tier-two capital.

Capital adequacy ratio management is the key in capital management. The capital adequacy ratio reflects the soundness of the Group's operations and risk management capabilities. The main objective in capital adequacy ratio management is to set an optimal capital adequacy ratio that meets the regulatory requirements by benchmarking against the capital adequacy ratio level of leading peer banks with reference to its own business environment and conditions.

The Group considers its strategic development plans, business expansion plans and risk variables when conducting scenario analysis and stress testing and executing other measures to forecast, plan and manage its capital adequacy ratio.

The Group calculates its capital adequacy ratios in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)" and other relevant regulations promulgated by the former CBIRC.

The former CBIRC requires commercial banks to meet the requirements of capital adequacy ratios by the end of 2018 in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)". For non-systemically important banks, the minimum ratios for core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio are 7.50%, 8.50% and 10.50%, respectively.

The on-balance sheet risk-weighted assets are measured using different risk weights, which are determined according to the credit, market and other risks associated with each asset and counterparty, taking into account any eligible collaterals or guarantees. Similar practice is adopted for off-balance sheet exposure, with adjustments made to reflect the more contingent nature of any potential losses. Market risk-weighted assets are calculated using the standardised approach. Operational risk-weighted assets are calculated using basic indicator approach.

The capital adequacy ratios and related components of the Group illustrated below are computed based on the Group's statutory financial statements prepared in accordance with PRC GAAP.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

42. CAPITAL MANAGEMENT (continued)

The Group's capital adequacy ratios calculated in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)" and relevant requirements promulgated by the former CBIRC are as follows:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Total core tier-one capital	39,044,912	38,307,156
– Share capital	6,024,277	6,024,277
– Qualifying portion of capital reserve	13,945,743	13,590,739
– Surplus reserve	3,327,023	3,220,431
– General reserve	7,645,260	7,019,104
– Retained earnings	7,836,463	8,195,440
– Qualifying portions of non-controlling interests	266,146	257,165
Core tier-one capital deductions	(1,817,656)	(1,940,624)
Net core tier-one capital	37,227,256	36,366,532
Other tier-one capital	11,933,446	11,932,250
Net tier-one capital	49,160,702	48,298,782
Tier-two capital	4,669,438	4,439,616
– Qualifying portions of tier-two capital instruments issued	–	–
– Surplus allowances for loan impairment	4,598,466	4,371,039
– Qualifying portions of non-controlling interests	70,972	68,577
Net capital base	53,830,140	52,738,398
Total risk weighted assets	397,301,595	376,684,503
Core tier-one capital adequacy ratio	9.37%	9.65%
Tier-one capital adequacy ratio	12.37%	12.82%
Capital adequacy ratio	13.55%	14.00%

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

43. SEGMENT REPORTING

(a) Operating segments

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

Corporate banking

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

Retail banking and credit card

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

Financial markets business

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

Others

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

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

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

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

43. SEGMENT REPORTING (continued)

(a) Operating segments (continued)

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

	Year ended 31 December 2023				
	Corporate banking RMB'000	Retail banking and credit card RMB'000	Financial markets business RMB'000	Others RMB'000	Total RMB'000
External net interest income/(expense)	6,986,014	(1,221,009)	3,006,360	–	8,771,365
Internal net interest (expense)/income	(1,570,015)	3,656,249	(2,144,988)	58,754	–
Net interest income	5,415,999	2,435,240	861,372	58,754	8,771,365
Net fee and commission income/(expense)	215,991	378	311,592	(6,327)	521,634
Net trading gains	–	–	102,821	–	102,821
Net gains arising from financial investments	36,472	387	1,479,771	–	1,516,630
Other operating income	181,470	126,568	55,720	20,430	384,188
Operating income	5,849,932	2,562,573	2,811,276	72,857	11,296,638
Operating expenses	(585,363)	(1,262,450)	(1,781,268)	(1,766)	(3,630,847)
Impairment losses on assets	(5,766,342)	(635,821)	(117,108)	(145,214)	(6,664,485)
Share of profits of associates	–	–	–	9,049	9,049
(Loss)/profit before taxation	(501,773)	664,302	912,900	(65,074)	1,010,355
Segment assets	215,095,252	97,557,130	238,743,536	949,445	552,345,363
Segment liabilities	(189,774,209)	(192,213,820)	(122,267,089)	(557,728)	(504,812,846)
Other segment information					
– Credit commitments	53,101,699	8,258,253	–	–	61,359,952
– Depreciation and amortisation	19,092	139,037	302,664	–	460,793
– Capital expenditure	1,455	84,766	184,525	–	270,746

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

43. SEGMENT REPORTING (continued)

(a) Operating segments (continued)

	Year ended 31 December 2022				
	Corporate banking RMB'000	Retail banking and credit card RMB'000	Financial markets business RMB'000	Others RMB'000	Total RMB'000
External net interest income/(expense)	5,082,870	(274,114)	4,815,570	–	9,624,326
Internal net interest income/(expense)	78,472	2,581,549	(2,624,688)	(35,333)	–
Net interest income/(expense)	5,161,342	2,307,435	2,190,882	(35,333)	9,624,326
Net fee and commission income/(expense)	272,900	30,326	360,174	(21,310)	642,090
Net trading gains	–	–	121,323	–	121,323
Net gains/(losses) arising from financial investments	42,339	(28,953)	2,115,830	–	2,129,216
Other operating income/(expense)	28,202	(549)	(28,904)	198,333	197,082
Operating income	5,504,783	2,308,259	4,759,305	141,690	12,714,037
Operating expenses	(703,016)	(1,145,375)	(1,782,076)	(13,450)	(3,643,917)
Impairment losses on assets	(5,501,697)	(448,480)	(1,313,860)	(132,728)	(7,396,765)
Share of profits of associates	–	–	–	7,608	7,608
(Loss)/profit before taxation	(699,930)	714,404	1,663,369	3,120	1,680,963
Segment assets	190,816,674	94,391,115	229,227,316	1,137,546	515,572,651
Segment liabilities	(193,666,086)	(164,748,034)	(109,535,594)	(807,898)	(468,757,612)
Other segment information					
– Credit commitments	48,476,241	7,639,961	–	–	56,116,202
– Depreciation and amortisation	18,713	115,216	337,884	–	471,813
– Capital expenditure	13,036	43,719	128,209	–	184,964

(b) Geographical segments

Geographically, the Group mainly conducts its business in Jiangxi Province of the PRC and majority of its customers and assets are located in Jiangxi Province of the PRC.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

44. RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments: credit risk, market risk, liquidity risk and operational risk.

This note presents information about the Group's exposure to each of the above risks and their sources, and the Group's objectives, policies and procedures for measuring and managing these risks.

The Group aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and minimise potential adverse effects.

The Board of Directors is the highest decision-making authority within the Group in terms of risk management and oversees the Group's risk management functions through the Risk Management Committee. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Senior management is the highest execution level in the risk management structure and reports directly to the Risk Management Committee of the Board of Directors. Based on the risk management strategies determined by the Board of Directors, senior management is responsible for formulating and implementing risk management policies and systems, as well as supervising, identifying and controlling the risks that various businesses are exposed to.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

44. RISK MANAGEMENT (continued)

(a) Credit risk

Credit risk represents the potential loss that may arise from the failure of a debtor or counterparty to meet its contractual obligation or commitment to the Group. It arises primarily from credit and bond investment portfolios and guarantees granted.

Credit business

The Board of Directors is responsible for setting the Group's risk management strategy and the overall risk tolerance level. The Board of Directors also monitors the Group's risk management process and regularly assesses the Group's risk position and risk management strategies. The Board of Directors gives advice on internal controls relating to risk management. The responsible departments for credit risk management include the Credit Approval Department and Risk Management Department. The Risk Management Department is responsible for implementing the Group's overall risk management system. Besides risk monitoring and control, the Risk Management Department is also responsible for formulating risk management policies. To ensure the independence of credit approval, the Credit Approval Department is independent from customer relationship and product management departments. Front office departments of branches carry out credit businesses according to the Group's risk management policies and procedures.

The Group continuously improves the internal control mechanism and strengthens the management of the credit business. The Group has established comprehensive assessment and inquiry mechanisms, assigning the credit management accountability to the relevant departments and individuals.

For corporate and institutional businesses, the Group has established industry-specific limits for credit approval. It has put in place continuous monitoring mechanism, with regular reporting of credit exposures to the Board of Directors. The Group's credit risk management covers key operational phases, including pre-lending evaluations, credit approval and post-lending monitoring. With respect to pre-lending evaluations, the Group assesses customer credit ratings and performs integrated analysis on the risk and return of the loan. In the credit approval phase, all credit applications are approved by designated credit officers. During the post-lending monitoring, the Group continually monitors outstanding loans and other credit related businesses. Any adverse events that may significantly affect a borrower's repayment ability are reported immediately and actions are taken to mitigate the risks.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

44. RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Credit business (continued)

For personal credit operation business, credit assessment of applicants is used as the basis for loan approval. In the credit assessment, customer relationship managers are required to assess the income level, credit history and repayment ability of the applicant. The customer relationship managers then forward the application and their recommendations to the loan-approval departments for further approval. The Group monitors borrowers' repayment ability, the status of collaterals and any changes to their value during the post-lending phase. Once a loan becomes overdue, the Group starts the recovery process according to standardised loan recovery procedures.

Treasury Business

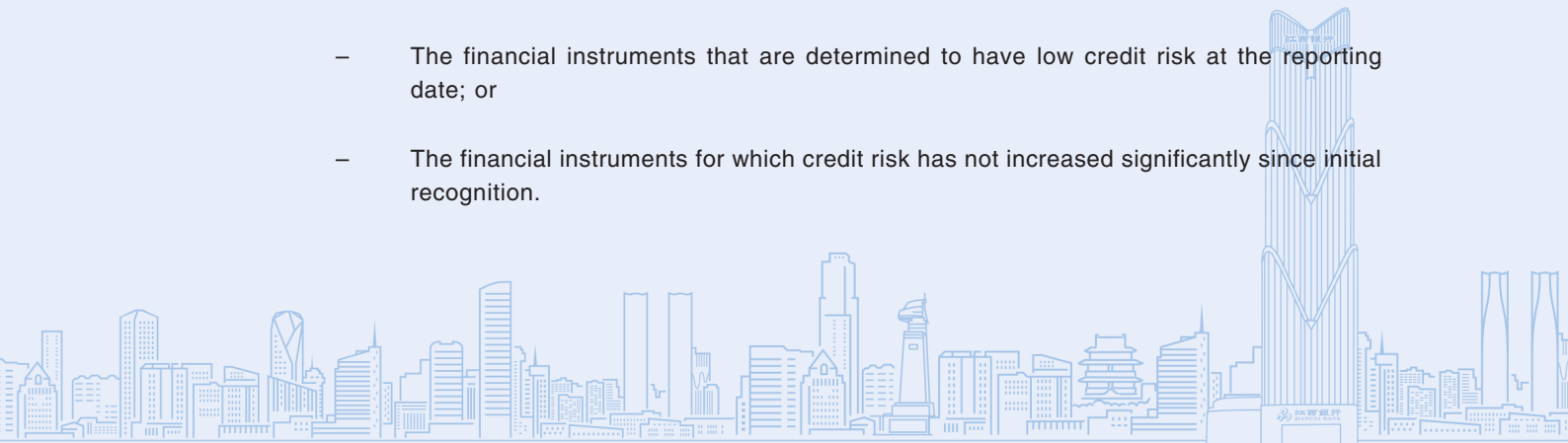
The Group's treasury business are exposed to the credit risk associated with the investment business and interbank business. The Group manages the credit risk exposures by setting up credit on its treasury business and interbank business. Credit risk exposure is closely monitored on a systematic and real-time basis. Credit risk limits are reviewed and updated regularly.

Measurement of ECL

Based on whether there is a significant increase in credit risk and whether the asset has incurred credit impairment, the Group measures allowances for loss of different assets with 12-month ECL or lifetime ECL respectively.

The Group measures loss provision of the financial instruments that meet the following conditions according to the amount of expected credit losses within the next 12 months and measures loss allowances for other financial instruments in accordance with the amount of lifetime expected credit losses.

- The financial instruments that are determined to have low credit risk at the reporting date; or
- The financial instruments for which credit risk has not increased significantly since initial recognition.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

44. RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Measurement of ECL (continued)

(i) *Significant increase in credit risk*

When one or more quantitative and qualitative standards or upper limits are triggered, the Group assumes that credit risk on financial instruments has increased significantly.

If the counterparty is listed in the watch list and one or more of the following criteria are met:

- The credit spread increases significantly;
- Significant changes with an adverse effect that have taken place in the counterparty's business, financial and economic status;
- Application of a grace period or debt-restructuring;
- Significant changes with an adverse effect in the counterparty's operating conditions;
- Less value of the collaterals (for the collateralised loans and pledged loans only);
- Early indicators of problems of cash flow/liquidity, such as late payment of accounts payable/repayment of loans; and
- The payment is more than 30 days past due.

The Group uses watch lists to monitor credit risk of financial instruments related to loans and treasury operations and conducts regular assessments at the counterparty level. The standards used in determining whether credit risk increases significantly are regularly monitored and reviewed by the management for the appropriateness.

As at 31 December 2023, the Group has not considered that any of its financial instruments has lower credit risk and no longer compared the credit risk at the balance sheet date with that at the initial recognition to identify whether there was a significant increase in credit risk (31 December 2022: nil).

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

44. RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Measurement of ECL (continued)

(ii) *Definition of “default” and “credit-impaired assets”*

When a financial instrument meets one or more of the following conditions, the Group considers the financial asset to be in default and the criteria are consistent with the definition of credit-impaired assets.

(a) Quantitative criterion

The financial asset is more than 90 days past due.

(b) Qualitative criterion

The counterparty meets the criterion of “having difficulty in repayment”, which indicates that the counterparty has significant financial difficulty, including:

- the counterparty has been in the grace period for a long time;
- the death of the counterparty;
- the counterparty enters bankruptcy;
- the counterparty breaches (one or more) terms of the contract that the debtor shall be subject to;
- the disappearance of an active market for the related financial asset because of financial difficulties faced by the counterparty;
- the creditor makes concessions due to the financial difficulties faced by the counterparty;
- it becomes probable that the counterparty will enter bankruptcy; and
- a higher discount was obtained during the acquisition of assets and the assets has incurred credit loss when they are acquired.

The above criteria apply to all financial instruments of the Group and they are consistent with the definition of “default” adopted by the internal management of credit risk.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

44. RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Measurement of ECL (continued)

(iii) Notes to the parameters, assumptions and valuation techniques

The ECL is the result of the discounted product of probability of default (PD), exposure at default (EAD) and loss given default (LGD). The definitions of these terms are as follows:

- PD refers to the likelihood that a counterparty will be unable to meet his repayment obligations over the next 12 months or the remaining lifetime of the loan;
- EAD is the amount that the Group should be reimbursed upon default of an obligor over the next 12 months or the remaining lifetime of the loan;
- LGD refers to the expected degree of loss arising from the exposure at default which is predicted by the Group. LGD varies according to different types of counterparties, methods and priority of recovering debts, and the availability of collaterals or other credit support.

The Group determines the expected credit losses by estimating the PD, LGD and EAD of individual exposure or asset portfolios in the future months. The Group multiplies these three parameters and makes adjustments according to the probability of their continuance (i.e. there is no prepayment or default at an earlier period). By adopting this approach, the Group can calculate the expected credit losses for the future months. The results of calculation for each month are then discounted to the balance sheet date and added up. The discount rate used in the calculation of ECL is the initial effective interest rate or its approximate value.

The lifetime PD is deduced from using the maturity model or 12-month probability of default. The maturity model describes the development rule of the defaults of the asset portfolio over its lifetime. The model is developed based on historical observational data and applicable to all assets in the same portfolio with the same credit rating. The above method is supported by empirical analysis.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

44. RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Measurement of ECL (continued)

(iii) Notes to the parameters, assumptions and valuation techniques (continued)

The 12-month EAD and lifetime EAD are determined based on expected repayment arrangements, which are different according to different types of products.

- In respect of the loans with instalment repayments and bullet repayment, the Group determines 12-month or lifetime EAD according to the repayment schedule agreed in the contract and makes adjustment based on prediction of over-limit repayment and prepayments/refinancing made by the counterparty;
- In respect of the products of revolving credit agreement, the Group estimates the remaining withdrawal within the limits by using the balance of the loan after previous withdrawals and the “credit conversion factor”, so as to predict the exposure at default. Based on the Group’s analysis on recent default data, these assumptions vary based on differences in product type and utilisation rate of the limits;
- The Group determines the 12-month LGD and lifetime LGD based on the factors that affects post-default recovery. LGD for different product types are different;
- As to loans classified as guarantees, the Group determines the LGD according to the types of collaterals and their expected value, the discount rate at the compulsory sale, the recovery time and the estimated recovery cost;
- As to fiduciary loans, the Group usually determines LGD in the product level due to the limited differences in recoverable amounts from different counterparties. The LGD is affected by the recovery strategies, which include the transfer plan and pricing of loans;
- Forward-looking economic information should be considered when determining the 12-month and lifetime PD, EAD and LGD.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

44. RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Measurement of ECL (continued)

(iii) Notes to the parameters, assumptions and valuation techniques (continued)

The Group quarterly monitors and reviews assumptions related to the calculation of expected credit losses, including the changes in PD and the value of collaterals under the different time limits.

Both the assessment of the significant increase in credit risk and the measurement of expected credit losses involve forward-looking information. Based on the analysis on historical data, the Group identified critical economic indicators that affect the credit risk and expected credit losses of all asset portfolios, including GDP, increase in RMB loans, PPI, etc.

There has been no significant changes in the valuation techniques and key assumptions during the reporting period.

The Group adopts three economic scenarios in the ECL measurement to meet the requirements of IFRS 9. The “Baseline” scenario represents a most likely outcome and the other two scenarios, referred to as “Good” scenario and “Bad” scenario, represent less likely outcomes which are more optimistic or more pessimistic compared to Baseline scenario.

The Baseline scenario is prepared by our Economics & Strategic Planning Department. Historical data, economic trend, external forecast from governmental and non-governmental organisation, etc. are also used as benchmarks to ensure the forecasts are reasonable and supportable. For the Good and Bad scenarios, the Group makes reference to the historical macroeconomics data.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

44. RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Measurement of ECL (continued)

(iii) Notes to the parameters, assumptions and valuation techniques (continued)

The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each asset portfolio such as Gross Domestic Product Growth, Consumer Price Index, Property Price Index and Unemployment Rate. The Group evaluates and forecasts these economic indicators at least annually and applied them in the impairment model.

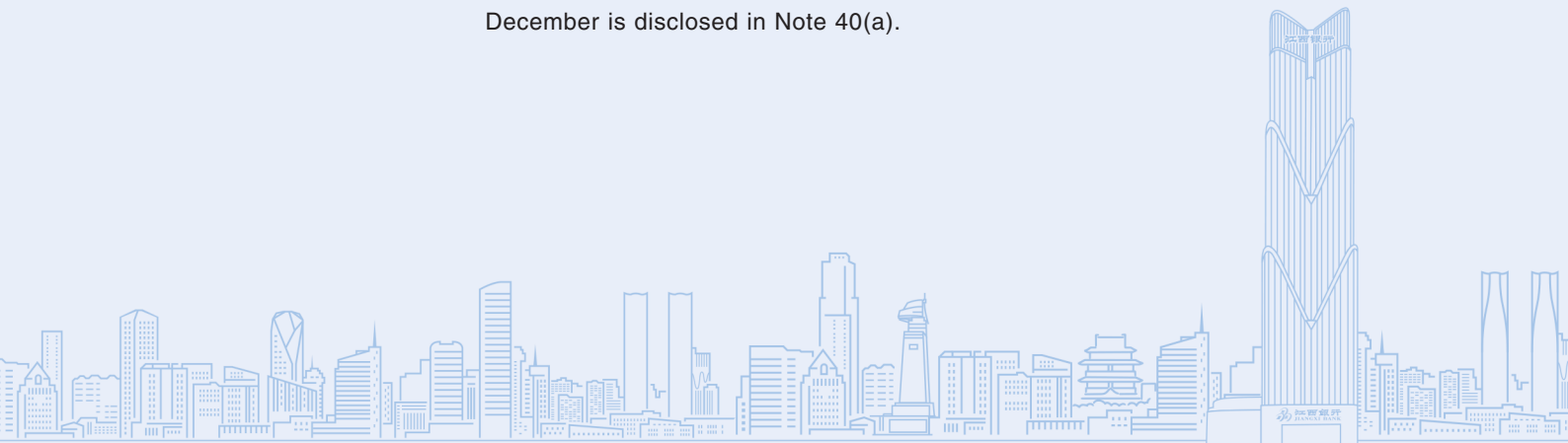
The probability weight assigned for each scenario reflects the Group's view for the economic environment, which implements the Group's prudent and consistent credit strategy of ensuring the adequacy of impairment allowance.

As at 31 December 2023, the Group assigned a higher probability weight to the baseline scenario, weights greater than the bad and good scenario models to reflect accurate forward-looking forecasts for the year (31 December 2022: the bad scenario is weighted higher than the baseline and good scenario).

The calculation of ECL is affected by macroeconomic factors and economic scenarios. If more pessimistic macroeconomic factors are applied in ECL assessment or a higher probability weight is assigned to the Bad scenario, it would result in an increase in ECL.

(1) Maximum credit risk exposure

The maximum exposure to credit risk is represented by the net carrying amount of each type of financial assets at the end of the reporting period. The maximum exposure to credit risk in respect of those off-balance sheet item as at 31 December is disclosed in Note 40(a).



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

44. RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Measurement of ECL (continued)

(iii) Notes to the parameters, assumptions and valuation techniques (continued)

(2) The credit quality of financial assets is analysed as follows:

	31 December 2023			
	Loans and advances to customers RMB'000	Deposits/placements with banks and other financial institutions RMB'000	Financial assets held under resale agreements RMB'000	Financial investments (Note (a)) RMB'000
Balance of financial assets that are assessed for expected credit losses over the next 12 months				
– Overdue but not credit-impaired	2,315	–	–	–
– Neither overdue nor credit-impaired	310,943,094	20,436,560	–	105,004,566
Sub-total	310,945,409	20,436,560	–	105,004,566
Balance of financial assets that are not credit impaired and assessed for lifetime expected credit losses				
– Overdue but not credit-impaired	4,942,627	–	–	4,742,695
– Neither overdue nor credit-impaired	8,827,476	–	–	–
Sub-total	13,770,103	–	–	4,742,695
Balance of credit-impaired financial assets that are assessed for lifetime expected credit losses				
– Overdue and credit-impaired	7,328,514	–	–	5,554,214
– Credit-impaired but not overdue	5,846,697	–	–	735,369
Sub-total	13,175,211	–	–	6,289,583
Less: Allowances for impairment losses	(12,373,851)	(49,987)	–	(3,227,963)
Total	325,516,872	20,386,573	–	112,808,881

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

44. RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Measurement of ECL (continued)

(iii) Notes to the parameters, assumptions and valuation techniques (continued)

(2) The credit quality of financial assets is analysed as follows: (continued)

	31 December 2022			
	Loans and advances to customers RMB'000	Deposits/placements with banks and other financial institutions RMB'000	Financial assets held under resale agreements RMB'000	Financial investments (Note (a)) RMB'000
Balance of financial assets that are assessed for expected credit losses over the next 12 months				
– Overdue but not credit-impaired	–	–	–	–
– Neither overdue nor credit-impaired	282,119,027	7,086,474	4,331,631	104,554,959
Sub-total	282,119,027	7,086,474	4,331,631	104,554,959
Balance of financial assets that are not credit impaired and assessed for lifetime expected credit losses				
– Overdue but not credit-impaired	3,324,301	–	–	–
– Neither overdue nor credit-impaired	11,198,037	–	–	5,668,125
Sub-total	14,522,338	–	–	5,668,125
Balance of credit-impaired financial assets that are assessed for lifetime expected credit losses				
– Overdue and credit-impaired	11,497,956	–	–	4,975,014
– Credit-impaired but not overdue	4,158,059	–	–	2,352,215
Sub-total	15,656,015	–	–	7,327,229
Less: Allowances for impairment losses	(11,984,613)	(2,640)	(47)	(4,009,815)
Total	300,312,767	7,083,834	4,331,584	113,540,498

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

44. RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Measurement of ECL (continued)

(iii) *Notes to the parameters, assumptions and valuation techniques (continued)*

(2) The credit quality of financial assets is analysed as follows: (continued)

(a) Financial investments comprise financial investments at amortised cost and financial investments at fair value through other comprehensive income (excluding equity instruments).

The fair value of collaterals held against loans and advances to customers that are overdue but not credit-impaired at 31 December 2023 amounted to RMB4,294.42 million (31 December 2022: RMB1,483.21 million).

The fair value of collaterals held against loans and advances to customers that are credit-impaired at 31 December 2023 amounted to RMB21,163.14 million (31 December 2022: RMB16,112.88 million). The collaterals mainly include land use rights, buildings, machinery and equipment, etc. The fair value of collaterals were estimated by the Group based on the latest external valuations available, adjusted in light of disposal experience and current market conditions.

(3) Rescheduled loans and advances to customers

The Group has formulated a set of loan restructuring policies to reschedule the contractual terms with customers, to maximise the collectability of loans and to manage customer relationships.

The carrying amount of rescheduled loans and advances to customers is as follows:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Rescheduled loans and advances to customers	485,479	475,117
Credit-impaired loans and advances to customers included in above	357,217	358,961

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

44. RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Measurement of ECL (continued)

(iii) *Notes to the parameters, assumptions and valuation techniques (continued)*

(4) Credit rating of debt securities

The Group adopts a credit rating approach in managing the credit risk of the debt securities portfolio. Debt securities are rated with reference to major rating agencies where the issuers of the securities are located. The carrying amounts of debt securities investments analysed by the rating agency designations as at the end of the reporting period are as follows:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Impaired debt securities	856,515	1,224,125
Sub-total	856,515	1,224,125
Neither overdue nor credit-impaired		
<i>Ratings</i>		
– AAA	103,363,880	76,720,424
– AA- to AA+	7,562,203	8,693,965
– A- to A+	370,591	365,450
Sub-total	111,296,674	85,779,839
<i>Unrated</i>	1,507,133	1,720,809
Sub-total	1,507,133	1,720,809
Total	113,660,322	88,724,773

The above financial investments include debt securities issued by the government and policy banks, which amounted to RMB94.127 billion as at 31 December 2023 (31 December 2022: RMB77.472 billion).

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

44. RISK MANAGEMENT (continued)

(b) Market risk

Market risk is the risk of loss, in respect of the Group's activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, commodity prices, stock prices and other prices.

The Board of Directors is ultimately responsible for monitoring the Group's market risk to ensure that the Group has effectively identified, measured and monitored all types of market risk. The Risk Management Committee monitors the market risk management process within the scope authorised by the Board of Directors, which include review and approval of market risk management strategies, policies and procedures. The Group is primarily exposed to market risk in its financial markets business. The Financial Market Department is responsible for carrying out capital investments and transactions. The Finance Management Department and International Business Department are responsible for monitoring and managing the interest rate risk and foreign exchange risk on a daily basis. The Risk Management Department is responsible for formulating the market risk management policies and procedures, as well as identifying, measuring and monitoring the Group's market risk.

Sensitivity analysis is a technique which assesses the sensitivity of the Group's overall risk profile and its risk profile for each period with reference to the interest rate risks for different maturities.

Scenario analysis is a multi-factor analysis method which assesses the impact of multiple factors interacting simultaneously, taking into consideration of the probabilities of various scenarios.

Foreign currency gap analysis is a technique which estimates the impact of foreign exchange rate movements on the Group's current profit or loss. The foreign currency gap mainly arises from the currency mismatch in the Group's on/off-balance sheet items.

Sensitivity gap analysis is a technique which estimates the impact of interest rate movements on the Group's current profit or loss. It is used to work out the gap between future cash inflows and outflows by categorising each of the Group's interest-bearing assets and interest-taking liabilities into different periods based on repricing dates.

The results of stress testing are assessed against a set of forward-looking scenarios using stress moves in market variables. The results are used to estimate the impact on profit or loss.

Effective duration analysis is a technique which estimates the impact of interest rate movements by giving a weight to each period's exposure according to its sensitivity, calculating the weighted exposure, and summarising all periods' weighted exposures to estimate the non-linear impact of a change in interest rates on the Group's economic value.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

44. RISK MANAGEMENT (continued)

(b) Market risk (continued)

Interest rate risk

The Group is primarily exposed to interest rate risk arising from repricing risk in its commercial banking business and the risk of financial markets business position.

Repricing risk

Repricing risk, which is also known as “maturity mismatch risk”, is the most common form of interest rate risk. It is caused by the differences in timing between the maturities (related to fixed interest instruments) or repricing (related to floating interest instruments) of assets, liabilities and off-balance sheet items. The mismatch of repricing timing causes the Group’s income or its inherent economic value to vary with the movement in interest rates.

The Finance Management Department is responsible for measuring, monitoring and managing interest rate risk. The Group regularly performs assessment on the interest rate repricing gap between the assets and liabilities that are sensitive to changes in interest rates and sensitivity analysis on the net interest income as a result of changes in interest rates. The primary objective of interest rate risk management is to minimise potential adverse effects on its net interest income or its inherent economic value caused by interest rate volatility.

Trading interest rate risk

Trading interest rate risk mainly arises from the financial markets business’ investment portfolios. Interest rate risk is monitored using the effective duration analysis method. The Group employs other supplementary methods to measure its interest rate sensitivity, which is expressed as changes in the investment portfolios’ fair value given a 100 basis points (1%) movement in the interest rates.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

44. RISK MANAGEMENT (continued)

(b) Market risk (continued)

Interest rate risk (continued)

- (i) The following tables indicate the assets and liabilities at the end of the reporting period by the expected next repricing dates or by maturity dates, depending on which is earlier:

	31 December 2023					
	Total RMB'000	Non-interest bearing RMB'000	Less than three months RMB'000	Between three months and one year RMB'000	Between one year and five years RMB'000	More than five years RMB'000
Assets						
Cash and deposits with the central bank	32,128,146	979,147	31,148,999	-	-	-
Deposits with banks and other financial institutions	3,691,587	1,125,277	2,466,873	99,437	-	-
Placements with banks and other financial institutions	16,694,986	184,042	3,893,825	12,617,119	-	-
Financial assets held under resale agreements	-	-	-	-	-	-
Loans and advances to customers (Note (a))	325,516,872	1,002,103	53,937,065	112,551,395	71,043,046	86,983,263
Financial investments (Note (b))	163,773,160	34,004,484	12,998,756	15,627,109	61,686,734	39,456,077
Others	10,540,612	10,540,612	-	-	-	-
Total assets	552,345,363	47,835,665	104,445,518	140,895,060	132,729,780	126,439,340
Liabilities						
Borrowing from the central bank	26,124,256	186,207	4,222,907	21,715,142	-	-
Deposits from banks and other financial institutions	17,200,603	245,185	8,185,418	7,498,000	1,272,000	-
Placements from banks and other financial institutions	4,002,897	2,897	1,500,000	2,500,000	-	-
Borrowing from other financial institutions	1,237,965	19,965	700,000	518,000	-	-
Financial assets sold under repurchase agreements	25,731,370	4,141	25,727,229	-	-	-
Deposits from customers	381,212,270	7,826,531	174,426,736	79,790,373	119,168,630	-
Debt securities issued	45,371,276	-	16,608,434	28,762,842	-	-
Others	3,932,209	3,094,974	35,521	75,699	408,814	317,201
Total liabilities	504,812,846	11,379,900	231,406,245	140,860,056	120,849,444	317,201
Asset-liability gap	47,532,517	36,455,765	(126,960,727)	35,004	11,880,336	126,122,139

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

44. RISK MANAGEMENT (continued)

(b) Market risk (continued)

Interest rate risk (continued)

- (i) The following tables indicate the assets and liabilities at the end of the reporting period by the expected next repricing dates or by maturity dates, depending on which is earlier: (continued)

	31 December 2022					
	Total RMB'000	Non-interest bearing RMB'000	Less than three months RMB'000	Between three months and one year RMB'000	Between one year and five years RMB'000	More than five years RMB'000
Assets						
Cash and deposits with the central bank	35,792,748	1,137,277	34,655,471	-	-	-
Deposits with banks and other financial institutions	1,451,495	589,175	862,320	-	-	-
Placements with banks and other financial institutions	5,632,339	33,744	4,498,737	1,099,858	-	-
Financial assets held under resale agreements	4,331,584	1,051	4,330,533	-	-	-
Loans and advances to customers (Note (a))	300,312,767	824,304	43,876,457	119,377,711	57,598,054	78,636,241
Financial investments (Note (b))	157,096,891	1,550,275	42,289,704	19,712,862	57,267,753	36,276,297
Others	10,954,827	10,954,827	-	-	-	-
Total assets	515,572,651	15,090,653	130,513,222	140,190,431	114,865,807	114,912,538
Liabilities						
Borrowing from the central bank	18,797,977	147,788	4,075,749	14,574,440	-	-
Deposits from banks and other financial institutions	13,266,957	534,051	11,890,906	842,000	-	-
Placements from banks and other financial institutions	4,103,534	3,534	1,100,000	3,000,000	-	-
Borrowing from other financial institutions	4,302,920	92,920	1,100,000	900,000	2,210,000	-
Financial assets sold under repurchase agreements	17,209,176	9,176	17,200,000	-	-	-
Deposits from customers	352,711,370	4,757,052	184,610,620	64,157,332	95,788,165	3,398,201
Debt securities issued	52,161,884	-	25,329,873	26,832,011	-	-
Others	6,203,794	5,320,707	35,928	104,158	377,261	365,740
Total liabilities	468,757,612	10,865,228	245,343,076	110,409,941	98,375,426	3,763,941
Asset-liability gap	46,815,039	4,225,425	(114,829,854)	29,780,490	16,490,381	111,148,597

(a) As at 31 December 2023, for loans and advances to customers, the category "Less than three months" of the Group includes overdue amounts (net of allowances for impairment losses) of RMB6,593.40 million (31 December 2022: RMB8,762.09 million).

(b) As at 31 December 2023, for financial investments, the category "Less than three months" of the Group includes overdue amounts (net of allowances for impairment losses) of RMB4,330.61 million (31 December 2022: RMB4,461.46 million).

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

44. RISK MANAGEMENT (continued)

(b) Market risk (continued)

Interest rate risk (continued)

(ii) Interest rate sensitivity analysis

The Group uses sensitivity analysis to measure the impact of changes in interest rate on the Group's net profit and equity. The following table sets forth the results of the Group's interest rate sensitivity analysis on net profit and equity with an assumption that all other variables held constant.

	31 December 2023 (decrease)/ increase RMB'000	31 December 2022 (decrease)/ increase RMB'000
Changes in net profit		
Up 100 bps parallel shift in yield curves	(1,179,692)	(770,949)
Down 100 bps parallel shift in yield curves	1,143,761	759,323

	31 December 2023 (decrease)/ increase RMB'000	31 December 2022 (decrease)/ increase RMB'000
Changes in equity		
Up 100 bps parallel shift in yield curves	(620,955)	(353,341)
Down 100 bps parallel shift in yield curves	669,863	379,287

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

44. RISK MANAGEMENT (continued)

(b) Market risk (continued)

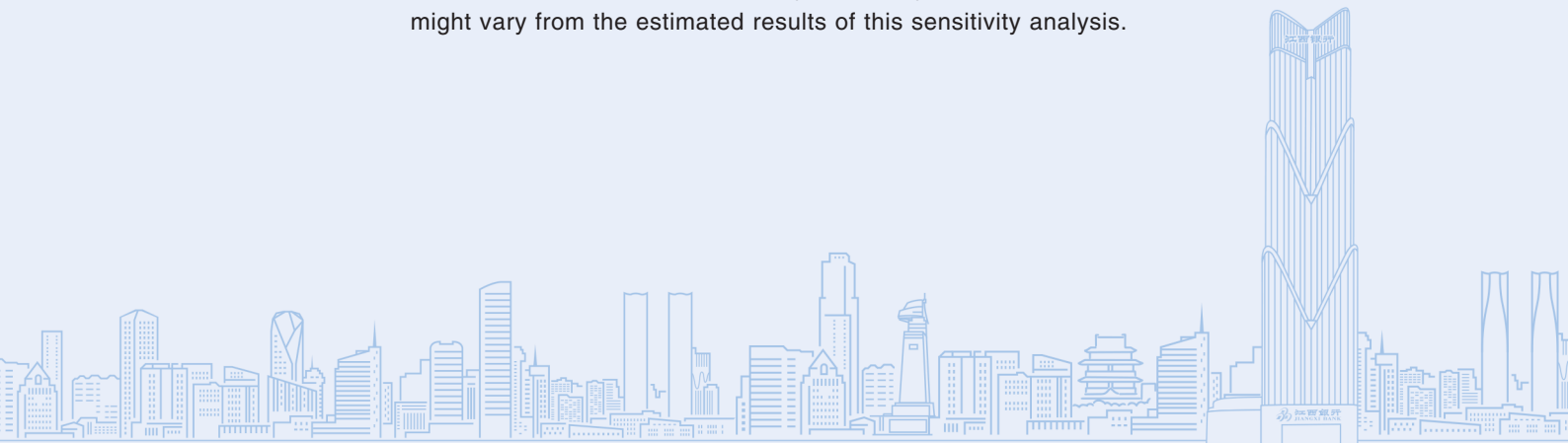
Interest rate risk (continued)

(ii) Interest rate sensitivity analysis (continued)

The sensitivity analysis above is based on a static interest rate risk profile of the Group's assets and liabilities. This analysis measures only the impact of changes in interest rates within one year, showing how annualised net profit or loss and equity would have been affected by repricing of the Group's assets and liabilities within the one-year period. The sensitivity analysis is based on the following assumptions:

- Interest rate movements at the end of each of the reporting period apply to financial instruments of the Group;
- At the end of each of the reporting period, an interest rate movement of 100 basis points is based on the assumption of interest rates movement over the next 12 months;
- There is a parallel shift in the yield curve with the changes in interest rates;
- There are no other changes to the assets and liabilities portfolio;
- Other variables (including exchange rates) remain unchanged; and
- The analysis does not take into account the effect of risk management measures taken by the management.

Due to the adoption of the aforementioned assumptions, the actual changes in the Group's net profit or loss and equity caused by an increase or decrease in interest rates might vary from the estimated results of this sensitivity analysis.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

44. RISK MANAGEMENT (continued)

(b) Market risk (continued)

Foreign exchange risk

Foreign currency risk

The Group's currency risk mainly arises from foreign currency deposits with banks and other financial institutions, loans and advances to customers and deposits from customers. The Group manages currency risk by matching its foreign currency denominated assets with corresponding liabilities in the same currencies.

(i) The Group's currency exposures as at 31 December were as follows:

	31 December 2023				
	RMB (RMB equivalent)	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
Assets					
Cash and deposits with the central bank	32,114,698	10,730	1,834	884	32,128,146
Deposits with banks and other financial institutions	2,459,224	1,201,385	9,548	21,430	3,691,587
Placements with banks and other financial institutions	16,694,986	-	-	-	16,694,986
Financial assets held under resale agreements	-	-	-	-	-
Loans and advances to customers	324,896,601	620,271	-	-	325,516,872
Financial investments	163,773,160	-	-	-	163,773,160
Others	10,540,612	-	-	-	10,540,612
Total assets	550,479,281	1,832,386	11,382	22,314	552,345,363
Liabilities					
Borrowing from the central bank	26,124,256	-	-	-	26,124,256
Deposits from banks and other financial institutions	17,200,603	-	-	-	17,200,603
Placements from banks and other financial institutions	4,002,897	-	-	-	4,002,897
Borrowing from other financial institutions	1,237,965	-	-	-	1,237,965
Financial assets sold under repurchase agreements	25,731,370	-	-	-	25,731,370
Deposits from customers	381,013,898	188,144	9,657	571	381,212,270
Debt securities issued	45,371,276	-	-	-	45,371,276
Others	3,914,480	17,729	-	-	3,932,209
Total liabilities	504,596,745	205,873	9,657	571	504,812,846
Net position	45,882,536	1,626,513	1,725	21,743	47,532,517
Credit commitments	59,369,505	1,990,447	-	-	61,359,952

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

44. RISK MANAGEMENT (continued)

(b) Market risk (continued)

Foreign exchange risk (continued)

Foreign currency risk (continued)

(i) The Group's currency exposures as at 31 December were as follows: (continued)

	31 December 2022				
	RMB	USD	HKD	Others	Total
	(RMB equivalent)	(RMB equivalent)	(RMB equivalent)	(RMB equivalent)	(RMB equivalent)
Assets					
Cash and deposits with the central bank	35,773,621	17,517	1,333	277	35,792,748
Deposits with banks and other financial institutions	727,674	701,409	5,878	16,534	1,451,495
Placements with banks and other financial institutions	5,632,339	-	-	-	5,632,339
Financial assets held under resale agreements	4,331,584	-	-	-	4,331,584
Loans and advances to customers	298,849,162	1,463,605	-	-	300,312,767
Financial investments	157,096,891	-	-	-	157,096,891
Others	10,954,827	-	-	-	10,954,827
Total assets	513,366,098	2,182,531	7,211	16,811	515,572,651
Liabilities					
Borrowing from the central bank	18,797,977	-	-	-	18,797,977
Deposits from banks and other financial institutions	13,266,957	-	-	-	13,266,957
Placements from banks and other financial institutions	4,103,534	-	-	-	4,103,534
Borrowing from other financial institutions	4,302,920	-	-	-	4,302,920
Financial assets sold under repurchase agreements	17,209,176	-	-	-	17,209,176
Deposits from customers	352,484,090	216,639	9,824	817	352,711,370
Debt securities issued	52,161,884	-	-	-	52,161,884
Others	5,877,219	326,572	-	3	6,203,794
Total liabilities	468,203,757	543,211	9,824	820	468,757,612
Net position	45,162,341	1,639,320	(2,613)	15,991	46,815,039
Credit commitments	49,891,833	6,223,706	-	663	56,116,202

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

44. RISK MANAGEMENT (continued)

(b) Market risk (continued)

Foreign exchange risk (continued)

Foreign currency risk (continued)

(ii) Exchange rate sensitivity analysis

	31 December 2023 (decrease)/ increase RMB'000	31 December 2022 (decrease)/ increase RMB'000
Changes in net profit		
Foreign exchange rates decreases by 100 bps	(12,375)	(12,395)
Foreign exchange rates increases by 100 bps	12,375	12,395

The sensitivity analysis mentioned above is based on a static foreign exchange exposure profile of assets and liabilities and certain simplified assumptions as set out below:

- The foreign exchange sensitivity is the gain and loss recognised as a result of 100 basis points fluctuation in the foreign currency exchange rates against RMB;
- The fluctuation of exchange rates by 100 basis points is based on the assumption of exchange rates movement over the next 12 months;
- The exchange rates against RMB for the US dollars and other foreign currencies change in the same direction simultaneously and thus other foreign currencies are converted into US dollars for the sensitivity analysis mentioned above to show how net profit or loss would have been affected; and
- Other variables (including interest rates) remain unchanged.

The analysis does not take into account the effect of risk management measures taken by the Group.

Due to the assumptions adopted, actual changes in the Group's net profit or loss resulting from the increase or decrease in foreign exchange rates may vary from the estimated results of this sensitivity analysis.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

44. RISK MANAGEMENT (continued)

(c) Liquidity risk

Liquidity risk is the risk that a commercial bank is unable to obtain funds on a timely basis or obtain funds at a reasonable cost to sustain its asset business or meet repayment obligations. This risk exists even if a bank's solvency remains strong. In accordance with liquidity policies, the Group monitors the future cash flows and maintains an appropriate level of highly liquid assets.

The Asset and Liability Management Committee ("ALMC") is responsible for managing the Group's overall liquidity risk. The ALMC is responsible for the formulation of the liquidity policies in accordance with regulatory requirements and prudential principles. Such policies include:

- Maintaining liquidity at a stable and sufficient level; establishing integrated liquidity risk management system; ensuring the meeting on a timely basis of liquidity requirements and the payment of assets, liabilities and off-balance sheet business, whether under a normal operating environment or a state of stress; balancing the effectiveness and security of funds in an efficient manner; and
- Making timely and reasonable adjustments to capital structure and scale in response to market changes and business developments; pursuing profit maximisation and cost minimisation to a modest extent while ensuring appropriate liquidity; achieving the integration of the security, liquidity and effectiveness of the Group's funds.

The Finance Management Department takes the lead to execute liquidity management policies and is responsible for formulating and revising the liquidity management strategies, and for identifying, measuring, monitoring and releasing the liquidity risk of the Group. It is also responsible for managing and forecasting the working capital on a regular basis together with the Finance Market Department and ensuring the liquidity of working capital meets management requirements based on the liquidity strategies. The Finance Market Department is responsible for performing the operation following the instructions of the Finance Management Department. Significant disbursement or portfolio changes must be reported to the ALMC on a timely basis.

A substantial portion of the Group's assets are funded by deposits from customers. These deposits from customers, which have been growing in recent years, are widely diversified in terms of type and duration and represent a stable source of funds.

The Group principally uses liquidity gap analysis to measure liquidity risk. Scenario analysis and stress testing are also adopted to assess the impact of liquidity risk.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

44. RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

The following tables provide an analysis of assets and liabilities of the Group into relevant maturity groupings based on the remaining periods to repayment at 31 December:

	Indefinite (Note (a)/(b)/(c)) RMB'000	Repayable on demand RMB'000	Within one month RMB'000	31 December 2023				Total RMB'000
				Between				
				one month and three months RMB'000	Between three months and one year RMB'000	Between one year and five years RMB'000	More than five years RMB'000	
Assets								
Cash and deposits with the central bank	26,567,719	5,560,427	-	-	-	-	-	32,128,146
Deposits with banks and other financial institutions	-	1,796,586	1,298,119	487,192	109,690	-	-	3,691,587
Placements with banks and other financial institutions	-	-	1,895,777	2,041,106	12,758,103	-	-	16,694,986
Financial assets held under resale agreements	-	-	-	-	-	-	-	-
Loans and advances to customers	5,271,241	3,029,211	15,262,007	31,376,716	112,551,388	71,043,046	86,983,263	325,516,872
Financial investments	4,377,674	32,015,819	2,320,451	6,546,314	15,753,488	62,762,515	39,996,899	163,773,160
Others	4,468,854	5,963,985	306	3,412	42,391	57,428	4,236	10,540,612
Total assets	40,685,488	48,366,028	20,776,660	40,454,740	141,215,060	133,862,989	126,984,398	552,345,363

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

44. RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	Indefinite (Note (a)/(b)/(c)) RMB'000	Repayable on demand RMB'000	Within one month RMB'000	31 December 2023				Total RMB'000
				Between				
				one month and three months RMB'000	Between three months and one year RMB'000	Between one year and five years RMB'000	More than five years RMB'000	
Liabilities								
Borrowing from the central bank	-	4,047	1,119,466	3,187,011	21,813,732	-	-	26,124,256
Deposits from banks and other financial institutions	-	835,559	4,688,238	2,760,615	7,596,156	1,320,035	-	17,200,603
Placements from banks and other financial institutions	-	-	-	1,501,100	2,501,797	-	-	4,002,897
Borrowing from other financial institutions	-	-	-	717,033	520,932	-	-	1,237,965
Financial assets sold under repurchase agreements	-	-	21,733,811	3,997,559	-	-	-	25,731,370
Deposits from customers	-	113,933,871	30,465,088	33,683,943	81,462,851	121,666,517	-	381,212,270
Debt securities issued	-	-	1,728,089	14,880,345	28,762,842	-	-	45,371,276
Others	383,102	2,211,157	34,954	65,449	262,038	606,628	368,881	3,932,209
Total liabilities	383,102	116,984,634	59,769,646	60,793,055	142,920,348	123,593,180	368,881	504,812,846
Long/short position	40,302,386	(68,618,606)	(38,992,986)	(20,338,315)	(1,705,288)	10,269,809	126,615,517	47,532,517



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

44. RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	Indefinite (Note (a)/(b)/(c)) RMB'000	Repayable on demand RMB'000	Within one month RMB'000	31 December 2022				Total RMB'000
				Between one month and three months RMB'000	Between three months and one year RMB'000	Between one year and five years RMB'000	More than five years RMB'000	
Assets								
Cash and deposits with the central bank	26,679,068	9,113,680	-	-	-	-	-	35,792,748
Deposits with banks and other financial institutions	-	1,408,641	14,284	28,570	-	-	-	1,451,495
Placements with banks and other financial institutions	-	-	3,300,704	1,210,867	1,120,768	-	-	5,632,339
Financial assets held under resale agreements	-	-	4,331,584	-	-	-	-	4,331,584
Loans and advances to customers	6,853,945	1,750,579	11,728,921	55,554,188	88,190,839	57,598,054	78,636,241	300,312,767
Financial investments	4,658,535	30,250,790	4,195,709	3,369,757	19,833,484	58,123,779	36,664,837	157,096,891
Others	4,497,165	5,551,815	11,251	25,581	134,271	381,258	353,486	10,954,827
Total assets	42,688,713	48,075,505	23,582,453	60,188,963	109,279,362	116,103,091	115,654,564	515,572,651



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

44. RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	Indefinite (Note (a))/(b)/(c)) RMB'000	Repayable on demand RMB'000	Within one month RMB'000	31 December 2022				Total RMB'000
				Between one month and three months RMB'000	Between three months and one year RMB'000	Between one year and five years RMB'000	More than five years RMB'000	
Liabilities								
Borrowing from the central bank	-	147,788	1,101,977	2,973,772	14,574,440	-	-	18,797,977
Deposits from banks and other financial institutions	-	975,263	397,355	6,042,218	4,899,842	952,279	-	13,266,957
Placements from banks and other financial institutions	-	-	100,086	1,000,862	3,002,586	-	-	4,103,534
Borrowing from other financial institutions	-	-	1,140,835	942,364	2,219,721	-	-	4,302,920
Financial assets sold under repurchase agreements	-	-	17,209,176	-	-	-	-	17,209,176
Deposits from customers	-	147,345,848	21,666,106	18,146,529	65,025,046	97,083,680	3,444,161	352,711,370
Debt securities issued	-	-	10,233,374	15,096,499	26,832,011	-	-	52,161,884
Others	820,556	3,758,570	53,789	70,325	267,831	831,840	400,883	6,203,794
Total liabilities	820,556	152,227,469	51,902,698	44,272,569	116,821,477	98,867,799	3,845,044	468,757,612
Long/short position	41,868,157	(104,151,964)	(28,320,245)	15,916,394	(7,542,115)	17,235,292	111,809,520	46,815,039

- (a) Indefinite amount of cash and deposits with the central bank represents the statutory deposit reserves and fiscal deposits with the central bank.
- (b) Indefinite amount of loans and advances to customers includes all the credit-impaired loans as well as those overdue more than one month. Loans and advances to customers with no credit-impairment but overdue within one month are classified into the category of "Repayable on demand".
- (c) Financial investments comprise financial investments at amortised cost, financial investments at fair value through profit or loss and financial investments at fair value through other comprehensive income. Indefinite amount of financial investments represent credit-impaired investments or those overdue more than one month. Equity investments is listed in the category of Indefinite.

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

44. RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

The following tables provide an analysis of the Group's contractual undiscounted cash flow and credit commitments at the end of the reporting period:

	31 December 2023						
	Contractual undiscounted cash flow RMB'000	Repayable on demand RMB'000	Within one month RMB'000	Between one month and three months RMB'000	Between three months and one year RMB'000	Between one year and five years RMB'000	More than five years RMB'000
Financial liabilities							
Borrowing from the central bank	26,124,256	4,047	1,120,805	3,202,265	22,171,972	-	-
Deposits from banks and other financial institutions	17,200,603	835,559	4,761,877	2,804,485	7,790,148	1,468,528	-
Placements from banks and other financial institutions	4,002,897	-	-	1,510,100	2,516,499	-	-
Borrowing from other financial institutions	1,237,965	-	-	717,080	521,042	-	-
Financial assets sold under repurchase agreements	25,731,370	-	21,735,434	4,013,775	-	-	-
Deposits from customers	381,212,270	111,594,740	29,866,844	33,134,306	80,941,781	129,516,207	-
Debt securities issued	45,371,276	-	1,730,000	14,940,000	29,170,000	-	-
Lease liabilities	837,235	-	24,275	11,412	137,115	415,035	429,852
Total financial liabilities	501,717,872	112,434,346	59,239,235	60,333,423	143,248,557	131,399,770	429,852
Credit commitments	61,359,952	16,423,607	11,480,953	10,305,588	21,734,970	868,101	546,733

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

44. RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	31 December 2022								
	Carrying amount RMB'000	Contractual undiscounted cash flow RMB'000	Indefinite RMB'000	Repayable on demand RMB'000	Within one month RMB'000	Between one month and three months RMB'000	Between three months and one year RMB'000	Between one year and five years RMB'000	More than five years RMB'000
Financial liabilities									
Borrowing from the central bank	18,797,977	19,058,418	-	147,788	1,103,346	2,984,821	14,822,463	-	-
Deposits from banks and other financial institutions	13,266,957	13,984,804	-	975,263	404,540	6,387,021	5,063,447	1,154,533	-
Placements from banks and other financial institutions	4,103,534	4,129,521	-	-	100,661	1,008,237	3,020,623	-	-
Borrowing from other financial institutions	4,302,920	5,003,423	-	-	1,140,857	1,622,457	2,240,109	-	-
Financial assets sold under repurchase agreements	17,209,176	17,221,415	-	-	17,221,415	-	-	-	-
Deposits from customers	352,711,370	361,405,976	-	147,345,848	22,046,780	18,829,969	67,368,127	101,966,705	3,848,547
Debt securities issued	52,161,884	52,560,000	-	-	10,320,000	15,190,000	27,050,000	-	-
Lease liabilities	883,087	1,095,174	-	-	23,378	12,731	106,900	423,977	528,188
Total financial liabilities	463,436,905	474,456,731	-	148,468,899	52,360,977	46,035,236	119,671,669	103,545,215	4,376,735
Credit commitments	56,116,202	56,116,202	-	16,182,584	6,030,592	5,440,782	24,418,975	3,497,062	546,207

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

44. RISK MANAGEMENT (Continued)

(d) Operational risk

Operational risk refers to the risk of losses associated with internal processes deficiencies, personnel mistakes and information system failures, or impact from other external events.

The Group establishes a framework of policies and procedures to identify, assess, control, manage and report operational risk. The framework covers related business functions ranging from corporate banking, retail banking, trading, corporate finance, settlement, intermediary business, asset management and related supporting functions. The key elements of the framework are listed as below:

- A multi-level operational risk management framework with segregation of duties between front and back offices under the leadership of senior management;
- A series of operational risk management policies covering all businesses on the basis of core operational risk management policy;
- An emergency plan and a business continuity system designed to deal with emergent and adverse circumstances, including public relation issues, natural disasters, IT system errors, bank runs, robberies, etc.;
- An independent risk assessment framework based on the internal audit and the compliance review.



CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

45. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	31 December 2023 RMB'000	31 December 2022 RMB'000
Assets		
Cash and deposits with the central bank	32,108,159	35,773,615
Deposits with banks and other financial institutions	3,623,171	1,408,320
Placements with banks and other financial institutions	18,494,766	8,183,324
Financial assets held under resale agreements	–	4,331,584
Loans and advances to customers	319,659,082	292,545,387
Financial investments:		
– Financial investments at fair value through profit or loss	50,825,011	43,447,027
– Financial investments at fair value through other comprehensive income	28,733,334	23,484,887
– Financial investments at amortised cost	84,005,792	89,915,561
Interest in associates	147,832	133,283
Investment in subsidiaries	1,793,916	1,793,916
Property and equipment	1,978,157	2,129,331
Deferred tax assets	5,483,742	5,236,247
Other assets	2,511,554	3,092,444
Total assets	549,364,516	511,474,926
Liabilities and equity		
Liabilities		
Borrowing from the central bank	26,124,256	18,797,977
Deposits from banks and other financial institutions	17,745,692	16,146,861
Placements from banks and other financial institutions	4,002,897	4,003,106
Financial assets sold under repurchase agreements	25,731,370	17,209,176
Deposits from customers	380,928,950	352,446,485
Income tax payable	–	850,047
Debt securities issued	45,371,276	52,161,884
Other liabilities	3,305,623	4,463,443
Total liabilities	503,210,064	466,078,979

CHAPTER XIV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

45. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (Continued)

	31 December 2023 RMB'000	31 December 2022 RMB'000
Equity		
Share capital	6,024,277	6,024,277
Other equity instruments		
– Perpetual debt	7,997,960	7,997,961
Capital reserve	13,958,588	13,603,584
Surplus reserve	3,327,023	3,220,431
General reserve	7,456,314	6,830,158
Retained earnings	7,390,290	7,719,536
Total equity	46,154,452	45,395,947
Total liabilities and equity	549,364,516	511,474,926



UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2023

The information set out below does not form part of the consolidated financial report and is included herein for information purpose only.

In accordance with the Hong Kong Listing Rules and Banking (Disclosure) Rules, the Group discloses the unaudited supplementary financial information as follows:

1. LIQUIDITY COVERAGE RATIO AND LEVERAGE RATIO

Liquidity coverage ratio

	31 December 2023	Average for the year ended 31 December 2023
Liquidity coverage ratio (RMB and foreign currency)	333.14%	364.22%

	31 December 2022	Average for the year ended 31 December 2022
Liquidity coverage ratio (RMB and foreign currency)	323.78%	378.10%

Pursuant to the Administrative Measures for Liquidity Risk Management of Commercial Banks, the liquidity coverage ratio of commercial banks shall reach 100% by the end of 2019.

Leverage Ratio

	31 December 2023	31 December 2022
Leverage Ratio	8.25%	8.68%

Pursuant to the Leverage Ratio Management of Commercial Banks issued by the former CBIRC and was effective since 1 April 2015, a minimum leverage ratio 4% is required for commercial banks.

The above liquidity coverage ratio and leverage ratio are calculated in accordance with the formula promulgated by the former CBIRC and based on the financial information prepared in accordance with PRC GAAP.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2023

2. CURRENCY CONCENTRATIONS

	31 December 2023			Total RMB'000
	USD (RMB'000 equivalent)	HKD (RMB'000 equivalent)	Others (RMB'000 equivalent)	
Spot assets	2,245,997	11,480	19,276	2,276,753
Spot liabilities	(2,844,975)	(11,381)	(19,088)	(2,875,444)
Net position	(598,978)	99	188	(598,691)

	31 December 2022			Total RMB'000
	USD (RMB'000 equivalent)	HKD (RMB'000 equivalent)	Others (RMB'000 equivalent)	
Spot assets	2,786,595	9,831	15,153	2,811,579
Spot liabilities	(3,034,374)	(9,825)	(15,135)	(3,059,334)
Net position	(247,779)	6	18	(247,755)

The Group has no structural position as at the end of reporting period.

3. INTERNATIONAL CLAIMS

The Group is principally engaged in business operations within Mainland China, and regards all claims on third parties outside Mainland China as international claims.

International claims include loans and advances to customers, balances with the central bank, amounts due from banks and other financial institutions.

A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account all risk transfers. Risk transfers are only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose Head Office is located in another country.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2023

3. INTERNATIONAL CLAIMS (continued)

	31 December 2023			
	Banks and other financial institutions RMB'000	Public sector entities RMB'000	Others RMB'000	Total RMB'000
All regions outside Mainland China	1,121,343	–	270,965	1,392,308

	31 December 2022			
	Banks and other financial institutions RMB'000	Public sector entities RMB'000	Others RMB'000	Total RMB'000
All regions outside Mainland China	587,671	–	530,095	1,117,766

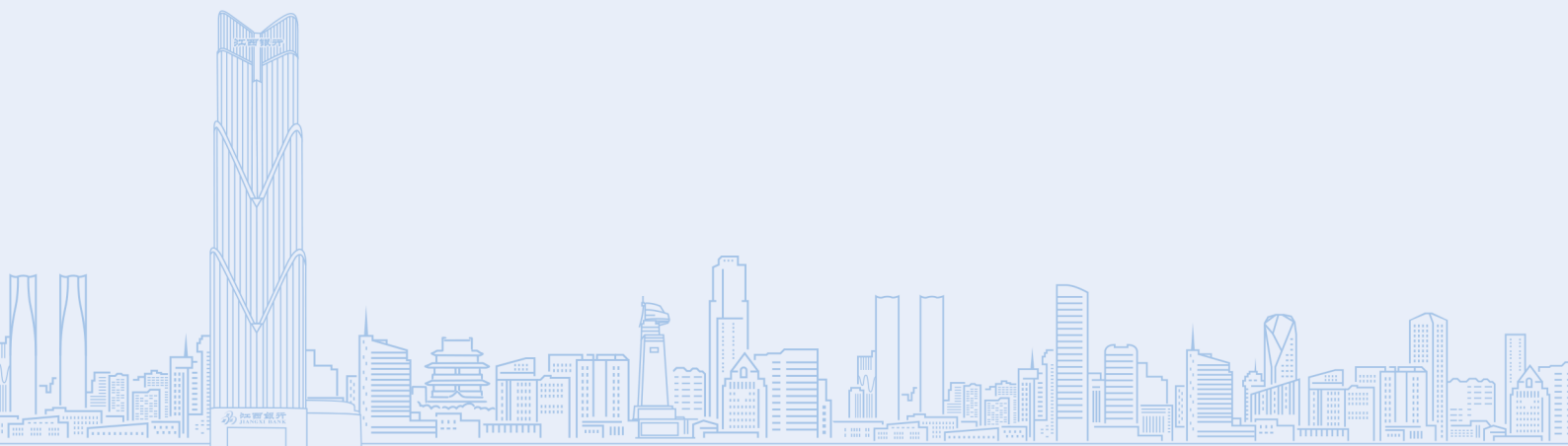


UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2023

4. GROSS AMOUNT OF OVERDUE LOANS AND ADVANCES

	31 December 2023 RMB'000	31 December 2022 RMB'000
Gross loans and advances which have been overdue with respect to either principal or interest for years of		
– Between 3 and 6 months (inclusive)	489,223	611,787
– Between 6 months and 1 year (inclusive)	1,954,800	3,652,763
– Over 1 year	4,622,400	1,777,112
Total	7,066,423	6,041,662
As a percentage of gross loans and advances		
– Between 3 and 6 months (inclusive)	0.15%	0.20%
– Between 6 months and 1 year (inclusive)	0.58%	1.17%
– Over 1 year	1.37%	0.57%
Total	2.10%	1.94%



APPENDIX

In accordance with the regulatory requirements of the former CBIRC, Jiangxi Bank Co., Ltd. supplemented the disclosure of material related party transactions considered by the Board of Directors:

During the Reporting Period, in accordance with the Administrative Measures for the Related Party Transactions of Banking and Insurance Institutions, and the Interim Measures for the Equity Management of Commercial Banks, Jiangxi Bank Co., Ltd. submitted the material related party transactions related to related parties as defined in the above-mentioned documents ("Related Party Involving with NFRA") to the Board for consideration, as follows:

Time	Content	Credit line (Expressed In Renminbi Yuan)	Comment
March 31, 2023	The eleventh meeting of the third session of the Board	Proposal on material related party transaction of a group credit of RMB1.336 billion by Jiangxi Electronic Group Corporation Ltd. and its related parties	1,336,000,000
April 27, 2023	The twelfth extraordinary meeting of the third session of the Board	Proposal on material related party transaction of an interbank credit of RMB4.9 billion by Jiangxi Financial Leasing Co., Ltd.	4,900,000,000
August 25, 2023	The seventeenth meeting of the third session of the Board	Proposal on material related party transaction of a group credit of RMB4.95 billion by Jiangxi Provincial Communications Investment Group Co., Ltd.	4,950,000,000
October 13, 2023	The eighteenth extraordinary meeting of the third session of the Board	Proposal on material related party transaction of a group credit of RMB5.09 billion by Nanchang Industrial Investment Group Co., Ltd.	5,090,000,000



APPENDIX

Time	Content	Credit line (Expressed In Renminbi Yuan)	Comment
	Proposal on the Report on Major Related Party Transactions with Jiangxi Financial Holding Group Co., Ltd. and Other Two Entities, including:		
December 15, 2023	The twenty-second meeting of the third session of the Board	1. Major related party transaction of RMB5 billion with Jiangxi Financial Holding Group Co., Ltd. 2. Material related party transaction of RMB2.7 billion with Jiangxi Copper Corporation Limited 3. Major related party transaction of RMB4.9 billion with Jiangxi Financial Leasing Co., Ltd.	5,000,000,000 2,700,000,000 4,900,000,000



DEFINITIONS

In this annual report, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Articles of Association”	articles of association of the Bank (as modified from time to time)
“Bank”, “Company” or “Jiangxi Bank”	Jiangxi Bank Co., Ltd.
“Board” or “Board of Directors”	the board of directors of the Bank
“Board of Supervisors”	the board of supervisors of the Bank
“former CBRC”	the former China Banking Regulatory Commission
“former CBIRC”	the former China Banking and Insurance Regulatory Commission, currently “National Financial Regulatory Administration”
“former CBRC Jiangxi Office”	the former China Banking Regulatory Commission Jiangxi Office
“former CBIRC Jiangxi Office”	the former China Banking and Insurance Regulatory Commission Jiangxi Office, currently “National Financial Regulatory Administration Jiangxi Office”
“Corporate Governance Code”	Corporate Governance Code in Appendix C1 of the Listing Rules
“China” or “PRC”	the People’s Republic of China, but for the purpose of this annual report only, excluding the Hong Kong and Macau Special Administrative Regions and Taiwan
“Director(s)”	director(s) of the Bank
“Domestic Share(s)”	ordinary share(s), with a nominal value of RMB1.00 each in the Bank’s share capital, which are subscribed for or credited as paid up in Renminbi
“Domestic Shareholder(s)”	holder(s) of Domestic Shares
“Group”	Jiangxi Bank and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC



DEFINITIONS

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Share(s)”	overseas listed foreign share(s) with a nominal value of RMB1.00 each in the Bank’s share capital, which are listed on the Main Board of the Hong Kong Stock Exchange
“Latest Practicable Date”	March 28, 2024, being the Latest Practicable Date prior to the printing of this annual report for ascertaining certain information contained herein
“Listing Rules” or “Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PBOC” or “Central Bank”	the People’s Bank of China
“China Banking Association”	China Banking Association
“Prospectus”	the prospectus issued by the Bank on June 13, 2018 for the global public offering
“Reporting Period”	the twelve months from January 1, 2023 to December 31, 2023
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Shareholders”	shareholders of the Bank
“Supervisors”	supervisors of the Bank
“USD”	United States dollars, the lawful currency of the United States
“1269 Action Plan”	The “1269” Action Plan for the Modernization of Key Manufacturing Industry Chains in Jiangxi Province (2023-2026), the core principle of which is to make effort to strengthen and expand 12 key manufacturing industry chains and build 6 advanced manufacturing clusters through unremitting efforts in the next few years, so as to achieve an average annual growth of approximately 9% in industrial revenue above designated size, and write a new chapter in the modernization of industrial chains in Jiangxi Province



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