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**JILIN JIUTAI RURAL COMMERCIAL BANK CORPORATION LIMITED \***

**吉林九台農村商業銀行股份有限公司 \***

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

**(Stock Code: 6122)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023**

The board of directors (the “**Board**” or “**Board of Directors**”) of Jilin Jiutai Rural Commercial Bank Corporation Limited (the “**Bank**”) is pleased to announce the audited annual results (the “**Annual Results**”) of the Bank and its subsidiaries (the “**Group**”) for the year ended 31 December 2023 (the “**Reporting Period**”) prepared in accordance with the International Financial Reporting Standards (the “**IFRSs**”) promulgated by the International Accounting Standards Board. The Board and its Audit Committee have reviewed and confirmed the Annual Results.

### **1. BASIC INFORMATION OF THE BANK**

<b>Registered Name in Chinese:</b>	吉林九台農村商業銀行股份有限公司 (abbreviated as “九台農商銀行”)
<b>Registered Name in English:</b>	Jilin Jiutai Rural Commercial Bank Corporation Limited (abbreviated as “ <b>Jiutai Rural Commercial Bank</b> ”)
<b>Legal Representative:</b>	Guo Ce
<b>Authorised Representatives:</b>	Yuan Chunyu, Lau Kwok Yin
<b>Board Secretary:</b>	Yuan Chunyu
<b>Joint Company Secretaries:</b>	Yuan Chunyu, Lau Kwok Yin
<b>Registered Office Address of the Bank:</b>	No. 504 Xinhua Main Street, Jiutai District, Changchun, Jilin Province, the People's Republic of China (the “ <b>PRC</b> ”)
<b>Principal Office Address of the Bank:</b>	No. 2559 Wei Shan Road, High-tech Zone, Changchun, Jilin Province, the PRC

<b>Customer Service Hotline:</b>	+86 (431) 96888
<b>Telephone:</b>	+86 (431) 8925 0628
<b>Facsimile:</b>	+86 (431) 8925 0628
<b>Company Website:</b>	www.jtnsh.com
<b>Principal Place of Business in Hong Kong:</b>	Room 15, 11th Floor, Tower 2, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong
<b>H Share Disclosure Websites:</b>	The Stock Exchange of Hong Kong Limited's HKEXnews website at www.hkexnews.hk The Bank's website at www.jtnsh.com
<b>Listing Place:</b>	The Stock Exchange of Hong Kong Limited (the " <b>Hong Kong Stock Exchange</b> ")
<b>Stock Short Name:</b>	JIUTAI RCB
<b>Stock Code:</b>	06122
<b>H Share Registrar:</b>	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
<b>PRC Legal Adviser:</b>	King & Wood Mallesons 17/F-18/F, East Tower World Financial Center 1 Dongsanhuan Zhonglu Chaoyang District, Beijing, the PRC
<b>Hong Kong Legal Adviser:</b>	Clifford Chance 27/F, Jardine House One Connaught Place Central Hong Kong
<b>Auditors of the Bank:</b>	<b><i>Domestic Auditor:</i></b> Da Hua Certified Public Accountants (Special General Partnership) Room 1101, Building 7 Yard 16, Middle West Fourth Ring Road Haidian District, Beijing  <b><i>International Auditor:</i></b> Crowe (HK) CPA Limited 9/F, Leighton Centre 77 Leighton Road Causeway Bay, Hong Kong

## 2. FINANCIAL SUMMARY

### 2.1 Financial Data from 2019 to 2023

(Expressed in millions of RMB,  
unless otherwise stated)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Operating results</b>					
Interest income	<b>13,674.5</b>	14,382.7	12,524.3	10,371.1	8,722.5
Interest expenses	<b>(8,146.1)</b>	(7,867.8)	(6,347.9)	(5,272.6)	(4,557.1)
<b>Net interest income</b>	<b><u>5,528.4</u></b>	<u>6,514.9</u>	<u>6,176.4</u>	<u>5,098.5</u>	<u>4,165.4</u>
Fee and commission income	<b>98.4</b>	153.5	169.4	268.9	349.0
Fee and commission expenses	<b>(78.8)</b>	(71.8)	(96.7)	(38.3)	(32.5)
<b>Net fee and commission income</b>	<b><u>19.6</u></b>	<u>81.7</u>	<u>72.7</u>	<u>230.6</u>	<u>316.5</u>
Net gains arising from investment securities	<b>154.9</b>	98.6	87.3	46.4	21.1
Dividend income	<b>7.8</b>	21.4	57.0	59.4	64.7
Net trading gains/(losses)	<b>(47.5)</b>	95.1	1.0	149.8	609.8
Gains/(losses) on disposal of an associate	—	—	—	(37.1)	37.5
Losses on deemed partial disposal of subsidiaries/associates	—	—	(46.5)	—	—
Losses on deemed disposal of a subsidiary	—	(208.6)	—	—	—
Net exchange gains	<b>3.5</b>	8.0	11.3	10.2	5.7
Other operating income/(expenses), net	<b>(152.4)</b>	(14.0)	3.1	(11.0)	90.7
<b>Operating income</b>	<b><u>5,514.3</u></b>	<u>6,597.1</u>	<u>6,362.3</u>	<u>5,546.8</u>	<u>5,311.4</u>
Operating expenses	<b>(3,338.9)</b>	(3,266.2)	(3,073.9)	(2,743.7)	(2,787.4)
Impairment losses on assets, net of reversals	<b>(2,109.8)</b>	(1,360.9)	(1,569.4)	(1,306.6)	(1,088.1)
<b>Operating profit</b>	<b><u>65.6</u></b>	<u>1,970.0</u>	<u>1,719.0</u>	<u>1,496.5</u>	<u>1,435.9</u>
Share of profits of associates	<b>0.8</b>	13.5	28.5	44.6	67.6
<b>Profit before tax</b>	<b><u>66.4</u></b>	<u>1,983.5</u>	<u>1,747.5</u>	<u>1,541.1</u>	<u>1,503.5</u>
Income tax credit/(expense)	<b>112.0</b>	(311.5)	(457.5)	(341.4)	(307.8)
<b>Profit for the year</b>	<b><u><u>178.4</u></u></b>	<u><u>1,672.0</u></u>	<u><u>1,290.0</u></u>	<u><u>1,199.7</u></u>	<u><u>1,195.7</u></u>
Profit/(loss) for the year attributable to:					
— Owners of the Bank	<b>168.3</b>	1,683.3	1,129.4	1,104.5	1,042.2
— Non-controlling interests	<b>10.1</b>	(11.3)	160.6	95.2	153.5
<b>Profit for the year</b>	<b><u><u>178.4</u></u></b>	<u><u>1,672.0</u></u>	<u><u>1,290.0</u></u>	<u><u>1,199.7</u></u>	<u><u>1,195.7</u></u>

(Expressed in millions of RMB,  
unless otherwise stated)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Major indicators of assets/liabilities</b>					
Total assets	<b>269,775.0</b>	267,000.7	234,140.2	200,363.3	173,275.5
Of which: loans and advances to customers	<b>176,431.7</b>	170,597.4	152,642.7	126,959.7	93,394.2
Total liabilities	<b>250,910.5</b>	248,381.4	216,365.2	184,112.1	157,615.4
Of which: deposits from customers	<b>242,206.6</b>	232,291.9	196,959.4	152,406.7	122,840.4
Total equity	<b>18,864.5</b>	18,619.3	17,775.0	16,251.2	15,660.1
<b>Per share (RMB)</b>					
Net assets per share	<b>3.17</b>	3.13	2.87	3.11	3.04
			(Restated) <sup>(14)</sup>		
Basic earnings per share	<b>0.03</b>	0.33	0.22	0.25	0.24
			(Restated) <sup>(14)</sup>		
Diluted earnings per share	<b>0.03</b>	0.33	0.22	0.25	0.24
			(Restated) <sup>(14)</sup>		
<b>Profitability indicators (%)</b>					
Return on assets <sup>(1)</sup>	<b>0.07%</b>	0.67%	0.59%	0.64%	0.71%
Return on capital <sup>(2)</sup>	<b>0.95%</b>	9.19%	7.58%	7.52%	7.77%
Net interest spread <sup>(3)</sup>	<b>1.99%</b>	2.44%	2.81%	2.58%	2.74%
Net interest margin <sup>(4)</sup>	<b>2.08%</b>	2.56%	2.91%	2.75%	2.75%
Net fee and commission income to operating income ratio <sup>(5)</sup>	<b>0.36%</b>	1.24%	1.14%	4.16%	5.96%
Cost-to-income ratio <sup>(6)</sup>	<b>58.78%</b>	48.04%	46.90%	47.96%	51.08%
<b>Capital adequacy indicators (%)</b>					
Core tier-one capital adequacy ratio <sup>(7)</sup>	<b>8.72%</b>	8.91%	8.83%	9.05%	9.55%
Tier-one capital adequacy ratio <sup>(8)</sup>	<b>8.81%</b>	9.01%	8.96%	9.15%	9.66%
Capital adequacy ratio <sup>(9)</sup>	<b>11.35%</b>	11.50%	11.63%	11.37%	11.98%
Shareholders' equity to total assets ratio	<b>6.99%</b>	6.97%	7.59%	8.11%	9.04%
<b>Assets quality indicators (%)</b>					
Non-performing loan ratio <sup>(10)</sup>	<b>2.34%</b>	1.98%	1.88%	1.63%	1.68%
Provision coverage ratio <sup>(11)</sup>	<b>156.98%</b>	157.39%	157.33%	164.82%	167.58%
Provision to total loan ratio <sup>(12)</sup>	<b>3.68%</b>	3.12%	2.95%	2.69%	2.82%
<b>Other indicators (%)<sup>(13)</sup></b>					
Loan to deposit ratio	<b>75.26%</b>	75.67%	81.22%	86.85%	78.23%

Notes:

- (1) Calculated by dividing the net profit for a year by the average balance of total assets at the beginning and the end of that year.
- (2) Calculated by dividing the net profit for a year by the average balance of total equity at the beginning and at the end of that year.
- (3) Calculated as the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities.
- (4) Calculated by dividing net interest income by average interest-earning assets.
- (5) Calculated by dividing net fee and commission income by operating income.
- (6) Calculated by dividing total operating expenses (net of tax and surcharges) by operating income.
- (7) Core tier-one capital adequacy ratio = (core tier-one capital – corresponding capital deductions)/risk-weighted assets\*100%.
- (8) Tier-one capital adequacy ratio = (tier-one capital – corresponding capital deductions)/risk-weighted assets\*100%.
- (9) Capital adequacy ratio = (total capital – corresponding capital deductions)/risk-weighted assets\*100%.
- (10) Non-performing loan ratio = total non-performing loans/total loans and advances to customers\*100%.
- (11) Provision coverage ratio = total provision for impairment losses on loans and advances to customers/total non-performing loans\*100%.
- (12) Provision to total loan ratio = total provision for impairment losses on loans and advances to customers/total loans and advances to customers\*100%.
- (13) The relevant indicator refers to the ratio the Bank reports to the former China Banking and Insurance Regulatory Commission (the “**Former CBIRC**”, currently known as the National Financial Regulatory Administration) and calculated in accordance with PRC GAAP and relevant requirements of the Former CBIRC regarding financial data.
- (14) The weighted average number of ordinary shares in issue during the year ended 31 December 2021 has been adjusted retrospectively taking into account the capitalisation issue of 461,290,142 ordinary shares as if the capitalisation issue on 26 August 2022 had been completed on 1 January 2021.

### 3. MANAGEMENT DISCUSSIONS AND ANALYSIS

#### 3.1 Environment and Outlook

In 2023, the momentum of world economic growth was insufficient, and demand in the international market recorded decline. China's economy and society fully resumed normalised operation. The service industry and consumption grew rapidly, and new industries and new energy field continued to grow rapidly, but the problems of insufficient effective demand and the operating difficulties of certain small and medium-sized enterprises are still relatively serious.

Looking ahead to 2024, strategic opportunities, risks and challenges will co-exist, but the basic trend of China's economic recovery and long-term improvement will remain unchanged. Driven by policies and the market, new industries, new modes and new energies are accelerating, and the internal momentum of development is accumulating. In particular, the Central Financial Work Conference has drawn up a blueprint for "accelerating the construction of a strong financial country", put forward "five major articles (五篇大文章)", and explicitly proposed to support the sustainable and healthy development of small and medium-sized banks. Regulators at all levels have launched a series of policy tools to support rural revitalization and serve small and medium-sized enterprises in the three rurals, providing a broad space for market expansion. Specifically in Jilin Province, the province is implementing the "one dome, six double-pillars (一主六雙)" high-quality development strategy, focusing on the construction of a new development pattern of "four major clusters (四大集群)", "six new industries (六新產業)" and "four new facilities (四新設施)". With the support of local governments and relevant departments, the local advantages of the agricultural and commercial bank will be further highlighted, the effectiveness of focusing on the main business and serving the entities will be further demonstrated, and the foundation for supporting high-quality development will be more solid.

The Bank will fully implement the spirit of the 20th National Congress of the Communist Party of China, conscientiously implement the national economic and financial policies, take high-quality development as the theme and serving the entity as the main responsibility, and comprehensively promote the implementation of the series of projects of "adhering to the orientation, consolidating the foundation, adjusting the structure, improving quality and efficiency, controlling the risks, stabilising the growth, strengthening the management and building up the team", so as to promote business operations to continue to improve, stabilise and achieve long-term success, as well as to create a new chapter of high-quality development at a new starting point.

## 3.2 Development Strategies

The Group's strategic goal is to position itself as a professional financial services provider with unique values and strong competitiveness, and to build a modern agricultural and commercial bank with moderate scale, reasonable structure, excellent assets and sound governance. In order to realize its goal, the Group plans to: (i) adhere to serving the entities, continue to consolidate its strengths in the service for the "three rurals (三農)" and Micro, Small and Medium Enterprises (the "SMEs"), and resonate and co-exist with the development of local economy and society; (ii) accelerate the retail transformation, improve and upgrade the concepts, mechanisms, products, channels and technologies, and promote the transformation of the mode of growth; (iii) insist on improving quality and efficiency, optimize operating and business structures, and promote scientific and standardized operation management; (iv) insist on safety and soundness, integrate development and safety, improve internal control and compliance, and strengthen overall risk management; and (v) strengthen technology empowerment, optimize talent support, build corporate culture, and enhance customers' sense of gain and employees' sense of well-being.

## 3.3 Overall Business Review

The Group recorded a total operating income of RMB5,514.3 million in 2023, representing a decrease of 16.4% as compared to RMB6,597.1 million in 2022. The Group's net profit decreased by 89.3% from RMB1,672.0 million in 2022 to RMB178.4 million in 2023.

As of 31 December 2023, the Group's total assets amounted to RMB269,775.0 million, representing a year-on-year increase of 1.0%; net loans and advances to customers amounted to RMB176,431.7 million, representing a year-on-year increase of 3.4%; the non-performing loan ratio amounted to 2.34%, representing a year-on-year increase of 0.36 percentage points; gross deposits from customers amounted to RMB236,654.1 million, representing a year-on-year increase of 4.1%.

**(a) Analysis of the Consolidated Statement of Profit or Loss**

<b>(Expressed in millions of RMB, unless otherwise stated)</b>	<b>Year ended 31 December</b>			<b>Change in percentage (%)</b>
	<b>2023</b>	<b>2022</b>	<b>Change in amount</b>	
Interest income	<b>13,674.5</b>	14,382.7	(708.2)	(4.9)
Interest expense	<b>(8,146.1)</b>	(7,867.8)	(278.3)	3.5
<b>Net interest income</b>	<b>5,528.4</b>	6,514.9	(986.5)	(15.1)
Fee and commission income	<b>98.4</b>	153.5	(55.1)	(35.9)
Fee and commission expenses	<b>(78.8)</b>	(71.8)	(7.0)	9.7
<b>Net fee and commission income</b>	<b>19.6</b>	81.7	(62.1)	(76.0)
Net gains arising from investment securities	<b>154.9</b>	98.6	56.3	57.1
Dividend income	<b>7.8</b>	21.4	(13.6)	(63.6)
Net trading gains/(losses)	<b>(47.5)</b>	95.1	(142.6)	(149.9)
Losses on deemed disposal of a subsidiary	—	(208.6)	208.6	(100.0)
Net exchange gains	<b>3.5</b>	8.0	(4.5)	(56.3)
Other operating income/(expenses), net	<b>(152.4)</b>	(14.0)	(138.4)	988.6
<b>Operating income</b>	<b>5,514.3</b>	6,597.1	(1,082.8)	(16.4)
Operating expenses	<b>(3,338.9)</b>	(3,266.2)	(72.7)	2.2
Impairment losses on assets, net of reversals	<b>(2,109.8)</b>	(1,360.9)	(748.9)	55.0
<b>Operating profit</b>	<b>65.6</b>	1,970.0	(1,904.4)	(96.7)
Share of profits of associates	<b>0.8</b>	13.5	(12.7)	(94.1)
<b>Profit before tax</b>	<b>66.4</b>	1,983.5	(1,917.1)	(96.7)
Income tax credit/(expense)	<b>112.0</b>	(311.5)	423.5	(136.0)
<b>Profit for the year</b>	<b>178.4</b>	1,672.0	(1,493.6)	(89.3)
<b>Profit/(loss) for the year attributable to:</b>				
— Owners of the Bank	<b>168.3</b>	1,683.3	(1,515.0)	(90.0)
— Non-controlling interests	<b>10.1</b>	(11.3)	21.4	(189.4)
<b>Profit for the year</b>	<b>178.4</b>	1,672.0	(1,493.6)	(89.3)



In 2023, the Group's profit before tax was RMB66.4 million, representing a year-on-year decrease of 96.7%; profit for the year was RMB178.4 million, representing a year-on-year decrease of 89.3%. It was mainly due to the decrease in net interest income as a result of the Group's efforts to help stabilise growth, provide relief and benefits to enterprises, and reduce fees and make concessions to support entities, as well as the lower interest rates and other factors; and the increase in provision for asset impairment as a result of the post-pandemic operation recovery progress of enterprises and the transformation from old to new drivers of growth in regional economy and other factors.

**(i) Net interest income**

Net interest income was the largest component of the Group's operating income, representing 98.8% and 100.3% of operating income in 2022 and 2023, respectively. The table below sets forth the interest income, interest expense and net interest income for the periods indicated.

<b>(Expressed in millions of RMB, unless otherwise stated)</b>	<b>Year ended 31 December</b>			
	<b>2023</b>	2022	Change in amount	Change in percentage (%)
Interest income	<b>13,674.5</b>	14,382.7	(708.2)	(4.9)
Interest expense	<b>(8,146.1)</b>	(7,867.8)	(278.3)	3.5
<b>Net interest income</b>	<b><u>5,528.4</u></b>	<u>6,514.9</u>	<u>(986.5)</u>	<u>(15.1)</u>

The table below sets forth the average balance of the Group's interest-earning assets and interest-bearing liabilities, the related interest income or expense and the average yield or average cost for the periods indicated. The average balance of interest-earning assets and interest-bearing liabilities are the average of the daily balances.

<b>(Expressed in millions of RMB, unless otherwise stated)</b>	<b>Year ended 31 December 2023</b>			<b>Year ended 31 December 2022</b>		
	<b>Average balance</b>	<b>Interest income</b>	<b>Average yield (%)</b>	Average balance	Interest income	Average yield (%)
<b>Interest-earning assets</b>						
Loans and advances to customers	<b>178,801.9</b>	<b>11,580.2</b>	<b>6.48</b>	176,272.2	12,402.7	7.04
Investment securities and other financial assets <sup>(1)</sup>	<b>34,573.5</b>	<b>1,229.5</b>	<b>3.56</b>	31,418.3	1,233.0	3.92
Financial assets held under resale agreements	<b>12,695.9</b>	<b>283.4</b>	<b>2.23</b>	14,408.3	278.2	1.93
Deposits with banks and other financial institutions	<b>21,859.0</b>	<b>331.2</b>	<b>1.52</b>	13,493.7	209.2	1.55
Deposits with the central bank <sup>(2)</sup>	<b>16,391.0</b>	<b>221.0</b>	<b>1.35</b>	17,863.0	223.1	1.25
Placements with banks and other financial institutions	<b>1,158.0</b>	<b>29.2</b>	<b>2.52</b>	1,149.9	36.5	3.17
<b>Total interest-earning assets</b>	<b><u>265,479.3</u></b>	<b><u>13,674.5</u></b>	<b>5.15</b>	<u>254,605.4</u>	<u>14,382.7</u>	5.65

(Expressed in millions of RMB, unless otherwise stated)	Year ended 31 December 2023			Year ended 31 December 2022		
	Average balance	Interest expenses	Average cost (%)	Average balance	Interest expenses	Average cost (%)
<b>Interest-bearing liabilities</b>						
Deposits from customers	235,352.0	7,628.4	3.24	221,802.6	7,152.9	3.22
Financial assets sold under repurchase agreements	8,225.1	135.6	1.65	6,190.4	92.5	1.49
Deposits from banks and other financial institutions	2,196.5	13.6	0.62	5,852.9	217.2	3.71
Debt securities issued <sup>(3)</sup>	4,135.1	183.8	4.44	5,827.0	277.6	4.76
Placements from banks and other financial institutions	5,574.9	119.2	2.14	1,514.5	37.5	2.48
Borrowings from the central bank	2,298.9	47.1	2.05	3,286.0	68.8	2.09
Lease liabilities	367.2	18.4	5.01	476.2	21.3	4.47
<b>Total interest-bearing liabilities</b>	<b>258,149.7</b>	<b>8,146.1</b>	<b>3.16</b>	<b>244,949.6</b>	<b>7,867.8</b>	<b>3.21</b>
<b>Net interest income</b>		<b>5,528.4</b>			<b>6,514.9</b>	
<b>Net interest spread<sup>(4)</sup></b>			<b>1.99</b>			<b>2.44</b>
<b>Net interest margin<sup>(5)</sup></b>			<b>2.08</b>			<b>2.56</b>

Notes:

- (1) Investment securities and other financial assets include the financial assets at fair value through other comprehensive income and financial assets at amortised cost.
- (2) Primarily consist of statutory deposit reserves, surplus deposit reserves and fiscal deposit reserves.
- (3) Primarily consist of tier-two capital bonds and interbank certificates.
- (4) Calculated based on the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities.
- (5) Calculated by dividing net interest income by the average balance of interest-earning assets (based on the daily average of the interest-earning assets).

The table below sets forth the changes in the Group's interest income and interest expenses attributable to changes in volume and interest rate for the periods indicated. Changes in volume are measured by changes in the average balance, and changes in interest rate are measured by changes in the average interest rates. Changes caused by both volume and interest rate have been allocated to changes in volume.

(Expressed in millions of RMB, unless otherwise stated)	2023 vs 2022		
	Volume <sup>(1)</sup>	Interest rate <sup>(2)</sup>	Net increase/ (decrease) <sup>(3)</sup>
<b>Interest-earning assets</b>			
Loans and advances to customers	163.8	(986.3)	(822.5)
Investment securities and other financial assets	112.2	(115.7)	(3.5)
Financial assets held under resale agreements	(38.2)	43.4	5.2
Deposits with banks and other financial institutions	126.7	(4.7)	122.0
Deposits with the central bank	(19.8)	17.7	(2.1)
Placements with banks and other financial institutions	0.2	(7.5)	(7.3)
<b>Changes in interest income</b>	<u>344.9</u>	<u>(1,053.1)</u>	<u>(708.2)</u>
<b>Interest-bearing liabilities</b>			
Deposits from customers	439.2	36.3	475.5
Financial assets sold under repurchase agreements	33.5	9.6	43.1
Deposits from banks and other financial institutions	(22.6)	(181.0)	(203.6)
Debt securities issued	(75.2)	(18.6)	(93.8)
Placements from banks and other financial institutions	86.8	(5.1)	81.7
Borrowings from the central bank	(20.2)	(1.5)	(21.7)
Lease liabilities	(5.5)	2.6	(2.9)
<b>Changes in interest expenses</b>	<u>436.0</u>	<u>(157.7)</u>	<u>278.3</u>
<b>Changes in net interest income</b>	<u>(91.1)</u>	<u>(895.4)</u>	<u>(986.5)</u>

Notes:

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

## (ii) Interest income

The table below sets forth the principal components of interest income for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Year ended 31 December			
	2023		2022	
	Amount	% of total	Amount	% of total
Loans and advances to customers	11,580.2	84.7	12,402.7	86.2
Investment securities and other financial assets	1,229.5	9.0	1,233.0	8.6
Financial assets held under resale agreements	283.4	2.1	278.2	1.9
Deposits with banks and other financial institutions	331.2	2.4	209.2	1.5
Deposits with the central bank	221.0	1.6	223.1	1.5
Placements with banks and other financial institutions	29.2	0.2	36.5	0.3
<b>Total</b>	<b>13,674.5</b>	<b>100.0</b>	<b>14,382.7</b>	<b>100.0</b>

The Group's interest income decreased by 4.9% from RMB14,382.7 million in 2022 to RMB13,674.5 million in 2023, which was primarily due to the decrease in the average yield on interest-earning assets from 5.65% in 2022 to 5.15% in 2023, which was partially offset by the increase in the average balance of interest-earning assets from RMB254,605.4 million in 2022 to RMB265,479.3 million in 2023. The decrease in the average yield on interest-earning assets was primarily due to the decrease in the average yields on loans and advances to customers, investment securities and other financial assets, placements with banks and other financial institutions and deposits with banks and other financial institutions, partially offset by the increase in the average yields on financial assets held under resale agreements and deposits with the central bank. The increase in the average balance of interest-earning assets was primarily due to the increase in the average balance of loans and advances to customers, investment securities and other financial assets, deposits with banks and other financial institutions and placements with banks and other financial institutions, partially offset by the decrease in the average balance of financial assets held under resale agreements and deposits with the central bank.

**(A) Interest income from loans and advances to customers**

Interest income from loans and advances to customers represented 86.2% and 84.7% of the Group's total interest income in 2022 and 2023, respectively.

The table below sets forth the average balance, interest income and average yield on loans and advances to customers by product for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Year ended 31 December					
	2023			2022		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans and advances						
— Loans	149,100.5	9,531.5	6.39	146,212.8	10,350.5	7.08
— Finance lease loans	2,679.7	153.9	5.74	3,032.9	179.4	5.92
Retail loans	26,986.3	1,894.1	7.02	26,971.4	1,871.3	6.94
Discounted bills	35.4	0.7	1.98	55.1	1.5	2.72
<b>Total loans and advances to customers</b>	<b>178,801.9</b>	<b>11,580.2</b>	<b>6.48</b>	<b>176,272.2</b>	<b>12,402.7</b>	<b>7.04</b>

As the largest component of the Group's interest income, the interest income from loans and advances to customers decreased by 6.63% from RMB12,402.7 million in 2022 to RMB11,580.2 million in 2023, which was mainly due to the decrease in average yield on loans and advances to customers from 7.04% in 2022 to 6.48% in 2023, which was partially offset by the increase in the average balance of such assets from RMB176,272.2 million in 2022 to RMB178,801.9 million in 2023. The decrease in the average yield on these assets was mainly due to the Group's reduction of fees and concessions to lower the cost of corporate finance, the year-on-year downward impact of the Loan Prime Rate (LPR), as well as operation difficulties and solvency decline in the short term of certain customers as a result of cyclical adjustments in the regional economy. The increase in the average balance of such assets was primarily due to the Group's adherence to its primary responsibility and main business, insistence on supporting agriculture and small enterprises, and the orderly increase in financial supply through measures such as serving rural revitalization, supporting industrial clusters, broadening regional markets, helping enterprises to alleviate and resolve difficulties, and promoting retail transformation.

**(B) Interest income from investment securities and other financial assets**

Interest income from investment securities and other financial assets decreased by 0.3% from RMB1,233.0 million in 2022 to RMB1,229.5 million in 2023. This was primarily due to the decrease in the average yield on investment securities and other financial assets from 3.92% in 2022 to 3.56% in 2023, which was partially offset by the increase in the average balance of such assets from RMB31,418.3 million in 2022 to RMB34,573.5 million in 2023. The increase in the average balance of such assets was primarily due to the reasonable increase in the size of

the Group's government bond reserves in accordance with the needs of its business operations, which was partially offset by the decrease in the size of investments in asset management plans, trust plans and funds. The decrease in the average yield on such assets was primarily due to changes in the type and maturity structure of investment assets and changes in interest rates in the bond market.

***(C) Interest income from financial assets held under resale agreements***

Interest income from financial assets held under resale agreements increased by 1.9% from RMB278.2 million in 2022 to RMB283.4 million in 2023. This was primarily due to the increase in the average yield on financial assets held under resale agreements from 1.93% in 2022 to 2.23% in 2023, which was partially offset by the decrease in the average balance of such assets from RMB14,408.3 million in 2022 to RMB12,695.9 million in 2023. The increase in the average yield on such assets was primarily due to the change in interest rates in the funding market. The decrease in the average balance of such assets was primarily due to the Group's timely reduction in the size of such assets in line with liquidity management needs.

***(D) Interest income from deposits with banks and other financial institutions***

Interest income from deposits with banks and other financial institutions increased by 58.3% from RMB209.2 million in 2022 to RMB331.2 million in 2023. This was primarily due to the increase in the average balance of deposits with banks and other financial institutions from RMB13,493.7 million in 2022 to RMB21,859.0 million in 2023, which was partially offset by the decrease in the average yield on such assets from 1.55% in 2022 to 1.52% in 2023. The increase in the average balance of such assets was primarily due to the increase in the size of the Group's deposits with banks based on liquidity management needs. The decrease in the average yield on such assets was primarily due to changes in the maturity structure of the asset portfolio.

***(E) Interest income from deposits with the central bank***

Interest income from deposits with the central bank decreased by 0.9% from RMB223.1 million in 2022 to RMB221.0 million in 2023. This was primarily due to the decrease in the average balance of deposits with the central bank from RMB17,863.0 million in 2022 to RMB16,391.0 million in 2023, which was partially offset by the increase in the average yield on such assets from 1.25% in 2022 to 1.35% in 2023. The increase in the average yield on such assets was primarily due to changes in the structure of statutory deposit reserves and surplus deposit reserves. The decrease in the average balance of such assets was primarily due to the changes in the statutory deposit reserve ratio.

### (iii) Interest expenses

The table below sets forth the principal components of the Group's interest expenses for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Year ended 31 December			
	2023		2022	
	Amount	% of total	Amount	% of total
Deposits from customers	7,628.4	93.6	7,152.9	90.9
Financial assets sold under repurchase agreements	135.6	1.7	92.5	1.2
Deposits from banks and other financial institutions	13.6	0.2	217.2	2.8
Debt securities issued	183.8	2.2	277.6	3.5
Placements from banks and other financial institutions	119.2	1.5	37.5	0.5
Borrowings from the central bank	47.1	0.6	68.8	0.9
Lease liabilities	18.4	0.2	21.3	0.2
<b>Total</b>	<b>8,146.1</b>	<b>100.0</b>	<b>7,867.8</b>	<b>100.0</b>

#### (A) Interest expenses on deposits from customers

The table below sets forth the average balance, interest expenses and average cost for the components of deposits from customers for the periods indicate.

(Expressed in millions of RMB, unless otherwise stated)	Year ended 31 December					
	2023			2022		
	Average balance	Interest expenses	Average cost (%)	Average balance	Interest expenses	Average cost (%)
<b>Corporate deposits</b>						
Time	7,267.1	223.0	3.07	9,085.0	219.0	2.41
Demand	39,306.4	1,024.5	2.61	46,201.4	1,237.2	2.68
<b>Subtotal</b>	<b>46,573.5</b>	<b>1,247.5</b>	<b>2.68</b>	<b>55,286.4</b>	<b>1,456.2</b>	<b>2.63</b>
<b>Retail deposits</b>						
Time	173,103.6	6,188.5	3.58	150,388.5	5,473.4	3.64
Demand	15,674.9	192.4	1.23	16,127.7	223.3	1.38
<b>Subtotal</b>	<b>188,778.5</b>	<b>6,380.9</b>	<b>3.38</b>	<b>166,516.2</b>	<b>5,696.7</b>	<b>3.42</b>
<b>Total deposits from customers</b>	<b>235,352.0</b>	<b>7,628.4</b>	<b>3.24</b>	<b>221,802.6</b>	<b>7,152.9</b>	<b>3.22</b>

Interest expenses on deposits from customers increased by 6.6% from RMB7,152.9 million in 2022 to RMB7,628.4 million in 2023. This was primarily due to the increase in the average balance of deposits from customers from RMB221,802.6 million in 2022 to RMB235,352.0 million in 2023 and the increase in the average cost on such liabilities from 3.22% in 2022 to 3.24% in 2023. The increase in the average balance of such liabilities was primarily due to the Group's focus on serving key customer segments and key industries, precision marketing, and leveraging the advantages of resource integration and product portfolio, and its enhancement of customer acquisition capacity, which resulted in a steady growth in total deposits. The increase in the average cost on such liabilities was primarily due to the increase in the average cost on the Company's time deposits due to changes in the maturity structure, partially offset by the decrease in the average cost on the Company's demand deposits and retail deposits.

***(B) Interest expenses on financial assets sold under repurchase agreements***

Interest expenses on financial assets sold under repurchase agreements increased by 46.6% from RMB92.5 million in 2022 to RMB135.6 million in 2023. This was primarily due to the increase in the average balance of financial assets sold under repurchase agreements from RMB6,190.4 million in 2022 to RMB8,225.1 million in 2023, and the increase in the average cost on such liabilities from 1.49% in 2022 to 1.65% in 2023. The increase in the average balance of such liabilities was primarily due to the Group's initiative to increase the size of such liabilities by rationalizing its liability structure based on operational needs. The increase in the average cost on such liabilities was primarily due to the changes in interest rates in the funding market.

***(C) Interest expenses on deposits from banks and other financial institutions***

Interest expenses on deposits from banks and other financial institutions decreased by 93.7% from RMB217.2 million in 2022 to RMB13.6 million in 2023. This was primarily due to the decrease in the average balance of such liabilities from RMB5,852.9 million in 2022 to RMB2,196.5 million in 2023, and the decrease in the average cost on such liabilities from 3.71% in 2022 to 0.62% in 2023. The decrease in the average balance of such liabilities was primarily due to the Group's initiative to reduce the size of such liabilities by adjusting its liability structure in a timely manner in accordance with changes in market interest rates. The decrease in the average cost on such liabilities was primarily due to the change in the maturity structure.

***(D) Interest expenses on debt securities issued***

Interest expenses on debt securities issued decreased by 33.8% from RMB277.6 million in 2022 to RMB183.8 million in 2023. This was primarily due to the decrease in the average balance of debt securities issued from RMB5,827.0 million in 2022 to RMB4,135.1 million in 2023 and the decrease in the average cost on such liabilities from 4.76% in 2022 to 4.44% in 2023. The decrease in the average balance of such liabilities was primarily due to the decrease in the issuance size of bonds and interbank certificates. The decrease in the average cost on such liabilities was primarily due to changes in the bond structure..



#### (iv) Net interest spread and net interest margin

Net interest spread is the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities. Net interest margin is the ratio of net interest income to the average balance of interest-earning assets.

Net interest spread decreased by 0.45 percentage point from 2.44% in 2022 to 1.99% in 2023. Net interest margin decreased by 0.48 percentage points from 2.56% in 2022 to 2.08% in 2023. This was primarily due to the decrease of 0.50 percentage points in the average yield on interest-earning assets compared with the same period of the previous year, which was partially offset by the decrease of 0.05 percentage points in the average cost on interest-bearing liabilities compared with the same period of the previous year. The decrease in the average yield on interest-earning assets was primarily due to the Group's reduction of fees and concessions to lower the cost of corporate finance, the year-on-year downward impact of the Loan Prime Rate (LPR), and the decline in the repayment ability of some customers due to the cyclical adjustments in the regional economy, the decrease in the average yield on loans and advances to customers, and the decrease in the average yields on investment securities and other financial assets, placements with banks and other financial institutions and deposits with the banks and other financial institutions due to the impact of changes in the maturity structure of assets and changes in market interest rates, which was partially offset by the increase in the average yields on deposits with the central bank and financial assets held under resale agreements.

#### (v) Non-interest income

##### (A) Net fee and commission income

(Expressed in millions of RMB, unless otherwise stated)	Year ended 31 December			
	2023	2022	Change in amount	Change in percentage (%)
<b>Fee and commission income</b>				
Advisory fees	22.2	31.2	(9.0)	(28.8)
Syndicated loan service fees	0.3	11.1	(10.8)	(97.3)
Settlement and clearing fees	30.8	52.4	(21.6)	(41.2)
Agency services fees	15.4	12.3	3.1	25.2
Wealth management service fees	22.4	38.2	(15.8)	(41.4)
Bank card service fees	1.5	3.5	(2.0)	(57.1)
Others <sup>(1)</sup>	5.8	4.8	1.0	20.8
<b>Subtotal</b>	<b>98.4</b>	<b>153.5</b>	<b>(55.1)</b>	<b>(35.9)</b>
<b>Fee and commission expense</b>	<b>(78.8)</b>	<b>(71.8)</b>	<b>(7.0)</b>	<b>9.7</b>
<b>Net fee and commission income</b>	<b>19.6</b>	<b>81.7</b>	<b>(62.1)</b>	<b>(76.0)</b>

Note:

- (1) Primarily consists of fee income from loan business, fee and commission of guarantees and commitments and income from safe deposit box business.

Net fee and commission income decreased by 76.0% from RMB81.7 million in 2022 to RMB19.6 million in 2023. This was primarily due to the decrease in advisory fees income, syndicated loan service fees income, settlement and clearing fees income, wealth management service fees income and bank card service fees income, which was partially offset by the increase in agency service fees income and other fee income.

Advisory fees income decreased by 28.8% from RMB31.2 million in 2022 to RMB22.2 million in 2023, mainly due to the decrease in consultancy services provided by the Group to customers.

Syndicated loan service fees income decreased by 97.3% from RMB11.1 million in 2022 to RMB0.3 million in 2023, mainly due to the decrease in the volume of syndicated loan business.

Settlement and clearing fees income decreased by 41.2% from RMB52.4 million in 2022 to RMB30.8 million in 2023, mainly due to the decrease in the volume of settlement business.

Agency service fees income increased by 25.2% from RMB12.3 million in 2022 to RMB15.4 million in 2023, mainly due to the increase in the volume of agency service.

Wealth management service fees income decreased by 41.4% from RMB38.2 million in 2022 to RMB22.4 million in 2023, mainly due to the decrease in the scale of issuance of wealth management products.

Bank card service fees income decreased by 57.1% from RMB3.5 million in 2022 to RMB1.5 million in 2023, mainly due to the decrease in the amount of bank card transactions.

Fee and commission expenses mainly included fees paid to third parties. Fee and commission expenses increased by 9.7% from RMB71.8 million in 2022 to RMB78.8 million in 2023, mainly due to the increase in expenses on fees and commissions paid to third parties.

***(B) Net gains arising from investment securities***

Net gains arising from investment securities included net gains from selling investment securities and other financial assets and revaluation gains resulting from the reclassification from other consolidated income to profits or losses upon the disposal of assets.

Net gains arising from investment securities increased by 57.1% from RMB98.6 million in 2022 to RMB154.9 million in 2023. This was mainly due to the Group's timely disposal of financial assets held by it based on its asset portfolio investment strategy and operational needs.

***(C) Dividend income***

Dividend income decreased by 63.6% from RMB21.4 million in 2022 to RMB7.8 million in 2023. This was mainly due to the decrease in dividend payment from holding companies.

***(D) Net trading gains/(losses)***

Net trading gains/(losses) decreased by 149.9% from RMB95.1 million in 2022 to RMB(47.5) million in 2023, mainly due to the decrease in interest income from trading financial assets as a result of changes in size and interest rates.

***(E) Net exchange gains***

Net exchange gains mainly included net gains arising out of foreign exchange settlement and foreign exchange transactions. Net exchange gains decreased by 56.3% from RMB8.0 million in 2022 to RMB3.5 million in 2023, mainly due to the decrease in foreign exchange trading income and the impact of foreign exchange rate fluctuations.

***(F) Other operating income/(expenses), net***

Other operating income/(expenses), net mainly included government subsidies and other non-recurring income, net of non-recurring expenses such as charitable donation. Other operating income/(expenses), net decreased from RMB(14.0) million in 2022 to RMB(152.4) million in 2023, which was mainly due to the decrease in net gains on the disposal of property and equipment, as well as the increase in deposit insurance premium expense.

## (vi) Operating expenses

Operating expenses increased by 2.2% from RMB3,266.2 million in 2022 to RMB3,338.9 million in 2023. This was primarily due to increases in staff costs, general management and administrative expenses and taxes and surcharges, which was partially offset by decreases in property and equipment expenses.

The table below sets forth the principal components of operating expenses for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Year ended 31 December			
	2023	2022	Change in amount	Change in percentage (%)
Staff cost	<b>2,219.1</b>	2,103.8	115.3	5.5
Property and equipment expenses	<b>499.8</b>	547.6	(47.8)	(8.7)
General management and administrative expenses	<b>522.3</b>	517.9	4.4	0.8
Tax and surcharges	<b>97.7</b>	96.9	0.8	0.8
<b>Total</b>	<b><u>3,338.9</u></b>	<b><u>3,266.2</u></b>	<b><u>72.7</u></b>	<b><u>2.2</u></b>

### (A) Staff costs

The table below sets forth the components of staff costs for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Year ended 31 December			
	2023	2022	Change in amount	Change in percentage (%)
Salaries and bonuses	<b>1,525.8</b>	1,512.9	12.9	0.9
Social insurance	<b>379.9</b>	315.1	64.8	20.6
Staff welfares	<b>114.4</b>	120.8	(6.4)	(5.3)
Housing allowances	<b>165.6</b>	125.8	39.8	31.6
Labor union and staff education expenses	<b>33.4</b>	29.2	4.2	14.4
<b>Total staff costs</b>	<b><u>2,219.1</u></b>	<b><u>2,103.8</u></b>	<b><u>115.3</u></b>	<b><u>5.5</u></b>

Staff costs increased by 5.5% from RMB2,103.8 million in 2022 to RMB2,219.1 million in 2023. The increase in staff costs was primarily due to the increase in salaries and bonuses and a corresponding increase in social insurance and housing provident fund.

***(B) Property and equipment expenses***

Property and equipment expenses decreased by 8.7% from RMB547.6 million in 2022 to RMB499.8 million in 2023. The decrease in property and equipment expenses was mainly due to the decrease in depreciation expenses of the Group's rental and right-of-use assets.

***(C) General management and administrative expenses***

General management and administrative expenses mainly included business promotion fees, transportation fee in relation to the delivery of cash and repair expenses. General management and administrative expenses increased by 0.8% from RMB517.9 million in 2022 to RMB522.3 million in 2023. The increase in general management and administrative expenses was primarily due to the fact that some outlets were not open for business in the same period last year due to the pandemic and a lower base for general management and administration expenses.

***(D) Tax and surcharges***

Tax and surcharges increased by 0.8% from RMB96.9 million in 2022 to RMB97.7 million in 2023. The increase in tax and surcharges were primarily due to the corresponding increase in taxes paid by the Group as a result of the increase in the size of the repossessed assets collected by the Group.

(vii) **Impairment losses on assets, net of reversals**

The table below sets forth the principal components of impairment losses on assets for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Year ended 31 December			
	2023	2022	Change in amount	Change in percentage (%)
Loans and advances to customers	<b>1,380.1</b>	1,128.7	251.4	22.3
Debt securities financial assets at fair value through other comprehensive income	<b>0.2</b>	0.1	0.1	100.0
Financial assets measured at amortized cost	<b>748.7</b>	187.0	561.7	300.4
Deposits with banks and other financial institutions	<b>(0.9)</b>	(0.6)	(0.3)	50.0
Placements with banks and other financial institutions	<b>0.1</b>	0.2	(0.1)	(50.0)
Other receivables and repossessed assets	<b>1.2</b>	27.7	(26.5)	(95.7)
Provision for credit commitments and financial guarantees	<b>(31.7)</b>	13.6	(45.3)	(333.1)
Interest receivables (included in other assets)	<b>12.1</b>	4.2	7.9	188.1
<b>Total</b>	<b><u>2,109.8</u></b>	<b><u>1,360.9</u></b>	<b><u>748.9</u></b>	<b><u>55.0</u></b>

Impairment losses on assets, net of reversals increased by 55.0% from RMB1,360.9 million in 2022 to RMB2,109.8 million in 2023. The increase in impairment loss on assets, net of reversal was mainly due to the Group's enhancement of the refined risk management assessment in response to the changes in external market environment, and the increase in asset impairment losses on loans and advances to customers, financial assets at fair value through other comprehensive income, financial assets at amortized cost and interest receivable, which was partially offset by the decrease in impairment losses on deposits with banks and other financial institutions, placements with banks and other financial institutions, credit commitments and financial guarantees, other receivables and repossessed assets.

(viii) **Income tax expense**

Income tax expense decreased by 136.0% from RMB311.5 million in 2022 to RMB(112.0) million in 2023. The decrease in income tax expense was due to the decrease in operating profit.

## (b) Analysis of the Consolidated Statement of Financial Position

### (i) Assets

As of 31 December 2023 and 2022, the Group's total assets amounted to RMB269,775.0 million and RMB267,000.7 million, respectively. Major components of total assets include (i) loans and advances to customers; (ii) investment securities and other financial assets; (iii) deposits with banks and other financial institutions; (iv) cash and deposits with the central bank; (v) financial assets held under resale agreements; and (vi) placements with banks and other financial institutions. The table below sets forth the components of total assets as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of 31 December 2023		As of 31 December 2022	
	Amount	% of total	Amount	% of total
<b>Assets</b>				
Total loans and advances to customers	<b>178,111.4</b>	<b>66.0</b>	172,029.4	64.4
Accrued interest on loans and advances to customers	<b>4,874.8</b>	<b>1.8</b>	3,927.5	1.5
Provision for impairment losses	<b>(6,554.5)</b>	<b>(2.4)</b>	(5,359.5)	(2.0)
Loans and advances to customers, net	<b>176,431.7</b>	<b>65.4</b>	170,597.4	63.9
Investment securities and other financial assets <sup>(1)</sup>	<b>38,696.0</b>	<b>14.3</b>	33,726.6	12.6
Deposits with banks and other financial institutions	<b>12,144.9</b>	<b>4.5</b>	11,092.3	4.1
Cash and deposits with the central bank	<b>27,149.6</b>	<b>10.1</b>	34,642.8	13.0
Financial assets held under resale agreements	<b>7,543.6</b>	<b>2.8</b>	9,570.5	3.6
Placements with banks and other financial institutions	<b>372.9</b>	<b>0.1</b>	425.2	0.2
Other assets <sup>(2)</sup>	<b>7,436.3</b>	<b>2.8</b>	6,945.9	2.6
<b>Total assets</b>	<b><u>269,775.0</u></b>	<b><u>100.0</u></b>	<b><u>267,000.7</u></b>	<b><u>100.0</u></b>

Notes:

- (1) Include financial assets at amortised cost, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.
- (2) Primarily consist of property and equipment, goodwill, other receivables and prepayments, interest receivables, deferred tax assets, repossessed assets, interests in associates and right-of-use assets.

**(A) Loans and advances to customers**

As of 31 December 2023, the Group's total loans and advances to customers was RMB178,111.4 million, representing an increase of 3.5% as compared to 31 December 2022. Net loans and advances to customers accounted for 65.4% of the Group's total assets, representing an increase of 1.5 percentage points as compared to 31 December 2022.

The table below sets forth loans and advances to customers by product as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of 31 December 2023		As of 31 December 2022	
	<u>Amount</u>	<u>% of total</u>	<u>Amount</u>	<u>% of total</u>
Corporate loans and advances				
—Loans	149,660.1	84.0	142,112.5	82.6
—Finance lease loans	2,701.5	1.5	2,932.1	1.7
Retail loans	25,749.8	14.5	26,984.8	15.7
<b>Total loans and advances to customers</b>	<u>178,111.4</u>	<u>100.0</u>	<u>172,029.4</u>	<u>100.0</u>

Loans and advances to customers are the largest component of total assets. The Group offers a variety of loan products, substantially all of which are denominated in Renminbi. Loans and advances to customers, net of provision for impairment losses, represented 63.6% and 62.4% of total assets as of 31 December 2023 and 2022, respectively.

The Group's corporate loans increased by 5.0% from RMB145,044.6 million as of 31 December 2022 to RMB152,361.6 million as of 31 December 2023, primarily due to the fact that the Group closely followed the national policy direction, based on regional development, continuously broadened its service areas under the premise of effective risk prevention, increased its support for the real economy, satisfied the effective credit needs of the Company's loan customers and increased the scale of credit investment.

The Group's retail loans mainly comprise of personal business loans, personal consumption loans and residential and commercial mortgage loans. The Group's retail loans decreased by 4.6% from RMB26,984.8 million as of 31 December 2022 to RMB25,749.8 million as of 31 December 2023, primarily due to the fact that, during the macroeconomic recovery, the valid credit demands for personal business loans decreased, which resulted in the decrease in scale of personal business loans.



## Loans by Collateral

Collateralized loans, pledged loans and guaranteed loans in the aggregate represented 98.0% and 97.8% of total loans and advances to customers as of 31 December 2023 and 2022, respectively. If a loan is secured by more than one form of collateral, the classification is based on the primary form of collateral. The table below sets forth loans and advances to customers by the type of collateral as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of 31 December 2023		As of 31 December 2022	
	Amount	% of total	Amount	% of total
Collateralized loans	67,612.6	38.0	68,575.0	39.8
Pledged loans	12,566.1	7.1	16,286.6	9.5
Guaranteed loans	94,268.7	52.9	83,425.1	48.5
Unsecured loans	3,664.0	2.0	3,742.7	2.2
<b>Total loans and advances to customers</b>	<b>178,111.4</b>	<b>100.0</b>	<b>172,029.4</b>	<b>100.0</b>

Guaranteed loans are the largest component of total loans and advances to customers. Guaranteed loans as a percentage of total loans and advances to customers were 48.5% as of 31 December 2022 and 52.9% as of 31 December 2023, respectively. The Group has adopted more stringent credit assessment criteria for extending guaranteed loans. Corporate loans are generally guaranteed by listed companies or guarantee companies. The Bank and each subsidiary consider the size, credit history and risk-resistance level of a guarantee company to decide whether or not to accept its guarantees.

The Bank and each subsidiary extend unsecured loans to customers with relatively high credit ratings based on their internal credit risk rating system. As of 31 December 2022 and 2023, unsecured loans represented 2.2% and 2.0% of total loans and advances to customers, respectively.

## Movements of provision for impairment losses on loans and advances to customers

(Expressed in millions of RMB,  
unless otherwise stated)

	<u>2023</u>	<u>2022</u>
<b>At the beginning of the year</b>	<b>5,359.5</b>	4,628.1
Charge for the year	<b>1,380.1</b>	1,128.7
Amounts written off as uncollectible	<b>(198.4)</b>	(130.7)
Recoveries of loans and advances previously written off	<b>13.3</b>	10.3
Changes due to consolidation	<u>—</u>	<u>(276.9)</u>
<b>As of 31 December</b>	<b><u>6,554.5</u></b>	<b><u>5,359.5</u></b>

Provision for impairment losses on loans increased by 22.3% from RMB5,359.5 million as of 31 December 2022 to RMB6,554.5 million as of 31 December 2023, mainly due to the fact that the Group has increased the provision for loan impairment in accordance with the changes in the size of loans and advances to customers and the level of potential risks.

**(B) Investment securities and other financial assets**

As of 31 December 2023 and 2022, the Group had investment securities and other financial assets of RMB38,696.0 million and RMB33,726.6 million, respectively, representing 14.3% and 12.6% of its total assets, respectively.

Investment securities and other financial assets primarily include debt securities investments, asset management plans and trust plans, funds and equity investments.

(Expressed in millions of RMB, unless otherwise stated)	As of 31 December 2023		As of 31 December 2022	
	Amount	% of total	Amount	% of total
<b>Debt securities investments</b>				
Financial assets at fair value through other comprehensive income	14,290.0	36.9	3,839.9	11.4
Financial assets at amortized cost	13,779.5	35.6	16,766.8	49.7
<b>Subtotal</b>	<b>28,069.5</b>	<b>72.5</b>	<b>20,606.7</b>	<b>61.1</b>
<b>Asset management plans and trust plans</b>				
Asset management plans	2,579.2	6.7	3,696.3	11.0
Trust plans	5,333.6	13.8	5,575.5	16.5
<b>Subtotal</b>	<b>7,912.8</b>	<b>20.5</b>	<b>9,271.8</b>	<b>27.5</b>
<b>Funds</b>	—	—	1,003.0	3.0
<b>Subtotal</b>	<b>—</b>	<b>—</b>	<b>1,003.0</b>	<b>3.0</b>
<b>T+0 clearing and advances</b>	0.0	0.0	0.0	0.0
<b>Subtotal</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Equity investments</b>				
Financial assets at fair value through other comprehensive income	144.7	0.4	141.3	0.4
Financial assets at fair value through profit or loss	667.4	1.7	906.1	2.7
<b>Subtotal</b>	<b>812.1</b>	<b>2.1</b>	<b>1,047.4</b>	<b>3.1</b>
<b>Accrued interest</b>	1,901.6	4.9	1,797.7	5.3
<b>Total investment securities and other financial assets, net</b>	<b>38,696.0</b>	<b>100.0</b>	<b>33,726.6</b>	<b>100.0</b>

Investment securities and other financial assets increased by 14.7% from RMB33,726.6 million as of 31 December 2022 to RMB38,696.0 million as of 31 December 2023. The increase in investment securities and other financial assets was primarily due to the Group's timely adjustment of its investment strategy and increase in bond investments in accordance with the liquidity adequacy situation and market changes, taking into account the actual operating conditions, which was partially offset by the decrease in asset management plans, trust plans and funds investments.

## (ii) Liabilities

As of 31 December 2023 and 2022, total liabilities amounted to RMB250,910.5 million and RMB248,381.4 million, respectively. Major components of liabilities include (i) deposits from customers; (ii) debt securities issued; (iii) deposits from banks and other financial institutions; (iv) borrowings from the central bank; (v) placement from banks and other financial institutions, and (vi) financial assets sold under repurchase agreements. The table below sets forth the components of total liabilities as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of 31 December 2023		As of 31 December 2022	
	Amount	% of total	Amount	% of total
Deposits from customers	242,206.6	96.5	232,291.9	93.5
Debt securities issued	3,375.2	1.4	5,351.2	2.2
Financial assets sold under repurchase agreements	220.1	0.1	50.0	0.0
Deposits from banks and other financial institutions	111.3	0.0	3,471.6	1.4
Borrowings from the central bank	535.5	0.2	3,679.8	1.5
Placements from banks and other financial institutions	3,064.5	1.2	2,052.8	0.8
Other liabilities <sup>(1)</sup>	1,397.3	0.6	1,484.1	0.6
<b>Total liabilities</b>	<b>250,910.5</b>	<b>100.0</b>	<b>248,381.4</b>	<b>100.0</b>

Note:

(1) Primarily consist of accrued staff costs, taxes payable, estimated liabilities and lease liabilities.

**(A) Deposits from customers**

The Group provides demand and time deposit products to corporate and retail customers. The table below sets forth deposits from customers by product and customer type as of the dates indicated.

<b>(Expressed in millions of RMB, unless otherwise stated)</b>	<b>As of 31 December 2023</b>		<b>As of 31 December 2022</b>	
	<b>Amount</b>	<b>% of total</b>	<b>Amount</b>	<b>% of total</b>
<b>Corporate deposits</b>				
Demand deposits	<b>31,437.0</b>	<b>13.0</b>	42,187.6	18.2
Time deposits	<b>8,020.7</b>	<b>3.3</b>	8,658.8	3.7
<b>Subtotal</b>	<b><u>39,457.7</u></b>	<b><u>16.3</u></b>	<b><u>50,846.4</u></b>	<b><u>21.9</u></b>
<b>Retail deposits</b>				
Demand deposits	<b>16,001.9</b>	<b>6.6</b>	15,817.8	6.8
Time deposits	<b>178,048.5</b>	<b>73.5</b>	157,255.3	67.7
<b>Subtotal</b>	<b><u>194,050.4</u></b>	<b><u>80.1</u></b>	<b><u>173,073.1</u></b>	<b><u>74.5</u></b>
<b>Others<sup>(1)</sup></b>	<b><u>3,146.0</u></b>	<b><u>1.3</u></b>	<b><u>3,425.6</u></b>	<b><u>1.5</u></b>
<b>Gross deposits from customers</b>	<b>236,654.1</b>	<b>97.7</b>	227,345.1	97.9
<b>Accrued interest</b>	<b>5,552.5</b>	<b>2.3</b>	4,946.8	2.1
<b>Total deposits from customers</b>	<b><u>242,206.6</u></b>	<b><u>100.0</u></b>	<b><u>232,291.9</u></b>	<b><u>100.0</u></b>

Note:

(1) Primarily consist of pledged deposits held as collateral and fiscal deposits.

Gross deposits from customers increased by 4.1% from RMB227,345.1 million as of 31 December 2022 to RMB236,654.1 million as of 31 December 2023. This was primarily due to the Group's focus on customer service, actively integrated into industrial chain finance and rural revitalization construction, accelerated the transformation and upgrading of business outlets and digital construction, provided comprehensive services for customers, and continuously enhanced customer acquisition capability which drove steady growth in deposits.

### ***(B) Debts securities issued***

In April 2015, the Bank issued tier-two capital bonds in an aggregate principal amount of RMB800.0 million. The bonds have a term of 10 years and bear interest at the rate of 6.30% per annum.

In July 2021, the Bank issued 10-year tier-two capital bonds of RMB2,000.0 million at fixed rate of 4.80%.

From 1 January 2022 to 31 December 2022, the Bank issued five tranches of zero-coupon interbank certificates, with an aggregate face value of RMB2,500.0 million. The interbank certificates have a term of one year and bear interest at effective rates between 2.85% and 3.50%.

From 1 January 2023 to 31 December 2023, the Bank issued one tranche of zero-coupon interbank certificates, with an aggregate face value of RMB500.0 million. The interbank certificates have terms of one year and bear interest at effective rate of 2.85%.

### **(iii) Shareholders' equity**

The table below sets forth the changes in shareholders' equity as of the dates indicated.

<b>(Expressed in millions of RMB, unless otherwise stated)</b>	<b>As of 31 December 2023</b>		<b>As of 31 December 2022</b>	
	<b>Amount</b>	<b>% of total</b>	<b>Amount</b>	<b>% of total</b>
Share capital	<b>5,074.2</b>	<b>26.9</b>	5,074.2	27.2
Capital reserve	<b>4,256.8</b>	<b>22.6</b>	4,256.8	22.9
Investment revaluation reserve	<b>107.6</b>	<b>0.6</b>	56.6	0.3
Surplus reserve	<b>1,237.3</b>	<b>6.5</b>	1,223.8	6.6
General reserve	<b>2,747.2</b>	<b>14.6</b>	2,636.7	14.1
Retained earnings	<b>2,684.2</b>	<b>14.2</b>	2,639.9	14.2
Non-controlling interests	<b>2,757.2</b>	<b>14.6</b>	2,731.3	14.7
<b>Total equity</b>	<b><u>18,864.5</u></b>	<b><u>100.0</u></b>	<b><u>18,619.3</u></b>	<b><u>100.0</u></b>

## (c) Assets Quality Analysis

### (i) Breakdown of loans by the five-category classification

The non-performing loans of the Group are classified into substandard, doubtful and loss. As of 31 December 2023, the Group's non-performing loans amounted to RMB4,175.5 million. The following table sets forth loans and advances to customers by loan classification as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of 31 December 2023		As of 31 December 2022	
	Amount	% of total	Amount	% of total
Normal	163,372.4	91.7	163,090.3	94.8
Special mention	10,563.5	5.9	5,533.9	3.2
Substandard	1,311.8	0.7	246.2	0.1
Doubtful	2,224.6	1.3	3,080.8	1.9
Loss	639.1	0.4	78.2	0.0
<b>Total loans and advances to customers</b>	<b>178,111.4</b>	<b>100.0</b>	<b>172,029.4</b>	<b>100.0</b>
<b>Non-performing loan and non-performing loan ratio<sup>(1)</sup></b>	<b>4,175.5</b>	<b>2.34</b>	<b>3,405.2</b>	<b>1.98</b>

Note:

(1) Calculated by dividing non-performing loans by total loans and advances to customers.

The Group's non-performing loan ratio increased from 1.98% as of 31 December 2022 to 2.34% as of 31 December 2023. The increase was primarily due to the fact that in the post-pandemic period, the macro economy was in a recovery period, and the structural differentiation of the economy and industry was continuing, the recovery of production and operation of enterprises in the region has not met expectations, part of corporate loan customers had operating difficulties, insufficient cash flows, and their debt repayment ability has not recovered, and the ability of some personal loan customers to repay principal and interest has not recovered.

## (ii) Concentration of loans

### (A) Concentration by industry and distribution of non-performing loans

(Expressed in millions of RMB, unless otherwise stated)	As of 31 December 2023				As of 31 December 2022			
	Loan amount	% of total	Non- performing loan amount	Non- performing loan ratio (%)	Loan amount	% of total	Non- performing loan amount	Non- performing Loan ratio (%)
<b>Corporate loans</b>								
Wholesale and retail	32,971.0	18.5	754.8	2.29	31,291.3	18.2	402.7	1.29
Leasing and business services	24,820.4	13.9	275.6	1.11	25,772.5	15.0	246	0.95
Construction	18,676.7	10.5	195.9	1.05	16,332.8	9.5	137.5	0.84
Manufacturing	18,368.2	10.3	634.0	3.45	16,518.1	9.6	674	4.08
Agriculture, forestry, animal husbandry and fishery	14,520.9	8.2	312.2	2.15	12,658.0	7.4	253.2	2
Real estate	9,215.5	5.2	162.8	1.77	9,550.1	5.6	118.6	1.24
Scientific research, technical services and geological prospecting	7,885.1	4.4	28.9	0.37	6,098.4	3.5	25.3	0.41
Transportation, storage and postal services	7,577.2	4.3	65.2	0.86	8,499.2	4.9	63.5	0.75
Information transmission, computer services and software	4,598.1	2.6	44.8	0.97	4,077.6	2.4	44.3	1.09
Water, environment and public facility management	3,946.7	2.2	39.0	0.99	3,583.3	2.1	61.9	1.73
Accommodation and catering	3,098.8	1.7	40.8	1.32	3,016.9	1.7	19	0.63
Education	1,804.2	1.0	—	—	1,848.2	1.1	—	—
Electricity, gas and water production and supply	1,456.9	0.8	83.9	5.76	2,763.6	1.6	92.1	3.33
Health and social services	1,452.2	0.8	—	—	1,384.0	0.8	—	—
Resident and other services	930.0	0.5	69.4	7.46	720.6	0.4	56.7	7.87
Cultural, sports and entertainment	545.2	0.3	29.7	5.45	538.5	0.3	18.2	3.38
Mining	310.6	0.2	7.7	2.48	239.8	0.1	15.1	6.3
Public administration, social security and social organizations	151.0	0.1	—	—	151.0	0.1	—	—
Finance	32.9	0.0	—	—	0.7	0	—	—
<b>Retail loans</b>	<b>25,749.8</b>	<b>14.5</b>	<b>1,430.8</b>	<b>5.56</b>	<b>26,984.8</b>	<b>15.7</b>	<b>1,177.1</b>	<b>4.36</b>
<b>Total</b>	<b>178,111.4</b>	<b>100.0</b>	<b>4,175.5</b>	<b>2.34</b>	<b>172,029.4</b>	<b>100.0</b>	<b>3,405.2</b>	<b>1.98</b>

Note: Non-performing loan ratio of an industry is calculated by dividing the balance of non-performing loans of the industry by the balance of loans granted to the industry.

Loans to borrowers in the wholesale and retail, leasing and business services, construction, manufacturing, and agriculture, forestry, animal husbandry and fishery industries represented the largest components of the Group's corporate loans portfolio. Loans to these industries accounted for 71.8% and 70.7% of total corporate loans as of 31 December 2023 and 2022, respectively.



As of 31 December 2023, non-performing loans of the Group's corporate loans were mainly concentrated in the wholesale and retail industry and the manufacturing industry, with non-performing loan ratios of 2.29% and 3.45%, respectively.

**(B) Borrower concentration**

**Loans to the Top Ten Single Borrowers**

The table below sets forth the balance of loans to the top ten single borrowers (excluding group borrowers) (on a consolidated or group basis) as of 31 December 2023. All of these loans were classified as normal.

(Expressed in millions of RMB,  
unless otherwise stated)

Customer	Industry	As of 31 December 2023	
		Amount	% of total loans
Borrower A	Leasing and business services	1,099.7	0.62
Borrower B	Construction	1,076.4	0.60
Borrower C	Real estate	1,059.7	0.60
Borrower D	Accommodation and catering	1,000.0	0.56
Borrower E	Leasing and business services	995.1	0.56
Borrower F	Transportation, storage and postal services	964.9	0.54
Borrower G	Water, environment and public facility management	942.5	0.53
Borrower H	Leasing and business services	850.0	0.48
Borrower I	Leasing and business services	843.6	0.47
Borrower J	Manufacturing	841.5	0.47
<b>Total</b>		<b>9,673.4</b>	<b>5.43</b>

**(C) Distribution of non-performing loans by product**

The table below sets forth the loans and non-performing loans by product as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of 31 December 2023			As of 31 December 2022		
	Loan amount	Non- performing loan amount	Non- performing ratio (%)	Loan amount	Non- performing loan amount	Non- performing ratio (%)
<b>Corporate loans</b>						
Small and micro enterprises <sup>(1)</sup>	108,206.5	2,291.3	2.12	105,398.1	1,864.8	1.77
Medium enterprises <sup>(1)</sup>	27,669.5	390.6	1.41	26,431.8	288.5	1.09
Large enterprises <sup>(1)</sup>	14,044.4	55.0	0.39	13,172.0	74.8	0.57
Others <sup>(2)</sup>	2,441.2	7.8	0.32	42.7	–	–
<b>Subtotal</b>	<b>152,361.6</b>	<b>2,744.7</b>	<b>1.80</b>	<b>145,044.6</b>	<b>2,228.1</b>	<b>1.54</b>
<b>Retail loans</b>						
Personal business loans	18,970.7	1,107.7	5.84	20,432.9	1,022.6	5.00
Personal consumption loans	3,204.0	286.9	8.95	3,114.8	125.2	4.02
Residential and commercial mortgage loans	3,560.0	35.3	0.99	3,419.5	28.3	0.83
Credit card overdrafts	15.1	0.9	5.96	17.6	1.0	5.68
<b>Subtotal</b>	<b>25,749.8</b>	<b>1,430.8</b>	<b>5.56</b>	<b>26,984.8</b>	<b>1,177.1</b>	<b>4.36</b>
<b>Total loans</b>	<b>178,111.4</b>	<b>4,175.5</b>	<b>2.34</b>	<b>172,029.4</b>	<b>3,405.2</b>	<b>1.98</b>

Notes:

(1) The classification for large, medium, small and micro enterprises is based on the Provisions on the Standards for the Classification of Small and Medium Enterprises.

(2) Mainly consist of public services institutions and social organizations.

The non-performing loan ratio of corporate loans increased from 1.54% as of 31 December 2022 to 1.80% as of 31 December 2023, primarily due to the fact that in the post-pandemic period, the macro economy was in a recovery period, and the structural differentiation of the economy and industry was continuing, the recovery of production and operation of enterprises in the region has not met expectations, part of corporate loan customers have operating difficulties, insufficient cash flows, and their debt repayment ability has not recovered.

The non-performing loan ratio of retail loans increased from 4.36% as of 31 December 2022 to 5.56% as of 31 December 2023, which was mainly due to the fact that in the post-pandemic period, the macro economy was in a recovery period, and the structural differentiation of the economy and industry was continuing, and the ability of some personal loan customers to repay principal and interest has not recovered.

***(D) Loan aging schedule***

The table below sets forth the aging schedule for loans and advances to customers as of the dates indicated.

<b>(Expressed in millions of RMB, unless otherwise stated)</b>	<b>As of 31 December 2023</b>		<b>As of 31 December 2022</b>	
	<b>Amount</b>	<b>% of total</b>	<b>Amount</b>	<b>% of total</b>
<b>Loans not overdue</b>	<b>169,896.0</b>	<b>95.4</b>	166,632.0	96.8
<b>Loans past due for:</b>				
1 to 90 days	<b>2,404.6</b>	<b>1.3</b>	1,852.6	1.1
91 days to 1 year	<b>3,167.0</b>	<b>1.8</b>	696.4	0.4
1 to 3 years	<b>1,258.4</b>	<b>0.7</b>	1,847.5	1.1
3 years or more	<b>1,385.4</b>	<b>0.8</b>	1,000.9	0.6
<b>Subtotal</b>	<b>8,215.4</b>	<b>4.6</b>	5,397.4	3.2
<b>Total loans and advances to customers</b>	<b>178,111.4</b>	<b>100.0</b>	172,029.4	100.0

## (d) Segment Information

### (i) Summary of geographical segment information

In presenting information on the basis of geographical segments, operating income is allocated based on the places of registration of the respective banks that generate the income. The table below sets forth the operating income attributable to each of the geographical segments for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Year ended 31 December 2023		Year ended 31 December 2022	
	Amount	% of total	Amount	% of total
Jilin Province	4,777.1	86.6	5,651.6	85.7
Other Regions <sup>(1)</sup>	737.2	13.4	945.5	14.3
<b>Total operating income</b>	<b>5,514.3</b>	<b>100.0</b>	<b>6,597.1</b>	<b>100.0</b>

Note:

- (1) Primarily include provinces and municipalities such as Heilongjiang, Guangdong, Hebei, Shandong, Anhui, Hubei, Hainan, Tianjin and Shaanxi.

### (ii) Summary of business segments

The Group operates three principal lines of business: corporate banking, retail banking and treasury operations. The table below sets forth the Group's operating income of each of its principal business segments for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Year ended 31 December 2023		Year ended 31 December 2022	
	Amount	% of total	Amount	% of total
Corporate banking	3,561.4	64.6	4,488.3	68.0
Retail banking	2,872.1	52.1	3,313.8	50.2
Treasury operations	(778.2)	(14.1)	(1,011.8)	(15.3)
Others <sup>(1)</sup>	(141.0)	(2.6)	(193.2)	(2.9)
<b>Total</b>	<b>5,514.3</b>	<b>100.0</b>	<b>6,597.1</b>	<b>100.0</b>

Note:

- (1) Primarily represent assets, liabilities, income and expenses which cannot be directly and reasonably attributable or cannot be allocated to a segment.

### (e) Off-balance Sheet Commitments

Off-balance sheet commitments primarily consist of bank acceptances, letters of credit, letters of guarantee, unused credit card limit and capital commitments. The table below sets forth the contractual amounts of off-balance sheet commitments as of the dates indicated.

<b>(Expressed in millions of RMB, unless otherwise stated)</b>	<b>As of 31 December 2023</b>	<b>As of 31 December 2022</b>
<b>Credit commitments:</b>		
Bank acceptances <sup>(1)</sup>	1,716.6	2,410.5
Letters of credit <sup>(2)</sup>	2.0	3.7
Letters of guarantee <sup>(2)</sup>	2,911.4	4,411.5
Unused limits of credit cards	163.8	162.1
<b>Subtotal</b>	<b>4,793.8</b>	<b>6,987.8</b>
<b>Capital commitments</b>	<b>–</b>	<b>7.2</b>
<b>Total</b>	<b>4,793.8</b>	<b>6,995.0</b>

Notes:

(1) Bank acceptances refer to the Group's undertakings to pay bank bills drawn on its customers.

(2) The Group issues letters of credit and guarantee to third parties to guarantee its customers' contractual obligations.

Off-balance sheet commitments decreased by 31.5% from RMB6,995.0 million as of 31 December 2022 to RMB4,793.8 million as of 31 December 2023. The decrease in off-balance sheet commitments was mainly due to the Group's moderate reduction in off-balance sheet business based on operational needs.

## 3.4 Business Review

### (a) Corporate Banking

The Group offers corporate customers a broad range of financial products and services, including loans, discounted bills, deposits and fee- and commission-based products and services. The Group's corporate customers primarily include state-owned enterprises, private enterprises, foreign-invested enterprises, government authorities, financial institutions, public services institutions and non-profit organizations. As of 31 December 2023, the Group had 4,641 corporate borrowers with loans and advances to customers totaling RMB152,361.6 million. In 2023 and 2022, operating income from the Group's corporate banking business was RMB3,561.4 million and RMB4,488.3 million, respectively, accounting for 64.6% and 68.0% of total operating income, respectively.

(Expressed in millions of RMB, unless otherwise stated)	Year ended 31 December		Change in percentage (%)
	2023	2022	
External interest income, net <sup>(1)</sup>	8,423.4	9,020.4	(6.6)
Inter-segment interest expenses, net <sup>(2)</sup>	(4,853.4)	(4,565.6)	6.3
Net interest income	3,570.0	4,454.8	(19.9)
Net fee and commission income	(8.6)	33.5	(125.7)
<b>Operating income</b>	<b>3,561.4</b>	<b>4,488.3</b>	(20.7)
Operating expenses	(1,717.3)	(1,697.1)	1.2
Impairment losses on assets, net of reversals	(987.8)	(808.5)	22.2
<b>Profit before tax</b>	<b>856.3</b>	<b>1,982.7</b>	(56.8)

Notes:

(1) Refers to net income and expenses from third parties.

(2) Refers to inter-segment expenses and transfer pricing.

### **(i) Corporate loans**

The Group offers loans to corporate customers to satisfy their capital needs for operations, machinery and equipment procurement and for infrastructure and real estate development. As of 31 December 2023 and 2022, the Group's corporate loans totaled RMB152,361.6 million and RMB145,044.6 million, respectively, accounting for 85.5% and 84.3% of the Group's gross loans and advances to customers, respectively.

### **(ii) Discounted bills**

The Group purchases bank and commercial acceptance bills at discounted prices from corporate customers to fund their working capital needs. These discounted bills generally have a remaining maturity of less than six months. The Group may rediscount these bills to the People's Bank of China (the "PBOC") or other financial institutions. As of 31 December 2023, the Group had a balance of RMBnil in discounted bills.

### **(iii) Corporate deposits**

The Group accepts time and demand deposits from corporate customers in Renminbi and major foreign currencies, such as U.S. dollars and Euros. The terms of corporate time deposits generally range from three months to three years. The Group's corporate deposit customers include state-owned enterprises, financial and government authorities and institutions, private enterprises, foreign-invested enterprises and non-profit organizations. As of 31 December 2023 and 2022, the Group's corporate deposits totaled RMB39,457.7 million and RMB50,846.4 million, respectively, accounting for 16.7% and 22.4% of gross deposits from customers, respectively.

### **(iv) Fee- and commission-based products and services**

The Group offers corporate customers a wide range of fee- and commission-based products and services, primarily including consulting and financial advisory services, syndicated loans services, settlement and clearing services, entrusted loans, agency services and wealth management services.

#### ***(A) Consulting and financial advisory services***

The Group's consulting and financial advisory services primarily include financing solution structuring and asset management services to corporate customers. In 2023 and 2022, the Group's income from consulting and financial advisory services was RMB22.2 million and RMB31.2 million, respectively.

***(B) Syndicated loans services***

The Group acts as lead manager, agent and lender bank for syndicated loans to corporate customers to meet their relatively large financing needs. In 2023 and 2022, the Group earned service fees for syndicated loans of RMB0.3 million and RMB11.1 million, respectively.

***(C) Settlement and clearing services***

The Group offers settlement services, including settlement of cash transfers, drafts, cheques and other negotiable instruments, to corporate customers.

***(D) Entrusted loans***

The Group provides entrusted loans to borrowers designated by corporate customers in accordance with the uses of proceeds, principal amounts and interest rates determined by corporate customers. The Group also supervises borrowers' uses of loans and assists in collection of loans. The Group charges agency fees based on the principal amount of entrusted loans. The Group's corporate customers bear the risks of default under loans.

***(E) Agency services***

The Group provides fee collection services for corporate customers (including enterprises and public services institutions). The Group believes this enables it to maintain close relationships with customers and enhance brand recognition.

***(F) Wealth management services***

The Bank offers corporate customers a variety of wealth management products based on their diversified risk and return and risk appetites, including non-net worth wealth management products and net worth wealth management products. The wealth management products primarily invest in bonds, interbank deposits, money market instruments and investment portfolios of other fixed-income products.



## (b) Retail Banking

The Group offers a broad range of products and services to retail customers, including loans, deposits, debit cards and fee- and commission-based products and services. As of 31 December 2023, the Group had 67,138 retail borrowers with gross loans and advances to customers of RMB25,749.8 million. In 2023 and 2022, the operating income from the Group's retail banking business amounted to RMB2,872.1 million and RMB3,313.8 million, respectively, accounting for 52.1% and 50.2% of total operating income of the Group, respectively. The table below sets forth the financial performance of the Group's retail banking business for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Year ended 31 December		Change in percentage (%)
	2023	2022	
External interest expenses, net <sup>(1)</sup>	(4,490.8)	(3,792.8)	18.4
Inter-segment interest income, net	7,357.1	7,096.6	3.7
Net interest income	2,866.3	3,303.8	(13.2)
Net fee and commission income	5.8	10.0	(42.0)
<b>Operating income</b>	<b>2,872.1</b>	<b>3,313.8</b>	(13.3)
Operating expenses	(1,476.4)	(1,485.1)	(0.6)
Impairment losses on assets, net of reversals	(360.6)	(333.8)	8.0
<b>Profit before tax</b>	<b>1,035.1</b>	<b>1,494.9</b>	(30.8)

Note:

(1) Refers to net income and expenses from third parties.

## (i) Retail loans

Retail loans consist primarily of personal business loans, personal consumption loans and residential and commercial mortgage loans. As of 31 December 2023 and 2022, the Group's retail loans totaled RMB25,749.8 million and RMB26,984.8 million, accounting for 14.5% and 15.7% of total loans and advances to customers, respectively.

## **(ii) Retail deposits**

The Group offers retail customers a variety of demand deposit and time deposit products denominated in Renminbi and foreign currencies. The Group's retail time deposits denominated in Renminbi generally have maturities ranging from three months to five years. Retail time deposits denominated in foreign currencies (primarily U.S. dollars and Euros) have maturities ranging from one month to two years. As of 31 December 2023 and 2022, the Group's retail deposits totaled RMB194,050.4 million and RMB173,073.1 million, accounting for 82.0% and 76.1% of gross deposits from customers, respectively.

## **(iii) Bank cards services**

The Group issues Renminbi debit cards to retail customers who maintain deposit accounts with the Group. Customers may use debit cards for a variety of financial services, including cash deposits and withdrawal, transfers, settlement and bill payment. The Group's debit cards are classified into platinum, gold and basic cards based on customers' daily average financial asset balances. The Group also issues specialized debit cards with added features such as theme cards for different market segments and co-branded cards offering preferential value-added services. The Bank cooperates with Changchun Federation of Trade Unions (長春市總工會) to offer trade union member cardholders comprehensive financial services, including membership management, subsidies and allowances. In addition, the Group cooperates with well-known domestic third-party payment companies for Internet payment to enhance cardholder experience. As of 31 December 2023, the Group had issued approximately 4.95 million debit cards.

## **(iv) Fee- and commission-based products and services**

The Group offers retail customers a wide range of fee- and commission-based products and services, primarily including wealth management services, private banking services and transfer and remittances.

### ***(A) Wealth management services***

The Bank offers retail customers a variety of wealth management products based on their risk and return appetites, primarily including net worth wealth management products and non-net worth wealth management products. Funds raised from wealth management products are primarily invested in bonds, interbank deposits, money market instruments and investment portfolios of other fixed-income products. In 2023 and 2022, the Bank's sales of wealth management products to retail customers totaled RMB6,035.0 million and RMB9,839.9 million, respectively.

### ***(B) Other fee- and commission-based products and services***

The Group provides retail customers with other fee- and commission-based products and services, including transfer and remittances, collection and bank drafts.

### (c) Treasury Operations

The Group's treasury operations consist primarily of money market transactions, investments in securities and other financial assets and treasury operations conducted on behalf of customers. In response to the complicated and ever-changing economic and financial environment as well as changes in policies and market, the Group placed an emphasis on optimization of the assets and liabilities structure and improvement in the yield of our treasury operations. The Bank capitalized on investment opportunities through timely adjustment of its investment strategies and compliant and prudent development of the treasury business. In 2023 and 2022, operating income from the Group's treasury operations was RMB(778.2) million and RMB(1,011.8) million, accounting for (14.1)% and (15.3)% of its total operating income, respectively. The table below sets forth the financial performance of the Group's treasury operations for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Year ended 31 December		Change in percentage (%)
	2023	2022	
External interest income, net <sup>(1)</sup>	<b>1,595.8</b>	1,287.3	24.0
Inter-segment interest expenses, net <sup>(2)</sup>	<b>(2,503.7)</b>	(2,531.0)	(1.1)
Net interest income	<b>(907.9)</b>	(1,243.7)	(27.0)
Net fee and commission income	<b>22.4</b>	38.2	(41.4)
Net income from other businesses <sup>(3)</sup>	<b>107.3</b>	193.7	(44.6)
<b>Operating income</b>	<b><u>(778.2)</u></b>	<b><u>(1,011.8)</u></b>	(23.1)
Operating expenses	<b>(116.1)</b>	(45.3)	156.3
Impairment losses on assets, net of reversals	<b>(748.1)</b>	(186.7)	300.7
<b>Profit before tax</b>	<b><u>(1,642.4)</u></b>	<b><u>(1,243.8)</u></b>	32.0

Notes:

- (1) Refers to net income from third parties.
- (2) Refers to inter-segment expenses and transfer pricing.
- (3) Primarily includes net trading gains and losses and net gains/(expenses) from financial assets investments.

#### (i) Money market transactions

Money market transactions play a significant role in liquidity management. The Group also earns interest income from money market transactions. Money market transactions mainly include (i) interbank deposits with other domestic banks and non-banking financial institutions; (ii) interbank placements; and (iii) interbank repurchase and reverse repurchase transactions.

***(A) Interbank deposits***

The Group accepts deposits from banks and other financial institutions and deposit funds in other financial institutions to regulate its asset and liability structure. As of 31 December 2023 and 2022, the Group's deposits from banks and other financial institutions totaled RMB111.3 million and RMB3,471.6 million, and deposits in banks and other financial institutions totaled RMB12,144.9 million and RMB11,092.3 million, respectively.

***(B) Interbank placements***

As of 31 December 2023 and 2022, the Group's placements with banks and other financial institutions totaled RMB372.9 million and RMB425.2 million, and the Group's placements from banks and other financial institutions totaled RMB3,064.5 million and RMB2,052.8 million, respectively.

***(C) Interbank repurchase and reverse repurchase transactions***

The securities underlying the Group's repurchase and reverse repurchase transactions are mainly RMB-dominated government bonds and policy financial bonds. As of 31 December 2023 and 2022, the Group's financial assets held under resale agreements totaled RMB7,543.6 million and RMB9,570.5 million, and financial assets sold under repurchase agreements totaled RMB220.1 million and RMB50.0 million, respectively.

**(ii) Investments in securities and other financial assets**

The Group's investment portfolio consists primarily of bonds and debt instruments issued by other financial institutions.

While reducing buy-back financing cost by taking various measures, the Group selectively allocated some bond assets with relatively suitable maturity and yield to improve returns on assets.

**(A) Securities investment by business model and characteristics of cash flow of assets of the Group**

(Expressed in millions of RMB, unless otherwise stated)	As at 31 December 2023		As at 31 December 2022	
	Amount	% of total	Amount	% of total
Financial assets at fair value through profit or loss	667.4	1.7	1,909.1	5.7
Financial assets at fair value through other comprehensive income	14,572.1	37.7	4,019.8	11.9
Financial assets at amortized cost	23,456.5	60.6	27,797.7	82.4
<b>Total investment securities and other financial assets</b>	<b>38,696.0</b>	<b>100.0</b>	<b>33,726.6</b>	<b>100.0</b>

Total investment securities and other financial assets increased by 14.7% from RMB33,726.6 million as of 31 December 2022 to RMB38,696.0 million as of 31 December 2023.

**(B) Maturity profile of the Group's investment portfolio**

The table below sets forth investment securities and other financial assets by remaining maturity as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As at 31 December 2023		As at 31 December 2022	
	Amount	% of total	Amount	% of total
Immediately due	7,212.0	18.6	6,160.8	18.3
Due in 3 months	2,148.8	5.6	2,090.6	6.2
Due between 3 and 12 months	6,503.2	16.8	7,214.7	21.4
Due between 1 and 5 years	13,680.9	35.4	8,480.4	25.1
Due over 5 years	8,339.0	21.5	8,732.7	25.9
Undefined	812.1	2.1	1,047.4	3.1
<b>Total</b>	<b>38,696.0</b>	<b>100.0</b>	<b>33,726.6</b>	<b>100.0</b>

The Group's securities investment with a remaining maturity of 1 year to 5 years accounted for the largest portion.

### ***(C) Holding of government bonds***

As of 31 December 2023, the balance of face value of the government bonds held by the Group amounted to RMB24,570.8 million. The table below sets out the top 10 government bonds with the highest face value held by the Group as of 31 December 2023.

<b>Name of the bond</b>	<b>Face value (RMB in millions)</b>	<b>Interest rate per annum (%)</b>	<b>Maturity date</b>
23 Interest-bearing treasury bond 17	1,910.0	2.18	15 August 2026
23 Discounted treasury bond 64	1,600.0	2.34	22 April 2024
23 Interest-bearing treasury bond 13	1,580.0	2.00	15 June 2025
22 Interest-bearing treasury bond 20	1,450.0	1.99	15 September 2024
21 Interest-bearing treasury bond 09	1,130.0	3.02	27 May 2031
23 Interest-bearing treasury bond 20	1,120.0	2.22	25 September 2025
23 Interest-bearing treasury bond 10	960.0	2.05	25 April 2024
23 Interest-bearing treasury bond 21	830.0	2.48	25 September 2028
23 Interest-bearing treasury bond 11	760.0	2.30	15 May 2026
23 Interest-bearing treasury bond 01	750.0	2.01	15 January 2024
<b>Total</b>	<b><u>12,090.0</u></b>		

### ***(D) Holding of financial bonds***

As of 31 December 2023, the balance of face value of the financial bonds (mainly the financial bonds issued by policy banks, banks and other financial institutions in China) held by the Group amounted to RMB2,671.0 million. The table below sets out the top 10 financial bonds with the highest face value held by the Group as of 31 December 2023.

<b>Name of the bond</b>	<b>Face value (RMB in millions)</b>	<b>Interest rate per annum (%)</b>	<b>Maturity date</b>
21 Guo Kai 03	550.0	3.30	3 March 2026
19 Guo Kai 05	370.0	3.48	8 January 2029
22 Guo Kai 15	370.0	2.96	18 July 2032
23 Guo Kai 10	250.0	2.82	22 May 2033
21 Guo Kai 07	200.0	3.00	17 June 2024
21 Guo Kai 20	150.0	3.49	8 November 2041
14 Guo Kai 11	130.0	5.67	8 April 2024
14 Nong Fa 23	100.0	5.48	21 March 2024
16 Nong Fa 05	100.0	3.33	6 January 2026
22 Guo Kai 10	100.0	2.98	22 April 2032
<b>Total</b>	<b><u>2,320.0</u></b>		

### **(iii) Treasury operations conducted on behalf of customers**

In the Group's treasury operations conducted on behalf of customers, the Group manages funds received from the issuance of wealth management products to corporate and retail customers. In 2023 and 2022, the Group sold wealth management products totaling RMB6,035.0 million and RMB10,229.9 million, respectively.

### **(d) Distribution Network**

#### **(i) Physical outlets**

As of 31 December 2023, the Group had 353 outlets, of which 165 outlets were operated by the Bank, and the rest by the Group's subsidiaries under their own names.

The Group has made solid progress in outlets optimization and channel upgrading, and continuously improved the competitiveness of outlets. On the one hand, the Group kept close attention on cost reduction and efficiency improvement. While constantly optimizing the layout of outlets and reducing operating costs, the Group accelerated the pace of transformation and upgrading, proactively explored the characteristic development path of outlets, and promoted differentiated operations. On the other hand, the Group focused on empowerment when opportunity arises, realised the full coverage of smart counters in outlets, continuously improved the functions of mobile banking, online banking and WeChat banking, strengthened online service support, created digital application scenarios such as "Jiutai RCB Benefiting Life", and promoted the deep integration of consumption and finance.

#### **(ii) Electronic banking**

##### ***(A) Self-service banking***

The Group provides convenient banking services to customers at lower operation costs by using self-service facilities. Self-service facilities are available at our outlets, self-service zones, commercial complexes, hospitals, schools and other public places. As of 31 December 2023, the Group had 355 self-service outlets, 48 self-service areas, and 856 self-service facilities.

##### ***(B) Telephone and SMS banking***

The Group provides customers with account management, status reminders, transfer and remittance and consultation and other services around the clock through an interactive self-service voice system, AI customer service, SMS interaction and other means. As of 31 December 2023, the Group had 2,927,349 telephone and SMS banking customers.

##### ***(C) Internet banking***

The Group provides customers with account management, transfer and remittance, interbank receipt, online loan application and online payment services through the Internet. As of 31 December 2023, the Group had 501,436 internet banking customers.

#### ***(D) Mobile banking***

The Group provides customers with mobile banking services, including account inquiry and management, transfer and remittance, fee payment and mobile payment services. As of 31 December 2023, the Group had 1,174,037 mobile banking customers.

#### ***(E) WeChat banking***

Through WeChat, the Group's customers can access information about products, services and promotions, manage accounts, search for locations of outlets and reserve counter services of the Group. As of 31 December 2023, the Group had 266,988 WeChat banking customers.

### **(e) Information on the Subsidiaries**

#### **(i) Jilin Jiuyin Financial Leasing Co., Ltd.**

The Bank, as the main promoter, applied to the Former CBIRC for the promotion and establishment of Jilin Jiuyin Financial Leasing Co., Ltd. (“**Jilin Jiuyin**”). Jilin Jiuyin's registered address is in Changchun of Jilin province, and it has a total of 525.0 million shares, 315.0 million shares of which is held by the Bank, accounting for 60.00%. Jilin Jiuyin obtained the business license on 20 February 2017 from the Administration for Industry and Commerce of Jilin province. Its scope of business includes financial leasing business, transferring assets under financial leases as transferor and transferee, fixed-income securities investment business, accepting deposits as guarantee from the lessee, taking deposits of 3 months or above from non-bank shareholders, interbank placements, obtaining loans from financial institutions, offshore lending, disposal and handling of leased articles and economic consulting. As at 31 December 2023, total assets of Jilin Jiuyin amounted to RMB3,324.9 million. In 2023 and 2022, the operating income of Jilin Jiuyin was RMB121.0 million and RMB127.6 million, accounting for 2.2% and 1.9% of the Group's total operating income, respectively.

#### **(ii) Village and township banks**

As of 31 December 2023, the Bank controlled and consolidated a total of 34 village and township banks in areas including Jilin, Heilongjiang, Hebei, Tianjin, Shandong, Anhui, Hubei, Shaanxi, Guangdong and Hainan.

As of 31 December 2023, these village and township banks had total assets of RMB62,836.6 million, total deposits of RMB57,737.6 million and total loans of RMB36,302.5 million. In 2023 and 2022, the operating income of these village and township banks was RMB1,542.4 million and RMB1,852.1 million, accounting for 28.0% and 28.1% of the Group's total operating income, respectively.



The Bank's village and township banks provide local corporate and retail customers with a broad range of financial products and services. These products and services include commercial and consumer loans, bill discounting, deposits from customers and fee and commission-based products and services, such as settlement services, remittance services and bank card services. Some village and township banks also engage in money market transactions and invest in debt securities. In 2010, the Bank established a village and township bank management department to help village and township banks to establish strategic development plans, provide research, technology and human resource support and supervise their risk management. In addition, the Group and other banks in China have formed a strategic development alliance for village and township banks headquartered in Tianjin Municipality to promote information exchange and resource sharing among village and township banks in China. The Bank has also established six service centers in Jilin, Tianjin, Anhui, Guangdong and Hainan to support the Bank's village and township bank operations.

## **(f) Operation and Safety of IT Systems**

In 2023, the Bank carried out IT work through four focuses, including improving the financial technology governance system, accelerating the smart reengineering of financial services, building a new digital infrastructure, and consolidating the foundation for sustainable development, in order to promote digital transformation of the Bank and provide effective support for the innovative development of various businesses.

### ***(i) Improved the financial technology governance system***

In order to effectively implement relevant requirements in the Guiding Opinions on the Digital Transformation of the Banking and Insurance Industry (關於銀行業保險業數字化轉型的指導意見) issued by the Former CBIRC and the Financial Technology Development Plan (2022-2025) (金融科技發展規劃(2022-2025年)) issued by the PBOC, fully implement the Bank's financial technology innovation implementation plan, promote the Bank's high-quality development through financial technology innovation, adapt to the new pattern of digital finance in the development of modern economy, and improve the ability and level of serving the real economy, in 2023, the Bank continuously conducted system governance, carried out system review of existing systems in force, revised and improved 20 information technology systems such as the Terminal Equipment Management Measures (終端設備管理辦法), the Regulations on the Management of Production Environmental Data and Document Transmission (生產環境數據及文件傳輸管理規定), improved the information technology management and control system, and improved the ability to prevent information technology risks and supply chain risks. The Bank organized and carried out publicity activities for the sixth anniversary of the implementation of the Cybersecurity Law, financial standards benefiting human-beings and enterprises, network security week and others. Focusing on the publicity theme and adopting various publicity methods, the Bank publicized financial security knowledge to outlet customers and the society, and fulfilled our social responsibility. Through carrying out skills training for scientific and technological personnel and on-site inspection of outlets, the Bank strengthened the cybersecurity management and guarantee ability, implemented the cybersecurity management policies, adopted the combination of online and offline methods, strengthened the cybersecurity awareness of all staff and the information security skills of scientific and technological personnel of the Bank.

*(ii) Accelerated the smart reengineering of financial services*

The Bank always insisted on using financial technology means to actively support business development and management improvement. The Bank explored the development trend and scenarios application of financial technology and accelerated the digital innovation and transformation. In 2023, the Bank launched a series of financial products in line with actual condition and promoting the industrial development on the online financial integrated services platform, innovated loan products, improved the risk control system, further promoted business development towards multi-channel, green and convenient, security and compliance. Taking community finance as the entry point, the Bank organically integrated financial services and lifestyle services, the “Inclusive Financial Services Platform” was selected as an excellent case in the activity of “Leap Ahead into a New Era, Rural Finance in Action” collectively led by China Economic Times (中國經濟時報社) and Guoyan Economic Research Institute (國研經濟研究院), and was compiled into the Rural Finance Yearbook of China of 2022 (中國農村金融年鑒). The Bank continued to carry out the data platform structural optimization and data governance, built a mobile management platform, to better create a convenient, efficient and safe office experience and support the accuracy, efficiency and comprehensiveness of business decisions. In particular, the “comprehensive data display platform” project was awarded as the “Excellent Application Case of Data Management of Jilin Province in 2023”. The Bank attached importance to the protection of intellectual property rights and actively carried out the summarization of scientific and technological achievements. In 2023, the Bank was granted 7 computer software copyrights issued by the National Copyright Administration, and as of the end of 2023, 34 software copyrights have been approved.

*(iii) Created a new digital infrastructure*

In 2023, the overall operation and maintenance of the Bank’s data center server room maintained in a good condition. To cope with the increasing complexity of the network architecture and the rapid growth of network traffic, the Bank applied a software-defined network (SDN) architecture, realized the unified management, integration and virtualization of network resources, provided on-demand allocation of network resources and services, macro controlled network traffic, rationally allocated network resources and improved the utilization rate of network resources in overall. The Bank comprehensively promoted the infrastructure of virtualization and cloud platform, completed all the work of storage virtualization structure transformation, ensured the scalability and flexibility of system resources, and supported flexible and scalable technology platforms. The Bank implemented on-line monitoring projects, realized active monitoring of host computer and business system, connected alarm information into monitoring system uniformly, and established the centralized production environment monitoring system. Under the guidance of ISO 22301 system, the Bank continuously optimized the automatic operation and maintenance platform, utilized the automatic technology to transform the manual execution into automatic operation, improved the work efficiency of network operation and maintenance, host operation and maintenance, monitoring system, ITSM process, etc., and realized the standardized and systematic management of IT operation and maintenance and business continuity. The Bank further summarized and optimized the cybersecurity structure, improved the host security defense capability, strengthened the application security protection capability, strengthened the data security protection, and provided guarantee for the safe and reliable operation of the business system. The “SRE-

based Intelligent Security Operation and Maintenance Integration Platform” project won the Financial Sci-tech Innovation Award organized by the Financial Computerizing (《金融電子化》) magazine.

*(iv) Strengthened the foundation of sustainable development*

In order to guarantee and guide the digital transformation of the Bank, the Bank focused on strengthening the construction of financial technology talents. On the one hand, the Bank organized the communication with peers, attended the digital transformation conference of the industry, continuously improved the skills of employees in the fields of project management, system research and development, quality control and cybersecurity; on the other hand, the Bank cultivated the digital thinking and execution ability integration with financial scenarios of employees, to follow the development trend of the era and the demand of talent development. In 2023, personnel of the Bank have obtained the reviewer of ISO Quality Management System (QMS), Information Security Management System (ISMS), Certified Data Governance Professional (CDGP), PCI Security Engineer certification, OpenGauss and MogDB database certification, Certified Data Center Professional (CDCP) and Certified Data Center Facility Operations Manager (CDFOM) certification. As of the end of 2023, the Bank had one person who is a senior engineer and 18 personnel with 9 senior certifications such as System Analyst, Information Systems Project Manager, Project Management Professional (PMP), Certified Information Systems Auditor (CISA), Certified Information Security Professional (CISP), Certified Information Systems Security Specialist (CISSP), etc.

### **3.5 Risk Management**

#### **(a) Risk Management of the Bank**

The Bank is committed to building a comprehensive risk management system to eliminate the impact of various uncertainties on the Bank’s strategy and business objectives. The Bank’s comprehensive risk management has a hierarchical structure. As the highest decision-making body of risk management, the Board is responsible for establishing and maintaining an effective comprehensive risk management system. The Bank has established a sound risk management system. Risk management procedures are adopted at all managerial levels and good risk management culture is cultivated to achieve the overall objectives of risk management. The comprehensive risk management of the Bank covers all major risks, including the credit risks, market risks, operating risks, liquidity risks, reputational risks, legal and compliance risks, IT risks, anti-money laundering and anti-terrorist financing management risks.

#### **(i) Credit risk management**

Credit risk is the risk of loss related to failure by a debtor or counterparty to meet its contractual obligations or to changes in their credit ratings. The Bank’s credit risks arise mainly from corporate loans, personal loans and treasury operations.

The Bank’s credit risk management organization includes its president, Risk Management and Control Committee, Credit Approval Committee, risk management department, credit approval department, front desk business department, branches and audit department.

The Bank prepares annual credit approval plans, credit limit plans and credit policies based on national and regional economic development plans, financial market conditions, austerity requirements, its asset and liability structure and deposit and loan growth trends.

The Bank uses the following mechanisms to manage credit risks:

- Customer screening mechanism – The Bank determines the target customers based on its market positioning and screen credit customers based on its credit policies.
- Credit exit mechanism – The Bank regularly reassesses its outstanding credit risk based on customer, industry and market conditions. The Bank reassesses the credit rating for short-term loans if there are interest payment defaults. The Bank reassesses the credit rating for medium and long-term loans annually. The Bank also adopts measures to manage potential credit risk, including increasing the frequency of post-disbursement examination, requesting additional collateral or guarantees, and ceasing to extend new loans. The Bank determines whether or not to exit a credit based on the severity of adverse changes in the borrower’s circumstances, such as its (1) financial condition; (2) substantial shareholders; (3) key managers and technicians; (4) customers quality; (5) payment ability; and (6) business environment.
- Risk alert mechanism – The Bank continually monitors outstanding credit and overall credit quality. The Bank carries out standardized management of risk alerts through the use of the post-disbursement management function of its credit system and promptly provides advices to deal with the issue.
- Non-performing asset disposal mechanism – The Bank has established an accountability mechanism for the disposal of non-performing assets.

The Bank has established a system to manage the provision of corporate and personal loans. As part of this system, the Bank has taken measures to improve credit risk management, including risk identification and monitoring policies and dividing responsibilities among its credit investigation, approval and execution departments. The Bank also sets departmental authorization limits and monitors the use of loans.

In 2023, the Bank seriously complied with the national financial policies and industrial policies and strictly implemented the regulatory requirements. The Bank further optimized its credit risk management procedures and measures, and strengthened the centralized management of credit risk, so as to effectively improve its credit risk management. Firstly, the Bank earnestly promoted the implementation of the Risk Classification Measures of Financial Assets of Commercial Banks (《商業銀行金融資產風險分類辦法》) within the Bank, carried out assets quality risk categorization and monitoring alert to take the initiative in identifying and solving credit risk in a timely manner. The Bank performed credit assets quality management in the post pandemic period and implemented its policies precisely, effectively prevent and control credit risks. Secondly, the Bank focused on its principal business to support the development of the real economy. The Bank adjusted its credit policy and effectively determined its credit approval plan accordingly to further refine the credit structure. Thirdly, the Bank further standardized credit management. The Bank strictly conducted due and diligent investigation, unified the credit and credit review and other credit risk control system and mechanism. The Bank approved the credit limit scientifically and provided credit in reasonable forms. Potential risk of new credit products was assessed scientifically

in order to determine the access criteria in a rational manner. Fourthly, the Bank reinforced the rating management and implemented stringent approval procedures for customer access, enhanced loan risk mitigation measures to ensure the quality of new loans. Fifthly, the Bank continued to monitor and analyze significant risk and strictly complied with the prevention and control requirement of significant risks for various businesses. Through effective identification, measurement and monitoring, significant risks were prevented and controlled.

## **(ii) Market risk management**

Market risk is the risk of loss in on- and off-balance sheet positions arising from fluctuations in market prices due to changes in interest rates, exchange rates and other market factors. The Bank is exposed to market risk primarily through its banking and trading business portfolios. The market risks associated with the banking business portfolio of the Bank include interest rate risk and exchange rate risk. The primary market risks associated with the Bank's trading business portfolio are fluctuations in the market value of trading positions, which are affected by movements in observable market variables, such as interest and exchange rates. The principal objective of the Bank's market risk management is to limit potential market losses to acceptable levels based on its risk appetite while seeking to maximize risk adjusted returns.

The Bank's organizational structure for market risk management includes its front, middle and back offices. The Board of the Bank assumes ultimate responsibility for management of market risk. The Bank's senior management implements market risk management strategies and policies approved by its Board. The Bank's business departments implement market risk management measures in their daily operations.

In 2023, the Bank closely monitored market changes and further refined the market risk management system. Market risks were fully measured based on sensitive analysis, duration, value at risk (VaR) and other tools. Abilities of identification, evaluation and prevention of market risks were further strengthened. The Bank strictly managed market risk limits and continued to monitor transaction limits, stop-loss limits and risk limits. The Bank also provided early warning and took effective measures for potential risks. Based on the results of its regular stress tests, market risk management strategies and methods were adjusted in a timely manner to further enhance the market risk management level.

### ***(A) Interest rate risk management***

Interest rate risk refers to the possibility that uncertainty in changes in market interest rates may cause losses to commercial banks. Changes in interest rates may cause changes in future replacement cash flows or their discounted values for on- and off-balance sheet operations, resulting in a decline in the Bank's overall economic value, which may cause the Bank to suffer losses. Based on a variety of sources, interest rate risk can be categorized into repricing risk, yield curve risk, benchmark risk and optionality risk. The interest rate risk of the Bank mainly includes repricing risk (also known as maturity mismatch risk), which is due to the difference between the maturity dates of assets, liabilities and off-balance sheet positions of the Bank (for fixed interest rate) or the re-pricing period (for floating interest rate). The Bank has established a banking book interest rate risk management system in line with the risk profile and business complexity, which was consistent with the

Bank's overall development strategy and overall risk management system. The goal of banking book interest rate risk management is to achieve an effective balance of income, risk and capital within the tolerable interest rate risk limit according to the risk management level and risk preference of the Bank.

The Bank has established a governance structure compatible with its interest rate risk management, which mainly comprises the Board and its Risk Management Committee, the senior management and its Asset and Liability Management Committee, departments at the front and middle offices, branches and subsidiaries. Such governance structure is also under the supervision of the Board of Supervisors and subject to audit by the audit department. The senior management is responsible for the specific management of the interest rate risk of the Bank, while the Asset and Liability Management Committee performs relevant functions as authorized by senior management, including the formulation, evaluation, supervision and implementation of interest rate risk preferences and interest rate risk management strategies, policies and procedures. Each management level has clear division of work, ensuring that the interest rate risk management can be carried out independently and effectively with sufficient resources.

In 2023, the Bank's monetary policy continued to be stable and prudent, and the Bank continued to make full use of the effectiveness of the loan market quotation rate (LPR) reform and the market-based adjustment mechanism for deposit interest rates. The Bank continued to follow the principle of safe and sound operation, strengthened its analysis of interest rate risk and took various measures to enhance its interest rate risk management. Firstly, the Bank perfected the interest rate risk management strategy. The Bank formulated and implemented corresponding management policies based on the forecast of interest rate trend and measurement results of changes in overall return and economic value, so to ensure that the interest rate risk level actually borne by the Bank is consistent with the risk tolerance, and that the Bank's book interest rate risk is generally controllable. Secondly, the Bank conducted a book rate risk stress test to ensure resilient to extreme scenarios of bank book rate risk. Thirdly, the Bank strengthened interest rate analysis and established and improved the pricing management system. The Bank established the scientific internal funds transfer pricing system (FTP) and loan rate pricing mechanism (RPM) to refine pricing, objectively evaluated the interest rate situation of each institution and product and its ability to generate profits, promoted the continuous improvement of earnings and market value, realized the optimal allocation of resources and structure, and improved the ability to prevent and control interest rate risk.

The table below sets forth the results of the Group's gap analysis based on the earlier of (i) the expected next repricing dates and (ii) the final maturity dates of its assets and liabilities as of 31 December 2023.

(Expressed in millions of RMB, unless otherwise stated)	As of 31 December 2023					
	Total	Non- interest bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
<b>Assets</b>						
Cash and deposits with the central bank	27,149.6	675.0	26,474.6	—	—	—
Deposits with banks and other financial institutions	12,144.9	42.6	9,646.3	2,456.0	—	—
Placements with banks and other financial institutions	372.9	0.1	349.9	22.9	—	—
Loans and advances to customers	176,431.7	4,874.8	24,821.3	36,758.3	101,469.9	8,507.4
Financial assets held under resale agreements	7,543.6	3.8	7,539.8	—	—	—
Investment securities and other financial assets	38,696.0	2,713.7	7,773.0	6,357.5	13,535.6	8,316.2
Others <sup>(1)</sup>	7,436.3	7,436.3	—	—	—	—
<b>Total assets</b>	<b>269,775.0</b>	<b>15,746.3</b>	<b>76,604.9</b>	<b>45,594.7</b>	<b>115,005.5</b>	<b>16,823.6</b>
<b>Liabilities</b>						
Borrowings from the central bank	535.5	0.2	84.3	451.0	—	—
Deposits from banks and other financial institutions	111.3	1.2	110.1	—	—	—
Placements from banks and other financial institutions	3,064.5	14.4	392.5	2,657.6	—	—
Provision for credit commitments and financial guarantees	42.4	42.4	—	—	—	—
Financial assets sold under repurchase agreements	220.1	0.1	220.0	—	—	—
Deposits from customers	242,206.6	5,552.5	69,429.6	23,649.9	125,576.7	17,997.9
Debt securities issued	3,375.2	79.1	499.4	—	799.7	1,997.0
Others <sup>(2)</sup>	1,354.9	1,354.9	—	—	—	—
<b>Total liabilities</b>	<b>250,910.5</b>	<b>7,044.8</b>	<b>70,735.9</b>	<b>26,758.5</b>	<b>126,376.4</b>	<b>19,994.9</b>
<b>Asset-liability gap</b>	<b>18,864.5</b>	<b>8,701.5</b>	<b>5,869.0</b>	<b>18,836.2</b>	<b>(11,370.9)</b>	<b>(3,171.3)</b>

As of 31 December 2022

(Expressed in millions of RMB, unless otherwise stated)	As of 31 December 2022					
	Total	Non- interest bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
<b>Assets</b>						
Cash and deposits with the central bank	34,642.8	686.7	33,956.1	—	—	—
Deposits with banks and other financial institutions	11,092.3	30.8	9,766.5	1,295.0	—	—
Placements with banks and other financial institutions	425.2	0.3	370.0	54.9	—	—
Loans and advances to customers	170,597.4	3,927.5	32,078.6	76,676.9	49,317.4	8,597.0
Financial assets held under resale agreements	9,570.5	6.2	9,564.3	—	—	—
Investment securities and other financial assets	33,726.6	2,845.1	7,183.4	6,782.6	8,182.8	8,732.7
Others <sup>(1)</sup>	6,945.9	6,945.9	—	—	—	—
<b>Total assets</b>	<b>267,000.7</b>	<b>14,442.5</b>	<b>92,918.9</b>	<b>84,809.4</b>	<b>57,500.2</b>	<b>17,329.7</b>
<b>Liabilities</b>						
Borrowings from the central bank	3,679.8	0.5	574.1	3,105.2	—	—
Deposits from banks and other financial institutions	3,471.6	55.3	1,971.3	1,445.0	—	—
Placements from banks and other financial institutions	2,052.8	0.3	52.5	2,000.0	—	—
Provision for credit commitments and financial guarantees	74.1	74.1	—	—	—	—
Financial assets sold under repurchase agreements	50.0	—	50.0	—	—	—
Deposits from customers	232,291.9	4,946.8	81,878.2	27,449.0	118,017.9	—
Debt securities issued	5,351.2	79.2	499.8	1,976.1	799.5	1,996.6
Others <sup>(2)</sup>	1,410.0	1,410.0	—	—	—	—
<b>Total liabilities</b>	<b>248,381.4</b>	<b>6,566.2</b>	<b>85,025.9</b>	<b>35,975.3</b>	<b>118,817.4</b>	<b>1,996.6</b>
<b>Asset-liability gap</b>	<b>18,619.3</b>	<b>7,876.3</b>	<b>7,893.0</b>	<b>48,834.1</b>	<b>(61,317.2)</b>	<b>15,333.1</b>

Notes:

(1) Primarily includes property and equipment, goodwill, other receivables and prepayments, deferred tax assets, repossessed assets, interest receivables, interests in associates and right-of-use assets.

(2) Primarily includes accrued staff costs, taxes payable and lease liabilities.



The Group uses sensitivity analysis to measure the impact of changes in interest rates on its net profit or loss and equity. The table below sets forth the results of the Group's interest rate sensitivity analysis based on its assets and liabilities as of the dates indicated.

(Amount expressed in millions of RMB, unless otherwise stated)	Year as of 31 December			
	2023		2022	
	Changes in net profit	Changes in equity	Changes in net profit	Changes in equity
Increase by 100 basis points	(97.8)	(625.8)	115.2	432.8
Decrease by 100 basis points	<u>97.8</u>	<u>625.8</u>	<u>(115.2)</u>	<u>(432.8)</u>

The sensitivity analysis above is based on a static interest rate risk profile of the assets and liabilities. This analysis measures only the impact of changes in interest rates within one year, showing how annualized net profit or loss and equity would have been affected by the re-pricing of the assets and liabilities within a year. The sensitivity analysis is based on the following assumptions:

- Interest rate movements at the end of each fiscal year apply to non-derivative financial instruments;
- At the end of each fiscal year, 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 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.

## ***(B) Exchange rate risk management***

Exchange rate risk is the risk of loss to on- and off-balance sheet businesses of the Bank due to adverse changes in exchange rate. The exchange rate risk of the Bank arises mainly from the risk of foreign exchange exposure and accounting translation risk due to the mismatches between the currencies of assets and liabilities and the maturities of foreign exchange transactions. The Bank mainly uses foreign exchange exposure analysis, scenario analysis, and sensitivity analysis to measure exchange rate risk to closely monitor the trend of various currencies in the foreign exchange market. The Bank quantitatively predicts and controls potential risks by means of risk exposure limit management and proper and rational selection of transaction currencies in order to minimize the cost of exchange rate risk management and the impact of exchange rate fluctuations, so as to keep the Bank's exposure to exchange rate risk at an affordable level.

In 2023, the Bank avoided transactions with high exchange rate risks, adopted on-balance sheet and off-balance sheet hedging methods to control exchange rate risks, reasonably matched the currencies of transactions, expanded the proportion of unfunded transactions, and adopted centralized netting by central counterparties to reduce exchange rate risks and obtain stable returns; the Bank enhanced its foreign exchange asset and liability management by monitoring its foreign exchange exposures in real time, closing out its positions on behalf of its clients and its own transactions in a timely manner, and revaluing its balance sheet monetary items and on-monetary items at fair value on a daily basis. The Bank also fully examined the impact of changes in market risk factors on earnings or economic value, and proactively avoided potential systemic risks, thus comprehensively enhancing the Bank's level of exchange rate risk management.

### **(iii) Operational risk management**

Operational risk refers to the risk of loss caused by incomplete corporate governance structure, defective internal control procedures, failures of employees and IT systems or external events. Operational risk events include risk of internal and external fraud, risk relating to customers, products and operations and risk of errors and malfunctions of IT systems.

The Board of the Bank is ultimately responsible for operational risk management and reviewing operational risk policies. The Bank's senior management is responsible for coordinating daily operational risk management. The Bank's legal compliance department mainly leads the management of operational risks and is responsible for the daily monitoring, identification, evaluation and control of operational risks and reporting to senior management. The risk management department, all business departments, branches and sub-branches are integral to the Bank's operational risk management framework. The Bank manages and controls operational risks through reporting, balancing authority and supervision systems.

In 2023, the Bank implemented various measures to continuously optimize the operational risk management and enhance its risk management and control capability. Firstly, the Bank conducted investigation on abnormal behavior of employees. Quarterly inspections were carried out in respect of labor discipline, leave taking, duty shifting, mandatory leave, avoidance of duty performance and abnormal behavior of employees, which have effectively forestalled and solved existing abnormal behavior of all employees of the Bank. Secondly, the Bank implemented self-inspection and monitoring of accounting works. The Bank insisted on conducting quarterly inspections in accordance with the plan and procedures around the eight major aspects, including cashier management, counter service seal management, teller management, cash vault and cash management, performance of duties by the management of the outlets, payment settlement and account management, and important blank vouchers management, so that each inspection was recorded, rectified, and dealt with by the responsible person. Thirdly, systems related to consumer right protection were refined. The Bank strengthened its product and service management and proactively held various promotional activities to spread financial knowledge and basic legal knowledge to the public to enhance their awareness of legal system and capability of self-protection, which have effectively fulfilled the responsibility in protecting consumer rights. Fourthly, the information management system was enhanced. In 2023, through risk assessment, the information technology risk of the Bank was controllable in overall. It has a relatively perfect organizational structure and strategic planning, and basically satisfied the relevant requirements of information technology risk management in nine aspects including information technology governance, important information technology infrastructure management, information security and data security management, cyber security management, host security management, system development and test management, information system operational and maintenance management, business continuity management, supply chain security management.

#### **(iv) Liquidity risk**

##### ***(A) Liquidity risk management***

Liquidity risk refers to the risk of failure to secure sufficient funds to fulfil payment obligations at reasonable cost and in a timely manner. Liquidity risk is largely affected by external factors such as macroeconomic policies, changes in financial markets and competitive strengthens of the banking industry. Liquidity risk is also affected by internal factors such as maturity profile of assets and liabilities business structure, deposit stability, financing capability and so on. In extreme cases, illiquidity could lead to liquidity risk for commercial banks. The Bank's liquidity risk management aims to establish and continuously improve the strategy, policy and procedure of liquidity risk management and to specify the organization structure and responsibilities of the relevant functional departments so as to effectively identify, measure, monitor and control liquidity risks. The objective of liquidity risk management is to maintain the balance of safety, liquidity and efficiency of its operation.

The Bank established an effective liquidity management framework, decision-making system and related procedures. The Board of the Bank is ultimately responsible for liquidity risk management, and shall review and approve the policy, strategy and procedure relating to the liquidity management of the Bank and limit of liquidity risk according to its risk appetite. The Board will receive regular reports on the major and potential changes of the Bank's liquidity risks. The Assets and

Liabilities Management Committee under the senior management is responsible for the implementation of the strategies and policies and procedures of liquidity risk management. The financial accounting department is responsible for the daily liquidity risk management and to cooperate with other function departments to orderly and efficiently manage the liquidity risk management system.

In 2023, adhering to the liquidity risk management principles of “unified management, security and prudence, forward-looking management and full coverage”, the Bank strengthened the prospective and proactive management of liquidity. The Bank’s operations and liquidity management were effectively integrated, and overall liquidity remained stable. Firstly, the Bank improved the liquidity risk management system. Amendments were made to the Provisional Rules of Liquidity Risk Management (流動性風險管理暫行辦法), Management Measures of Liquidity Risk Limit (流動性風險限額管理辦法), Provisional Measures for Capital Position Management (資金頭寸管理暫行辦法), and Emergency Response Plan for Liquidity Risks (流動性風險應急處置預案). Secondly, the Bank strictly enforced its liquidity risk management policies and preferences. In 2023, the central bank lowered the RMB statutory reserve requirement ratio by 0.25 percentage point twice, which made the Bank’s liquidity more abundant. Meanwhile, in response to changes in internal and external circumstances, such as monetary policy adjustments and operational structural adjustments, the Bank continued to maintain a neutral risk appetite, and coordinated the relationship between safety, liquidity and efficiency, and played its role in supporting the development of the real economy. Thirdly, the Bank conducted liquidity risk stress tests. The Bank conducted regular liquidity stress tests on a quarterly basis to timely assess the Bank’s ability to withstand the pressure of liquidity risk and its risk mitigation capacity, and added a specialized stress test as at 31 March to strengthen the monitoring and prevention of liquidity risk in a timely manner. Fourthly, the Bank strengthened liquidity risk monitoring and management as well as early warning analysis. In addition to the implementation of regulatory requirements, taking into account the Bank’s actual situation, the Bank also closely monitored various indicators and limits to identify, assess and measure risks. The Bank identified risks in a timely manner and deployed risk prevention, control and mitigation efforts in advance. The Bank focused on strengthening day-to-day liquidity management, accurately calculated and monitored the liquidity risk in a timely manner, and reasonably adjusted the over-provision and liquidation funds to ensure that the provision is reasonably sufficient. The Bank compiled monthly statistics on assets and liabilities due for maturity to assist in liquidity risk monitoring. Combined with the liquidity indicators, the Bank prepared a monthly liquidity risk monitoring report, which provided reference for the Bank’s liquidity risk warning, identification and response work, and improved the liquidity risk measurement and monitoring system. Fifthly, the Bank improved its contingency plan and emergency drills. In order to further strengthen liquidity risk management, the Bank reformulated the “2023 Liquidity Risk Emergency Response Exercise Program (《2023年流動性風險應急處置演練方案》)” and launched the emergency response exercise for the current year. In the course of the exercise, the emergency exercise leading group responded quickly and properly, and the members of each group were able to coordinate and cooperate with each other, and carried out emergency joint operations in a timely manner in accordance with the emergency plan and functional requirements, and successfully completed the tasks of the exercise such as financing and fund deployment, which further enhanced the emergency response capability, raised the awareness of liquidity risk prevention, and strengthened the level of liquidity risk management.

**(B) Liquidity risk analysis**

The Group funds its loan and investment portfolios principally through deposits from customers. Deposits from customers have been, and the Bank believes that it will continue to be, a stable source of funding. Deposits from customers with remaining maturities of less than one year accounted for 39.1% and 48.8% of the total deposits from customers as of 31 December 2023 and 2022, respectively.

The table below sets forth the remaining maturities of the Group's assets and liabilities as of 31 December 2023.

(Expressed in millions of RMB, unless otherwise stated)	As of 31 December 2023							Total
	Indefinite	Overdue/ On demand	Less than one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
<b>Assets</b>								
Cash and deposits with the central bank	12,599.1	14,550.5	—	—	—	—	—	27,149.6
Deposits with banks and other financial institutions	—	7,998.9	32.2	1,647.5	2,466.3	—	—	12,144.9
Placements with banks and other financial institutions	—	—	350.0	—	22.9	—	—	372.9
Financial assets held under resale agreements	—	—	7,543.6	—	—	—	—	7,543.6
Financial assets at fair value through profit or loss	667.4	—	—	—	—	—	—	667.4
Loans and advances to customers	4,820.4	474.0	3,457.7	10,363.3	39,452.0	105,692.5	12,171.8	176,431.7
Financial assets at fair value through other comprehensive income	144.7	—	545.0	75.1	1,182.8	7,395.5	5,229.0	14,572.1
Financial assets at amortized cost	—	7,212.0	1,317.1	211.6	5,320.4	6,285.4	3,110.0	23,456.5
Others <sup>(1)</sup>	7,027.4	99.5	—	—	23.3	286.1	—	7,436.3
<b>Total assets</b>	<b>25,259.0</b>	<b>30,334.9</b>	<b>13,245.6</b>	<b>12,297.5</b>	<b>48,467.7</b>	<b>119,659.5</b>	<b>20,510.8</b>	<b>269,775.0</b>

## As of 31 December 2023

(Expressed in millions of RMB, unless otherwise stated)	Between							Total
	Indefinite	Overdue/ On demand	Less than one month	one month and three months	three months and one year	one year and five years	More than five years	
<b>Liabilities</b>								
Borrowings from the central bank	—	—	23.6	60.8	451.1	—	—	535.5
Deposits from banks and other financial institutions	—	40.1	71.2	—	—	—	—	111.3
Placements from banks and other financial institutions	—	2.5	42.1	352.2	2,667.7	—	—	3,064.5
Provision for credit commitments and financial guarantees	0.1	5.1	—	1.1	29.8	6.3	—	42.4
Financial assets sold under repurchase agreements	—	—	70.0	150.1	—	—	—	220.1
Deposits from customers	—	53,157.4	9,929.0	7,229.8	24,445.7	127,708.5	19,736.2	242,206.6
Debt securities issued	—	—	499.4	—	79.1	799.7	1,997.0	3,375.2
Others <sup>(2)</sup>	—	610.5	385.8	4.4	38.6	280.1	35.5	1,354.9
<b>Total liabilities</b>	<b>0.1</b>	<b>53,815.6</b>	<b>11,021.1</b>	<b>7,798.4</b>	<b>27,712.0</b>	<b>128,794.6</b>	<b>21,768.7</b>	<b>250,910.5</b>
<b>Net working capital</b>	<b>25,258.9</b>	<b>(23,480.7)</b>	<b>2,224.5</b>	<b>4,499.1</b>	<b>20,755.7</b>	<b>(9,135.1)</b>	<b>(1,257.9)</b>	<b>18,864.5</b>

As of 31 December 2022

(Expressed in millions of RMB, unless otherwise stated)	Indefinite	Overdue/ On demand	Less than one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Total
<b>Assets</b>								
Cash and deposits with the central bank	12,635.4	22,007.2	—	0.2	—	—	—	34,642.8
Deposits with banks and other financial institutions	—	8,824.4	447.4	515.9	1,304.6	—	—	11,092.3
Placements with banks and other financial institutions	—	—	370.2	0.1	54.9	—	—	425.2
Financial assets held under resale agreements	—	—	9,570.5	—	—	—	—	9,570.5
Financial assets at fair value through profit or loss	906.1	—	1,003.0	—	—	—	—	1,909.1
Loans and advances to customers	6,215.1	3,090.9	7,479.1	10,998.9	78,424.7	52,639.5	11,749.2	170,597.4
Financial assets at fair value through other comprehensive income	141.3	—	34.2	10.8	121.2	839.3	2,873.0	4,019.8
Financial assets at amortized cost	—	6,160.8	184.3	858.3	7,093.5	7,641.1	5,859.7	27,797.7
Others <sup>(1)</sup>	6,632.4	52.1	—	—	13.1	248.3	—	6,945.9
<b>Total assets</b>	<b>26,530.3</b>	<b>40,135.4</b>	<b>19,088.7</b>	<b>12,384.2</b>	<b>87,012.0</b>	<b>61,368.2</b>	<b>20,481.9</b>	<b>267,000.7</b>

As of 31 December 2022

(Expressed in millions of RMB, unless otherwise stated)	Between							Total
	Indefinite	Overdue/ On demand	Less than one month	one month and three months	three months and one year	Between one year and five years	More than five years	
<b>Liabilities</b>								
Borrowings from the central bank	—	—	78.2	496.4	3,105.2	—	—	3,679.8
Deposits from banks and other financial institutions	—	11.3	1,804.6	201.5	1,454.2	—	—	3,471.6
Placements from banks and other financial institutions	—	2.5	50.3	—	2,000.0	—	—	2,052.8
Provision for credit commitments and financial guarantees	—	—	3.8	5.2	36.1	23.7	5.3	74.1
Financial assets sold under repurchase agreements	—	—	50.0	—	—	—	—	50.0
Deposits from customers	—	71,152.9	4,239.6	7,472.2	30,400.0	119,027.2	—	232,291.9
Debt securities issued	—	—	499.8	—	2,055.3	799.5	1,996.6	5,351.2
Others <sup>(2)</sup>	—	597.5	414.6	5.5	113.0	232.3	47.1	1,410.0
<b>Total liabilities</b>	<u>—</u>	<u>71,764.2</u>	<u>7,140.9</u>	<u>8,180.8</u>	<u>39,163.8</u>	<u>120,082.7</u>	<u>2,049.0</u>	<u>248,381.4</u>
<b>Net working capital</b>	<u>26,530.3</u>	<u>(31,628.8)</u>	<u>11,947.8</u>	<u>4,203.4</u>	<u>47,848.2</u>	<u>(58,714.5)</u>	<u>18,432.9</u>	<u>18,619.3</u>

Notes:

- (1) Primarily includes property and equipment, goodwill, deferred tax assets, other receivables and prepayments, repossessed assets, interest receivables, interests in associates and right-of-use assets.
- (2) Primarily includes accrued staff costs, taxes payable and lease liabilities.



## **(v) Reputational risk management**

Reputational risk is the risk of negative evaluation of the Bank by stakeholders resulting from the Bank's operations, management, other activities or external events. The Bank's reputational risk management aims to identify, monitor, manage and mitigate reputational risk through the establishment of a proactive, reasonable and efficient reputational risk management mechanism. These efforts allow the Bank to establish and maintain a positive image for its sustainable, steady and healthy development.

The Board of the Bank bears ultimate responsibility for reputational risk management. The Risk Management Committee under the Board is responsible for the monitoring and evaluation of the Bank's reputational risk management and providing opinions for the Board to make decisions. The senior management is responsible for taking the lead in the reputational risk management of the Bank and implementing the reputational risk management strategies and policies formulated by the Board. The senior management is also responsible for approving systems, methods, operational procedures and handling plans of reputational events related to reputational risk management to ensure smooth and effective operation of the reputational risk management system.

In 2023, the Bank continued to improve its reputation risk management system and mechanism and enhanced the level of reputation risk management. Firstly, the Bank strengthened the Group's management and mechanism by incorporating reputational risk into the Group's consolidated management system, guiding subsidiaries to formulate reputational risk management systems, and broadening the coverage of reputational risk management. Secondly, the Bank strengthened emergency response and node management, scientifically formulated countermeasures, and strengthened the proactiveness of reputation risk management. Thirdly, the Bank strengthened public opinion monitoring, organized information disclosure in a scientific manner, and continuously improved the comprehensiveness and transparency of information disclosure. Fourthly, the Bank did a good job in publicity and guidance in supporting agriculture and small businesses, serving the real economy and fulfilling its social responsibilities. Fifthly, the Bank solidly promoted the protection of consumers' rights and interests, continuously improved the consumer protection system, strengthened the management of complaints, handled the reasonable demands of consumers in a timely manner, strengthened the training of employees on the awareness of reputational risks, strictly adhered to the bottom line of compliance, and enhanced the quality of service.

## **(vi) Legal and compliance risk management**

Legal and compliance risk refers to the risk of legal sanctions, regulatory penalties, significant financial losses resulting from the failure to comply with laws and regulations. The Bank's legal and compliance risk management aims to establish an effective and comprehensive compliance risk management structure, promote the culture of compliance, improve the comprehensive risk management system so as to ensure the compliance of operation.

The Bank incorporates legal and compliance risk management in the development of its corporate culture as well as its comprehensive risk management system in order to establish a top-down compliance risk management system. In 2023, adhering to the principle of achieving growth in compliance with the regulations, the Bank prioritized internal control and further improved the effectiveness of its compliance management. Firstly, in order to implement the spirit of the 2023 working meeting of the provincial federation and the working meeting of the legal compliance line, the Bank has implemented the “Ten Major Projects”, firmly established the compliance concept of “Internal Control Priority, Compliance Oriented”, and launched a compliance culture and construction year activities throughout the Bank. The activities include five aspects: speaking about compliance, learning about compliance, talking about compliance, doing compliance, and evaluating compliance. Secondly, in order to implement the requirements of the provincial party committee’s inspection work, establish a sound system and strengthen the construction of internal control and compliance engineering, the Bank formulated the Implementation Plan for Institutional Governance Work (《制度治理工作实施方案》) and launched the institutional governance work. Thirdly, in order to further publicize the concept of the rule of law throughout the Bank, the Bank promoted the spirit of the rule of law and the continuous development of the rule of law in the Bank. Monthly civil code promotion activity, “Good Life comes with Civil Code (美好生活 民法典相伴)” was organized on May 2023. Fourthly, the Bank strengthened case risk investigation on major entities, major business sectors and employees in major positions to achieve comprehensive prevention. The Bank paid high attention to case prevention and eliminated potential problems in a timely manner to effectively mitigate risks. In 2023, the Bank organized quarterly case risk screening and launched a Bank-wide publicity campaign to prevent illegal fund-raising. Fifthly, the Bank consolidated its foundation to strengthen compliant operation of grassroots institutions. The Bank instructed grassroots institutions to enhance the study of rules and regulations and conduct warning education, organized a compliance promotion team to conduct training at the grassroots level, continuously improved the compliance awareness of all employees.

#### **(vii) IT risk management**

IT risk refers to the operational, reputational, legal and other risks arising from the use of information technologies due to natural factors, human factors, technical constraints, management defects and other factors. The Bank’s IT risk management aims to identify, measure, monitor and control IT risks through the development of effective systems. In doing so, the Bank seeks to ensure its safe and stable operation and promote business innovation through the application of advanced information technology, improve the use of information technology to enhance core competitiveness and sustainable development.

The Bank has established the IT Committee responsible for overseeing and guiding the work of IT. The Bank has included IT risks in its comprehensive risk management system while the IT department is responsible for implementation of specific risk management policies, plans and programs.

In 2023, through measures such as improving the IT risk management system, building the firewall of financial technology security, and consolidating the management capability of business continuity, the Bank strengthened identification, measurement, monitoring and control of IT risks and realized a round-the-clock and all-round IT risk management mechanism. Firstly, the Bank improved IT risk management system. In 2023, the Bank established a sound system, revised and improved 20 IT systems,

including Measures for the Management of Terminal Equipment (《終端設備管理辦法》), the Regulations for the Management of Inspection and Monitoring of Machine Rooms (《機房巡檢監控管理規定》), and the Production Environment Information and File Transmission Management Regulations (《生產環境數據及文件傳輸管理規定》), to further strengthen the risk management, effectively prevent IT risks, and ensure the safe and stable operation of the information system. The Bank launched regular IT risk assessment to comprehensively analyze and evaluate IT risks and their management from the dimensions of IT management, IT critical infrastructure management, information security and data security management, network security management, host security management, system development and testing management, information system operation and maintenance management, business continuity management, and supply chain security management. The Bank enhanced the level of risk identification and risk control, and established a good IT risk assessment mechanism. The Bank organized and launched 7 IT project inspections and reviews covering IT governance, IT risk management, information security management, system development and testing, system operation and maintenance, business continuity, outsourcing management and data governance. Through launching skills training for technical staff and on-site inspections of outlets, the Bank strengthened network security management and protection capabilities, implemented the security management system for outlets. Through a combination of online and offline approaches, the Bank strengthened the cyber security awareness of all staff and the information security skills of technology personnel. Secondly, the Bank strengthened its financial technology security protection capability. Guided by the ISO27001 system, the Bank established an information security protection mechanism, formulated the information security work plan for 2023, sorted out and optimized the network security framework, enhanced the host security defense capability, strengthened the application security protection capability, strengthened the data security protection, intensified the fintech security management, constructed an all-round, full-process cybersecurity technology protection system, and enhanced its ability to respond to major cyberthreats, major disasters, and unforeseen events. Through the deployment of network boundary firewalls, IPS intrusion detection systems and EDR host protection systems, the Bank strictly carried out policy configuration, timely updated virus databases, and improved technology internal control management strategies and processes to ensure the safe and reliable operation of the business systems, and to provide adequate protection for the rapid uploading of the rapidly growing business systems. The Bank has sorted out and optimized the network security structure, upgraded the version of security equipment, and improved the security principles. The Bank continued to optimize the network big data analysis platform, realized proactive and intelligent analysis of massive security alarms, and realized intelligent, automated and integrated management. Thirdly, the Bank strengthened its business continuity management capabilities. Guided by the ISO 22301 system, the Bank further improved the construction of information security and operation and maintenance system, realized the standardization and systematic management of IT operation and maintenance and business continuity, and formed an emergency response mechanism with prevention as the mainstay and continuous improvement, so as to better provide high-efficiency IT services and business continuity protection. On the basis of business impact analysis, the Bank improved various contingency plans and formulated contingency drill plans. In 2023, the Bank organized and launched 24 emergency drills on power, fire, air-conditioning and emergencies in server rooms. The Bank improved its emergency response capability, verified the effectiveness of emergency plans and the completeness of emergency resources, enhanced the risk awareness of the emergency response team and its emergency response capability in handling unexpected events, and ensured the safe and reliable operation of the data center and business systems.

### **(viii) Anti-money laundering and anti-terrorism financing management**

Anti-money laundering management refers to the measures for preventing money laundering activities related to cover up and conceal of drugs dealing, organized crime, terrorism, smuggling, corruption and bribery, breaking the order of financial management and financial fraud.

The Bank has included anti-money laundering risk management into its comprehensive risk management system, and the Board bears the ultimate responsibilities of anti-money laundering risk management. The Board has established the management culture of anti-money laundering, reviewed and decided the strategies of anti-money laundering management and reviewed and approved the policies and procedures for anti-money laundering management. The Board receives periodic anti-money laundering report to understand major anti-money laundering events and the treatments in a timely manner. The senior management of the Bank is responsible for the implementation of anti-money laundering management and the execution of the Board's resolutions. The legal compliance department of the Bank is the lead department for the Bank's anti-money laundering efforts and is responsible for coordinating with all business departments to carry out anti-money laundering work, including the identification, assessment, supervision, reporting, inspection and others.

In 2023, the Bank duly performed its responsibilities in anti-money laundering and anti-terrorism financing, and continued to enhance the anti-money laundering risk management. Firstly, the Bank improved its systems and policies. In strict compliance with the regulatory requirement, the Bank further improved its anti-money laundering system and enhanced the effectiveness and comprehensiveness of the anti-money laundering management system. The Bank further consolidated the internal mechanism for anti-money laundering and coordinated the work of different departments and organizations to ensure the performance of anti-money laundering tasks in high quality. Secondly, the Bank further strengthened its building of teams. The Bank conducted regular special training on anti-money laundering to promote employees' awareness of compliance with anti-money laundering requirements and strengthen their professional skills, so as to enhance their duty performance. Thirdly, the Bank implemented more effective monitoring and management. In order to prevent money laundering risk, the Bank further improved the internal control level, strengthened the risk prevention and control ability of anti-money laundering and ensured the order and stability of the economy and financial market through regular internal self-investigation of anti-money laundering and comprehensive customer management covering the whole process from pre-loan management and loan extension to post-loan management. The Bank conducted comprehensive anti-money laundering investigation and data monitoring and analysis and further refined the management of customer identification information in order to prevent and eliminate money-laundering crimes. Fourthly, the Bank developed the culture of anti-money laundering. The Bank proactively carried out anti-money laundering promotion with innovative methods, expanded coverage and extended promotion period to further strengthen the public awareness and participation in anti-money laundering, thereby creating a good social atmosphere valuing anti-money laundering.

## **(ix) Internal audit**

The Bank's internal audit is an independent and objective supervision, assessment and consulting activity within the Bank. It is risk-oriented, and it reviews, assesses and supervises the improvement of business operation, risk management, internal control and compliance and effectiveness of corporate governance of the Bank through systemized and standardized methods in order to promote the sound development of the Bank and the realization of the strategic targets of the Board.

The objective of the Bank's internal audit is to promote the implementation of government's economic and financial laws and regulations, guidelines and policies, rules of regulatory authorities and various rules and regulations of the Bank. It raises opinions and makes suggestions on risk management, internal control and compliance and the effectiveness of corporate governance of the Bank within the Bank's risk management framework so that risks can be controlled at an acceptable level. The internal audit is also aimed at continuous improvement and enhancement of the Bank's business operation, management and values.

The Bank's internal audit mainly consists of an internal audit organization system and an internal audit system at both the Group and subsidiary levels. A relatively independent and vertically managed internal audit organization has been established under the organizational system, with audit supervision covering all businesses and organizations of the Group. The independent and vertical internal audit management system at the Group level consists of the Board of Directors of the Bank, the Audit Committee, the audit department, the audit center and the audit staff under the Board of Directors of the Head Office, which are responsible for the corresponding division of responsibilities at the Group level. The audit department centrally organizes and manages the Group's audit work. The independent and vertical internal audit management system of village and township banks consists of the board of directors and supervisors of village and township banks and the specialized and independent audit positions, which are responsible for the corresponding division of responsibilities at their respective levels. Each village and township bank has set up a dedicated and independent audit position, which is subject to the dual management of the third center of on-site auditing of the audit department and the village and township banks, and the third center of on-site auditing of the audit department will make uniform arrangements for the deployment and organization of the auditing work.

The Bank's internal audit is independent from its business operation, risk management and internal control and compliance, and does not bear the responsibility of designing and operating the business system, fulfilling operational function, preparing financial statements, or initiating or approving business affairs. It is responsible for the evaluation of the performance of business operation, risk management, internal control and compliance and other functions and overseeing the rectification process in order to ensure the independence and effectiveness of audit.

The Bank's internal audit performs its duties through on-site audits, off-site audits, scheduled audits, non-scheduled audits, pre-notice audits, ad-hoc audits, comprehensive audits, special audits and audit investigation, to conduct audits for audit supervision and inspection, risk management review, case risk investigation, audit supervision and evaluation, and audit supervision and rectification, and achieved the business target of the year of promoting the standardization of operation and management activities, effectively preventing operation risks, implementation of case prevention and control, the authenticity and effectiveness of internal control evaluation, and correcting violations in a timely manner.

The Bank's internal audit audits and evaluates the Bank's operation management, practices, and performances through routine audit, including comprehensive audits, authenticity of final accounting and economic responsibility auditing, as well as audits and evaluations on the performance of key positions; strengthens the audits and supervision of the business practices and daily operations of the Bank's staff through position exchanges or ad-hoc audits to prevent operational risks and ethical risks. The Bank has also strengthened the implementation of rules and regulations and the audits have fulfilled the functions to identify, remedy and prevent errors, deviations, faults and omissions.

## **(b) Risk Management of the Subsidiaries**

As a separate legal entity, each subsidiary has established risk management and internal control systems in accordance with the applicable regulatory requirements.

The Bank participates in formulating the risk management policies and strategies of each subsidiary through the Board representatives of the subsidiaries. The Bank supervises and monitors the implementation of the risk management processes of the subsidiaries through the risk management personnel sent or designated by the Bank and through the Bank's village and township bank management department.

### **(i) Credit risk management**

The respective policies of the subsidiaries provide for the management of credit risk through various mechanisms, including customer screening mechanism, credit exit mechanism, risk alert mechanism and non-performing asset disposal mechanism.

### **(ii) Market risk management**

The respective policies require each subsidiary to manage interest rate risks arising from its banking accounts by adjusting the mix of assets and liabilities through interest rates adjustment for different types of products and developing new products. Each subsidiary also revalues its trading account positions on a regular basis, closely monitors trading limits, stop-loss limits and risk limits, and monitors market risks using measures such as stress tests.

### **(iii) Operational risk management**

Each subsidiary has established an operational risk management system and related policies and procedures to strictly divide the duties of front, middle and back offices.

#### **(iv) Liquidity risk management**

The respective policies of each subsidiary provide for the management of liquidity risk through (i) a reporting system for large fund movement and a reasonable allocation of funds to increase returns on assets; (ii) closely monitoring movements in key liquidity indicators; (iii) adjusting the maturity profile of assets and liabilities; and (iv) conducting periodic cash flow analyses and liquidity stress tests to manage the liquidity risk.

#### **(v) Reputational risk management**

The respective policies of each subsidiary provide for the management of reputational risk through (i) a system framework that clearly defines duties and responsibilities; (ii) a public opinion reporting system and classification systems for reputational events and public opinion; and (iii) contingency plans with specific procedures for handling reputational risk.

#### **(vi) Legal and compliance risk management**

The respective policies of each subsidiary provide for the management of legal and compliance risk through (i) regular compliance training; and (ii) a whistle-blower system to encourage employees to report non-compliance events.

#### **(vii) IT risk management**

Each subsidiary has formulated comprehensive procedures and policies to manage IT risks. Each of them has also established business continuity management and contingency plans to manage the risk of business interruption.

#### **(viii) Anti-money laundering and anti-terrorism financing management**

Each subsidiary has established comprehensive anti-money laundering and anti-terrorism financing management rules and procedures in accordance with the Anti-Money Laundering Law of the PRC (《中華人民共和國反洗錢法》) and regulations promulgated by the PBOC, including, among others, customer identification, an anti-money laundering information monitoring and reporting system and mandatory anti-money laundering training. Each subsidiary is required to report suspicious transactions to the China Anti-Money Laundering Monitoring and Analyzing Center (中國反洗錢監測分析中心) individually as a separate legal entity in accordance with the relevant regulatory requirements.

#### **(ix) Internal audit**

Each subsidiary has designated auditors to perform independent audits, supervision and assessments and provide independent advice.

### 3.6 Analysis on Capital Adequacy Ratio

All commercial banks in China are subject to capital adequacy requirements issued by the Former CBIRC. Since 1 January 2013, the Group has calculated and disclosed capital adequacy ratios in accordance with the Administrative Measures for the Capital of Commercial Banks (Trial) (《商業銀行資本管理辦法(試行)》). Commercial banks (except systematically important banks) in the PRC are required to maintain (i) capital adequacy ratios equal to or higher than 10.5%, 10.5%, 10.5%, 10.5% and 10.5% as of 31 December 2019, 2020, 2021, 2022 and 2023, respectively; (ii) tier-one capital adequacy ratios equal to or higher than 8.5%, 8.5%, 8.5%, 8.5% and 8.5% as of 31 December 2019, 2020, 2021, 2022 and 2023, respectively; and (iii) core tier-one capital adequacy ratios equal to or higher than 7.5%, 7.5%, 7.5%, 7.5% and 7.5% as of 31 December 2019, 2020, 2021, 2022 and 2023, respectively.



The following table sets forth certain information relating to the Group's capital adequacy ratio as of the dates indicated.

<b>(Expressed in millions of RMB, unless otherwise stated)</b>	<b>As of 31 December 2023</b>	<b>As of 31 December 2022</b>
<b>Core capital</b>		
Paid-up capital	5,074.2	5,074.2
Qualifying portion of capital reserve	4,256.8	4,256.8
Surplus reserve	1,237.3	1,223.8
General risk reserve	2,747.2	2,636.7
Investment revaluation reserve	107.6	56.6
Retained earnings	2,684.2	2,639.9
Qualifying portions of non-controlling interests	1,483.4	1,502.7
Core tier-one capital deductions <sup>(1)</sup>	<u>(561.5)</u>	<u>(150.5)</u>
<b>Net core tier-one capital</b>	<u>17,029.2</u>	<u>17,240.2</u>
Other tier-one capital <sup>(2)</sup>	<u>184.8</u>	<u>194.2</u>
<b>Net tier-one capital</b>	<u>17,214.0</u>	<u>17,434.4</u>
<b>Tier-two capital</b>		
Qualifying portion of tier-two capital instruments issued	2,320.0	2,480.0
Surplus reserve for loan impairment	2,267.0	1,954.3
Eligible portion of non-controlling interests	<u>362.9</u>	<u>384.6</u>
<b>Net capital</b>	<u>22,163.9</u>	<u>22,253.3</u>
<b>Total risk-weighted assets</b>	<b>195,300.0</b>	193,589.1
<b>Core tier-one capital adequacy ratio (%)</b>	<b>8.72%</b>	8.91%
<b>Tier-one capital adequacy ratio (%)</b>	<b>8.81%</b>	9.01%
<b>Capital adequacy ratio (%)</b>	<b>11.35%</b>	11.50%

Notes:

- (1) Primarily includes other intangible assets excluding land use rights, goodwill and deferred tax recognized for tax losses.
- (2) Primarily includes tier-one capital instruments such as preferred shares and their premiums and eligible portion of non-controlling interests.

## 4. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

### 4.1 Proposed Private Placement of Domestic Shares and Non-Public Issuance of H Shares

Based on the actual need of capital by the Bank, the Bank intended to replenish its core tier-1 capital by way of the issuance of new shares to support future business development of the Bank, ensure the continuous compliance of the Bank's capital level with the regulatory requirements and better support the real economy. The resolutions in relation to the private placement of domestic shares (the “**Private Placement of Domestic Shares**”) and the non-public issuance of H shares (the “**Non-public Issuance of H Shares**”) of the Bank had been approved by the Board at the Board meeting held on 12 July 2018. The Private Placement of Domestic Shares and the Non-public Issuance of H Shares were conditional upon each other so as to maintain the public float.

#### *(1) Private Placement of Domestic Shares*

The Bank intended to issue 200,000,000 to 400,000,000 domestic shares to no more than 10 qualified domestic institutional investors. The actual number of domestic shares to be issued shall be subject to the approval of the regulatory authorities.

#### *(2) Non-public Issuance of H Shares*

The Bank intended to issue no more than 151,800,000 H shares to no more than 10 investors who were qualified to subscribe for the H shares of the Bank. The number of H shares to be issued shall be subject to the approval of the regulatory authorities, market conditions and the actual situation of the Bank.

The resolutions in relation to the Private Placement of Domestic Shares and the Non-public Issuance of H Shares were approved at the second extraordinary general meeting of 2018, the first domestic share class meeting of 2018 and the first H share class meeting of 2018 held on 5 September 2018. The validity period of the issue plans and relevant authorizations for the Private Placement of Domestic Shares and the Non-public Issuance of H Shares was extended by resolutions adopted at the first extraordinary general meeting of 2019, the second domestic class meeting of 2019 and the second H share class meeting of 2019 held on 24 October 2019. The validity period of the issue plans and relevant authorizations for the Private Placement of Domestic Shares and the Non-public Issuance of H Shares was further extended by resolutions adopted at the first extraordinary general meeting of 2020, the second domestic class meeting of 2020 and the second H share class meeting of 2020 held on 22 October 2020. The extension of the validity period of the issue plans and relevant authorizations for the Private Placement of Domestic Shares and the Non-public Issuance of H Shares was extended by resolutions adopted at the annual general meeting of 2020, the first domestic share class meeting of 2021 and the first H share class meeting of 2021 held on 18 June 2021. The resolutions in relation to the adjustment of the Plans on the Private Placement of Domestic Shares and the Non-public Issuance of H Shares were considered and approved at the Board meeting of the Bank held on 30 August 2021, pursuant to which the Board adjusted and updated the issue price and other matters under the Plans on the Private Placement of Domestic Shares and the Non-public Issuance of H Shares based on market conditions and actual situation of the Bank. As the validity period of the issue plans and relevant authorizations for the Private Placement of Domestic Shares and the Non-public Issuance of H Shares expired on 18 June 2022, the extension of the validity period of the issue plans and relevant authorizations for the Private Placement of Domestic Shares and the Non-public Issuance of H Shares was considered and approved at the Board meeting of the Bank held on 30 March 2022 as well as the annual general meeting of 2021, the first

domestic share class meeting of 2022 and the first H share class meeting of 2022 held on 17 June 2022. For details of the Private Placement of Domestic Shares and the Non-public Issuance of H Shares, please refer to the announcements dated 12 July 2018, 23 August 2019, 28 August 2020, 30 March 2021, 30 August 2021, 30 September 2021 and 30 March 2022 and the circulars dated 15 August 2018, 13 September 2019, 30 September 2020, 7 May 2021 and 27 April 2022 of the Bank, respectively.

Given that the validity period of the issue plans for the Private Placement of Domestic Shares and the Non-public Issuance of H Shares and the relevant authorizations resolutions has expired, taking comprehensive consideration of existing market environment and the Bank's condition, the Board of the Bank resolved to terminate relevant matters of the Private Placement of Domestic Shares and the Non-public Issuance of H Shares. The termination of relevant matters of the Private Placement of Domestic Shares and the Non-public Issuance of H Shares will not have any material adverse impact on the Bank's financial condition or operation.

## **4.2 Amendment to the Articles of Association**

To continuously improve the Bank's corporate governance, in accordance with the Company Law of the People's Republic of China, the Corporate Governance Standards for Banking and Insurance Institutions and other relevant laws and regulations, and taking into account the actual situation of the Bank, the Bank amended the articles of association of the Bank (the "**Articles of Association**"). Such amendments were approved by the Shareholders at the annual general meeting of 2022 held on 16 June 2023.

The above amendments to the Articles of Association have been approved by the Jilin Bureau of the National Financial Regulatory Administration and have become effective from 6 September 2023. For details of the amendments, investors may refer to the circular of the Bank dated 27 April 2023 and announcement dated 8 September 2023 on the website of the Bank ([www.jtnsh.com](http://www.jtnsh.com)) and the designated website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

## **4.3 Change of Executive Director and Chairman**

Mr. Gao Bing resigned from the positions of executive director and Chairman of the Board of the Bank, due to the relevant regulation regarding expiration of the term of office as key personnel, with effect from 17 March 2023.

On 30 March 2023, the resolution regarding the nomination of Mr. Guo Ce as the candidate for an executive Director of the Bank has been considered and approved by the Board. On 16 June 2023, the Bank held the annual general meeting for 2022 and elected Mr. Guo Ce as an executive Director of the Bank. The term of office of Mr. Guo Ce as an executive Director shall commence from the date of approval of his qualification by regulatory authorities, and shall end on the expiry of the term of the fifth session of the Board. After the annual general meeting for 2022, the Board elected Mr. Guo Ce as the Chairman of the fifth session of the Board of the Bank for a term commencing from the date of approval of his qualification for Chairman by regulatory authorities until the expiry of the term of the fifth session of the Board. The qualifications of Mr. Guo Ce to serve as an executive Director and Chairman of the Board of the Bank have been approved by the Jilin Bureau of the National Financial Regulatory Administration on 6 September 2023 and 24 November 2023, respectively.

For details of the above matters, please refer to the announcements of the Bank dated 17 March 2023, 30 March 2023, 16 June 2023, 8 September 2023 and 27 November 2023 and the circular of the Bank dated 27 April 2023.

## 5. OTHER INFORMATION

### 5.1 Corporate Governance

The Bank believes that maintaining high standards of corporate governance mechanisms and high quality of corporate governance is one of the key factors to improve its core competitiveness and to build a modern rural commercial bank. Therefore, the Bank has been committed to maintaining high quality of corporate governance and actively abiding by the best domestic and international corporate governance practices in order to ensure the rights and interests of shareholders and improve the corporate value.

The Bank has established a modern corporate governance structure in accordance with its Articles of Association, the PRC laws and regulations and the Hong Kong Listing Rules. The Board is accountable to the shareholders as a whole and is responsible for, among others, determining the Group's business development strategies, business plans and investment proposals, appointing or removing senior management, and deciding matters such as the setting of internal management structure. The Board has established committees to perform specified functions, including the Strategy and Development Committee, the Related-Party Transactions Control Committee, the Remuneration Committee, the Nomination Committee, the Risk Management Committee, the Audit Committee, the Consumer Rights Protection Committee and the Three Rurals Financial Services Committee. The Board of Supervisors is accountable to the shareholders as a whole and has the responsibility and power to supervise the Directors and senior management and oversee the Bank's financial activities, risk management and internal control.

The Bank has incorporated Part II of the Code of Corporate Governance (the “**Code of Corporate Governance**”) as set out in Appendix C1 to the Hong Kong Listing Rules (formerly Appendix 14 to the Hong Kong Listing Rules) and the Corporate Governance Guidelines for Banking and Insurance Institutions (the “**Guidelines**”) issued by the Former CBIRC into the Bank's governance structure and polices. The Code of Corporate Governance and the Guidelines are well reflected in the Articles of Association and the rules of procedures of the shareholders' general meeting, the Board and the committees under the Board. The Bank's shareholders' general meeting, the Board and the Board of Supervisors perform their respective duties and form a good corporate governance structure. The Bank closely monitors its operation to ensure that it complies with the relevant requirements under applicable laws, regulations, codes, guidelines and the Bank's internal policies.

During the Reporting Period, the Bank has fully complied with all applicable code provisions contained in the Code of Corporate Governance. The Directors are not aware of any information which indicates any non-compliance of the Bank with the code provisions contained in the Corporate Governance Code. The Bank has also strictly complied with the provisions regarding management of inside information required by applicable laws and regulations and the Hong Kong Listing Rules.

The Bank will review its corporate governance and strengthen management constantly to ensure compliance with the Code of Corporate Governance and the Guidelines and meet the higher expectations from its shareholders and potential investors.

## 5.2 Securities Transactions by Directors, Supervisors and Senior Management

The Bank has adopted, in respect of securities transactions by Directors, Supervisors and senior management members, a code of conduct on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Hong Kong Listing Rules (formerly Appendix 10 to the Hong Kong Listing Rules).

Having made specific enquiries to all Directors, Supervisors and members of the senior management of the Bank, the Bank confirmed that they had complied with the Model Code during the Reporting Period.

## 5.3 Profit and Dividend

The revenue of the Group for the year ended 31 December 2023 and the financial position of the Group as at the same day are set out in the financial report of this announcement.

The Board does not recommend the distribution of final dividend for the year ended 31 December 2023. The Board will propose the abovementioned resolution at the 2023 annual general meeting for approval. The Bank will issue an announcement separately if there are any changes in the arrangement of the abovementioned distribution of dividend.

## 5.4 Tax Relief

### *(1) Withholding and Payment of Enterprise Income Tax for Non-resident Enterprise Shareholders*

Pursuant to the Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法》) and its implementation rules and the relevant regulations, the Bank has the obligation to withhold and pay enterprise income tax at a tax rate of 10% on behalf of the non-resident enterprise shareholders whose names appear on the H share register in the distribution of final dividend. As any shares registered in the name of non-individual shareholders, including HKSCC Nominees Limited, other nominees, trustees or other organizations and groups, will be treated as being held by non-resident enterprise shareholders, the dividends received shall be subject to the withholding of enterprise income tax.

Upon receipt of such dividends, a non-resident enterprise shareholder may apply to the competent tax authorities for relevant treatment under the tax treaties (arrangements) in person or through a proxy or a withholding agent, and provide evidence in support of its status as a beneficial owner as defined in the tax treaties (arrangements). Upon verification by the competent tax authorities, the difference between the tax levied and the amount of tax payable as calculated at the tax rate under the tax treaties (arrangements) will be refunded.

## **(2) Withholding and Payment of Individual Income Tax for Individual Overseas Resident Shareholders**

According to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) and its implementation rules and the Announcement of the State Administration of Taxation on Promulgating the Administrative Measures for Tax Convention Treatment for Non-resident Taxpayers (Announcement of the State Administration of Taxation 2015 No. 60) (《國家稅務總局關於發佈〈非居民納稅人享受稅收協定待遇管理辦法〉的公告》(國家稅務總局公告2015年第60號)) (the “**Tax Convention Announcement**”), the Bank has the obligation to withhold and pay individual income tax on behalf of the individual shareholders whose names appear on the H share register (the “**Individual H Shareholder(s)**”) in the distribution of final dividend. However, Individual H Shareholders are entitled to the relevant favourable tax treatments pursuant to the provisions in the tax treaties between the countries (regions) in which they are domiciled and the PRC, and the tax arrangements between the PRC and Hong Kong (or Macau). As such, the Bank will withhold and pay the individual income tax on behalf of the Individual H Shareholders in accordance with the following arrangements:

- for the Individual H Shareholders receiving dividends who are Hong Kong or Macau residents or citizens from countries (regions) that have entered into a tax treaty with the PRC stipulating a tax rate of 10%, the Bank will withhold and pay individual income tax at the rate of 10% in the distribution of final dividend;
- for the Individual H Shareholders receiving dividends who are residents from countries (regions) that have entered into a tax treaty with the PRC stipulating a tax rate of less than 10%, the Bank will temporarily withhold and pay individual income tax at the rate of 10% in the distribution of final dividend. If relevant Individual H Shareholders would like to apply for a refund of the excess amount of tax withheld and paid, the Bank will handle, on their behalf, the applications for tax preferential treatments under relevant tax treaties according to the Tax Convention Announcement. Qualified shareholders shall submit in time a letter of entrustment and all application materials as required under the Tax Convention Announcement to the Bank's H share registrar, Computershare Hong Kong Investor Services Limited. The Bank will then submit the above documents to competent tax authorities and, after their examination and approval, the Bank will assist in refunding the excess amount of tax withheld and paid;
- for the Individual H Shareholders receiving dividends who are residents from countries (regions) that have entered into a tax treaty with the PRC stipulating a tax rate of more than 10% but less than 20%, the Bank will withhold and pay individual income tax at the effective tax rate stipulated in the relevant tax treaty in the distribution of final dividend;
- for the Individual H Shareholders receiving dividends who are residents from countries (regions) that have entered into a tax treaty with the PRC stipulating a tax rate of 20% or without tax treaties with the PRC or under other circumstances, the Bank will withhold and pay individual income tax at the rate of 20% in the distribution of final dividend.

Under the current practice of the Hong Kong Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends paid by the Bank. Shareholders of the Bank are taxed and/or entitled to enjoy tax relief in accordance with the aforementioned regulations.

## 5.5 AGM and Book Closure Dates

The AGM will be held on Thursday, 23 May 2024. In order to determine the holders of H shares who are eligible to attend the AGM, the register of holders of H shares of the Bank will be closed from Monday, 20 May 2024 to Thursday, 23 May 2024 (both days inclusive), during which period no transfer of H shares will be registered.

In order to qualify for attending the AGM, share certificates accompanied by instruments of transfer must be lodged with the Bank's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 17 May 2024. Holders of H shares of the Bank who are registered with Computershare Hong Kong Investor Services Limited on Thursday, 23 May 2024 are entitled to attend the AGM.

An H shareholder or his/her proxy should present proof of identity when attending the AGM. If an H shareholder is a legal person, its legal representative or other person authorized by the board of directors or other governing body of such shareholder may attend the AGM by providing a copy of the resolution of the board of directors or other governing body of such shareholder appointing such person to attend the meeting(s).

## 5.6 Purchase, Sale or Redemption of Listed Securities of the Bank

The share capital of the Bank as at the date of this announcement is set out below:

<b>Description of shares</b>	<b>Number of shares</b>	<b>Approximate percentage of issued share capital</b>
Domestic shares	4,107,690,457	81.0%
H shares	966,501,112	19.0%
<b>Total</b>	<b>5,074,191,569</b>	<b>100.0%</b>

The Bank and any of its subsidiaries had not purchased, sold or redeemed any of the Bank's listed securities during the Reporting Period.

## 5.7 Event after the Reporting Period

Save as disclosed in this announcement, there was no material event occurring after the Reporting Period.

## 6. FINANCIAL REPORT

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	<u>2023</u>	<u>2022</u>
		<i>RMB'000</i>	<i>RMB'000</i>
Interest income		<b>13,674,478</b>	14,382,696
Interest expenses		<b>(8,146,121)</b>	(7,867,756)
Net interest income	4	<b><u>5,528,357</u></b>	<u>6,514,940</u>
Fee and commission income		<b>98,439</b>	153,493
Fee and commission expenses		<b>(78,815)</b>	(71,849)
Net fee and commission income	5	<b><u>19,624</u></b>	<u>81,644</u>
Net trading gains/(losses)	6	<b>(47,532)</b>	95,101
Dividend income		<b>7,784</b>	21,423
Net gains arising from investment securities	7	<b>154,879</b>	98,551
Losses on deemed disposal of a subsidiary		—	(208,561)
Net exchange gains		<b>3,568</b>	8,025
Other operating income/(expenses), net	8	<b>(152,356)</b>	(14,056)
Operating income		<b>5,514,324</b>	6,597,067
Operating expenses	9	<b>(3,338,883)</b>	(3,266,177)
Impairment losses on assets, net of reversals	10	<b>(2,109,824)</b>	(1,360,882)
Operating profit		<b>65,617</b>	1,970,008
Share of profits of associates		<b>781</b>	13,469
Profit before tax		<b>66,398</b>	1,983,477
Income tax credit/(expense)	11	<b>112,023</b>	(311,452)
<b>Profit for the year</b>		<b><u>178,421</u></b>	<u>1,672,025</u>



	Note	<u>2023</u>	<u>2022</u>
		<i>RMB'000</i>	<i>RMB'000</i>
<b>Other comprehensive income/(loss) for the year:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
– Financial assets at fair value through other comprehensive income			
– Changes in fair value of debt instruments		<b>84,960</b>	(42,401)
– Changes in allowance for expected credit loss		<b>197</b>	(7)
– Income tax relating to item that may be reclassified subsequently		<b>(21,289)</b>	10,602
– Share of other comprehensive income of associates		<b>5,777</b>	1,502
		<u><b>69,645</b></u>	<u>(30,304)</u>
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
– Financial assets at fair value through other comprehensive income			
– Change in fair value of investments in equity investments		<b>3,895</b>	(25,580)
– Income tax relating to item that will not be reclassified subsequently		<b>(974)</b>	6,746
		<u><b>2,921</b></u>	<u>(18,834)</u>
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<u><b>72,566</b></u>	<u>(49,138)</u>
<b>Total comprehensive income for the year</b>		<u><b>250,987</b></u>	<u>1,622,887</u>
<b>Profit/(loss) for the year attributable to:</b>			
– Owners of the Bank		<b>168,348</b>	1,683,339
– Non-controlling interests		<b>10,073</b>	(11,314)
		<u><b>178,421</b></u>	<u>1,672,025</u>
<b>Total comprehensive income/(loss) for the year attributable to:</b>			
– Owners of the Bank		<b>219,397</b>	1,645,244
– Non-controlling interests		<b>31,590</b>	(22,357)
		<u><b>250,987</b></u>	<u>1,622,887</u>
Earnings per share			
– Basic and diluted (RMB cents)	12	<u><b>3.32</b></u>	<u>33.17</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2023

	Notes	31/12/2023	31/12/2022
		<i>RMB'000</i>	<i>RMB'000</i>
<b>Assets</b>			
Cash and deposits with the central bank		27,149,571	34,642,750
Deposits with banks and other financial institutions		12,144,867	11,092,260
Placements with banks and other financial institutions		372,934	425,218
Financial assets held under resale agreements	13	7,543,621	9,570,521
Financial assets at fair value through profit or loss	14	667,376	1,909,099
Loans and advances to customers	15	176,431,732	170,597,441
Financial assets at fair value through other comprehensive income	16	14,572,090	4,019,840
Financial assets measured at amortised cost	17	23,456,566	27,797,726
Interests in associates		1,303,830	1,297,272
Property and equipment		2,578,671	2,773,837
Right-of-use assets		451,452	519,577
Goodwill		15,133	15,133
Deferred tax assets		1,644,222	1,218,909
Other assets		1,442,925	1,121,166
<b>Total assets</b>		<b>269,774,990</b>	<b>267,000,749</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Borrowings from the central bank		535,455	3,679,787
Deposits from banks and other financial institutions		111,306	3,471,600
Placements from banks and other financial institutions		3,064,537	2,052,823
Financial assets sold under repurchase agreements	18	220,057	50,021
Deposits from customers		242,206,613	232,291,863
Accrued staff costs		187,110	193,286
Tax payable		75,200	59,653
Debt securities issued	19	3,375,210	5,351,209
Lease liabilities		371,797	429,046
Other liabilities		763,168	802,115
<b>Total liabilities</b>		<b>250,910,453</b>	<b>248,381,403</b>
<b>Equity</b>			
Share capital		5,074,192	5,074,192
Capital reserve		4,256,757	4,256,757
Investment revaluation reserve		107,615	56,566
Surplus reserve		1,237,348	1,223,755
General reserve		2,747,228	2,636,746
Retained earnings		2,684,172	2,639,899
Total equity attributable to owners of the Bank		16,107,312	15,887,915
Non-controlling interests		2,757,225	2,731,431
<b>Total equity</b>		<b>18,864,537</b>	<b>18,619,346</b>
<b>Total liabilities and equity</b>		<b>269,774,990</b>	<b>267,000,749</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to owners of the Bank							Non-controlling interests	Total
	Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
As 1 January 2023	5,074,192	4,256,757	56,566	1,223,755	2,636,746	2,639,899	15,887,915	2,731,431	18,619,346
Profit for the year	—	—	—	—	—	168,348	168,348	10,073	178,421
Other comprehensive income for the year	—	—	51,049	—	—	—	51,049	21,517	72,566
Total comprehensive income for the year	—	—	51,049	—	—	168,348	219,397	31,590	250,987
Appropriation of profits	—	—	—	13,593	—	(13,593)	—	—	—
– Appropriation to surplus reserve	—	—	—	13,593	—	(13,593)	—	—	—
– Appropriation to general reserve	—	—	—	—	110,482	(110,482)	—	—	—
– Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(5,796)	(5,796)
At 31 December 2023	5,074,192	4,256,757	107,615	1,237,348	2,747,228	2,684,172	16,107,312	2,757,225	18,864,537

	Attributable to owners of the Bank							Non-controlling interests	Total
	Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
As 1 January 2022	4,612,901	5,050,510	94,661	1,058,252	2,321,962	1,436,812	14,575,098	3,199,914	17,775,012
Profit/(loss) for the year	—	—	—	—	—	1,683,339	1,683,339	(11,314)	1,672,025
Other comprehensive loss for the year	—	—	(38,095)	—	—	—	(38,095)	(11,043)	(49,138)
Total comprehensive income/(loss) for the year	—	—	(38,095)	—	—	1,683,339	1,645,244	(22,357)	1,622,887
Changes in ownership in subsidiaries without changes in control	—	(287,520)	—	—	—	—	(287,520)	(163,500)	(451,020)
Deemed disposal of a subsidiary	—	(44,942)	—	—	(39,820)	39,820	(44,942)	(360,234)	(405,176)
Changes in share capital	—	—	—	—	—	—	—	—	—
– Capitalisation of capital reserve	461,291	(461,291)	—	—	—	—	—	—	—
Appropriation of profits	—	—	—	165,503	—	(165,503)	—	—	—
– Appropriation to surplus reserve	—	—	—	165,503	—	(165,503)	—	—	—
– Appropriation to general reserve	—	—	—	—	354,604	(354,604)	—	—	—
– Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(15,710)	(15,710)
Acquisition of a subsidiary	—	—	—	—	—	35	35	93,318	93,353
At 31 December 2022	5,074,192	4,256,757	56,566	1,223,755	2,636,746	2,639,899	15,887,915	2,731,431	18,619,346

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	<u>2023</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
<b>OPERATING ACTIVITIES</b>		
Profit before tax for the year	66,398	1,983,477
Adjustments for:		
Interest income from financial investments	(1,229,490)	(1,233,030)
Share of profits of associates	(781)	(13,469)
Dividend income	(7,784)	(21,423)
Government grants	(13,841)	(47,209)
Net gains arising from investment securities	(154,879)	(98,551)
Gain on disposal of property and equipment	(498)	(53,769)
Gain on early termination of lease agreements	(4,440)	(909)
Impairment losses on assets, net of reversals	2,109,824	1,360,882
Interest expenses on debts securities issued	183,777	277,598
Depreciation of property and equipment	270,812	287,469
Interest income from impaired loans and advances to customers	(19,098)	(46,623)
Depreciation of right-of-use assets	160,366	176,530
Net unrealised trading losses	230,431	233,919
Interest expenses on lease liabilities	18,413	21,340
Amortisation of long-term deferred expenses	21,898	23,325
Losses on deemed disposal of a subsidiary	-	208,561
	<u>1,631,108</u>	<u>3,058,118</u>
<b>Changes in operating assets</b>		
Net increase in loans and advances to customers	(6,405,119)	(22,315,124)
Net increase in other operating assets (including interests receivables)	(967,340)	(3,981,124)
Net decrease/(increase) in deposits with the central bank	36,298	(1,582,682)
Net decrease in financial assets at fair value through profit or loss	1,006,395	360,000
Net (increase)/decrease in deposits and placements with the banks and other financial institutions	(464,664)	22,992
	<u>(6,794,430)</u>	<u>(27,495,938)</u>
<b>Changes in operating liabilities</b>		
Net increase in financial assets sold under repurchase agreements	170,000	50,000
Net increase in deposits from customers (including interests payable)	9,309,013	44,874,050
Net increase in placements from banks and other financial institutions	1,011,714	550,000
Net decrease in deposits from banks and other financial institutions	(3,306,173)	(3,332,376)
Net (decrease)/increase in borrowings from the central bank	(3,144,332)	862,256
Net (decrease)/increase in other operating liabilities	(55,352)	1,264,154
Net (decrease)/increase in accrued staff costs	(6,176)	14,116
	<u>3,978,694</u>	<u>44,282,200</u>

	<u>2023</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Cash (used in)/generated from operations</b>	<b>(1,184,628)</b>	19,844,380
Income tax refund/(paid)	<u>319,849</u>	<u>(843,669)</u>
<b>NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES</b>	<b><u>(864,779)</u></b>	<b><u>19,000,711</u></b>
<b>INVESTING ACTIVITIES</b>		
Payments on acquisition of financial investments	<b>(89,353,706)</b>	(80,276,132)
Payments on acquisition of property and equipment	<b>(88,586)</b>	(167,626)
Proceeds from disposal of financial investments	<b>82,939,470</b>	75,922,356
Interest income from financial investments	<b>716,209</b>	1,316,058
Proceeds from disposal of property and equipment	<b>52,202</b>	117,463
Dividend income received from equity investments	<b>7,784</b>	21,423
Dividends received from associates	<b>4,537</b>	–
Acquisition of a subsidiary	–	54,756
Deemed disposal of a subsidiary	–	<u>(2,745,700)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b><u>(5,722,090)</u></b>	<b><u>(5,757,402)</u></b>
<b>FINANCING ACTIVITIES</b>		
Repayment of debt securities issued	<b>(2,500,000)</b>	(3,450,000)
Dividends paid	<b>(344)</b>	(6)
Payments on lease liabilities	<b>(166,390)</b>	(168,613)
Interests paid on debts securities issued	<b>(146,400)</b>	(195,400)
Dividends paid to non-controlling interests	<b>(5,796)</b>	(15,710)
Interests paid on lease liabilities	<b>(18,413)</b>	(21,340)
Net proceeds from issue of new debt securities	<b>486,145</b>	2,428,613
Acquisition of additional interest in a subsidiary	–	(468,000)
Proceeds from disposals and dilutions of interests in subsidiaries without loss in control	–	16,980
Government grants received	<b>(7,309)</b>	<u>47,209</u>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b><u>(2,358,507)</u></b>	<b><u>(1,826,267)</u></b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b><u>(8,945,376)</u></b>	<b><u>11,417,042</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b><u>41,039,454</u></b>	<b><u>29,622,412</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b><u>32,094,078</u></b>	<b><u>41,039,454</u></b>
Interests received	<u>11,676,673</u>	<u>10,884,818</u>
Interests paid (excluding interest expenses on debts securities issued and lease liabilities)	<u>(7,457,265)</u>	<u>(6,278,099)</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2023

### 1. GENERAL

The Bank, formerly known as Jiutai Rural Credit Cooperative Union, is a joint stock commercial bank established on 16 December 2008 with approval of the former China Banking Regulatory Commission Jilin Regulatory Bureau (Jin Yin Jian Fu 2008 No.320) on 15 December 2008.

The Bank obtained its finance permit from the Former China Banking and Insurance Regulatory Commission (the “Former CBIRC”) Jilin Bureau (Institution Number: No. B1001H222010001) and the business license from Market Supervision and Administration Bureau of Jilin Province (Unified Social Credit Code: 912200001243547911). The legal representative is Guo Ce and the address of the registered office is No. 504 Xinhua Main Street, Jiutai District, Changchun, Jilin, the People’s Republic of China (the “PRC”).

As at 31 December 2023, the Bank has established 3 branches and 89 sub-branches. The Bank has 35 subsidiaries. The principal activities of the Bank and its subsidiaries (collectively referred to as the “Group”) are the provision of corporate and retail deposits, loans and advances, payment and settlement services, as well as other banking services as approved by the banking supervision authority of the State Council. The Group operates in mainland China.

On 12 January 2017, the Bank’s H shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (Stock code: 6122).

The consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Bank and its subsidiaries.

### 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

In the current year, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the International Accounting Standards Board (the “IASB”) which are effective for the Group’s financial year beginning 1 January 2023.

IFRS 17 and related amendments	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
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

The application of the new and amendments to IFRSs in the current year has had no material impact on the Group’s financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## **New and amendments to IFRSs issued but not yet effective**

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants <sup>1</sup>
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements <sup>1</sup>
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>
Amendments to IAS 21	Lack of Exchangeability <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

The directors of the Bank anticipate that, the application of the new and amendments to IFRSs will have no material impact on the results and the financial position of the Group.

### **3. MATERIAL ACCOUNTING POLICIES INFORMATION**

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users.

#### 4. NET INTEREST INCOME

	<u>2023</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income arising from		
– Deposits with the central bank	<b>220,931</b>	223,061
– Deposits with banks and other financial institutions	<b>331,219</b>	209,151
– Placements with banks and other financial institutions	<b>29,227</b>	36,525
– Financial assets at fair value through other comprehensive income (“FVTOCI”)	<b>384,911</b>	375,094
– Financial assets measured at amortised cost	<b>844,579</b>	857,936
– Loans and advances to customers:		
Corporate loans and advances		
– Loans	<b>9,531,453</b>	10,350,564
– Finance lease loans	<b>153,894</b>	179,374
Personal loans and advances	<b>1,894,097</b>	1,871,344
Discounted bills	<b>750</b>	1,450
– Financial assets held under resale agreements	<b>283,417</b>	278,197
	<u><b>13,674,478</b></u>	<u>14,382,696</u>
Less: Interest expenses arising from		
– Borrowings from the central bank	<b>(47,145)</b>	(68,769)
– Deposits from banks and other financial institutions	<b>(13,581)</b>	(217,153)
– Placements from banks and other financial institutions	<b>(119,223)</b>	(37,465)
– Deposits from customers:		
Corporate customers	<b>(1,247,485)</b>	(1,456,193)
Individual customers	<b>(6,380,927)</b>	(5,696,677)
– Financial assets sold under repurchase agreements	<b>(135,570)</b>	(92,561)
– Debts securities issued	<b>(183,777)</b>	(277,598)
– Lease liabilities	<b>(18,413)</b>	(21,340)
	<u><b>(8,146,121)</b></u>	<u>(7,867,756)</u>
	<u><b>5,528,357</b></u>	<u>6,514,940</u>



## 5. NET FEE AND COMMISSION INCOME

	<u>2023</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Fee and commission income		
– Advisory fees	22,269	31,174
– Settlement and clearing fees	30,789	52,425
– Wealth management service fees	22,400	38,162
– Agency service fees	15,391	12,348
– Syndicated loan service fees	301	11,112
– Bank card service fees	1,470	3,514
– Others	5,819	4,758
	<u>98,439</u>	<u>153,493</u>
Fee and commission expenses		
– Settlement and clearing fees	(52,294)	(53,569)
– Others	(26,521)	(18,280)
	<u>(78,815)</u>	<u>(71,849)</u>
	<u>19,624</u>	<u>81,644</u>

Most contracts with customers have original expected duration of less than one year and therefore information about their remaining performance obligations is not disclosed.

## 6. NET TRADING GAINS/(LOSSES)

	<u>2023</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Changes in fair value of financial assets at fair value through profit or loss (“FVTPL”)		
– Unlisted equity investments	(238,762)	(138,269)
– Listed equity investments	—	(11,861)
– Other debt instruments	8,332	(83,789)
Interest income from financial assets at FVTPL	183,562	320,140
Net gain on disposal of financial assets at FVTPL		
– Other debt instruments	(664)	8,880
	<u>(47,532)</u>	<u>95,101</u>

## 7. NET GAINS ARISING FROM INVESTMENT SECURITIES

	<u>2023</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Net gains on disposal of financial assets measured at amortised cost	<b>52,891</b>	15,263
Net gains on disposal of financial assets at FVTOCI	<b>101,988</b>	83,288
	<b><u>154,879</u></b>	<b><u>98,551</u></b>

## 8. OTHER OPERATING INCOME/(EXPENSES), NET

	<u>2023</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Government grants (Note)	<b>13,841</b>	47,209
Gain on disposal of property and equipment	<b>498</b>	53,769
Gain on early termination of lease agreements	<b>4,440</b>	909
Other operating expenses	<b>(171,135)</b>	(115,943)
	<b><u>(152,356)</u></b>	<b><u>(14,056)</u></b>

Note:

Government grants recognised as other income are awarded to the Group by the PRC government as incentives primarily to encourage the development of the Group and the contribution to the local economic development. The government grants are one-off with no specific condition attached.

## 9. OPERATING EXPENSES

	<u>2023</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Staff costs (including directors' and supervisors' emoluments)		
– Salaries and bonuses	<b>1,525,793</b>	1,512,860
– Staff welfares	<b>114,447</b>	120,761
– Social insurance	<b>379,853</b>	315,083
– Housing allowances	<b>165,614</b>	125,855
– Labour union and staff education expenses	<b>33,388</b>	29,216
	<u><b>2,219,095</b></u>	<u>2,103,775</u>
Premises and equipment expenses		
– Depreciation of property and equipment	<b>270,812</b>	287,469
– Amortisation of long-term deferred expenses	<b>21,898</b>	23,325
– Rental and property management expenses	<b>46,707</b>	60,275
– Depreciation of right-of-use assets	<b>160,366</b>	176,530
	<u><b>499,783</b></u>	<u>547,599</u>
Other tax and surcharges	<b>97,672</b>	96,874
Other general and administrative expenses (Note)	<b>522,333</b>	517,929
	<u><b>3,338,883</b></u>	<u>3,266,177</u>

Note:

Auditor's remuneration for the year ended 31 December 2023 was RMB2,200,000 (2022: RMB2,170,000).

## 10. IMPAIRMENT LOSSES ON ASSETS, NET OF REVERSALS

	<u>2023</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Loans and advances to customers	1,380,131	1,128,724
Other receivables and repossessed assets	1,189	27,676
Debt securities financial assets at FVTOCI	197	134
Deposits with banks and other financial institutions	(923)	(620)
Placements with banks and other financial institutions	130	226
Provision for credit commitments and financial guarantees	(31,661)	13,598
Financial assets measured at amortised costs	748,663	186,952
Interests receivables (included in other assets)	12,098	4,192
	<u><b>2,109,824</b></u>	<u><b>1,360,882</b></u>

## 11. INCOME TAX EXPENSE

Income tax:

	<u>2023</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax:		
– Mainland China Enterprise Income Tax	<u>314,679</u>	<u>605,170</u>
Under/(over) provision in prior years:		
– Mainland China Enterprise Income Tax	<u>20,717</u>	<u>(993)</u>
Deferred tax		
– Current year	<u>(447,419)</u>	<u>(292,725)</u>
	<u><b>(112,023)</b></u>	<u><b>311,452</b></u>

Under the Law of the Mainland China on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the Mainland China companies is 25%. During the year ended 31 December 2023, Lingshui Huimin Village Bank Co., Ltd (陵水惠民村鎮銀行股份有限公司), Heyang Huimin Village Bank Co., Ltd. (合陽惠民村鎮銀行股份有限公司), and Sanya Huimin Village Bank Co., Ltd. (三亞惠民村鎮銀行股份有限公司) (2022: Lingshui Huimin Village Bank Co., Ltd. and Sanya Huimin Village Bank Co., Ltd.) and certain branches with operation in subsidiaries, obtained approvals from tax authorities to adopt the preferential income tax rate of 15%.

## 12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Bank is based on the following data:

	<u>2023</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year attributable to owners of the Bank	<u>168,348</u>	<u>1,683,339</u>
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share ('000)	<u>5,074,192</u>	<u>5,074,192</u>

There is no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the years ended 31 December 2023 and 2022.

## 13. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

### (a) Analysed by type and location of counterparty

	<u>2023</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
In Mainland China		
– Banks	7,440,344	9,464,880
– Other financial institutions	<u>99,475</u>	<u>99,475</u>
	7,539,819	9,564,355
Accrued interest	<u>3,802</u>	<u>6,166</u>
	<u>7,543,621</u>	<u>9,570,521</u>

**(b) Analysed by type of security held**

	<u>2023</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Debt securities		
– Corporation	99,475	99,475
– Government	1,238,274	5,386,500
– Other financial institutions	<u>6,202,070</u>	<u>4,078,380</u>
	7,539,819	9,564,355
Accrued interest	<u>3,802</u>	<u>6,166</u>
	<u><u>7,543,621</u></u>	<u><u>9,570,521</u></u>

**14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<u>2023</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Unlisted equity investments measured at FVTPL (Note)	<u>667,376</u>	<u>906,138</u>
Investment funds	<u>—</u>	<u>1,002,961</u>
	<u><u>667,376</u></u>	<u><u>1,909,099</u></u>

Note:

The above unlisted equity investments represent investments in unlisted equity securities issued by private entities established in the PRC.

## 15. LOANS AND ADVANCES TO CUSTOMERS

	<u>2023</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Gross loans and advances to customers</b>		
Corporate loans and advances		
– Loans	149,660,091	142,112,472
– Finance lease loans	<u>2,701,459</u>	<u>2,932,147</u>
	<u>152,361,550</u>	<u>145,044,619</u>
<b>Personal loans and advances</b>		
– Personal business loans	18,970,702	20,432,868
– Personal consumption loans	3,204,004	3,114,847
– Credit card overdrafts	15,143	17,535
– Residential and commercial mortgage loans	<u>3,560,009</u>	<u>3,419,546</u>
	<u>25,749,858</u>	<u>26,984,796</u>
	<u>178,111,408</u>	<u>172,029,415</u>
Accrued interest	<u>4,874,821</u>	<u>3,927,580</u>
<b>Less: Provision for impairment losses</b>		
– Individually assessed	(1,447,084)	(1,206,331)
– Collectively assessed	<u>(5,107,413)</u>	<u>(4,153,223)</u>
	<u>(6,554,497)</u>	<u>(5,359,554)</u>
	<u><u>176,431,732</u></u>	<u><u>170,597,441</u></u>

## 16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>2023</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Debt securities issued by the following institutions in Mainland China		
– Government	<b>13,110,818</b>	3,330,746
– Banks and other financial institutions	<b>1,179,079</b>	401,498
– Corporations	<b>150</b>	107,673
	<u><b>14,290,047</b></u>	<u>3,839,917</u>
Unlisted equity investments designated at FVTOCI	<u><b>144,730</b></u>	<u>141,267</u>
	<b>14,434,777</b>	3,981,184
Accrued interest	<u><b>137,313</b></u>	<u>38,656</u>
	<u><b>14,572,090</b></u>	<u>4,019,840</u>
Analysed as:		
Listed outside Hong Kong	<b>14,427,360</b>	3,878,573
Unlisted outside Hong Kong	<u><b>144,730</b></u>	<u>141,267</u>
	<u><b>14,572,090</b></u>	<u>4,019,840</u>

The Group made an irrevocable election to present changes in the fair value of certain of its equity investments in other comprehensive income.

Debt securities included in FVTOCI are traded on the China Interbank Bond Market and are included in “Listed outside Hong Kong”.



## 17. FINANCIAL ASSETS MEASURED AT AMORTISED COST

	<u>2023</u>	<u>2022</u>
	<b>RMB'000</b>	<i>RMB'000</i>
Debt securities issued by the following institutions in Mainland China		
– Government	<b>12,576,721</b>	15,525,055
– Banks and other financial institutions	<b>903,214</b>	903,234
– Corporations	<b>300,000</b>	300,000
– Interbank certificates	<b>—</b>	38,779
	<u><b>13,779,935</b></u>	<u>16,767,068</u>
Trust plans	<b>6,089,576</b>	6,148,234
Asset management plans	<b>3,167,283</b>	4,167,655
	<u><b>9,256,859</b></u>	<u>10,315,889</u>
	<b>23,036,794</b>	27,082,957
Accrued interest	<b>1,764,336</b>	1,759,115
Less: Provision for impairment losses	<u><b>(1,344,564)</b></u>	<u>(1,044,346)</u>
	<u><b>23,456,566</b></u>	<u>27,797,726</u>
Analysed as:		
Listed outside Hong Kong	<b>13,917,283</b>	16,897,330
Unlisted outside Hong Kong	<b>9,539,283</b>	10,900,396
	<u><b>23,456,566</b></u>	<u>27,797,726</u>

## 18. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

### (a) Analysed by type and location of counterparty

	<u>2023</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
In Mainland China		
– Banks	220,000	50,000
Accrued interest	<u>57</u>	<u>21</u>
	<u><b>220,057</b></u>	<u><b>50,021</b></u>

### (b) Analysed by collateral

	<u>2023</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Debt securities	<u><b>220,057</b></u>	<u><b>50,021</b></u>

## 19. DEBT SECURITIES ISSUED

	<u>2023</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Fixed rate subordinated debts/tier-two capital bonds issued	2,796,672	2,796,031
Interbank deposits	<u>499,386</u>	<u>2,475,991</u>
	<u><b>3,296,058</b></u>	<u><b>5,272,022</b></u>
Accrued interest	<u>79,152</u>	<u>79,187</u>
	<u><b>3,375,210</b></u>	<u><b>5,351,209</b></u>

## 20. DIVIDENDS

	<u>2023</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
2022 final dividend (Note a)	—	—
2021 final dividend (Note b)	—	—

Notes:

- (a) Pursuant to the resolution of the annual general meeting of 2022 on 16 June 2023, the Board of the Bank does not recommend any distribution of final dividend for the year ended 31 December 2022.
- (b) Pursuant to the resolution of the annual general meeting of 2021 on 17 June 2022, the Board of the Bank does not recommend any distribution of final dividend for the year ended 31 December 2021.

Subsequent to the end of the reporting period, the Board of the Bank does not recommend any distribution of final dividend for the year ended 31 December 2023, which shall be subject to approval by the shareholders in the forthcoming general meeting on 23 May 2024.

## 21. SEGMENT REPORTING

The Group manages its business by business lines and geographical areas. 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 and government agencies. These products and services include corporate loans and advances, deposit taking activities, agency services, consulting and advisory services, remittance and settlement services and guarantee services.

### *Retail banking*

This segment represents the provision of a range of financial products and services to retail customers. These products and services include personal loans and deposit taking activities, bank card business, personal wealth management services and remittance services.

### *Treasury operations*

This segment covers the Group's treasury operations. The treasury operations enters into inter-bank money market transactions, repurchases transactions and investments. It also trades in debt securities. The treasury 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 expenses earned from third parties are referred to as "external net interest income/(expenses)". Net interest income and expenses arising from internal charges and transfer pricing adjustments are referred to as "internal net interest (expenses)/income".

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 and expenses are determined before intra-group transactions are eliminated as part of the consolidation process. Segment capital expenditure is the total cost incurred during the reporting period to acquire property and equipment, land use rights and other long-term assets.

## Segment results, assets and liabilities

	Year ended 31 December 2023				
	Corporate banking	Retail banking	Treasury operations	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Operating income					
External net interest income/ (expenses)	8,423,399	(4,490,792)	1,595,761	(11)	5,528,357
Internal net interest (expenses)/ income	(4,853,408)	7,357,109	(2,503,701)	—	—
Net interest income/(expenses)	3,569,991	2,866,317	(907,940)	(11)	5,528,357
Net fee and commission income	(8,618)	5,843	22,399	—	19,624
Net trading losses	—	—	(47,532)	—	(47,532)
Dividend income	—	—	—	7,784	7,784
Net gains arising from investment securities	—	—	154,879	—	154,879
Net exchange gains	—	—	—	3,568	3,568
Other operating expenses, net	—	—	—	(152,356)	(152,356)
Operating income	3,561,373	2,872,160	(778,194)	(141,015)	5,514,324
Operating expenses	(1,717,262)	(1,476,443)	(116,155)	(29,023)	(3,338,883)
Impairment losses on assets, net of reversals	(987,823)	(360,648)	(748,067)	(13,286)	(2,109,824)
Operating profit/(loss)	856,288	1,035,069	(1,642,416)	(183,324)	65,617
Share of profits of associates	—	—	—	781	781
Profit/(loss) before tax	<u>856,288</u>	<u>1,035,069</u>	<u>(1,642,416)</u>	<u>(182,543)</u>	<u>66,398</u>
Segment assets	151,418,186	29,042,178	85,455,719	2,214,685	268,130,768
Deferred tax assets	—	—	—	1,644,222	1,644,222
Total assets	<u>151,418,186</u>	<u>29,042,178</u>	<u>85,455,719</u>	<u>3,858,907</u>	<u>269,774,990</u>
Segment liabilities	(43,961,173)	(198,883,759)	(7,410,963)	(654,558)	(250,910,453)
Total liabilities	<u>(43,961,173)</u>	<u>(198,883,759)</u>	<u>(7,410,963)</u>	<u>(654,558)</u>	<u>(250,910,453)</u>
Other segment information					
– Depreciation and amortisation	238,463	195,948	18,305	360	453,076
– Capital expenditure	45,249	39,955	3,150	232	88,586

## Segment results, assets and liabilities (Continued)

	Year ended 31 December 2022				Total RMB'000
	Corporate banking RMB'000	Retail banking RMB'000	Treasury operations RMB'000	Others RMB'000	
Operating income					
External net interest income/ (expenses)	9,020,354	(3,792,793)	1,287,412	(33)	6,514,940
Internal net interest (expenses)/ income	(4,565,635)	7,096,605	(2,530,970)	—	—
Net interest income/(expenses)	4,454,719	3,303,812	(1,243,558)	(33)	6,514,940
Net fee and commission income	33,501	9,981	38,162	—	81,644
Net trading gains	—	—	95,101	—	95,101
Dividend income	—	—	—	21,423	21,423
Net gains arising from investment securities	—	—	98,551	—	98,551
Loss on deemed partial disposal of a subsidiary	—	—	—	(208,561)	(208,561)
Net exchange gains	—	—	—	8,025	8,025
Other operating expenses, net	—	—	—	(14,056)	(14,056)
Operating income	4,488,220	3,313,793	(1,011,744)	(193,202)	6,597,067
Operating expenses	(1,697,056)	(1,485,089)	(45,282)	(38,750)	(3,266,177)
Impairment losses on assets, net of reversals	(808,476)	(333,847)	(186,692)	(31,867)	(1,360,882)
Operating profit/(loss)	1,982,688	1,494,857	(1,243,718)	(263,819)	1,970,008
Share of profits of associates	—	—	—	13,469	13,469
Profit/(loss) before tax	<u>1,982,688</u>	<u>1,494,857</u>	<u>(1,243,718)</u>	<u>(250,350)</u>	<u>1,983,477</u>
Segment assets	152,650,278	22,120,672	88,446,324	2,564,566	265,781,840
Deferred tax assets	—	—	—	1,218,909	1,218,909
Total assets	<u>152,650,278</u>	<u>22,120,672</u>	<u>88,446,324</u>	<u>3,783,475</u>	<u>267,000,749</u>
Segment liabilities	(55,727,425)	(177,447,680)	(14,650,805)	(555,015)	(248,380,925)
Dividend payable	—	—	—	(478)	(478)
Total liabilities	<u>(55,727,425)</u>	<u>(177,447,680)</u>	<u>(14,650,805)</u>	<u>(555,493)</u>	<u>(248,381,403)</u>
Other segment information					
– Depreciation and amortisation	256,706	222,275	7,575	768	487,324
– Capital expenditure	82,481	83,778	917	450	167,626

## 22. COMMITMENTS

### (a) Credit commitments

The Group's credit commitments take the form of acceptances, letters of guarantees, letters of credit and unused credit card commitments.

The Group provides letters of 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. The amounts disclosed in respect of unused credit card commitments are under the assumption that the amounts will be fully advanced.

	<u>2023</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Acceptances	1,716,626	2,410,505
Letters of guarantees	2,911,364	4,411,457
Letters of credit	1,961	3,738
Unused credit card commitments	<u>163,842</u>	<u>162,066</u>
	<u><b>4,793,793</b></u>	<u><b>6,987,766</b></u>

The Group may be exposed to credit risk in all the above credit businesses. Group Management periodically assesses credit risk and makes provision for any probable losses. As the facilities may expire without being drawn upon, the total of the contractual amounts shown above is not representative of expected future cash outflows.

### (b) Capital commitments

At 31 December 2023 and 2022, the Group's authorised capital commitments are as follows:

	<u>2023</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Purchase of property and equipment		
– Contracted for but not provided	<u>—</u>	<u>7,223</u>

## 7. PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement will be published simultaneously on the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Bank (www.jtnsh.com). The 2023 Annual Report of the Bank prepared in accordance with the IFRSs will be published on the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Bank (www.jtnsh.com) in due course and will be dispatched to the H shareholders of the Bank in the manner in which the H shareholders of the Bank have selected to receive corporate communications.

By order of the Board  
**Jilin Jiutai Rural Commercial Bank Corporation Limited\***  
**Guo Ce**  
*Chairman*

Changchun, the PRC  
27 March 2024

*As at the date of this announcement, the Board comprises Mr. Guo Ce, Mr. Liang Xiangmin and Mr. Yuan Chunyu as executive Directors; Mr. Cui Qiang, Mr. Zhang Yusheng, Mr. Wu Shujun, Mr. Zhang Lixin and Ms. Wang Ying as non-executive Directors; and Ms. Zhang Qihua, Mr. Fong Wai Kuk Dennis, Ms. Han Lirong, Ms. Jin Xiaotong and Mr. Sun Jiafu as independent non-executive Directors.*

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