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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt as to any content of this circular or as to the action to be taken, you should consult licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

If you have sold or transferred all your shares in Jinshang Bank Co., Ltd.\*, you should at once hand this circular, together with the accompanying form of proxy to the purchaser or the transferee or to a licensed securities dealer or registered institutions in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**晋商银行**  
**Jinshang Bank**

**JINSHANG BANK CO., LTD.\***  
**晋商银行股份有限公司\***

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

**(stock code: 2558)**

- (1) WORK REPORT OF THE BOARD OF DIRECTORS FOR 2023**
- (2) WORK REPORT OF THE BOARD OF SUPERVISORS FOR 2023**
- (3) PROFIT DISTRIBUTION PLAN FOR 2023**
- (4) REPORT OF FINAL FINANCIAL ACCOUNTS FOR 2023**
- (5) FINANCIAL BUDGET FOR 2024**
- (6) REPORT OF THE BOARD OF SUPERVISORS ON SUPERVISION AND ASSESSMENT ON THE PERFORMANCE OF DUTIES BY DIRECTORS DURING 2023**
- (7) REPORT OF THE BOARD OF SUPERVISORS ON ASSESSMENT ON THE PERFORMANCE OF DUTIES BY SUPERVISORS DURING 2023**
- (8) REPORT OF THE BOARD OF SUPERVISORS ON SUPERVISION AND ASSESSMENT ON THE PERFORMANCE OF DUTIES BY MEMBERS OF THE SENIOR MANAGEMENT DURING 2023**
- (9) APPOINTMENT OF AUDITORS TO AUDIT FINANCIAL STATEMENTS FOR 2024**
- (10) APPOINTMENT OF DIRECTORS**
- (11) RESIGNATION OF AN INDEPENDENT NON-EXECUTIVE DIRECTOR**
- (12) ACQUISITION, ABSORPTION AND MERGER OF QINGXU JINSHANG VILLAGE AND TOWNSHIP BANK AND TURNING IT INTO A SUB-BRANCH OF THE BANK AND**
- (13) NOTICE OF THE 2023 ANNUAL GENERAL MEETING**

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The letter from the Board is set out on pages 4 to 14 of this circular.

The Bank will convene the AGM at the Conference Room, 22nd Floor, No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC at 10:00 a.m. on Thursday, June 20, 2024. The notice of the AGM is set out on pages 92 to 94 of this circular.

Whether or not you intend to attend and/or vote at the AGM in person, you are requested to complete the proxy form in accordance with the instructions printed thereon and the proxy form must be delivered to our Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for the Shareholders of H Shares) or the office of the Board of Directors at No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC (for the Shareholders of Domestic Shares) as soon as possible and in any event, not later than 24 hours before the scheduled time (10:00 a.m. on Wednesday, June 19, 2024) for holding the AGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending in person and voting at the AGM should you so wish, in this case, the instrument appointing the proxy should be deemed withdrawn. The proxy forms for the AGM were published on the websites of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Bank ([www.jshbank.com](http://www.jshbank.com)).

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

May 21, 2024

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“AGM” or “2023 AGM”	the annual general meeting of the Bank to be held at the Conference Room, 22nd Floor, No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC at 10:00 a.m. on Thursday, June 20, 2024, or any adjournment thereof
“Articles of Association”	the Articles of Association of the Bank, as amended, modified or otherwise supplemented from time to time
“Bank” or “our Bank”	Jinshang Bank Co., Ltd.* (晉商銀行股份有限公司), a joint stock company established on October 16, 1998 in the PRC with limited liability pursuant to the relevant PRC laws and regulations, and, if the context requires, includes its predecessors, branches and sub-branches, excluding its subsidiary
“Board” or “Board of Directors”	the Board of Directors of the Bank
“Board of Supervisors”	the Board of Supervisors of the Bank
“China” or “PRC”	the People’s Republic of China
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Bank
“Domestic Shares”	the ordinary shares issued by the Bank with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in Renminbi
“former CBIRC”	former China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會), whose functions are now exercised by the National Financial Regulatory Administration (國家金融監督管理總局)
“former CBRC”	former China Banking Regulatory Commission (中國銀行業監督管理委員會), whose functions are now exercised by the National Financial Regulatory Administration (國家金融監督管理總局)

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## DEFINITIONS

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“Group”	the Bank together with its subsidiary, and, if the context requires, includes its predecessors, branches and sub-branches
“H Shares”	the ordinary shares issued by the Bank with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed and traded on the Hong Kong Stock Exchange
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“HKD” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“PBoC” or “the central bank”	the People’s Bank of China (中國人民銀行)
“PRC Company Law”	the Company Law of the PRC
“Qingxu Jinshang Village and Township Bank”	Qingxu Jinshang Village and Township Bank Co., Ltd. (清徐晉商村鎮銀行股份有限公司), a joint stock company established on January 19, 2012 in the PRC with limited liability, in which the Bank holds 51% of the shares
“Reporting Period”	the year ended December 31, 2023
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanxi Supervision Bureau”	Shanxi Supervision Bureau of National Financial Regulatory Administration (國家金融監督管理總局山西監管局), formerly CBIRC Shanxi Office
“Shareholder(s)”	the holder(s) of the Share(s) of the Bank

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## DEFINITIONS

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“Shares”	the Domestic Share(s) and H Share(s) of the Bank
“substantial shareholder(s)”	has the same meaning ascribed to it under the Hong Kong Listing Rules
“Supervisor(s)”	the supervisor(s) of the Bank
“%”	per cent

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LETTER FROM THE BOARD

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**JINSHANG BANK CO., LTD.\***  
**晉商銀行股份有限公司\***

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

(stock code: 2558)

*Executive Directors:*

Ms. HAO Qiang (郝強) (*chairwoman*)  
Mr. ZHANG Yunfei (張雲飛) (*vice chairman*)

*Non-executive Directors:*

Mr. LI Shishan (李世山)  
Mr. MA Hongchao (馬洪潮) (*vice chairman*)  
Mr. LIU Chenhang (劉晨行)  
Mr. LI Yang (李楊)  
Mr. WANG Jianjun (王建軍)

*Independent non-executive Directors:*

Mr. WANG Liyan (王立彥)  
Mr. DUAN Qingshan (段青山)  
Mr. SAI Zhiyi (賽志毅)  
Ms. HU Zhihong (胡稚弘)  
Mr. CHAN Ngai Sang Kenny (陳毅生)

*To the Shareholders*

Dear Sir or Madam,

- (1) WORK REPORT OF THE BOARD OF DIRECTORS FOR 2023
- (2) WORK REPORT OF THE BOARD OF SUPERVISORS FOR 2023
- (3) PROFIT DISTRIBUTION PLAN FOR 2023
- (4) REPORT OF FINAL FINANCIAL ACCOUNTS FOR 2023
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- (13) NOTICE OF THE 2023 ANNUAL GENERAL MEETING

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## LETTER FROM THE BOARD

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### I. INTRODUCTION

The AGM will be held at the Conference Room, 22nd Floor, No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC at 10:00 a.m. on Thursday, June 20, 2024. The following resolutions will be proposed at the AGM for the Shareholders to consider and, if thought fit, to approve: (1) the Work Report of the Board of Directors for 2023; (2) the Work Report of the Board of Supervisors for 2023; (3) the Profit Distribution Plan for 2023; (4) the Report of Final Financial Accounts for 2023; (5) the Financial Budget for 2024; (6) the Report of the Board of Supervisors on Supervision and Assessment on the Performance of Duties by Directors during 2023; (7) the Report of the Board of Supervisors on Assessment on the Performance of Duties by Supervisors during 2023; (8) the Report of the Board of Supervisors on Supervision and Assessment on the Performance of Duties by Members of the Senior Management during 2023; (9) Appointment of Auditors to Audit Financial Statements for 2024; (10) appointment of Mr. WU Canming as a non-executive Director of the sixth session of the Board; (11) appointment of Mr. WANG Qi as an executive Director of the sixth session of the Board; (12) resignation of Mr. SAI Zhiyi as an independent non-executive Director; and (13) acquisition, absorption and merger of Qingxu Jinshang Village and Township Bank and turning it into a sub-branch of the Bank. The notice of the AGM is set out on pages 92 to 94 of this circular.

The purpose of this circular is to provide you with further details of these proposed matters to enable you to make an informed voting decision on the proposed resolutions at the AGM.

### II. MATTERS TO BE RESOLVED AT THE AGM

#### 1. Work Report of the Board of Directors for 2023

For the Work Report of the Board of Directors for 2023, please refer to Appendix I to this circular.

#### 2. Work Report of the Board of Supervisors for 2023

For the Work Report of the Board of Supervisors for 2023, please refer to Appendix II to this circular.

#### 3. Profit Distribution Plan for 2023

On March 28, 2024, the Board resolved to submit to the Shareholders for their consideration and approval of the following profit distribution plan for the year ended December 31, 2023:

- (i) Appropriation of statutory surplus reserve. RMB200,536,606.28 or 10% of the net profit for 2023 will be appropriated to the statutory surplus reserve;

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## LETTER FROM THE BOARD

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- (ii) Appropriation of general risk reserve. RMB485,964,508.14 will be appropriated to the general reserve pursuant to the requirements of the Administrative Measures for the Provision of Reserves of Financial Enterprises (Cai Jin [2012] No. 20) (《金融企業準備金計提管理辦法》(財金[2012]20號)) and the Articles of Association;
- (iii) Appropriation of discretionary surplus reserve. Pursuant to the requirements of the PRC Company Law, RMB701,878,121.98 or 35% of the net profit for 2023 will be appropriated to the discretionary surplus reserve;
- (iv) Based on 5,838,650,000 paid-up shares, including 4,868,000,000 Domestic Shares and 970,650,000 H Shares, at the end of 2023, a cash dividend of RMB10 (tax inclusive) for every 100 Shares for 2023 will be distributed to all Shareholders, amounting to RMB583,865,000 in aggregate. Dividends for H Shares will be paid in Hong Kong dollars, applicable to the average middle exchange rate of RMB to HKD as announced by the PBoC prevailing five business days preceding the date of declaration of such dividends at the AGM (including the date thereof); and
- (v) The balance of RMB2,518,129,606.65 will be carried forward to the subsequent year.

The final dividends, if approved by the 2023 AGM, are expected to be paid on August 9, 2024.

The Bank's register of members of Domestic Shares and register of members of H Shares will be closed from Wednesday, June 26, 2024 to Tuesday, July 2, 2024 (both days inclusive). Shareholders whose names appear on the H share register of members and domestic share register of members of the Bank on Tuesday, July 2, 2024 will be entitled to receive the final dividends. The Shareholders who qualify for receiving the final dividends shall lodge all transfer documents together with the relevant share certificates with the Bank's H Share Registrar in Hong Kong, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for the Shareholders of H Shares), or the office of the Board, at No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC (for the Shareholders of Domestic Shares), for registration no later than 4:30 p.m. on Tuesday, June 25, 2024.

#### **4. Report of Final Financial Accounts for 2023**

For details of the audited final financial accounts for the year ended December 31, 2023 prepared in accordance with the International Financial Reporting Standards, please refer to the financial statements in the annual results announcement of the Bank for the year ended December 31, 2023 dated March 28, 2024 and the annual report of the Bank for the year ended December 31, 2023.



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## LETTER FROM THE BOARD

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### **5. Financial Budget for 2024**

Based on the demand for the Bank's strategic development and business expansion, the Bank plans to arrange capital expenditure of approximately RMB587.99 million in 2024, details of which are as follows:

- (1) purchases, construction and renovation of business premises of approximately RMB244.16 million, mainly used for expenditure on projects such as purchases, decoration and renovation and optimization of layout of new outlets and original properties for business and office, etc.;
- (2) purchases of equipment of approximately RMB67.99 million, mainly used for construction of science and technology such as database expansion and security equipment, as well as for purchases of electronic equipment for business and office uses, machinery equipment, and business vehicles; and
- (3) investment in IT construction of approximately RMB275.85 million, mainly used for expenditure on construction-based, demand development-based and auxiliary tool-based IT projects and others.

### **6. Report of the Board of Supervisors on Supervision and Assessment on the Performance of Duties by Directors during 2023**

For the Report of the Board of Supervisors on Supervision and Assessment on the Performance of Duties by Directors during 2023, please refer to Appendix III to this circular.

### **7. Report of the Board of Supervisors on Assessment on the Performance of Duties by Supervisors during 2023**

For the Report of the Board of Supervisors on Assessment on the Performance of Duties by Supervisors during 2023, please refer to Appendix IV to this circular.

### **8. Report of the Board of Supervisors on Supervision and Assessment on the Performance of Duties by Members of the Senior Management during 2023**

For the Report of the Board of Supervisors on Supervision and Assessment on the Performance of Duties by Members of the Senior Management during 2023, please refer to Appendix V to this circular.

### **9. Appointment of Auditors to Audit Financial Statements for 2024**

An ordinary resolution will be proposed at the 2023 AGM to consider and, where appropriate, approve the appointment of Ernst & Young Hua Ming LLP as the domestic auditor of the Bank for the year 2024, and the appointment of Ernst & Young as the international auditor of the Bank for the year 2024, to hold office until the conclusion of the next annual general meeting of the Bank. The audit fees for the domestic and international financial statements for 2024 and the review fee for the international half-yearly financial statements are expected to be approximately RMB3.30 million.

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## LETTER FROM THE BOARD

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### 10. Appointment of Directors of the Sixth Session of the Board of Directors of the Bank

References are made to the announcement of the Bank dated March 28, 2024 that the Board resolved to nominate Mr. WU Canming (武燦明) (“**Mr. Wu**”) as a non-executive Director and the announcement of the Bank dated May 14, 2024 that the Board resolved to nominate Mr. WANG Qi (王琦) (“**Mr. Wang**”) as an executive Director, and appoint Mr. Wang as a vice president of the Bank. The appointment of Mr. Wu as a non-executive Director and the appointment of Mr. Wang as an executive Director are still subject to the approval by the Shareholders at the AGM and the approval from Shanxi Supervision Bureau on the qualification of directorship of Mr. Wu and Mr. Wang. The appointment of Mr. Wang as a vice president of the Bank is also subject to the approval from Shanxi Supervision Bureau. Due to retirement, Mr. LI Shishan (李世山) has proposed to resign as a non-executive Director, and a member of the Development and Strategy Committee of the Board. His resignation will not become effective until the date of the approval by Shanxi Supervision Bureau on the qualification of directorship of Mr. Wu.

The biographical details of Mr. Wu and Mr. Wang are set out in Appendix VI to this circular.

The Bank will enter into a service contract with each of Mr. Wu and Mr. Wang for a term of office commencing from the date of approval of his qualification of directorship by Shanxi Supervision Bureau till the date of the expiration of the term of office of the sixth session of the Board (three years from December 22, 2022), which may be terminated by the Director with a written notice submitted to the Board. Mr. Wu will not receive any remuneration from the Bank. The Bank will determine Mr. Wang’s remuneration in accordance with the relevant provisions of the Articles of Association and the Interim Measures for the Remuneration Administration of Persons in Charge of Provincial State-Owned Local Financial Enterprises in Shanxi Province (《山西省省屬國有地方金融企業負責人薪酬管理暫行辦法》) issued by Shanxi Finance Bureau, which is mainly comprised of base annual salary, performance-based annual salary, term incentive income, social insurance, housing provident fund and benefits such as enterprise annuity.

Each of Mr. Wu and Mr. Wang has confirmed that, save as disclosed in this circular, as at the date of this circular, he (i) has not held any other positions in the Bank or its subsidiary; (ii) has not held any other directorship or supervisorship in any public companies the securities of which are listed on any securities market in Hong Kong or overseas during the last three years; (iii) does not have any other major appointments and professional qualifications; (iv) does not have any relationship with any Directors, Supervisors, senior management or substantial Shareholders of the Bank; and (v) does not have any interest in the shares of the Bank which are within the meaning of Part XV of the SFO.

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## LETTER FROM THE BOARD

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Save as disclosed in this circular, there are no other matters in relation to the proposed appointment of Mr. Wu as a non-executive Director and the proposed appointment of Mr. Wang as an executive Director that need to be brought to the attention of the Shareholders or any other information that needs to be disclosed pursuant to the requirements of Rule 13.51(2) of the Hong Kong Listing Rules.

### **11. Resignation of Mr. SAI Zhiyi as an Independent Non-executive Director**

Reference is made to the announcement of the Bank dated April 29, 2024 that due to work changes, Mr. SAI Zhiyi (賽志毅) (“**Mr. Sai**”) has tendered his resignation as an independent non-executive Director, the chairperson of the Risk Management Committee, the chairperson of the Related Parties Transactions Control Committee, the vice chairperson of the Audit Committee, the vice chairperson of the Nomination, Remuneration and HR Committee, and a member of the Customer Rights Protection Committee under the Board on April 26, 2024. Pursuant to the Articles of Association, the resignation of Mr. Sai as an independent non-executive Director is still subject to the approval by the Shareholders at the AGM.

Mr. Sai has confirmed that he has no disagreement with the Board and there are no matters relating to his resignation that need to be brought to the attention of the Shareholders and the Hong Kong Stock Exchange. Mr. Sai has also confirmed that he does not have any action or claim, existing or pending, against the Bank.

Whereas the resignation of Mr. Sai will result in the number of the independent non-executive Directors falling below the minimum number required by the Articles of Association, pursuant to the Articles of Association, Mr. Sai will continue to perform the duties as an independent non-executive Director and the chairperson/vice chairperson/member of special committees under the Board, until the appointment of a new independent non-executive Director is approved by the Shareholders at a general meeting and his/her qualification of directorship is approved by Shanxi Supervision Bureau. The Bank will complete the procedures of the appointment of a new independent non-executive Director as soon as possible according to the Articles of Association, and publish the relevant announcements and circular pursuant to the Hong Kong Listing Rules.

### **12. Acquisition, Absorption and Merger of Qingxu Jinshang Village and Township Bank and Turning it into a Sub-branch of the Bank**

#### ***(i). Transaction Overview***

Qingxu Jinshang Village and Township Bank was established in Taiyuan, Shanxi Province, the PRC on January 19, 2012 with a registered capital of RMB50 million. As of the date of this circular, Qingxu Jinshang Village and Township Bank was held as to 51.0% by the Bank with the remaining 49.0% held by 13 individual shareholders each with 5% or less.

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## LETTER FROM THE BOARD

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In order to consolidate resources, optimize the business structure of the Bank and reduce the management and operation costs, the Bank proposes to acquire the remaining 49.0% of the equity interests of Qingxu Jinshang Village and Township Bank and then absorb and merge Qingxu Jinshang Village and Township Bank in accordance with the statutory procedures (the “**Acquisition, Absorption and Merger**”).

Upon the completion of the Acquisition, Absorption and Merger, the independent legal person status of Qingxu Jinshang Village and Township Bank will be de-registered and the Bank will, as the surviving operating entity, proceed to manage the combined assets and business and succeed to the debts and liabilities of Qingxu Jinshang Village and Township Bank.

The Acquisition, Absorption and Merger does not constitute a related party transaction or connected transaction, nor does it constitute a notifiable transaction under Chapter 14 of the Hong Kong Listing Rules or material asset reorganization. The Acquisition, Absorption and Merger was considered and approved by the Board on May 14, 2024. According to the relevant laws and regulations including the PRC Company Law and the requirements of the Articles of Association, the Acquisition, Absorption and Merger is subject to the approval of the Shareholders at the AGM. No Shareholder is required to abstain from voting on the special resolution in respect of the Acquisition, Absorption and Merger. After obtaining the approval of the Shareholders at the AGM, the Acquisition, Absorption and Merger shall be submitted to Shanxi Supervision Bureau for approval.

*(ii). Basic Information of the Party to be Merged*

Company Name: Qingxu Jinshang Village and Township Bank Co., Ltd.

Registered Address: No. 15, Zilin Road, Qingyuan Town, Qingxu County, Taiyuan, the PRC

Corporate Type: Joint-stock company with limited liability (not listed company)

Legal representative: LI Shengye (李聖野)

Registered capital: RMB50,000,000

Unified social credit code: 911401005885362433

Scope of business: taking deposits from the public; extending short-term, medium-term and long-term loans; domestic settlements; acceptance and discounting of bills; interbank lending; bank card (debit card) business; issuing agent, cashing agent and underwriting of government bonds; agency payment collection and agency insurance business; and other businesses approved by the PRC banking regulatory authorities.

Whether it is a dishonest person subject to enforcement: No

## LETTER FROM THE BOARD

Recent major financial information prepared in accordance with the PRC Generally Accepted Accounting Principles:

	<b>For the year ended December 31,</b>	
	<b>2022</b>	<b>2023</b>
	<i>(audited)</i>	<i>(audited)</i>
	<i>(in RMB)</i>	
Operating revenue	6,992,154.13	7,520,808.78
Net profit	-6,188,543.72	-4,900,664.51
	<b>As of December 31,</b>	
	<b>2022</b>	<b>2023</b>
	<i>(audited)</i>	<i>(audited)</i>
	<i>(in RMB)</i>	
Total assets	807,151,192.98	777,786,612.68
Net assets	38,295,354.12	33,394,689.61

### *(iii). Method, Scope and Related Arrangements of the Acquisition, Absorption and Merger*

#### (1) Method of the Acquisition, Absorption and Merger:

- a. Acquisition: the Bank will acquire the totaling 24,500,000 shares amounting to 49.0% of equity interests of Qingxu Jinshang Village and Township Bank from 13 individual shareholders at a total consideration of RMB18,620,000, which was determined by reference to the appraised value of all shareholders' equity of Qingxu Jinshang Village and Township Bank as of December 31, 2023 as evaluated by an independent asset evaluation company jointly appointed by the Bank and Qingxu Jinshang Village and Township Bank. Such 13 individual shareholders of Qingxu Jinshang Village and Township Bank are independent third parties of the Bank. The Bank will enter into a share purchase agreement with each of them. After the acquisition, Qingxu Jinshang Village and Township Bank will become a wholly-owned subsidiary of the Bank. The table below sets out the name of the 13 individual shareholders and their respective shareholdings in Qingxu Jinshang Village and Township Bank.

No.	Name of shareholder	Total number of shares held	Percentage to total share capital (%)
1.	WU Jie (武潜)	2,500,000	5.0%
2.	LI Desheng (李德盛)	2,500,000	5.0%
3.	GUO Deliang (郭德亮)	2,500,000	5.0%
4.	ZHANG Junqin (張俊琴)	2,500,000	5.0%
5.	WU Ting (武婷)	2,500,000	5.0%
6.	HU Yongzhu (胡永柱)	2,500,000	5.0%
7.	KANG Jingjing (康晶晶)	2,500,000	5.0%

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## LETTER FROM THE BOARD

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No.	Name of shareholder	Total number of shares held	Percentage to total share capital (%)
8.	CHEN Aizhen (陳愛珍)	2,500,000	5.0%
9.	LI Xijun (李喜峻)	1,500,000	3.0%
10.	ZENG Suwen (曾素文)	1,500,000	3.0%
11.	JIA Zhiqiang (賈志強)	1,000,000	2.0%
12.	ZHANG Qiang (張強)	250,000	0.5%
13.	WANG Yongping (王永平)	250,000	0.5%
<b>Total</b>		<b>24,500,000</b>	<b>49.0%</b>

- b. Absorption and Merger: after the acquisition, the Bank will absorb and merge all assets, creditor's rights and debts, personnel and all other rights and obligations of Qingxu Jinshang Village and Township Bank by way of absorption and merger.

Upon completion of the Acquisition, Absorption and Merger, the Bank's operation, name and registered capital, etc. shall remain unchanged, and Qingxu Jinshang Village and Township Bank shall be de-registered as an independent legal person and become a sub-branch of the Bank.

- (2) Upon completion of the Acquisition, Absorption and Merger, all assets, creditor's rights and debts, personnel and all other rights and obligations of Qingxu Jinshang Village and Township Bank shall be succeeded by the Bank in accordance with the relevant laws and regulations.
- (3) In accordance with the requirements of laws and regulations, the parties under the Acquisition, Absorption and Merger will enter into relevant agreements, prepare balance sheets and property lists, complete procedures of notifying creditors and publishing announcement(s), and jointly handle procedures of equity and assets transfer, change of ownership, tax liquidation, industrial and commercial de-registration and other procedures as required by the laws and regulations or regulatory requirements.

***(iv). Authorization for Matters Related to the Acquisition, Absorption and Merger***

According to the PRC Company Law and the Articles of Association, the Acquisition, Absorption and Merger is subject to the approval of the Shareholders at the AGM. The Board shall propose to the Shareholders at the AGM to authorize the Board, who may authorize the chairwoman of the Board, who may then authorize the senior management of the Bank based on actual need to take charge in the implementation of all matters relating to the Acquisition, Absorption and Merger, including but not limited to the negotiation with the individual shareholders of Qingxu Jinshang Village and Township Bank, obtaining the regulatory approval, amendment and execution of the relevant agreements, and other matters. The authorization shall be valid for 12 months from the date of consideration and approval by the Shareholders at the AGM.

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## LETTER FROM THE BOARD

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*(v). Purpose of the Acquisition, Absorption and Merger and Impact on the Bank*

The Acquisition, Absorption and Merger is beneficial to the Bank in further consolidating resources, improving the management structure, reducing management and operation cost, and is in line with the development strategy of the Bank. Also, the financial statements of Qingxu Jinshang Village and Township Bank are already consolidated into the consolidated statements of the Bank. The Acquisition, Absorption and Merger does not have any material impact on the financial position and operating results of the Bank and will not impair the interests of the Bank and the Shareholders as a whole. The Acquisition, Absorption and Merger does not involve any change in the name and registered capital of the Bank, and the composition of the Board, Board of Supervisors and senior management of the Bank remains unchanged.

### III. OTHERS

In addition, the Shareholders will listen to the report on related party transactions of the Bank for 2023 and the evaluation report on principal Shareholders and major Shareholders for 2023 at the 2023 AGM, the text of which is set out in Appendix VII and Appendix VIII to this circular, respectively.

### IV. THE AGM

The AGM will be held at the Conference Room, 22nd Floor, No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC at 10:00 a.m. on Thursday, June 20, 2024, to consider and, if thought fit, approve the resolutions relating to the matters set out in the notice of the AGM. The proxy form is enclosed with this circular and has been published on the websites of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Bank ([www.jshbank.com](http://www.jshbank.com)). The notice of the AGM is set out on pages 92 to 94 of this circular.

The Bank's register of members of H Shares will be closed from Monday, June 17, 2024 to Thursday, June 20, 2024 (both days inclusive), during which no transfer of H Shares will be effected. The Shareholder(s) whose name(s) appear(s) in the Bank's register of members as at the close of business on Friday, June 14, 2024 shall be entitled to attend and vote at the AGM. Shareholders of H Shares who intend to attend and vote at the 2023 AGM shall deliver all transfer document(s) together with relevant share certificates and other appropriate document(s) to the H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by 4:30 p.m. on Friday, June 14, 2024.

If the instrument appointing the proxy is signed by a person authorized by the appointer, the power of attorney or other authorization documents under which the instrument is signed must be notarized and shall be deposited together and at the same time with the instrument appointing the proxy. To be valid, the proxy form together with a notarially certified copy of the power of attorney or other authorization document(s) must be delivered to the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for the Shareholders of H



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## LETTER FROM THE BOARD

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Shares) or the office of the Board of Directors at No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC (for the Shareholders of Domestic Shares) not later than 24 hours before the scheduled time for the commencement of the AGM (i.e. 10:00 a.m. on Wednesday, June 19, 2024) or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish, only in such event, the instrument appointing a proxy will be deemed to be revoked.

Pursuant to Rule 13.39(4) of the Hong Kong Listing Rules, all resolutions at the AGM will be voted by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands). The voting results will be published on the websites of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Bank ([www.jshbank.com](http://www.jshbank.com)) in accordance with Rule 13.39(5) of the Hong Kong Listing Rules.

### V. RECOMMENDATIONS

The Board (including independent non-executive Directors) is of the opinion that all resolutions proposed at the AGM are in the interests of the Bank and the Shareholders as a whole. Thus, the Board recommends that the Shareholders should vote in favor of all the relevant resolutions proposed at the AGM (if applicable).

### VI. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices I to VIII to this circular.

By order of the Board  
**Jinshang Bank Co., Ltd.\***  
**LI Yanbin**  
*Joint Company Secretary*

Taiyuan, May 21, 2024

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



In 2023, the Board, under the strong leadership of the Party Committee of the head office, always adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, resolutely persevered the spirits of the 20th CPC National Congress, comprehensively implemented the decision-making and arrangement of the provincial party committee and the provincial government, firmly adhered to the two themes of security, stability and high-quality development, maintained strategic focus, adhered to the transformation direction, continued to improve corporate governance, strictly stuck to the bottom line of risk management, maintained a good momentum of healthy, stable and sustained development throughout the year, and achieved good operating results. The Board hereby reports its work performance in 2023 as follows:

## **I. OPERATING RESULTS ACHIEVED (RELEVANT FIGURES ARE ON THE BASIS OF THE GROUP)**

As of the end of 2023, the Group's total assets reached RMB361.305 billion, increased by RMB24.886 billion or 7.40% as compared to the beginning of the year, while deposits from customers reached RMB281.082 billion, increased by RMB32.648 billion or 13.14% as compared to the beginning of the year; and balance of loans reached RMB191.436 billion, increased by RMB5.384 billion or 2.89% as compared to the beginning of the year. The Group's net profit in 2023 was RMB2.001 billion, increased by RMB0.165 billion or 9.02% as compared to the same period in 2022. As of the end of 2023, the Group's non-performing loans rate was 1.78%, decreased by 0.02 percentage point as compared to the beginning of the year; return on capital was 8.31%, increased by 0.24 percentage point as compared to the beginning of the year; capital adequacy ratio reached 13.17% with tier-one capital adequacy ratio and core tier-one capital adequacy ratio of 11.14%, and allowance coverage ratio of 198.71%. All the main regulatory indicators were in line with the regulatory requirements, and maintained a good momentum with sustained, steady and healthy development.

## **II. MAIN WORK PERFORMED**

### **(I) Executing Strategic Plan and Promoting to Achieve High-quality Development**

Focusing on high-quality development, adhering to the general keynote of seeking progress in a stable manner, and organizing around the strategic vision and development goals, the Board continuously monitored and promoted the implementation of the guidance of the 2021-2025 Development Strategic Plan. Firstly, the Board strengthened strategic goals and based themselves on the market positioning of "serving the local economy, serving micro and small and medium enterprises, serving urban and rural residents" and the business positioning of "strengthening corporate business, refining retails, optimizing inclusive finance, and specializing in the financial market", deepened reform and renovation, leading to a high-quality development realized by the Bank. Secondly, the Board strengthened strategy supervision, planned around the province's economic work to strengthen the important strategic deployment that links up and down, conducted supervision of direct branches in Taiyuan City and non-local branches to serve to support the economic development of the region, and to break down and refine the strategic ideas of the work, to promote the

implementation of the work program, fully implemented the Bank's positioning and requirement of serving the local real economy. Thirdly, the Board strengthened strategy implementation, improved the mechanism for strategic assessing and supervising, strengthened the tracking and evaluation of the progress of strategy implementation, carried out strategic coaching to enhance professionalism, and provided full support to the senior management in promoting the strategy implementation. Fourthly, the Board strengthened the digital transformation, firmly promoted the digital transformation strategy, implemented major matters such as data governance strategic planning, approval and supervision statistics and data quality management, and promoted technology-enabled business transformation and development.

## **(II) Enhancing the Corporate Governance and Continuously Improving Governance Efficiency**

The Board continuously strengthened the construction of corporate governance and further enhanced the compliance and effectiveness of corporate governance. Firstly, the Board continued to promote the organic integration of Party leadership and corporate governance, and strictly fulfilled the procedure of preliminary research by the Party Committee to ensure that the Party Organization plays the role of setting the direction, managing the overall situation and ensuring implementation. Secondly, the Board convened and held the Shareholders' general meetings and Board meetings in compliance with the law and regulations. The 2022 annual general meeting and 2023 first extraordinary general meeting were proposed and convened by the Board in 2023, at which a total of 12 proposals were considered and approved, one report was debriefed. A total of five Board meetings and 21 special committees meetings were prepared and convened by the Board in 2023, at which a total of 48 proposals were considered and approved, and 50 reports were debriefed. All Directors are diligent and dedicated and the function of scientific decision-making was effectively leveraged. Thirdly, the Board organized and convened the symposiums between the chairwoman of the Board and the independent non-executive Directors in accordance with the requirements of the Hong Kong Stock Exchange, in which independent non-executive Directors held in-depth discussion with the chairwoman of the Board on the Bank's corporate governance, development strategies, risk management, etc., pointed out the problematic situations, exchanged practices from peers, and put forward opinions and suggestions, promoted the improvement of corporate governance and the development of the Bank's operation. Fourthly, the Board formulated special topics according to the professional expertise of the independent non-executive Directors and focusing on human resources management, digital transformation, information technology strategy, financial management and other key areas, and the independent non-executive Directors led the trainings and learning and thematic research works, gave full play to their professional experience and expertise, and guided the work of the relevant departments. Fifthly, the Board strengthened the Shareholders and equity management, continuously optimized the shareholding structure and carried out the verification of Shareholders' shareholding penetration information, prudently assessed the qualifications and performance of principal shareholders and regulated the conducting of related party transactions and continuously regulated conducts of principal Shareholders.

**(III) Optimizing Capital Management and Enhancing the Overall Capital Strength**

The Board firmly implemented the philosophy of saving capital, emphasized improving the efficiency of capital uses, and urged the Bank to maintain a reasonable level of capital adequacy. Firstly, the Board practically fulfilled its capital management obligations, reviewed and formulated plans for annual capital adequacy ratio management, listened to reports on capital adequacy ratio management and internal capital adequacy assessment on a regular basis, and continued to pay attention to capital adequacy and the trend of capital movement, to ensure maintaining a reasonable level of capital adequacy ratio and continuously meeting the regulatory requirements. Secondly, the Board strengthened collective capital management, improved the pricing management capabilities and capital burning appraisal, continuously optimized the assets and liabilities structure, directed capital to capital-lite business and improved the efficiency of capital uses. Thirdly, the Board arranged capital replenishment in a comprehensive manner by actively expanding external channels to replenish capital while continuously strengthening its ability to replenish capital with internal resources. Through continuous preliminary communications with Shanxi Supervision Bureau and the Shanxi branch of the PBoC, we received approval from Shanxi Supervision Bureau in August 2023 and obtained the administrative license issued by the PBoC on the certification of issuance in November 2023. For the next step, the Bank will issue perpetual bonds to replenish other tire-one capital of the Bank when appropriate in light of the Bank's business development and capital adequacy. Fourthly, the Board studied the Capital Administrative Measures for Commercial Banks (Provisional) (《商業銀行資本管理辦法(試行)》) to prepare for its implementation in 2024.

**(IV) Enhancing Risk Control Compliance and Improving Risk-resistance Capacity**

The Board held firm to the operation and development concept of “prudent compliance and stable operation”, continuously improved the comprehensive risk management structure, strictly sticking to the bottom line of compliance operation and risk management, effectively gave play to the role of internal and external audit and supervision, and ensured the Bank's safe and stable development. Firstly, the Board optimized the top-level design, established a long-lasting mechanism of risk management by the Party, integrated the leadership of the Party into all respects of risk management, actively implemented the Three-Year Action Plan for Safe Development, and prevented and addressed material risks in a practical manner. Secondly, the Board actively implemented fundamental regulatory policies, formulated and amended series of policy measures such as the Risk Management System and Fundamental Principles of the Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司風險管理體系及基本原則》), the Administrative Measures for Off-balance Sheet Businesses Risk of Jinshang Bank (《晉商銀行表外業務風險管理辦法》), the Administrative Measures for Risk Classification of Financial Assets of Jinshang Bank (《晉商銀行金融資產風險分類管理辦法》), the Implementation Rules of Risk Classification of Financial Assets of Jinshang Bank (《晉商銀行金融資產風險分類實施細則》), and the Administrative Measures for the Implementation of the Expected Credit Loss Method by Jinshang Bank (《晉商銀行預期信用損失法實施管理辦法》), further optimized the risk management policy system of the Bank. Thirdly, the Board continuously strengthened internal control and compliance construction, consolidated legal compliance

culture, improved the legal compliance management system, continuously promoted the abolition, amendment and establishment of the system, persistently strengthened supervision and inspection targeting possible risks and hidden dangers in key areas, reinforced the rectification and implementation of supervisory opinions and internal and external inspection issues, and continuously improved the level of operation and management in accordance with the law and regulations. Fourthly, the Board continuously enhanced supervision over audit, scientifically formulated audit plans, and focused on the audit supervision on key businesses, important cycles, critical areas and important positions, conscientiously listened to reports on internal and external audit as well as various audit matters, and continued to pay attention to the rectifications of audit issues, and contributed to improve the management level of the Bank.

**(V) Strengthening the Information Disclosure and Safeguarding the Legitimate Rights and Interests of Shareholders**

The Board strictly complied with the domestic and foreign regulations, adhered to the principles of truthfulness, accuracy, promptness, completeness and fairness, conducted information disclosure in a compliant and efficient manner, highly emphasized on investor relations management and Shareholders' investment return, and effectively safeguarded the rights and interests of Shareholders. 38 announcements were issued on the Hong Kong Stock Exchange in 2023, including annual report, interim report and other periodic reports, interim announcements, monthly returns on movements in securities and corporate governance documents and so on. The Board faithfully, accurately, promptly and completely fulfilled its obligation of information disclosure, and effectively protected the information right of investors, especially small and medium-sized investors. The profit distribution resolutions were considered and approved at the annual general meeting, actively providing Shareholders with reasonable investment returns.

**(VI) Practicing Social Responsibility and Establishing a Good Social Image**

The Board adhered to the concept of social responsibility, actively integrated into regional development, and used various financing methods and more efficient and convenient financial products and services to effectively support local economy and social development; kept promoting inclusive finance, expanding the issuance of loans in small and micro size and actively supported the development of small to micro enterprises by launching financial products such as “credit loan (誠信貸)”, “bill loan for small and micro enterprises (小微企業質票貸)”, “financing guarantee and trade credit (融擔易貸)” and “specialized, refinement, differential and innovation loans (專精特新貸)”; vigorously developed green finance, launched green financial products such as emission rights mortgages and intellectual property mortgages, and further promoted the construction of “green banks”; solidly implemented targeted poverty alleviation, deepened the connection between key rural revitalization projects and leading agricultural enterprises, and helped rural revitalization and construction.

**III. KEY POINTS FOR WORK TO BE PERFORMED BY THE BOARD IN 2024**

In 2024, under the leadership of the Party Committee of the head office, the Board should adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, strictly follow the spirit of the meetings on deepening the reform of provincial state-owned enterprises to improve quality and efficiency, adhere to and implement the main line of promoting high-quality development in all aspects, to clarify the direction, clear the thinking, find the right path, and play a good role in decision-making and leadership in all work, to ensure that Jinshang Bank achieves new developments and breakthroughs in this new phase.

**(I) Strengthen strategic leadership and promote high-quality development.** During the strategic planning period of the “14th Five-Year Plan”, the Board should stick to the strategic goals, support and supervise the senior management to steadily advance the strategic planning to be in place, stick to the market positioning, serve the real economy, serve micro and small and medium enterprises, and serve urban and rural residents. The Board should insist on benchmarking and digging for potential, stimulate endogenous power with reform, improve data governance mechanism, comprehensively promote digital transformation, and strengthen scientific and technological leadership. The Board should promote the mid-term evaluation and revision of the 2021-2025 Strategic Plan, analyze and evaluate the implementation of the strategic plan, and put forward strategic implementation initiatives and strategic revision proposals in light of regulatory policy guidance and changes in the market situation. Adhere to strategic supervision, promote the dynamic connection and high degree of combination between strategic planning and implementation, in order to realize a high-quality development in promoting regional economic development, and strive to build an excellent bank in the region.

**(II) Strengthen corporate governance and continuously improve the quality and effectiveness of governance.** The Board should always adhere to the overall leadership of the Party, carefully follow regulatory policies and requirements, continue to improve the corporate governance system and operation mechanism, play a good functional role of the special committees, working authorities, secretarial authorities and other authorities, and further improve the standardization and effectiveness of corporate governance; strengthen the corporate governance evaluation work, carefully check the problems found in the regulatory rating and regulatory inspection, and timely rectify and implement them to improve the Bank’s shortcomings and weaknesses in corporate governance; optimize and improve the operating mechanism of special committees of the Board of Directors, give full play to the professional expertise and experience of Directors, and effectively improve the decision-making efficiency of the Board of Directors and the ability to perform the Directors’ duties. Meanwhile, the Board should actively support the Directors to perform their duties in various ways, strengthen the Directors’ investigation and research and guidance on relevant department, to improve their performance efficiency.

**(III) Strengthen the Shareholder equity management and maintain good investor relations.** The Board will, in strict compliance with the latest regulatory requirements, improve the Shareholder equity management system and related party transaction management system, regulate the behaviors of major Shareholders and principal Shareholders, and safeguard the legitimate rights and interests of the Bank and all stakeholders; strengthen investor relationship management, continue to fulfill information disclosure obligations, effectively protect investors' information right, actively carry out diversified investor communication activities, continuously enhance mutual understanding and trust with investors, establish a good investor relationship, and maintain the market image of the Bank.

**(IV) Strengthen the construction of comprehensive risk management and improve risk control capacity.** Firstly, the Board will continue to uphold the concept of “prudent compliance and steady operation”, adhere to the unified combination of the problem-oriented and result-oriented working methods, further advance the key line of “risk management by the Party” and effectively empower all aspects of risk management. Secondly, the Board will continue to build a comprehensive risk management system that covers all aspects, all personnel and all procedures, implement the requirement of policy measures such as the Administrative Measures for Risk Classification of Financial Assets of Jinshang Bank, the Implementation Rules of Risk Classification of Financial Assets of Jinshang Bank, and the Administrative Measures for the Implementation of the Expected Credit Loss Method by Jinshang Bank, and improve risk management process. The Board should deepen the leading power of the science technology, give full play of leading technologies such as big data and AI, to build intelligent risk management platform, and fully leverage the efficiency and level of risk management; optimize the management of credit issuance procedures, and achieve the unified credit line control over all institutions, customers, assets, procedure and life cycle. Thirdly, the Board will continue to strengthen risk monitoring and investigation, pay close attention to the economic situation, changes in policies and systems and financial market trends, focus on key regulatory concerns, outstanding issues identified in internal and external inspections, and weaknesses in management to carry out supervision and inspection, promote the effective implementation of the system and timely rectification and correction, plug management loopholes, and effectively prevent compliance risks. Fourthly, the Board will firmly establish the concept of safety development, which is “safety as a prerequisite for development”, strengthen corporate governance, adhere to the strategic orientation of sound and high-quality development, improve the comprehensive risk management and internal control and compliance system, firmly guard the bottom line of no systematic financial risks, and promote the implementation of the major deployment of the Central Financial Work Conference and the provincial Party Committee's decision-making and deployment of the Bank, so as to achieve the high-quality development.



The year 2023 was the opening year for the full implementation of the spirit of the Second Party Congress of the Party Committee of Jinshang Bank and the starting year for the current Board of Supervisors to fulfill its duties in accordance with the law. Throughout the year, the Board of Supervisors carried out its supervisory work in strict accordance with the PRC Company Law, the Corporate Governance Standards for Banking and Insurance Institutions (《銀行保險機構公司治理準則》), the Articles of Association and other relevant laws and regulations, and fully fulfilled its supervisory duties to safeguard the legitimate rights and interests of the Bank, the Shareholders, its employees, creditors and stakeholders, and assisted in the high-quality development of the Bank.

## **I. THE WORK OF THE BOARD OF SUPERVISORS IN 2023**

### **(I) Regulated and Promoted the Effectiveness of Discussion and Supervision Construction and Adhered to Quality and Efficiency to Serve the Safety Development**

The Board of Supervisors adhered to the procedural awareness, insisted on the “three mechanisms”, and continuously improved the quality and efficiency of the Board of Supervisors’ discussions and supervisory work. Firstly, the Board of Supervisors adhered to the two-tier discussion mechanism of “deliberation” and “report”, highlighted the majesty of “deliberation”. Focusing on studying the content of proposals, focusing on the implementation of national economic and financial decision-making and deployment, regulatory policy requirements and the work focus of the Party Committee of the head office, and has scientifically set up the criteria for examining and referring in proposals, strictly standardized the deliberation procedures, and continued to strengthen the front-end supervision of the special committees of the Board of Supervisors, which has strongly facilitated the effectiveness of the “one-body and two-wing” supervisory and decision-making functions of the Board of Supervisors. During the year, the Board of Supervisors held five meetings, the Supervision Committee held five meetings and the Nomination Committee held two meetings, and considered 59 proposals covering the implementation of resolutions of the Shareholders’ general meeting, strategy implementation evaluation report, comprehensive risk management, internal control, financial budget management and other important matters of the Bank, and reviewed 44 reports on internal control evaluation and audit report, operation risk management and business continuity management of the Bank. During the meeting, the Supervisors carefully studied the proposals, objectively and professionally expressed their supervisory opinions, and rigorously and appropriately exercised their voting rights, so that the seriousness of discussions and supervisions was fully guaranteed. Secondly, the Board of Supervisors adhered to the parallel supervision mechanism of “reporting” and “questioning”, emphasizing the effectiveness of “discussion”. Given full play to the advantages of independent, professional and diversified composition of the Supervisors, the Board of Supervisors focused on the combination of pre-meeting research and mid-meeting hearings, examined the completeness, validity and scientificity of the content of the proposals, initiatives and plans, emphasizing the precision and targeting of supervisory opinions, and improved the effectiveness of supervisory opinions in promoting high-quality development. During the Reporting Period, centering on the strategic management, periodic reports and risk management of the Bank, the Board of Supervisors listened to the work reports by 38 persons

(times) in charge of the Board of Directors' office, the Finance and Accounting Department, the Risk Management Department and other relevant functional departments, focusing on the review of the Directors' qualifications, financial reporting, risk management and other 42 areas, and put forward 124 pieces of high-quality supervisory opinions in terms of macro-economic development, requirements of regulatory policies, and the implementation of micro-strategies. The corporate governance atmosphere of strict supervision has been further transmitted at the operating level. Thirdly, the Board of Supervisors adhered to the "supervision" and "governance" closed-loop management mechanism, focusing on the "rectification" of the effectiveness. The Board of Supervisors strictly operated the mechanism, strengthened the connection of the "three offices", built a supervision and governance system to identify problems, put forward initiatives and make improvements, and specified the point of time for supervision, so as to vigorously promote both symptomatic and curative measures. During the Reporting Period, the Board of Directors was provided with feedback on supervision opinions five times involving 47 opinions in 15 areas, and the senior management was provided with feedback on supervision opinions five times involving 77 opinions in 27 areas, all of which received effective feedback from the relevant functional departments, and the efficacy of supervision in promoting development continued to be realized.

## **(II) Strengthened and Improved the Supervision in the Area of Corporate Governance and Optimized Top-level Management to Strengthen the Foundation for Development**

Sound corporate governance is an important foundation for the safe and sound operation of the Bank, and it is also the top priority for the Supervisors to strengthen the "five supervisions" and to implement the work of institutional supervision. The Board of Supervisors held on to the "bull's nose" of corporate governance, adhered to the principle of "three-excellence" evaluation, and continuously improved the accuracy and scientificity of the evaluation results. Firstly, the Board of Supervisors has integrated the supervision of duty performance into daily routine to effectively enhance the accuracy of the results of supervision and evaluation. Focusing on the "two boards and one management" linkage mechanism with the Board of Directors and senior management, the Board of Supervisors has regularized the exchange of supervisory opinions on the Bank's operation and management, the behavior management of major Shareholders, the performance of Directors and Supervisors, related party transactions, and risk control governance, etc. The Board of Supervisors has provided feedback on supervisory opinions to the Board of Directors and the senior management for 12 times throughout the year, and the synergy of the linkage to promote development has been continuously coalesced. Focused on the advantages of close participation of employee Supervisors in management and supervision. The chairman of the Board of Supervisors fully participated in the meetings of the Party Committee members and the business analysis meeting of the Bank, grasped in real time the information on the "three importance and one greatness" and the dynamic information of daily operation of the Bank, and informed the Board of Supervisors; the employee Supervisors participated in or attended the meetings of the senior management, and reported their work to the Board of Supervisors and the employees' representatives conference on a regular basis to safeguard the legitimate rights and interests of the employees and their stakeholders. All Supervisors paid high attention to "Jinshang E



Consultation” and have an overall grasp of the key work of the whole Bank. Focusing on both close supervision and inquiry supervision, Supervisors were assigned to attend the Board meeting entirely to carry out close supervision and inquiry on the review procedures, voting status, and opinions expressed by Directors, so as to effectively realize the effectiveness of supervision. Throughout the year, the Supervisors attended five Board meetings, inquired about the convening of Board meetings including the review procedures five times, and carried out inspections and inquiries two times on the qualifications of the Directors, the duration of their performance, and the expression of their opinions, further optimized the effectiveness of supervision in the performance of their duties. Secondly, the Board of Supervisors innovated to carry out special supervision in key areas to effectively enhance the fineness of supervision in the performance of duties. Adhering to the synchronization of process management and target control, the Board of Supervisors focused on the key areas of finance, internal control and risk management of the Bank, sent more than ten supervision letters and inquiries on capital management, personnel management and data governance, formed ten special evaluation reports, and put forward more than 40 supervisory opinions, which were reverted to the senior management. Senior management conducted in-depth study of the reports and adopted all of them, and the closed loop of supervision for governance was further improved. Thirdly, the annual performance evaluation was carried out in a strict and standardized manner to scientifically enhance the effectiveness of the lean construction of the evaluation. Adhering to the overall leadership of the Party, the Board of Supervisors insisted on the consideration of reports, departmental inquiries, data access and opinion solicitation, and strictly carried out the collection, study and negotiation of the performance data of the Directors, Supervisors and senior management members in the areas of participation in supervision, expression of opinions, participation in trainings, annual performance review, internal and external penalties, etc. from five dimensions including loyalty, diligence, professionalism, independence and compliance, and standardized the self-assessment of the performance of duties, peer assessment and comprehensive evaluation, and comprehensively considered the actual situation of daily supervision, special evaluation, annual assessment and the supervision opinions of the Disciplinary Inspection and Supervision Team in the Bank, adhered to the front-end study of the Party Committee, and formed three reports of the Board of Supervisors on the performance evaluation of Directors, Supervisors, and members of the senior management in a realistic manner, and the atmosphere of comprehensive and strict governance of the Bank’s supervision has been further strengthened.

### **(III) Innovated and Integrated Oversight Initiatives and Resources, and Strengthened Oversight Synergies to Promote Oversight in Depth**

Innovation is the vitality of development. The Board of Supervisors insisted on enriching supervision initiatives, linking supervision resources and strengthening daily supervision, which strongly promoted horizontal cross-sectoral extension of supervision and vertical cross-level in-depth supervision, and helped to build a multi-level and full-coverage supervision and governance model. Firstly, the Board of Supervisors has insisted on using the “toolbox” of supervision deeply and sufficiently, continued to enrich the supervision initiatives, and grasping the “comprehensive and tangible” and “comprehensive and effective” aspects of supervision and adhered to the “list guidance”, focusing on systematic

policymaking, focusing on the implementation of new policies and regulations to continue to dynamically improve the supervision list, laying a solid foundation for the comprehensive performance of supervision. The Board of Supervisors has deepened the use of the “one report and three letters”, constructed an integrated and closed-loop supervision and management system covering “before, during and after”, and strengthened the supervision work in financial management, internal control and risk management in areas such as capital, liabilities, liquidity, anti-money laundering, related party transactions, expected credit losses, off-balance-sheet risks, data governance, stress tests, disposal of non-performing assets, etc. The Board of Supervisors also strengthened the front-end early warning and internal resolution of risks, so as to enhance the supervisory effectiveness of risk prevention and resolution. Throughout the year, 33 supervisory letters were sent directly to 13 functional departments, including finance, risk, compliance and audit, involving 140 supervisory reminders and inquiries. The Board of Supervisors innovated the supervisory interviews, focusing on the Bank’s periodic reports, data governance, green finance, etc. 13 special interviews were conducted with direct position holders to strengthen real-time opinion exchanges and enhance the timeliness and effectiveness of supervision and governance. Secondly, the Board of Supervisors focused on learning and utilizing the advantages of the “big supervision” mutual empowerment mechanism, sinking the supervision force, and building up the bottom line of “big compliance” and “big risk control” supervision. With the advantage of “external brain”, internal and external linkage was utilized to improve the quality of supervision. The Board of Supervisors emphasized the communication and linkage of important matters and supervisory opinions with the Disciplinary Inspection and Supervision Team in the Bank, and insisted on empowerment from the “outside” to the “inside” to enhance the effectiveness of compliance performance. Throughout the year, the Board of Supervisors sought supervisory opinions regarding the Board of Directors and the Board of Supervisors on their work reports for two times, submitted supervisory lists for five times involving 12 supervisory opinions and three research reports, and all the submitted information received effective feedback from the Disciplinary Inspection and Supervision Team in the Bank. Focusing on daily communication with professional organizations such as Ernst & Young and Rongzhidao, and adhering to the principle of “specificness, refinement, specialization and newness”, the Board of Supervisors has carried out higher-quality supervisory work, and conducted a number of seminars throughout the year focusing on the revision of the Board of Supervisors’ system, disclosure of information, and other related matters, so as to further safeguard the reasonableness and validity of the work carried out by the Board of Supervisors. The Board of Supervisors strengthened the linkage and coordination with the second and third lines of defense and business lines, and extended and expanded the “1+N” supervision to enhance the effectiveness of special supervision. During the year, the Board of Supervisors carried out four in-depth checks on performance and remuneration, data governance, market risk, and financial system construction in functional departments, three special seminars and surveys on customer service, green finance, and “specialized towns” comprehensive financial service program linked to management departments for relevant lines of the head office, and one in-depth inspection of enterprises, and three special research reports were formed to further ensure the effectiveness of supervision to grasp the “first-hand information” collection, calibrate the “deviation” to focus on the “bullseye”, to enhance the quality and quantity of supervision. Thirdly, the Board of Supervisors continued to promote and optimize the use of the “Giving

Courageous Advice for Jinshang” platform, supervised the implementation based on opinions, innovated the feedback notification mechanism, and enhanced the “service and efficiency” of pooling the wisdom of the whole Bank to promote high-quality development. Throughout the year, a total of 16 feedback notifications were formed, involving the Bank’s system construction, personnel management, customer service and employees’ interests, etc., and the development potential of the Bank as a whole was further emphasized.

**(IV) Optimized and Enhanced the Quality and Effectiveness of Team Building, Focused on Empowerment and Efficiency to Enhance the Professional Effectiveness of Service Development**

The Board of Supervisors adhered to the “going out and bringing in” and the implementation of the “three initiatives” to cultivate the team of the Board of Supervisors that can supervise, will supervise, and dare to supervise. Firstly, the Board of Supervisors focused on optimizing and improving the system construction of the Board of Supervisors, and continued to lay a solid foundation of institutional guarantee for the professional and efficient operation of the Board of Supervisors. During the year, focusing on regulatory policies, the Articles of Association and the actual work of the re-election of the Board of Supervisors, the Board of Supervisors completed the amendment and review of the Administrative Measures of Nomination and Election of Supervisors of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司監事提名選舉管理辦法》), and the professionalism and leadership of the system were further safeguarded. Secondly, the Board of Supervisors focused on strengthening the study and research of regulatory policies and cutting-edge knowledge to continuously empower supervision and quality improvement. During the year, the Board of Supervisors insisted on the combination of “one meeting, one theme” learning and seminar mode and the teaching mode by professionals in the Bank, organized the study and exchange of nine new regulations and the operation of the expected credit model, etc., and strengthened the deep-digging extension to further enhance the “effectiveness” and “degree” of accurate supervision. Thirdly, the Board of Supervisors focused on strengthening external training and interconnection with the industry, internalizing and optimizing, and broadening our vision to enhance the “width” and “precision” of service development. During the year, the Board of Supervisors organized the Supervisors to participate in two corporate governance trainings held by China Banking and Insurance Newspaper and Rongzhidao, which provided guidance and analysis on policy interpretation, future development, regulatory direction, etc., further expanded supervisory thinking and improved the ability of supervision serving the development. Meanwhile, the Board of Supervisors also emphasized on strengthening the communication with Bank of Qingdao, Bank of Jiangsu and other peers, continuously exploring and enriching the supervisory practice, and enhancing the ability to serve development.

**II. INDEPENDENT OPINIONS OF THE BOARD OF SUPERVISORS ON RELEVANT MATTERS****(I) Legal Operations**

During the Reporting Period, the Bank carried out its business activities in accordance with the law and its decision-making procedures were in compliance with the relevant provisions of the PRC Company Law, the Commercial Bank Law and the Articles of Association. The members of the Board of Directors and senior management members performed their duties faithfully and diligently, and none of them were found against any laws and regulations or the Articles of Association or damaged the interests of the Bank or the Shareholders in performing their duties.

**(II) Truthfulness of Financial Reporting**

In the view of the Board of Supervisors, the Bank's financial report gave a true, fair and complete view of the financial position and the results of operations of the Bank, and the preparation and review of the Bank's financial reports were in compliance with laws, administrative regulations and regulatory requirements. Ernst & Young Hua Ming LLP has audited the annual financial report pursuant to the accounting standard, and it has issued the standard unqualified audit report for the annual financial report.

**(III) Appropriation of Profits**

In the view of the Board of Supervisors, the profit distribution plan of the Bank was in line with the current actual situation and the need for sustained and sound development of the Bank, and there was no intentional damage to the interests of investors. The formulation procedures of the annual profit distribution plan were in compliance with the relevant laws, regulations and provisions of the Articles of Association.

**(IV) Related Party Transactions**

During the Reporting Period, the Bank's related party transactions were in compliance with the commercial principles and the processes of review, voting, disclosure and execution of related party transactions were in compliance with the laws and regulations and the relevant provisions of the Articles of Association, and no act detrimental to the interests of the Bank and its Shareholders has been found by the Board of Supervisors.

**(V) Internal Control**

The Board of Supervisors has reviewed the Bank's internal control evaluation report and did not find any significant deficiencies in the Bank's internal control mechanisms and systems in terms of completeness, reasonableness and effectiveness.

**(VI) Information Disclosure**

During the Reporting Period, the Bank was able to fulfill its information disclosure obligations in compliance with the regulatory requirements, conscientiously implement the information disclosure management system, disclose information in a timely and fair manner, and disclose true, accurate and complete information.

**(VII) Implementation of Resolutions at General Meetings of Shareholders**

During the Reporting Period, the Board of Supervisors had no objection to the proposals and reports submitted by the Board of Directors for consideration at the general meetings of Shareholders, believing that the Board of Directors was able to strictly implement the resolutions of the general meetings of Shareholders.

**III. PRIORITY WORK IN 2024**

2024 marks the 15th anniversary of the establishment of Jinshang Bank and is a critical and decisive year for deepening transformation and development. The Board of Supervisors will continue to be guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, closely follow the work deployment of the Party Committee of the head office, adhere to the working ideas of keeping a close eye on the policy, guarding the righteousness and innovation, promoting stability with progress, and establishing first and then breaking down, and continue to improve the supervisory mechanism, enrich the supervisory initiatives, and grasp the construction of the team in order to enhance the quality and increase the efficiency in the areas of strong supervision, promotion of governance, and protection of safety. The Board of Supervisors will adhere to the “four initiatives”, realize the “four promotions”, and strengthen the high-quality supervision and high-level service to the 15th anniversary of the Bank.

**(I) Insisting on Optimizing Innovation and Improving Mechanisms to Promote the Effective Enhancement of Supervisory Effectiveness**

Perfect mechanism guarantee plays an irreplaceable and important role in regulating the operation of the Board of Supervisors, clarifying the boundary of supervision and enhancing the effectiveness of supervision. As a next step, the Board of Supervisors will continue to make further efforts to improve the mechanism and enhance the effectiveness of supervision and governance. Firstly, the Board of Supervisors will continue to improve the institutional safeguard mechanism of the Board of Supervisors. The Board of Supervisors will accelerate the process of system construction, focusing on regulatory policy collection, learning, research and study as a whole, focusing on the key points of supervision, systematically grasp measures comparison and refined amendment, to improve the mechanism for safeguarding and promoting the long-term effectiveness and governance. The Board of Supervisors will grasp the system implementation guarantee, pay attention to the system traction performance, adhere to the list management, grasp the reconciliation and account cancellation, and ensure that the comprehensive coverage of supervision. The Board of Supervisors will strengthen governance system construction, adhere to the closed-loop management, focus on “supervision, feedback, implementation” of the whole process of management, pay attention to the implementation results, and improve the efficacy of supervision on the development. Secondly, the Board of

Supervisors will continue to optimize the oversight initiatives and improve the oversight mechanisms, grasp full-cycle management of discussions and supervisions, focus on proposal inquiries, review, supervision, and constantly improve the effectiveness of meeting supervision. The Board of Supervisors will continue to make better use of the supervision of “a report and three letters” to do a good job of daily supervision covering the whole process, strongly implement internal control risks supervision before, during and after the events to enhance the effectiveness of supervision to promote the safe development. The Board of Supervisors will focus on supervision by attendance and focus on key points of supervision, important decisions, important issues, reasonably expanding the scope of attendance, focusing on the play of the diversity advantages of the Supervisors, strengthening the effect of experts, focusing on giving opinions, making supervision tips, and strengthening the effectiveness of supervision in decision-making processes. The Board of Supervisors will focus on supervision and interoperability to enhance the effectiveness of supervision, improve the synergy of supervision resources with the Bank such as compliance, audit, and inspection supervision, increase the analysis and application of audit and inspection supervision results, focus on technological empowerment, make good use of data analysis, and adhere to the concept of sharing and cohesion of strengths to enhance the level of ability to identify problems. Thirdly, the Board of Supervisors will continue to improve the communication and consultation mechanism, focus on the regular communication between the “two boards and one management” and center on the “three importance and one greatness” and exchange of views, to serve the safe development. The Board of Supervisors will focus on the submission of opinions to the Disciplinary Inspection and Supervision Team in the Bank, actively accept supervision, and strengthen the standardized operation. The Board of Supervisors will improve the interaction of the head office, branches and sub-branches of the Bank, making good use of the “Giving Courageous Advice for Jinshang” platform, open up the channel of advice, strengthen democratic supervision, and cohesion of the same body to answer the questions to promote the development of the kinetic energy.

## **(II) Insisting on System Traction and Comprehensive Implementation to Promote the Full Realization of the Effectiveness of Supervision**

Strong financial supervision is a powerful guarantee for the construction of a strong financial country. The Board of Supervisors will continue to firmly grasp the “four aspects” of the supervisory duties of the Board of Supervisors, grasp the “three focuses”, and integrate the system requirements into the supervisory duties of the Board of Supervisors in an all-round way. Firstly, the Board of Supervisors will focus on the construction of corporate governance and comprehensively supervise the performance of duties. Sound corporate governance is the fundamental guarantee for the smooth operation of enterprises. Throughout the year, the Board of Supervisors will closely follow the release and implementation of policies, focus on strengthening the study of policies such as the Measures for the Supervision and Evaluation of Corporate Governance of Banks and Insurance Institutions (《銀行保險機構公司治理監管評估辦法》), strengthen the daily supervision and inspection of the holding of meetings by the “two boards and one management” of the Bank, the daily participation in meetings and research work by members of the Board of Directors, the Board of Supervisors and senior management and their attendance at the general meetings of Shareholders, as well as the supervision on the performance of duties by the Board of Directors in the areas of strategy implementation, equity



management and related party transactions. The Board of Supervisors will also conduct regular supervision of the senior management in the implementation of the Board's resolutions and the fulfillment of management duties, conduct systematic evaluation of the Board of Directors and the senior management in more than 10 key areas such as capital and liability management, risk management and data governance, etc., and emphasize on the stage-by-stage performance update to comprehensively carry out the supervision on the performance of duties by key personnel from the supervisory perspective, and to strongly ensure the scientificity of the performance evaluation results. Secondly, the Board of Supervisors will focus on safety development, grasp the internal control risk supervision. Finance is an industry dealing with risks, and risk prevention and mitigation must be addressed at all times. As the next step, the Board of Supervisors will closely follow the requirements of strong and strict supervision, focus on strengthening the process of supervision of the Bank's system construction, operation processes, personnel management and other internal controls, and keep a close eye on "key positions", "key personnel" and "key matters" to ensure that the Bank's internal control governance structure and the relevant parties perform their duties and responsibilities. The Board of Supervisors will insist on accurately studying and judging the key points of supervision and the Bank's risk management and control priorities, strengthening systematic supervision over the implementation of the Bank's risk policies, supervisory indicators, system construction, and results of governance, so as to realize front-end governance and enhance the ability to resist risks. Thirdly, the Board of Supervisors will focus on high-quality development and grasp the supervision of financial management. Financial management runs through the Bank's high-quality operation. The Board of Supervisors will pay more attention to the study of the Opinions on Further Strengthening the Supervision of Finance and Accounting (《關於進一步加強財會監督工作的意見》) and other policies, internalize them, and deeply understand the importance of financial supervision in promoting the Bank's high-quality development, focus on strengthening the review of proposals on the Bank's regular reports, budget management, profit distribution and other important financial matters, and do a good job in the day-to-day supervision of the Bank's financial system, process construction, and service quality and efficiency. Shareholder Supervisors can utilize their strengths in financial management, providing high-quality supervisory opinions, and implement all-round financial management and supervision duties.

### **(III) Insisting on Focusing on the Center and Development, and Promoting the Quality and Effectiveness of Supervision in Key Areas**

The top priority of the Board of Supervisors' supervisory work is to implement the decisions and deployments of the Party Committee of the head office in a complete, accurate and comprehensive manner. The Board of Supervisors will firmly establish the concepts of precise, refined and standardized supervision, and take "supervision to serve the development" as the value orientation, so as to effectively promote the development of the whole Bank and show its active role. Firstly, the Board of Supervisors will follow closely the development focus and realize daily supervision. Focusing on the "six major aspects" of the work deployment of the work conference at the beginning of the year, such as serving the development of the real economy, realizing safety production, strengthening customer management, promoting digital transformation, reinforcing talent support, and strengthening

Party leadership, the Board of Supervisors will focus on its supervisory duties, adhere to targeting and pressing forward, strengthen the supervision during the process of the Bank's work in the areas of financial product innovation, process innovation, technological empowerment, personnel training, marketing management, business operation, related party transactions, and consumer rights protection, and realize the systematic supervision "trinity" of internal control, risk, and finance to facilitate safe development. Secondly, the Board of Supervisors will focus on important matters and carry out special research work. It will focus on considering and planning supervision work within the overall situation of steady and sustainable development of the Bank. The Board of Supervisors will focus on the "six aspects" of development, adhere to be oriented by goal, plan around aspects such as the implementation of the requirements of the provincial Party Committee, exercise the local financial responsibilities, strengthen risk prevention and control, etc., focusing on strengthening the extension of its supervision in the areas of business planning, financial construction, risk governance, team building, performance evaluation, etc., to grasp the supervision of the research and judgment, and provide advice and suggestions from the aspects of strengthening the management, promoting the transformation, helping the operations, gathering people's hearts, preventing the risk, etc., highlighting the effectiveness of supervision of research to promote high-quality development. Thirdly, the Board of Supervisors will pay close attention to the key links and do a good job of supervision and inspection. Inspection is the most direct way to identify problems with "first sight". In the next step, the Board of Supervisors will focus on the Bank's 2024 inspection plan, the Bank's development priorities and the supervisory priorities of the Board of Supervisors, focusing on the Bank's asset management, risk management, business operation, financial management, legal compliance management, information technology, etc., and keeping a close eye on the Bank's case management, data governance, system construction, outsourcing management, operational risk, money laundering risk and other important links, with on-site and off-site inspections as the initiatives to realize the integration of lines, effectively consolidate the risks and hidden dangers of key links, and play the functions of "supervision" and "re-supervision".

#### **(IV) Insisting on Learning and Training, Empowering and Improving Quality, and Promoting Professionalism and Efficiency in Team Building**

The relevance, practicality and support of supervisory opinions are important guarantees for the supervision for development of the Board of Supervisors. In 2024, the Board of Supervisors will continue to practice the "best in class" standard, and continuously improve the quality and effectiveness of its professional supervision work. Firstly, the Board of Supervisors will strengthen the study of political theory. It will focus on the organic combination of advanced theory and supervision work, focus on new requirements and implement new tasks, adhere to the overall leadership of the Party to ensure that the supervision by the Board of Supervisors is not missing, not offside, and not mistakenly carried out. Secondly, the Board of Supervisors will grasp the study of regulatory policy, focusing on the comprehensive improvement of regulatory policy, system construction, innovation and supervision, and comprehensive performance of duties, to promote the balance between "progress" and "stability", and seek a breakthrough between "quality" and "quantity". Thirdly, the Board of Supervisors will adhere to the training. It will grasp the professional training, peer-to-peer



exchanges and internal transformation going hand in hand, exploring supervision practices, focusing on “inheritance” and “innovation”, and seeking effectiveness between “establishment” and “breakthrough”. The Board of Supervisors will strengthen the combination of point-face and block linkage to enhance the capacity level of serving development. Fourthly, the Board of Supervisors will grasp the construction of discipline. The Board of Supervisors will adhere to the full implementation of the full and strict governance over the Party, deeply promote deployments of overall strict governance of the Bank, strengthen their own supervision, grasp the time to perform their duties, the quality of performance, and the duty performance capacity building, and continue to promote the modernization of the Board of Supervisors to enhance the effectiveness of supervisory governance.

The Board of Supervisors conducted a comprehensive evaluation of the Board members' performance in 2023 in accordance with laws and regulations such as the PRC Company Law, the Corporate Governance Standards for Banking and Insurance Institutions, the Measures for Evaluating Performance of Duties by Directors and Supervisors of Banking and Insurance Institutions (Provisional) (《銀行保險機構董事監事履職評價辦法(試行)》), and the specific provisions of the Articles of Association and the Measures on Assessment on the Performance of Duties by Directors of the Board of Supervisors of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司監事會對董事履職評價辦法》). This evaluation was carried out in accordance with the principles of legality, compliance, objectivity, fairness, uniform standards, pragmatism, and effectiveness, and is hereby reported as follows:

#### **I. THE GENERAL SITUATION OF THE BOARD OF DIRECTORS IN 2023**

The sixth session of the Board was elected and established at the Shareholders' general meeting on December 22, 2022, which consists of 12 Directors, including two executive Directors, being Ms. HAO Qiang and Mr. ZHANG Yunfei, five non-executive Directors, being Mr. LI Shishan, Mr. MA Hongchao, Mr. LIU Chenhang, Mr. LI Yang and Mr. WANG Jianjun, and five independent non-executive Directors, being Ms. HU Zhihong, Mr. CHAN Ngai Sang Kenny, Mr. WANG Liyan, Mr. SAI Zhiyi and Mr. DUAN Qingshan. Among the members of the Board, Mr. MA Hongchao, Ms. HU Zhihong and Mr. CHAN Ngai Sang Kenny obtained approval from Shanxi Supervision Bureau for the qualifications of directorship on June 25, 2023, and performed their duties since then. They have performed their duties for more than half a year for the year 2023, and therefore participated in the assessment on the performance of duties in accordance with the relevant regulatory requirements. Before they received the approval of their directorship, Mr. XIANG Lijun, Mr. JIN Haiteng, Mr. SUN Shihu and Mr. YE Xiang for the fifth session of the Board continued to perform their duties until June 25, 2023, and the Board of Supervisors carried out the evaluation based on the actual performance of the aforementioned four Directors pursuant to relevant regulatory requirements. In summary, the Board of Supervisors' assessment of the performance of duties by Directors for the year 2023 was made to: two executive Directors, being Ms. HAO Qiang and Mr. ZHANG Yunfei; five non-executive Directors, being Mr. LI Shishan, Mr. MA Hongchao, Mr. LIU Chenhang, Mr. LI Yang and Mr. WANG Jianjun; five independent non-executive Directors, being Ms. HU Zhihong, Mr. CHAN Ngai Sang Kenny, Mr. WANG Liyan, Mr. SAI Zhiyi and Mr. DUAN Qingshan of the sixth session of the Board; and four Directors of the fifth session of the Board, being Mr. XIANG Lijun, Mr. JIN Haiteng, Mr. SUN Shihu and Mr. YE Xiang.

#### **II. OVERALL PERFORMANCE SITUATION OF THE BOARD OF DIRECTORS IN 2023**

In 2023, facing the complex and volatile external environment and an unprecedented competitive environment, the Board of Directors adhered to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, responded positively to changes in the internal and external environments, practiced in-depth the political and people's nature of financial work, focused on the mission of high-quality finance to serve the real economy, and coordinated the

safe and transformative development of the entire Bank. The Board of Directors diligently discharged their duties and responsibilities in strict accordance with laws, regulations, and the Articles of Association, fully executed the resolutions of the general meetings of Shareholders and conscientiously fulfilled the rights and obligations bestowed upon them by the Articles of Association. Additionally, the Board of Directors actively facilitated the implementation of strategic plans and business plans, made continuous enhancements to the Bank's comprehensive risk management system and internal control mechanisms. The Board of Directors continuously strengthened the construction of governance efficiency in various fields, including capital management, liquidity risk management, the implementation of the expected credit loss method, data governance, etc., effectively leveraged the decision-making function of the Board of Directors, driving the Bank's transformation and high-quality development to make new achievements.

**(I) Focused on High-quality Development, Strengthened Strategic Management, and Promoted the Deepening Implementation of Reform and Transformation**

In 2023, facing the new situation, new tasks and new challenges of high-quality development, the new session of the Board of Directors was able to adhere to the sense of foresight, comprehensive vision and the spirit of pragmatism, adhere to the general keynote of seeking progress while maintaining stability, focus on the positioning of the responsibilities of "determining strategies, making decisions and preventing risks", scientifically planned the development objectives for the whole year, comprehensively supported the senior management to steadily implement the Five-year Strategic Plan, further explored and optimized development paths and initiatives, strengthened the assessment of strategic implementation, continuously empowered the strategic vision of "adhering to safe development and building an excellent listed bank in the region", and pushed the Bank to continue to improve its core competitiveness and enhance its core functions, so as to promote the cohesion of the strategic consensus and the strength of the strategic leadership, and the strategic implementation to be precise.

**(II) Focused on Risk Management and Control, Adhered to the Bottom Line of Risk Management, and Strived to Enhance the Construction of Specialized Management and Control Capacities**

In 2023, the Board of Directors was able to adhere to the business concept of "steady operation underpinned by prudent and compliant measures", adhered to the systematic concept of fulfilling the ultimate responsibility of risk management for the entire Bank, firmly implemented a prudent risk preference, continued to promote the construction of a comprehensive risk management system that is unified across all institutions, all departments and all personnel, and improved the full-scope risk management model including credit, market, operation, liquidity, reputation, legal and strategic risks, upgraded risk policies and strengthened asset quality management. The Board of Directors was able to further focus on market positioning, provincial industrial characteristics and customer group characteristics,

actively promoted asset restructuring, and kept a close eye on asset quality; deeply promoted digital risk control management, focused on digital-driven enhancement of the efficiency and level of risk control, and improved the foresight, overall situation, and proactive approach of risk prevention and control.

**(III) Focused on Social Responsibility, Strengthened the Role of the Board of Directors, and Provided Strong Services to the Overall Situation of Local Economic Development**

In 2023, the Board of Directors was able to base itself on the overall strategic situation, effectively implemented the concept of “financial services for the real economy”, focusing on key areas such as science and technology finance, green finance, inclusive finance, pension finance and digital finance to increase financing support, provided guidance and formulated targeted service initiatives from the perspective of organizational promotion, resource allocation and risk policy, optimized the “full channel service mechanism”, and promoted the enhancement of the service level for the real economy. The Board of Directors was able to further strengthen the daily management of and attention to the behavior of Shareholders, and regularly conducted inspections and assessments of Shareholders’ qualifications, behavior, and fulfillment of commitments, etc., and enhanced the standardization and effectiveness of equity management. The Board of Directors was able to strictly abide by the information disclosure requirements of the regulatory authorities and the Hong Kong Stock Exchange, strengthened the standardized operation, timely and efficiently disclosed various types of regular reports and interim announcements, and disclosed material information of the Bank with high quality, further enhanced the quality and readability of reports. The Board of Directors was able to actively practice the political and people-oriented nature of financial work, insisted on safeguarding the consumers’ rights and interests as the starting and ending point of serving urban and rural residents, and incorporated the protection of financial consumers’ rights and interests into the corporate governance, the construction of corporate culture, and operation and development strategy, as well as continuously improved the institutional construction of consumer rights protection mechanism, and gave full play of the main responsibility of protecting consumer rights and interests.

**III. ASSESSMENT ON THE PERFORMANCE OF THE BOARD OF DIRECTORS IN SPECIAL AREAS**

In accordance with the performance requirements in special areas of the Board of Directors on risk management, internal control and compliance, data governance, and financial management by regulatory authorities, the Board of Supervisors further strengthened the supervision of performance of the Board of Directors in key areas, and supervised and evaluated the performance of the Board of Directors on the standardization and effectiveness of the performance of the Board of Directors in 13 areas such as capital management, and provided targeted performance suggestions.

**(I) Capital Management**

During the Reporting Period, the Board of Directors was able to strictly adhere to regulatory requirements of capital management, improved the medium- and long-term capital management planning, promoted the improvement of the Bank's capital management system and mechanism around the new capital regulations, reviewed the annual capital management plan, the capital instrument issuance plan and the capital adequacy report, and supervised the comprehensiveness, foresight and effectiveness of the Bank's capital adequacy in a multi-faceted and multi-angled manner. The Board of Directors promoted the business transformation and structural adjustment in depth, continuously enhanced the ability to replenish capital endogenously, continuously expanded new driving forces for profitability, ensured the sound operation of the Bank's various capital regulatory indicators, and effectively played the role of capital as a guide and constraint for business development.

The Board of Supervisors recommends that the Board of Directors shall focus on regulatory guidance of the new capital regulations, further strengthen capital constraints, optimize the asset structure, enhance the level of capital measurement refinement, continuously improve and optimize the risk-weighted asset allocation and control mechanism, promote the efficient use of capital, achieve balanced development of capital consumption, business growth, and profit return, and enhance the quality and efficiency of service to the real economy.

**(II) Liquidity Risk Management**

During the Reporting Period, the Board of Directors was able to adhere to the operation concept of "building a bank founded on the basis of deposit (存款立行)", maintained a sound liquidity risk strategy, closely followed the domestic economic and financial situation and monetary policy, strengthened the study and judgment of market interest rate trends, guiding senior management to proactively adjust the Bank's asset and liability structure, focused on enhancing the stability of core liabilities, and promoted the optimization of the term and structure of assets and liabilities to safeguard liquidity security. The Board of Directors was able to effectively strengthen the fulfillment of liquidity risk management, regularly listened to the liquidity risk management report, liability quality management report, and liquidity risk management audit report by senior management, and improved the monitoring of liquidity risk management regulatory indicators and the review of stress test results and judgment. The Board of Directors was able to supervise the senior management to improve the liquidity risk management operation mechanism, promoted the improvement of the Liquidity Risk Emergency Response Plan of Jinshang Bank (《晉商銀行流動性風險應急預案》), and actively coped with liquidity risk management pressures brought by the changes in the market, so as to ensure that the Bank's liquidity is reasonably sufficient.

The Board of Supervisors recommends that under the circumstance of ensuring safe and abundant liquidity, it is necessary to further strengthen the dynamic balance of liquidity, safety and profitability, enhance the level of refined liquidity management, strengthen active liability management, promote further reduction of funding costs, and steadily improve the level of funding returns.

**(III) Data Governance**

During the Reporting Period, the Board of Directors was able to further strengthen the top-level design and leadership of the Bank's data governance work, refined and decomposed the strategic planning and implementation initiatives, continuously increased the investment in data governance resources, continuously improved the data quality management mechanism, promoted the revision and improvement of the data governance management measures by relevant departments, and refined the division of responsibilities for data governance. The Board of Directors was able to focus on the quality of the EAST supervisory data, promoted the focus on remediation, deepened the source of governance, and further clarified the responsibilities and processes of the EAST data quality governance, refined the relevant responsibilities and processes of each department, optimized the data quality management system, and effectively enhanced the quality level of the Bank's regulatory data and empowered the Bank's operation and development.

The Board of Supervisors recommends that as an important entry point for the Bank's digital transformation, it is necessary to further enhance the strategic importance of data governance, strengthen the participation of business departments, and continuously improve the organizational structure, strategic and institutional structure, data standard structure, data quality management system, data service system, so as to promote the Bank to further "manage the data" and "make good use of data", and continue to give full play to the value of the data.

**(IV) Comprehensive Risk Management**

During the Reporting Period, the Board of Directors was able to adhere to the bottom-line thinking, focused on preventing and resolving major risks, effectively integrated development and safety, adhered to the "prudent and steady" risk preference, ensured consistency with the Bank's strategic objectives and development direction, adhered to the "full-caliber, full-coverage, full-process" risk management system construction, further strengthened the top-level and portfolio management of various types of risks, and continued to strengthen its ability to grasp and control the overall risk situation of the Bank as a whole, and regularly reviewed and considered the reports of the senior management on the comprehensive risk assessment and single risk management, the implementation of risk management preferences and other thematic reports, so as to comprehensively assess the level of risk, risk management situation and risk tolerance capacity. The Board of Directors has made efforts to enhance the digitalization of risk management areas such as risk measurement and model management, and has guided and promoted the revision and improvement of basic systems such as risk management methods for off-balance-sheet business, risk classification methods for financial assets, and management methods for the implementation of expected credit losses, so as to actively build a new pattern of comprehensive risk management.

The Board of Supervisors recommends that focusing on the new requirements of risk management in the new era, it is necessary to adhere to the unity of bottom-line and forward-looking thinking, further strengthen macro research, policy research and industry analysis, comprehensively enhance the level of systematization, scientification and refinement of risk prevention and control, give full consideration to the relationship between commonality and individuality of risks, including credit, market, operation, liquidity, reputation, legal, and strategic risks, effectively deal with the relationship between comprehensive risk management and the prevention of key risks, highlight the mutual reinforcement between risk management and business operation, and further strengthen the capacity of serving the real economy and the ability of professionalized risk control.

#### **(V) Combined Management**

During the Reporting Period, focusing on the performance requirements related to the Supervision Guidelines on Combined Management of Commercial Banks (《商業銀行併表管理與監管指引》), the Board of Directors was able to closely grasp the new changes and trends in combined management at the Group level, optimized the initiatives of combined management, further strengthened the leadership of the Party in respect of the holding subsidiaries, continued to enhance the management depth and level of refinement of the management in the areas of corporate governance, finance, human resources, risk, internal transactions and other elements of combined management, and strengthened the control and management of overall risks at the Group level. The Board of Directors supervised the amendment of the Measures for the Management of Holding Subsidiaries of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司控股子公司管理辦法》), further improved the management mechanism and procedures of holding subsidiaries, and helped holding subsidiaries to continuously do a good job in differentiated positioning and group synergy.

The Board of Supervisors recommends that the overall planning and top-level design of the management of the holding subsidiaries should be strengthened, the management responsibilities of the dispatching directors, supervisors and senior management and the relevant departments of the Bank in respect of the holding subsidiaries should be clarified, the management tools and instruments should be continuously optimized, the level of informatization of the management of the holding subsidiaries should be improved, the state of the operation and management of the holding subsidiaries should be dynamically assessed, major risks should be identified in a timely manner, and risk isolation from the Bank should be strengthened. It is necessary to strengthen the synergy of various management measures, pay close attention to risk management of the credit risk, liquidity risk and public opinion risk of the holding subsidiaries, and continuously expand the management effectiveness.



**(VI) Stress Tests Management**

During the Reporting Period, the Board of Directors was able to optimize the risk limit management in key areas such as liquidity risk and market risk, to clarify the relevant policies for stress tests, regularly listened to the test reports and test results of risk stress tests in key areas, supervised the senior management effectively on scientific management of stress tests, strengthened the rigid constraints of the limit indicators, and promote the Bank's forward-looking risk resolution. The Bank was also able to continuously push relevant departments to improve risk management and contingency plans, strengthen the full-coverage management of all types of potential risks, pay constant attention to the evolution trend of relevant risk indicators, and strengthen systematic research and judgment and forward-looking governance.

The Board of Supervisors recommends that the Board of Directors should further guide and supervise the senior management to do practical and detailed risk stress tests in key areas such as credit risk, liquidity risk, market risk, operational risk and real estate, to continuously improve the pertinence, scientificity and reliability of the stress tests, and to better utilize the positive effects of the stress test results in risk early warning and operational decision-making.

**(VII) Implementation of the Expected Credit Loss Method**

During the Reporting Period, the Board of Directors was able to focus on the overall situation, closely followed the regulatory guidance, based on the duty requirements for the implementation of the expected credit loss method, strengthened the anticipation and study of the impact of the implementation of the expected credit loss method, further promoted the management of the expected credit loss method under the new situation, and coordinated and promoted the improvement of the management of models for the implementation of the expected credit loss method, parameter adjustments, and system construction in accordance with the regulatory requirements and the actual practice of the Bank, with a focus on supervising and perfecting the management mechanism, strengthening the management foundation, and standardizing the management process. The Bank has performed its duties in strict accordance with the relevant requirements of the Administrative Measures for the Implementation of the Expected Credit Loss Method by Commercial Banks, and has listened to and considered and passed 7 proposals and reports on the model validation, parameter adjustments, management reports, audit reports of expected credit loss method, etc., and promoted the smooth implementation of the expected credit loss method at the beginning of 2023, and strengthened the Bank's foresight in the results of expected credit loss measurement, further enhanced the Bank's risk early warning and risk disposal capabilities.



The Board of Supervisors recommends that with the introduction of the new capital management measures, expected losses and non-expected losses, as the “two sides of the same coin” of losses faced by the Bank, are inherently consistent in terms of data basis, measurement scope and measurement rules, etc. The Board of Supervisors recommends that the Board of Directors should consider the work related to the implementation of the new capital management measures and the expected credit loss method in an integrated manner, strengthen the basic data support, and do a good job in the fine management of the whole process to ensure compliance.

#### **(VIII) Internal Control**

During the Reporting Period, the Board of Directors was able to further optimize the internal control assessment mechanism, and considered or reviewed various internal control and compliance reports, rectification reports of supervisory inspections and key business compliance audit reports such as the 2022 Annual Internal Control Evaluation Report of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司2022年度內部控制評價報告》), 2022 Annual Compliance Risk Management Report of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司2022年度合規風險管理報告》), 2022 Annual Operational Risk Management Report of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司2022年度操作風險管理報告》), continuously strengthened the compliance control of the entire Bank. The Board of Directors was able to effectively guide and urge the senior management to continuously carry out the work of “internalization of external regulations”, “supervision of system implementation”, and “investigation of employee behavior”, and to deeply promote the “comprehensive inspection” action of the whole Bank, continuously improved the construction of anti-money laundering management system and business continuity management, optimized the public opinion management and the emergency response mechanism for major emergencies, and continuously improved the compliance construction initiatives of the whole Bank.

The Board of Supervisors recommends that with the business transformation and tightening of regulation, the Board of Directors needs to further urge the senior management to pay more attention to the prevention of compliance risk and operational risk, integrate and promote the integrated construction of internal control, compliance and risk management, optimize and improve the internal control evaluation index system in accordance with the Bank’s actual practice in a timely manner, strengthen the risk control of the important links, enhance the awareness of all staff members of compliance, and solidify a good internal control environment for the high-quality development of the Bank.

**(IX) Risk Management of Off-balance Sheet Business**

During the Reporting Period, the Board of Directors was able to further optimize the structure of in-and-off-balance-sheet business, strengthened its own responsibility, continuously promoted the sustainable development of off-balance-sheet business, gradually enhanced the market influence of off-balance-sheet business such as valet wealth management, bond underwriting and letters of credit, strengthened the risk management of off-balance-sheet business, improved the risk management mechanism of off-balance-sheet business, made efforts to strengthen the construction of risk management measurement capability, considered and approved the Administrative Measures for Off-balance Sheet Businesses Risk of Jinshang Bank to standardize the risk management of off-balance sheet business in terms of risk categorization, risk identification, risk assessment, risk monitoring and risk control of off-balance sheet business, and continuously adapted to the new changes and trends of the development of off-balance sheet business under the new situation.

The Board of Supervisors recommends that the special development strategy for off-balance sheet business should be further improved, the unified management of off-balance sheet business should be strengthened, the prevention and control of cross-balance sheet business risks and contagion of off-balance sheet business should be strengthened, differentiated management measures should be implemented for various types of risk characteristics, and the comprehensive risk management system should be effectively integrated to form an effective risk management synergy.

**(X) Employee Behavior Management**

During the Reporting Period, the Board of Directors further strengthened the concept of employee-centered management, listened to the staff behavior assessment reports submitted by the senior management and the relevant regulatory inspection circulars, focused on the combination of employee behavior management and employee cultivation, continued to strengthen the system construction, and guided the senior management to promptly revise and improve the system such as the code of conduct for employees and the accountability measures, so as to continually solidify the “firewall” of employee behavior. The Board of Directors strengthened the compliance propaganda training, carried out employee warning education, and strengthened the monitoring of abnormal behavior of the employees, further guiding the Bank’s employees to internalize the awareness of case prevention, and effectively created a compliance atmosphere of “not daring to, unable to and having no desire to commit acts of non-compliance” in the entire Bank.

The Board of Supervisors recommends that the Board of Directors should further consolidate the responsibility of employee behavior management at all levels, strengthen the performance of duties and responsibilities of all governance bodies, focus on perfecting system construction, further deepen the integration and optimization of employee behavior management policies, management methods, and various types of business operation norms, highlighting the regularization of governance, and laying the foundation for building a good compliance culture.

**(XI) Market Risk Management**

During the Reporting Period, the Board of Directors was able to reasonably determine the market risk management preferences in accordance with the Bank's strategic planning and operating conditions, emphasized the unity of risk and profitability, specified the risk limits of the banking book and trading book, and further strengthened the management of the market risk limits; and was able to listen to the quarterly reports on market risk management and the results of the stress tests by the senior management, as well as regular internal audit reports on the management of the market risk. The Board of Directors was able to emphasize the comprehensiveness, precision and foresight of risk assessment and research, the initiative of risk prevention and control, and make timely adjustment of the corresponding management limits according to the trend of market interest rates and risk management situation to further strengthen the bottom-line management.

The Board of Supervisors recommends to further optimize macro research on the economic and financial environment, interest rate policy, etc., doing forward-looking research and risk prevention, improving the risk preference indicator system, strictly monitoring the management of limits and the implementation of stress tests, continuing to strengthen the tracking and monitoring of fund trading strategies, further promoting the improvement of the monitoring mechanism for market risk event reporting and resolutely guarding the bottom line of avoiding significant risk losses.

**(XII) Prevention and Control of Case Risk**

During the Reporting Period, the Board of Directors was able to continuously promote the improvement of the effectiveness of corporate governance, improved the organizational structure and institutional system for the prevention and control of case risks, promoted the improvement of the Bank's compliance risk management policies, strictly set up procedures for the identification of related parties and the approval of related party transactions, improved the construction of the Bank's internal control, regularly listened to the Bank's compliance risk management report and the report on the behavior management of the Bank's staff, strengthened the monitoring of the abnormal behaviors of the employee, and conscientiously fulfilled the main responsibility for the work of prevention of case. The Board of Directors was able to fulfill the main responsibility for case prevention work through outlets and all lines of the Bank, to continuously increase the supervision and management of high-risk businesses, high-risk links and high-risk positions, and to promote the normalization of supervision. The Board of Directors was able to provide guidance to improve the management and supervision of employee behavior, to do a good job in the early discovery, early warning, and early disposal of cases, and to enhance the forward-looking nature of the prevention and control of case risks. The Board of Directors was able to consistently enhance the in-depth integration of compliance culture with corporate governance, development strategy and business operation, insisted on covering compliance requirements in all business areas, promoted relevant leading departments to widely promote the compliance culture through multiple channels, organically combined problem discovery, establish rules and regulations, handle accountability and promote rectification, carried out uniform promotion to establish a long-lasting mechanism for prevention and control of case risks.

The Board of Supervisors recommends that the Board of Directors should further strengthen the foresight and effectiveness of the prevention and control of cases, focus on summarizing the deep-rooted problems of cases exposed by internal and external supervision and inspection, and conduct in-depth analysis of cases throughout the Bank to clarify the direction of rectification and strengthen the prevention and control at source.

### **(XIII) Operational Risk Management**

During the Reporting Period, the Board of Directors adhered to the “risk-based” core concept, further promoted the optimization of the Bank’s operational risk governance framework, improved the relevant policies, systems and process management, refined the management processes and management tools, and promoted the implementation of the system of major sorting out, learning, checking and supervision in the entire process of operation management and business development, constantly optimized the risk management systems, and continued to improve the internal control management foundation. The Board of Directors listened to the operational risk management report of the senior management on a regular basis in 2023, continued to strengthen the management of identification, monitoring, assessment, disposal and reporting of operational risks, and actively promoted the prevention and resolution of various types of operational risks.

The Board of Supervisors recommends that the Board of Directors should adhere to the comprehensive and systematic thinking, benchmark against the relevant requirements of the newly released Measures for Operational Risk Management of Banks and Insurance Institutions (《銀行保險機構操作風險管理辦法》) in December 2023, to review the operational risk governance and control structure, management mechanism and tools, etc., and continuously adapt to the new changes in business development and supervisory requirements, so as to ensure the effective operation of the operational risk management, and provide a strong safeguard for the high-quality development of the entire Bank.

In summary, the Board of Supervisors is of the view that the Directors are able to perform their duties diligently and faithfully in strict accordance with the relevant provisions of the Capital Administrative Measures for Commercial Banks (Provisional), Measures for Liquidity Risk Management of Commercial Banks, Guidelines for Comprehensive Risk Management of Banking Financial Institutions and other relevant regulations, safeguard the interests of the Bank, and continue to enhance the scientific nature of governance and decision-making in the key areas of risk, compliance and other areas. Meanwhile, it is recommended that the Directors continue to pay more attention to issues in key areas such as capital management, implementation of the expected credit loss method, risk management of off-balance sheet business, stress tests, etc., to further enhance the awareness of the standardization of performance and the ability to perform their duties, and put forward their opinions and recommendations in a timely manner, so as to effectively safeguard the interests of the Bank as a whole and the legitimate rights and interests of all Shareholders.

**IV. ASSESSMENT ON THE PERFORMANCE OF DUTIES BY DIRECTORS**

By sending Supervisors to attend the Board meetings, reviewing the information on the holding of the Board meetings, accessing the records of Directors' performance of duties, and taking into account the work report of the Board of Directors for 2023, the daily supervision of the Board of Directors by the Board of Supervisors, the supervisory notifications of the regulatory authorities, and the supervision of the Directors' compliance and performance of duties by other supervisory authorities, the Board of Supervisors has conducted a comprehensive analysis of the performance of the duties of the Directors during 2023, and their evaluations as to the performance of the Directors in respect of their duties of loyalty, diligence, professionalism, independence and ethics, and compliance are set out below.

**(I) Directors' Fulfillment of Duty of Loyalty**

During the year, all Directors were able to perform their obligations faithfully in strict accordance with the laws and regulations and Articles of Association based on the protection of the interests of the Bank and Shareholders; truthfully report to the Bank their full-time and part-time positions, related party relationships, and the relationships of persons acting in concert and changes therein pursuant to the regulatory requirements and management requirement of related party transactions. The Board of Supervisors found that no Director had conflict any of interest from his/her full-time and part-time jobs with the Bank, and no Directors used their positions and status to gain benefits for themselves or others or to harm the interests of the Bank with his/her related party relationships, accepted improper interests, disclosed secrets of the Bank or committed other acts violating provisions as stipulated in the laws and regulations, as well as the Articles of Association. In 2023, the Bank did not receive penalties from regulatory and other authorized authorities for breach of the duty of loyalty by directors.

**(II) Performance of Duty of Diligence by Directors**

In 2023, the Bank's Board of Directors held a total of 5 Board meetings, deliberated on 46 proposals and listened to or referred to 50 report matters, with 100% of the Directors attending, and 96% attending in person; held a total of 21 meetings of special committees of the Board of Directors, and deliberated on and listened to a total of 98 proposals and reports of various types. All Directors made efficient decisions on proposals to strengthen capital management, enhance risk prevention and control, and improve internal control, and were able to fully express their professional opinions on the matters under consideration, and were able to make suggestions on relevant issues of key concern and vote independently and objectively. During the year, the Directors attended more than two-thirds of the on-site meetings of the Board of Directors in person, and the Directors who served as the chairmen of the Audit Committee, the Risk Management Committee and the Related Parties Transactions Control Committee spent no less than 20 working days at the Bank throughout the year. All Directors

were able to diligently exercise their rights and fulfill their obligations under the Articles of Association in accordance with the provisions, and the Board of Supervisors did not find any violation by the Directors of their obligations of diligence under the laws, regulations and the Articles of Association.

**(III) Professionalism of Directors in Performing Their Duties**

During the year, all Directors were able to base on the positioning of the duties of the Board of Directors, take into account their own requirements for the performance of their duties, continued to strengthen the study of laws and regulations, regulatory provisions and industry policies, and actively participated in various types of trainings organized by the regulators and the Bank, so as to continue to improve the ability to perform their duties and their professional level. In the course of performing their duties, all Directors were able to continue to gain an in-depth understanding of the Bank's operation and management, effectively grasped the macroeconomic situation and industry policies, continued to pay attention to the construction of the Bank's corporate governance, risk management and control, capital management, digital transformation, compliance management, etc., gave full play to their own professional strengths, focusing on the high-quality development of the Bank as a whole, and empowered the operation and management by means of special surveys and visits, and continuously improved the scientific management of the Bank.

**(IV) Independence and Ethics of Directors in Performing Their Duties**

During the year, all Directors were able to adhere to high standards of professional ethics, not subject to the control or intervention of substantial Shareholders and insiders, performed their duties independently and autonomously, actively safeguarded the legitimate rights and interests of the Bank and all stakeholders such as Shareholders, depositors and consumers, independently and objectively made judgments and decisions on the matters under deliberation and voting, and strictly enforced the system of evasion in the performance of their duties and the provisions on confidentiality. The Board of Supervisors did not identify any circumstance in which the Directors were controlled or interfered with by substantial Shareholders and insiders in the course of performing their duties.

**(V) Compliance of Directors in Performing Their Duties**

During the year, all Directors were able to abide by laws, regulations, regulatory provisions and Articles of Association, continuously standardized their own performance of duties, performed their corresponding duties in compliance with the law, and performed their duties in accordance with the provisions of the Articles of Association and the relevant internal systems, and the Board of Supervisors did not identify that the Directors had taken advantage of their positions or status to seek private gain or misappropriation of the Bank's property, or acted for the benefit of Shareholders in a manner detrimental to the interests of the Bank or the lawful rights and interests of the stakeholders. In 2023, the Bank did not receive any administrative penalties from the regulatory authorities and other authorized authorities against individual Directors.



**V. EVALUATION RESULTS OF THE PERFORMANCE OF DUTIES**

Based on the actual performance of all Directors in the year 2023, combined with the Directors' self-assessment, mutual assessment and feedback from other supervisory departments and regulators, the Board of Supervisors is of the view that the Board of Directors was able to effectively perform its decision-making function and promote the Bank's compliance and sound development in the year 2023, and that all Directors were able to conscientiously and diligently perform the duties conferred on them by the Articles of Association. Pursuant to the relevant requirements under Measures on Assessment on the Performance of Duties by Directors of the Board of Supervisors of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司監事會對董事履職評價辦法》), the Board of Supervisors has determined that the evaluation results of the performance of duties by the members of the sixth session of the Board of Directors of the Bank: Ms. HAO Qiang and Mr. ZHANG Yunfei as two executive Directors; Mr. LI Shishan, Mr. MA Hongchao, Mr. LIU Chenhang, Mr. LI Yang and Mr. WANG Jianjun as five non-executive Directors; and Ms. HU Zhihong, Mr. CHAN Ngai Sang Kenny, Mr. WANG Liyan, Mr. SAI Zhiyi, and Mr. DUAN Qingshan as five independent non-executive Directors for the year 2023, are "competent". At the same time, the Board of Supervisors conducted a comprehensive evaluation based on the actual working conditions of the four Directors of the fifth session of the Board, namely, Mr. XIANG Lijun, Mr. JIN Haiteng, Mr. SUN Shihu and Mr. YE Xiang, during the period of their performance of duties, and the Board of Supervisors is of the view that in 2023, the above four Directors were able to conscientiously implement the resolution on the renewal of the sixth session of the Board, and continued to perform their duties in strict accordance with the Articles of Association before the new Directors obtained the qualification for their directorship, and were loyal, resolute, pragmatic, diligent and responsible at all times during the work period to promote the improvement of the Bank's corporate governance effectiveness and make positive contributions to the safe development of the Bank. The Board of Supervisors is of the view that the above four Directors are "competent" for their performance of duties during the first half of 2023.

**VI. RECOMMENDATIONS OF THE BOARD OF SUPERVISORS ON THE PERFORMANCE OF DUTIES BY DIRECTORS IN 2024****(I) Adhering to "Practical" Strategic Leadership and Scientific Leadership in Drawing up Blueprints**

The year 2024 is the "period of tackling challenges" for the implementation of the Bank's Five-year Strategic Plan. It is necessary to further strengthen the closed-loop management of the strategy, enhance the sustained efforts in the "second half" of the strategic cycle, focus on prospective research and judgment of key and difficult issues in the process of strategy implementation, grasp the fundamentals, consider the overall situation of transformation and development and progress in achieving the strategic goals, take into account the overall situation, make scientific arrangements and comprehensive measures, grasp the speed, strength



and progress of various transformation and development initiatives, and strive to break through the difficult points of strategy implementation, clear up the blockage points of transformation and development, and eliminate the pain points of business operation, so as to make the various transformation initiatives play a maximum role in the effectiveness of the initiatives.

**(II) Adhering to “Strict” Risk Prevention and Control and Consolidating the Bottom Line for System Governance**

The Board of Directors should firmly fulfill its ultimate responsibility for comprehensive risk management, adhere to the “prudent and cautious” risk preference, improve and optimize the risk preference formation and transmission mechanism, continue to promote the synergy between risk management and control and business development, and strictly control the increase of non-performing loans. The Directors should further improve its online and offline risk control system, and improve the “closed-loop” construction of credit management. The Directors should further improve the digitalized risk control system, always build a safety bottom line, comprehensively strengthen risk prevention and control, and firmly grasp the target control of asset quality at all stages to ensure the overall stable operation of asset quality. The Directors should continue to improve the construction of the matrix internal control and compliance organization, continuously consolidate and strengthen the compliance awareness of all staff, accelerate the implementation of the new capital management measures, strengthen the application of capital management in various aspects such as customer selection, credit policy, impairment provision, etc., and optimize the comprehensive risk management system.

**(III) Adhering to the Internal Control Construction to Seek “Excellence”, Build a Safe Development Chassis**

The Board of Directors should adhere to the concept of compliance operation, continue to strengthen the “risk, compliance, internal audit” internal control system construction, strengthen the role of internal and external multi-dimensional supervision, adhere to the full range of supervision, the whole process of control, focusing on the existence of the relevant issues of the Bank spotted by inspections of regulatory institutions and rectification and its implementation, adhere to the problem-oriented, strengthen the internal control of the “short board” constraints, achieve the organic combination of rectification and management improvement, and continue to strengthen the third channel of risk management and control, and enhance the endogenous power for sustainable development.

**(IV) Adhering to the “Effectiveness” of Duty Fulfillment, and Striving to Enhance Management Efficiency**

The Board of Directors should insist on enhancing the scientific operation efficiency of the Board of Directors, highlighting the function of strategic decision-making, adhering to keeping abreast of the times, perfecting the construction of the system of performance of duties, and establishing a scientific, reasonable, effective and balanced checklist for

performance of duties, so as to ensure that there is “no dead corner”, “no overstepping”, “no lack of position” in the performance of duties. The Board of Directors should continue to create conditions for the Directors to perform their duties, fully utilize the knowledge, experience and abilities of the Board members, and form an atmosphere of professional and pragmatic governance in which each member of the Board of Directors can display his or her strengths and make the best use of his or her abilities; while complying with the regulations of the regulatory bodies on the corporate governance of commercial banks and methods for evaluating the performance of the Directors’ duties, the Board of Directors should further play the role of high-level guidance and supervision to promote the efficient implementation of the strategic plan.

To further improve the effectiveness of corporate governance, the Bank continuously strengthens the supervision of the Board of Supervisors on the performance of duties by Directors and Supervisors and continuously standardizes the performance of duties by Directors and Supervisors, so as to promote the high-quality development of the Bank. According to the Corporate Governance Standards for Banking and Insurance Institutions, the Measures for Evaluating Performance of Duties by Directors and Supervisors of Banking and Insurance Institutions (Provisional) and other laws and regulations, as well as the Articles of Association, the Measures on the Performance Assessment of the Supervisors by the Board of Supervisors of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司監事會對監事履職評價辦法》) and other relevant requirements, the Board of Supervisors conducted the comprehensive and scientific evaluation on the performance of the Board of Supervisors and Supervisors as a whole, as well as their performance of loyalty, diligence, professionalism, independence, moral standards and compliance.

The evaluation of the performance of Supervisors for the year adhered to the principles of legality, compliance, objectivity, fairness, uniform standards, pragmatism and effectiveness, and comprehensively assessed and referred to meetings of the Board of Supervisors and special committees in 2023, the attendance and expression of opinions by Supervisors at on-site meetings, the participation of Supervisors in daily supervisory, special research and training of the Bank and other works or performance of duties for the Bank. On the basis of comprehensively understanding the tangible and effective performance of duties by Supervisors, the Bank scientifically conducted self-evaluation, mutual evaluation and evaluation by the Board of Supervisors on the Supervisors, and effectively implemented the requirements of the initiative of “risk management by the Party”, sought opinions and suggestions from external supervisory entities, carried out a comprehensive assessment on the performance of all the Supervisors in 2023 from multiple dimensions, and formed the following assessment report.

#### **I. THE GENERAL SITUATION OF THE BOARD OF SUPERVISORS IN 2023**

The sixth session of the Board of Supervisors was elected and established at the Shareholders’ general meeting on December 22, 2022, which consists of nine Supervisors, including three employee Supervisors, being Mr. XIE Liying, Mr. WEN Qingquan and Mr. SU Hua, three Shareholder Supervisors, being Mr. WANG Weiping, Ms. XU Jin and Mr. PANG Zhengyu, and three external Supervisors, being Mr. ZHUO Zeyuan, Mr. WU Jun and Mr. BAI Guangwei.

In 2023, members of the sixth session of the Board of Supervisors of the Bank had no position change during their terms and performed their duties for more than half a year. Pursuant to the relevant regulatory requirements, Supervisors evaluated this year are determined to be employee Supervisors Mr. XIE Liying, Mr. WEN Qingquan and Mr. SU Hua, Shareholder Supervisors Mr. WANG Weiping, Ms. XU Jin and Mr. PANG Zhengyu, and external Supervisors Mr. ZHUO Zeyuan, Mr. WU Jun and Mr. BAI Guangwei.

**II. THE GENERAL PERFORMANCE SITUATION OF THE BOARD OF SUPERVISORS IN 2023**

In 2023, dedicated to the guiding principle of “supervising to ensure safety and serving to promote development” and closely aligning with the central objectives of the Bank, the new Board of Supervisors organically integrated its supervisory service role into all aspects of operation and management, aiming to boost the supervisory efficiency, elevate service quality, and drive innovation and enhancement across various tasks. This proactive approach effectively boosted the sustainable, high-quality and stable development of the Bank.

**(I) Persevere in Integrating the Party’s Leadership with Its Supervisory Role and Firmly Steer towards the Right Path of Supervision based on the Concept of “Sculpting the Soul”**

Regarding the Party’s leadership as the cornerstone guiding its endeavors, the Board of Supervisors fully and accurately implemented the “two consistent principles” and continuously strengthened the Party’s leadership while fostering unity within its governance structure. Consistently aligning itself with the Party’s principles and policies, the Board of Supervisors prioritized collective discussions that revolved around studying and implementing the essence of the 20th National Congress of the Communist Party of the PRC, the Central Financial Work Conference, and the economic conferences at provincial and municipal levels. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Board of Supervisors focused on risk analysis and judgment, elevated the quality of recommendations, and strengthened its supervisory duties. In alignment with the characteristics of the financial industry and the actual evolution of the Bank, the Board of Supervisors was committed to coordinating the requirements of the development and security, with a focus on organically integrating the Party’s instructions with the lawful supervision mandated by the Board of Supervisors to harness the full potential of the Party Committee in conducting preliminary research and giving instructions on critical matters within the purview of the Board of Supervisors, and all proposals underwent thorough review by the Party Committee in advance. This approach fostered the convergence of procedural advancement and supervisory governance, enhanced the discussion and decision-making efficiency and underscored the gravity of its supervisory responsibilities. The Board of Supervisors comprehensively implemented the principles of “risk management by the Party” by actively and scientifically seeking advice from the deployed disciplinary inspection team and integrating the Party’s supervision into corporate supervision and governance, which laid a robust service foundation for enhancing corporate governance efficiency. Emphasizing on green finance, consumer complaint management, and in-depth research on distinctive industrial towns, the Board of Supervisors underlined the political and people-centric nature of the research topics, which ensured that the research and supervision direction not only aligned with the Party Committee’s directives but also served the Bank’s overarching interests. By effectively leveraging the synergy between research and supervision, the Board of Supervisors reinforced supervisory service in key areas in the new development stage and supported the fulfilment of central objectives of the Bank while ensuring robust risk prevention and control measures were in place.

**(II) Focus on “Solid Foundation”, Persist in Comprehensively Deepening the Establishment of Effective Meeting Supervision, and Promote More “Forceful” Supervision**

In 2023, the Board of Supervisors adhered to the directives of regulatory bodies and the Shareholders’ general meetings, convened a variety of meetings in an active and orderly manner in strict alignment with the Articles of Association and the Rules of Procedures for the Board of Supervisors. The Board of Supervisors meticulously executed the pre-supervision procedures of special committees, prioritizing critical issues and major matters while emphasizing tangible outcomes. Adhering steadfastly to the principle of “thorough examination”, it conducted meticulous analysis in key areas, striving to enhance the comprehensive efficacy of refined supervision. Centered on corporate governance, the Board of Supervisors paid particular attention to key aspects such as amendments to the Articles of Association, Shareholder commitments, strategic management, and information disclosure. The Board of Supervisors conducted a scientific evaluation of the execution of the Bank’s five-year strategic plan and offered relevant suggestions for the next phase of strategic implementation, including enhancing internal coordination of transformation initiatives and strengthening risk management. This has provided effective support for the Bank’s continued improvement in development quality and steady enhancement of profitability. The Board of Supervisors focused on its oversight duties, continuously strengthening supervision over the Board of Directors and the senior management in fulfilling their comprehensive risk management responsibilities, including credit risk, market risk, operational risk, liquidity risk, compliance risk, etc. The Board of Supervisors adhered to a bottom-line mindset and prudent risk management philosophy, meticulously reviewed relevant proposals, stayed updated on the comprehensive risk management status of the Bank, and provided constructive supervision opinions regarding key aspects, such as the establishment of a comprehensive risk management system, provisioning and asset quality management, promoting the soundness of risk control systems and the effectiveness of measures. The Board of Supervisors focused on financial management, and continuously oversaw major financial activities of the Bank, the engagement of external auditing firms, compilation of regular reports, changes in accounting policies, profit distribution, budget management, etc. The Board of Supervisors promptly tracked changes in capital adequacy ratios and provided opinions and suggestions on the Bank’s capital management situation. It deeply analyzed the operational management effectiveness reflected in regular reports, firmly grasped the details of supervision on important matters of regular reports, such as the truthfulness, accuracy and completeness, continued to supervise the report preparation and deliberation procedures, and effectively exerted the professional supervision function of the Supervision Committee. The Board of Supervisors focused on the field of internal control and compliance, as well as risk management, tracking and supervising the effectiveness of various risk control measures. Combining changes in key indicators, the Board of Supervisors provided real-time supervision towards the comprehensive risk management situation and risk preferences. It paid close attention to the effectiveness of management in key areas such as the implementation of expected credit loss method, liquidity risk and market risk, and offered risk control opinions and suggestions. The Board of Supervisors focused on the field of internal control and compliance, continuously monitored the progress of internal

control construction, and placed particular emphasis on supervising internal audit, consumer rights protection, data governance, and case prevention work. The Board of Supervisors paid close attention to external regulatory issues, internal audit findings and rectification progress, continuously followed up on supervision and inspection conducted by regulatory authorities, and promoted further consolidation of the internal control system, striving to consistently improve the level of internal control.

**(III) Focus on “Shaping the Brand”, Persistently Cultivate Expertise in Key Supervisory Areas and Advance “In-depth” Supervision**

In 2023, the Board of Supervisors concentrated on supervising the main responsibility and business, conducted a thorough review and gained a profound understanding of the operational and managerial challenges and risks, and further improved the effectiveness of supervision through daily supervision, performance evaluations, and targeted supervision in key areas. With a focus on performance evaluation, the Board of Supervisors consistently oversees the compliance of the Board of Directors and senior management with laws, regulations, and the Articles of Association through attendance at the Shareholders’ general meetings and Board meetings, conducting special inquiries, and more. Specifically, in 11 key areas such as data governance, liquidity risk management, and capital management, the Board of Supervisors conducted specialized performance evaluations to assess the compliance and efficacy of the Board of Directors and senior management in fulfilling their duties, effectively enhancing the effectiveness of supervision in these specific areas. With a focus on key area supervision, the Board of Supervisors made better use of the special supervision tool of “Supervision Proposal, Procuratorial Proposal, Judicial Proposal, and Public Security Reminder Letter”. The Board of Supervisors prioritized pre-supervision for major decisions, mid-supervision for significant business activities, and encouraged rectification through internal and external inspections during post-supervision. It integrated risk warnings before events, on-site and off-site supervision during events, vigorous inquiries, precise recommendations and rectifications after events, to achieve a cyclical supervision of key areas.

**(IV) Focus on “Empowerment,” Prioritize Comprehensive Enhancements in Professional Performance, and Advocate for a More “Thoughtful” Approach to Supervision**

In 2023, with a focus on the requirements of being a “learning-oriented Board of Supervisors,” all Supervisors actively engaged in various training activities organized by regulatory authorities, industry associations, and other institutions. They viewed training and learning as the foundation for enhancing their capabilities as Supervisors and utilized a blend of regular and irregular, online and offline, internal and external approaches to facilitate a seamless training and learning process, thereby expanding channels for capability enhancement. They gained a deep understanding of the legal, regulatory, and supervisory guidelines governing the performance of the Board of Supervisors, continually enhanced their performance capabilities as Supervisors and elevated the operational standards of the Board of Supervisors. With a focus on specialized research and supervision, the Board of Supervisors

concentrated on critical areas and pivotal stages of business development. It adhered to a problem-oriented approach, conducting field research and visits at grassroots levels. Leveraging its professional expertise and research capabilities, the Board of Supervisors actively offered recommendations for ensuring the stable and high-quality development of the Bank, and emphasized enhancements in the quality and efficiency of supervision services to empower the Bank's overall business development.

### **III. PERFORMANCE OF DUTIES AND RESPONSIBILITIES BY SUPERVISORS IN 2023**

#### **(I) Performance of Duty in Good Faith and Loyalty by Supervisors**

In 2023, all Supervisors strictly observed the laws and regulations and the requirements under the Articles of Association, took safeguarding the interests of the Shareholders and the Bank as a whole as a code of conduct and faithfully performed their duties as Supervisors. The Board of Supervisors did not find that the Supervisors took advantage of their positions in the Bank to seek personal interests, damaged the interests of the Bank by way of related party transactions, accepted improper benefits, disclosed the secret of the Bank, made use of the Bank's information for his/her personal benefits and violated the laws and regulations and the requirements under the Articles of Association. In 2023, the Bank did not receive any penalties from regulatory authorities and other competent authorities against the Supervisors' violation of duty in good faith and loyalty.

#### **(II) Performance of Duty of Diligence by Supervisors**

In 2023, the Board of Supervisors held five meetings in total, considered and discussed 59 proposals, and listened to or reviewed 44 reports; held five meetings of the Supervision Committee, and considered and discussed 55 proposals; held two meetings of the Nomination Committee, and considered and discussed 4 proposals. Before the convening of meetings of the Board of Supervisors and the special committees, all the Supervisors carefully reviewed all meeting materials, had a sound grasp of the proposals, and fully communicated with the Bank. During the meeting, all Supervisors conducted full research and discussion on material matters involving corporate governance and operation and management, major financial decisions, risk management, internal control compliance, data governance, the implementation of expected credit loss method and other matters, actively expressed independent opinions, and voted independently and objectively. A total of 38 on-site questions were conducted throughout the year, with 5 feedbacks to the Board covering 35 areas and 5 feedbacks to senior management covering 41 areas. During the adjournment of the meeting of the Board of Supervisors, all the Supervisors paid great attention to the operation and management, the completion of regulatory indicators, the rectification of issues identified during the regulation and other key matters throughout the Bank.



In 2023, Supervisors attended the Shareholders' general meeting of the Bank twice and listened to five proposals on-site. The Board of Supervisors attended five meetings of the Board of Directors as non-voting delegates and listened to 46 proposals of the Board of Directors and 50 reporting matters. The Board of Supervisors fully participated in the consideration and discussion of major issues, conducted on-site supervision on the compliance of procedures for convening the meeting of the Board of Directors, the consideration of proposals and the compliance of voting results, and fully performed the basic supervisory duties of the Board of Supervisors. During this year, the attendance rate of all Supervisors in person at the on-site meetings of the Board of Supervisors exceeded two-thirds, and their average working time in the Bank was 20 days, and not less than 15 working days.

### **(III) Professionalism of Supervisors in Performing Their Duties**

In 2023, in accordance with the requirements for supervisory duty, all Supervisors strengthened the utilization of supervisory expertise, gave play to their "comprehensive and professional" supervisory strengths, and gained a comprehensive understanding of the effective operation of the Board of Directors, members of the senior management and other main bodies of corporate governance in corporate governance, formulating and promoting the implementation of the corporate strategic development plan, strengthening risk management, and perfecting internal control. They actively carried out supervision on the duty performance of the Board of Directors and senior management in 11 subfields, including data governance, implementation of the expected credit loss method, liquidity risk management, etc., formed 11 special evaluation reports of the Board of Supervisors on the duty performance of the Board of Directors and senior management, and further improved the quality and efficiency of the Board of Supervisors' professional supervision.

In 2023, focusing on the goal of building a "learning Board of Supervisors", all Supervisors actively participated in various training organized by the Bank, efficiently participated in centralized study and seminars of the Board of Supervisors, timely learned and grasped the situation and policies of national economy and finance, deeply looked into the industry's regulatory laws, regulations and policies, and continued to enhance their professional capabilities of supervision. Throughout the year, the Board of Supervisors conducted 2 special training sessions on "corporate governance capacity enhancement and supervisory policy learning", organized 5 sessions of centralized study and seminar for Supervisors, and carried out centralized studies and exchanges on 10 supervisory systems and arrangements such as the Capital Administrative Measures for Commercial Banks (Provisional) and the Administrative Measures for the Implementation of the Expected Credit Loss Method by Commercial Banks, which contributed to the enhancement of Supervisors' professionalism and the better fulfillment of their supervisory duties.

**(IV) Independence and Ethics of Supervisors in Performing Their Duties**

In 2023, all Supervisors adhered firmly to the high standards of professional ethics, kept free from the influence of major Shareholders, senior management as well as other entities and individuals with an interest in the Bank, actively safeguarded the interests of the Bank and all Shareholders, strictly enforced the withdrawal on duty performance and confidentiality, and took the initiative to report on their personal related party relationships. The Supervisors stayed committed to the principles of independence, objectivity and impartiality in making judgments and decisions on matters under consideration and voting by the Board of Supervisors, and actively and effectively fulfilled their supervisory duties.

**(V) Compliance of Supervisors in Performing Their Duties**

In 2023, all Supervisors complied with laws and regulations, regulatory provisions and the Articles of Association, performed corresponding duties in accordance with laws and regulations and promoted and supervised the Bank's law-abiding and compliant operations. The Board of Supervisors did not find any violation of laws and regulations and the Articles of Association by Supervisors in performing their duties. It is verified that the Supervisors did not receive any accountability and penalty from the Bank or regulatory authorities in 2023.

**IV. EVALUATION ON THE PERFORMANCE OF DUTIES BY SUPERVISORS IN 2023**

During the year, all Supervisors of the new Board of Supervisors could consistently reach a consensus, adhered to a high standpoint, strengthened their responsibilities and performed their duties in strict accordance with laws and regulations, regulatory requirements and the Articles of Association. Closely complying with the central tasks of the Bank's high-quality development, they devoted themselves to the overall work of the Board of Supervisors, faithfully exercised the powers conferred by relevant laws, regulations and the Articles of Association, conducted supervision work in a standardized and efficient manner, deeply understood the Bank's operations, actively proposed supervisory opinions and suggestions, effectively played their supervisory roles, promoted the transformation of supervisory services into governance effectiveness for risk prevention with high-quality duty performance, effectively promoted the continuous improvement of the corporate governance mechanism and actively safeguarded the legitimate rights and interests of stakeholders, which provided a strong guarantee for enhancing the corporate governance effectiveness and the stable development of the whole Bank.

According to the comprehensive assessment, the assessment results of performance of duties by the nine Supervisors of the Bank in 2023 were "competent".

In 2024, all Supervisors are requested to continue to focus on the following matters:

Firstly, adhering to the supervision direction from a higher standpoint. The Board of Supervisors should always ensure high consistency with the Party's guidelines, principles and policies, follow the Party's leadership in all aspects of its supervision, fully implement the spirits of the 20th CPC National Congress and the Central Financial Work Conference, take the implementation of the decisions, arrangements and regulatory requirements of the CPC Central Committee as the core of supervision work, insist on the supervision concept of "no dead corner, no overstepping, no lack of position" in performance of duties, carry out supervision in a correct, effective and legal manner and continue to effectively fulfill the supervisory service functions of the Board of Supervisors.

Secondly, effectively conducting supervision in key areas with practical measures. The Board of Supervisors should further effectively conduct performance evaluations in strict accordance with its supervisory duties, continuously enrich performance evaluation elements, keep monitoring the performance of duties by the Board of Directors and senior management, refine the supervision over the duty performance process, closely follow regulatory policy changes and conduct comprehensive evaluations centered on the performance requirements in special areas. The Board of Supervisors should further intensify efforts for risk supervision, actively study the key and challenging aspects of the risk management work throughout the Bank, continuously follow up with significant risk events and improve the proactive risk assessment capabilities. The Board of Supervisors should further strengthen financial supervision, pay constant attention to the progress in capital management, capital replenishment, internal capital assessment and other work across the Bank, promptly assess the implementation of major financial decisions and budget execution, make a prospective study and judgment for financial reports, profit distribution and major investment and financing matters in light of the macroeconomic and financial situation and regulatory policies to continually improve the quality and effectiveness of supervision. The Board of Supervisors should further enhance internal control supervision, insist on the problem-oriented principle, continue to focus on key areas of internal control construction, identify weaknesses and critical points, promote the improvement of internal control systems and mechanisms and oversee correction of problems at the source.

Thirdly, enhancing supervision effectiveness with greater collective efforts. The Board of Supervisors should deeply integrate the comprehensive supervision system, strengthen linkage with internal audit, external audit, disciplinary inspection, compliance and other lines of defense, expand the coverage of supervision, increase the focus of supervision, innovate the methods for supervision, improve the precision and effectiveness of supervision work, further improve the work mechanisms for information communication, opinion exchange, results sharing and collaborative risk prevention, and promote the integration and efficient collaboration of various supervision systems.

Fourthly, deepening empowerment for development with superior services. The Board of Supervisors should fully comply with the duty and mission requirements for the Board of Supervisors in the new era, further enhance the Supervisors' capacity and quality building, strengthen their ability in duty performance supervision, actively carry out learning exchanges on "going out and bringing in", broaden their horizons and improve their quality and abilities, creatively promote work, achieve planned and swift actions, and ensure effective supervision, successful outcomes and safe development. The Board of Supervisors should take the initiative to integrate the supervision work into the overall development of the whole Bank, focus on the key links of transformation and development, conduct in-depth investigations and supervision management with emphasis on hotspots and challenges, insist on closely monitoring the grassroots dynamics, amplify the effects of service superimposition, promote the deep integration between supervision and development, deepen and get through the "last kilometer" regarding supervision services and provide high-quality supervision to escort the Bank's transformation, upgrading and high-quality development.

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In accordance with the laws and regulations including the Corporate Governance Standards for Banking and Insurance Institutions and the Work Guidelines for the Board of Supervisors of Commercial Banks (《商業銀行監事會工作指引》), as well as specific requirements such as the Articles of Association and the Measures of the Board of Supervisors of Jinshang Bank Co., Ltd. for Supervision and Assessment on Performance of Duties of Senior Management Members (《晉商銀行股份有限公司監事會對高級管理層成員履職監督評價辦法》), the Board of Supervisors comprehensively assessed the performance of duties of senior management of the Bank and its members in 2023 based on the principles of legal compliance, objectivity and fairness, unified standards, pragmatic and effective manner. Details of the assessment are hereby reported as follows:

**I. THE GENERAL SITUATION OF SENIOR MANAGEMENT IN 2023**

As of the end of 2023, the senior management of the Bank consists of six members, including Mr. ZHANG Yunfei as president, Mr. ZHAO Jiquan as vice president, Mr. LI Yanbin as vice president, Mr. WANG Yibin as vice president, Mr. WEN Gensheng as chief human resources officer, and Mr. SHANGGUAN Yujiang as assistant to the president. Mr. SHANGGUAN Yujiang, as assistant to the president, concurrently served as the secretary to the party committee and the chairman of Jinshang Consumer Finance Co., Ltd. (晉商消費金融股份有限公司), and did not participate in the operation and management of the Bank. In accordance with the relevant regulatory requirements, the Board of Supervisors did not conduct comprehensive assessment on the performance of duties of Mr. SHANGGUAN Yujiang in the Bank. To sum up, the Board of Supervisors assessed the performance of duties of the following members of the senior management this year: Mr. ZHANG Yunfei as president, Mr. ZHAO Jiquan as vice president, Mr. LI Yanbin as vice president, Mr. WANG Yibin as vice president and Mr. WEN Gensheng as chief human resources officer.

**II. BASIS OF PERFORMANCE OF DUTIES**

The Board of Supervisors comprehensively assessed the performance of duties of senior management members based on the following information:

- (i) regular financial report, internal control evaluation report and special audit report;
- (ii) convention of meetings of senior management and special committees thereunder;
- (iii) personnel work report of senior management members;
- (iv) feedback on the implementation of supervision opinions from the Board of Supervisors by senior management;
- (v) daily supervision on senior management by the Board of Supervisors;

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- (vi) assessment and scoring on the annual performance of senior management members;
- (vii) problems identified during internal and external audits of senior management and rectification; and
- (viii) self-evaluation and mutual evaluation on the annual performance of senior management members.

**III. PERFORMANCE OF DUTIES OF SENIOR MANAGEMENT IN 2023**

**(I) Performance of Duty of Loyalty**

In 2023, senior management members of the Bank strictly complied with relevant laws and regulations, as well as the requirements of the Articles of Association, effectively implemented the resolutions of the Shareholders' general meeting and the Board of Directors, consciously accepted legal supervision and reasonable suggestions on the performance of duties from the Board of Supervisors, and effectively promoted the implementation of the Bank's five-year strategic plan. The Board of Supervisors found no instance where senior management members sought for personal gains, misappropriated the corporate fund, accepted improper interests or committed other acts violating provisions as stipulated in the laws, regulations and Articles of Association and harming the interests of the Bank by using their positions and authorities in the Bank.

**(II) Performance of Duty of Diligence**

In 2023, senior management was able to firmly abide by the requirements of high-quality development, divided work according to responsibilities, achieved professionalism and concentration with respect to material issues of each area of the Bank's operation and management. Senior management adhered to high-efficiency performance, effectively promoted the implementation of significant decisions and arrangements of the Party Central Committee, the State Council and the provincial Party committee and the government, constantly focused on work related to risk management, internal control compliance, digital transformation, information disclosure, consumer rights protection, anti-money laundering and other aspects, comprehensively strengthened the systematicness, integrality and synergy of all work. The capacity of risk management and control of the Bank was stably enhanced, with all businesses maintaining stable and healthy development. Senior management effectively promoted the achievement of new progress in high-quality development of all businesses of the Bank and better completed the operational objectives of the year.

Promoting the bank-wide high-quality development. In 2023, the senior management further promoted the optimization of the business structure of the whole Bank, enhanced the quality and efficiency of service for the real economy, closely integrated the support for the local economy with its business development, focused on key areas such as green finance, transformation finance, energy revolution, industrial chain, supply chain, and townships of

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special industries, continued to increase credit extensions, further promoted the pilot zone construction of Taiyuan as a core city and continuously improved integrated service capabilities. For asset business, the senior management actively guided the branches and subbranches to deeply integrate into regional development, and further improved the scale and influence of the local market. The senior management thoroughly implemented the decisions and plans of the Party Central Committee and the State Council on promoting the development and growth of the private economy, launched special actions to support the development of the private economy, and promoted the asset reserve and investment of several high-quality private enterprises. For the debt business, the senior management promoted the expansion of institutional deposits, focused on key blank areas, urged branches to participate in and intervene in key projects at the local and municipal levels as early as possible, extended customer retention through integrated services, continuously strengthened the activation for potential customers, guided customers to use the cash management system to carry out fund settlement, attracted non-banking funds into the Bank through corporate wealth management products and other products, vigorously promoted the “Jin Salary Manager (晋薪管家)” business, and conducted the cultivation of customers without loans. For the trade and finance business, the senior management improved the functions and optimized systems of cash management, Jinyun Chain (晋云链), bank-enterprise direct connect and “Tong (通)” series products. The senior management vigorously promoted the domestic letters of credit business, accelerated the implementation of the separate guarantees, guaranteed discount business for commercial acceptance bills, focused on strengthening the research and development of characteristic products, and actively created the “1+N” financial service model under which we step up efforts to finance the enterprise playing a critical role in an industry value chain primarily developed by Shanxi Province and the upstream and downstream enterprises on the same chain and other ancillary industry-value chains, to provide comprehensive financial services to enterprises on the chain. For a retail business, the senior management actively promoted the upgrading of line management, guided branches and subbranches to make good use of the unified view system for retail customers, achieved precise marketing, improved product loading through measures such as analyzing customer groups and formulating marketing strategies, further identified potential corporate customers that meet the conditions for batch expansion, and constantly improved the level of customer group operation. Centering on customers, the senior management explored the integration of branch and subbranch operations, promoted process sorting and reconstruction, gradually established a service marketing model of “professional sales + full marketing”, and created a product form that combined long-term and short-term wealth management and open-ended and closed-ended wealth management to meet the needs of different customers for income, risk and liquidity. For inclusive business, the senior management focused on “commercial circle”, “commercial chains”, “scenarios” and characteristic business channels, developed relevant supporting business plans, explored first loan customers, implemented businesses for various levels according to customer characteristics, expanded credit loan customer resources, and formulated cluster and batch plans and financial service plans based on the characteristics of various cities and regions and the common characteristics of specific customer groups to form a standardized business model by batches and further promote the digital transformation of inclusive business.



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Strengthening comprehensive risk management. In 2023, the senior management continued to promote the construction of a comprehensive risk management system, took multiple measures in asset quality management and control, continued to enhance the risk management systems, processes, systems, models and other elements of the whole Bank with regulatory requirements as rigid constraints, and pushed forward the implementation of the administrative measures for off-balance sheet businesses risk, the administrative measures for risk classification of financial assets, and the administrative measures for the implementation of the expected credit loss method, etc. The senior management promoted the optimization of the whole process management of credit granting and large-scale credit granting as well as risk management and control in key industries, key products and key institutions, boosted special activities for the improvement of post-lending management, pushed the testing and online launch of the post-lending digital management projects, effectively improved risk management accuracy, updated and optimized the restoration and handling plans, improved the risk management and control mechanisms, and enhanced the efficacy of risk governance. The senior management pushed the Bank to vigorously carry out liquidation and disposal work, facilitated more specialized and refined disposal of non-performing assets, and further improved and enhanced the quality of credit assets.

Improving internal control and compliance. In 2023, the senior management further promoted the improvement of the quality and effectiveness of internal control and compliance management and comprehensively improved the level of scientific management. The senior management clarified and optimized regulations and systems, formulated system construction plans with a focus on the system and mechanism optimization, evaluation of system operation effect and supervision of system quality and efficiency, carried out an inspection of system implementation, implemented the system in a strict, practical and careful manner, continuously analyzed and found out the shortcomings in system construction and implementation, ensured that the system covered all positions, all processes and all services operations, and continued to consolidate the achievements of the “Year of System Implementation (制度執行年)”. The senior management promoted the effective rectification of identified issues, enhanced the overall effectiveness of supervision by carrying out joint inspections and sharing clues to problems, implemented the “list-based system (清單制)” and “account cancellation system (銷號制)” to manage problems identified, established issue collection and analysis mechanisms, accurately figured out the causes, worked out effective measures to reduce the repeated issues, effectively promoted rectification, management, and governance based on cases, accurately promoted “drawing inferences from other cases” for the rectification of problems, and further consolidated the foundation for compliance management of the Bank.

Promoting digital transformation. In 2023, pursuant to the strategic plan for digital transformation, the senior management further refined the realization path, made a layout for scenario finance, optimized electronic channels, promoted the implementation of key projects, reshaped the data-driven retail business, carried out marketing based on a unified view of customers, and improved the ability to acquire, activate and retain customers. The senior management built a development team for the core data of corporate business, and increased

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the application value of corporate business data and marketing conversion rate by relying on systems such as Qiming. The senior management strengthened project guidance and promotion, actively developed practical projects, focused on promoting the construction of a unified view of retail customers, intelligent operation platform, Qiming system phase III, comprehensive service platform for small and micro businesses and other projects, effectively optimized business processes, and empowered operation and management. The senior management continued to carry out data governance, and promoted the rectification progress of EAST transaction data quality.

**IV. THE DUTY PERFORMANCE OF SENIOR MANAGEMENT IN KEY FIELDS IN 2023**

During the year, based on the key points of supervision and the actual situation of the Bank and with a focus on the overall orientation of “supervising to ensure safety and servicing to promote development”, the Board of Supervisors evaluated the performance of the senior management in areas such as continuously strengthening the Bank’s risk management and control, enhancing financial management, optimizing internal compliance, and promoting data governance as follows via routine follow-up supervision, interviews with personnel in key positions, close supervision of key business areas, research and supervision, and other means:

**(I) Capital Management**

During the Reporting Period, centering on the Bank’s strategic plan and annual operating objectives, the senior management organized and implemented the Bank’s capital management work in a scientific and effective manner, and formulated and perfected the capital management plan. The senior management effectively implemented the dynamic management of capital, regularly assessed the Bank’s capital adequacy, paid much attention to reasonably adjusting the pace of capital replenishment from internal and external sources, and promoted the further optimization of the business structure, with the capital gains and profitability continuously enhanced and the net interest margins continuously improved. The senior management fully implemented the management and control requirements of capital regulatory indicators, regularly conducted stress tests on the Bank’s capital adequacy, effectively played the guiding role of capital management in resource allocation and asset structure, deepened the guiding role of capital management in the areas of risk-weighted asset allocation, customer access, credit policy, loan pricing, impairment provision, performance evaluation, etc., and strived to improve the quality and efficiency of capital utilization.

The Board of Supervisors recommends that, with respect to capital as the last line of defense against risks, the senior management shall, based on market positioning and operational realities of the Bank and in accordance with the Capital Administrative Measures for Commercial Banks (Provisional) newly released by the regulatory authorities, coordinate the healthy development of capital with risk prevention and control, further improve the Bank’s capital management system, continue to improve its capital management policies, processes,

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systems and management initiatives, further strengthen the stress tests of capital adequacy, and grasp the changes of risks in key areas of the Bank in a timely and accurate manner to ensure that the regulatory indicators and business needs are met on an ongoing basis. The senior management shall further enhance the refined management of capital, strengthen the orientation of resource allocation and capital return, and continuously consolidate the foundation of internal capital replenishment.

**(II) Liquidity Risk Management**

During the Reporting Period, the senior management actively responded to the adverse impact of the macroeconomic fluctuations and market interest rate changes on the Bank's liquidity, strengthened the management and control of limit indicators of various liquidity risks, proactively adjusted the liabilities structures aligning with the Bank's business development and liquidity management needs to promote the interbank liabilities to be more rational and further optimize the cost of debts. The senior management constantly conducted risk investigations and stress tests, actively researched and judged the change tendency of liquidity risk, and further improved the capital utilization efficiency by the reasonable balance of capital sources and utilization to ensure that the Bank's liquidity remains reasonable and sufficient.

The Board of Supervisors recommends that, with the in-depth development of the interest rate marketization and the influence of the policy of regulatory authorities to lower the loan interest rate and give up part of profits to benefit the real economy, it is increasingly difficult for the Bank to manage the net interest margin. It is recommended that the senior management continuously optimize the deposit structure, increase efforts in the management and control of the deposit cost, and focus on the coordination and balance of the scale, structure, risk and return, thereby constantly enhancing the pricing management capabilities of the business of the branches, and maintaining the deposit interest rate at a reasonable level to effectively address the pressure of narrowing interest margin.

**(III) Data Governance**

During the Reporting Period, the senior management regarded the Strategic Data Governance Plan of Jinshang Bank (《晉商銀行數據治理戰略規劃》) as general principle and guidance, closely followed regulatory policy orientation, further gave play to the leadership and supervisory role of the data governance committee, and based on the actual situation of the Bank, solidly advanced the efficient implementation of data governance. The senior management took the improvement of the regulatory data quality as an entry point to focus on promoting the special governance of the EAST data quality, continue to improve the management mechanism of data quality, refine the assignment of responsibilities of data governance, stick to the data source governance, focus on the issues of the key data, which effectively improves the quality level of the regulatory data of the Bank. The senior management combined with the need for the digital transformation of the Bank by means of

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data asset management to organize the data assets stocktaking works, established the data assets management instruments, launched a series of functions, such as metadata management, data catalogues, self-service data analysis, data systems and talent management, data management approval process, which lays a foundation for the standardized management and analytic application of the data assets. Supported by the construction of data culture, the senior management further raised the awareness of the data governance personnel on the importance of data to create a cultural atmosphere where everyone should be responsible for data governance, and strived to promote the concerted effort of the data governance of the whole Bank. With the guarantee of data safety, the senior management launched the project approval work regarding Phase II of data safety, and planned the data safety classification to enhance the life-circle management of data.

The Board of Supervisors recommends that, data governance acts as the critical entry point and foundation of the digital transformation of the whole Bank, which requires sticking to strategic planning and guiding of data governance, constantly promoting the improvement of the organizational structure of data governance, institutional system, management mechanism of data governance, value creation of data, etc., continuing to empower the business development and enhancing the value of various data in decision-making management.

**(IV) Comprehensive Risk Management**

During the Reporting Period, the senior management was able to strengthen and refine the comprehensive risk management in accordance with the “sound and prudent” risk preference determined by the Board of Directors, adhere to implement the risk management policies formulated by the Board of Directors, further strengthen the comprehensiveness of risk management, strive to promote the improvement of risk management systems and process, focus on strengthening the systematic identification and forward-looking analysis and judgment of various risks such as credit risk, operational risk, market risk, information technology risk, liquidity risk, pay more attention to improving the effectiveness of risk management through digital means, actively carry out macro research and policy analysis, further optimize the business structure, and strengthen the management of risk sources.

The Board of Supervisors recommends that, for the complex situation of existing risk exposure, increasing unforeseen risk factors, and the interweaving and overlapping of new risks and traditional risks, the senior management should further build active management capabilities on the basis of consolidating existing risk prevention and control achievements, highlight long-term risk management planning, and continuously improve the construction of integrated, systematic and differentiated risk management systems.

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**(V) Combined Management**

During the Reporting Period, the senior management continuously improved the combined comprehensive risk management, strengthened the implementation of the combined management policy, further strengthened management and control of the holding subsidiaries in an all-round way based on corporate governance, capital management, financial management and risk management, strengthened the management of related party transactions with the holding subsidiaries and internal risk isolation, and effectively guided the implementation of risk identification, measurement, monitoring and control of the holding subsidiaries, to ensure the effective implementation of various responsibilities of the combined management.

The Board of Supervisors recommends that, the evaluation mechanism of the combined risk management should be further improved, with the focus on the comprehensive risk management ability and the management ability of each element of the Group, including the holding subsidiaries. According to the assessment results, focusing on the differences in the management of the holding subsidiaries, the senior management should improve the targeted management plan of holding subsidiaries, and highlight the key points while taking into account the whole.

**(VI) Stress Tests Management**

During the Reporting Period, the senior management effectively implemented the forward-looking requirements for risk management and control, regularly organized and carried out stress tests for special areas such as capital adequacy ratio, market risk and liquidity risk, strengthened the use of stress test results, guided relevant departments to further improve the reporting mechanism for material risk events, and continued to improve the scientificity and effectiveness of stress tests.

The Board of Supervisors recommends that, the senior management should continue to pay attention to the evolution trend of credit risk in key industries and key fields with full coverage of all kinds of potential risks, strengthen the management of new risks such as model risks, new products and new businesses, pay more attention to the cross-contamination between credit risks and non-credit risks, give full play to the risk early warning role of stress tests, further improve the risk emergency response plan, and promote forward-looking mitigation of risks.

**(VII) Implementation of the Expected Credit Loss Method**

During the Reporting Period, in accordance with the relevant requirements of the Administrative Measures for the Implementation of the Expected Credit Loss Method by Commercial Banks, the senior management further promoted the improvement of the refined management of expected credit losses, strengthened the rationality and stability management of parameters and models, and effectively implemented the resolutions of the Board. The senior management improved the implementation of the expected credit loss method in various aspects such as staffing, governance mechanism and management system, set up a management

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team for the implementation of the expected credit loss method, allocated professionals who meet the requirements of duty performance, set up a dedicated verification team that is independent from the implementation team of the expected credit loss method, and guided the amendment of the Administrative Measures for the Implementation of the Expected Credit Loss Method by Jinshang Bank which was submitted to the Board and the Board of Supervisors for deliberation, strengthened the management of the model and parameters under the authorization of the Board, submitted a proposal on adjustment of the parameters of the expected credit loss method to the Board on a quarterly basis, continuously optimized the scientificity of the expected credit loss model, the appropriateness of parameter settings, and the reliability of the model results, and improved the accuracy of the quantitative risk analysis of the expected credit loss method model.

The Board of Supervisors recommends that, the provision for credit loss is an important means to defend against expected credit losses and a key point in the supervision of the regulatory authorities, and that the senior management shall effectively manage expected credit losses under the new situation, strengthen professional guidance and supervision, ensure the accuracy and reliability of the parameters such as the probability of default and loss given default, continue to enhance the model risk management capability, further improve the forward-looking results of the measurement of expected credit losses, and strengthen the risk early warning.

**(VIII) Internal Control**

During the Reporting Period, under the external environment of tightened regulation and complex risks, the senior management adhered to the bottom line of compliance, continued to improve the compliance risk management system, firmly upheld the concept of compliance operation, strengthened the awareness of compliance risks, enhanced the treatment of compliance risks, and built up three solid lines of defense, namely the business department, the risk compliance department and the audit department. The senior management further clarified its work responsibilities, strengthened the division of work and coordination mechanism, improved the compliance risk management structure and system, regularly conducted assessments of compliance risk management and internal control, comprehensively monitored the adequacy and effectiveness of the internal control system, optimized the reporting path, and enhanced the effectiveness of compliance performance.

The Board of Supervisors recommends that, the senior management should further enhance the effectiveness of the three defense lines of internal control, namely self-control, mutual control and monitoring, strengthen the supervision of the effectiveness of the key control processes, reinforce the hierarchical and classified management of rules and regulations, refine the whole-process management of the implementation of regulations. The senior management should focus on strengthening the process control of businesses and products, and intensify the internal control evaluation on key processes and key sectors to achieve an organic combined control at the mechanism and personnel level.



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**(IX) Risk Management of Off-Balance Sheet Businesses**

During the Reporting Period, the senior management has always attached great importance to and strengthened the risk management of off-balance sheet businesses, promoted the formulation of the Administrative Measures for Off-balance Sheet Businesses Risk of Jinshang Bank and submitted it to the Board of Directors and the Board of Supervisors for consideration. Various risks such as credit risk, market risk, operational risk, liquidity risk, interest rate risk of banking book and reputational risk involved in off-balance sheet businesses were incorporated into the comprehensive risk management preference. The senior management specified the risk management policies, focused on driving and enhancing the construction of risk measurement capability of off-balance sheet businesses, reinforced the capital constraint of off-balance sheet businesses, guided the relevant departments to improve their internal assessment mechanism for various off-balance sheet businesses, and effectively coordinated the synergistic development of on- and off-balance sheet businesses.

The Board of Supervisors recommends that, the senior management should strictly follow regulatory requirements and changes in off-balance sheet risks, continuously update and refine the development of off-balance sheet businesses and risk management planning, ensure the internal consistency between the off-balance sheet businesses and risk preferences and risk policies determined by the Board of Directors. The senior management should increase its analysis of risk characteristics of various off-balance sheet businesses such as guarantee and commitment and providing investment and financing services as an agent, improve differentiated control measures, and build a strong risk prevention and control network of off-balance sheet businesses.

**(X) Employee Behavior Management**

During the Reporting Period, insisted on the implementation of strict governance of the Bank, the senior management has continued to implement the “Three-year Action Plan for Safe Development” of the Bank, further improved the mechanism of employee behavior management and supervision tools, and continuously enhanced employees’ awareness of risk, compliance and safety. The senior management optimized and complemented the compliance atmosphere of “not daring to, unable to and having no desire to commit acts of non-compliance” to further consolidate the foundation of the compliance and risk culture. The senior management effectively promoted the strengthening of compliance warning and education and business process training across all levels, with an effect to improve all employees’ business capabilities and risk prevention awareness. The senior management enhanced the inspection of employee behaviors, especially those involving criminal cases and lawsuits, timely knew about changes in thoughts and behaviors of employees, and constantly enriched compliance publicity and implementation channels and methods, by which the construction of employee behavior culture was further deepened and the soft power of employee behavior management was consolidated.



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The Board of Supervisors recommends that, the senior management should continuously strengthen the primary responsibility for behavior management at all levels of employees, maintaining persistent efforts, take employee behavior management as one of the important areas of risk management, include it in the overall management of internal control compliance and risk management systems, further improve the management tools, and conduct full-chain and full-coverage management and supervision of employee behavior throughout the entire process in an employee behavior risk-oriented way.

**(XI) Market Risk Management**

During the Reporting Period, the senior management provided effective guidance for the implementation of market risk management on the trading book and the banking book, accurately and prudently measured the market risk exposure of the Bank based on each risk limit determined by the Board, organized and conducted stress tests on market risks on a regular basis, and specified the targeted management and control measures for the businesses that are hard to quantify and assess. The senior management enhanced the analysis and study of the macroeconomic situation and the trend of market interest rates in their actual work. They conducted ongoing analyses of changes in net value and gains and losses of the trading book to continuously improve the measurement and monitoring system.

The Board of Supervisors recommends that, the senior management should pay more attention to compliance management in the financial market risk management, provide more scientific and reasonable guidance for the structure distribution of financial market business and the planning for scale growth, strengthen the guidance and monitoring of the trading strategy of treasury business, and enhance management and control of all limit indicators.

**(XII) Prevention and Control of Case Risk**

During the Reporting Period, the senior management further promoted and improved the prevention and control mechanism of case risk. The senior management took concrete steps to carry out case prevention work to prevent case risk based on system construction, employee management and control, and supervision and inspection, which better ensured the sound development of all the businesses of the Bank. The senior management continually consolidated and deepened the achievements of the activities of the “Year of System Implementation”, enhanced the rigidity of system implementation, promoted the overall optimization of the process management throughout the Bank, and reinforced internal control. Focusing on key risk areas, the senior management took regular supervision and inspection as the steps to continuously clear the primary responsibility of case prevention of all business lines and all departments to promote the normalization of supervision and inspection, strengthen the monitoring and check of employee behavior, and strictly check the potential case risk.

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The Board of Supervisors recommends that, the senior management should further strengthen the supervision of key areas, key institutions and key positions, and play an effective role in business supervision through the improvement of coordination mechanisms, information sharing, warning education and joint supervision. The senior management should continue to establish an efficient compliance culture publicity and implementation system with a focus on integrating compliance culture into corporate governance, development strategies and employee code of conduct to achieve the full coverage of compliance requirements in all businesses.

**(XIII) Operational Risk Management**

During the Reporting Period, in accordance with the requirements of the Guideline on Management of Operational Risk of Commercial Banks (《商業銀行操作風險管理指引》) and the Policies for Operational Risk Management of Jinshang Bank (《晉商銀行操作風險管理政策》), the senior management continuously promoted the improvement of the operational management system, further perfected the self-assessment on operational risk management and control, key indicators of risks, and loss data collection management tools, constantly optimized systematical functions of operational risk, anti-laundering and contract management, and proactively advanced the effective combination of business risks identified in process sorting, system review, disposal of cases and dispute management with system control. The operational risks were effectively controlled through business process sorting, risk self-assessment, off-site monitoring and loss data analysis.

The Board of Supervisors recommends that, the senior management should continue to improve the management process and mechanism, drive all departments and institutions to actively participate in operational risk management, and carry out dynamic management based on business development and the changes of regulatory requirements to perfect the full-covered, targeted and interactive operational risk management mechanism.

**V. EVALUATION OF THE PERFORMANCE OF DUTIES OF SENIOR  
MANAGEMENT MEMBERS**

In the view of the Board of Supervisors, in 2023, all senior management members of the Bank were able to diligently perform the duties entrusted by the Articles of Association, effectively implemented various strategic decisions of the Board of Directors, actively accepted the supervision of the Board of Supervisors, effectively promoted the implementation of various transformation measures, adhered to prudent operations, made full efforts for risk prevention and control, maintained stable growth in operating results, continuously strengthened the Bank's competitiveness and influence, promoting the high-quality and stable development.

To sum up, in accordance with the assessment standards of the Measures of the Board of Supervisors of Jinshang Bank Co., Ltd. for Supervision and Assessment on Performance of Duties of Senior Management Members (《晉商銀行股份有限公司監事會對高級管理層成員履

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職監督評價辦法》), the evaluation results of the Board of Supervisors on the performance of duties by the five senior management members of the Bank, namely Mr. ZHANG Yunfei as president, Mr. ZHAO Jiquan as vice president, Mr. LI Yanbin as vice president, Mr. WANG Yibin as vice president and Mr. WEN Gensheng as chief human resources officer, in 2023 were “competent”.

In 2024, the senior management should focus on the following:

Firstly, the senior management should continue to fulfill their responsibilities of “planning of strategies, strengthening the implementation and enhancing the management”, grasp the goal orientation of preventing and defusing risks, enhance sensitivity and awareness of major risk areas, create a risk management system that adapts to the local environment and business characteristics, accurately analyze and judge, give early warning in time, improve the systematicness and forward-looking nature of all work, and balance the relationship between safety and development, better promoting steady development through safety construction.

Secondly, the senior management should further change business philosophy, continue to improve operating efficiency, shift from “scale” first to “quality” first, strengthen collective capital development, improve pricing management mechanisms, guide the whole Bank to optimize product pricing and comprehensive pricing of customers from the perspective of capital return rate, effectively implement hierarchical management for customers, promote continuous optimization of business structure, and actively explore differentiated and distinctive development models based on regional advantages and customers’ characteristics.

Thirdly, the senior management should promote digital transformation through integrity and innovation. Digital transformation is a systematic and profound change. The senior management should coordinate the construction of online and offline collaborative operation capabilities, continuously inject data elements into the whole process of operation and management, strengthen data empowerment, and effectively promote the upgrading of business methods, service methods and management methods through digital transformation to solve the practical problems of transformation, so as to boost the quality and efficiency of operation and management of the whole Bank.

Fourthly, the senior management should have a deep understanding of new regulatory compliance requirements. At present, the trend of strong supervision, strict law enforcement, and focusing on the starting point is in deepened promotion. The senior management should further analyze the overall impact of changes in national laws, regulations and regulatory policies related to the capital, classification of assets, impairment provision on operation and management, comprehensively and systematically integrate the Bank’s rules and regulations, continue to build a complete, scientific and efficient compliance management system, achieve the organic integration of business operations and compliance management, ensuring the safe and sound operation of the whole Bank.

The biographical details of Mr. Wu and Mr. Wang are as follows:

**Mr. WU Canming (武燦明)**, aged 59, has more than 34 years of experience in economic management. He has been a supervisor in Shanxi Financial Investment Holding Group Co., Ltd. (山西金融投資控股集團有限公司) since June 2016. He served as a director in Shanxi Bank Co., Ltd. (山西銀行股份有限公司) from April 2021 to May 2022. He worked at Shanxi Department of Finance (山西省財政廳) from August 2000 to June 2016 and served as the deputy division director (副處長) of Comprehensive Division (綜合處) from August 2000 to July 2007, the director (主任) of Rural Comprehensive Reform Office (農村綜合改革辦公室) from July 2007 to November 2009, the division director (處長) of Rural Comprehensive Reform Division (農村綜合改革處) from November 2009 to December 2015 and the division director (處長) of Accounting Division (會計處) from December 2015 to June 2016. He worked at Shanxi Provincial State-owned Assets Administration Bureau (山西省國有資產管理局) and successively served as a staff member (科員), senior staff member (副主任科員) and principal staff member (主任科員) from June 1990 to December 1997 and as the deputy division director (副處長) from December 1997 to August 2000. Mr. Wu worked as a teacher in the Department of Materials and Engineering (材料工程系) of Taiyuan Mechanical College (太原機械學院) from July 1987 to June 1990.

Mr. Wu obtained a master's degree in materials science and engineering from Taiyuan Mechanical College (太原機械學院) in Taiyuan, Shanxi Province, the PRC in July 1987.

**Mr. WANG Qi (王琦)**, aged 46, has more than 20 years of experience in economic management. He has been working in China Huaneng Finance Co., Ltd. (中國華能財務有限責任公司) (“**Huaneng Finance**”) since July 2005, and has been the director (主任) of its Credit Business Department (信貸業務部) since March 2023. He worked in the Settlement Business Department (結算業務部) of Huaneng Finance and served as a trainee (見習生) from July 2005 to January 2006 and an operator (業務員) from January 2006 to March 2007; he served as the specialist (專責) in the General Manager Working Department (總經理工作部) from March 2007 to August 2008; he worked in the Human Resources Department (人力資源部) and served as the specialist (專責) from August 2008 to September 2009 and the department head (主管) from September 2009 to March 2013; he served as the department head (主管) of the Comprehensive Planning Department (綜合計劃部) from March 2013 to May 2014, and the manager assistant (經理助理) of the Settlement Business Department from May 2014 to March 2016; he worked in the Credit Business Department and served as the manager assistant (經理助理) from March 2016 to April 2016, the deputy manager (副經理) from April 2016 to April 2018, and the manager (經理) from April 2018 to August 2019; he served as the director (主任) of the Party Committee Office (黨委辦公室) from August 2019 to March 2023, the director (主任) of the Procurement Management Office (採購管理辦公室) from October 2019 to March 2023, and took a temporary post (掛職) in Huaneng Taicang Power Plant (華能太倉電廠) from October 2020 to October 2021. Before joining Huaneng Finance, he worked at the Comprehensive Management Department (綜合管理部) of Qilu Petrochemical Company specialized sub-branch (齊魯石化公司專業支行) of China Construction Bank Corporation (中國建設銀行股份有限公司) (a company listed on The Stock Exchange of Hong Kong Limited with stock code 0939 and on the Shanghai Stock Exchange with stock code 601939) from July 2000 to September 2002.

Mr. Wang obtained a bachelor's degree in economic information management (經濟信息管理) from Shandong Building Materials Industry College (山東建築材料工業學院) (currently known as Jinan University (濟南大學)) in Jinan, Shandong Province, the PRC in July 2000, and a master's degree in finance from Capital University of Economics and Business (首都經濟貿易大學) in Beijing, the PRC in July 2005. Mr. Wang is a senior accountant (高級會計師) granted by China Huaneng Group Co., Ltd. (中國華能集團有限公司) in December 2019.

Since 2023, our Bank has continued to attach great importance to related party transaction management, further optimized the review procedure of related party transactions, promoted the fine management of related party transactions, improved the daily monitoring and statistics analysis of related party transactions, enhanced the training on related party transaction management and spare no efforts to improve the management of related party transactions so as to ensure the continuous and effective operation of the related party transaction management mechanism and support the rapid business development of the Bank. The details of related party transaction management across our Bank during 2023 are reported as follows:

## **I. WORK PERFORMED BY RELATED PARTIES TRANSACTIONS CONTROL COMMITTEE**

The Related Parties Transactions Control Committee held four meetings in 2023, in which the Committee mainly approved the proposals such as the list of related parties, credit for material related party transactions, credit for low-risk businesses, material related party transactions relating to deposits to enterprise customers, related party transactions with Shanxi Coking Coal Group Zhongyuan Trading Co., Ltd. (山西焦煤集團中源物貿有限責任公司), report on related party transactions for the first half of 2023, and reported to the Board of Directors and the Board of Supervisors.

## **II. IMPLEMENTATIONS OF RELATED PARTY TRANSACTION MANAGEMENT SYSTEM**

### **(I) Optimizing Management of the Related Parties to Lay Solid Foundation for Related Party Transaction Management**

In 2023, the Bank has further strengthened its internal identification and penetration capability of related party transactions and enhanced the management of related parties of the Bank. In the first quarter of 2023, the Bank conducted an all-round combing of the list of related legal persons and related natural persons to ensure the completeness, accuracy and timeliness of the information on related parties. In accordance with the changes in the member of Shareholders, the Board of Directors and the Board of Supervisors, the Bank sorted out and submitted the list of related parties to the Related Parties Transactions Control Committee of the Board of Directors for identification in the first quarter of 2023, and the Board of Directors considered and approved the list of the Bank's related parties under banking regulation and under the listing rules in March 2023.

In May 2023, the Bank made adjustments to the Bank's related legal persons and related natural persons under banking regulation. On May 24, 2023, the Board of Directors considered and approved the Resolution on the Adjustment of Certain Related Parties of Jinshang Bank Co., Ltd. under banking regulation (《關於晉商銀行股份有限公司調整銀監口徑部分關聯方的議案》); on May 24, 2023, the Board of Directors approved the Resolution on the Authorization by the Board of Directors on the Implementation of the Expected Credit Loss Method, the Recovery and Disposal Plan, and the Determination of Related Parties and Other Related Tasks (《關於實施預期信用損失法、恢復與處置計劃及關聯方認定等相關工作董事會



授權的決議》), in which the Board of Directors authorized the senior management to approve and confirm the list of related parties of the Bank; in June 2023, the Office of the President of the Bank approved the Resolution on the Identification of Related Parties (Persons) of Jinshang Bank Co., Ltd. (《關於晉商銀行股份有限公司關聯方(人士)認定的議案》).

In order to standardize the Bank's related party transaction behavior and promote compliance and refined management of related party transactions, so as to promote the efficient and healthy operation of the Bank, the Bank carried out the second comprehensive combing of the list of related parties of the current year in accordance with the Administrative Measures for Related Party Transactions of Banking and Insurance Institutions (《銀行保險機構關聯交易管理辦法》) of the former CBIRC, in the third quarter of 2023, and submitted the Resolution on the Identification of Related Parties of Jinshang Bank Co., Ltd. (《關於晉商銀行股份有限公司關聯方認定的議案》) for the consideration and approval of the Office of the President of the Bank in October 2023.

Based on the changes in the Bank's personnel and the changes in the Shareholders' holding company as well as the Shareholders, Directors and senior management, in December 2023, the Office of the President of the Bank passed the Proposal on Adjustment of Related Parties of Jinshang Bank Co., Ltd. (《關於晉商銀行股份有限公司關聯方調整的議案》).

In 2023, the Bank identified and adjusted the list of related parties in a timely manner based on the information of changes in corporate investments and changes within the Bank, and reported the list through the regulatory system for related party transactions of the banking and insurance regulators. As of the end of December 2023, the Bank identified 986 related natural persons and 3,257 related legal persons.

## **(II) Improvement of the Process of Related Party Transaction Management to Enhance the Quality of Related Party Transaction Management**

Since 2023, the Bank has further strengthened the management of related party transactions and strictly implemented the approval process for related party transactions. Material related party transactions and unified transaction agreements are reviewed by the Related Parties Transactions Control Committee and submitted to the Board of Directors for approval. For general related party transactions, the Bank considers and approves them in accordance with its internal management process, and submits data relating to related party transactions to the Related Parties Transactions Control Committee of the Board of Directors for record on a quarterly basis.

Pursuant to the regulatory requirements, the Bank further strengthened the internal audit of related party transactions, explicitly required the Audit Department to conduct special audits of related party transactions across our Bank for the previous year at the beginning of each year and report the audit results to the Board of Directors and the Board of Supervisors. The Board of Directors submitted the special report on the implementation of the related party transaction management system and related party transactions for the previous year to the general meeting on an annual basis. In the first half of 2023, our Bank has completed the special report on



related party transactions for 2022 and submitted it to the general meeting for consideration and approval. The Audit Department of the Bank has completed the special audit of related party transactions for 2022 and reported the audit results to the Board of Directors and the Board of Supervisors.

### **(III) Strengthening Daily Monitoring of Related Party Transactions to Strictly Control Risks of Related Party Transactions**

In strict accordance with the requirements of the Administrative Measures for Related Party Transactions of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司關聯交易管理辦法》) and the Detailed Rules for the Implementation of Management of Related Party Transactions of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司關聯交易管理實施細則》), our Bank identified related party transactions, achieved the combination of monitoring single related party transaction and continuing transactions, and regularly monitored related party transactions to satisfy the requirements of external laws, regulations and regulatory requirements on pricing, approval and regulatory indicators of related party transactions and ensure that the Bank's related party credit limit does not exceed the regulatory limit.

### **(IV) Strengthening System Construction to Enhance the Efficiency of Related Party Transaction Management**

In 2023, the Bank has strengthened the construction of the second phase of the related party transaction system, optimized and modified some of the functions of the related party transaction system, added deposit-type and service-type related party transaction statements, and updated the statements of the banking regulatory committee system. The Bank has strengthened its technology empowerment in recent years to build an intelligent banking system, adhering to the digital finance-oriented approach to further enhance the efficiency of the management of related party transactions.

### **(V) Implementation of the Unified Transaction Agreement**

On November 29, 2023, the sixth session of the Board of Directors considered and approved the Proposal on Related Party Transactions between Jinshang Bank and Shanxi Coking Coal Group Zhongyuan Trading Co., Ltd. (《關於晉商銀行與山西焦煤集團中源物貿有限責任公司開展關聯交易的議案》). In January 2024, the Bank and Shanxi Coking Coal Group Zhongyuan Trading Co., Ltd. entered into the Lease Contract for Business/Office Premises of Jinshang Bank (《晉商銀行營業/辦公用房承租合同》), and the Bank, in accordance with the regulatory requirements, has reported and disclosed information to the regulatory authorities within 15 working days after the signing of the contract.

### **(VI) Strictly Implementing the Regulatory Stipulations to Ensure the Compliance of Related Party Transactions**

According to the regulations of the former CBIRC, the credit balance of a commercial bank to a related party shall not exceed 10% of the net capital of that commercial bank. The total credit balance of a commercial bank to the group customers of a related legal person or other organization shall not exceed 15% of the net capital of that commercial bank. The credit balance of a commercial bank to all related parties shall not exceed 50% of the net capital of that commercial bank. As of the end of 2023, the concentration ratio of the Bank's credit extension to a single related party was 4.83%, the concentration ratio of the Bank's credit extension to group customers to which a single related legal person or other organizations are subordinated was 9.19%, and the concentration ratio of the Bank's credit extension to all related parties was 29.88%, which met the regulatory requirements.

In 2023, the related party transaction management mechanisms of our Bank operated smoothly and all related party transactions operated in a standardized manner, and ensured the compliance of related party transactions.

## **III. OVERVIEW OF RELATED PARTY TRANSACTIONS DURING 2023**

### **(I) Overview of Related Party Transactions in Terms of the CBIRC**

#### ***1. Overall related party transactions***

Our Bank conducts its related party transactions mainly with non-natural person shareholder customers. According to the Administrative Measures for Related Party Transactions of Banking and Insurance Institutions (《銀行保險機構關聯交易管理辦法》) of the former CBIRC, the Administrative Measures for Related Party Transactions of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司關聯交易管理辦法》) and other provisions, non-natural person shareholder means any non-natural person shareholders who directly, indirectly, jointly hold or control more than 5% of the shares or voting rights of a commercial bank.

As of the end of 2023, the credit balance of related party transactions between the Bank and its related parties amounted to RMB8.635 billion, accounting for 29.88% of the net capital of the Bank, which met the regulatory requirements. Moreover, our credit business to related Shareholders and related credit risk exposure were normal loans with good business quality. In terms of quantity, structure and quality of transaction, the related party transactions did not have material effects on the normal operation of the Bank. The non-performing loan ratio of related party loans of our Shareholders is zero, and the quality of related party credit is better than the average credit level of our Bank as a whole.

## Overview of related party transactions in terms of CBIRC at the end of 2023

Unit: RMB0'000, %

No.	Name of related groups	Credit balance	Credit concentration
1	Jinneng Holding Group Co., Ltd. (晉能控股集團有限公司)	265,440.05	9.19%
2	Lu'an Chemical Group Co., Ltd. (潞安化工集團有限公司)	208,860.00	7.23%
3	Changzhi Nanye Industry Group Co., Ltd. (長治市南燁實業集團有限公司)	99,500.00	3.44%
4	Taiyuan Haixin Asset Management Co., Ltd. (太原市海信資產管理有限公司)	44,123.52	1.53%
5	Shanxi Coking Coal Group Co., Ltd. (山西焦煤集團有限責任公司)	232,017.34	8.03%
6	Jinshang Consumer Finance Co., Ltd. (晉商消費金融股份有限公司)	9,650.00	0.33%
7	Natural persons	3,933.99	0.14%
	Total	<u>863,524.90</u>	<u>29.88%</u>

In 2023, the cumulative non-credit extension business of the Bank's related party transactions amounted to RMB28,345 million. The prices of each transaction were determined in accordance with the market standards, and such transactions were part of the Bank's normal business and did not have any material adverse impact on the Bank's normal operating activities and financial position.

## 2. Pricing of related party transactions

Since 2023, the related party transactions between the Bank and its related parties have been priced objectively and fairly. Prices and charges of all related party transactions were determined on normal commercial principles and in a market-oriented manner. The related party transactions were conducted on terms not superior to the terms available to similar transactions with non-related parties. The relevant transaction terms are reasonable and are in the interests of our Bank and the Shareholders as a whole. According to the Administrative Measures for Related Party Transactions of Jinshang Bank Co., Ltd. (《晉商銀行股份有限公司關聯交易管理辦法》), for related party transactions that is a credit extension, the corresponding price was determined in accordance with the relevant credit pricing management measures and considering the ratings and risks of related party customers so as to ensure the legality and fairness of the pricing of related party transactions of the Bank, and the Bank has strictly implemented the relevant prohibitive regulations of the former CBIRC. For non-credit extension business, they have been conducted on the premise of the Bank's compliance with the unified pricing of the market and across the Bank at the same time.

**(II) Overview of Connected Transactions under the Listing Rules****1. Application of caps of connected transactions**

According to the Hong Kong Listing Rules, the term of written agreement for continuing connected transactions must be fixed and reflect the normal commercial terms or better. The agreement term shall not exceed three years except in special circumstances.

In 2023, the Bank did not renew any caps of the connected transactions with connected persons.

**2. Overview of the connected transactions conducted with the connected persons in 2023**

As of the end of 2023, the fee income, fee expense and transaction volume under the listing rules conducted by our Bank with Shanxi State-owned Capital Operation Co., Ltd. (山西省國有資本運營有限公司) and its associates (“SSCO Group”), Huaneng Capital Services Co., Ltd. (華能資本服務有限公司) and its associates (“Huaneng Group”) and Changzhi Nanye Industry Group Co., Ltd. (長治市南燁實業集團有限公司) and its associates (“Nanye Group”) were set out in below table:

**Each transaction volume of connected persons at the end of 2023***Unit: RMB0'000*

No.	Type of transaction in 2023	SSCO Group		Huaneng Group		Nanye Group	
		Caps	Actual situation	Caps	Actual situation	Caps	Actual situation
1	Fee income	31,150.00	5,758.35	2,730.00	415.10	2,050.00	1,178.95
2	Fee expense	0.00	0.00	700.00	0.00	0.00	0.00

**Use of provision of transaction scale for financial products with  
connected persons at the end of 2023**

*Unit: RMB0'000*

	Great Wall Securities Asset Management Schemes	Huaneng Guicheng Trust Schemes	Great Wall Fund Management Schemes	Invesco Great Wall Fund Management Schemes
<b>Caps of investment amount</b>	312,400.00	250,000.00	350,000.00	350,000.00
<b>Actual investment amount</b>	128,629.36	0.00	0.00	0.00
<b>Caps of return for the investment</b>	14,060.00	14,000.00	13,900.00	15,400.00
<b>Actual return received by the Bank</b>	5,809.58	0.00	0.00	0.00
<b>Caps of costs</b>	470.00	1,000.00	900.00	1,050.00
<b>Actual costs paid by the Bank</b>	273.62	0.00	0.00	0.00

As a local legal person financial institution, the Bank is duty-bound to take serving and supporting the economic development of the whole province as its responsibilities and missions. The Bank will strictly control each indicator of related party/connected transactions to meet the regulatory requirement, and also contribute the Bank's strength in supporting the business development of each connected person/related party, serving the reform of state-owned enterprises and supporting the economic transformation and development of the province.

For the avoidance of doubt, “principal shareholder(s)” referred to in this report has the same meaning ascribed to it under the Interim Measures for the Equity Management of Commercial Banks (《商業銀行股權管理暫行辦法》) (CBRC Order No. 1 of 2018).

According to the relevant provisions of the Interim Measures for the Equity Management of Commercial Banks (《商業銀行股權管理暫行辦法》) (CBRC Order No. 1 of 2018) (hereinafter referred to as the “**Measures for Equity Management**”), the Notice by the General Office of the China Banking and Insurance Regulatory Commission of Issues Concerning Further Enhancing the Management of Undertakings of Shareholders of Banking and Insurance Institutions (《中國銀保監會辦公廳關於進一步加強銀行保險機構股東承諾管理有關事項的通知》) (Yin Bao Jian Ban Fa [2021] No. 100) and the Measures for the Supervision of the Behavior of Major Shareholders of Banking and Insurance Institutions (Trial) (《銀行保險機構大股東行為監管辦法(試行)》) (Yin Bao Jian Fa [2021] No. 43) (hereinafter referred to as the “**Measures for the Supervision of the Behavior of Major Shareholders**”), “the board of directors of commercial banks shall, at least once a year, assess the principal shareholders’ qualifications, fulfillment of commitments, implementation of the terms of articles of association and agreements, and compliance with laws, regulations and regulatory requirements, and submit the assessment reports to the CBRC and its dispatched authorities in a timely manner”, “the board of directors of banking and insurance institutions shall, at least once a year, assess the major shareholders’ qualifications, financial position, shareholding, related party transactions in the previous year, exercise of shareholders’ rights, fulfillment of obligations and commitments, implementation of the terms of articles of association and agreements, compliance with laws, regulations and regulatory requirements, and report such assessment at a shareholders’ meeting (general meeting) or through written documents, with a copy to the CBIRC or its dispatched authorities”, the Board of Directors attached great importance to the evaluation of principal Shareholders and major Shareholders for 2023 and conducted relevant evaluations in strict accordance with regulatory requirements. The relevant evaluation is now reported as follows:

## I. EQUITY MANAGEMENT

In 2023, the Board attached great importance to Shareholders’ equity management. With the diligent and continuous improvement of the equity management system, the Board carefully learned and straightened out various regulatory provisions, actively promoted the implementation of various regulatory requirements; improved the equity management system of the Bank and constantly strengthened the ability of equity penetration management; strictly implemented reporting requirements for equity approval and report, enabling Shareholders to obtain equity in compliance with laws and regulations; strengthened the management of Shareholders’ shareholding behavior and optimized the process of Shareholders’ equity business; paid close attention to changes in the shareholdings of Shareholders, continued to perform equity analysis, enhanced the initiative and sensitivity of equity management, and continuously promoted the steady operation and healthy development of the Bank, which mainly included the following aspects:

**(I) Continue to Strengthen Learning and Constantly Improve Professional Management Ability**

On the one hand, the Bank strengthened the publicity and implementation of laws and regulations on major Shareholders and principal Shareholders, listed responsibilities and obligations of Shareholders and other key contents by sorting out and refining knowledge points of laws and regulations and sent them to Shareholders, carried out investigations into major Shareholders' rights and obligations and negative behaviors, and facilitated Shareholders to perform the duties as a Shareholder by law. On the other hand, the Bank increased the learning and training of the staff, conducted systematical interpretation and publication of the relevant financial policies, laws and regulations to the staff on a regular basis based on the daily management work; organized and participated in online professional training of regulatory authorities from time to time to continuously enhance Shareholders' awareness of compliance and law-abiding and staff's ability of professional management.

**(II) Strictly Manage Shareholder Access and Strengthen the Management of Shareholders' Shareholding Behavior**

The Bank strengthened the review of equity business, strictly managed Shareholder access, and implemented the Shareholder commitment system. Based on the actual work, the Bank strengthened the daily behavior management of Shareholders' equity through cooperation with custodian institutions, optimized the process of Shareholders' equity business, improved the equity registration procedure, and promoted the regulation and standardization of equity management.

**(III) Adhere to the Principles of Penetration, and Constantly Improve the Scope and Level of Verification**

The Bank's Shareholder equity penetration has always followed the management principles of "classified management and clear relationship", and has continuously expanded the scope of penetration verification and improved the level of penetration management. In 2023, according to regulatory requirements, the Bank regularly checked the financial data of principal Shareholders, controlling Shareholders, actual controllers, related parties, parties acting in concert and ultimate beneficiaries and reported to the regulatory authorities, and continued to carry out the penetration verification on 24 corporate Shareholders (the total Shares held by them accounted for 79.34% of the total Shares) holding more than 20 million Shares (including 20 million Shares, corresponding shareholdings accounted for 0.34%), and conducted verification quarterly with the help of the Bank's internal data platform and third-party enterprise information inquiry platforms such as Qichacha (企查查) and Tianyancha (天眼查). The Bank did not find that the related party relationships among Shareholders were not effectively identified, the equity penetration was incomplete, or some Shareholders temporarily had difficulty in penetrating the equity.



#### (IV) Strengthen Information Management, and Constantly Improve the Equity Monitoring System

Firstly, in the daily management of securities affairs, the Bank monthly checked and regularly sorted out the register of Shareholders provided by the China Securities Depository and Clearing Corporation Limited, continued to pay attention to the changes in the shareholding of Shareholders, Directors, Supervisors and senior management and the restriction of their rights, and established ledger information. Secondly, the Bank checked the accuracy and completeness of the relevant information submitted by the Shareholders to the Bank quarterly and submitted it to the regulatory authorities promptly. Thirdly, in accordance with regulatory requirements, the Bank timely, accurately and completely filled in the data on Shareholders' shareholding changes, restriction of rights and related party transactions in the equity supervision information data system, so that the regulatory authorities can monitor the Shareholders.

## II. PRINCIPAL SHAREHOLDERS AND MAJOR SHAREHOLDERS

### (I) Principal Shareholders

According to the Measures for Equity Management, principal shareholders of a commercial bank refer to shareholders holding or controlling 5% or more of shares or voting rights of the commercial bank, or holding less than 5% of total capital or total shares of the commercial bank but having a significant impact on the operational management of the commercial bank. The "significant impact" includes, but is not limited to dispatching directors, supervisors or senior management to a commercial bank, influencing the financial and operational management decisions of commercial banks through agreements or other means and other circumstances identified by the former CBRC or its local offices. The Measures for Equity Management also provides that the shareholding ratio of a shareholder and its affiliates and persons acting in concert shall be calculated in aggregate.

According to the above provisions, as of the end of 2023, the principal Shareholders recognized by the Bank are eight Shareholders, namely Shanxi Finance Bureau (山西省財政廳), Huaneng Capital Services Co., Ltd. ("**Huaneng Capital**"), Taiyuan Municipal Finance Bureau (太原市財政局), Changzhi Nanye Industry Group Co., Ltd. ("**Changzhi Nanye**"), Shanxi Lu'an Mining (Group) Co., Ltd. (山西潞安礦業(集團)有限責任公司) ("**Lu'an Group**"), Shanxi International Electricity Group Limited Company (山西國際電力集團有限公司) ("**Shanxi International Electricity**"), Shanxi Coking Coal Group Co., Ltd. (山西焦煤集團有限責任公司) ("**Coking Coal Group**") and Jinneng Holding Equipment Manufacturing Group Co., Ltd. (晉能控股裝備製造集團有限公司) ("**Jinneng Holding Equipment Manufacturing Group**").

## List of Principal Shareholders of Jinshang Bank

No.	Name of principal Shareholder	Number of shares held (share)	Proportion of shareholding	Whether to dispatch Directors, Supervisors or senior management	Remark
1	Shanxi Finance Bureau (山西省財政廳)	715,109,200	12.25%	Yes	
2	Huaneng Capital	600,000,000	10.28%	Yes	
3	Taiyuan Municipal Finance Bureau (太原市財政局)	466,142,486	7.98%	Yes	
4	Changzhi Nanye	450,657,435	7.72%	Yes	Being a party acting in concert with Changzhi Huashengyuan Mining Industry Co., Ltd. (長治市華晟源礦業有限公司), a Shareholder of the Bank, with a total shareholding of 11.74%
5	Lu'an Group	359,091,687	6.15%	Yes	
6	Shanxi International Electricity	300,000,000	5.14%	Yes	
7	Coking Coal Group	291,339,054	4.99%	Yes	Being a related Shareholder of Shanxi Tongpei Coal Comprehensive Operation Company (山西統配煤礦綜合經營總公司), a Shareholder of the Bank, with a total shareholding of 5.09%
8	Jinneng Holding Equipment Manufacturing Group	200,000,000	3.43%	Yes	

**(II) Major Shareholders**

Pursuant to the relevant provisions of the Measures for the Supervision of the Behavior of Major Shareholders, a shareholder holding more than 10% of the equity interest in urban commercial banks, rural commercial banks and other institutions is considered to be a major shareholder of the company. It is also stipulated that the proportion of shareholding of the shareholders as well as their related parties and persons acting in concert shall be calculated in aggregate. If the aggregate proportion of shareholding meets the above requirements, the relevant shareholders shall be managed as major shareholders.

In accordance with the above provisions, as of the end of 2023, the Bank recognized three Shareholders, namely, Shanxi Finance Bureau, Huaneng Capital and Changzhi Nanye, as the major Shareholders.

**List of Major Shareholders of Jinshang Bank**

No.	Name of major Shareholder	Number of shares held (share)	Proportion of shareholding	Whether to dispatch Directors, Supervisors or senior management	Remark
1	Shanxi Finance Bureau	715,109,200	12.25%	Yes	
2	Huaneng Capital	600,000,000	10.28%	Yes	
3	Changzhi Nanye	450,657,435	7.72%	Yes	Being a party acting in concert with Changzhi Huashengyuan Mining Industry Co., Ltd., a Shareholder of the Bank, with a total shareholding of 11.74%

As of the end of 2023, none of the Bank's principal Shareholders and major Shareholders have pledged their shares in the Bank.

### III. EVALUATION IMPLEMENTATION AND RESULTS

The evaluation focused on principal Shareholders' qualifications, fulfillment of commitments, implementation of the terms of the Articles of Association or agreements of the Bank, and compliance with laws, regulations and regulatory requirements as stipulated in the Measures for Equity Management, as well as the major Shareholders' qualifications, financial positions, number of shares, related party transactions in the previous year, exercise of Shareholders' rights, fulfillment of obligations and commitments, implementation of the terms of the Articles of Association and agreements, compliance with laws, regulations and regulatory requirements as stipulated in the Measures for the Supervision of the Behavior of Major Shareholders. The evaluation results are as follows:

#### (I) Evaluation on Principal Shareholders

##### 1. *Qualifications of Shareholders*

In 2023, except that Shanxi Finance Bureau and Taiyuan Municipal Finance Bureau are administrative authority legal persons, principal Shareholders of the Bank are corporate legal persons that are established in accordance with the laws, have legal person qualifications and have good corporate governance structures and effective organizational management methods. Such Shareholders have good social standing and are able to repay the principal and interests of the loans from financial institutions in full and on schedule. They have stable core principle businesses and operation conditions, stable cash flow, solid financial strength, and are in good financial condition. The funds invested in the Bank are their own funds. Their shareholding structures are clear and no related party transactions are conducted illegally. Also, their shareholder qualifications are approved by the regulatory authorities.

##### 2. *Fulfillment of commitments*

As of the end of 2023, eight principal Shareholders including Shanxi Finance Bureau made written commitments from three categories, namely commitments on statement, commitments on compliance and commitments on duty performance; made confirmations and statements on the truthful and legitimate sources of their own funds to be the funds invested, the truthfulness, accuracy and completeness of relevant information provided and no records of significant violation of laws and regulations in recent years; made compliance commitments on no interference with the operation of the Bank, carrying out related party transactions in a standard manner, standardizing equity pledge and no transfer of equities held within the prescribed period; also made commitments on duty performance on capital replenishment, liquidity support, risk assistance and other corresponding responsibilities and obligations to be performed in the future based on regulatory requirements. In 2023, the principal Shareholders of the Bank performed the above commitments well according to the regulatory requirements.

### ***3. Implementation of the Articles of Association or terms of the agreements***

The Articles of Association are the basic document for the Bank's corporate governance and the agreed document to be observed by all Shareholders. In 2023, the principal Shareholders of the Bank exercised the Shareholders' rights and performed the Shareholder's obligations according to the requirements of the Articles of Association, and none of the principal Shareholders exercised improper rights or failed to perform the agreed obligations beyond the provisions of the Articles of Association.

### ***4. Compliance with laws, regulations and regulatory requirements***

In 2023, the principal Shareholders of the Bank exercised their rights as investors and fulfilled their obligations as investors in accordance with laws, regulations and regulatory requirements. None of them abused the shareholder's rights to interfere or use their influence to interfere with the decision-making and management rights that the Board of Directors and senior management are entitled to in accordance with the Articles of Association, directly intervened or used their influence to interfere with the operation and management of commercial banks by bypassing the Board of Directors and senior management, transferred benefits, or otherwise damaged the legitimate rights and interests of depositors, commercial banks and other Shareholders.

## **(II) Evaluation on Major Shareholders**

### ***1. Qualifications of Shareholders***

According to the relevant provisions of the Measures for the Supervision of the Behavior of Major Shareholders, in 2023, there were two major Shareholders of the Bank holding more than 10% of the equity interest, namely Shanxi Finance Bureau and Huaneng Capital. Changzhi Nanye, a general legal person, holds 450,657,435 Domestic Shares, accounting for 7.72% of the total share capital of the Bank, and acts in concert with Changzhi Huashengyuan Mining Industry Co., Ltd., which is a Shareholder and also a general legal person, and holds 234,569,820 Domestic Shares, accounting for 4.02% of the total share capital of the Bank. Changzhi Nanye and Changzhi Huashengyuan Mining Industry Co., Ltd. are managed as major Shareholders, with an aggregate shareholding of 11.74% in the total share capital. Except for the Shanxi Finance Bureau, which is an administrative authority legal person, the major Shareholders of the Bank have a good social reputation, integrity records, tax records and financial position, and have strong operating ability and capital strength. The Shareholders have good qualifications, and have been approved by the regulatory authorities for their capital contribution.

## 2. *Financial position*

Among the Bank's major Shareholders and the Shareholders managed as major Shareholders, the Shanxi Finance Bureau is a state administrative authority legal person, and Huaneng Capital and Changzhi Nanye are both corporate legal persons established in accordance with the laws. Huaneng Capital, established in 2003 with a registered capital of RMB9,800 million, is a financial asset investment, management professional institution and financial service platform of Huaneng Group, which is mainly responsible for formulating the financial industry development plan, unifying management of financial assets and equity, rationally allocating financial resources, coordinating business cooperation among financial enterprises, and providing diversified financial services. Huaneng Capital's financial position was good, and has made profits for three consecutive years during the Reporting Period. As of the end of 2023, the proportion of net assets to total assets was 32.76%, and the proportion of equity investment balance to net assets was 36.13%. It currently controls and manages more than ten financial enterprises, which is also one of the important profit sources of the Huaneng Group. Changzhi Nanye, established in 1999 with a registered capital of RMB520 million, is a large private group enterprise mainly integrating mining and washing of coal resources, railway transportation, LED emerging industries, etc. Changzhi Nanye's financial position was good, and has made profits for three consecutive years during the Reporting Period. As of the end of 2023, the proportion of net assets to total assets was 48.59%, and the proportion of equity investment balance to net assets was 74.32%. Changzhi Nanye is one of the top 100 enterprises in Shanxi Province.

Note: The above relevant financial data of Changzhi Nanye at the end of 2023 is unaudited.

## 3. *Related party transactions for the previous year*

In 2023, the Bank continued to strengthen the management of related parties, promoted standardized and refined management of related party transactions, intensified the daily monitoring, statistics and analysis of related party transactions, spared no efforts to improve the management level of related party transactions, ensured continuous and effective operation of the management mechanism for related party transactions in strict accordance with the laws, regulations and regulatory requirements.

As of the end of 2023, the credit balance of related party transactions between the Bank and its related parties amounted to RMB8,635 million. The concentration ratio of the Bank's credit extension to a single related party was 4.83%, the concentration ratio of the Bank's credit extension to group customers to which a single related legal person or other organizations are subordinated was 9.19%, and the concentration ratio of the Bank's credit extension to all related parties was 29.88%, which met the regulatory requirements. The Bank's credit extension business to related party Shareholders was normal loans of good quality. In terms of credit risk exposure, capital utilization, transaction volume, structure and quality, they had no significant impact on the normal operation of the Bank. The non-performing ratio of loans to related parties of the Bank's Shareholders was nil, and the quality of related-party credit was better than the average level of the Bank's overall credit extension.

**Overview of Credit Extension Related Party Transactions with  
Major Shareholders of Jinshang Bank in 2023**

*Unit: RMB0'000*

Name of group	Name of credit-extended enterprises	Loan	Letter of credit exposure	Total credit used	Credit concentration
Changzhi Nanye	Shanxi Huashengrong Coal Mine Co., Ltd. (山西華晟榮煤礦有限公司)	30,000.00	14,000.00	44,000.00	1.52%
	Shanxi Gaoke Huajie Photoelectric Technology Co., Ltd. (山西高科華傑光電科技有限公司)	15,000.00	0.00	15,000.00	0.52%
	Changzhi Huashengyuan Mining Co., Ltd. (長治市華晟源礦業有限公司)	17,000.00	23,500.00	40,500.00	1.40%
Total		62,000.00	37,500.00	99,500.00	3.44%

In 2023, the business list of non-credit extension related party transactions between the Bank and the major Shareholders is as follows. The prices of such transactions were determined in accordance with the market standards, and such transactions were parts of our Bank's normal business and did not have any material adverse impact on our Bank's normal operating activities and financial position.

**Overview of Non-credit Extension Related Party Transactions of  
Major Shareholders of Jinshang Bank in 2023**

*Unit: RMB0'000*

Name of groups	Name of companies	Time deposits	Agreement deposits	Expenses service-related	Total
Changzhi Nanye	Changzhi Nanye	1,053.00	163,928.87	0.00	164,981.87
	Changzhi Huashengyuan Mining Co., Ltd.	2,375.00	150,587.77	0.00	152,962.77



Name of groups	Name of companies	Time deposits	Agreement deposits	Expenses	Total
				service-related	
	Shanxi Jinlu Injection Molding Technology Group Co., Ltd. (山西晉潞注塑科技集團有限公司)	0.00	6,334.58	0.00	6,334.58
	Changzhi Huaye Photoelectric Technology Co., Ltd. (長治市華燁光電科技有限責任公司)	0.00	1,381.97	0.00	1,381.97
	Shanxi Hi-Tech Video Technology Co., Ltd. (山西高科視像科技有限公司)	0.00	53,022.77	0.00	53,022.77
	Shanxi Huashengrong Coal Mine Co., Ltd.	3,500.00	174,843.55	0.00	178,343.55
	Shanxi Jichang Investment Co., Ltd. (山西吉昌投資有限公司)	0.00	25,489.13	0.00	25,489.13
	Shanxi High-tech Huaye Electronic Group Co., Ltd. (山西高科華燁電子集團有限公司)	0.00	79,055.44	0.00	79,055.44
	Shanxi Gaoke Huajie Photoelectric Technology Co., Ltd.	6,200.00	215,900.69	0.00	222,100.69
	Shanxi High Tech Huaxing Electronic Technology Co., Ltd. (山西高科華興電子科技有限公司)	3,000.00	115,900.73	0.00	118,900.73
	Shanxi High-tech Photoelectronic Technology Co., Ltd. (山西高科投光電科技有限公司)	0.00	0.01	0.00	0.01

Name of groups	Name of companies	Time deposits	Agreement deposits	Expenses service-related	Total
	Shanxi Hi Tech Huachen Electronic Materials Co., Ltd. (山西高科華晨電子材料有限公司)	0.00	2,133.53	0.00	2,133.53
	Shanxi High Tech Ruijie Electronic Products Sales Co., Ltd. (山西高科瑞傑電子產品銷售有限公司)	0.00	3,920.01	0.00	3,920.01
	Shanxi Changzhi Minsheng Real Estate Development Co., Ltd. (長治市民生房地產開發有限公司)	0.00	0.01	0.00	0.01
	Beijing Ivy League Real Estate Co., Ltd. (北京長青藤置業有限公司)	0.00	13,243.26	0.00	13,243.26
	Changzhi Pusu Culture Media Co., Ltd. (長治市璞素文化傳媒有限公司)	0.00	9.04	0.00	9.04
	Changzhi Ziwei Human Resources Co., Ltd. (長治市紫蔚人力資源有限公司)	0.00	400.18	0.00	400.18
	Changzhi Nanye Tongpei Coal Sales Co., Ltd. (長治市南燁統配煤炭銷售有限公司)	0.00	6,281.81	0.00	6,281.81
	Changzhi Jianyun Material Trade Co., Ltd. (長治市建雲物資貿易有限公司)	0.00	0.01	0.00	0.01
	Shanxi Jinlu Coal Sales Co., Ltd. (山西晉潞煤炭銷售有限公司)	1,000.00	0.00	0.00	1,000.00

Name of groups	Name of companies	Time deposits	Agreement deposits	Expenses service-related	Total
	Changzhi Gaoke Electronic Products Sales Co., Ltd. (長治 市高科電子產品銷售 有限公司)	0.00	0.00	3.74	3.74
	Related natural persons	42.26	0.00	0.00	42.26
	Total	17,170.26	1,012,433.36	3.74	1,029,607.36
China Huaneng Group Co., Ltd. (中國華能集團 有限公司)	Beijing Yuncheng Financial Information Service Co., Ltd. (北 京雲成金融信息服務 有限公司)	0.00	0.00	21.37	21.37

The above-mentioned related party transactions of the Bank's major Shareholders strictly followed general commercial principles and were conducted on terms not superior to the terms available to similar transactions with non-related parties. The transaction terms were fair and reasonable and complied with the relevant regulations and requirements of the regulatory authorities and the administrative regulations of the Bank's related party transactions and the credit extension processes complied with the requirements of the Bank's internal control system and were in the interests of all Shareholders and the Bank as a whole.

#### ***4. Exercise of Shareholders' rights, performance of obligations and commitments***

In 2023, as the Bank's major Shareholders, the Shanxi Finance Bureau, Huaneng Capital and Changzhi Nanye could legally and effectively participate in corporate governance in accordance with relevant laws, regulations, regulatory provisions and the Articles of Association, and properly exercise the rights of Shareholders through corporate governance procedures. They upheld the independent operation of the Bank, participated in the general meetings and exercised voting rights, and received dividends and other forms of benefit distribution based on their proportion of the Bank's shares held. There is no abuse of Shareholders' rights, improper interference in the operations of the Bank, illegal pursuit of control, use of related party transactions to convey interests and transfer assets, or harm to the legitimate interests of minority Shareholders and financial customers.

The major Shareholders of the Bank made written commitments to the Bank in accordance with relevant regulatory requirements and fulfilled their commitments carefully. For the performance of commitments on statement, major Shareholders of the Bank undertook that the funds invested in the Bank were their own funds. Major Shareholders were not involved in any illegal circumstances, such as holding shares in the Bank through financial

products or providing inaccurate or incomplete information to the Bank. For the performance of commitments on compliance, no major Shareholders of the Bank interfered with the daily management and operation of the Bank, imposed improper indicator pressures on the Bank, interfered in the decision-making and operational rights entitled by the Board and senior management or sought improper interests. They were not involved in circumstances such as damaging the legitimate rights and interests of depositors, the Bank and other stakeholders. For the performance of commitments on duty performance, the major Shareholders of the Bank were in stable operating condition and good financial condition, and had the capabilities to replenish capital to the Bank when the Board thought it necessary or the regulatory authorities ordered the Bank to replenish capital, and the Bank failed to replenish capital by means other than capital increase.

**5. *Implementation of the Articles of Association and compliance with laws, regulations and regulatory requirements***

In 2023, as the Bank's major Shareholders, Shanxi Finance Bureau, Huaneng Capital and Changzhi Nanye strictly complied with relevant laws, regulations, regulatory provisions and the relevant provisions of the Articles of Association. The Bank has found that none of them falls under any of the circumstances: being listed as the object of joint punishment on incredibility by competent authorities; seriously evading or rejecting bank debts; providing false materials or making untrue statements; bearing major responsibilities for failure in the operation of commercial banks or major violations of laws and regulations; refusing or hindering the regulatory authorities in implementing supervision in accordance with laws; being investigated and punished by financial regulatory authorities or competent government departments due to violations of laws and regulations; and other circumstances which may have adverse impacts on the operation and management of the Bank.

**IV. WORKING PLAN IN THE NEXT STAGE**

The Bank will further improve corporate governance, strengthen the Shareholder and equity management in accordance with regulatory requirements and listing company requirements, strictly comply with the Articles of Association to safeguard the legitimate rights of the Shareholders, urge the Shareholders to perform their obligations in compliance with laws and regulations, establish good investor relations, and jointly promote the healthy development of the Bank on the basis of compliance with laws and regulations and regulatory requirements.

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## NOTICE OF THE 2023 ANNUAL GENERAL MEETING

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**JINSHANG BANK CO., LTD.\***  
**晉商銀行股份有限公司\***

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

**(stock code: 2558)**

### NOTICE OF THE 2023 ANNUAL GENERAL MEETING

Reference is made to the circular of Jinshang Bank Co., Ltd.\* (the “**Bank**”) dated May 21, 2024 (the “**Circular**”). Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Circular.

**NOTICE IS HEREBY GIVEN** that the 2023 annual general meeting (the “**AGM**”) of the Bank will be held at 10:00 a.m. on Thursday, June 20, 2024 at the Conference Room, 22nd Floor, No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC, to consider and, if thought fit, to pass the following resolutions:

#### ORDINARY RESOLUTIONS

1. To consider and approve the Work Report of the Board of Directors for 2023;
2. To consider and approve the Work Report of the Board of Supervisors for 2023;
3. To consider and approve the Profit Distribution Plan for 2023;
4. To consider and approve the Report of Final Financial Accounts for 2023;
5. To consider and approve the Financial Budget for 2024;
6. To consider and approve the Report of the Board of Supervisors on Supervision and Assessment on the Performance of Duties by Directors during 2023;
7. To consider and approve the Report of the Board of Supervisors on Assessment on the Performance of Duties by Supervisors during 2023;
8. To consider and approve the Report of the Board of Supervisors on Supervision and Assessment on the Performance of Duties by Members of the Senior Management during 2023;

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## NOTICE OF THE 2023 ANNUAL GENERAL MEETING

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9. To consider and approve the appointment of auditors to audit financial statements for 2024;
10. To consider and approve the appointment of Mr. WU Canming as a non-executive Director of the sixth session of the Board;
11. To consider and approve the appointment of Mr. WANG Qi as an executive Director of the sixth session of the Board;
12. To consider and approve the resignation of Mr. SAI Zhiyi as an independent non-executive Director; and

### SPECIAL RESOLUTION

13. To consider and approve the acquisition, absorption and merger of Qingxu Jinshang Village and Township Bank Co., Ltd. and turning it into a sub-branch of the Bank.

By order of the Board  
**Jinshang Bank Co., Ltd.\***  
**LI Yanbin**  
*Joint Company Secretary*

Taiyuan, May 21, 2024

*As at the date of this notice, the Board comprises Ms. HAO Qiang and Mr. ZHANG Yunfei as executive Directors; Mr. LI Shishan, Mr. MA Hongchao, Mr. LIU Chenhang, Mr. LI Yang and Mr. WANG Jianjun as non-executive Directors; Mr. WANG Liyan, Mr. DUAN Qingshan, Mr. SAI Zhiyi, Ms. HU Zhihong and Mr. CHAN Ngai Sang Kenny as independent non-executive Directors.*

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

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## NOTICE OF THE 2023 ANNUAL GENERAL MEETING

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*Notes:*

1. For more information about the above resolutions, please refer to the Circular.

2. **Registration Procedures for Attending the AGM**

Individual shareholders who wish to attend the meeting in person shall produce their identity cards or other effective document(s) or proof of identity and stock account cards. Proxies of individual shareholders shall produce their effective document of identity and proxy form. A corporate shareholder should attend the meeting by its legal representative or proxy appointed by the legal representative. A legal representative who wishes to attend the meeting should produce his/her identity card or other valid document(s) evidencing his/her capacity as a legal representative. If being appointed to attend the meeting, the proxy should produce his/her identity card and an authorization instrument duly signed by the legal representative of the corporate shareholder.

3. **Proxy**

Any shareholder entitled to attend and vote at the AGM is entitled to appoint one or more person(s) (if the shareholder holds two or more issued shares of the Bank), whether (each of) such person(s) is a shareholder of the Bank or not, as his/her/its proxy or proxies to attend and vote on his/her/its behalf at the AGM. The instrument appointing a proxy must be signed by the shareholder or his/her attorney duly authorized in writing. For a corporate shareholder, the proxy instrument must be affixed with the common seal or signed by its director or attorney duly authorized in writing. If the power of attorney of the proxy is signed by the authorized person of the appointer under a power of attorney or other authorization document(s) given by the appointer, such power of attorney or other authorization document(s) shall be notarized and served at the same time as the power of attorney. To be valid, the form of proxy, together with a notarially certified copy of the power of attorney or other authorization document(s) must be delivered to the Bank's H share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for the shareholders of the Bank's H shares) or the office of the board of directors of the Bank at No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC (for the shareholders of the Bank's domestic shares) no later than 24 hours before the scheduled time for the holding of the AGM (i.e. 10:00 a.m. on June 19, 2024 (Wednesday)) or any adjournment thereof (as the case may be). In case of registered joint holders of any shares of the Bank, any one of the registered joint holders can vote on such shares at the AGM in person or by proxy as if he/she is the only holder entitled to vote. If more than one registered joint holders attend the AGM in person or by proxy, only the vote of the person whose name appears first in the register of members of the Bank relating to such shares (in person or by proxy) will be accepted as the sole and exclusive vote of the joint holders. After the completion and return of the form of proxy and the power of attorney, you can attend and vote in person at the AGM or any adjournment thereof should you so wish. In this case, the power of attorney will be deemed to have been revoked.

4. **Closure of Register of Members**

The Bank's register of members will be closed from June 17, 2024 (Monday) to June 20, 2024 (Thursday), both days inclusive. The shareholders whose names appear in the Bank's register of members as at the close of business on June 14, 2024 (Friday) shall be entitled to attend and vote at the AGM. For the shareholders of the Bank's H shares to be eligible for attending and voting at the AGM, all transfer document(s) together with the relevant share certificates and other appropriate document(s) shall be delivered to 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, Wan Chai, Hong Kong no later than 4:30 p.m. on June 14, 2024 (Friday).

The Bank's register of members of H shares will be closed from June 26, 2024 (Wednesday) to July 2, 2024 (Tuesday), both days inclusive. Shareholders of the Bank whose names appear on the Bank's register of members of H shares and the register of members of domestic shares on July 2, 2024 (Tuesday) will be entitled to receive the 2023 final dividend.

In order to be qualified to receive the 2023 final dividend, all transfer document(s) together with the relevant share certificates and other appropriate document(s) shall be delivered to 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, Wan Chai, Hong Kong (for the shareholders of the Bank's H shares), or the Office of the Board, at No. 59 Changfeng Street, Xiaodian District, Taiyuan, Shanxi Province, the PRC (for the shareholders of the Bank's domestic shares), for registration no later than 4:30 p.m. on June 25, 2024 (Tuesday).

5. **Publication of Poll Results**

Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), all resolutions at the AGM will be voted by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands). The results of poll will be published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Bank ([www.jshbank.com](http://www.jshbank.com)) in accordance with Rule 13.39(5) of the Listing Rules.

6. **Miscellaneous**

The AGM is expected to last for no more than half a day. Shareholders who attend the meeting in person or by proxy shall bear their own traveling, dining and accommodation expenses.