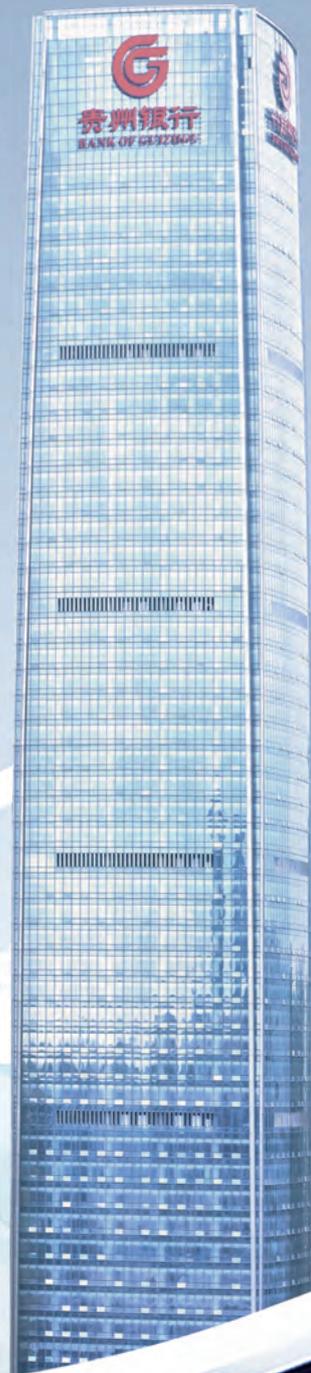


2023 ANNUAL REPORT

SERVING WITH HEART

BANK
OF GUIZHOU



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



Definitions

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

“Articles of Association” or “Articles”	the articles of association of the Bank, the version of which was passed by our shareholders at the extraordinary general meeting held on 16 June 2022, and has been approved by the National Financial Regulatory Administration Guizhou Office and came into effect on 26 April 2023
“Board”	the board of Directors of the Bank
“Board of Supervisors”	the board of Supervisors of the Bank
“Director(s)”	the director(s) of the Bank
“Supervisor(s)”	the supervisor(s) of the Bank
“NFRA” or “CBIRC” or “CBRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會) (before 18 May 2023)/China Banking Regulatory Commission (中國銀行業監督管理委員會) (before 17 March 2018). On 18 May 2023, the National Financial Regulatory Administration was established on the basis of the former China Banking and Insurance Regulatory Commission
“Bank”, “We”, “Our”, “us” or “Bank of Guizhou”	Bank of Guizhou Co., Ltd. (貴州銀行股份有限公司), a joint stock company incorporated on 28 September 2012 in Guizhou Province, China, with limited liability in accordance with the PRC laws and regulations and, if the context requires, includes its predecessors, subsidiaries, branches and sub-branches “Banking Ordinance” the Banking Ordinance, Chapter 155 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Banking Ordinance”	the Banking Ordinance, Chapter 155 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“commercial banks”	all the banking financial institutions in the PRC other than policy banks, including the large commercial banks, the joint-stock commercial banks, city commercial banks, foreign banks and other banking financial institutions
“Domestic Shares”	ordinary shares issued by the Bank in the PRC, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid in full in Renminbi
“H Shares”	overseas-listed shares in the share capital of the Bank, with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and are listed on the Hong Kong Stock Exchange

Definitions (Continued)

“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“HK\$” or “HKD” or “Hong Kong dollars”	the lawful currency of Hong Kong
“Hong Kong” or “HK”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Date”	30 December 2019, the date on which dealings in the H Shares of the Bank first commenced on the Hong Kong Stock Exchange
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“PBOC” or “Central Bank”	the People’s Bank of China
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Yuan”	Renminbi-yuan, the lawful currency unit of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“CBIRC Guizhou Office”	China Banking and Insurance Regulatory Commission Guizhou Office (中國銀行保險監督管理委員會貴州監管局) (before 23 July 2023). On 23 July 2023, the National Financial Regulatory Administration Guizhou Office (國家金融監督管理總局貴州監管局) was officially established
“NFRA Guizhou Office”	the National Financial Regulatory Administration Guizhou Office
“Four News”	exploring new path, launching new start point, seizing new opportunities and making new achievements
“Four-zations”	new industrialization, new urbanization, agricultural modernization and tourism industrialization

Definitions (Continued)

“new No.2 Document of State Council”	Opinions of the State Council on Supporting Guizhou to Break New Paths in Western Development in the New Era (Guo Fa [2022] No. 2) (國務院關於支持貴州在新時代西部大開發上闖新路的意見) (國發[2022]2號)
“LPR”	the abbreviation to Loan Prime Rate, which refers to loan prime rate
“Basis Point (Bp or Bps)”	measurement unit of changes in interest rate or exchange rate. 1 basis point is equivalent to 0.01 percentage point
“Reporting Period”	the period for the year ended 31 December 2023
“Reporting Date”	the date on which the 2023 annual report of our Bank was approved by the Board of Directors, being 28 March 2024

This report was originally prepared in Chinese with a separate English translation. In the case of any discrepancies between the Chinese and English versions, the Chinese version shall prevail.

Chairman's Statement

YANG MINGSHANG
*Secretary of the Party
Committee and Chairman*



Chairman's Statement (Continued)

The year 2023 is the opening year for the full implementation of the spirit of the 20th CPC National Congress. We thoroughly studied and implemented Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, persisted in taking high-quality development as an overall control, focused on our province's main strategy of "four new" and "four modernizations", and the main positioning of "four districts and one highland", and upheld the Party Central Committee's responsibilities for small and medium-sized banks, coordinating scale, structure, quality, efficiency and safety, and continuously promoting high-quality development.

Over the past year, we have consistently strengthened business operations and improved development quality, laying a solid foundation for serving the economic and social development. By adhering to a customer-centered approach, seizing opportunities, promoting marketing and expanding the market, we achieved steady growth in business scale and basically stable in operating efficiency, with an increasing market share and a widened customer base. The balance of deposits of the Bank were RMB356.246 billion, representing an increase of RMB29.922 billion from the beginning of the year, of which, the balance of personal deposits was RMB173.362 billion, representing an increase of RMB24.256 billion from the beginning of the year, and the market share of which moved up 1 place in the rankings as compared with that of the beginning of the year. The loans amounted to RMB331.949 billion, representing an increase of RMB38.421 billion from the beginning of the year, of which, the financing balance for the real economy increased by RMB28.534 billion from the beginning of the year, the balance of loans for inclusive micro and small enterprises increased by RMB9.493 billion from the beginning of the year, and the balance of green finance loans increased by RMB5.564 billion from the beginning of the year. As a result of the continuous development of various businesses and enhancement of our market image, we received awards from more than 30 entities, such as the Head Office of the People's Bank of China, the Central Committee of the Communist Youth League and the China Banking Association, including the "Award for Outstanding Contribution to UnionPay's Mobile Payment Business" issued by China UnionPay and the Third Prize for Financial Technology Development Award for Distributed Microservice Platform Based on Service Grid issued by the Head Office of the People's Bank of China.

Over the past year, we have always adhered to our main responsibilities and core business, serving the high-quality development of the province, and comprehensively improving the ability level of financial services for local economic and social development. Closely around the mission of "integrating the world and servicing colorful", we became even more proactive in planning and promoting our work in the overall situation of reform and development of the province, and continuously increased our financial support for the construction of the province's modernized industrial system by focusing on developing key areas and critical links, including "six industrial bases", key industrial clusters of "3533" and leading industries of cities (prefectures). The balance of loans of the Bank in the "Four News" and "Four-zations" areas ranked at the forefront of the province's financial industry, and the Bank successfully issued the "Sannong" specialized financial bonds of the province. With the continuous improvement of ESG management standards, the Bank successfully implemented the first carbon emission reduction support loan for a local legal entity financial institution in Guizhou Province. Serving the development of market players with dedication, the Bank ranked top places among legal person financial institutions in the province in terms of the increase in the balance and growth rate of loans to inclusive small and micro-enterprises.

Over the past year, we have continued to strengthen technological empowerment, adhere to specialized operations, and explore differentiated development paths by observing integrity and innovation. We established the connotation and goal of business transformation driven by data elements and digital technology, insisted on transforming business philosophy, business habits and management methods with digital thinking, continued to deepen the construction of the mechanism of digital transformation, and pushed forward the implementation of transformation projects based on complete business needs, completing and putting into production 21 projects such as intelligent microcredit, agricultural platform, RWA, disconnection, and mortgage loans online, covering customer insight, marketing management, risk control, pipeline construction, etc., and initially created a bank-wide ecological network of digital applications. We further provided service to lower levels and extended service coverage by relying on our rural service outlets, opened more than 2,100 rural service outlets, achieving tier-1 full coverage of the province's villages (towns), and handling nearly 800,000 transactions, such as small-amount withdrawals, cash remittances, bill payments and balance inquiries, etc., for rural people with a total amount of RMB1.5 billion.

Chairman's Statement (Continued)

Over the past year, we have improved our governance system and strengthened our risk management capabilities, thus maintaining the bottom line of no systemic risk. We continued to enhance corporate governance and internal management, and consolidated the statutory position of the Party's leadership in corporate governance, continued to strengthen internal control and compliance management, and enhanced the full penetration of various regulatory indicators into our daily operation and management. With the sense of responsibility of "always worrying", we continuously enhanced its ability to predict, respond to and mitigate risks in key areas, and resolutely guard the bottom line of risk prevention and control. The Bank promoted the construction of the "safest bank", made solid efforts to prevent and control overall risks, and continued to carry out the anti-fraud and anti-scam campaign, making the Bank's security barrier even stronger.

Over the past year, we have unwaveringly adhered to the leadership of the Party and strengthened Party building, highlighting the clear undertones of Party building and strict governance. We deeply carried out the education on the theme of studying and implementing Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and organized post achievement practical activities of "three enters and three services" among Party members of the Bank, highlighting the role of high-quality Party building in guiding high-quality development. The Bank resolutely grasped the inspection and rectification on issues found by the provincial Party committee, made progress in resolving a number of key and difficult issues, steadfastly pushed forward the development of a comprehensive and strict governance of the Party, fulfilled the political responsibility of comprehensive and strict governance of the Party, and created a clean and upright political ecology.

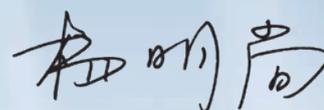
Looking back, we have overcome countless challenges and crossed numerous mountains. The progress and achievements we have made in 2023 are attributed to the scientific guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the strong leadership of the provincial Party committee and provincial government, the careful guidance of regulatory authorities, the trust and support of our shareholders and customers, and the united efforts and hard work of all the cadres and employees throughout the Bank. On behalf of Bank of Guizhou, I would like to express my heartfelt gratitude to leaders, shareholders, customers, partners and friends from all sectors who have long been concerned about, helped, trusted and supported the development of our Company.

Looking ahead, we will hoist the sails and speed towards the shore of triumph. In October 2023, the Central Financial Work Conference clearly stated that small and medium-sized financial institutions shall carry out specialized services based on local distinctiveness and make efforts in five major articles, namely technology finance, green finance, inclusive finance, pension finance and digital finance, which will provide the fundamental principles to follow for financial work. In the long run, the accelerated transformation of economic structure and the gradual establishment of a new development pattern, against the backdrop of the era of comprehensively promoting the realization of the Chinese path to modernization, provide a broad space for the development of the banking industry. We will deeply study and implement the spirit of the Central Economic Work Conference and the Central Financial Work Conference, always uphold and strengthen the Party's leadership, implement the decision and deployment of the Party Central Committee on economic and financial work and the arrangement of the provincial Party committee and provincial government into the whole process and all aspects of corporate governance, operation and management, continuously strengthen the operation and management, accelerate the business transformation, serve the local development, safeguard the bottom line of risk, strengthen the Party's construction, and committed to promoting the high-quality development of the Bank, providing strong financial services for the practice of Guizhou's Chinese-style modernization.

Chairman's Statement (Continued)

We will vigorously develop technology finance. We will take technology finance as a new driver for business development, build a virtuous cycle mechanism of "technology-industry-finance" by focusing on the "six industrial bases", accelerate the improvement of technology finance service mechanisms, and provide services for breakthroughs in key areas of science and technology in Guizhou province, especially increase the financial support for national specialized and innovative "little giant" enterprises and enterprises in tackling "bottleneck" critical core technologies. **We will prioritize the development of green finance.** Through initiatives of six aspects, including increasing investment, innovating products, improving management, optimizing structure, managing and controlling risks, and expanding influence, we will further strengthen the specialized operation of green finance, to forge a path of green finance development that embodies the characteristics of Bank of Guizhou in serving the realization of local ecological value and promoting green development of small, medium, and micro entities. **We will actively promote inclusive finance.** We will earnestly implement the requirements of the "Implementation Opinions on Promoting the High-Quality Development of Inclusive Finance", continue to make efforts in the areas of innovative financing products, optimization of the credit process, enhancement of the risk control capacity and protection of the rights and interests of financial consumers, and continuously increase the investment of first loans, renewable loans, credit loans, medium-and long-term loans, and strengthen the financial support for inclusive small and micro-enterprises, rural revitalization and other key areas, and unswervingly promote the high-quality development of inclusive small and micro-businesses. **We will vigorously develop pension finance.** Focusing on the province's construction of an elderly care service system that coordinates home, community and institution, and integrates medical care and health care, we will actively explore entry points and effective paths in the elderly financial scenarios of basic elderly care, community-based elderly care and healthcare projects, and dig deeper into the distinctive and sustainable business pipelines and business models in the field of elderly finance, so as to fully enrich the supply of financial products and services for the elderly. **We will strive to develop digital finance.** We will steadfastly accelerate our digital transformation, continue to build a data service value chain and transform the achievements of digital transformation into tangible business advantages, product advantages, management advantages, and competitive advantages by prioritizing the construction of corporate structure and aiming to empower business with data, shift the digital transformation of the Bank from "laying foundations" to "building up momentum", and comprehensively enhance the level and capacity of digital empowerment.

The future belongs to those who are committed to their beliefs and dedicated to their aspirations. Let us unite closely around the Party Central Committee with Comrade Xi Jinping as the core, and thoroughly implement the deployment and arrangement of the provincial Party committee and provincial government, and the work requirements of regulatory authorities. Hand in hand, we will work together, take all efforts, have firm confidence and engage in practical work to continuously create a bright future for Bank of Guizhou with "Heartfelt Bank, Shared Happiness".



Secretary of the Party Committee and Chairman

Company Profile

1. BASIC INFORMATION

LEGAL CHINESE NAME:

貴州銀行股份有限公司

ENGLISH NAME:

BANK OF GUIZHOU CO., LTD.

LEGAL REPRESENTATIVE:

Mr. YANG Mingshang

AUTHORISED REPRESENTATIVES FOR THE HONG KONG STOCK EXCHANGE:

Mr. YANG Mingshang, Mr. ZHOU Guichang

BOARD SECRETARY AND COMPANY SECRETARY:

Mr. ZHOU Guichang

REGISTERED ADDRESS:

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

HEAD OFFICE IN THE PRC:

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG:

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

CONTACT ADDRESS:

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

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

PLACE OF LISTING, STOCK NAME AND STOCK CODE:

The Stock Exchange of Hong Kong Limited, BANK OF GUIZHOU, 06199.HK

CORPORATE UNIFORM SOCIAL CREDIT CODE:

915200000550280000

FINANCIAL LICENSE INSTITUTION NUMBER:

B1383H252010001

AUDITORS:

Overseas Auditor: BDO Limited

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

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE:

Computershare Hong Kong Investor Services Limited

Company Profile (Continued)

2. COMPANY PROFILE

Officially listed on 11 October 2012, and headquartered in Guiyang City, Guizhou Province, Bank of Guizhou is a legal person financial institution established through the merger and reorganization of Zunyi City Commercial Bank, Anshun City Commercial Bank and Liupanshui City Commercial Bank. Bank of Guizhou has been listed on the main board of The Hong Kong Stock Exchange on 30 December 2019 with its stock code of 6199.HK. As at the end of the Reporting Period, the Bank had 5,523 regular employees and totally 222 business outlets.

Bank of Guizhou always adheres to the concept of “bank with heart”, strongly supports the economic and social development of Guizhou, established business areas covering corporate banking, retail banking, small and micro financial services, financial market operations, and asset management, continuously innovated business products, and each business has developed rapidly, with branches in 88 counties (districts, cities) in Guizhou Province. Electronic banking, mobile banking, WeChat banking, online banking, telephone banking and other service channels have been continuously improved, and the customer base has been continuously expanded. Bank of Guizhou insists on steady and prudent operations, and has established a comprehensive risk management system that matches business development. Bank of Guizhou ranked 252nd in the world in the list of “2023 Top 1000 Global Banks” released by the British Magazine “the Banker”, and ranked 46th in the “2023 China Top 100 Bank List” released by the China Banking Association.

Bank of Guizhou continuously strengthens the construction of the production & disaster recovery system of “Two Locations with Three Centers”, with the Jinyang Data Center and Guian Unicom’s IDC data room serving as local dual-active centers, and the Zunyi Backup Center for Disaster Recovery serving as an off-site data-level backup center for disaster recovery, so as to form the layout framework of “Two Locations with Three Centers” to improve the availability and stability of the entire information-based system and achieve a historic breakthrough in the technical and support capabilities for business continuity. Bank of Guizhou continues to strengthen the application of new technologies such as cloud computing, artificial intelligence, big data, biometric identification, etc.. It is China’s first bank that fully implements private cloud-based transaction systems, as well as China’s first bank to adopt distributed deployment of major transaction system applications and databases, significantly improving its business continuity assurance capacity and high concurrency bearing capacity.

Company Profile (Continued)

3. HONORS & AWARDS

Honors & Awards	Awarding Institute
The Third Prize for Financial Technology Development Award (Distributed Microservice Platform Based on Service Grid) (金融科技發展獎三等獎(基於服務網格的分佈式微服務平台))	The Head Office of the People's Bank of China (中國人民銀行總行)
National May Fourth Red Flag Youth League Branch, Guiyang Convention and Exhibition City Sub-branch of Bank of Guizhou (「全國五四紅旗團支部」貴州銀行貴陽會展城支行團支部)	The Central Committee of the Communist Young League (共青團中央)
The 21st National Youth Civilization (1-Star), Bank of Guizhou Guiyang Branch Business Department (「全國五四紅旗團支部」貴州銀行貴陽會展城支行團支部)	The Central Committee of the Communist Young League (共青團中央)
Guizhou Green Finance Innovation Institution (貴州省綠色金融創新機構)	Guizhou Local Financial Supervision and Administration (貴州省地方金融監管局)
2023 Joint Operation Award (2023年聯動運營獎)	Guizhou Branch of China UnionPay (中國銀聯貴州分公司)
2023 Top 100 Proprietary Clearing Companies (2023年度自營結算100強)	China Central Depository & Clearing Co., Ltd. (中央國債登記結算有限責任公司)
2023 Outstanding Contributor to Collateral Business (2023年度擔保品業務傑出貢獻機構)	China Central Depository & Clearing Co., Ltd. (中央國債登記結算有限責任公司)
2023 Excellent Financial Debt Issuers (2023年優秀金融債發行機構)	China Central Depository & Clearing Co., Ltd. (中央國債登記結算有限責任公司)
2023 Best Security in Corporate Digital Finance (2023年企業數字金融最佳安全獎)	China Financial Certificate Authority (CFCA) (中國金融認證中心)
The Fourth Guizhou Province Integrity Model Enterprise (貴州省第四屆誠信示範企業)	Guizhou Province Social Credit System Construction Joint Meeting Office (貴州省社會信用體系建設聯席會議辦公室)
Best Small and Medium-sized Transaction Bank (最佳中小銀行交易銀行)	China Transaction Banking 50 Forum, Organizing Committee of Annual Conference of China Transaction Bank (中國交易銀行50人論壇、中國交易銀行年會組委會)
The Third (2023) "Jin Xin Tong" Fintech Innovation and Application Excellent Case (第三屆(2023)「金信通」金融科技創新應用優秀案例)	China Academy of Information and Communications Technology (CAICT) (中國信息通信研究院)
Best Partner 2023 (2023年最佳合作夥伴)	Alipay (China) (支付寶(中國))

Company Profile (Continued)

Honors & Awards	Awarding Institute
The Cohesive Contribution Award (凝聚貢獻獎)	Asia Financial Cooperation Alliance (亞洲金融合作聯盟)
C2023 GF60 Best Financial Institution Award for Green Finance (2023年度GF60綠色金融最佳金融機構獎)	Green Finance Forum of 60 (綠色金融60人論壇)
Commercial Bank Inclusive Finance Outstanding Contribution Award (商業銀行普惠金融突出貢獻獎)	The Second Retail Banking Summit (第二屆零售銀行峰會)
Award for Excellence in SME Financial Service Bank (卓越小微金融服務銀行獎)	The Second Retail Banking Summit (第二屆零售銀行峰會)
2023 Best ESG Practice Bank in China at the Gamma Award (2023年中國銀行業ESG實踐天璣獎)	Securities Times (證券時報)
One of the Green Finance Innovations on 2022 ESG's Annual Innovation Experiment List (2022 ESG年度創新實驗榜綠色金融創新案例)	Wallstreetcn (華爾街見聞)
Excellence in ESG Practices at the 2022 JRJ "Golden Wisdom Award" (2022金融界「金智獎」ESG踐行卓越典範獎)	JRJ.COM (金融界)
Bank with Outstanding Operational Management Capability (卓越運營管理能力銀行)	PY Standard (普益標準)
The Fifth "Iron Horse" Small and Medium-sized Bank Award for Famous Brand Banks (第五屆「鐵馬」中小銀行評選知名品牌銀行)	Modern Bankers (當代金融家)
2022 Pioneer Bank for Social Responsibility at the China Finance Billboard (中國財經風雲榜2022年度社會責任先鋒銀行)	Hexun.com (和讯)

Summary of Accounting Data and Financial Indicators

	For the year ended 31 December					
	2023	2022	Year-on-Year	2021	2020	2019
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>					
			Rate of change (%)			
Operation results						
Net interest income	8,750.02	10,094.21	(13.32)	9,514.49	10,121.39	9,870.96
Net fee and commission income	338.25	363.13	(6.85)	427.87	362.52	94.64
Operating income	11,344.69	11,989.98	(5.38)	11,737.16	11,247.61	10,705.53
Operating expenses	(3,969.75)	(3,836.78)	3.47	(3,729.77)	(3,555.74)	(3,422.11)
Impairment losses on assets	(3,324.10)	(3,856.07)	(13.80)	(3,900.17)	(3,231.79)	(3,172.77)
Total profit	4,037.48	4,299.34	(6.09)	4,190.46	4,355.30	4,091.39
Net profit	3,653.33	3,829.46	(4.60)	3,705.71	3,670.66	3,563.64
Per share (RMB)						
Net assets per share	3.32	3.01	10.27	2.67	2.47	2.32
Basic earnings per share	0.24	0.26	(7.69)	0.25	0.25	0.29
			Change (%)			
Profitability indicators (%)						
Return on average total assets ⁽¹⁾	0.66%	0.74%	(0.08%)	0.77%	0.85%	0.95%
Return on average equity ⁽²⁾	7.91%	9.23%	(1.32%)	9.88%	10.50%	12.01%
Net interest spread ⁽³⁾	1.86%	2.28%	(0.42%)	2.37%	2.44%	2.75%
Net interest margin ⁽⁴⁾	1.77%	2.22%	(0.45%)	2.29%	2.55%	2.82%
Net fee and commission income to operating income	2.98%	3.03%	(0.05%)	3.65%	3.22%	0.88%
Cost-to-income ratio ⁽⁵⁾	33.50%	30.68%	2.82%	31.09%	30.29%	30.84%

Summary of Accounting Data and Financial Indicators (Continued)

	2023	2022	Year-on-Year	2021	2020	2019
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>					
			Rate of change (%)			
Scale indicators						
Total assets	576,786.03	533,781.34	8.06	503,880.17	456,401.20	409,388.80
Including: Gross loans and advances to customers	331,948.54	293,527.57	13.09	250,486.58	213,922.91	179,867.72
Net loans and advances to customers ⁽⁶⁾	316,610.23	279,738.68	13.18	238,834.74	206,152.61	173,349.70
Total liabilities	528,368.12	489,810.81	7.87	464,892.34	420,373.38	375,499.56
Including: Deposits from customers ⁽⁷⁾	356,246.25	326,324.45	9.17	305,521.02	289,042.77	260,266.47
Share capital	14,588.05	14,588.05	–	14,588.05	14,588.05	14,588.05
Total equity	48,417.91	43,970.53	10.11	38,987.83	36,027.82	33,889.24
			Change (%)			
Asset quality indicators						
Non-performing loan ratio ⁽⁸⁾	1.68%	1.47%	0.21%	1.15%	1.15%	1.18%
Allowance coverage ratio ⁽⁹⁾	287.71%	351.21%	(63.50%)	426.41%	334.36%	324.95%
Allowance to gross loans ⁽¹⁰⁾	4.83%	5.17%	(0.34%)	4.90%	3.84%	3.85%
			Change (%)			
Capital adequacy ratio indicators ⁽¹¹⁾						
Core tier-one capital adequacy ratio	11.25%	11.20%	0.05%	11.79%	11.63%	12.30%
Tier-one capital adequacy ratio	12.16%	11.91%	0.26%	11.79%	11.63%	12.30%
Capital adequacy ratio	13.30%	13.82%	(0.52%)	13.78%	13.67%	14.45%
Total equity to total assets	8.39%	8.24%	0.15%	7.74%	7.89%	8.28%
			Change (%)			
Other indicators						
Liquidity coverage ratio	365.70%	419.41%	(53.71%)	334.63%	289.00%	320.18%
Liquidity ratio	106.05%	133.49%	(27.44%)	112.85%	91.94%	96.29%
Loan-to-deposit ratio	95.01%	91.31%	3.70%	82.94%	74.63%	69.60%

Summary of Accounting Data and Financial Indicators (Continued)

Notes:

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

Management Discussion and Analysis

4.1 ECONOMIC, FINANCIAL AND POLICY ENVIRONMENT

According to the Central Financial Work Conference held in October 2023, small and medium-sized financial institutions shall carry out specialized financial services based on local distinctiveness and make efforts in five major articles, namely technology finance, green finance, inclusive finance, pension finance and digital finance, which provide the fundamental principles and action guidance to follow for financial work in the future. In the long run, the accelerated transformation of economic structure and the gradual establishment of a new development pattern, against the backdrop of the era of comprehensively promoting the realization of the Chinese path to modernization, provide a broad space for the development of the banking industry. At present, despite facing certain pressure and outstanding problems such as the lack of effective demand, structural contradictions, etc., China's economy has strong resilience, great potential and sufficient vitality, the market will gradually recover, and the economic growth rate is expected to return to a reasonable space, indicating, in general, the coexistence of opportunities and challenges for the development of the banking industry. From the perspective of the business environment, with the constantly improved continuity and pertinence of macro policies, continuously strengthened coordination of various policies, more accurate fiscal policies, and more vigorous monetary policies, the development of the banking industry ushers in new opportunities and patterns. From the perspective of the development trend, as a result of more drastic industrial competition and gradually differential business performance, it will be crucial for commercial banks to improve their core competitiveness by enhancing the ability to serve the real economy, accelerating digital transformation, and strengthening product and service capabilities.

4.2 ANALYSIS OF OPERATION PERFORMANCE

4.2.1 Development strategies and future development prospects

With high-quality development as the guiding principle, the Bank adheres to the service concept of "bank with heart", consolidates and strengthens its urban business and vigorously expands the rural market, striving to become the most heartfelt top-notch regional bank in China. Looking ahead, the Bank will, under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly implement the spirit of the Central Economic Working Conference and the Central Financial Work Conference, adhere to the market positioning of "serving urban and rural residents, serving small and medium-sized enterprises, and serving the local economy", insist on serving the real economy, and make efforts in "five major articles", so as to effectively improve the political and people-oriented nature of financial work and promote high-quality development with all our strength. The main directions for development are as follows:

- I. The Bank will make efforts in technology finance, thoroughly implement the requirements of regulatory bodies on technology finance-related work, establish and improve the financing system and mechanism for science-and-technology enterprises, and increase the support for science-and-technology enterprises in terms of product innovation, credit policy, approval authority, credit process, etc.

Management Discussion and Analysis (Continued)

- II. The Bank will make efforts in green finance, strive to promote the systematic development of green finance, and continuously optimize and improve the system and mechanism in six aspects, including increasing investment, innovating products, improving management, optimizing structure, managing and controlling risks, and expanding influence, so as to strengthen the brand of green bank.
- III. The Bank will make efforts in inclusive finance, implement earnestly the Implementation Opinions on Promoting the High-quality Development of Inclusive Finance, formulate the Bank's inclusive finance implementation plan in the light of the actual situation, further improve the long-term mechanism of dare, willing, able and sure to lend (敢貸、願貸、能貸、會貸) for inclusive micro and small enterprises, and continue to consolidate and improve the quality and efficiency of our work.
- IV. The Bank will make efforts in pension finance, and enrich the financial products for elderly services, with the diversified demands for financial services in the field of pension as the starting point, to help the development of the pension industry. We will intensify efforts to carry out elderly-oriented modification work in online and offline channels and accelerate the optimization and upgrade of elderly-oriented services.
- V. The Bank will make efforts in digital finance, uphold the connotation and goal of business transformation driven by data elements and digital technology, continue to improve the data governance system, and make breakthroughs in the transformation of key businesses in the five areas including connection, data, intelligence, platform, and ecology, so as to constantly forge and enhance our core competitiveness.
- VI. The Bank will boost the development of the real economy, focus on key projects, characteristic industries and high-quality customers of the "Four-zations" construction in Guizhou, and continue to increase our financial support for the construction of the modern industrial system in Guizhou. We will vigorously expand the rural market, continuously improve the construction of the rural service outlets, and increase credit investment in rural areas to help rural revitalization.
- VII. The Bank will consolidate comprehensive risk management infrastructure, adhere to the concept of value creation in risk operation, deepen digitization-driven empowerment, and apply scientific measurement technology means to comprehensively enhance our ability of quantitative analysis on risks, so as to continuously promote the three-dimensional improvement of risk management in terms of digitization, intelligence and elaboration.
- VIII. The Bank will earnestly implement the new capital regulations, focus on giving play to the role of capital in guiding and promoting the business development of the whole bank, accelerate the construction of the capital management system, and improve the level of refined capital management. We will actively broaden capital replenishment channels and enrich the usage of capital replenishment tools to provide strong support for the development of the Bank.

Management Discussion and Analysis (Continued)

4.2.2 Analysis of overall operation performance

In 2023, the opening year of the thorough implementation of the spirit of the 20th CPC National Congress, the Bank adhered to the general principle of high-quality development, closely focused on the main strategy and positioning of Guizhou, overcame difficulties and moved forward, endeavored to achieve a scientific balance among multiple objectives and effective breakthroughs amidst multiple constraints, and continued to push forward the high-quality development, with the overall business situation remaining stable.

Business scale grew steadily. As of the end of the Reporting Period, the Bank recorded total assets of RMB576.786 billion, representing an increase of RMB43.005 billion or 8.06% from the beginning of the year; total loans and advances to customers of RMB331.949 billion, representing an increase of RMB38.421 billion or 13.09% from the beginning of the year; total liabilities of RMB528.368 billion, representing an increase of RMB38.557 billion or 7.87% from the beginning of the year; deposits from customers of RMB356.246 billion, representing an increase of RMB29.922 billion or 9.17% from the beginning of the year.

Operating efficiency was steadily to slightly lower. In order to adapt to the changes in the macro-economic situation, the Bank continued to strengthen risk management and control, accelerate the speed of non-performing assets disposal and increase the provisions, with a slight decline in operating efficiency compared with the same period last year. During the Reporting Period, the Bank recorded operating income of RMB11.345 billion, representing a year-on-year decrease of RMB645 million or 5.38%; net profit of RMB3.653 billion, representing a year-on-year decrease of RMB176 million or 4.60%.

Risk management and control were generally sound. As of the end of the Reporting Period, the Bank recorded non-performing loan ratio of 1.68%, overdue rate of 1.94%, and allowance coverage ratio of 287.71%. Key indicators such as liquidity risk, credit risk, market risk and capital adequacy ratios were fully up to standard.

Capital base continued to be strengthened. As of the end of the Reporting Period, the Bank's core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio were 11.25%, 12.16% and 13.30%, respectively. Over the long term, the Bank's capital adequacy ratio and other indicators have consistently met regulatory requirements

Asset-liability structure was gradually optimized. The Bank's total loans accounted for 57.55% of total assets, representing a year-on-year increase of 2.56 percentage points. The Bank's total deposits accounted for 67.42% of total liabilities, representing a year-on-year increase of 0.80 percentage point, of which total retail deposits accounted for 48.66%, representing a year-on-year increase of 2.97 percentage points.

Management Discussion and Analysis (Continued)

4.2.3 Business summary

I. Fully promoting the transformation of the corporate business

The Bank has been dedicated to serving the construction of “Four-zations”, fully contributing to the real economy, deepening the development of green finance, actively boosting rural revitalization, steadily developing transaction banking, and greatly developing institutional business, to support and enhance the efficiency for the Bank’s high-quality development. **Business scale grew steadily.** As of the end of the Reporting Period, the Bank’s total corporate loans amounted to RMB272.961 billion, representing an increase of RMB22.705 billion or 9.07% from the beginning of the year; total corporate deposits amounted to RMB168.232 billion, representing an increase of RMB6.017 billion or 3.71% from the beginning of the year. **The number of customer has continuously grown.** As of the end of the Reporting Period, the Bank had 108,981 corporate customers, representing an increase of 12,378 or 12.81% from the beginning of the year; 17,242 institutional customers, representing an increase of 938 or 5.75% from the beginning of the year; 1,180 of trade financing customers, representing an increase of 243 or 25.93% from the beginning of the year.

(I) Focusing on “Provincial Plans (省之大計)” and serving “Four News” and “Four-zations”

Situated in the overall situation of the province-wide reform and development, the Bank made every effort to serve the “Four-zations” centered on the “Four News”. As of the end of the Reporting Period, the balance of new industrialization loans of the Bank was RMB25.19 billion, with a cumulative investment of RMB17.856 billion during the year; the balance of new urbanization loans was RMB152.418 billion, with a cumulative investment of RMB20.746 billion during the year; the balance of tourism industrialization loans was RMB18.726 billion, with a cumulative investment of RMB4.35 billion during the year; the balance of agricultural modernization loans was RMB24.448 billion, with a cumulative investment of RMB9.584 billion during the year.

(II) Continuously improving the capability serving the real economy

The Bank has been adhering to its original founding intention by comprehensively strengthening its financial expertise and striving to serve the real economy. By taking the “SME Credit (中小企業信貸通)” product as the method, the Bank provided strong financial support for “specialized, refined and new” small and medium-sized enterprises with high growth and great market potential; took an active part in marketing and promotion activities around the industrial investment promotion action plan, took the initiative to coordinate the political, financial and enterprise financing activities across the province, and continuously improved the quality and efficiency of financial services to the real economy. As of the end of the Reporting Period, the financing balance of the Bank for the real economy amounted to RMB204.604 billion, representing an increase of RMB28.534 billion or 16.21% from the beginning of the year, mainly invested in Maotai-flavor liquor cluster, new energy battery industry chain and core enterprise circle, phosphorus and fluorine battery material industries, big data industry and other fields.

Management Discussion and Analysis (Continued)

(III) Practicing green concept and deepening the development of green finance

The Bank actively explored new models of green development based on “carbon”, to promote the deepening and innovative development of green finance and help to drive the strategy of “Carbon Peak and Carbon Neutrality” with practical actions. During the Reporting Period, the Bank successfully implemented the first carbon reduction support loan for a local legal entity financial institution in Guizhou Province, innovatively launched the “Qian Lin Loan (黔林貸)” product, and promoted the smooth commissioning and operation of a new generation of green financial management system. As of the end of the Reporting Period, the Bank’s green credit balance was RMB52.194 billion, representing an increase of RMB5.564 billion or 11.93% from the beginning of the year, mainly invested in new chemical industry, commercial forestry and forest economy, ecotourism and other fields.

(IV) Developing investment banking business to boost the development of industrial economy

The Bank promoted the steady development of its investment banking business and continuously optimized its asset structure to boost the transformation and upgrade of the green industry, the real economy and the economy of “agriculture, rural areas and farmers”. By comprehensively applying debt financing tools, asset securitization and other products to realize asset investment, as of the end of the Reporting Period, the Bank recorded the balance of standardized assets from investment banking business amounting to RMB29.125 billion, accounting for 69.76% of the investment banking asset size, up 6.66 percentage points from the beginning of the year, with asset liquidity and security further enhanced. The Bank actively broadened funding channels, successfully issued RMB4 billion of financial debenture for small and micro enterprises and RMB2.5 billion of financial debenture for agriculture, rural areas and farmers (Phase I) and fully utilized capital market tools, to introduce low-cost funds, which were specifically used to support the development of green industry, micro and small enterprises, and “agriculture, rural areas and farmers”.

(V) Committing to rural revitalization and better servicing to the works in relation to three rural issues

Focusing on the key areas of “agriculture, rural areas and farmers”, the Bank has continued to increase its credit investment by improving service mechanisms, customizing service solutions, optimizing the allocation of resources, etc., to provide strong financial support to Guizhou Province for promoting rural revitalization in an all-round way and realizing rural residents’ income enrichment. During the Reporting Period, the Bank made loans of RMB2.279 billion to leading agricultural enterprises at the provincial level and above, favorably issued the first special financial bond for “agriculture, rural areas and farmers”, and successfully implemented the first “insurance + futures + banking” business in Guizhou Province. As of the end of the Reporting Period, the balance of the Bank’s loans for rural revitalization amounted to RMB64.703 billion, representing an increase of RMB13.755 billion or 27.00% from the beginning of the year; the balance of the loans in support of the key areas of food amounted to RMB10.722 billion, representing an increase of 13.04%; and the total amount of loans for Zunyi’s red sorghum industry amounted to more than RMB7 billion, with a balance of RMB2.844 billion, benefiting more than 100,000 peasant households.

Management Discussion and Analysis (Continued)

(VI) *Enhancing industrial empowerment to achieve improvement in both quantity and quality of customers*

The Bank continued to enrich the application scenarios such as wealth management and payroll credit by focusing on the treasury management needs of core group customers to continuously enhance customer stickiness. In response to the pain points and difficulties in the reform of corporate treasury, the Bank has empowered the industry starting with cash management, whereby the types of cash management customers have covered media, liquor, tourism, construction, education and pharmaceutical and other industries, with 1,892 customers, representing an increase of 302 customers or 18.99% from the beginning of the year; and an annual trading volume of nearly RMB100 billion, representing a year-on-year increase of 56%.

(VII) *Focusing on industrial chain and demonstrating the vitality of transaction banking business*

Taking data as an essential factor, platform as a carrier and technology as a driver, the Bank has built an integrated system between core enterprises and upstream and downstream firms, relying on the industrial chain of core enterprises, to effectively promote the synergistic development of the “ecological chain” of core enterprises. As of the end of the Reporting Period, the Bank had 195 core customers and 985 upstream and downstream customers in the supply chain; the balance of trade financing was RMB12.626 billion, representing an increase of RMB1.564 billion or 14.14% from the beginning of the year; the total investment in trade financing during the Reporting Period was RMB14.311 billion, of which 88.86% was invested in small and medium-sized enterprises, satisfying the financing needs of 1,035 small and medium-sized enterprises. The Bank continued to strengthen risk management and control of its trade finance business to ensure the quality of trade finance assets through measures such as strengthening the authenticity audit of trade backgrounds and enhancing the quality of post-loan management.

(VIII) *Serving diversified needs to ensure steady development of institutional business*

Focusing on key funds and customers, the Bank made every effort to stabilize the fundamentals for its high-quality development. During the Reporting Period, the Bank did a solid job in undertaking and retaining funds in the financial category, social security and medical insurance, and state-owned assets, deepened cooperation with the judicial system and departments involved in education, medical and other people’s livelihoods, and achieved full coverage of the accounts and systems integrating of provident fund centers at the municipal and prefecture levels across the province. As of the end of the Reporting Period, the Bank’s institutional deposit balance was RMB66.871 billion, representing an increase of RMB4.981 billion or 8.05% from the beginning of the year.

Management Discussion and Analysis (Continued)

II. *Deeply cultivating retail business*

The Bank has been fully committed to making efforts in inclusive finance, adhering to its main responsibility of serving the local as well as micro, small and medium-sized enterprises, striving to provide more enterprises, people and groups with financial service needs at an affordable cost, fully promoting personal business, attentively serving micro and small private enterprises, vigorously developing rural service businesses, focusing on the development of consumer finance, and making solid progress in integrating online + offline development. **The business scale has accelerated.** As of the end of the Reporting Period, the total personal deposits in the Bank amounted to RMB173.362 billion, representing an increase of RMB24.256 billion or 16.27% from the beginning of the year. Total personal loans amounted to RMB47.530 billion, representing an increase of RMB8.628 billion or 22.18% from the beginning of the year. **The effect of cost reduction and efficiency enhancement has been evident.** During the Reporting Period, the Bank's retail banking realized income of RMB2.037 billion, representing a year-on-year decrease of RMB0.64 billion. Despite the decrease in operating income, the Bank's retail banking business achieved a profit before tax of RMB0.919 billion, representing a year-on-year increase of RMB96 million or 11.66%. **The business structure has been continuously optimized.** As of the end of the Reporting Period, the Bank's personal deposits accounted for 48.66% of the Bank's total deposits, representing a year-on-year increase of 2.97 percentage points. Personal loans accounted for 14.32% of the Bank's total loans, representing a year-on-year increase of 1.07 percentage points. **The customer base has been consolidated.** As of the end of the Reporting Period, the number of personal deposit customers was 11,679,000, representing an increase of 798,000 or 7.33% from the beginning of the year. The number of inclusive micro and small enterprise loan customers was 59,100, representing an increase of 26,400 or 80.80% from the beginning of the year. The number of merchant acquirers was 68,900, representing an increase of 34,600 or 100.64% from the beginning of the year. The number of mobile banking customers reached 6,485,000, representing an increase of 723,100 or 12.55% from the beginning of the year. The number of monthly active customers reached 917,300 in December, representing an increase of 30.40% from the beginning of the year.

(I) *Innovating marketing services for stable and sustainable personal business*

The Bank actively enhanced its capability of data analysis and application, enriched customer data labels, optimised the images of clients, and made full use of BI analysis tools to conduct selection of customer bases. The Bank continuously innovated the marketing strategies for individual customer groups and strengthened public-private linkage, with the amount of payroll credit exceeding RMB70 billion for the first time. The Bank also actively organized the "re-employment (再進工)" marketing campaign, reaching out to 1,878 union units and covering 524,700 union cards customers, with the average deposit increasing by RMB2,825 per union cards customer as compared with the beginning of the year. The Bank paid close attention to curtail expenditures through cost reduction and efficiency enhancement, with the dividend payout ratio on personal deposits decreased by 19 BPs as compared with the beginning of the year. As of the end of the Reporting Period, the increase in individual deposits ranked first among the industry across the province, and the market ranking of the balance of personal deposits rose by one place to the third place among the industry, with the portion of the balance increasing by 0.32 percentage point as compared with the beginning of the year.

Management Discussion and Analysis (Continued)

(II) *Firmly adhering to main responsibilities and releasing the vitality of inclusive micro and small enterprises*

The Bank, as a city commercial bank, firmly adhered to its function of finance for the local economy, SMEs and city residents, actively conducted the organic combination of the needs of Guizhou, the capabilities of finance, and the strengths of Bank of Guizhou, strived to improve the willingness, ability and sustainability of serving micro and small enterprises and other market players, and firmly embarked on the development road of distinctive and digitized inclusive finance. During the Reporting Period, the Bank granted inclusive micro and small enterprise loans with a total amount of RMB34.394 billion to 42,700 micro and small business customers. As of the end of the Reporting Period, the Bank's balance of inclusive micro and small enterprise loans reached RMB47.428 billion, representing an increase of RMB9.493 billion or 25.02% from the beginning of the year. The Bank ranked among the top legal institutions in the province in terms of key indicators, such as the growth rate of the proportion in the balance of loans for inclusive micro and small enterprises among peers and the new balance of loans for inclusive micro and small enterprises.

(III) *Optimizing service experience and making steady progress in consumer finance*

The Bank fully implemented the requirement of "boosting consumption", focused on the three core businesses of personal housing mortgage, consumer credit and credit card, and continuously optimized its asset structure to steadily develop its consumer finance business. During the Reporting Period, the Bank continued to accelerate the networking process, continuously enriched the product system, and improved the service efficiency to provide customers with more professional and comprehensive financial services. The Bank carried out housing mortgage business in an orderly manner, strengthened cooperation with high-quality property developers and house agents, and actively optimized mortgage loan products to meet the diversified needs of the market. The Bank focused on catering, shopping areas, traveling and other high-frequency consumption scenarios, as well as home decoration, automobiles and other large-value installment scenarios, and carried out various theme activities for marketing to effectively enhance customer activity and boost consumption recovery. As at the end of the Reporting Period, the Bank had 706,000 consumer finance customers, representing an increase of 145,500 or 25.95% from the beginning of the year; the balance of consumer finance assets amounted to RMB32.579 billion, representing an increase of RMB3.905 billion or 13.62% from the beginning of the year.

Management Discussion and Analysis (Continued)

(IV) Earnestly serving agriculture, rural areas and farmers, and steadily advancing business that benefiting farmers and agriculture

The Bank stood firm on the main battlefield and position of rural revitalization, providing continuous financial assistance for the key areas and weak links of rural revitalization, and made every effort to promote the quality and efficiency of the business that benefiting farmers and agriculture, striving to draw a “concentric circle” for the development of “agriculture, rural areas and farmers”. A total of 2,135 rural service outlets have been built and opened, achieving full coverage at the township level across the province, continuing to improve the rural payment environment and enhance the convenience of payment for the public. As of the end of the Reporting Period, the rural service terminals have handled 749,900 transactions for rural people such as small amount withdrawals, cash remittances, remittance transfers, charge agency services, and balance enquiries, with a total amount of RMB1.470 billion. The Bank continued to increase its credit support to the agricultural sector and actively promoted “Agriculture Revitalization Loan (興農貸)” and other financial products to support the development of high-quality agricultural projects and stimulate agricultural science and technology innovation. As of the end of the Reporting Period, the balance of “Agriculture Revitalization Loan” amounted to RMB8.725 billion, representing an increase of RMB5.137 billion or 143.17% as compared with the beginning of the year.

(V) Facilitating transformation and development, and demonstrating achievements of channel support

Taking the digital transformation as an opportunity, the Bank played the role of channel support and empowerment and continued to enrich the functions of the platform to enhance the channel’s financial services and business support capabilities. The Bank ploughed deep into special scenarios and continued to make efforts in education, e-commerce, labor service and other scenarios to provide efficient and customized financial services for different types of customers, and completed the pilot of hall intelligence in 21 outlets of the Bank, laying a solid foundation for the comprehensive transformation of the outlets. As of the end of the Reporting Period, the Bank’s electronic financial transactions accounted for 99.22% of the total transactions, with 612 million transactions occurring throughout the year, representing an increase of 167 million transactions over the previous year, clearly demonstrating the role of the main channel. The Bank’s acquiring business developed rapidly, processing 138 million merchant transactions during the year, with a transaction amount of RMB30.6 billion, and deposits from acquiring accounts continued to grow, with remarkable results in support empowerment.

Management Discussion and Analysis (Continued)

III. *Strengthening the foundation of financial market business*

The Bank actively responded to changes in the macroeconomic situation and fluctuations in the financial market, adhered to the strategy of prioritizing safety and liquidity while taking into account efficiency, dynamically adjusted its asset portfolio, seized trading opportunities, and achieved a balance between liquidity and efficiency. As of the end of the Reporting Period, the net financial investment of the Bank amounted to RMB211.957 billion, representing an increase of RMB10.039 billion or 4.97% from the beginning of the year. The financial markets business achieved operating income of RMB3.091 billion and profit before tax of RMB1.312 billion.

(I) *Strengthening financial services and enhancing the quality efficiency of interbank cooperation*

The Bank strengthened its research and judgment on macro policies and markets, continuously enhanced the depth and breadth of its participation in the interbank market, enriched its business varieties, proactively adjusted its trading strategies, and fully grasped the market opportunities brought about by the expected policy of making cuts to interest rates and required reserve ratios, which increased investment income while optimizing its financial investment asset portfolio. During the Reporting Period, the Bank continued to expand its circle of friends in the interbank market, with interbank customers nationwide, and constantly enhanced the breadth and depth of interbank cooperation, further strengthening the foundation of interbank cooperation. As of the end of the Reporting Period, a total of 503 institutions carried out interbank credit to the Bank, representing an increase of 66 institutions from the beginning of the year, and the amount of additional interbank credit to the Bank by institutions during the year amounted to RMB18.23 billion.

(II) *Fulfilling underwriting obligations to help economic and social development*

The Bank earnestly fulfilled its responsibilities as a financial enterprise, took the needs of the real economy as its guide, continuously optimized its financing structure, enhanced its ability to provide financial services to the real economy, and provided precise services to assist the real economy in its high-quality development. During the Reporting Period, the Bank actively fulfilled its obligations as an underwriting syndicate for treasury bonds, China Development Bank Bonds, and local government bonds of Guizhou Province, and ranked 30th in the overall ranking of treasury bond underwriting syndicate, representing an increase of 10 places as compared with the previous year; and actively cooperated with the underwriting of local government bonds of Guizhou Province to support the development of the local economy.

Management Discussion and Analysis (Continued)

(III) Enriching product types and wholeheartedly managing people's finances

The Bank adhered to the philosophy of “honesty and integrity, diligence and sincerity, and prudent development” for asset management business, and promoted the long-term development of its asset management business with high-quality work. As of the end of the Reporting Period, all of the Bank's existing wealth management products were net value wealth management products, covering a wide range of product categories such as cycle-open, regular-open, closed net-value and cash management, with maturities ranging from 1 day to 2 years, to meet the needs of customers' long-, medium- and short-term financial investments.

(IV) Strengthening investment and research capabilities and transforming and upgrading asset management

The Bank continued to strengthen the construction of investment and research capacities of its asset management business, adhered to the development direction of diversified assets allocation and continued to enrich asset types to diversify investment risks. During the Reporting Period, the Bank took “assets with short duration + high coupon rate” as its core allocation strategy for its asset management and gradually promoted the transformation of the Bank's wealth management investment from single investment mainly in bonds to multiple investment strategy including straight bond funds, FOF special accounts and secondary bond funds; and continued to strengthen its market-timing and judgement capability in the capital market, effectively enhancing the ability of asset portfolios to resist market risks and helping the implementation of the livelihood project of “increasing the property income of urban residents of Guizhou Province”.

(V) Reigning with a number of awards and further upgrading the brand

The Bank continuously improved its asset management level and continued to expand its market influence, honored with the “Bank with Outstanding Operational Management Capability” at the Golden Prestige Awards (PY Standard) for two consecutive years; “Gui Yin Heng Li Qian Duo Duo (貴銀恒利黔多多)” wealth management products were awarded the “2023 Profitable Wealth Management (Cash Management Category)” at the second Golden Toad Awards (金蟾獎) by Lianhe Zhiping (聯合智評); and a number of products were awarded 5-star products in the China Securities Journal Golden Bull Award, among which “Gui Yin Heng Li Qian Li Ying 175 Days (貴銀恒利黔利盈175天)” was awarded “5-star Fixed Income Product” for the first quarter of 2023 in Golden Bull, and “Gui Yin Heng Li Qian Li Ying 357 Days (貴銀恒利黔利盈357天)” was awarded “5-star Fixed Income Product” for the first and second quarters of 2023 in Golden Bull.

Management Discussion and Analysis (Continued)

4.3 ANALYSIS OF PROFIT STATEMENTS

In 2023, the Bank recorded operating income of RMB11,345 million; profit before tax of RMB4,037 million; net profit of RMB3,653 million, representing a decrease of 4.60% as compared with the corresponding period of the previous year.

	For the year ended 31 December			
	2023	2022	Change	Rate of change (%)
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>			
Interest income	22,178.62	22,467.06	(288.44)	(1.28)
Interest expense	(13,428.60)	(12,372.85)	(1,055.75)	8.53
Net interest income	8,750.02	10,094.21	(1,344.19)	(13.32)
Fee and commission income	548.91	597.66	(48.75)	(8.16)
Fee and commission expense	(210.66)	(234.53)	23.87	(10.18)
Net fee and commission income	338.25	363.13	(24.88)	(6.85)
Net trading gains	938.25	548.35	389.90	71.10
Net gains arising from investment securities	1,111.99	845.54	266.45	31.51
Other operating income	206.18	138.75	67.43	48.60
Operating income	11,344.69	11,989.98	(645.29)	(5.38)
Operating expenses	(3,969.75)	(3,836.78)	(132.97)	3.47
Impairment losses on assets	(3,324.10)	(3,856.07)	531.97	(13.80)
Share of (losses)/gains of associates	(13.36)	2.21	(15.57)	(704.52)
Profit before tax	4,037.48	4,299.34	(261.86)	(6.09)
Income tax expense	(384.15)	(469.88)	85.73	(18.25)
Net profit	3,653.33	3,829.46	(176.13)	(4.60)

Management Discussion and Analysis (Continued)

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

In 2023, the Bank's net interest income amounted to RMB8,750 million, accounting for 77.13% of the operating income.

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

	For the year ended 31 December					
	2023			2022		
	Average balance	Interest income/expense	Average yield/cost ⁽¹⁾ (%)	Average balance	Interest income/expense	Average yield/cost ⁽¹⁾ (%)
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>					
Assets						
Total loans and advances to customers	317,388.01	16,379.85	5.16	275,155.23	15,932.77	5.79
Financial investments ⁽²⁾	134,627.01	5,085.01	3.78	133,850.08	5,830.47	4.36
Deposits with the central bank	19,614.67	293.40	1.50	19,815.62	296.87	1.50
Deposits with banks and other financial institutions	3,351.07	49.56	1.48	2,307.51	30.17	1.31
Financial assets held under resale agreements	20,677.60	370.80	1.79	22,646.88	376.78	1.66
Total interest-earning assets	495,658.36	22,178.62	4.47	453,775.32	22,467.06	4.95
Liabilities						
Deposits from customers	345,901.53	8,997.32	2.60	314,579.80	8,273.29	2.63
Deposits from banks and other financial institutions	23,060.02	601.70	2.61	23,563.32	692.24	2.94
Borrowings from the central bank	38,638.69	1,013.61	2.62	35,845.73	985.80	2.75
Placements from banks and other financial institutions	5,386.51	146.09	2.71	4,702.23	152.43	3.24
Financial assets sold under repurchase agreements	7,240.52	112.69	1.56	9,222.55	150.75	1.63
Debt securities issued	94,466.49	2,557.19	2.71	75,028.08	2,118.34	2.82
Total interest-bearing liabilities	514,693.76	13,428.60	2.61	462,941.71	12,372.85	2.67
Net interest income		8,750.02			10,094.21	
Net interest spread ⁽³⁾		1.86%			2.28%	
Net interest margin ⁽⁴⁾		1.77%			2.22%	

Notes:

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

Management Discussion and Analysis (Continued)

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

Item	For the year ended 31 December 2023 compared to 2022		
	Increase/(decrease) as a result of Scale ⁽¹⁾	Interest rate ⁽²⁾	Net increase/ (decrease) ⁽³⁾
<i>(Expressed in millions of RMB, unless otherwise stated)</i>			
Interest-earning assets			
Total loans and advances to customers	2,179.56	(1,732.48)	447.08
Financial investments	29.35	(774.81)	(745.46)
Deposits with the central bank	(3.01)	(0.46)	(3.47)
Deposits with banks and other financial institutions	15.43	3.96	19.39
Financial assets held under resale agreements	(35.31)	29.33	(5.98)
Changes in interest income	<u>2,186.02</u>	<u>(2,474.46)</u>	<u>(288.44)</u>
Interest-bearing liabilities			
Deposits from customers	814.72	(90.69)	724.03
Deposits from banks and other financial institutions	(13.13)	(77.41)	(90.54)
Borrowings from central bank	73.27	(45.46)	27.81
Placements from banks and other financial institutions	18.56	(24.90)	(6.34)
Financial assets sold under repurchase agreements	(30.85)	(7.21)	(38.06)
Debts securities issued	526.19	(87.34)	438.85
Changes in interest expenses	<u>1,388.76</u>	<u>(333.01)</u>	<u>1,055.75</u>
Changes in net interest income	<u>797.26</u>	<u>(2,141.45)</u>	<u>(1,344.19)</u>

Notes:

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

Management Discussion and Analysis (Continued)

4.3.2 Analysis on interest income

In 2023, the Bank realized interest income of RMB22,179 million, representing a year-on-year decrease of RMB288 million.

I. Interest income from loans and advances to customers

In 2023, the Bank's interest income from loans to customers was RMB16,380 million, representing a year-on-year increase of RMB447 million or 2.81%.

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

	For the year ended 31 December					
	Average balance	2023 Interest income	Average yield (%)	Average balance	2022 Interest income	Average yield (%)
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>					
Corporate loans and advances	266,260.31	14,260.38	5.36	230,852.52	13,968.74	6.05
Personal loans and advances	43,206.09	1,982.45	4.59	34,972.50	1,797.63	5.14
Discounted bills	7,921.61	137.02	1.73	9,330.21	166.40	1.78
Total loans and advances to customers	317,388.01	16,379.85	5.16	275,155.23	15,932.77	5.79

II. Interest income from financial investments

In 2023, the Bank's interest income from financial investments was RMB5,085 million, representing a year-on-year decrease of RMB745 million or 12.79%.

III. Interest income from deposits with the Central Bank

In 2023, the Bank's interest income from deposits with the central bank amounted to RMB293 million, representing a year-on-year decrease of RMB3 million or 1.17%.

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

In 2023, the Bank's interest income from deposits with banks and other financial institutions was RMB50 million, representing a year-on-year increase of RMB19 million.

V. Interest income from financial assets held under resale agreements

In 2023, the Bank's interest income from financial assets held under resale agreements was RMB371 million, representing a year-on-year decrease of RMB6 million or 1.59%.

Management Discussion and Analysis (Continued)

4.3.3 Analysis on interest expenses

In 2023, the Bank's interest expense amounted to RMB13,429 million, representing a year-on-year increase of RMB1,056 million or 8.53%.

I. Interest expense on deposits from customers

In 2023, the Bank's interest expense on deposits from customers amounted to RMB8,997 million, representing a year-on-year increase of RMB724 million or 8.75%.

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

In 2023, the Bank's interest expense on deposits from banks and other financial institutions amounted to RMB602 million, representing a year-on-year decrease of RMB91 million or 13.08%.

III. Interest expense on financial assets sold under repurchase agreements

In 2023, the Bank's interest expense on financial assets sold under repurchase agreements was RMB113 million, representing a year-on-year decrease of RMB38 million or 25.25%.

IV. Interest expense on debt securities issued

In 2023, the Bank's interest expense on debt securities issued was RMB2,557 million, representing a year-on-year increase of RMB439 million or 20.72%.

V. Interest expense on borrowings from Central Bank

In 2023, the Bank's interest expense on borrowings from central bank amounted to RMB1,014 million, representing a year-on-year increase of RMB28 million or 2.82%.

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

In 2023, the interest expenses on placements from banks and other financial institutions was RMB146 million, representing a year-on-year decrease of RMB6 million.

Management Discussion and Analysis (Continued)

4.3.4 Analysis on non-interest income

I. Fee and commission income

In 2023, the Bank's net fee and commission income amounted to RMB338 million, representing a year-on-year decrease of RMB25 million.

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

	For the year ended 31 December			Rate of change (%)
	2023	2022	Change	
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>			
Acceptance and guarantee services fees	238.86	272.30	(33.44)	(12.28)
Agency services fees	153.61	168.82	(15.21)	(9.01)
Settlement and clearing fees	39.57	40.30	(0.73)	(1.81)
Fund supervision and consultancy services fees	21.49	39.19	(17.70)	(45.16)
Bank card services fees	95.38	77.05	18.33	23.79
Fee and commission income	548.91	597.66	(48.75)	(8.16)
Bank card services expenses	(110.95)	(148.98)	38.03	(25.53)
Other services fee and commission expenses	(99.71)	(85.55)	(14.16)	16.55
Fee and commission expenses	(210.66)	(234.53)	23.87	(10.18)
Net fee and commission income	338.25	363.13	(24.88)	(6.85)

II. Net trading gains

In 2023, the Bank's net trading gains amounted to RMB938 million, representing a year-on-year increase of RMB390 million or 71.10%.

III. Net gains arising from investment securities

In 2023, the Bank's net gains arising from investment securities amounted to RMB1,112 million, representing a year-on-year increase of RMB266 million or 31.51%.

IV. Other operating income/(expenses)

In 2023, the Bank's other operating income was RMB206 million, representing a year-on-year increase of RMB67 million or 48.60%.

Management Discussion and Analysis (Continued)

4.3.5 Analysis on operating expenses

In 2023, the Bank's operating expenses amounted to RMB3,970 million, representing a year-on-year increase of RMB133 million or 3.47%.

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

	For the year ended 31 December			Rate of change (%)
	2023	2022	Change	
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>			
Staff costs	2,450.47	2,358.35	92.12	3.91
Depreciation and amortization	399.62	362.14	37.48	10.35
Rental and property management expenses	42.44	48.90	(6.46)	(13.21)
Taxes and surcharges	168.74	158.39	10.35	6.53
Depreciation of right-of-use assets	124.87	142.63	(17.76)	(12.45)
Interest expense on lease liabilities	11.60	14.22	(2.62)	(18.42)
Other general and administrative fees	772.01	752.15	19.86	2.64
Total operating expenses	3,969.75	3,836.78	132.97	3.47

In 2023, the Bank's staff costs were RMB2,450 million, representing a year-on-year increase of RMB92 million or 3.91%.

In 2023, depreciation and amortization of the Bank amounted to RMB400 million, representing a year-on-year increase of RMB37 million or 10.35%.

In 2023, the Bank's tax and surcharges amounted to RMB169 million, representing a year-on-year increase of RMB10 million or 6.53%.

In 2023, the Bank's depreciation of right-of-use assets amounted to RMB125 million, representing a year-on-year decrease of RMB18 million or 12.45%.

In 2023, the Bank's other general and administrative fees amounted to RMB772 million, representing a year-on-year increase of RMB20 million or 2.64%.

Management Discussion and Analysis (Continued)

4.3.6 Impairment losses on assets

In 2023, the Bank's impairment loss amounted to RMB3,324 million, representing a year-on-year decrease of RMB532 million or 13.80%.

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

	For the year ended 31 December			Rate of change (%)
	2023	2022	Change	
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>			
Loans and advances to customers	2,820.10	3,120.82	(300.72)	(9.64)
Financial investments	703.73	504.76	198.97	39.42
Credit commitments	(142.88)	104.30	(247.18)	(236.99)
Deposit with banks and other financial institutions	2.53	0.40	2.13	532.50
Financial assets held under resale agreements	0.60	–	0.60	–
Others	(59.98)	125.79	(185.77)	(147.68)
Total	3,324.10	3,856.07	(531.97)	(13.80)

4.3.7 Income tax

In 2023, the Bank's income tax amounted to RMB384 million, representing a year-on-year decrease of RMB86 million or 18.25%.

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

Item	For the year ended 31 December			Rate of change (%)
	2023	2022	Change	
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>			
Current income tax expense	1,141.46	1,476.73	(335.27)	(22.70)
Deferred income tax expense	(757.31)	(1,006.85)	249.54	(24.78)
Income tax	384.15	469.88	(85.73)	(18.25)

Management Discussion and Analysis (Continued)

4.4 ANALYSIS ON MAJOR ITEMS IN THE BALANCE SHEET

4.4.1 Assets

As at 31 December 2023, the Bank's total assets amounted to RMB576,786 million, representing an increase of RMB43,005 million or 8.06% as compared to the end of last year.

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

	As at 31 December 2023		As at 31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>			
Gross loans and advances to customers	331,948.54	57.55	293,527.57	54.99
Add: Accrued interest	680.04	0.11	1,388.96	0.25
Less: allowance for impairment losses on assets	(16,018.35)	(2.78)	(15,177.85)	(2.84)
Net loans and advances to customers	316,610.23	54.88	279,738.68	52.40
Financial investments	211,956.90	36.75	201,918.21	37.83
Cash and deposits with the central bank	29,750.84	5.16	23,249.90	4.36
Deposits with banks and other financial institutions	5,974.25	1.04	5,204.53	0.98
Financial assets held under resale agreements	1,651.24	0.29	13,418.38	2.51
Other assets ⁽¹⁾	10,842.57	1.88	10,251.64	1.92
Total assets	576,786.03	100.00	533,781.34	100.00

Note:

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

Management Discussion and Analysis (Continued)

1. Loans and advances to customers

As at 31 December 2023, the Bank's total loans and advances to customers amounted to RMB331,949 million, representing an increase of RMB38,421 million or 13.09% as compared to the end of last year. The following table sets out, at the dates indicated, a breakdown of the Bank's loans by business lines.

	As at 31 December 2023		As at 31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
<i>(Expressed in millions of RMB, unless otherwise stated)</i>				
Loans and advances to customers measured at amortised cost				
Corporate loans and advances	272,961.14	82.23	250,255.98	85.26
Personal loans and advances	47,529.87	14.32	38,902.06	13.25
Sub-total	<u>320,491.01</u>	<u>96.55</u>	<u>289,158.04</u>	<u>98.51</u>
Loans and advances to customers measured at fair value through other comprehensive income				
Discounted bills	11,457.53	3.45	4,369.53	1.49
Sub-total	<u>11,457.53</u>	<u>3.45</u>	<u>4,369.53</u>	<u>1.49</u>
Total loans and advances to customers	<u><u>331,948.54</u></u>	<u><u>100.00</u></u>	<u><u>293,527.57</u></u>	<u><u>100.00</u></u>

(1) Corporate loans and advances

As at 31 December 2023, the Bank's total corporate loans amounted to RMB272,961 million, representing an increase of RMB22,705 million or 9.07% as compared with the end of last year.

(2) Personal loans and advances

As at 31 December 2023, the Bank's personal loans amounted to RMB47,530 million, representing an increase of RMB8,628 million or 22.18% as compared to the end of last year.

Management Discussion and Analysis (Continued)

2. Investment securities and other financial assets

As at 31 December 2023, the Bank's investment securities and other financial assets amounted to RMB211,957 million, representing an increase of RMB10,039 million or 4.97% as compared to the end of last year.

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

	As at 31 December 2023		As at 31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>			
Financial investments				
Financial investments at fair value through profit or loss	80,406.91	37.93	72,114.71	35.72
Financial investments at fair value through other comprehensive income	57,880.29	27.31	59,411.31	29.42
Financial investments at amortised cost	<u>73,669.70</u>	<u>34.76</u>	<u>70,392.19</u>	<u>34.86</u>
Net financial investments	<u>211,956.90</u>	<u>100.00</u>	<u>201,918.21</u>	<u>100.00</u>

Management Discussion and Analysis (Continued)

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

	As at 31 December 2023		As at 31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Distribution of financial investments	<i>(Expressed in millions of RMB, unless otherwise stated)</i>			
Bonds				
Debt securities issued by central and local governments	81,481.46	38.44	74,152.87	36.72
Debt securities issued by policy banks	37,418.02	17.65	41,748.32	20.68
Debt securities issued by banks and other financial institutions	7,980.62	3.77	6,881.18	3.41
Debt securities issued by enterprises	28,372.46	13.39	26,159.90	12.96
Sub-total	<u>155,252.56</u>	<u>73.25</u>	<u>148,942.27</u>	<u>73.77</u>
Other financial assets				
Asset-backed securities	383.78	0.18	397.55	0.20
Structured notes issued by securities companies	303.82	0.14	100.00	0.05
Investment funds managed by mutual fund managers ⁽¹⁾	43,485.88	20.52	36,456.13	18.05
Equity investments	37.75	0.02	37.75	0.02
Investment management products managed by asset management companies and trust plans	8,437.45	3.98	13,755.94	6.81
Private debt financing plans	90.00	0.04	90.00	0.04
Other debt investments	4,097.44	1.93	1,940.37	0.96
Sub-total	<u>56,836.12</u>	<u>26.81</u>	<u>52,777.74</u>	<u>26.13</u>
Accrued interest	2,158.36	1.02	2,333.67	1.16
Allowance for impairment losses on assets	(2,290.14)	(1.08)	(2,135.47)	(1.06)
Net financial investments	<u>211,956.90</u>	<u>100.00</u>	<u>201,918.21</u>	<u>100.00</u>

Notes:

- (1) Mainly include monetary funds and bond funds.
- (2) As at the end of the Reporting Period, the financial investments of the Bank were all financial markets business within the scope of operation approved by the former CBIRC (NFRA). The Bank has conducted a review according to the disclosure requirements for material investments as set out in Appendix D2 to the Hong Kong Listing Rules, and to the best knowledge of the Bank, there is no book value of the above investments accounting for 5% or more of the Bank's total assets as at 31 December 2023.

Management Discussion and Analysis (Continued)

4.4.2 Liabilities

As at 31 December 2023, the Bank's total liabilities amounted to RMB528,368 million, representing an increase of RMB38,557 million or 7.87% as compared to the end of last year.

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

	As at 31 December 2023		As at 31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>			
Borrowings from the central bank	43,458.07	8.22	38,106.95	7.78
Deposits from customers	356,246.25	67.42	326,324.45	66.62
Deposits from banks and other financial institutions	25,382.49	4.80	23,228.19	4.74
Placements from banks and other financial institutions	4,944.63	0.94	4,604.94	0.94
Financial assets sold under repurchase agreements	–	–	8,501.79	1.74
Debt securities issued	94,267.80	17.84	84,790.58	17.31
Other liabilities ⁽¹⁾	4,068.88	0.78	4,253.91	0.87
Total liabilities	528,368.12	100.00	489,810.81	100.00

Note:

(1) Including primarily other payables, wages payable, taxes payable and deferred tax liabilities, etc.

Management Discussion and Analysis (Continued)

I. Deposits from customers

As at 31 December 2023, deposits from customers of the Bank amounted to RMB356,246 million, representing an increase of RMB29,922 million or 9.17% as compared with the end of last year.

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

	As at 31 December 2023		As at 31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>			
Demand deposits				
– Corporate deposits	85,981.14	24.14	81,761.33	25.06
– Individual deposits	41,856.63	11.75	38,972.31	11.94
Sub-total	<u>127,837.77</u>	<u>35.89</u>	<u>120,733.64</u>	<u>37.00</u>
Time deposits				
– Corporate deposits	82,250.76	23.09	80,453.28	24.65
– Individual deposits	131,505.38	36.91	110,133.90	33.75
Sub-total	<u>213,756.14</u>	<u>60.00</u>	<u>190,587.18</u>	<u>58.40</u>
Pledged deposits	7,123.04	2.00	9,629.92	2.96
Fiscal deposits	142.21	0.04	5.98	–
Inward and outward remittances	519.42	0.15	491.36	0.15
Sub-total	<u>7,784.67</u>	<u>2.19</u>	<u>10,127.26</u>	<u>3.11</u>
Accrued interest	<u>6,867.67</u>	<u>1.92</u>	<u>4,876.37</u>	<u>1.49</u>
Total deposits from customers	<u><u>356,246.25</u></u>	<u><u>100.00</u></u>	<u><u>326,324.45</u></u>	<u><u>100.00</u></u>

II. Deposits from banks and other financial institutions

As at 31 December 2023, the Bank's deposits from banks and other financial institutions amounted to RMB25,382 million, representing an increase of RMB2,154 million or 9.27% as compared to the end of last year.

III. Debt securities issued

As at 31 December 2023, the Bank's debt securities issued amounted to RMB94,268 million, representing an increase of RMB9,477 million or 11.18% as compared to the end of last year.

Management Discussion and Analysis (Continued)

4.4.3 Equity

As at 31 December 2023, the total shareholders' equity of the Bank amounted to RMB48,418 million, representing an increase of RMB4,447 million or 10.11% as compared to the end of last year.

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

	As at 31 December 2023		As at 31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>			
Share capital	14,588.05	30.13	14,588.05	33.18
Other equity instruments	3,499.48	7.23	2,499.52	5.68
Capital reserve	8,670.09	17.91	8,670.09	19.72
Surplus reserve	2,976.98	6.15	2,611.64	5.94
General reserve	5,590.00	11.55	5,070.00	11.53
Fair value reserve	17.26	0.04	(655.67)	(1.49)
Impairment reserve	435.53	0.90	315.66	0.72
Deficit on remeasurement of net defined benefit liability	(40.70)	(0.08)	(29.76)	(0.07)
Retained earnings	12,681.22	26.17	10,901.00	24.79
Total equity	48,417.91	100.00	43,970.53	100.00

Management Discussion and Analysis (Continued)

4.5 OFF-BALANCE SHEET CREDIT COMMITMENTS AND CONTINGENT LIABILITIES

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

	As at 31 December 2023 (Expressed in millions of RMB, unless otherwise stated)	As at 31 December 2022
Acceptances	9,627.07	15,596.51
Letters of credit	899.88	589.49
Credit card commitments	12,891.29	11,900.59
Letters of guarantee	894.40	966.13
Total	24,312.64	29,052.72

4.6 ANALYSIS ON LOANS QUALITY

4.6.1 Loan distribution by the five-category classification

Five-category classification	As at 31 December 2023		As at 31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>			
Normal	316,684.74	95.40	281,302.31	95.84
Special mention	9,696.18	2.92	7,903.72	2.69
Substandard	989.60	0.30	3,393.96	1.15
Doubtful	999.70	0.30	549.64	0.19
Loss	3,578.32	1.08	377.94	0.13
Gross loans and advances to customers	331,948.54	100.00	293,527.57	100.00
Non-performing loans and non-performing loans ratio	5,567.62	1.68	4,321.54	1.47

During the Reporting Period, under the common influence of the internal and external economic environment, as well as the inclusion of non-performing loan management of individual real estate development enterprises, etc., both the balance and proportion of non-performing loans and loans classified as special mention of the Bank increased as compared to the beginning of the year. As at the end of the Reporting Period, the balance of non-performing loans was RMB5,568 million, representing an increase of RMB1,246 million as compared to the beginning of the year; the non-performing loans ratio was 1.68%, representing an increase of 0.21 percentage point as compared to the beginning of the year; the balance of loans classified as special mention was RMB9,696 million, representing an increase of RMB1,792 million as compared to the beginning of the year, and the proportion of loans classified as special mention was 2.92%, representing an increase of 0.23 percentage point as compared to the beginning of the year.

Management Discussion and Analysis (Continued)

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

Item	As at 31 December 2023				As at 31 December 2022			
	Loan amount	Percentage (%)	Amount of non-performing loans	Non-performing loan ratio (%)	Loan amount	Percentage (%)	Amount of non-performing loans	Non-performing loan ratio (%)
<i>(Expressed in millions of RMB, unless otherwise stated)</i>								
Loans and advances to customers measured at amortised cost:								
Corporate loans and advances								
Working capital loans	91,294.68	27.50	721.03	0.79	71,410.25	24.34	671.09	0.94
Fixed assets loans	169,555.92	51.08	3,620.52	2.14	168,223.93	57.31	2,759.19	1.64
Others	12,110.54	3.65	5.00	0.04	10,621.80	3.62	-	-
Sub-total	<u>272,961.14</u>	<u>82.23</u>	<u>4,346.55</u>	<u>1.59</u>	<u>250,255.98</u>	<u>85.27</u>	<u>3,430.28</u>	<u>1.37</u>
Personal loans and advances								
Personal residential mortgage loans	21,534.59	6.49	301.75	1.40	19,820.55	6.75	303.58	1.53
Personal business loans	14,950.46	4.50	504.59	3.38	10,227.74	3.48	372.52	3.64
Personal consumption loans	2,949.35	0.89	40.45	1.37	272.61	0.09	11.85	4.35
Credit cards	8,095.47	2.44	374.28	4.62	8,581.16	2.92	203.31	2.37
Sub-total	<u>47,529.87</u>	<u>14.32</u>	<u>1,221.07</u>	<u>2.57</u>	<u>38,902.06</u>	<u>13.24</u>	<u>891.26</u>	<u>2.29</u>
Loans and advances to customers measured at fair value through other comprehensive income:								
Discounted bills	11,457.53	3.45	-	-	4,369.53	1.49	-	-
Total	<u>331,948.54</u>	<u>100.00</u>	<u>5,567.62</u>	<u>1.68</u>	<u>293,527.57</u>	<u>100.00</u>	<u>4,321.54</u>	<u>1.47</u>

During the Reporting Period, the Bank continuously increased its investment of credit funds in the real economy, especially in the field of inclusive finance, achieving steady growth in business scale. As at the end of the Reporting Period, the Bank's loans totaled RMB331,949 million, representing an increase of RMB38,421 million or 13.09% as compared to the beginning of the year. Except for credit cards, all the other types of loans showed varying degrees of growth as compared to the beginning of the year, with the largest increase being in the personal consumption loans, which grew at a rate of 981.89%. Among them: the corporate loans and advances totaled RMB272,961 million, accounting for 82.23% and representing a decrease of 3.04 percentage points from the beginning of the year. The balance of personal loans and advances totaled RMB47,530 million, accounting for 14.32% and representing an increase of 1.08 percentage points from the beginning of the year. The balance of discounted bills amounted to RMB11,458 million, accounting for 3.45% and representing an increase of 1.96 percentage points from the beginning of the year.

Management Discussion and Analysis (Continued)

4.6.3 Distribution of loans and non-performing loans by industry

Industry	As at 31 December 2023				As at 31 December 2022			
	Loan amount	Percentage (%)	Amount of non-performing loans	Non-performing loan ratio (%)	Loan amount	Percentage (%)	Amount of non-performing loans	Non-performing loan ratio (%)
<i>(Expressed in millions of RMB, unless otherwise stated)</i>								
Leasing and commercial services	117,769.57	35.47	621.80	0.53	121,180.02	41.29	777.73	0.64
Wholesale and retail trade	38,401.73	11.57	273.39	0.71	27,454.32	9.35	172.06	0.63
Water resources, environment and public facilities management	22,134.21	6.67	69.87	0.32	21,179.69	7.22	69.87	0.33
Construction	16,031.88	4.83	165.26	1.03	15,505.79	5.28	152.56	0.98
Mining	10,558.96	3.18	–	–	8,958.33	3.05	82.19	0.92
Real estate	7,541.16	2.27	3,046.19	40.39	10,202.59	3.48	2,062.35	20.21
Education	9,497.36	2.86	4.69	0.05	9,031.16	3.08	2.88	0.03
Transportation, storage and postal services	10,551.47	3.18	3.79	0.04	7,880.27	2.68	8.90	0.11
Agriculture, forestry, animal husbandry and fishery	9,667.14	2.91	49.89	0.52	7,664.10	2.61	26.56	0.35
Manufacturing	13,819.07	4.16	47.94	0.35	7,605.33	2.59	36.03	0.47
Health and social work	4,703.02	1.42	11.13	0.24	4,219.73	1.44	9.30	0.22
Production and supply of electric power, gas and water	4,685.31	1.41	–	–	3,137.74	1.07	0.52	0.02
Finance	1,346.50	0.41	–	–	1,486.94	0.51	–	–
Accommodation and catering industry	1,561.43	0.47	46.70	2.99	1,125.67	0.38	15.47	1.37
Culture, sports and entertainment	450.10	0.14	5.00	1.11	478.03	0.16	–	–
Others	4,242.23	1.28	0.90	0.02	3,146.27	1.07	13.86	0.44
Corporate loans and advances	272,961.14	82.23	4,346.55	1.59	250,255.98	85.26	3,430.28	1.37
Personal loans	47,529.87	14.32	1,221.07	2.57	38,902.06	13.25	891.26	2.29
Discounted bills	11,457.53	3.45	–	–	4,369.53	1.49	–	–
Total	331,948.54	100.00	5,567.62	1.68	293,527.57	100.00	4,321.54	1.47

During the Reporting Period, the Bank actively seized the significant opportunities of the new No. 2 Document of State Council, earnestly implemented the national economic and financial policies, industrial policies and regulatory policies, focused on the regional development strategies and plans, and promoted the balanced development of businesses. As at the end of the Reporting Period, the proportion of leasing and commercial services amounted up to 35.47%, representing a decrease of 5.82 percentage points as compared to the beginning of the year; the proportion of real estate amounted to 2.27%, representing a decrease of 1.21 percentage points as compared to the beginning of the year; the proportion of wholesale and retail trade amounted to 11.57%, representing an increase of 2.22 percentage points as compared to the beginning of the year; and the proportion of manufacturing amounted to 4.16%, representing an increase of 1.57 percentage points as compared to the beginning of the year. As at the end of the Reporting Period, the total real estate industry loans of the Bank amounted to RMB7,541 million, representing a decrease of RMB2,661 million as compared to the beginning of the year, accounting for 2.27% and representing a decrease of 1.21 percentage points from the beginning of the year. As the decrease in and smaller scale of the total amount and proportion of real estate loans, as well as the inclusion of non-performing loan management of individual real estate development enterprises during the Reporting Period, as at the end of the Reporting Period, the non-performing ratio of real estate industry loans was 40.39%, representing an increase of 20.18 percentage points as compared to the beginning of the year.

Management Discussion and Analysis (Continued)

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

Item	As at 31 December 2023				As at 31 December 2022			
	Loan amount	Percentage (%)	Amount of non-performing loan	Non-performing loan rate (%)	Loan amount	Percentage (%)	Amount of non-performing loan	Non-performing loan rate (%)
<i>(Expressed in millions of RMB, unless otherwise stated)</i>								
Unsecured loans	54,906.01	16.54	636.17	1.16	42,712.66	14.55	263.34	0.62
Guaranteed loans	184,257.87	55.51	1,124.51	0.61	161,318.37	54.96	2,419.25	1.50
Collateralised loans	52,216.10	15.73	3,708.06	7.10	46,741.20	15.92	1,539.75	3.29
Pledged loans	40,568.56	12.22	98.88	0.24	42,755.34	14.57	99.20	0.23
Total	331,948.54	100.00	5,567.62	1.68	293,527.57	100.00	4,321.54	1.47

As at the end of the Reporting Period, except for pledged loans, the scale of the Bank's unsecured, guaranteed and collateralised loans all increased as compared to the beginning of the year, with the proportion remaining relatively stable as compared to the beginning of the year. As for the non-performing rate, the non-performing rates of collateralised loans and unsecured loans increased by 3.81 and 0.54 percentage points, respectively, as compared to the beginning of the year, while the non-performing rate of guaranteed loans decreased by 0.89 percentage point as compared to the beginning of the year.

4.6.5 Distribution of loans by overdue period

Category	As at 31 December 2023		As at 31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
<i>(Expressed in millions of RMB, unless otherwise stated)</i>				
Loans not past due	325,502.69	98.06	288,029.66	98.13
Overdue loans				
Within 3 months	2,130.51	0.64	3,522.64	1.20
Over 3 months but within 1 year	3,099.91	0.93	1,152.25	0.39
Over 1 year but within 3 years	1,045.90	0.32	795.28	0.27
Over 3 years	169.53	0.05	27.74	0.01
Overdue loans and overdue ratio	6,445.85	1.94	5,497.91	1.87
Total loans	331,948.54	100.00	293,527.57	100.00

As at the end of the Reporting Period, the overdue loan of the Bank totaled RMB6,446 million, representing an increase of RMB948 million as compared to the beginning of the year, with an overdue rate of 1.94%, representing a slight increase of 0.07 percentage point as compared to the beginning of the year. Among them: the proportion of overdue loans within three months was 0.64%, representing a decrease of 0.56 percentage point as compared to the beginning of the year; the proportion of overdue loans over 3 months but within 1 year was 0.93%, representing an increase of 0.54 percentage point as compared to the beginning of the year; and the proportion of overdue loans over 1 year remained stable year on year.

Management Discussion and Analysis (Continued)

4.6.6 Loan concentration

Industry	As at 31 December 2023			Five-category classification
	Balance	Percentage of total loans (%)	Percentage of net capital (%)	
<i>(Expressed in millions of RMB, unless otherwise stated)</i>				
Mining	3,857.73	1.16	7.55	Normal
Leasing and commercial service	3,216.29	0.97	6.30	Normal
Leasing and commercial service	2,848.00	0.86	5.58	Normal
Leasing and commercial service	2,412.21	0.73	4.72	Normal
Leasing and commercial service	2,396.30	0.72	4.69	Normal
Leasing and commercial service	2,031.00	0.61	3.98	Normal
Real estate	1,961.62	0.59	3.84	Loss
Construction	1,919.90	0.58	3.76	Normal
Leasing and commercial service	1,846.51	0.56	3.62	Normal
Water conservancy, environment and public facilities management	1,725.00	0.52	3.38	Normal
Total	24,214.56	7.30	47.42	

As at the end of the Reporting Period, the total loan to the Bank's largest single borrower amounted to RMB3,858 million, accounting for 1.16% of the total loans and 7.55% of the net capital, and the total loan to the ten largest borrowers totaled RMB24,215 million, accounting for 7.30% of the total loans and 47.42% of the net capital, which was in line with the regulatory requirements on loan concentration.

Management Discussion and Analysis (Continued)

4.7 SEGMENT REPORTING

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

Item	For the year ended 31 December 2023				Total
	Corporate Banking	Retail Banking	Financial Markets	Others ⁽¹⁾	
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>				
External net interest income/(expense) ⁽²⁾	10,853.97	(2,688.65)	584.70	–	8,750.02
Inter-segment net interest (expense)/ income ⁽³⁾	(5,026.70)	4,707.99	318.71	–	–
Net interest income	5,827.27	2,019.34	903.41	–	8,750.02
Net fee and commission income	189.90	14.95	133.40	–	338.25
Net trading gains	–	–	938.25	–	938.25
Net gains arising from investment securities	–	–	1,111.99	–	1,111.99
Other operating income/(expense)	193.83	2.54	3.52	6.29	206.18
Operating income	6,211.00	2,036.83	3,090.57	6.29	11,344.69
Operating expenses	(2,193.92)	(741.33)	(1,002.45)	(32.05)	(3,969.75)
Impairment losses on assets	(2,170.58)	(376.98)	(776.54)	–	(3,324.10)
Share of losses of associates	–	–	–	(13.36)	(13.36)
Profit before tax	1,846.50	918.52	1,311.58	(39.12)	4,037.48

Management Discussion and Analysis (Continued)

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

Notes:

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

Management Discussion and Analysis (Continued)

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

	For the year ended 31 December 2023		For the year ended 31 December 2022	
	Amount	Percent of total amount (%)	Amount	Percent of total amount (%)
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>			
Corporate Banking	6,211.00	54.75	6,629.11	55.28
Retail Banking	2,036.83	17.95	2,677.10	22.33
Financial Markets	3,090.57	27.24	2,670.98	22.28
Others⁽¹⁾	6.29	0.06	12.79	0.11
Total	<u>11,344.69</u>	<u>100.00</u>	<u>11,989.98</u>	<u>100.00</u>

Note:

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

Management Discussion and Analysis (Continued)

4.8 CAPITAL COMPOSITION

As at 31 December 2022 and 31 December 2023, the Bank's core tier-one capital adequacy ratio were 11.20% and 11.25%, respectively, the Bank's tier-one capital adequacy ratio were 11.91% and 12.16%, respectively, and the Bank's capital adequacy ratio were 13.82% and 13.30%, respectively.

	As at 31 December 2023	As at 31 December 2022
	<i>(Expressed in millions of RMB, unless otherwise stated)</i>	
Total core tier-one capital		
Share capital	14,588.05	14,588.05
Qualifying portion of capital reserve	8,670.09	8,670.09
Other comprehensive income	412.09	(369.78)
Surplus reserve	2,976.98	2,611.64
General reserve	5,590.00	5,070.00
Retained earnings	12,681.22	10,901.00
Core tier-one capital	44,918.43	41,471.00
Core tier-one capital deductions	(1,724.59)	(1,544.39)
Net core tier-one capital	43,193.84	39,926.61
Net other tier-one capital	3,499.48	2,499.52
Tier-two capital		
Instruments issued and share premium	–	2,794.96
Surplus provision for loan impairment	4,373.00	4,035.50
Net tier-two capital	4,373.00	6,830.46
Total net capital	51,066.32	49,256.59
Total risk-weighted assets	383,889.98	356,341.99
Core tier-one capital adequacy ratio	11.25%	11.20%
Tier-one capital adequacy ratio	12.16%	11.91%
Capital adequacy ratio	13.30%	13.82%

Note: In accordance with the Regulation Governing Capital of Commercial Banks (《商業銀行資本管理辦法》), the information concerning the main characteristics of the capital instrument of the Bank will be published in the Regulatory Capital column of the Investor Relationship section of the Bank's official website (www.bgzchina.com), and please log in for relevant information.

Management Discussion and Analysis (Continued)

4.9 RISK MANAGEMENT

The Bank adhered to the “steady and balanced” risk appetite and established a comprehensive risk management system covering credit risk, market risk, liquidity risk, operational risk, interest rate risk under the Bank accounts, reputational risk, strategic risk, information technology risk, etc., in accordance with the regulatory requirements of the Guidelines for the Comprehensive Risk Management of Banking Financial Institutions (《銀行業金融機構全面風險管理指引》), and adopted a combination of qualitative and quantitative approaches to identify, measure, monitor, control and report on various types of risks. During the Reporting Period, in accordance with the new regulations such as the Implementation Rules for Expected Credit Loss Approach of Commercial Banks (《商業銀行預期信用損失法實施管理辦法》) and the Measures for Risk Classification of Financial Assets of Commercial Banks (《商業銀行金融資產風險分類辦法》), the Bank continued to optimize the construction of expected credit loss, risk classification of financial assets and non-zero and retail internal assessment system, deepened the management and application of risk quantification tools, and focused on the enhancement of elaborate management capability of risks, so as to actively cope with and guard against various types of risks.

4.9.1 Credit risk management

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

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

During the Reporting Period, the Bank adhered to high-quality development which is taken as the guiding principle, implemented the “steady and balanced” overall risk appetite, continued to optimize the credit risk management policies, institutions, processes, systems and organizational structures, and improved the credit risk management system to continuously enhance the quality and effectiveness of risk management.

Management Discussion and Analysis (Continued)

4.9.2 Market risk management

Market risk refers to the risk of loss on the Bank's on-and-off-balance sheet businesses due to the adverse changes in interest rates, foreign exchange rates, stock prices and commodity prices. The Bank has, in accordance with the requirements of the regulatory guidelines, set up a market risk management framework covering the directors, supervisors and senior management, with mutual checks and balances among the front, middle and back offices, and established a market risk management policy system covering market risk identification, measurement, monitoring and control. The Bank mainly quantifies market risks by adopting historical modeling method, in which it identifies, measures, controls and prevents market risks through various methods such as Value at Risk (VaR), risk limit management, and sensitivity analysis to improve the level of market risk management. The target of market risk management of the Bank is to control market risk within the reasonable range and maximize shareholders' returns based on its risk appetite.

The Bank's market risk arises from trading book, and the market risk it faces is mainly the interest rate risk of trading book. In 2023, the Bank's comprehensive risk management policies clarified market risk management requirements, trading and investment business access standards, and asset portfolio allocation orientation. Adhering to a steady and balanced risk appetite, the Bank adhered to the implementation of representative accreditation in response to financial market risks, and the centralized management of market risks continued to show results. During the Reporting Period, on the basis of the transformation of market risk consulting results under the new Capital Accord, the Bank continued to improve its market risk identification, quantitative analysis, limit management, stress testing, capital measurement and other functions, and the market risk appetite was transmitted and implemented in a top-down manner while reported in a bottom-up manner with more clearness and effectiveness. The monitoring and forewarning management of the risks of the financial market business was strictly carried out. In the year 2023, the volatility of the bond market narrowed compared with that of the previous year, while indicators of market risk limit such as mark-to-market profit and loss and Value at Risk (VaR) in the trading book were all within the limit range.

Management Discussion and Analysis (Continued)

4.9.3 Information technology risk management

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

The Board and senior management of the Bank fully recognize the risks of information technology and have established and implemented a cyber-security responsibility system with clear ideas and plans for information technology risk governance. The Bank has established a relatively sound “three lines of defense” governance system for information technology risks. The Bank continued to carry out information technology risk management, including the identification, measurement, monitoring, evaluation and control over the information technology risks to effectively promote the safe, continuous and stable operation of the Bank’s business. During the Reporting Period, the Bank improved the relevant institutional norms on information technology risks, strengthened the regulation and control of data security, continuously carried out information technology security inspection and special risk assessment, continuously improved business continuity management and emergency response capabilities, regularly organized and carried out information technology outsourcing inspection work, etc., and effectively improved the comprehensive capability and level of information technology risk management.

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

4.9.4 Operational risk management

Operational risk is the risk of losses due to problems with internal procedures, personnel and information systems, or external events.

The Board is ultimately responsible for our operational risk management and the senior management leads our day-to-day operational risk management. The Bank has established “three lines of defense” against operational risk. The first line of defense is formed by various business and management departments of our head office, branches and sub-branches, directly managing and assuming operational risk. The second line of defense is our Risk and Legal Compliance Department, which are responsible for supervising and guiding the management of operational risk in the first line of defense. The third line of defense is our Audit Department, which is responsible for supervising and evaluating the performance of our operational risk management in the first and second lines of defense and their effectiveness.

Management Discussion and Analysis (Continued)

During the Reporting Period, the Bank clarified the operational risk management policy, improved the operational risk management related system, strengthened the application of operational risk management system, continuously strengthened the application of operational risk management tools, actively prevented and responded to various operational risks, and further promoted the Bank's operational risk management capability and effectiveness to support the healthy development of its business. Firstly, the Bank revised the management system for dealing with employees' violations of rules and disciplines and minor non-compliance points, strengthened accountability, sorted out the key points of job separation, and formulated the management system for incompatible posts to continuously consolidate the basis for the management and control of operational risks; secondly, the Bank continued to maintain the stable operation of the three management tools, namely, "Operational Risk and Control Self-Assessment" (RCSA), "Key Risk Indicator" (KRI), and "Loss Data Collection" (LDC)", and deployed some of the product-type and behavioral management monitoring models in conjunction with the actual up line to strengthen the monitoring, early-warning and analysis of operational risks; thirdly, the Bank insisted on the guidance of science and technology, launched and put into operation the operational risk and internal control and compliance management system, and optimized the information management process of operational risk and internal control and compliance to boost the Bank's digital risk control capability of operational risk and internal control and compliance to a new stage; fourthly, relying on the system, the Bank built a whole-process management system for inspection, rectification and accountability, strengthened the base of operational risk management, and highlighted the effect of visualization of risk control to enhance the risk management and control capability of the first line of defense of operational risks; fifthly, the Bank completed the operational risk stress testing, established the operational risk capital measurement scheme in accordance with the requirements of the new capital regulations, and completed the system function renovation to ensure that the Bank has the ability to regularly carry out measurements, analyses and reports on operational risk-weighted assets by adopting the new standard approach; sixthly, the Bank revised and improved the management measures for outsourcing risks, incorporated the scope of outsourcing activities into the catalogue management, improved the management mechanism of outsourcing declaration authority, organized special inspections of business manpower outsourcing management around the management priorities, and conducted regular inspections of IT manpower outsourcing execution to strengthen the management of operational risk mitigation; and seventhly, the Bank expanded the scope of access channels, optimized the monitoring rule model, improved the system functions, and continuously improved the ability to prevent external fraud risks relying on the anti-fraud application platform.

During the Reporting Period, the Bank managed and controlled operational risk in strict accordance with the Commercial Bank Operational Risks Management Guidelines (《商業銀行操作風險管理指引》) and the Operational Risk Management Measures of Bank of Guizhou (《貴州銀行操作風險管理辦法》) and the overall operational risk was controllable.

Management Discussion and Analysis (Continued)

4.9.5 Money laundering risk management

Money laundering management risk refers to the risk of legal sanctions, regulatory penalties, significant financial losses, reputational losses and internal control deficiencies resulting from a financial institution's failure to strictly fulfill its legal obligations and duties of anti-money laundering.

The Bank has built an organizational structure for anti-money laundering management consisting of the Board, the Board of Supervisors, senior management and anti-money laundering leading group, various functional departments of the head office and institutions at all levels. The Board assumes the ultimate responsibility for money laundering risk management, the Board of Supervisors assumes the supervisory responsibility for money laundering risk management, and the senior management assumes the implementary responsibility for money laundering risk management. The Bank adheres to the risk-based money laundering risk management philosophy, incorporates money laundering risk management into the comprehensive risk management system, reinforces the awareness of money laundering risk management into all aspects of operation and management, and proactively and effectively prevents money laundering risks.

During the Reporting Period, the Bank continued to improve the anti-money laundering mechanism, enhanced the use of anti-money laundering technology, intensified the supervision and inspection, actively submitted suspicious transaction clues to help combat money laundering crimes, and effectively improved the level and effectiveness of anti-money laundering. Firstly, the Bank improved its corporate governance by strengthening the due diligence of all subject to liabilities. The Bank increasingly consolidated main responsibilities and clarified the working duties. Secondly, the Bank organized the one-to-one assistance to improve the performance of branches and sub-branches. Thirdly, the Bank strengthened compliance review, assisted business departments in implementing anti-money laundering regulatory requirements, prevented money laundering risks from the source of business development, and promoted high-quality business development. Fourthly, the Bank identified the omissive and blind spots for intensified supervision and management, adhered to normalized anti-money laundering inspections, and continued to strengthen the fulfillment of their duties. Fifthly, the Bank continued to improve the systems, enhanced technological empowerment, optimized the monitoring model, improved the accuracy rate of the model, and effectively improved ability to identify money laundering crimes. Sixthly, the prevention and control of money laundering risks have achieved tangible results. The Bank assisted the public security organs in catching money laundering suspects by actively submitting suspicious transaction clues. Seventhly, the Bank emphasized education and training and organized special anti-money laundering training to enhance the ability of staff to perform their duties. Eighthly, the Bank innovated anti-money laundering publicity methods, using live broadcasts of new media to carry out publicity activities, and actively participated in the construction of propaganda and education bases for anti-money laundering to continuously raise public awareness of anti-money laundering and build a healthy pattern of anti-money laundering with participation by all people.

During the Reporting Period, the Bank's overall money laundering risk was under control and no significant money laundering incidents occurred.

Management Discussion and Analysis (Continued)

4.9.6 Legal risk management

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

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

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

Management Discussion and Analysis (Continued)

4.9.7 Compliance risk management

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

The objective of the Bank's compliance risk management is to achieve effective identification, assessment and prevention of compliance risks through the establishment of a sound compliance risk management mechanism, promoting the construction of a comprehensive risk management system and ensuring compliance operation in accordance with the law.

The Bank earnestly benchmarked against regulatory requirements, strengthened compliance risk management in a comprehensive manner in accordance with the working requirements of "establishing rules, serious implementation and supervision and strict accountability"; paid close attention to the implementation of inspection and rectification; continuously improved the corporate governance mechanism; established and conscientiously implemented the post-evaluation mechanism of rules and regulations and continued to improve the system of rules and regulations; formulated the approach to due diligence and supervision of the performance of duties, reinforced the supervision of the performance of duties by the "three lines of defense", and performed well on coordination of supervision and auditing; reinforced the connection between the enforcement of rules and disciplinary actions, further improved the system of internal accountability and carried out its implementation properly; and intensified the disposal and warnings and education of non-compliance, and adopted the management and control measures of "proactive prevention, focused control and comprehensive management (主動防、重點抓、全面管)" by carrying out the special rectification activities for operational risk inspections, "turmoil" of credits, repeated offenders and lending field, aiming to enhance the awareness of compliance, the professional competence of compliance management, and the level of compliance management among all staff members, and the compliance with laws, regulations, and supervisory provisions, as well as the implementation of the rules and regulations within the Bank.

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

Management Discussion and Analysis (Continued)

4.9.8 Reputational risk management

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

The Board of the Bank assumes ultimate responsibility for reputational risk management and the Bank's Party Committee Office/Publicity Department of the Party Committee/Office are responsible for taking the lead in handling major or emergency reputational events. The Bank adheres to the concept of prevention-oriented reputation risk management, incorporates reputation risk management into the comprehensive risk management system, penetrates reputation risk management awareness into all aspects of operation and management, proactively and effectively prevents reputation risks and responds to reputation events, minimizes losses and reduces negative impacts. During the Reporting Period, the Bank continuously improved the reputational risk management mechanism, promoting the "governance structure improvement", "whole-process management" and "normalization" for reputation risk; strictly implemented the 7 × 24 hours public opinion monitoring system, followed the development of public opinion in a timely manner, strengthened the analysis and handling of public opinion according to the actual changes in public opinion hotspots, and adjusted the reputation risk prevention and control measures in a timely manner; conducted regular reputation risk surveys of the whole Bank, comprehensively and systematically sorted out risk points in each business line, and clarified the key points and measures for reputation risk control; established and improved an emergency planning system of reputational risk and organized reputational risk emergency drills to enhance the Bank's reputation risk emergency response capabilities; increased positive publicity, actively carried out corporate culture building, and continuously improved brand influence; and earnestly carried out training on reputation risk management to continuously improve employees' ability to identify, prevent and handle reputation risks.

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

Management Discussion and Analysis (Continued)

4.9.9 Strategic risk management

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

The Bank has established a relatively complete strategic risk governance structure. The Board is responsible for approving the strategic risk management policies, supervising the senior management in fulfilling various responsibilities in strategic risk management, and keeping abreast of the changes in strategic risk status and the problems identified in the management process through consideration or review of relevant reports on a regular basis. The senior management assumes the responsibility for the implementation of strategic risk management, and is responsible for establishing the organizational structure for strategic risk management and organizing the implementation of strategic plan, tracking and monitoring and strategic risk management. The office of the Board is the competent authority for strategic risk, and is responsible for coordinating internal and external resources with the Board and the senior management, completing the drafting and revision of the Bank's strategic plan, supervising the implementation, adjustment and evaluation of the strategic plan, and promoting the implementation of the relevant system of strategic risk management by the senior management and functional departments; the risk management department of the head office is responsible for incorporating the strategic risk management into the Bank's comprehensive risk management system; the relevant departments and branches of the head office are responsible for cooperating in the implementation of strategic risk management.

During the Reporting Period, the Bank pushed forward the implementation of the 2022–2024 Plan of Development Strategies of Bank of Guizhou in an orderly manner, and executed strategic risk management procedures strictly in accordance with the Management Measures for Strategic Risks of Bank of Guizhou (Provisional), with an overall stable level of strategic risk, good control and no major strategic risk events.

4.9.10 Exchange Rate Risk Management

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

In view of the fact that the Bank's foreign currency assets and liabilities are mainly denominated in US dollars and the rest in Euros, the Bank pays close attention to the impact of the Federal Reserve's interest rate hike on the exchange rate of US dollar and other major currencies, proactively responds to the changes in the foreign exchange market, carries out regular monitoring of foreign exchange risk exposure, and mainly adopts measures such as matching of assets and liabilities in major foreign currencies, quota management, and real-time leveling trading strategies to control and avoid exchange rate risks, and continuously maintains the relevant indicators of exchange rate risk in compliance with regulatory requirements.

Management Discussion and Analysis (Continued)

4.9.11 Interest rate risk management of banking book

Interest rate risk in the banking book refers to the risk of loss in the economic value and overall income of the banking book due to adverse changes in interest rate level, term structure and other elements, mainly including gap risk, basis risk and optionality risk.

The Bank continuously strengthens the management of interest rate risk of banking book based on factors such as the risk preference of interest rate of banking book, risk profile, macroeconomic and market changes, so as to enhance the level of fine-tuned management of interest rate risk of banking book. Firstly, the Bank continuously improves the governance system of interest rate risk of banking book, clarifies the responsibilities of each department under the organizational structure, and regularly evaluates and improves the risk management process of interest rate risk of banking book to ensure the effectiveness, reliability and compliance of the management process. Secondly, the Bank continues to carry out regular work on the identification and measurement of interest rate risk of banking book and monitoring feedback, regularly monitor the re-pricing gap and ensure that the exposure to interest rate risk of banking book develops in the desired direction by adjusting the business scale, maturity structure and interest rate structure of assets and liabilities, continuously realizing the active management of interest rate risk of banking book. Thirdly, the Bank regularly implements scenario analysis and stress tests to manage the limits of interest rate risk of banking book, avoid losses in the Bank's economic value and overall earnings due to adverse changes in interest rate risk, and maintain a balance between risk and earnings while meeting regulatory requirements and controlling risk.

4.9.12 Liquidity risk management

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

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

Management Discussion and Analysis (Continued)

During the Reporting Period, the Bank continued to implement the “steady, compliant, prudent” liquidity risk management appetite. Taking into account the Bank’s strategic development objectives, the Bank continued to strengthen asset and liability management, accelerated bond issuance, further increased deposit organisation, effectively mitigated the mismatch of asset and liability maturities and insisted on the bottom line of safe operation of liquidity risk management.

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

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

Management Discussion and Analysis (Continued)

As at the end of the Reporting Period, the Bank's liquidity coverage ratio was 365.70%; the qualified current assets amounted to RMB68,795 million; the net cash outflow for the next 30 days was RMB18,812 million; the current ratio was 106.05%; and the net stable funding ratio was 109.29%, all maintaining at a reasonable level, of which the net stable funding ratio was set out in the table below:

		Net Stable Funding Ratio	
No.	Item	Unit: RMB100 million,%	
		December 2023	September 2023
1	Stable funding available	3,703.09	3,733.81
2	Stable funding needed	3,388.38	3,334.15
3	Net stable funding ratio (%)	109.29	111.99

4.10 LIABILITY QUALITY ANALYSIS

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

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

In 2023, the Bank's businesses developed steadily, and the quality of liabilities remained safe and sound. At the end of 2023, the Bank had net stable funding ratio of 109.29%, and the liquidity coverage ratio of 365.70%, which were all in line with the regulatory requirements; and the average interest-bearing liabilities cost ratio was 2.61%, a decrease of 0.06 percentage point year-on-year compared to 2022.

Management Discussion and Analysis (Continued)

4.11 CONSUMER RIGHTS PROTECTION

I. Major works

Firstly, we have continuously improved the organizational structure, established the ESG Management and Consumer Rights Protection Committee under the Board, set up a leading group for consumer rights protection with the President of the Bank as the head, regularly reporting to the Shareholders' general meetings, the Board of Directors, the Board of Supervisors and senior management on the implementation of consumer rights and interests protection, and established a clear work mechanism at three-level of head office, branch office and sub-branch office. Secondly, we have continued to improve our institutional system and working mechanism, and revised the Administrative Measures for Public Education Service of Bank of Guizhou to effectively protect the legitimate rights and interests of consumers. Thirdly, the Bank has actively practiced its social responsibility by carrying out an aggregate of 2,381 activities in the year such as the Promoting of Financial Knowledge and Educational Work with Financial Consumer, and distributing 158,200 copies of publicity materials to targeted consumers over 2,775,000. Fourthly, the Bank has earnestly carried out special training. To raise the awareness of protection of the rights and interests of consumers and enhance working ability of Bank, special training on the protection of the rights and interests of consumers was conducted for management, specialists for consumers' rights and interests protection, grassroots personnel and new staff, and 5,180 participants were trained. Fifthly, the Bank has improved customer experience diligently, upgraded service standards constantly, carried out customer satisfaction research, actively promoted the creation of "elderly-friendly" flagship outlets, and actively promote the work of "striving for the best".

II. Complaint management

The Bank continued to improve the mediation mechanism for consumer complaints and disputes, providing protection for effective resolution of financial consumption disputes and safeguarding the legitimate rights and interests of both parties in financial consumption. During the Reporting Period, the Bank received a total of 1,085 customer complaints, of which 392 were regulatory referrals. The number of customer complaints for the year decreased by 751 or 40.90% compared to 2022.

From the perspective of business types:

Business type	Number (cases)	Proportion (%)
Bank card	703	64.79
Loans	200	18.43
Settlement and clearing	81	7.47
Savings (RMB)	65	5.99
Other	36	3.32
Total	1,085	100.00

Management Discussion and Analysis (Continued)

From the perspective of reasons:

Reason	Number (cases)	Proportion (%)
Caused by service attitude and quality	534	49.22
Caused by the management system, business rules and procedures of financial institutions	479	44.15
Caused by the service facilities, equipment and business system of financial institutions	31	2.86
Other	41	3.78
Total	1,085	100.00

Complaints by region:

Region	Number	Proportion (%)
Head Office	359	33.09
Guiyang	245	22.58
Zunyi	151	13.92
Liupanshui	69	6.36
Bijie	50	4.61
Anshun	47	4.33
Qiannan Prefecture	45	4.15
Tongren	44	4.06
Qiandongnan Prefecture	43	3.96
Qianxinan Prefecture	32	2.95
Total	1,085	100.00

III. Complaint handling measures

Firstly, the Bank consolidated the foundation and further improved the system construction. The Bank amended the Operating Procedures for Customer Complaint Handling of Bank of Guizhou to promote the standardization of complaint handling and strengthen the supervision and management of complaints, starting from the institutional mechanism. Secondly, the Bank promoted system construction and enhanced complaint process management. The Bank established a work order communication mechanism for complaints and strictly implemented the application and implementation of new standards for the classification of financial consumer complaints to promote the refined and standardized management of complaint handling. Thirdly, the Bank kept the complaint acceptance channels smooth to provide customers with a more convenient and efficient service experience. The Bank set up a 7×24 “complaint and suggestion” menu for the 96655 customer service hotline; added a “Complaint Feedback” module to mobile banking and WeChat banking, and opened a dedicated email address for customer complaints; and focused on the public sentiment of financial consumers through multiple channels, so as to properly handle consumer complaints in a timely manner. Fourthly, the Bank paid close attention to management and control to improve the quality and efficiency of customer complaint handling. The Bank fully enforced the primary responsibility of complaint management at all levels of institutions, and continuously standardized the complaint handling process to improve the quality and efficiency of complaint handling and ensure that customer complaints are handled in a timely and appropriate manner.

Management Discussion and Analysis (Continued)

4.12 INFORMATION TECHNOLOGY DEVELOPMENT

During the Reporting Period, the Bank adhered to the concept of “technology is the primary productive force, talent is the primary resource and innovation is the primary impetus” to accelerate the promotion of IT work, and continued to improve its independent development and innovation, high-quality delivery of projects, data analysis and application, security and production capacity and IT staff size, so as to respond quickly to the needs of frontline markets and special industries, provide efficient, intelligent and convenient products and services with market competitiveness to the Bank’s customers, and build a powerful engine for business operation and management. During the year, the Bank’s “Distributed Microservice Platform Based on Service Grid” won the Third Prize for Financial Technology Development Award of the Head Office of the People’s Bank of China, making the Bank of Guizhou the first and only bank in Guizhou Province to win the award, and the IT innovation work was fully affirmed by the regulatory authorities. During the Reporting Period, the Bank achieved the safety production target of 100% availability rate for important business systems and 99.9% availability rate for production systems.

- I. Further consolidating the scientific and technological infrastructure capacity.** In view of the difficulty in deploying and maintaining distributed systems, the Bank continuously improved the “three centers in two cities” dual-live disaster recovery system, established a standardized change control system, comprehensively reviewed and improved the basic emergency response capabilities of application systems, achieving full coverage of the basic emergency response capabilities of key application systems; continuously enhanced the automated disposal capability, solidifying the automated disposal process of more than 60 basic emergency response capabilities, and constructing an automated “emergency kit” for emergency support of operation and maintenance. More than 20 emergency drills were organized and conducted throughout the year to continuously improve the system emergency management capabilities. We improved the network security defense system based on the heterogeneity of cloud computing and traditional architectures, and strengthened the ability to proactively defend against network attacks by relying on technologies such as security log correlation analysis and threat intelligence databases. The Bank’s “Guiyin Financial Cloud (貴銀金融雲)” construction was awarded the Third (2023) “Jin Xin Tong” Fintech Innovation and Application Excellent Case by the China Academy of Information and Communications Technology (CAICT).
- II. Enhancing the data support capability of the Bank.** The Bank made significant efforts to build 12 data middle platform capabilities, including offline computing, formulated data development system process rules and “three bazaars with one warehouse” data model and data structure specifications, optimized the data dictionary of important transaction systems, and enriched and improved the BI data sets, customer labels and indicators, continuously strengthening the data foundation capabilities. The anti-fraud system was continuously optimized, and the achievements of the anti-fraud work were commended in writing by the anti-fraud team of the Department of Public Security of Guizhou Province.
- III. Insisting on efficient management.** Based on the “Specification for Software Development Cost Measurement”, the Bank constructed a system for measuring the workload of application software development and assessing project costs in line with localized development; built a project risk assessment model to enhance project risk management capabilities by covering the entire lifecycle management of software development projects in the fields of supplier management, on-site personnel management and project process management. As of the end of the Reporting Period, the Bank had obtained 81 computer software copyrights for its construction software projects, ranking first among financial institutions in the province.

Management Discussion and Analysis (Continued)

4.13 DEVELOPMENT OF DIGITAL TRANSFORMATION

During the Reporting Period, the Bank adhered to the connotation and goal of business transformation and development driven by data elements and digital technology, vigorously promoted the thorough integration of business, data and technology, and built a new model of digital finance, continuously shaping the digital capabilities of the Bank's operation and management in the fields of product innovation, capacity building, customer service, etc., creating more distinct advantage in differentiated competition, and promoting the high-quality development of the Bank of Guizhou in depth.

I. Digitization drives business innovation, with new financial models, connections and scenarios constantly emerging.

The Bank continued to promote the evolution of its traditional business in the direction of “digitalization, online, scene and platform” while launching the new digitalization business, completing 21 digitalization projects throughout the year, and initially constructing a financial service ecosystem with a multi-channel layout, integrated development of online and offline services, and extensive extensions to the outside world. While launching new digital business models, the Bank continued to promote the evolution of traditional businesses to “digitalization, online, scenario and platform”, and completed 21 digitalization projects throughout the year, initially constructing a financial service ecosystem with a multi-channel layout, integrated development of online and offline services, and extensive extensions to the exterior. **Achieving breakthroughs in the construction of business middle platform, with innovation of inclusive micro and small credit products entering the fast lane.** The intelligent micro-credit platform was put into operation, and new products such as “Business Quick Loan (經營快貸)”, “Qian Quick Loan (黔快貸)” and “Agriculture Revitalization Loan (online)” were launched on the platform in an agile mode, with the construction cycle of new products dropping by an average of 50%, and the business scale being rapidly formed after the commencement of production. **Empowering rural revitalization business with digitization to realize changes in the operation and management model of rural service business.** As the Bank's first project built with digital standards, the rural service platform driven the transformation of the rural service business through digital technology and data application, focusing on the digital management of the entire lifecycle of the rural service outlets, and providing caring financial and non-financial services to more than 2,000 outlet managers and 1.79 million rural service customers. **Deepening scenario-based finance and constructing a digitized cooperative ecosystem.** Projects such as iMoutai Xunfeng Digital World (i茅台巽風數字世界), Guiden Exchange* (貴登交易所), social security and banking integration, etc., driven by digital demand, have been put into production to integrate financial service capabilities of the Bank into the business ecosystem of our partners, jointly building a closed-loop, differentiated, user-friendly, secure and controllable financial service ecosystem based on data and funds, and creating value for customers. **Promoting the digitization transformation of traditional offline channels.** The lobby intelligence project achieved data interoperability between intelligent equipment and business system in outlets, and the overall substitution rate of intelligent equipment transactions in pilot branches reached 78%, with the average reduction of counters in outlets reaching 0.6, and the time saving in handling common business being about 47%, demonstrating significant transformation effects in outlets. The second phase of the operation and management platform was put into operation, enabling analysis and supervision of the operational status of branch institutions, personnel and equipment, providing multi-dimensional and all-round data support for daily operation of outlets, significantly enhancing the effectiveness, accuracy and comprehensiveness of operational risk control, and improving the efficiency of the Bank's operation and management. **Empowering the transformation and development of green finance.** The Bank put the green finance management system into operation for exploring ways to solve the difficulties in measuring the environmental benefits of the Bank's green assets, investment and financing business, and carbon accounting for its own operations, and strove to enhance the Bank's digital management standard in the field of green finance.

Management Discussion and Analysis (Continued)

II. **Deeply exploring data governance, cultivating digital genes and replacing (assisting) manual decision-making with data would be proceeded on regular basis.**

Focusing on the construction of core capabilities in three major fields, namely data technical support, data governance, data application, the Bank has built up leading data capabilities. **Forming a closed loop of data management and application**, the Bank invested and operated the integrated data management platform, formulated the specification of “data system development process”, realized the visualization of data assets management, and opened up the links of data discovery, application, analysis, application, masking, release and monitoring. **Achieving new achievements in data governance**, the Bank launched version 2023 of data standards, and published a total of 20,000 data dictionary items, and achieved full coverage of business with standards. Data governance and business demand management responsibilities were integrated into the Digital Finance Department, advancing the source of data governance from the data production stage to the project construction stage and enhancing the efficiency of data governance. **With a focus on building the ability to use data independently**, the Bank continued to enhance the digital literacy of its staff through internal and external training, and the concept of “no finance without technology and no retail without data” has permeated all fields of business operation and management. **With the contribution of data elements to business continuing to increase**, BI business intelligence data analysis tools were promoted vigorously in 18 business fields such as personal, small and micro, credit cards, consumer loans, operation and management, making BI the primary platform for exploring data and acquiring data, with the number of its active users and data operations increasing significantly by 384% and 737% year on year, respectively, and the average duration of data processing shortened from 3 days to 1–4 hours, turning BI into an important tool for data-assisted decision-making. The Bank vigorously promoted the empowerment of data elements for business, achieved the effect of replacing manual decision-making with data in the business scenarios of inputting, auditing and approving online businesses such as anti-fraud, partially inclusive micro and small businesses, and significantly improved business efficiency. The Bank continued to promote the second phase of data governance projects, such as the construction of data marts for marketing, risk and financial supervision, further enhancing the capability of data empowerment for business.

III. **Consolidating the foundation of digital transformation and constructing the cornerstone of the Bank’s new quality productivity, ensuring steady and long-term progress in transformation work**

In response to the trend and requirements of digital transformation, the Bank made the transformation of organizational structure as the main driving force for the implementation of its digital transformation strategy. The responsibilities of the digital transformation leadership team were enhanced and the Digital Finance Department was established to ensure the coordination and orderly progress of digital transformation work throughout the Bank. The Bank thoroughly implemented the concept of in-depth integration of business, data and technology in the design stage of business and products by combining its resource endowment, and established an end-to-end business requirement coordination mechanism as well as online, digital and platform-based digital requirement analysis standards, which led to a double or more efficiency in business analysis and design and reduction of the rate of change of business requirements by more than 50%. The Bank launched a business architecture construction project, updated its digital transformation strategic plan, and established 11 new transformation protection mechanisms, including a digital post-project evaluation mechanism, an operational feasibility analysis mechanism, and a resource allocation model, to resolve the difficult issues that have long plagued the construction of digital projects, and to ensure steady and long-term progress in the transformation work.

Management Discussion and Analysis (Continued)

In the future, the Bank will further deepen the connotation and goal of business transformation driven by data elements and digital technology, take the construction of business structure as the guiding principle, clarify the time sequence of transformation priorities, reshape business processes, deeply explore the empowerment of artificial intelligence in the field of intelligent customer service, and make breakthroughs in the transformation of key businesses in five fields, including connection, data, intelligence, platform and ecosystems, so as to realize the digital leap of new-quality productivity in sub-divided fields. While creating more value for our customers and employees, the Bank will create differentiated competitiveness and make efforts in “digital finance”.

4.14 SOCIAL RESPONSIBILITIES

The Bank has always adhered to the concept of “bank with heart”, fully shouldered its responsibility as a financial enterprise in the fields of promoting rural revitalization, serving micro and small private enterprises, developing green finance and safeguarding rights and interests of consumers, supporting social welfare and enhancing employee well-being, and continued to deepen and expand its social responsibility practices. The Bank is committed to identifying the greatest common divisor among contributing to society, obeying supervision, serving customers, repaying shareholders and achieving the development of staff, so as to obtain the largest concentric circle.

I. **Firmly cultivating the fertile soil of “agriculture, rural areas and farmers”, and comprehensively promoting rural revitalization**

The Bank continued to deepen the focus of and facilitate its services and promoted the development of rural financial service system through the “bank + company + outlet manager” outlet construction model, and served “agriculture, rural areas and farmers” with heart and soul. During the Reporting Period, the Bank launched more than 3,000 financial service activities such as financial knowledge publicity and anti-fraud and anti-scam activities by relying on the rural service outlets, and provided farmers with 749,900 financial services such as withdrawals, remittances and bill payments, amounting to RMB1.47 billion, and fully bridging the “last mile” of financial services to rural areas, realizing basic financial services without leaving the village, and improving the happiness and sense of achievement of the grassroots. 213 rural youth entrepreneurship financial service outlets have been set up to carry out financial publicity, consultation and training exchanges for rural youth and rural wealth leaders, promote employment and entrepreneurship of rural youth and serve the new countryside construction. The innovative promotion of “Qing Hui Loan (青惠贷)” product has benefited more than 63,000 households (persons) of micro and small enterprises and entrepreneurial youths, stimulating the growth of more than 65,000 upstream and downstream enterprises, creating over 60,000 job opportunities. The “Qing Hui Loan (青惠贷)” product was selected as a special exhibition item in the “Friendly and Growth-Oriented Province for Youth” section of the Challenge Cup, and was included in the 2024 Youth Affairs of Guizhou Province.

Management Discussion and Analysis (Continued)

II. Adhering to the founding mission of serving the real economy, and fully committing to serving micro and small private enterprises

The Bank spared no effort to make financial resources flow to the real economy and became a “growth partner” for private small and micro-enterprises. We set up a working group on private economy, improved a long-term mechanism of “daring to lend, willing to lend and capable of lending” to serve private enterprises, constructed a fair and precise service system for private enterprises, endeavoured to enhance the efficiency of credit services for private enterprises. Activities such as “Hundred Presidents Entering the Chamber of Commerce” and bank-enterprise pairing and assistance were conducted throughout the province to comprehensively enhance the quality and effectiveness of financial services for private enterprises, actively promote a new type of government-business relationship featuring “close” and “clean”, and continuously expand the coverage, accessibility and satisfaction of the healthy development of the private sector economy. As of the end of the Reporting Period, the loan balance of the Bank for private enterprises was RMB50.544 billion, representing an increase of RMB6.976 billion or 16.01% as compared with the beginning of the year.

III. Building confidence in the development of green finance, and further developing green bank

The Bank aspired to be a practitioner and promoter of the “Carbon Peak and Carbon Neutrality” goals, protecting lucid waters and lush mountains, and safeguarding our Earth. The Bank also organized the inaugural meeting of the Green Finance Committee of the Asian Financial Cooperation Association and was elected as the leading bank of the Green Finance Committee of the Asian Financial Cooperation Association, thus polishing the brand of green finance. The Bank launched and implemented a new generation of green finance management system, actively promoting the construction of environmental, social, and governance risk management. Our green finance service capabilities have been widely recognized, receiving accolades such as the “ESG Annual Innovation Experiment List” the “Guizhou Province Green Finance Innovation Institution” awarded by the Provincial Local Financial Regulatory Bureau, and the “Best Financial Institution Award of the Year” at the Green Finance Forum of 60.

IV. Actively safeguarding rights and interests of consumers with full of customer-centric sincerity

The Bank was dedicated to safeguarding rights and interests of consumers and actively protecting the “Wallets” of the public. During the Reporting Period, the Bank organized 564 educational and promotional activities on protecting financial consumer rights, 693 “Promoting Financial Knowledge” events, and 1,124 activities for “Financial Consumer Rights Protection Education Month”, covering million person-times, further enhancing the awareness of risk prevention and self-protection of financial consumers. Collaborating with Guizhou Radio and Television Economic Channel and Guizhou University of Finance and Economics, the Bank visited Guizhou Senior University to conduct live broadcasts of financial knowledge education events titled “Let’s Learn about Finance Together – Enjoy a Good Retirement Life with Beautiful Sunset and Financial Security” specifically targeting senior citizens across the province. As a designated financial services partner, the Bank cooperated in 2023 summer social practice activity of “Bringing culture, technology and public health to the countryside (三下乡)” for student volunteers in universities and vocational colleges in Guizhou Province, delivering financial knowledge to farmers and residents in rural communities.

Management Discussion and Analysis (Continued)

V. Embracing a compassionate commitment to social responsibility, and proactively participating in social welfare initiatives

The Bank strove to convey the “love” to society through practical actions and warm the general public. During the Reporting Period, the Bank organized and carried out public welfare activities, such as publicizing the law for female employees in 2023, knowledge lectures on “family education and family building” and the summer caring event of the integrated service station for outdoor workers; and actively responded to the “99 Public Welfare Day • Supporting Heroic Acts in Guizhou” fundraising campaign; actively engaged in the “Hand in Hand, Fulfilling Micro Wishes” voluntary donation service activities, with a total annual donation amount of RMB7.4 million. The Bank also vigorously carried out the 7th “Riding the Wind and Waves with Your Dreams” charity assistance for college entrance examination volunteer activities, setting up 82 college entrance examination volunteer service teams and organizing more than 1,100 youth volunteers to provide services for nearly 10,000 examinees, parents and logistic support workers; and actively promoted the 4th voluntary blood donation activity, organizing more than 66 staff members from various branches to carry out voluntary blood donation, with blood donation amounting to approximately 17,200 milliliters, and continuously spreading warmth to society. During the Reporting Period, the Bank organized more than 1,000 youth volunteer service activities in total, providing help and services for more than 90,000 people.

VI. Continuously adhering to the people-oriented philosophy, and diligently consolidating talent development

The Bank deeply implemented the strategy of strengthening talents in the new era and built a talent cultivation system of “attracting talents, nurturing talents, employing talents and retaining talents with care and warmth”. As at the end of the Reporting Period, the Bank had 5,523 employees, of which 87.34% had bachelor’s degree or above, 6.83% had master’s degree or above, and 5.02% were financial technology personnel. During the Reporting Period, the Bank attracted talents with sincerity, and strengthened cooperation between schools and enterprises to introduce middle- and high-end talents and fintech talents; the Bank introduced professionals with expertise, superb technology and cutting-edge knowledge in core fields through the 11th Guizhou Professionals Convention (貴州省第十一屆人才博覽會) and special recruitment of financial technology talents, achieving an introduction of more than 250 talents in various professions in the fields of financial technology, financial investment, marketing, etc., during the Reporting Period, contributing to the continuous growth of the talent team. The Bank devoted all its attention to nurture talents and continuously placed strong emphasis on building a professional workforce. During the Reporting Period, the Bank organized 1,347 training projects with a participation of 86,738 person-times, leading to continuous improvement in the quality of the talent team. For employing talents, through internal selection and job rotation, employees were encouraged to gain experience in multiple positions. The Bank also improved the two-way exchange mechanism and increased the exchange of cadre talents between the head office and branches, with more than 1,300 job rotations during the Reporting Period, and the comprehensive skills of the talent team were continuously improved. The Bank established the first batch of internship bases and actively implemented the “Sailing Plan” for interns of the Financial Work Committee of Guizhou (貴州金融團工委). The Bank has done a good job in the resettlement of retired military personnel, and properly resettled eight retired military personnel during the year, fully demonstrating the responsibility and commitment of a state-owned enterprise. For retaining talents, the Bank continuously enhanced the remuneration management system, and optimized the administrative measures for ranks of professional categories and position competence quality assessment process, further broadening the talent development pathways and collectively strengthening the talent team.

Changes in Share Capital and Information on Shareholders

5.1 CHANGES IN SHARE CAPITAL

As at 31 December 2023, total share capital of the Bank was 14,588,046,744, comprising 12,388,046,744 Domestic Shares and 2,200,000,000 H Shares.

Item	As at 31 December 2022		Changes in shares during the Reporting Period (share)	As at 31 December 2023	
	Number of shares (share)	Percentage (%)		Number of shares (share)	Percentage (%)
Domestic Shares	12,388,046,744	84.92	–	12,388,046,744	84.92
H Shares	2,200,000,000	15.08	–	2,200,000,000	15.08
Total number of ordinary shares	<u>14,588,046,744</u>	<u>100.00</u>	–	<u>14,588,046,744</u>	<u>100.00</u>

5.2 INFORMATION ON SHAREHOLDERS

5.2.1 Total number of domestic shareholders

As at 31 December 2023, the Bank had 5,299 domestic shareholders in total, consisting of 10 state-owned shareholders, 62 state-owned legal person shareholders, 119 private enterprise legal person shareholders and 5,108 natural person shareholders.

Changes in Share Capital and Information on Shareholders (Continued)

5.2.2 Top ten shareholders of the Domestic Shares

As at 31 December 2023, the shareholdings of top ten Domestic Shareholders of the Bank are detailed as follow:

No.	Name of shareholder	Class of share	Number of shares held (Unit: Share)	Approximate percentage of total issued share capital ^(Note) of the Bank as at the end of the Reporting Period (%)
1	Guizhou Provincial Finance Bureau (貴州省財政廳)	Domestic Shares	2,917,500,000	20.00
2	China Kweichow Moutai Distillery (Group) Co., Ltd. (中國貴州茅台酒廠(集團)有限責任公司)	Domestic Shares	1,750,000,001	12.00
3	Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. (遵義市國有資產投融資經營管理有限責任公司)	Domestic Shares	955,477,904	6.55
4	Shenzhen Expressway Corporation Limited (深圳高速公路集團股份有限公司)	Domestic Shares	426,000,000	2.92
5	Guizhou Water Investment Water Affairs Group Co., Ltd. (貴州水投水務集團有限公司)	Domestic Shares	334,000,000	2.29
6	Guizhou Expressway Group Co., Ltd. (貴州高速公路集團有限公司)	Domestic Shares	300,000,000	2.06
7	Liupanshui Municipal Finance Bureau (六盤水市財政局)	Domestic Shares	284,067,540	1.95
8	Guizhou Science and Technology Venture Capital Co., Ltd. (貴州省科技風險創業投資有限公司)	Domestic Shares	202,602,689	1.39
9	Guizhou Renhuai Maotai Town Hutu Liquor (Group) Co., Ltd. (貴州省仁懷市茅台鎮糊塗酒業(集團)有限公司)	Domestic Shares	188,633,460	1.29
10	AECC Guizhou Liyang Aero Engine Co., Ltd. (中國航發貴州黎陽航空動力有限公司)	Domestic Shares	178,856,984	1.23

Note: Total issued share capital includes Domestic Shares and H Shares.

Changes in Share Capital and Information on Shareholders (Continued)

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

As at 31 December 2023, to the best knowledge of the Bank, the following persons (other than the Bank's Directors, Supervisors and chief executives) had interests and/or short positions in the Shares or underlying shares of the Bank as recorded in the register of interests required to be kept by the Bank pursuant to Section 336 of Part XV of the SFO or, directly or indirectly, were interested in 5% or more of the nominal value of any class of the Bank's share capital:

Name of shareholder	Class of shares	Long positions/ Short positions	Nature of interests	Number of Shares (Share)	Approximate percentage of the relevant class of share capital issued of the Bank (%)	Approximate percentage of the total issued share capital of the Bank (%)
Guizhou Provincial Finance Bureau (貴州省財政廳)	Domestic Shares	Long positions	Beneficial owner	2,917,500,000	23.55	20.00
China Kweichow Moutai Distillery (Group) Co., Ltd. ⁽¹⁾ (中國貴州茅台酒廠(集團)有限責任公司)	Domestic Shares	Long positions	Beneficial owner	1,750,000,001	14.13	12.00
State-owned Assets Supervision and Administration Commission of the People's Government of Guizhou Province ⁽¹⁾ (貴州省人民政府國有資產監督管理委員會)	Domestic Shares	Long positions	Interest in controlled corporation	1,750,000,001	14.13	12.00
Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. ⁽²⁾ (遵義市國有資產投融資經營管理有限責任公司)	Domestic Shares	Long positions	Beneficial owner	955,477,904	7.71	6.55
Zunyi State-owned Capital Operation Co., Ltd. ⁽²⁾ (遵義市國有資本運營有限公司)	Domestic Shares	Long positions	Interest in controlled corporation	955,477,904	7.71	6.55
Zunyi City Mingcheng State-owned Assets Investment and Operation Co., Ltd. ⁽²⁾ (遵義市名城國有資產投資經營有限公司)	Domestic Shares	Long positions	Beneficial owner	34,065,055	0.27	0.23

Changes in Share Capital and Information on Shareholders (Continued)

Name of shareholder	Class of shares	Long positions/ Short positions	Nature of interests	Number of Shares (Share)	Approximate percentage of the relevant class of share capital issued of the Bank (%)	Approximate percentage of the total issued share capital of the Bank (%)
State-owned Assets Supervision and Administration Commission of the People's Government of Zunyi Municipality ⁽²⁾ (遵義市人民政府國有資產監督管理委員會)	Domestic Shares	Long positions	Interest in controlled corporation	989,542,959	7.98	6.78
Guizhou Water Investment Water Affairs Group Co., Ltd. ⁽³⁾ (貴州水投水務集團有限公司)	H Shares	Long positions	Beneficial owner	314,030,000	14.27	2.15
Guizhou Water Conservancy Investment Group Co., Ltd. ⁽³⁾ (貴州省水利投資(集團)有限責任公司)	H Shares	Long positions	Interest in controlled corporation	314,030,000	14.27	2.15
State-owned Assets Supervision and Administration Commission of the People's Government of Guizhou Province ⁽³⁾ (貴州省人民政府國有資產監督管理委員會)	H Shares	Long positions	Interest in controlled corporation	314,030,000	14.27	2.15
re Hongsheng Capital Operation Co., Ltd. ⁽⁴⁾ (黔西南州宏升資本運營有限責任公司)	H Shares	Long positions	Beneficial owner	310,487,000	14.11	2.13
State-owned Assets Supervision and Administration Commission of the People's Government of Qianxinan Prefecture ⁽⁴⁾ (黔西南州人民政府國有資產監督管理委員會)	H Shares	Long positions	Interest in controlled corporation	310,487,000	14.11	2.13

Changes in Share Capital and Information on Shareholders (Continued)

Name of shareholder	Class of shares	Long positions/ Short positions	Nature of interests	Number of Shares (Share)	Approximate percentage of the relevant class of share capital issued of the Bank (%)	Approximate percentage of the total issued share capital of the Bank (%)
Renhuai Sauce-flavored Liquor (Group) Co., Ltd. ⁽⁵⁾ (仁懷醬酒(集團)有限責任公司)	H Shares	Long positions	Beneficial owner	309,382,000	14.06	2.12
The People's Government of Renhuai Municipality ⁽⁵⁾ (仁懷市人民政府)	H Shares	Long positions	Interest in controlled corporation	309,382,000	14.06	2.12
Guizhou Fanjingshan Investment Holding Group Co., Ltd. ⁽⁶⁾ (貴州省梵淨山投資控股集團有限公司)	H Shares	Long positions	Beneficial owner	142,000,000	6.45	0.97
Tongren State-owned Assets Supervision and Administration Bureau ⁽⁶⁾ (銅仁市國有資產監督管理局)	H Shares	Long positions	Interest in controlled corporation	142,000,000	6.45	0.97
Changsheng Fund Management Co. Ltd-Changsheng Fund Zunyi No.1 Single Asset Management Plan ⁽⁷⁾ (長盛基金遵義1號單一資產管理計劃)	H Shares	Long positions	Investment Manager	140,000,000	6.36	0.96

Notes:

- (1) China Kweichow Moutai Distillery (Group) Co., Ltd. is 90% owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Guizhou Province (貴州省人民政府國有資產監督管理委員會). By virtue of the SFO, the State-owned Assets Supervision and Administration Commission of the People's Government of Guizhou Province is deemed to be interested in the shares of the Bank held by China Kweichow Moutai Distillery (Group) Co., Ltd.

Changes in Share Capital and Information on Shareholders (Continued)

- (2) Zunyi City Mingcheng State-owned Assets Investment and Operation Co., Ltd. is wholly owned by State-owned Assets Supervision and Administration Commission of Zunyi Municipality. The 58.44% interests of Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. is held by Zunyi State-owned Capital Operation Co., Ltd. Zunyi State-owned Capital Operation Co., Ltd. is 98% owned by the State-owned Assets Supervision and Administration Commission of Zunyi Municipality. By virtue of the SFO, Zunyi State-owned Capital Operation Co., Ltd. is deemed to be interested in the shares of the Bank held by Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. State-owned Assets Supervision and Administration Commission of Zunyi Municipality is deemed to be interested in the shares of the Bank held by Zunyi City Mingcheng State-owned Assets Investment and Operation Co., Ltd. and Zunyi City State-owned Assets Investment and Financing Management Co., Ltd.
- (3) Guizhou Water Investment Water Affairs Group Co., Ltd. is 87.47% owned by Guizhou Water Conservancy Investment Group Co., Ltd. (貴州省水利投資(集團)有限責任公司) 82.18% interests of which is held by State-owned Assets Supervision and Administration Commission of the People's Government of Guizhou Province. By virtue of the SFO, both Guizhou Water Conservancy Investment Group Co., Ltd. and State-owned Assets Supervision and Administration Commission of the People's Government of Guizhou Province are deemed to be interested in the shares of the Bank held by Guizhou Water Investment Water Affairs Group Co., Ltd.
- (4) Qianxinan Prefecture Hongsheng Capital Operation Co., Ltd. is 73.23% owned by State-owned Assets Supervision and Administration Commission of the People's Government of Qianxinan Prefecture. By virtue of the SFO, State-owned Assets Supervision and Administration Commission of the People's Government of Qianxinan Prefecture is deemed to be interested in the shares of the Bank held by Qianxinan Prefecture Hongsheng Capital Operation Co., Ltd.
- (5) Renhuai Sauce-flavored Liquor (Group) Co., Ltd. is 92.61% owned by the People's Government of Renhuai Municipality. By virtue of the SFO, the People's Government of Renhuai Municipality is deemed to be interested in the shares of the Bank held by Renhuai Sauce-flavored Liquor (Group) Co., Ltd.
- (6) Tongren State-owned Assets Supervision and Administration Bureau holds 67.77% interests in Guizhou Fanjingshan Investment Holding Group Co., Ltd. In virtue of the SFO, Tongren State-owned Assets Supervision and Administration Bureau is deemed to be interested in the shares of the Bank held by Guizhou Fanjingshan Investment Holding Group Co., Ltd.
- (7) Changsheng Fund Management Co. Ltd is the investment manager of the asset management plan products of Changsheng Fund Zunyi No.1 Single Asset Management Plan.

Save as disclosed above, the Bank is not aware of any other person (other than the Directors, Supervisors and chief executives of the Bank) having any interests or short positions in the shares or underlying shares of the Bank as at 31 December 2023 as recorded in the register required to be kept by the Bank pursuant to Section 336 of the SFO.

Changes in Share Capital and Information on Shareholders (Continued)

5.2.4 Shareholders holding 5% or more of the shares

For information on shareholders holding 5% or more of the share capital of the Bank, please refer to “Interests and short positions of substantial shareholders in Shares and underlying shares under the Regulations of Hong Kong” as described in 5.2.3 above.

5.2.5 Other substantial shareholders

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

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

Name of Shareholder	Class of Shares	Long positions/ Short positions	Nature of Interests	Number of shares (Share)	Approximate percentage of the total issued share capital of the Bank (%)
Shenzhen Expressway Corporation Limited ⁽¹⁾ (深圳高速公路集團股份有限公司)	Domestic Shares	Long positions	Beneficial owner	426,000,000	2.92
	H Shares	Long positions	Interest in controlled corporation	76,207,000	0.52
Guizhou Water Investment Water Affairs Group Co., Ltd. (貴州水投水務集團有限公司)	Domestic Shares	Long positions	Beneficial owner	334,000,000	2.29
	H Shares	Long positions	Beneficial owner	314,030,000	2.15
Guizhou Water Investment Capital Management Co., Ltd. (貴州水投資本管理有限責任公司)	Domestic Shares	Long positions	Beneficial owner	25,677,706	0.18
	Domestic Shares	Long positions	Beneficial owner	165,647,484	1.14
Guizhou Water Conservancy Investment Group Co., Ltd. ⁽²⁾ (貴州省水利投資(集團)有限責任公司)	Domestic Shares	Long positions	Interest in controlled corporation	334,000,000	2.29
	Domestic Shares	Long positions	Interest in controlled corporation	25,677,706	0.18
	H Shares	Long positions	Interest in controlled corporation	314,030,000	2.15

Changes in Share Capital and Information on Shareholders (Continued)

Name of Shareholder	Class of Shares	Long positions/ Short positions	Nature of Interests	Number of shares (Share)	Approximate percentage of the total issued share capital of the Bank (%)
Guizhou Expressway Group Co., Ltd. (貴州高速公路集團有限公司)	Domestic Shares	Long positions	Beneficial owner	300,000,000	2.06
Qianxinan Prefecture Hongsheng Capital Operation Co., Ltd. (黔西南州宏升資本營運有限責任公司)	H Shares	Long positions	Beneficial owner	310,487,000	2.13
Renhuai State-owned Assets Investment and Management Co., Ltd. (仁懷市國有資產投資經營有限責任公司)	Domestic Shares	Long positions	Beneficial owner	104,065,055	0.71

Notes:

- (1) Mei Wah Industrial (Hong Kong) Limited is wholly-owned by Shenzhen Expressway Corporation Limited (深圳高速公路集團股份有限公司) which is deemed to hold interests in 76,207,000 shares of the Bank held by Mei Wah Industrial (Hong Kong) Limited according to the SFO.
- (2) Guizhou Water Conservancy Investment Group Co., Ltd. holds 87.47% of the shares of Guizhou Water Investment Water Affairs Group Co., Ltd. and 100% of the shares of Guizhou Water Investment Capital Management Co., Ltd., and therefore Guizhou Water Conservancy Investment Group Co., Ltd. directly and indirectly holds a total of 5.75% of the shares of the Bank. Guizhou Water Conservancy Investment Group Co., Ltd., Guizhou Water Investment Water Affairs Group Co., Ltd., and Guizhou Water Investment Capital Management Co., Ltd. are identified as substantial shareholders of the Bank.

Changes in Share Capital and Information on Shareholders (Continued)

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

Company Name	Registry	Registered capital (RMB'000)	Percentage of shares held in the Bank as at 31 December 2023 (including Domestic Shares and H Shares)	Percentage of shares held in the Bank as at 31 December 2022 (including Domestic Shares and H Shares)	Economic nature or type	Legal representative or person in charge
Guizhou Provincial Finance Bureau (貴州省財政廳)	Guiyang, Guizhou Province	N/A	20.00%	18.29%	Provincial government department	SHI Huaqing (石化清)
China Kweichow Moutai Distillery (Group) Co., Ltd. (中國貴州茅台酒廠(集團)有限責任公司)	Guiyang, Guizhou Province	10,000,000	12.00%	12.00%	Limited liability company (state-controlled)	DING Xiongjun (丁雄軍)
Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. (遵義市國有資產投資經營管理有限責任公司)	Zunyi, Guizhou Province	8,163,400	6.55%	6.55%	Limited liability company (state-controlled)	SUN Junwei (孫俊偉)
Guizhou Water Conservancy Investment Group Co., Ltd. (貴州省水利投資(集團)有限責任公司)	Guiyang, Guizhou Province	60,000,000	5.75%	5.58%	Limited liability company (state-controlled)	ZENG Xinbo (曾信波)
Guizhou Water Investment Water Affairs Group Co., Ltd. (貴州水投水務集團有限公司)	Guiyang, Guizhou Province	1,207,606	4.44%	4.44%	Limited liability company (state-controlled)	WANG Ke (王可)
Guizhou Water Investment Capital Management Co., Ltd. (貴州水投資本管理有限責任公司)	Guiyang, Guizhou Province	5,000,000	0.18%	0.00	Limited liability company (state-controlled)	CUI Jinbo (崔金波)
Shenzhen Expressway Corporation Limited (深圳高速公路集團股份有限公司)	Shenzhen, Guangdong Province	2,180,770	3.44%	3.44%	Joint-stock company	HU Wei (胡偉)
Qianxinan Prefecture Hongsheng Capital Xingyi, Qianxinan Operation Co., Ltd. (黔西南州宏升資本營運有限責任公司)	Bouyei and Miao Autonomous Prefecture, Guizhou Province	173,690	2.13%	2.13%	Limited liability company (state-controlled)	ZHOU Long (周龍)
Guizhou Expressway Group Co., Ltd. (貴州高速公路集團有限公司)	Guiyang, Guizhou Province	11,105,372	2.06%	2.06%	Limited liability company (state-controlled)	LONG Pingjiang (龍平江)
Renhuai State-owned Assets Investment and Management Co., Ltd. (仁懷市國有資產投資經營有限責任公司)	Renhuai, Guizhou Province	1,130,000	0.71%	0.71%	Limited liability company (wholly state-owned)	CHEN Ce (陳策)

Changes in Share Capital and Information on Shareholders (Continued)

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

Guizhou Provincial Finance Bureau holds 2,917,500,000 Domestic Shares of the Bank, accounting for 20.00% of the total issued share capital of the Bank. The shares held by Guizhou Provincial Finance Bureau are state-owned shares, and the ultimate owner is Guizhou Provincial Finance Bureau.

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

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

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

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

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

Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. holds 955,477,904 Domestic Shares of the Bank, representing 6.55% of the total share capital of the Bank. Zunyi State-owned Capital Operation Co., Ltd. holds 58.44% equity of Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. and is 98% owned by State-owned Assets Supervision and Administration Commission of Zunyi Municipality. Therefore, State-owned Assets Supervision and Administration Commission of Zunyi Municipality is an actual controller and the ultimate beneficial owner of Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. According to the relevant regulations in the Interim Measures for the Equity Management of Commercial Banks, as at the end of the Reporting Period, the related parties of Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. included, among others, Zunyi State-owned Capital Operation Co., Ltd. and Zunyi State-owned Assets Investment Hotel Management Co., Ltd. (遵義市國投酒店管理有限責任公司).

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

Changes in Share Capital and Information on Shareholders (Continued)

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

Guizhou Water Conservancy Investment Group Co., Ltd. holds 165,647,484 Domestic Shares of the Bank, representing 1.14% of the total share capital of the Bank. It and its related parties, Guizhou Water Investment Water Affairs Group Co., Ltd. and Guizhou Water Investment Capital Management Co., Ltd. hold 839,355,190 Shares of the Bank in aggregate, accounting for approximately 5.75% of the entire share capital of the Bank. Guizhou Water Conservancy Investment Group Co., Ltd. is 82.18% owned by State-owned Assets Supervision and Administration Commission of the People's Government of Guizhou Province which is also its actual controller and ultimate beneficial owner. Pursuant to relevant requirements of Interim Measures for the Equity Management of Commercial Banks, as at the end of the Reporting Period, the related parties of Guizhou Water Conservancy Investment Group Co., Ltd. included, among others, Guizhou Water Investment Industry Development Co., Ltd. (貴州水投產業發展有限責任公司).

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

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

Guizhou Water Investment Water Affairs Group Co., Ltd. holds 334,000,000 Domestic Shares and 314,030,000 H Shares of the Bank, with a total shareholding of 648,030,000 Shares, accounting for 4.44% of the entire share capital of the Bank. Guizhou Water Conservancy Investment Group Co., Ltd. (貴州省水利投資(集團)有限責任公司) holds 87.47% equity of Guizhou Water Investment Water Affairs Group Co., Ltd.. State-owned Assets Supervision and Administration Commission of Guizhou Province holds 82.18% equity of Guizhou Water Conservancy Investment Group Co., Ltd. Therefore, the actual controller and the ultimate beneficial owner of Guizhou Water Investment Water Affairs Group Co., Ltd. is State-owned Assets Supervision and Administration Commission of Guizhou Province. According to the relevant regulations in the Interim Measures for the Equity Management of Commercial Banks, as at the end of the Reporting Period, the related parties of Guizhou Water Investment Water Affairs Group Co., Ltd. included, among others, Guizhou Water Investment Water Affairs Technology Co., Ltd. (貴州水投水務科技有限公司) and Guizhou Water Investment Water Affairs Group Songtao Co., Ltd. (貴州水投水務集團松桃有限公司).

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

Changes in Share Capital and Information on Shareholders (Continued)

6. **Guizhou Water Investment Capital Management Co., Ltd. (貴州水投資本管理有限責任公司)**

Guizhou Water Investment Water Capital Management Co., Ltd. holds 25,677,706 Domestic Shares of the Bank, accounting for 0.18% of the entire share capital of the Bank. Guizhou Water Investment Water Capital Management Co., Ltd., It and its related parties, Guizhou Water Investment Water Affairs Group Co., Ltd. and Guizhou Water Conservancy Investment Group Co., Ltd. hold 5.75% equity of the Bank in aggregate, and is therefore managed as a major shareholder of the Bank. Guizhou Water Investment Water Capital Management Co., Ltd. is a wholly-owned subsidiary of Guizhou Water Conservancy Investment Group Co., Ltd., and the State-owned Assets Supervision and Administration Commission of Guizhou Province holds 82.18% equity of Guizhou Water Conservancy Investment Group Co., Ltd.. Therefore, the actual controller and the ultimate beneficial owner of Guizhou Water Investment Water Capital Management Co., Ltd. is State-owned Assets Supervision and Administration Commission of Guizhou Province. According to the relevant regulations in the Interim Measures for the Equity Management of Commercial Banks, as at the end of the Reporting Period, the related parties of Guizhou Water Investment Water Affairs Group Co., Ltd. included, among others, Guizhou Water Investment Water Affairs Technology Co., Ltd. (貴州水投水務科技有限公司) and Guizhou Water Investment Water Affairs Group Songtao Co., Ltd. (貴州水投水務集團松桃有限公司).

The main businesses of Guizhou Water Investment Water Capital Management Co., Ltd. include investment, capital operation; financial consultancy, investment consultancy (service); non-financing guarantee (project performance guarantee, bidding guarantee, project payment guarantee, prepayment guarantee, guarantee for final payment as promised; guarantee for credit purchase of raw materials, guarantee for installment payment of equipment, guarantee for leasing contract, guarantee for supervision of warehousing and guarantee for other economic contracts).

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

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

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

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

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

Changes in Share Capital and Information on Shareholders (Continued)

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

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

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

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

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

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

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

Changes in Share Capital and Information on Shareholders (Continued)

5.2.7 Pledge of equity by substantial shareholders

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

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

5.2.8 Pledge of equity by major shareholders

- I. Zunyi City State-owned Assets Investment and Financing Management Co., Ltd. holds 955,477,904 Domestic Shares of the Bank, of which 474,932,188 shares have been pledged.
- II. Renhuai City State-owned Assets Investment and Management Co., Ltd. holds 104,065,055 Domestic Shares of the Bank, of which 100,000,000 shares have been pledged.

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

5.2.9 Despatch of Directors and Supervisors by the shareholders

Despatched by	Name	Position
Guizhou Provincial Finance Bureau	CHEN Jingde	Non-executive Director
Guizhou Provincial Finance Bureau	CHEN Hanqing	Non-executive Director
Zunyi City State-owned Assets Investment and Financing Management Co., Ltd.	SUN Junwei	Non-executive Director
Guizhou Water Investment Water Affairs Group Co., Ltd. Guizhou Water Conservancy Investment Group Co., Ltd.	YE Jiangmei	Non-executive Director
Shenzhen Expressway Corporation Limited	GONG Taotao	Non-executive Director
Guizhou Expressway Group Co., Ltd.	ZHAO Yong	Non-executive Director
Qianxinan Prefecture Hongsheng Capital Operation Co., Ltd.	HE Xinzhang	Shareholder Supervisor
Renhuai City State-owned Assets Investment and Management Co., Ltd.	CHENG Yunlong	Shareholder Supervisor

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

Nil.

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

- I. As of the end of the Reporting Period, to the best knowledge of the Bank, 281,705,562 pledged shares held by 5 domestic shareholders of the Bank were involved in freezing.
- II. According to the Articles of Association of the Bank, when the number of shares pledged by a shareholder of the Bank reaches or exceeds 50% of the shares of the Bank held by the shareholder, the shareholder may not exercise the right to vote on the pledged part of the shares at the shareholders' general meeting during the pledge period. As of the end of the Reporting Period, to the best knowledge of the Bank, 13 domestic shareholders of the Bank have pledged equity interests reaching or exceeding 50% of their equity interests in the Bank, with a total of 865,606,854 shares of the 13 domestic shareholders subject to restrictions on voting rights, representing 5.93% of the total number of shares in the Bank.

5.2.12 Purchase, sale or redemption of listed securities

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

Directors, Supervisors, Senior Managements, Employees and Organizations

6.1 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

6.1.1 Directors

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

Name	Gender	Date of birth	Date of appointment	Position in the Bank
YANG Mingshang (楊明尚)	Male	November 1965	July 2021	Chairman of the Board, executive Director
XU An (許安) ⁽¹⁾	Male	October 1963	August 2018	Executive Director, President
CAI Dong (蔡東)	Male	September 1966	August 2021	Executive Director
CHEN Jingde (陳景德)	Male	December 1969	August 2021	Non-executive Director
CHEN Hanqing (陳含青)	Male	February 1984	August 2021	Non-executive Director
SUN Junwei (孫俊偉)	Male	March 1969	October 2023	Non-executive Director
YE Jiangmei (葉江玫)	Female	November 1973	October 2023	Non-executive Director
GONG Taotao (龔濤濤)	Female	February 1973	November 2016	Non-executive Director
ZHAO Yong (趙勇)	Male	May 1969	August 2021	Non-executive Director
WANG Gefan (王革凡) ⁽²⁾	Male	June 1957	August 2018	Independent non-executive Director
TANG Xin (湯欣) ⁽²⁾	Male	September 1971	August 2018	Independent non-executive Director
SONG Ke (宋科) ⁽²⁾	Male	April 1982	August 2018	Independent non-executive Director
LEE Hoey Simon (李浩然)	Male	March 1977	May 2022	Independent non-executive Director
SUN Li (孫莉)	Female	October 1970	August 2022	Independent non-executive Director
JIA Xiangsen (賈祥森) ⁽³⁾	Male	April 1955	–	Independent non-executive Director
JIANG Shangjun (姜尚君) ⁽³⁾	Male	July 1954	–	Independent non-executive Director

Notes:

- (1) Mr. XU An resigned as an executive Director and the President of the Bank due to the work arrangement, with effect from 7 March 2024.
- (2) Mr. WANG Gefan, Mr. TANG Xin, Mr. SONG Ke acted as independent non-executive Directors of the second session of the Board of the Bank from August 2018 to June 2021.
- (3) The qualifications of Mr. JIA Xiangsen and Mr. JIANG Shangjun as independent non-executive Directors of the Bank are subject to approval.

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

6.1.2 Supervisors

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

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

Notes:

- (1) Ms. WU Fan resigned as the Chairman of the Board of Supervisors and Employee Supervisor of the Bank on 7 March 2024. On the same date, Ms. WU Fan was nominated by the Board as a candidate for executive Director of the Bank, whose qualification for the position has been approved at the general meeting and is subject to the approval by the Guizhou Office, with a term of office the same as that of the third session of the Board of the Bank.
- (2) Mr. SU Zhi served as an external Supervisor of the second session of the Board of Supervisors of the Bank from May 2018 to June 2021.

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

6.1.3 Senior management

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

Name	Gender	Date of birth	Date of appointment	Position in the Bank
XU An (許安) ⁽¹⁾	Male	October 1963	April 2018	President of the Bank
HU Liangpin (胡良品)	Male	September 1968	April 2018	Vice President of the Bank
AN Peng (安鵬)	Male	October 1976	October 2021	Vice President of the Bank
QIN Wei (覃偉)	Male	March 1976	February 2022	Vice President of the Bank
ZHOU Guichang (周貴昌)	Male	August 1974	May 2019	Secretary to the Board of the Bank
JIAO Zhengjun (焦正俊)	Male	September 1973	May 2022	Chief compliance officer
Xu Peiwen (徐培文) ⁽²⁾	Male	February 1984	May 2023	Assistant to the President of the Bank

Notes:

- (1) Mr. XU An resigned as an executive Director and the President of the Bank on 7 March 2024.
- (2) Mr. XU Peiwen resigned as the Assistant to the President of the Bank on 7 March 2024.

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

6.2.1 Changes of Directors

- I. On 9 October 2023, the Bank received the “Approval of the Qualification of YE Jiangmei of Bank of Guizhou Co., Ltd. by the National Financial Regulatory Administration Guizhou Office” (Gui Jin Fu [2023]51) (《國家金融監督管理總局貴州監管局關於貴州銀行股份有限公司葉江玫任職資格的批覆》(貴金覆[2023]51號)) and “Approval of the Qualification of SUN Junwei of Bank of Guizhou Co., Ltd. by the National Financial Regulatory Administration Guizhou Office” (Gui Jin Fu [2023]52) (《國家金融監督管理總局貴州監管局關於貴州銀行股份有限公司孫俊偉任職資格的批覆》(貴金覆[2023]52號)). The National Financial Regulatory Administration Guizhou Office has approved the qualifications of Ms. YE Jiangmei and Mr. SUN Junwei to serve as non-executive Directors of the Bank. Their terms of office shall commence from 9 October 2023 until the expiration of the term of office of the third session of the Board.
- II. Mr. WU Zhijun, the proposed director, resigned as a Director of the Bank on 26 December 2023 due to work arrangements and his resignation took effect on the same date.

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

6.2.2 Changes of Supervisors

Mr. CHEN Houyi resigned as a Supervisor of the Bank on 27 April 2023 due to the expiration of his term of office.

6.2.3 Changes of senior management

Mr. XU Peiwen was appointed as an assistant to the President of the Bank in May 2023.

6.2.4 Changes in information of Directors and Supervisors

- I. Mr. CHEN Jingde, a non-executive Director of the Bank, has ceased to serve as the deputy secretary of the Party committee, director and chairman of the labor union of Guizhou Financial Holding Group Co., Ltd. (Guizhou Guimin Investment Group Co., Ltd.) since September 2023; has served as the deputy secretary of the Party committee, vice chairman of the board and general manager of Guizhou Water Conservancy Investment Group Co., Ltd. since September 2023.
- II. Mr. TANG Xin, an independent non-executive Director of the Bank, has served as an independent director of Wanda Film Holding Co., Ltd. (SZSE stock code: 002739) since June 2023; has ceased to serve as the head of 1st and 2nd session of the committee of independent directors of the China Association for Public Companies (中國上市公司協會) since March 2023; and has ceased to serve as a member of 4th and 5th session of the listing committee of the SSE since November 2023.
- III. Mr. Lee Hoey Simon, an independent non-executive Director of the Bank, has served as a member of the 14th Beijing Municipal Committee of the Chinese People's Political Consultative Conference since January 2023, a member of the Hong Kong Basic Law Committee of the Standing Committee of the National People's Congress since June 2023; and has ceased to serve as a member of the 12th session of the Chinese People's Political Consultative Conference of Guizhou Province, the deputy director of the Hong Kong, Macao and Taiwan Overseas Chinese and Foreign Affairs Committee since January 2023.
- IV. Ms. WU Fan, the Chairlady of the Board of Supervisors of the Bank, has served as the deputy secretary of the Party committee of the Bank since February 2024. She resigned as the Chairlady of the Board of Supervisors and an employee Supervisor of the Bank on 7 March 2024.

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

6.3 BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANagements

6.3.1 Biographical details of Directors

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

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

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

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

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

Mr. Cai had successively served as a technician of the inspection institute of Product Quality Supervision Center in Guizhou Province (貴州省產品質量監督中心) from August 1986 to December 1987 (during which, he joined the provincial poverty alleviation team to the Farming Zone in Weining County, Guizhou Province from January 1987 to December 1987); staff of human resource office of Quality and Technology Supervision Bureau of Guizhou Province (貴州省質量技術監督局) from December 1987 to December 1996; deputy director of the inspection institute of Product Quality Supervision Center in Guizhou Province from December 1996 to December 2000; deputy director of personnel and education division of Quality and Technology Supervision Bureau of Guizhou Province from December 2000 to May 2002; director of personnel and education division of Quality and Technology Supervision Bureau of Guizhou Province from May 2002 to December 2006; Party member and secretary of the Party committee of Guizhou Administration for Industry and Commerce (貴州省工商行政管理局) from December 2006 to August 2018 (during which, he took a temporary post as the deputy director of Direct Selling Supervision Bureau of State Administration for Industry and Commerce (國家工商總局直銷監管局) from February 2013 to January 2014 and served as the deputy secretary of the Party Committee and head of the Poverty Alleviation Work Team of Taijiang County, Qiandongnan Prefecture, Guizhou Province in 2015); deputy secretary of the Party Committee and secretary of the Party Committee of the Bank from August 2018 to October 2018; and deputy secretary of the Party Committee, chairman of the labor union and secretary of the Party Committee of the Bank from October 2018 to November 2019. He has served as deputy secretary of the Party Committee and chairman of the labor union of the Bank since November 2019; and an executive Director of the Bank since August 2021.

Mr. Cai graduated from Commercial School of Guizhou Province (貴州省商業學校) in July 1986, majoring in household appliances; studied in Guizhou Radio & TV University (貴州廣播電視大學) from September 1991 to July 1993, majoring in administrative management; studied in Party School of the Guizhou Provincial Committee from September 1999 to June 2002, majoring in law; studied the course of Advanced Training of Managerial Economic of Guizhou Province in Peking University (北京大學貴州省經濟管理高級研修班) from October 2003 to December 2003; studied in junior cadre training class of Party School of the Guizhou Provincial Committee (貴州省委黨校) from March 2006 to May 2006; studied in on-job postgraduate class of Party School of the Guizhou Provincial Committee from September 2008 to June 2011, majoring in law; studied at the National School of Administration's training programme for cadres in the western region in March 2012; and studied the course of Advanced Training of Public Administration and Management of Nanyang Technological University, Singapore from October 2017 to January 2018. Mr. Cai has been awarded the titles of engineer and senior political engineer.

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

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

Mr. Chen had successively served as a clerk, a deputy director, the director of the agricultural finance department of the Guizhou Provincial Finance Bureau (貴州省財政廳農業財務處) from July 1992 to August 2004; a deputy director of the agricultural taxation department of the Guizhou Provincial Finance Bureau (貴州省財政廳農業稅收處) from August 2004 to December 2005 (during which, from June 2005 to May 2006, he participated in the Provincial Party Building Poverty Alleviation Work Team, and took a temporary post as the assistant to the head of Houchang Township, Puding County, Anshun); a deputy director and the director of grass-root finance management department of Guizhou Provincial Finance Bureau (貴州省財政廳基層財政管理處) from December 2005 to November 2014; the director of agricultural department of Guizhou Provincial Finance Bureau from November 2014 to March 2019. He served as a member of the Party committee, director and deputy general manager of Guizhou Financial Holding Group Co., Ltd. (Guizhou Guimin Investment Group Co., Ltd.) from March 2019 to May 2021; the deputy secretary of the Party committee, director and chairman of the labor union of Guizhou Financial Holding Group Co., Ltd. (Guizhou Guimin Investment Group Co., Ltd.) from May 2021 to September 2023; the deputy secretary of the Party committee, vice chairman and general manager of Guizhou Water Conservancy Investment Group Co., Ltd. (貴州省水利投資(集團)有限責任公司) since September 2023; and a non-executive Director of the Bank since August 2021.

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

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

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

Mr. Chen successively worked as an intern in the budget department, comprehensive department and payment centre of the Guizhou Provincial Finance Bureau from December 2007 to December 2008; and served as a clerk of the Guizhou Provincial Finance Bureau from December 2008 to June 2009; a clerk (grade 25 civil servant) of the State Treasury Payment Centre of Guizhou Provincial Finance Bureau from June 2009 to April 2010; a clerk of the non-tax revenue management department of the Guizhou Provincial Finance Bureau (registered in the Payment Centre) from April 2010 to February 2012; a deputy director of the non-tax revenue management department of the Guizhou Provincial Finance Bureau (registered in the Payment Centre) from February 2012 to August 2013; a deputy director of the budget department of the Guizhou Provincial Finance Bureau from August 2013 to May 2014. He worked in the finance department of Guizhou Guimin Investment Co., Ltd. (貴州省貴民投資有限責任公司) from May 2014 to June 2014; and served as the business executive of the finance department of Guizhou Guimin Investment Co., Ltd. from June 2014 to July 2014; the business executive of the finance department of Guizhou Guimin Investment Co., Ltd. and the director of Guizhou Guixin Ruihe Venture Capital Management Co., Ltd. (貴州省貴鑫瑞和創業投資管理有限責任公司) from July 2014 to July 2015; the business executive of the finance department of Guizhou Guimin Investment Co., Ltd. (renamed as Guizhou Guimin Development Investment Co., Ltd. (貴州省貴民發展投資有限責任公司) in December 2016), the director of Guizhou Guixin Ruihe Venture Capital Management Co., Ltd. and the director of Qianxinan Venture Capital Fund Co., Ltd. (黔西南州創業投資基金有限公司) from July 2015 to January 2017; the head of the finance department of Guizhou Guimin Investment Group Co., Ltd. (貴州省貴民投資集團有限責任公司) (renamed as Guizhou Financial Holding Group Co., Ltd. (Guizhou Guimin Investment Group Co., Ltd.) (貴州金融控股集團有限責任公司) (貴州貴民投資集團有限責任公司)) in January 2018), the director of Guizhou Guixin Ruihe Venture Capital Management Co., Ltd. and the director of Qianxinan Venture Capital Fund Co., Ltd. from January 2017 to September 2018; the head of the finance department of Guizhou Financial Holding Group Co., Ltd. (Guizhou Guimin Investment Group Co., Ltd.), the director of Guizhou Guixin Ruihe Venture Capital Management Co., Ltd. and the director of Qianxinan Venture Capital Fund Co., Ltd. from September 2018 to February 2019; the head of the finance department of Guizhou Financial Holding Group Co., Ltd. (Guizhou Guimin Investment Group Co., Ltd.) and the director of Qianxinan Venture Capital Fund Co., Ltd. from February 2019 to March 2019; the deputy director of the Finance and Economics Committee of Changshun County Committee of Qiannan Prefecture and a member of the Party Group of the County People's Government (temporary position) from June 2020 to July 2021; he served as the deputy head of the finance department of Guizhou Financial Holding Group Co., Ltd. (Guizhou Guimin Investment Group Co., Ltd.) (貴州金融控股集團有限責任公司(貴州貴民投資集團有限責任公司)) from March 2019 to August 2022; he has served as the director of Qianxinan Venture Capital Fund Co., Ltd. (renamed as Qianxinan Venture Project Management Co., Ltd.* (黔西南州創業項目管理有限公司) in January 2024) since March 2019; he has served as a member of the Party Committee and deputy general manager of Guizhou Financing Guarantee Co., Ltd. (貴州省融資擔保有限責任公司) (renamed as Guizhou Province Credit Improvement Limited (貴州省信用增進有限公司) in March 2023) since August 2022; he has served as a non-executive Director of the Bank since August 2021.

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

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

Mr. SUN Junwei (孫俊偉) is a non-executive Director of the Bank.

Mr. SUN consecutively served as a member of the Finance Bureau of Zunyi District (Municipality) (during which he worked in Xieba Township, Zheng'an County from November 1990 to October 1991) from September 1990 to February 2000; served as deputy chief of the Comprehensive Section of the Finance Bureau of Zunyi Municipality from February 2000 to May 2002; served as chief of the Comprehensive Planning Section of the Finance Bureau of Zunyi Municipality from May 2002 to February 2004; served as chief of the Treasury Section of the Finance Bureau of Zunyi Municipality (during which: he temporarily served as deputy secretary of the Party Committee of Meijiang Township in Meitan County from March 2005 to December 2005 and a member of the Standing Committee to the Party Committee of Tongzi County from December 2006 to December 2008) from February 2004 to April 2009; served as chairman of the supervisory committee of Zunyi State-owned Assets Investment and Financing Management Co., Ltd. (遵義市國有資產投融資經營管理有限責任公司) from April 2009 to February 2015; served as chairman of the supervisory committee and a member of the Party Committee of Zunyi State-owned Assets Investment and Financing Management Co., Ltd., and chairman of the supervisory committee and a member of the Party Committee of Zunyi Affordable Housing Construction Investment and Development Co., Ltd. (遵義市保障性住房建設投資開發有限責任公司) from February 2015 to January 2018; served as deputy secretary of the Party Committee of Zunyi State-owned Assets Investment and Financing Management Co., Ltd. from January 2018 to February 2018; served as deputy secretary of the Party Committee, director and general manager of Zunyi State-owned Assets Investment and Financing Management Co., Ltd., and chairman of Zunyi Xincai Investment Co., Ltd. (遵義市鑫財投資有限公司) from February 2018 to August 2020; served as secretary of the Party Committee and chairman of the board of directors of Zunyi Finance Guarantee (Group) Co., Ltd. (遵義市融資擔保(集團)有限公司) from August 2020 to June 2022; he has been secretary of the Party Committee and chairman of the board of directors of Zunyi State-owned Assets Investment and Financing Management Co., Ltd. since June 2022 and a non-executive Director of the Bank since October 2023.

From September 1986 to July 1990, Mr. SUN studied at the Department of Computer Science of Guizhou University majoring in software and obtained a bachelor's degree; from September 2001 to June 2004, he studied as an on-the-job graduate student in economics at the Party School of Guizhou Provincial Party Committee.

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

Ms. YE Jiangmei (葉江玫) is a non-executive Director of the Bank.

Ms. YE consecutively served as a designer of Guiyang Zhongjian Architectural Design Institute (貴陽中建建築設計院) from July 1995 to October 2001; served as a probationary staff of the Fixed Asset Investment and Audit Division (固定資產投資審計處) of the Guizhou Provincial Audit Department (貴州省審計廳) from October 2001 to January 2003; served as a deputy chief officer of the Fixed Asset Investment and Audit Division of the Guizhou Provincial Audit Department from January 2003 to January 2006; served as a chief officer of the Fixed Asset Investment and Audit Division of the Guizhou Provincial Audit Department from January 2006 to November 2010; served as a deputy researcher of the Fixed Asset Investment and Audit Division II (固定資產投資審計二處) of the Guizhou Provincial Audit Department from November 2010 to November 2011 (certified as a senior auditor in December 2010); deputy chief of the Fixed Asset Investment and Audit Division II of the Guizhou Provincial Audit Department from November 2011 to April 2014; served as chief of the Fixed Asset Investment and Audit Division II of the Guizhou Provincial Audit Department from April 2014 to December 2017; served as chief of the Fixed Asset Investment and Audit Division I (固定資產投資審計一處) of the Guizhou Provincial Audit Department from December 2017 to March 2019; served as chief of the Internal Audit Guidance and Supervision Division (內部審計指導監督處) of the Guizhou Provincial Audit Department from March 2019 to November 2019; served as chief and a first-level researcher of the Internal Audit Guidance and Supervision Division of the Guizhou Provincial Audit Department from November 2019 to August 2021; she has been a member of the Party Committee and the chief accountant of Guizhou Water Conservancy Investment Group Co., Ltd. (貴州省水利投資(集團)有限責任公司) since August 2021 and a non-executive Director of the Bank since October 2023.

From September 1991 to July 1995, Ms. YE studied at Hohai University majoring in industrial and civil architecture and obtained a bachelor's degree; from September 2010 to July 2013, she studied at Guizhou University of Finance and Economics majoring in business administration and obtained a master's degree in business administration.

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

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

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

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

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

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

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

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

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

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

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

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

Mr. Tang has successively conducted post-doctoral research in law major at Peking University Law School from July 1998 to June 2000; and has been teaching in Tsinghua University School of Law since 2000; was promoted to Associate Professor of Tsinghua University School of Law in February 2001, was promoted to Professor of Tsinghua University School of Law in January 2015 and served as the director of the Research Center of Commercial Law of Tsinghua University since January 2021. Mr. Tang served as a member of 4th and 5th session of the listing committee of the SSE since from August 2012 to November 2023, the head of 1st and 2nd session of the committee of independent directors of the China Association for Public Companies (中國上市公司協會) from September 2014 to March 2023, an independent director of Harvest Fund Management Co., Ltd. (嘉實基金管理有限公司) since October 2017, a member of 1st and 2nd session of the Legal Professional Advisory Committee of SZSE (深交所法律專業諮詢委員會) since December 2020 and an independent director of Wanda Film Holding Co., Ltd. (萬達電影股份有限公司) (SZSE stock code: 002739) since June 2023. Mr. Tang has been an independent non-executive Director of our Bank since August 2018.

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

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

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

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

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

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

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

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

of the Hong Kong Special Administrative Region since 1 January 2022. Since January 2023, he has served as a member of the 14th session of Beijing Municipal Committee of the Chinese People's Political Consultative Conference. Since June 2023, he has served as a member of the Hong Kong Basic Law Committee of the Standing Committee of the National People's Congress. Since May 2022, he has served as an independent non-executive Director of the Bank.

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

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

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

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

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

6.3.2 Biographical details of Supervisors

Ms. WU Fan (吳帆) is the deputy secretary of the Party Committee and a candidate for executive Director of the Bank. During the Reporting Period, she served as the Chairlady of the Board of Supervisors and employee Supervisor of the Bank.

Ms. WU worked in China Construction Bank (中國建設銀行) (“CCB”) from July 1992 to March 2013. In particular, she held a post in relation to international settlement and credit in the international business department of CCB Guizhou Branch from July 1992 to December 1994; and served as deputy manager of credit department of the international business department of CCB Guizhou Branch from December 1994 to December 1995; general manager assistant of the international business department and manager of the credit department of CCB Guizhou Branch from December 1995 to November 1996; deputy general manager of the international business department of CCB Guizhou Branch from November 1996 to May 1998; vice president of Chengbei Sub-branch directly under CCB Guizhou Branch from May 1998 to July 1999; deputy general manager of the international business department and vice president of Guiyang Jinyang Sub-branch of CCB Guizhou Branch from July 1999 to July 2001; deputy general manager of the international business department of CCB Guizhou Branch from July 2001 to February 2006; general manager of the international business department of CCB Guizhou Branch from February 2006 to June 2006; general manager of the international business department, and general manager of the corporate business department of CCB Guizhou Branch from June 2006 to January 2007; general manager of the corporate business department of CCB Guizhou Branch from January 2007 to July 2012; temporary head and secretary of Party general branch of Guiyang Chengbei sub-branch of CCB Guizhou Branch from July 2012 to August 2012; president and secretary of Party general branch of Guiyang Chengbei sub-branch of CCB Guizhou Branch from August 2012 to March 2013; marketing director of the Bank from March 2013 to January 2014; assistant to the president of the Bank from January 2014 to March 2014; assistant to the president of the Bank, and concurrently deputy secretary of the Party committee of Guiyang Management Department and general manager of the Bank from March 2014 to November 2014; assistant to the president of the Bank, and concurrently executive deputy secretary of the Party committee of Guiyang Management Department of the Bank from November 2014 to March 2016; assistant to the president of the Bank from March 2016 to March 2019; a member of the Party Committee of the Bank from March 2019 to May 2019; a member of the Party Committee and the vice president of the Bank from May 2019 to June 2021; a member of the Party Committee, Chairlady of the Board of Supervisors (the level of president) of the Bank from June 2021 to February 2024; deputy secretary of the Party Committee, Chairlady of the Board of Supervisors (the level of president) of the Bank from February 2024 to March 2024; and has been the deputy secretary of the Party Committee of the Bank since March 2024.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6.3.3 Biographical details of senior management

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

Mr. Hu served as a credit officer of Yuezhao Credit Cooperative in Shuicheng County of Guizhou Province from December 1986 to December 1987; served as cashier, bookkeeper and credit officer in Rural Credit Cooperative of Shuicheng County of Guizhou Province from December 1987 to May 1995; served as the business clerk and auditor of the Rural Credit Cooperative of Zhongshan District, Liupanshui City, Guizhou Province from May 1995 to October 1995; served as deputy chief (presiding work) and chief of the Auditing Section of Rural Credit Cooperative of Zhongshan District, Liupanshui City, Guizhou Province from October 1995 to May 1997; served as the chief of the Credit Section of the Rural Credit Cooperative of Zhongshan District, Liupanshui City, Guizhou Province, the assistant director and the organization member of the Party branch of the association from May 1997 to December 1998; served as the deputy director and Party branch secretary of the Rural Credit Cooperative of Zhongshan District, Liupanshui City, Guizhou Province from December 1998 to August 2001; served as acting chairman and deputy director (presiding work) of Liuzhi Special District Rural Credit Cooperative in Guizhou Province from August 2001 to April 2004; served as chairman and director of Shuicheng County Rural Credit Cooperative in Guizhou Province and council member of Guizhou Rural Credit Union from April 2004 to August 2005; served as the deputy director of Liupanshui Office of Guizhou Rural Credit Cooperative and the chairman, director and Party branch secretary of Shuicheng County Rural Credit Cooperative from August 2005 to September 2005. From September 2005 to September 2013, Mr. Hu worked in Guizhou Rural Credit Union where he successively served in several positions in the human resources division and Anshun Office, including cadre of human resources division, deputy director of Anshun Office, director of Anshun Office, deputy secretary of the Party branch, of which, he concurrently served as deputy secretary of the Zhenning County Party Committee and deputy county magistrate, Guizhou Province, secretary of the Party committee of Anshun Financial Service Center for Migrant Workers (安順市農民工金融服務中心), deputy secretary of the Party general branch in Financial Service Center for Migrant Workers of Guizhou Rural Credit Union (貴州省農村信用聯社農民工金融服務中心) from August 2011 to September 2013; assistant of the director of Guizhou Rural Credit Union from September 2013 to November 2016; concurrently the head and the secretary of the Party Working Committee of the Qiannan Branch from January 2014 to February 2015; member of the Party committee of the Bank from November 2016 to present, Chairman of the Board of Supervisors of the Bank from January 2017 to January 2018; and vice president of the Bank since April 2018.

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

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

Mr. AN Peng (安鵬) is a member of the Party committee and Vice President of the Bank, and concurrently serves as secretary of the Party committee and president of Guiyang Branch of the Bank.

Mr. An served as a staff of Dejiang County Credit Cooperative in Guizhou Province (貴州省德江縣信用合作聯社) from August 1999 to August 2002. He successively served as a staff of Cooperative Financial Institution Regulation Department of CBRC Guizhou Office (貴州銀監局合作金融機構監管處) from July 2005 to June 2006; deputy director clerk at Cooperative Financial Institution Regulation Department of CBRC Guizhou Office from June 2006 to August 2007; section chief of Cooperative Financial Institution Regulation Department of CBRC Guizhou Office from August 2007 to November 2008; section chief of the Third On-site Inspection Department of CBRC Guizhou Office (貴州銀監局現場檢查三處) from November 2008 to January 2011; regulatory deputy researcher of the Third On-site Inspection Department of CBRC Guizhou Office from January 2011 to December 2012; regulatory deputy researcher of Rural Small and Medium-sized Financial Institutions On-site Inspection Department of CBRC Guizhou Office (貴州銀監局農村中小金融機構現場檢查處) from December 2012 to January 2013; deputy chief of Rural Small and Medium-sized Financial Institutions On-site Inspection Department of CBRC Guizhou Office from January 2013 to November 2013; deputy director of CBRC Guizhou Office (Party committee office) from November 2013 to October 2016; secretary of the Party committee and director of Qiannan Sub-office of China Banking and Insurance Regulatory Commission (中國銀行業監督管理委員會黔南監管分局) from October 2016 to November 2018; leader of the preparatory group of Qiannan Sub-office of China Banking and Insurance Regulatory Commission from November 2018 to April 2019; secretary of the Party committee and director of Qiannan Sub-office of China Banking and Insurance Regulatory Commission from April 2019 to December 2019; secretary of the Party committee, director and first-class researcher of Qiannan Sub-office of China Banking and Insurance Regulatory Commission from December 2019 to July 2020; head of the organization department of Party committee, chief of human resource office and first-class researcher of China Banking and Insurance Regulatory Commission Guizhou Office from July 2020 to May 2021. He has been a member of the Party committee of the Bank since May 2021, Vice President of the Bank since October 2021 and also secretary of the Party committee and president of Guiyang Branch of the Bank since May 2023.

Mr. An graduated from Shaanxi University of Finance and Economics majoring in Economics and Information Management in July 1999, with a bachelor's degree in Economics, and graduated from Xi'an Jiaotong University with a master's degree in Western Economics in July 2005.

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

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

Mr. Qin worked at Anshun Qianzhong Urban Credit Cooperative (安順黔中城市信用社) from January 1997 to March 1999; served as a deputy chief of Credit Section of Anshun Xixiu Urban Credit Cooperative (安順西秀城市信用社) from March 1999 to April 2001; worked at Construction Office of Anshun Urban Credit Cooperative (安順城市信用社) from April 2001 to December 2002; successively served as the deputy director of Manpower and Mass Work Department, the deputy manager of Xinxing Sector and the manager of Business Department of Anshun Urban Credit Cooperative from December 2002 to September 2007, the vice general manager of Anshun Urban Credit Cooperative from September 2007 to February 2009; a director of Anshun City Credit Cooperative from March 2008 to February 2009; vice president of Anshun City Commercial Bank from February 2009 to October 2012; the vice president of the Anshun Branch of the Bank from October 2012 to September 2013; member of the Party committee and vice president of Anshun sub-branch of the Bank from September 2013 to May 2015; deputy secretary (presiding work) of Party committee and temporary principal of Bijie Dujuan sub-branch of the Bank from May 2015 to August 2015; vice president (presiding work) of Bijie Dujuan sub-branch of the Bank from July 2015 to April 2018; deputy secretary of the Party committee of Bijie Dujuan sub-branch of the Bank from September 2015 to April 2018; secretary of the Party committee and general manager of Guiyang Management Department of the Bank from April 2018 to February 2022. He has been a member of the Party Committee of the Bank since November 2021; and Vice President of the Bank since February 2022.

Mr. Qin graduated from China Central Radio & TV University with a major of Administration Management in July 2006 and graduated from the University of International Business and Economics in December 2012 with an EMBA degree.

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

Mr. Zhou served as an accountant and cashier in Beijing Road department of Zunyi Honghuagang Sub-Branch of Agricultural Bank of China from July 1997 to July 1998; served as a secretary of the general office in Zunyi Development Region Sub-Branch of ABC from July 1998 to July 1999; served as a secretary of the general office of the Zunyi Branch of ABC from July 1999 to June 2003; served as a secretary of the general office of Guizhou Branch of ABC from June 2003 to February 2004; served as a principal staff member of the general office of Guizhou Branch of ABC from February 2004 to April 2005; served as an assistant of the director of general office of Guizhou Branch of ABC from April 2005 to August 2006; served as the vice director of the Office of Party Committee, deputy head of the Party promotion department and vice director of general office of Guizhou Branch of ABC from August 2006 to September 2007; served as a member of the Party committee and vice president of Liupanshui Branch of ABC from September 2007 to May 2012; and served as a vice general manager of the corporate/small business department and the key client department of Guizhou Branch of ABC from May 2012 to August 2012. Mr. Zhou participated in the preparatory group work of the establishment of our Bank from August 2012 and worked in our Bank from October 2012. He served as the temporary principal of the Board office, office of the Board of Supervisors and the general office of our Bank from December 2012 to December 2013; served as the vice director of general office of our Bank (temporary principal) from December 2013 to March 2014; served as the vice director of the Office of Party Committee of our Bank (presiding work) and vice director of General Office (temporary principal) from March 2014 to March 2018; served as the director of the Office of Party Committee/General Office of our Bank from March 2018 to June 2020; Mr. Zhou has been the secretary to the Board of our Bank since May 2019; and has been the company secretary of the Bank since March 2023.

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

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

Mr. JIAO Zhengjun (焦正俊) is the chief compliance officer of the Bank and concurrently serves as the general manager of the Legal Compliance Department of the Bank.

Mr. Jiao served as a trainee staff member and a clerk of ABC Xiaohe Sub-branch in Guiyang from July 1999 to June 2003; a clerk and deputy director clerk of the legal affairs division of ABC Guizhou Branch from July 2003 to July 2006; a director clerk and section chief of the legal and compliance division of ABC Guizhou Branch from July 2006 to July 2008; assistant to division chief of the legal division of ABC Guizhou Branch from July 2008 to March 2009; assistant to general manager of the legal affairs department of ABC Guizhou Branch from March 2009 to December 2009; deputy general manager of the legal affairs department of ABC Guizhou Branch from December 2009 to April 2012; deputy general manager of the credit card centre of ABC Guizhou Branch from April 2012 to March 2013; deputy general manager of the Legal Compliance Department of the Bank from March 2013 to August 2013; deputy general manager of the Legal Compliance Department and the Asset Protection Department of the Bank from August 2013 to October 2014; deputy general manager (general manager level) of the Asset Protection and Legal Affairs Department of the Bank from October 2014 to March 2018. He has been the general manager of the Legal Compliance Department of the Bank since March 2018; and has been the chief compliance officer of the Bank since May 2022.

Mr. Jiao graduated from the Law Department of Guizhou Minzu College (貴州民族學院) with a bachelor's degree in Law. In December 2011, he graduated from Guizhou University with a MPM degree, majoring in joint school-running project of MPM with the University of Quebec at Chicoutimi, Canada.

6.3.4 Biographical details of company secretary

Mr. ZHOU Guichang (周貴昌) is the company secretary of the Bank. See “Biographical details of Directors, Supervisors and Senior Managements – Biographical details of Senior Managements” for his biography.

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

6.4 INFORMATION OF EMPLOYEES

6.4.1 Composition of employees

As of the end of the Reporting Period, the Bank had 5,523 contracted employees, the composition of whom is set out as follows:

(I) By age

The Bank had 1,635 employees aged 30 or under, accounting for 29.60% of the total number of employees; 2,263 employees aged between 31 and 40, accounting for 40.97% of the total number of employees; 944 employees aged between 41 and 50, accounting for 17.10% of the total number of employees; and 681 employees aged over 50, accounting for 12.33% of the total number of employees.

(II) By gender

The Bank has a total of 2,667 male employees, accounting for 48.29%, and 2,856 female employees, accounting for 51.71%.

(III) By education

The Bank has 4,824 employees with a bachelor's degree or above, accounting for 87.34% of the total number of employees. Among them, 6 employees have a doctor's degree, accounting for 0.11% of the total number of employees, 371 employees have a master's degree, accounting for 6.72% of the total number of employees, and 699 employees have a college degree or below, accounting for 12.66% of the total number of employees.

In addition to the contracted employees, the Bank has 485 dispatch employees.

6.4.2 Employee training

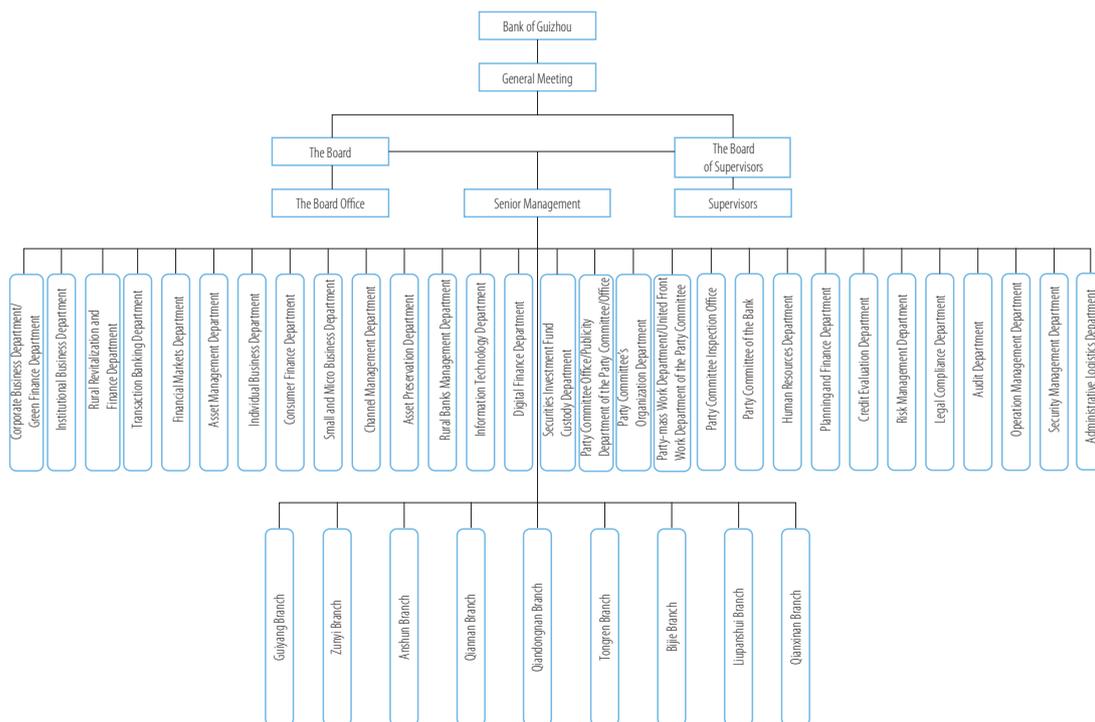
During the Reporting Period, the Bank continuously enriched its education and training methods by online and offline, internal and external, and inviting in and sending out, and explored "staggered" and "segmented" training. The Bank organized more than 1,300 training programs of various types including digital transformation training, with 86,738 participants, and 15 examinations of professional qualifications of various lines, with more than 6,900 people obtaining professional qualification certificates. Besides, the Bank continuously optimized the function modules of the online learning platform, enriched the learning contents, set up "Cheer-up Stations" for cadres and employees, and organized more than a hundred online training courses with nearly 10,000 participants, continuously improving the comprehensive quality of employees.

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

6.4.3 Remuneration policy, employee remuneration and welfare

The Bank continuously improved the remuneration management system, formulated the remuneration management measures for head office and branches of Bank of Guizhou, enhanced the systematic and incentive nature of remuneration allocation system. The Bank has paid monthly salaries to all employees of the whole Bank, contributed social insurance and provident fund for them on time, actively built up the welfare system of Bank of Guizhou to effectively enhance the incentive effect of the welfare and security system on employees. The optimization of the management method for professional ranks and the process of testing and evaluating the competence of positions have further improved the mechanism for the cultivation and management of professional and technical talents, and further broadened the channels for the career development of talents.

6.5 ORGANIZATIONAL STRUCTURE



Corporate Governance Report

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

The Bank has complied with all the applicable code provisions contained in the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Hong Kong Listing Rules during the Reporting Period, continuously promoting the orderly implementation of the Bank's corporate governance.

7.1 THE GENERAL MEETING

7.1.1 FUNCTIONS AND POWERS OF THE GENERAL MEETING

According to the laws and regulations, regulatory provisions and the Articles of Association of the Bank, the shareholders' general meeting, consisting of all shareholders, shall be an organ of power of the Company. It may exercise the following powers in accordance with the laws and regulations and the Articles of Association: To decide on the Company's business policy and investment plans; to elect and replace Directors who are not employee representatives and to determine matters relating to remuneration of the Directors; to elect and replace Supervisors who are not employee representatives and to determine matters relating to remuneration of the Supervisors; to consider and approve the reports of the Board; to consider and approve the reports of the Board of Supervisors; to consider and approve the Company's annual financial budgets and final accounting plans; to consider and approve the Company's profit distribution plan and loss recovery plan; to resolve on increase or decrease of the registered capital of the Company; to resolve on issuance of bonds or listing of the Company; to resolve on the major asset transfer or acquisition, repurchase of the Company's Shares, merger, division, dissolution and liquidation of the Company pursuant to the laws and regulations; to amend the Articles of Association; to listen to the results of evaluation by the Board on the Directors and by the independent Directors on each other; to listen to the performance report of the independent Directors; to listen to the results of evaluation by the Board of Supervisors on the Directors, Supervisors and senior management; to consider proposals raised by shareholder(s) severally or jointly holding more

Corporate Governance Report (Continued)

than 3% of the total voting shares of the Company; to consider and approve the related party transactions with a single amount exceeding 10% of the Company's net capital at the end of the previous quarter; to resolve on the appointment or removal of an accounting firm that conduct regular statutory audit for the Company's financial statements; to consider and approve the rules of procedure of the shareholders' general meeting, of the Board of Directors and of the Board of Supervisors; to consider and approve the equity incentive plan; to consider and approve other issues which shall be determined at the shareholders' general meeting as stipulated by laws and regulations, securities regulatory authorities at the place where the Company's shares are listed, the Articles of Association of the Bank and other internal systems of the Company.

7.1.2 GENERAL MEETINGS HELD

On 18 May 2023, the Bank held the 2022 annual general meeting at the Conference Room 4501, Bank of Guizhou Head Office Building (No. 9 Yongchang Road, Guanshanhu District, Guiyang, Guizhou Province, the PRC). The total number of the ordinary Shares entitling the shareholders of the Bank to vote in respect to the resolutions proposed at the annual general meeting was 13,692,362,192, including 11,492,362,192 Domestic Shares and 2,200,000,000 H Shares. Shareholders and proxies attending the annual general meeting represented, in aggregate, 11,549,279,015 ordinary Shares of the Bank carrying voting rights, being approximately 84.35% of the total number of the ordinary Shares of the Bank carrying voting rights as of the date of the annual general meeting. Eleven Directors including Mr. YANG Mingshang and Mr. XU An attended the above meeting.

The 2022 annual general meeting considered and approved 11 resolutions, including the 2022 Work Report of the Board of Directors, the 2022 Work Report of the Board of Supervisors, the 2022 Financial Statements Report, the 2022 Profit Distribution Plan, the 2023 Financial Budget Plan, the Appointment of Accounting Firms for 2023 and others.

7.2 THE BOARD OF DIRECTORS

7.2.1 Functions and powers of the Board

According to the laws and regulations, regulatory requirements and Articles of Association of the Bank, the Board is the executive body of the general meeting of the Bank, which is accountable to the general meeting for determining strategies, making decisions and preventing risks. Its major functions and powers include convening Shareholders' general meetings and reporting its performance at the Shareholders' general meetings; implementing resolutions of the Shareholders' general meetings; formulating the Company's business development strategies and supervising the implementation of the strategies; determining the Company's business plans and investment plans; formulating annual financial budget plans, final account plans, profit distribution plans and loss recovery plans of the Company; formulating proposals for the Company's increase in or reduction of registered capital and issuance of bonds or other securities and the listing; formulating proposals for the Company's major asset acquisition, transfer and alienation, repurchase of the Company's shares or merger, division, dissolution and change of the form of the Company; determining the setting, merger and revocation of branches and internal management bodies of the Company; determining material external guarantees within the authorization of the Shareholders' general meeting.; considering and approving major related party transaction (a single transaction amounting to more than 10% of the net capital of the Company at the end of the previous quarter shall be submitted to the shareholders' general meeting for consideration); appointing or dismissing the President and the secretary to the Board according to the regulatory requirements; appointing or dismissing vice presidents and other senior management personnel based on the regulatory requirements and nominations of the President and determining their remunerations, awards or punishments thereof and supervising the performance of duties by

Corporate Governance Report (Continued)

senior management; determining the Company's risk management and internal control policies and formulating the Company's basic management system; formulating modifications to the Articles of Association, formulating the rules of procedure for the Shareholders' general meeting and the rules of procedure for the Board, and considering and approving the working rules of the special committees of the Board; taking charge of the information disclosures of the Company, and being ultimately responsible for the authenticity, completeness, accuracy and timeliness of the Company's accounting and financial reporting; proposing at a Shareholders' general meeting the engagement or dismissal of an accounting firm providing regular statutory audit for the Bank's financial reports; considering and determining working rules of the President, listening to his/her work reports and examining his/her work; in accordance with laws and regulations, regulatory requirements and the Articles and Association, considering and approving the Company's external investment, purchases of assets, disposal and write-off of assets, pledged assets, related transactions, data governance and other matters; formulating the capital plan of the Company and assume the ultimate responsibility for capital or solvency management; regularly evaluating and improving the corporate governance; safeguarding the legitimate rights and interests of financial consumers and other stakeholders; establishing the mechanism for identification, verification and management of the conflict of interests between the Company and Shareholders, in particular substantial Shareholders; assuming the management responsibility for affairs of Shareholders; other functions and powers stipulated by laws and regulations and these Articles of Association of the Bank and authorized by the Shareholders' general meetings.

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

7.2.2 Operation of the Board

The Board meetings are divided into regular meetings and extraordinary meetings, voting at which may be conducted by both on-site meeting voting and circulation of written resolutions. For regular meetings and extraordinary meetings of the Board, written notices shall be given to all Directors by hand, fax, e-mail, express mail or other means at least 14 and 5 days in advance, respectively. During the Reporting Period, the Bank has complied with the requirements of the Code Provision C.5.3 of the CG Code to give each Director a notice at least 14 days before the convening of regular meetings of the Board.

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

Corporate Governance Report (Continued)

7.2.3 Composition of the Board

As at the end of the Reporting Period, the Board of the Bank consisted of sixteen Directors (of which the qualification of two Directors is subject to approval), including three executive Directors, namely, Mr. YANG Mingshang (Chairman), Mr. XU An⁽¹⁾ and Mr. CAI Dong; six non-executive Directors, namely, Mr. CHEN Jingde, Mr. CHEN Hanqing, Mr. SUN Junwei, Ms. YE Jiangmei, Ms. GONG Taotao and Mr. ZHAO Yong; and seven independent non-executive Directors, namely, Mr. WANG Gefan, Mr. TANG Xin, Mr. SONG Ke, Mr. LEE Hoey Simon, Ms. SUN Li, Mr. JIA Xiangsen⁽²⁾ and Mr. JIANG Shangjun⁽²⁾.

Notes:

- (1) Mr. XU An resigned as an executive Director and the President of the Bank on 7 March 2024 due to the work arrangement, with effect on the same date.
- (2) The qualification of Mr. JIA Xiangsen and Mr. JIANG Shangjun to serve as independent non-executive Directors of the Bank is subject to approval, and their directorships will become effective upon obtaining such approval.

7.2.4 Changes in Board Members during the Reporting Period

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

7.2.5 Independent Non-executive Directors

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

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

7.2.6 Work of independent non-executive Directors

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

Corporate Governance Report (Continued)

7.2.7 Directors' Responsibility for Preparation of Financial Statements

The Directors have acknowledged their responsibilities for preparing the financial statements for the year ended 31 December 2023. The Directors are responsible for reviewing and confirming the financial statements for each accounting period to ensure that the financial statements truly and fairly reflect the financial conditions, operating results and cash flows of the Bank. In preparing the financial statements of the Bank for the year ended 31 December 2023, with the assistance of professional financial and accounting personnel, the Directors ensure that the financial statements of the Bank are prepared in accordance with laws and regulations and applicable financial reporting rules.

7.2.8 Meetings and the Attendance of Directors

During the Reporting Period, the Bank convened a total of 11 Board meetings, at which 69 resolutions were considered and approved, including the Annual Work Report of the Board, and the Annual Profit Distribution Plan. Details of the Board meetings convened during the Reporting Period are set out in the table below:

Meeting	Date	Form	Resolutions considered and approved
The 2023 1st extraordinary meeting of the third session of the Board	2023/1/16	On-site Meeting	1 resolution was considered and approved, namely the Major Related Party Transactions between Bank of Guizhou and Guizhou Water Conservancy Investment Group Co., Ltd.
The 2023 2nd extraordinary meeting of the third session of the Board	2023/3/13	On-site Meeting	1 resolution was considered and approved, namely the Remuneration Management Measures for Branches of Bank of Guizhou
The 2023 1st meeting of the third session of the Board	2023/3/31	On-site Meeting	30 resolutions were considered and approved, including the Announcement of Annual Results for the Year 2022 of Bank of Guizhou
The 2023 3rd extraordinary meeting of the third session of the Board	2023/4/17	On-site Meeting	15 resolutions were considered and approved, including the Annual Work Report of the Board of Directors of Bank of Guizhou for 2022

Corporate Governance Report (Continued)

Meeting	Date	Form	Resolutions considered and approved
The 2023 4th extraordinary meeting of the third session of the Board	2023/5/16	Written resolution	1 resolution was considered and approved, namely the Policy on Comprehensive Risk Management of Bank of Guizhou for 2023
The 2023 2nd meeting of the third session of the Board	2023/6/28	On-site Meeting	2 resolutions were considered and approved, including the Report on Liquidity Risk Management of Bank of Guizhou for First Quarter of 2023
The 2023 5th extraordinary meeting of the third session of the Board	2023/8/14	Written resolution	1 resolution was considered and approved, namely the Adjustment of the Board of Directors' Authorization to the ESG Management Committee and the Chairman of the Board of Directors
The 2023 3rd meeting of the third session of the Board	2023/8/31	On-site Meeting	6 resolutions were considered and approved, including the 2023 Interim Report and Announcement of Interim Results of Bank of Guizhou
The 2023 6th extraordinary meeting of the third session of the Board	2023/11/27	On-site Meeting	4 resolutions were considered and approved, including the 2023–2025 Capital Plan of Bank of Guizhou Co., Ltd.
The 2023 7th extraordinary meeting of the third session of the Board	2023/12/12	On-site Meeting	2 resolutions were considered and approved, including the Implementation Rules for Related Party Transactions Management of Bank of Guizhou Co., Ltd. (Provisional)
The 2023 4th meeting of the third session of the Board	2023/12/26	On-site Meeting	6 resolutions were considered and approved, including Recovery and Disposal Plan of Bank of Guizhou for 2023

Corporate Governance Report (Continued)

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

Member of the Board	No. of attendance in person at Board meetings/No. of meetings held during the term of office ⁽¹⁾	No. of attendance at shareholders' general meetings/No. of meetings held during the term of office
YANG Mingshang	8/11	1/1
XU An	9/11	1/1
CAI Dong	9/11	1/1
CHEN Jingde	8/11	0/1
CHEN Hanqing	10/11	1/1
SUN Junwei	3/3	–
YE Jiangmei	3/3	–
GONG Taotao	10/11	1/1
ZHAO Yong	9/11	1/1
WANG Gefan	10/11	1/1
TANG Xin	11/11	1/1
SONG Ke	10/11	1/1
LEE Hoey Simon	9/11	1/1
SUN Li	11/11	1/1
JIANG Shangjun ⁽²⁾	–	–
JIA Xiangsen ⁽²⁾	–	–

Notes:

- (1) Although some Directors failed to attend certain Board meetings in person, they all appointed other Directors as their proxies to attend the meeting and vote on their behalf;
- (2) As of 31 December 2023, the qualifications of Mr. JIANG Shangjun and Mr. JIA Xiangsen are still subject to approval.

Corporate Governance Report (Continued)

7.2.9 Special Committees under the Board

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

I. Audit Committee

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

1. supervising and evaluating the work of the external auditor;
2. guiding the internal audit work;
3. reviewing and expressing opinions on the financial reports of the Bank, and submitting to the Board for consideration;

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

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

During the Reporting Period, the Audit Committee convened a total of 4 meetings, at which resolutions were considered and approved, including the 2022 Annual Report of Bank of Guizhou, the Annual Financial Report of Bank of Guizhou for 2022, the Proposal on the Reappointment of Accounting Firms, the Evaluation Report on Internal Control of Bank of Guizhou for 2022 and the 2023 Interim Report of Bank of Guizhou.

Corporate Governance Report (Continued)

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

Member of the Audit Committee	Number of Attendance in person at the meetings of the Audit Committee/ Number of meetings held during the term of office
SUN Li	4/4
CHEN Hanqing	3/4
GONG Taotao	4/4
YE Jiangmei ⁽¹⁾	–
WANG Gefan	4/4
TANG Xin	4/4
SONG Ke	4/4

Notes:

- (1) On 27 November 2023, Ms. YE Jiangmei was appointed as a member of the Audit Committee of the Bank.

II. Risk and Related Party Transactions Management Committee

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

- being responsible for supervising and evaluating the risk control of the Bank, and making recommendations to improve the risk management and internal control of the Bank;
- expressing preliminary clear opinions on non-performing assets disposal and material guarantees of the Bank for the consideration of the Board;
- accepting the filing of regular related party transactions, reviewing major related party transactions, and submitting to the Board for review and approval;
- identifying the related parties of the Bank and promptly announcing them to the management;
- inspecting and supervising the risk and related party transaction management of the Bank, and submitting the Special Annual Report on Risk Management and Related Party Transaction Control of the Bank to the Board on a regular basis;

Corporate Governance Report (Continued)

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| <p>6. evaluating the risk and related party transaction management system and corporate structure of the Bank, as well as expressing opinions and making suggestions on improvement;</p> <p>7. exchanging information in respect of the risks and related party transaction of the Bank with senior management and departments on a regular basis, as well as reviewing the Bank's risk tolerance ability and level proposed by senior management, and reporting the review results to the Board;</p> <p>8. other matters stipulated by relevant laws, regulations, regulatory documents and the Articles of Association, and those authorized by the Board.</p> | <p>During the Reporting Period, the Risk and Related Party Transactions Management Committee convened a total of 9 meetings, at which resolutions were considered and approved, including the Major Related Party Transactions between Bank of Guizhou and Guizhou Water Conservancy Investment Group Co., Ltd., the Major Related Party Transactions between Bank of Guizhou and Guizhou Expressway Investment Group Co., Ltd., the Implementation Rules for Related Party Transactions Management of Bank of Guizhou (Provisional), the Special Report on Related Party Transactions of Bank of Guizhou for 2022, the Report on Comprehensive Risk Management of Bank of Guizhou for 2022, the Report on Large Risk Exposure Management of Bank of Guizhou for 2022, the Report on Market Risk Stress Testing of Bank of Guizhou for 2022 and the Policy on Comprehensive Risk Management of Bank of Guizhou for 2023.</p> |
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The attendance of each committee member at the meetings of the Risk and Related Party Transactions Management Committee held during the Reporting Period is set out in the table below:

Member of the Risk and Related Party Transactions Management Committee	No. of attendance in person at the meetings of the Risk and Related Party Transactions Management Committee/No. of meetings held during the term of office
WANG Gefan	9/9
CHEN Hanqing	7/9
ZHAO Yong	9/9
TANG Xin	9/9
SONG Ke	9/9
LEE Hoey Simon	8/9

Corporate Governance Report (Continued)

III. **Nomination and Remuneration Committee**

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

1. making recommendations to the Board on the scale, composition (including skills, knowledge and experience) and structure of the Board and senior management, as well as any proposed changes to the Board in line with the development strategies of the Bank;
2. formulating the standards and procedures for the election of Directors and senior management personnel of the Bank, and conducting preliminary examination on the qualifications and conditions of the candidates for Directors and senior management officers and making recommendations;
3. formulating the assessment criteria for senior management officers, carrying out assessment and making recommendations;
4. identifying individuals suitably qualified as Directors, and selecting or proposing such individuals as Directors or making recommendations to the Board thereon, and reviewing, where appropriate, policies regarding the diversity of Board members;
5. advising the Board on the appointment or re-appointment of Directors and the succession plan of Directors (especially the chairman of the Board and the president);
6. considering the remuneration paid by similar companies, time commitment and responsibilities, and the employment conditions of other positions in the industry. Being responsible for the remuneration policy and system of the Bank, and formulating the remuneration plan for each director and senior management personnel (including benefits in kind, pension rights and compensation amount (including compensation payable for loss or termination of his/her office or appointment)), proposing compensation plan to the Board of Directors, supervising the implementation of the plan, and making recommendations to the Board on the establishment of a formal and transparent remuneration policy development process;
7. ensuring that no Director or any of his associates is involved in deciding his own remuneration;
8. communicating with the senior management and departments in respect of the personnel of the Bank regularly, making comments and suggestions, and reviewing and approving the management's remuneration recommendations according to the Bank's guidelines and objectives formulated by the Board;
9. assessing the independence of independent Directors;
10. promoting and supervising the management to establish a scientific and reasonable performance evaluation index system;
11. reviewing and/or approving matters relating to share scheme under Chapter 17 of the Listing Rules;
12. other matters stipulated by relevant laws, regulations and the Articles of Association of the Bank, and those authorized by the Board.

Corporate Governance Report (Continued)

During the Reporting Period, the Nomination and Remuneration Committee convened a total of 4 meetings at which 9 resolutions were considered and approved, including the resolution on Consideration of Remuneration Management Measures for Branches of Bank of Guizhou, resolution on Appointment of Mr. XU Peiwen as an Assistant to the President of the Bank of Guizhou, resolution on Consideration of Evaluation Results of Directors' Performance for the Year 2022, resolution on Consideration of Work Plan for Evaluation of Senior Management's Performance at Operating Level for the Year 2022, resolution on Consideration of Assessment Methods of Operating Targets of the Bank of Guizhou for the Year 2023, resolution on Consideration of Results for Evaluation of Senior Management's Performance at Operating Level for the Year 2022, resolution on Nomination of Mr. SUN Junwei as a Non-Executive Director of the Third Session of the Board of Directors of Bank of Guizhou. The attendance of each member at the meeting is as follows.

Member of the Nomination and Remuneration Committee	No. of attendance in person at the meetings of the Nomination and Remuneration Committee/No. of meetings held during the term of office
TANG Xin	4/4
CAI Dong	3/4
SUN Junwei ⁽¹⁾	1/1
WANG Gefan	4/4
SONG Ke	4/4
LEE Hoey Simon	3/4
SUN Li	4/4

Notes:

- (1) On 27 November 2023, Mr. SUN Junwei was appointed as a member of the Nomination and Remuneration Committee of the Bank.

Corporate Governance Report (Continued)

Board Diversity Policy

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

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

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

Measurable targets for implementing the Board Diversity Policy and the progress for achieving the targets: The policy also sets out the Board’s commitment to gender diversity and other diversity aspects with the ultimate goal of achieving gender parity on the Board. The Bank currently has three female Directors and will increase the proportion of female Directors if suitable candidates are available in the future.

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

Nomination Policy

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

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

IV. Strategic Development Committee

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

1. formulating the business management objectives and medium and long-term development strategies of the Bank, and examining the implementation of the medium and long-term development strategies and making amendments thereon based on actual situations;

Corporate Governance Report (Continued)

2. reviewing preliminarily the foreign equity investments and bond issuance of the Bank and submitting the same to the Board for consideration;
3. reviewing the Bank's fixed assets procurement and disposal based on the authorization of the Board;
4. supervising and reviewing the implementation of annual business plans and investment and financing plans;
5. reviewing preliminarily the capital plan, management plan and management report of capital adequacy ratio formulated by senior management, and evaluation report on the internal capital adequacy, and submitting the same to the Board for consideration;
6. prompting and supervising the senior management to formulate specialized policies and procedures for the purpose of evaluation of feasibility, necessity and potential risks involving development of new products, major modification of existing products, exploration in new business scopes, establishment of new departments and engagement in significant acquisition and investments, and establishing internal approval process and withdrawal arrangements. The above-mentioned matters shall be submitted to the Board for consideration, subject to approval by the risk management departments and preliminary review by the Strategic Development Committee;
7. proposing plans and strategies for other major issues related to the development of the Bank;
8. other matters stipulated by relevant laws, regulations and the Articles of Association of the Bank, and those authorized by the Board.

During the Reporting Period, the Strategic Development Committee convened a total of 2 meetings, at which 2 resolutions were considered and approved including the 2023 Business Plan of Bank of Guizhou and the Evaluation Report on Implementation of Strategies of Bank of Guizhou for 2022.

Corporate Governance Report (Continued)

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

Member of the Strategic Development Committee	No. of attendance in person at the meetings of the Strategic Development Committee/No. of meetings held during the term of office
YANG Mingshang	2/2
XU An	2/2
CAI Dong	2/2
CHEN Jingde	2/2
WANG Gefan	2/2
TANG Xin	2/2
LEE Hoey Simon	2/2

V. Compliance Management Committee

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

The major duties of the Compliance Management Committee include:

1. advocating a favorable compliance culture throughout the Bank, determining the principle of compliance, and establishing compliance concepts such as "voluntary compliance by all staff" and "compliance creates value";
2. reviewing preliminarily the Bank's policies and systems about compliance management, and submitting the same to the Board for consideration and approval;
3. reviewing preliminarily the Bank's Annual Report on Compliance Risk Management, and submitting the same to the Board for consideration and approval. Evaluating the effectiveness of the Bank's compliance risk and urging the management to resolve compliance defects in a timely and effective manner;
4. conducting daily supervision over compliance risk management of the Bank, understanding the implementation of compliance policies and the problems arising therefrom through the separate interview with the compliance principal and other effective means, providing opinions and recommendations on a timely basis to the Board or the senior management and supervise the effective implementation of compliance policies;

Corporate Governance Report (Continued)

5. obtaining regularly the evaluation reports of the “four ratings”, namely the central bank’s rating, the regulatory rating of CBIRC, the regulatory rating of corporate governance and the regulatory rating of financial services for small and micro enterprises, and listening to the management’s reports on the progress of the “four ratings”, and giving assessment on the Bank’s daily evaluation report on compliance;
6. obtaining timely the punishment opinions of the regulatory authorities over the Bank and the progress of rectification, and supervising the implementation of rectification measures;
7. deliberating and approving the overall policies about the Bank’s case prevention, so as to promote the construction of the Bank’s case prevention management system;
8. specifying the duties and scope of authorization of senior management regarding incident prevention, so as to ensure that senior management has adopted necessary measures for the effective monitoring, alert and handling of crises;
9. issuing the general requirements for case prevention, and reviewing the working report on case prevention;
10. assessing the effectiveness of our case prevention;
11. ensuring the effective review and supervision of case prevention by the internal audit functions;
12. setting the objectives for building of money laundering risk management culture;
13. reviewing preliminarily the policies and procedures of money laundering risk management, and submitting the same to the Board for consideration and approval;
14. reviewing and approving the working report on anti-money laundering, and reporting the same to the Board periodically;
15. keeping abreast of the significant money laundering events and corresponding processing, and providing professional opinions in respect of money laundering risk management to the Board;
16. other matters stipulated by relevant laws, regulations and the Articles of Association of the Bank, and those authorized by the Board.

During the Reporting Period, the Compliance Management Committee convened a total of 2 meetings, at which 5 resolutions were considered and approved including the 2022 Compliance Management Report of Bank of Guizhou and the 2022 Anti-money Laundering Report of Bank of Guizhou.

Corporate Governance Report (Continued)

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

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

VI. **ESG Management and Consumer Rights Protection Committee**

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

1. leading the formulation of the Bank's ESG management approaches, strategies, visions, strategic plans and goals, and submitting to the same the Board for consideration;
2. leading to conduct ESG importance assessment, identify important ESG matters of the Bank, and urging the senior management to take active actions and measures on relevant matters;
3. understanding and assessing the potential impact and relevant risks of ESG matters on the Bank's operation and management, and urging the senior management to incorporate ESG factors into business operation, risk management and other processes;
4. approving the ESG work plans, programs and measures formulated by the senior management, and reporting the same to the Board under the objectives approved by the Board;
5. hearing and reviewing the reports from the senior management concerning the progress of ESG-related work on a regular basis, supervising and evaluating the completion of ESG-related work goals, and reporting the same to the Board;
6. conducting preliminary review on the Bank's ESG report, and submitting to the Board for consideration;
7. deliberating and approving the Bank's environmental information disclosure report;

Corporate Governance Report (Continued)

8. assisting the Board to perform the duties of consumer rights protection;
9. assisting the Board to promote the development of green finance;
10. considering external donations (including public welfare donations and commercial sponsorship) by the Bank in accordance with the authority of the Board of Directors;
11. other matters as stipulated in the relevant laws and regulations and the Bank's Articles of Association and as authorized by the Board of Directors.

During the Reporting Period, the ESG Management and Consumer Rights Protection Committee held a total of 8 meetings, at which 10 resolutions were considered and approved, including the 2022 Green Finance Development Report of Bank of Guizhou and 2022 ESG Report of Bank of Guizhou.

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

Member of the ESG Management and Consumer Rights Protection Committee	No. of attendance in person at the meetings of the ESG Management and Consumer Rights Protection Committee/No. of meetings held during the term of office
YANG Mingshang	8/8
XU An	8/8
CAI Dong	8/8
SONG Ke	8/8
LEE Hoey Simon	8/8
SUN Li	8/8

Corporate Governance Report (Continued)

7.3 BOARD OF SUPERVISORS

7.3.1 The duties of the Board of Supervisors

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

7.3.2 Composition of the Board of Supervisors

As of the end of the Reporting Period, the third session of the Board of Supervisors of the Bank consisted of seven Supervisors, including three employee Supervisors, namely Ms. WU Fan⁽¹⁾ (Chairlady), Ms. ZHANG Hui and Ms. WANG Wei, two shareholder Supervisors, namely Mr. CHENG Yunlong and Mr. HE Xinzhang, and two external Supervisors, namely Mr. SU Zhi, and Mr. YIN Xinquan.

Note:

- (1) Ms. WU Fan resigned as the Chairman of the Board of Supervisors and Employee Supervisor of the Bank on 7 March 2024 due to the work arrangement, with effect on the same date.

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

Mr. CHEN Houyi resigned as a Supervisor of the Bank on 27 April 2023 due to the expiration of his term of office.

Corporate Governance Report (Continued)

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

During the Reporting Period, the Board of Supervisors convened a total of 5 meetings, all of which were on-site meetings. Details are set out in the table below:

Meeting	Date	Form	Content
The 2023 1st meeting of the third session of the Board of Supervisors of Bank of Guizhou	2023/3/30	On-site meeting	Considering and approving 6 resolutions, including the 2022 Work Report of the Board of Supervisors of Bank of Guizhou, and supervising 13 matters, including the 2022 Equity Transfer of Bank of Guizhou.
The 2023 1st extraordinary meeting of the third session of the Board of Supervisors of Bank of Guizhou	2023/4/14	On-site meeting	Considering and approving 5 resolutions, including the 2022 Annual Report of Bank of Guizhou.
The 2023 2nd extraordinary meeting of the third session of the Board of Supervisors of Bank of Guizhou	2023/4/26	On-site meeting	Considering and approving the 2022 Performance Evaluation Report on Board of Directors and Board of Supervisors and Senior Management and their Members of Bank of Guizhou, and supervising 7 matters, including the 2022 Evaluation of Substantial Shareholders and Major Shareholders of Bank of Guizhou.
The 2023 2nd meeting of the third session of the Board of Supervisors of Bank of Guizhou	2023/8/30	On-site meeting	Considering and approving 2 resolutions, including the 2023 Interim Report of Bank of Guizhou, and supervising 5 matters, including the 2023 Implementation of Rectification of Problems Found in Corporate Governance Assessment of Bank of Guizhou.
The 2023 3rd meeting of the third session of the Board of Supervisors of Bank of Guizhou	2023/12/28	On-site meeting	Considering and approving 3 resolutions, including the Measures of Evaluation of the Performance of Senior Management, and supervising 3 matters, including the 2023 Rectification of External Supervision Problems of Bank of Guizhou.

Corporate Governance Report (Continued)

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

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

Note:

- (1) Although some Supervisors failed to attend certain meetings of the Board of Supervisors in person, they all appointed other Supervisors as their proxies to attend the meeting and vote on their behalf;

7.3.5 Special Committees under the Board of Supervisors

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

I. The Supervision Committee

As of the end of the Reporting Period, the Supervision Committee consists of three Supervisors, namely external Supervisor YIN Xinquan (Chairman), Supervisor ZHANG Hui and Supervisor HE Xinzhang. The Supervision Committee is mainly responsible for formulating supervision plans and carrying out relevant inspections on major issues of the Bank, supervising the Board in establishing a sound business philosophy and value standards, formulating development strategies consistent with the Bank's condition, and supervising execution of operational management duties by the senior management and its members within their terms of reference. During the Reporting Period, the members of the Committee attended 6 Board meetings.

II. The Nomination, Remuneration and Evaluation Committee

As of the end of the Reporting Period, the Nomination, Remuneration and Evaluation Committee consists of three Supervisors, namely external Supervisor SU Zhi (Chairman), Supervisor CHENG Yunlong and Supervisor WANG Wei. The Nomination, Remuneration and Evaluation Committee is mainly responsible for reviewing the qualifications of the supervisors, the selection and appointment procedures of Directors, evaluating the performance of duties by the Board, the Board of Supervisors and the Senior Management and their members of the Bank, and studying and formulating the remuneration policy and packages for Supervisors. During the Reporting Period, the Nomination, Remuneration and Evaluation Committee held 1 meeting and considered and approved the 2022 Performance Evaluation Report on Board of Directors and Board of Supervisors and Senior Management and their Members of Bank of Guizhou.

Corporate Governance Report (Continued)

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

During the Reporting Period, Ms. WU Fan, Mr. YIN Xinquan, Ms. ZHANG Hui and Ms. WANG Wei attended the 2022 Annual General Meeting of the Bank.

7.3.7 Work of External Supervisors

During the Reporting Period, external Supervisors were able to attend all meetings of the Board of Supervisors on time, express their supervisory opinions independently on matters under consideration and supervision, and exercise their voting rights conscientiously; presided over the work of special committees according to their work needs, attended on-site meetings of Board of Directors, and conscientiously performed supervision duties; attended trainings on capital management and anti-money laundering; conducted two special studies; and worked for the Bank for a period of no less than 15 working days.

7.4 SENIOR MANAGEMENT

7.4.1 Functions and powers of the senior management

During the Reporting Period, the Directors of the Bank studied the relevant legal documents and new regulatory rules according to the requirements of their duties, and participated in the training organized by the Bank on the interpretation of the key points of the Measures for the Classification of Financial Assets Risks of Commercial Banks, the interpretation of the key points of the Measures for the Capital Management of Commercial Banks, and the performance of anti-money laundering duties, as well as conducting research on the implementation of the new round of strategic planning in the grassroots sub-branches, which helped broaden the academic horizons and knowledge structure of the Directors and continuously enhance the professionalism, objectivity and authority in decision-making.

7.4.2 Composition of the Senior Management

As of the end of the Reporting Period, the Bank had a total of seven senior management personnel, namely Mr. XU An⁽¹⁾ (President), Mr. HU Liangpin, Mr. AN Peng, Mr. QIN Wei, Mr. ZHOU Guichang, Mr. JIAO Zhengjun and Mr. XU Peiwen⁽²⁾.

Notes:

- (1) Mr. XU An resigned as an executive Director and the President of the Bank on 7 March 2024.
- (2) Mr. XU Peiwen resigned as the Assistant to the President of the Bank on 7 March 2024.

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

During the Reporting Period, the Directors and Supervisors of the Bank studied the relevant legal documents and new regulatory rules according to the requirements of their duties, and participated in the training organized by the Bank on the interpretation of the key points of the Measures for the Classification of Financial Assets Risks of Commercial Banks, the interpretation of the key points of the Measures for the Capital Management of Commercial Banks, and the performance of anti-money laundering duties. The Directors conducted research on the implementation of the new round of strategic planning in the grassroots sub-branches, and the Supervisors conducted two special surveys on the remuneration and business development of the branches and the analysis of the consolidated efficiency of the outlets of the Bank, which helped broaden the academic horizons and knowledge structure of the Directors and Supervisors and continuously enhance the professionalism, objectivity and authority in decision-making.

Corporate Governance Report (Continued)

7.6 MAIN CONTACT PERSON OF JOINT COMPANY SECRETARIES AND PROFESSIONAL TRAINING

During the Reporting Period, Mr. ZHOU Guichang serves as the joint company secretary of the Bank under the Hong Kong Listing Rules. Mr. ZHOU Guichang has acted as the company secretary of the Bank since 31 March 2023, while Dr. Ngai Wai Fung Maurice (魏偉峰) ceased to be the joint company secretary of the Bank. Please refer to the announcement of the Bank dated 31 March 2023 for details.

For the year ended 31 December 2023, Mr. ZHOU Guichang has received no less than 15 hours of the relevant professional training respectively, which complied with Rule 3.29 of the Listing Rules.

7.7 RELATIONSHIPS AMONG DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

7.8 CHAIRMAN AND PRESIDENT

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

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

7.9 SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS AND RELEVANT EMPLOYEES

The Bank has adopted a code of conduct which is no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 of the Listing Rules, and complied with Rule 13.67 of the Listing Rules to regulate securities transactions by Directors, Supervisors and relevant employees of the Bank. All the Directors, Supervisors and other relevant employees were consulted specifically for this matter. During the Reporting Period, all the Directors, Supervisors and relevant employees confirmed that they have complied with the Model Code and they did not have any dealing in the Bank's securities.

Corporate Governance Report (Continued)

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

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

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

Save as disclosed above, none of the Directors, Supervisors and chief executive of the Bank had any interests or short positions in any shares, underlying shares or debentures of the Bank or any of its associated corporations as at 31 December 2023.

Corporate Governance Report (Continued)

7.11 REMUNERATION OF THE MANAGEMENT

During the Reporting Period, the Bank's Directors (including executive Directors and independent non-executive Directors), Supervisors (including employee Supervisors and external Supervisors), and senior managements, were paid by the Bank, with a total remuneration of RMB9.8668 million. Details of the remuneration of Directors and Supervisors of the Bank are set out in note 12 to the financial statements.

Details of the remuneration of the current senior management of the Bank by band for the year ended 31 December 2023 are set out as follows:

Range	Number
HKD0 – HKD1,000,000	3
HKD1,000,001 – HKD1,500,000	2
HKD1,500,001 – HKD2,000,000	0
HKD2,000,001 – HKD2,500,000	–
Total:	5

7.12 INFORMATION ON AMENDMENTS TO THE ARTICLES OF ASSOCIATION ETC. DURING THE REPORTING PERIOD

7.12.1 Amendments to the Articles of Association

The resolution on amendments to the Articles of Association was considered and approved at the 2021 annual general meeting held by the Bank on 16 June 2022. The amendments to the Article 132 of Articles of Association of Bank of Guizhou were considered and approved at the 2022 First Domestic Shareholders Class Meeting and the 2022 First H Shareholders Class Meeting. The amendments to the Articles of Association were mainly made to the contents such as functions and powers of the general meeting, the Board and the Board of Supervisors and the notice date of the general

meeting as set out in the Articles of Association based on the requirements of new regulations including Corporate Governance Standards for Banking or Insurance Institutions. The amended Articles of Association was approved and ratified by the former CBIRC Guizhou Office (NFRA Guizhou Office) on 26 April 2023.

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

None.

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

None.

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

None.

Corporate Governance Report (Continued)

7.13 INVESTOR RELATIONS

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

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

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

Postal code: 550081

Contact number: (86) 0851-86987798

Fax: (86) 0851-86207999

Mailbox: irm@bgzchina.com

7.14 MANAGEMENT OF INFORMATION DISCLOSURE AND INSIDE INFORMATION

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

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

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

7.15 SHAREHOLDERS' RIGHTS

7.15.1 Rights of Shareholders of the Bank

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

- I. to collect dividends and other distributions in other forms in proportion to the number of shares held by them;
- II. to attend or appoint proxy to attend shareholders' general meeting and to exercise voting right;
- III. to supervise and to put forward proposals and make enquiries relating to the business operations of the Company;

Corporate Governance Report (Continued)

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| <p>IV. to transfer, donate and pledge their shares in accordance with the laws, regulations, the provisions of the securities regulators of the places where the Bank's shares are listed, and the Articles of Association;</p> <p>V. to receive relevant information in accordance with the Articles of Association</p> <p>VI. in the event of the termination or liquidation of the Company, to participate in the distribution of surplus assets of the Company according to the number of shares held by them;</p> <p>VII. other rights conferred by laws, regulations and the Articles of Association.</p> | <p>5. the Board of Supervisors proposes to convene the meeting;</p> <p>6. above half of and not less than two independent Directors propose to convene the meeting;</p> <p>7. above half of the external Supervisors propose to convene the meeting (the only two external Supervisors of the Company unanimously propose to convene the meeting);</p> <p>8. the Chairman of the Board proposes to convene the meeting in special circumstances;</p> <p>9. other circumstances as stipulated by laws and regulations, securities regulatory authorities at the place where the Bank's shares are listed or the Articles of Association</p> |
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7.15.2 Procedures for Convening Extraordinary General Meetings

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| <p>I. According to the Articles of Association, in any of the following circumstances, the Company shall convene an extraordinary general meeting within two months from the date upon which the circumstance occurs:</p> <p>1. the number of Directors is less than the number required by the Company Law or less than two thirds of the minimum number of Directors of the Bank required by the Articles of Association;</p> <p>2. the unrecovered losses of the Company amount to one third of the total share capital;</p> <p>3. shareholder(s) severally or jointly holding more than 10% of the Company's total voting shares request(s) in writing to request to convene an extraordinary general meeting;</p> <p>4. the Board deems it necessary to convene the meeting;</p> | <p>II. Shareholders who individually or jointly hold more than 10% of the total number of voting shares of the Company have the right to request or convene an extraordinary general meeting by themselves shall follow the following procedures:</p> <p>1. may sign one or more written documents in the form of counterparts, requiring the Board to convene an extraordinary general meeting or a class meeting and specifying the subject of the meeting and the matters to be resolved. The Board shall convene an extraordinary general meeting or a class meeting as soon as possible after having received the aforesaid written documents. The number of shares held by the above shareholders shall be calculated as at the date of submission of written documents by the shareholders.</p> |
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Corporate Governance Report (Continued)

2. If the Board fails to give a notice of convening an extraordinary general meeting or a class meeting within 30 days after receipt of the written documents, the shareholders who put forward the written documents may convene such a meeting by themselves within four months after the Board receives the written documents, and the procedures for convening such a meeting shall be as similar as possible to those for convening a shareholders' general meeting by the Board. Where shareholders convene and hold a meeting because the Board fails to do so, the reasonable expenses incurred shall be borne by the Company and shall be deducted from the amount payable by the Company to the Directors who are in default.

- III. Where the Shareholders decide to convene an extraordinary general meeting by themselves, they shall notify the Board in writing in advance, report to the relevant regulatory authorities for reference according to relevant laws and regulations, and issue a notice of extraordinary general meeting. The content of the notice shall meet the following requirements:
 1. New contents shall not be added to a proposal, otherwise the proposing Shareholders must resubmit the request to convene an extraordinary general meeting to the Board as per the above procedures;
 2. The meeting shall be held at the address of the Company.

- IV. Where the Shareholders decide to convene an extraordinary general meeting by themselves, the Board and secretary to the Board shall earnestly fulfill their duties. The extraordinary general meeting may be presided by the proposing Shareholder, the relevant holding procedures shall comply with the provisions of the Articles of Association, and legal opinions shall be issued by lawyers.

7.15.3 Procedures for Submitting Proposals at Shareholders' General Meetings

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

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

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

Corporate Governance Report (Continued)

7.16 EXTERNAL AUDITORS AND THEIR REMUNERATION

The Bank engaged BDO China Shu Lun Pan Certified Public Accountants LLP and BDO Limited as its domestic and oversea auditors for 2023, respectively. The Bank agreed to pay RMB3.3 million for the audit of the financial statements for the year ended 31 December 2023. In addition to the above fees, RMB185,000 was paid for other assurance fees during the Reporting Period.

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

In accordance with Part II.D.3.3(e) (i) of the Corporate Governance Code in Appendix C1 of the Listing Rules, members of the Audit Committee shall liaise with the Board and senior management and the Audit Committee shall meet with the issuer's external auditors at least twice a year. During the Reporting Period, the Bank has complied with the above requirements.

7.17 RISK MANAGEMENT, INTERNAL CONTROL AND INTERNAL AUDIT

7.17.1 Risk Management

During the Reporting Period, the Bank earnestly implemented various regulatory requirements and continued to improve its comprehensive risk management mechanism and enhanced its elaborate management capability of risks.

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

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

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

Corporate Governance Report (Continued)

II. Main features of risk management and internal control system

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

III. Ultimate responsibility of the Board for risk management

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

The Bank's risk management is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

7.17.2 Internal Control

During the Reporting Period, the Bank insisted on the goal of "strengthening internal control, preventing risks and promoting compliance" and was driven by high quality development. In accordance with the work requirements of "strict management, strict implementation, strict supervision, strict rectification, and strict accountability", the Bank took measures to further implement line supervision duties, the main responsibility for the management of the organization, the responsibility for non-compliance, and the responsibility for rectification of problems, focusing on credit risk, compliance risk, case risk and behavioral risk, and increasing the intensity of process management and control, the intensity of supervision and inspection of high-risk businesses, high-risk positions and high-risk sections, to earnestly form a high-pressure atmosphere of stringent governance and strict management and to promote the standardized operation of internal control management.

During the Reporting Period, the Bank continued to improve the governance pattern of "overall leadership by the Party Committee, strategic decision-making by the Board of Directors, supervision by the Board of Supervisors in accordance with the law, and operation by the management", continued to improve the corporate governance mechanism consisting of the shareholders' general meeting, the Board of Directors, the Board of Supervisors and the senior management with "clear division of powers and responsibilities, independent operation, effective checks and balances and coordinated operation", and continued to optimize the corporate governance operation mechanism among the power, decision-making, supervisory and executive bodies with "scientific decision-making, effective supervision and sound operation", so as to continue to promote the modernization of the Company's governance capability.

Corporate Governance Report (Continued)

The Bank has established an internal control system that basically covers all business lines and permeates the whole process of operation and management. The internal control measures cover authorization control, position rotation control, incompatible position separation control, review and reconciliation control, significant event reporting control, performance evaluation control, accounting management control, property protection control, financial budget control and operation analysis control, covering major risks. The corporate governance personnel implements control at the corporate level by continuously improving the corporate governance structure and ensuring effective implementation of decision making, execution and supervision; the senior management implements control at the business activity level by continuously improving rules and regulations, information systems and conducting supervision and inspection; institutions and positions at all levels implement control at the business activity level by effectively implementing rules and regulations, and internal control measures are integrated throughout the entire process of decision making, execution, supervision and improvement.

During the Reporting Period, there was no material deficiency in internal control.

7.17.3 Internal Audit

The Bank has established an independent internal audit system, and the Board of Directors ensures the independence and effectiveness of the internal audit, for which it bears ultimate responsibility. The Audit Committee under the Board of Directors guides and supervises the Bank's internal audit work, while the Board of Supervisors supervises the internal audit work. At the first-level department of the head office, there is an Audit Department, which is responsible for the internal audit work of the whole Bank, and rural bank audit and off-site audit teams have been set up to strengthen the audit supervision of rural banks and enhance the capacity building of audit digitization. The number of full-time audit staff at the head office was expanded from 28 at the beginning of the year to 35; full-time audit positions were set up in branches, basically realizing the full coverage of audit business and institutional scope.

54 audit projects were carried out throughout the year, covering credit business, financial accounting, corporate governance, information technology, economic responsibility audit and other aspects of operation and management. The Bank strengthened audit supervision of the implementation of key strategies and key risk areas, and carried out special audits of new industrialization loans, inclusive finance and other businesses, as well as rural bank audit; issued 54 audit opinions, and urged the units undergoing audit to complete the rectification of problems, promoting the optimization of processes and the improvement of risk control mechanisms at the head office and branches.

Report of the Board of Directors

8.1 PRINCIPAL BUSINESS AND BUSINESS REVIEW

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

8.2 ANNUAL GENERAL MEETING AND DIVIDEND

8.2.1 Annual General Meeting

The Bank will announce the details of the 2023 annual general meeting in due course, including but not limited to the date for convening the meeting, the list of shareholders who are entitled to attend and vote at the annual general meeting and the time up to which no transfer of shares will be effected. The Bank will issue a separate announcement regarding the benchmark date for payment of dividends of H Shares and the date of closure of register of members of the Bank.

8.2.2 Dividend

I. Dividend policy

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

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

Pursuant to Article 270 of the Articles of Association, the Company's profits after payment of income taxes shall be distributed in the following order of priority according to the Financial System for Financial and Insurance Enterprises issued by the Ministry of Finance:

- (I) to make up for the losses of confiscated properties, pay late fees and fines for various taxes, and pay additional interests due to underpayment or late payment of deposit reserves;
- (II) to make up losses of previous years (if the statutory common reserve fund is not sufficient to make up the losses of previous years, profit of the year shall be used to make up the losses before withdrawing the statutory common reserve fund according to sub-paragraph (III) of this article);
- (III) to set aside no less than 10% of the after-tax profit (after deducting the first two items) for statutory common reserve fund until the accumulated amount of statutory common reserve fund has reached more than 50% of the registered capital of the Board;
- (IV) to set aside discretionary common reserve fund;
- (V) to set aside general risk reserve; and
- (VI) to distribute dividends to Shareholders by shares.

Report of the Board of Directors (Continued)

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

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

Pursuant to Article 273 of the Articles of Association, the Bank may distribute dividends in the form of cash or shares. Distributing dividends in the form of shares shall be decided by the shareholders' general meeting and submitted to the banking regulatory authorities for approval.

Pursuant to Article 274 of the Articles of Association, after the profit distribution plan is adopted at the shareholders' general meeting, the Board shall finish distributing dividends (or shares) within 2 months after conclusion of the shareholders' general meeting.

II. Profit and Profit Distribution Plan

As considered and approved at the 2022 annual general meeting of the Bank held on 18 May 2023, based on the share capital of 14,588,046,744 shares as at the end of 2022, the Bank distributed the final dividend for the year ended 31 December 2022 (the "Final Dividend for the Year 2022") to all shareholders at 6% of the share capital, totaling RMB875,282,804.64 (tax inclusive) in cash. The Final Dividend for the Year 2022 has been distributed to holders of both H Shares and Domestic Shares on 13 July 2023.

The Bank recorded a net profit of RMB3,653.33 million in 2023 as audited by the auditor, and the distributable profit at the end of 2023 was RMB13,046.55 million. Taking into consideration the interests of shareholders and the future development of the Bank, and according to the relevant laws and regulations and the Bank's Articles of Association, the Board recommends the 2023 profit distribution plan of the Bank as follow: to distribute cash dividend on the basis of 14,588,046,700 shares as at the end of 2023 and 5% of the share capital, with a total amount of RMB729.4023 million (tax inclusive). The above profit distribution plan is subject to the consideration and approval at the 2023 annual general meeting of the Bank.

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

III. Withholding Income Tax

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

Report of the Board of Directors (Continued)

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

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

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

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

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

8.3 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

8.4 CONFIRMATION ON THE INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

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

Report of the Board of Directors (Continued)

8.6 SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

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

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

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

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

8.8 MANAGEMENT CONTRACTS

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

8.9 LIABILITY INSURANCE FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Bank has maintained liability insurance for Directors, Supervisors, and senior management and other relevant responsible persons. Appropriate insurance coverage has been arranged for Directors, Supervisors and senior management of the Bank against potential legal actions and liabilities that arise from performing their duties to reasonably avoid management and legal risks faced by Directors, Supervisors and senior management of the Bank and to procure the full discharge of duties by the Directors, Supervisors and senior management of the Bank. The insurance was effective for the period ended 31 December 2023 and remained in effect as at the date of this report.

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

From 1 January 2023 to the date of this report, the Bank had not purchased, sold or redeemed any listed securities of the Bank.

8.11 PRE-EMPTIVE RIGHTS

None.

8.12 DONATIONS

During the Reporting Period, the Bank made external donations amounting to RMB7,400,000.

8.13 EQUITY LINKED AGREEMENTS

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

Report of the Board of Directors (Continued)

8.14 RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIER

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

8.15 PUBLIC FLOAT

When the Bank applied for listing of its H Shares on the Hong Kong Stock Exchange, the Bank has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted the Bank, a waiver that the minimum public float requirement under Rule 8.08(1) of the Hong Kong Listing Rules can be reduced and the minimum percentage of H Shares from time to time held by the public to be the higher of: I. 15.08% of the total issued share capital of the Bank; or II. such percentage of shares of the Bank to be held by the public after the exercise of the Over-allotment Option. Since the Over-allotment Option has lapsed on 18 January 2020, the minimum public float to which the Bank is subject represents 15.08% of the total issued share capital of the Bank. Based on the information publicly available to the Bank and to the knowledge of the Directors, the Bank had complied with the minimum public float requirements for its shares issued under the Hong Kong Listing Rules.

8.16 MAJOR DEPOSITORS AND BORROWERS

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

8.17 ENVIRONMENTAL AND SOCIAL POLICY

In recent years, the Bank has actively undertaken the social responsibilities under relevant environmental policies. The Bank actively advocates the concept of environmental protection in the course of operation. Specifically, the Bank optimizes online services, practices green office, advocates green public welfare and develops green credit to promote green financial undertakings. In 2023, the Bank has complied with the "comply or explain" provisions set out in the Environmental, Social and Governance Reporting Guidelines. For details, please refer to the 2023 Environmental, Social and Governance Report of the Bank.

Report of the Board of Directors (Continued)

8.18 COMPLIANCE WITH LAWS AND REGULATIONS

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

8.19 ACCOUNTING STANDARDS

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

YANG Mingshang
Chairman

Report of the Board of Supervisors

9.1 MAJOR WORK

- I. Enhanced supervision on performance of duties to improve the Bank's ability to perform its duties.** The Board of Supervisors standardized the annual performance evaluation, comprehensively evaluated the performance of the Board of Directors, senior management and their members, with an evaluation report formed for reporting to the supervisory authorities and the general meeting, and urged Directors, Supervisors and senior management to perform their duties diligently and improve the quality and effectiveness of their performance. The Bank conducted special supervision on the performance of the Board and its subordinate departments, including information disclosure, equity management, and capital management, to promote the further improvement of the level of corporate governance. The Bank carried out special supervision of senior management and head office departments in the performance of their duties, including the Bank's loan and interest collection, risk resolution, asset quality control, grabbing long-term stable funds, and consumer rights protection, to enhance the head office's management level and service efficiency. For branches, the Bank conducted special supervision on the asset quality of small and micro loans and personal consumption loans to promote the high-quality development of the Bank.
- II. Enhanced financial supervision to promote the standardized financial management of the Bank.** The Board of Supervisors supervised the formulation and implementation of the annual financial budget and profit distribution plan to promote the allocation of financial resources to support the implementation of the business plan and the continuous improvement of the Bank's efficiency. The Bank supervised the setting of its business objectives and the implementation of assessment and standardized the guiding role of remuneration and incentive policies on business to promote the continuous improvement of the Bank's efficiency. The Bank supervised the post-evaluation of fixed asset management and urged the strengthening of cost management to reinforce the guiding role of financial resource allocation. The Bank supervised the data governance, urged the establishment of an awareness of data management, strengthened departmental coordination and established a mechanism to promote data governance in an orderly manner.
- III. Enhanced risk supervision to improve the risk management of the Bank.** The Board of Supervisors supervised the formulation and implementation of comprehensive risk management policies to promote the maintenance of policy continuity and flexibility. The Bank strengthened the supervision on the management of reputational risk, liquidity risk and technological risk. In terms of reputational risk management, the Bank further improved reputational risk management methodology, categorized and graded reputational risk events, and conducted evaluation for risk level. In terms of liquidity risk management, the Bank took into account the macroeconomic environment and various extreme situations in the stress test and drew up a liquidity risk management plan under more prudent conditions to enlarge the liquidity safety cushion. In terms of information technology risk management, the Bank further improved the information reporting and coordinated disposal mechanism for major events in business continuity and formulated targeted measures in respect of management, ideology, institutional constraints, operational processes and other aspects to prevent the recurrence of risky events.

Report of the Board of Supervisors (Continued)

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

The Bank urged the Compliance Management Committee to improve the quality and efficiency of its duty performance, strengthened the efforts of strict governance, enhanced the construction of a compliance culture, intensified the compilation and study of typical non-compliance cases and intensified the efforts of warning and education to create a deterrent atmosphere throughout the Bank. The Bank urged the internal control department to continuously improve its technological monitoring capability, established an analysis model of the characteristics of non-compliance operations by making full use of the business management system, and intensified the non-compliance monitoring. The Bank strengthened the cooperation between the Board of Supervisors and internal audit, risk control, internal inspection and dispatched discipline inspection and supervision team, promoted the establishment of an information notification mechanism for audits, and regularly notified the audit results to the departments of discipline inspection, compliance, risk, supervisory office, line management, etc. to share information and jointly supervise the rectification and improvement. The Bank urged the internal audit department to increase the application of information technology in audit and strengthened the construction of systems and models to enhance the breadth and depth of audit.

9.2 EXPRESSED INDEPENDENT OPINIONS ON RELATED MATTERS

9.2.1 Legal Operation of the Bank

During the Reporting Period, our operation and management have been complied with the laws and regulations including the PRC Company Law and the PRC Commercial Banking Law, regulatory requirements and the Articles of Association. The decision-making procedures of the Board are standardized, the content is legally valid. Our senior management operates and manages our business in accordance with laws and regulations, the authorization of the Board, and the Company's rules and regulations.

9.2.2 Financial Reporting

During the Reporting Period, the financial statements of the Bank for the year of 2023 prepared in accordance with PRC Accounting Standards have been audited by BDO China Shu Lun Pan Certified Public Accountants LLP, and the financial statements prepared in accordance with IFRS have been audited by BDO Limited, with standard unqualified auditors' reports being issued. The financial statements of the Bank give a true and objective representation of our financial status and operating results. The Board of Supervisors has not found any false records or material omissions.

9.2.3 Related Party Transactions

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

Report of the Board of Supervisors (Continued)

9.2.4 Implementation of Resolutions Approved in Shareholders' General Meetings

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

9.2.5 Information Disclosure

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

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

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

Major Events

10.1 MAJOR LAWSUITS AND ARBITRATIONS DURING THE REPORTING PERIOD

As of 31 December 2023, the Bank, as the plaintiff, has five pending litigation cases with the amount of the subject matter in dispute at or above RMB10 million, involving a total balance of RMB452.7129 million; the Bank, as the defendant, has two pending litigation and arbitration cases with the amount of the subject matter in dispute at or above RMB10 million, involving a total balance of RMB199.0623 million. As of the end of the Reporting Period, the Bank did not expect that such litigation and arbitration (whether individually or jointly) will have a material adverse effect on the Bank's business, financial position and business performance.

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

As far as the Bank is aware, during the Reporting Period, the Bank, its Directors, Supervisors and senior management were not investigated by the competent authority, enforced by the judicial disciplinary inspection department, transferred to the judicial authority or investigated for criminal responsibility, and none of them were filed by the CSRC or administrative penalties, banned from the securities market, being deemed improper, being publicly reprimanded by the stock exchange.

10.3 CHANGE OF THE BANK'S REGISTERED CAPITAL

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

Major Events (Continued)

10.4 RELATED PARTY/CONNECTED TRANSACTIONS

I. Related Party Transaction as Defined by the former CBIRC (National Financial Regulatory Administration)

(I) Credit

As of the end of the Reporting Period, the Bank's balance of the credit-related transactions as defined by the former CBIRC (National Financial Regulatory Administration) (excluding deposits, bank deposit slips, etc.) is as follows:

No.	Name of related parties (related group consolidation)	Net amount of credit as at the end of the Reporting Period (RMB million)	Type of related party transactions	Percentage of net capital of the Bank (%)
1	Guizhou Water Investment Water Affairs Group Co., Ltd. (貴州水投水務集團有限公司)	2,203.05	Loan, debt investment	4.31%
2	Guizhou Financial Holding Group Co., Ltd. (Guizhou Guimin Investment Group Co., Ltd.) (貴州金融控股集團有限責任公司(貴州貴民投資集團有限責任公司))	1,476.27	Loan	2.89%
3	Guizhou Expressway Group Company Limited (貴州高速公路集團有限公司)	1,238.00	Loan, bank acceptance bills	2.42%
4	Zunyi State-owned Assets Investment and Financing Management Co., Ltd. (遵義市國有資產投融資經營管理有限責任公司)	734.17	Loan, debt investment, bank acceptance bills	1.44%
5	Harvest Fund Management Co., Ltd. (嘉實基金管理有限公司)	303.16	SPV investment	0.59%
6	Related natural persons	199.72	Loan, overdraft	0.39%
7	China Kweichow Moutai Distillery (Group) Co., Ltd. (中國貴州茅台酒廠(集團)有限責任公司)	100.39	SPV investment, letters of guarantee	0.20%
8	Renhuai State-owned Assets Investment and Management Co., Ltd. (仁懷市國有資產投資經營有限責任公司)	29.00	Loan	0.06%
9	Guizhou Mayanghe Food Co., Ltd. (貴州麻陽河食品有限公司)	18.50	Loan	0.04%
10	Guizhou Linshang Decoration Design Co., Ltd. (貴州林尚裝飾設計有限公司)	0.85	Loan	0.00%

Major Events (Continued)

(II) **Non-Credit**

No.	Name of customer	Type of business	Amount (RMB million)
1	Guizhou Water Conservancy Investment Group Co., Ltd. (貴州省水利投資(集團)有限責任公司)	Financial management and investment	160.00

During the Reporting Period, there were a total of 2 significant related party transaction between the Bank and related parties under the definition by the former CBIRC (National Financial Regulatory Administration), which were approved by the Bank:

- As considered and approved at the 2023 first extraordinary meeting of the third session of the Board of the Bank, the Bank granted Guizhou Water Conservancy Investment Group Co., Ltd. (貴州省水利投資(集團)有限責任公司) a credit (bond purchase) of RMB800 million for a term of 36 months, with a final coupon rate of 5%.
- As considered and approved at the 2023 first meeting of the third session of the Board of the Bank, the Bank granted Guizhou Expressway Investment Group Co., Ltd. (貴州高速投資集團有限公司) a credit of RMB1,400 million for a term of 12 months, with an effective interest rate of the current 1-year LPR at the time of credit utilization.

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

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

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

III. **Related Party Transactions as Defined in Accounting Standards**

For details, please refer to Note 39 "RELATED TRANSACTIONS" to the financial statement of this report.

Major Events (Continued)

10.5 SIGNIFICANT CONTRACTS AND PERFORMANCE

10.5.1 Major contracts

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

10.5.2 Significant custody, contracting and lease

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

10.6 SIGNIFICANT GUARANTEES AND COMMITMENTS

As of the end of the Reporting Period, the Bank's guarantee balance was RMB894 million, representing a decrease of RMB72 million or 7.42% from the beginning of the year; the letter of credit balance was RMB900 million, representing an increase of RMB310 million or 52.65% over the end of last year.

The guarantee business is our daily business. The above businesses are all financial guarantee services within the scope of business approved by the former CBIRC (National Financial Regulatory Administration) during the Reporting Period.

10.7 ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

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

10.8 SIGNIFICANT MATERIAL ASSET ACQUISITIONS, DISPOSAL AND CORPORATE MERGERS

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

10.9 SIGNIFICANT INVESTMENT

As of the end of the Reporting Period, the investment securities and other financial assets of the Bank were all financial markets businesses within the scope of operation approved by the former CBIRC (National Financial Regulatory Administration). The Bank has inspected the disclosure requirements for material investments as set out in Appendix D2 to the Listing Rules, and to the best knowledge of the Bank, there was no book value of any particular investment as of 31 December 2023 accounting for 5% or more of the Bank's total assets at the end of the Reporting Period.

10.10 APPOINTMENT AND DISMISSAL OF ACCOUNTANT

As considered and approved at the 2022 annual general meeting convened on 18 May 2023, BDO China Shu Lun Pan Certified Public Accountants LLP and BDO Limited were appointed as the Bank's domestic and oversea auditors for 2023, respectively, for a term of one year and with a total fee of RMB3.30 million.

10.11 LOAN AGREEMENT

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

Major Events (Continued)

10.12 EQUITY INCENTIVE PLAN AND EMPLOYEE STOCK OWNERSHIP PLAN

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

10.13 AUDIT REVIEW

The financial statements for the year ended 31 December 2023 prepared under International Financial Reporting Standards in this report have been audited by BDO Limited in accordance with Hong Kong Standards on Auditing. BDO Limited has issued an unqualified audit report. This report has been reviewed by the Audit Committee and the Board of the Bank.

10.14 SUBSEQUENT EVENTS

- I. Ms. WU Fan resigned as the Chairman of the Board of Supervisors and Employee Supervisor of the Bank on 7 March 2024 due to work arrangement and her resignation took effect on the same date. On the same date, Ms. WU Fan was nominated by the Board as a candidate for executive Director of the Bank, which was considered and approved at the 2024 first extraordinary general meeting held on 27 March 2024. Her qualification for the position is subject to the approval of the Guizhou Office, with a term of office being the same as that of the third session of the Board of the Bank.
 - II. Mr. XU An resigned as an executive Director and the President of the Bank on 7 March 2024 due to work arrangement and his resignation took effect on the same date.
 - III. Mr. XU Peiwen resigned as the Assistant to the President of the Bank on 7 March 2024 due to work arrangement and his resignation took effect on the same date.
 - IV. Mr. Chen Duohang was appointed as a non-executive Director of the Bank, which was considered and approved at the 2024 first extraordinary general meeting held on 27 March 2024. His qualification for the position is subject to the approval of the Guizhou Office, with a term of office being the same as that of the third session of the Board of the Bank.
- In addition to the above, no significant events which affect the Bank incurred after the end of the Reporting Period.

Independent Auditor's Report



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

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

OPINION

We have audited the financial statements of Bank of Guizhou Co., Ltd. (the "Bank") set out on pages 164 to 313, which comprise the statement of financial position as at December 31, 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Independent Auditor's Report (Continued)

KEY AUDIT MATTERS

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

Refer to Note 20 and Note 21 to the financial statements and the accounting policies in Note 4.1(1) (iv).

The Key Audit Matter

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

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

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

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

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

Independent Auditor's Report (Continued)

KEY AUDIT MATTERS (CONTINUED)**Loss allowances of loans and advances to customers and financial investments measured at amortised cost (Continued)**

Refer to Note 20 and Note 21 to the financial statements and the accounting policies in Note 4.1(1) (iv).

Our response

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

- understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the approval, recording and monitoring of loans and advances to customers and financial investments measured at amortised cost, the credit grading process and the measurement of loss allowances;
- understanding and assessing the design, implementation and operating effectiveness of the information system controls related to loss allowances of loans and advances to customers and financial investments measured at amortised cost, including general information technology control, data transmission between systems, mapping of parameters of expected credit loss model, and system calculation of loss allowance for expected credit loss.
- involving internal expert assess the reliability of the expected credit loss model used by management in determining loss allowances, including assessing the appropriateness of the key parameters and assumptions in the expected credit loss model, including the identification of loss stages, probability of default, loss given default, exposure at default, discount rate, adjustments for forward-looking information and other management adjustments, and evaluating the rationality of the key management judgements involved;
- assessing the completeness and accuracy of data used for the key parameters in the expected credit loss model. For key parameters derived from internal data relating to original loan agreements or generated from IT system, we compared the total balance of the loans and advances to customers and financial investment list used by management to assess the loss allowances with the general ledger, selecting samples and comparing individual loan and investment information with the underlying agreements and other related documentation to assess the accuracy of compilation of the loan and investment list. For key parameters derived from external data, we selected samples to inspect the accuracy of such data by comparing them with public resources;
- for key parameters involving judgement, we challenged the reasons for modifications to estimates and input parameters compared with prior period and considered the consistency of judgement. We compared the macro-economic factors used in the models with market information to assess whether they were aligned with market and economic development;

Independent Auditor's Report (Continued)

KEY AUDIT MATTERS (CONTINUED)

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

Refer to Note 20 and Note 21 to the financial statements and the accounting policies in Note 4.1(1) (iv).

Our response (Continued)

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

Independent Auditor's Report (Continued)

KEY AUDIT MATTERS (CONTINUED)**Fair value of financial instruments**

Refer to Note 42 to the financial statements and the accounting policies in Note 4.1(1) (v).

The Key Audit Matter

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

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

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

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

Our response

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

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

Independent Auditor's Report (Continued)

KEY AUDIT MATTERS (CONTINUED)

Consolidation of structured entities

Refer to Note 36 to the financial statements and the significant accounting estimates and judgement in Note 5(f).

The Key Audit Matter

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

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

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

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

Our response

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

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

Independent Auditor's Report (Continued)

KEY AUDIT MATTERS (CONTINUED)

Consolidation of structured entities (Continued)

Refer to Note 36 to the financial statements and the significant accounting estimates and judgement in Note 5(f).

Our response (Continued)

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

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

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Bank's financial reporting process.

Independent Auditor's Report (Continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

Independent Auditor's Report (Continued)

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

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

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

BDO Limited

Certified Public Accountants

Chan Wing Fai

Practising Certificate no. P05443

Hong Kong, March 28, 2024

Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes	2023	2022
Interest income		22,178,615	22,467,060
Interest expense		(13,428,597)	(12,372,848)
Net interest income	6	<u>8,750,018</u>	<u>10,094,212</u>
Fee and commission income		548,912	597,661
Fee and commission expense		(210,663)	(234,531)
Net fee and commission income	7	<u>338,249</u>	<u>363,130</u>
Net trading gains	8	938,252	548,350
Net gains arising from investment securities	9	1,111,988	845,541
Other operating income	10	<u>206,181</u>	<u>138,743</u>
Operating income		11,344,688	11,989,976
Operating expenses	11	(3,969,747)	(3,836,780)
Impairment losses on assets	14	(3,324,102)	(3,856,066)
Share of (losses)/gains of associates		<u>(13,357)</u>	<u>2,212</u>
Profit before tax		4,037,482	4,299,342
Income tax	15	<u>(384,146)</u>	<u>(469,887)</u>
Net profit for the year		<u><u>3,653,336</u></u>	<u><u>3,829,455</u></u>
Basic and diluted earnings per share (<i>in RMB</i>)	16	<u><u>0.24</u></u>	<u><u>0.26</u></u>

The notes on pages 172 to 313 form part of these financial statements.

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

For the year ended December 31, 2023
(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes	2023	2022
Net profit for the year		3,653,336	3,829,455
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Financial assets at fair value through other comprehensive income			
– net movement in the fair value reserve, net of tax	34(d)	672,932	(503,439)
– net movement in the impairment reserve, net of tax	34(e)	119,871	35,599
Item that will not be reclassified to profit or loss:			
– Remeasurement of net defined benefit liability, net of tax	34(f)	(10,935)	(3,160)
Other comprehensive income, net of tax		781,868	(471,000)
Total comprehensive income		4,435,204	3,358,455

The notes on pages 172 to 313 form part of these financial statements.

Statement of Financial Position

As at December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes	2023	2022
Assets			
Cash and deposits with the central bank	17	29,750,843	23,249,900
Deposits with banks and other financial institutions	18	5,974,245	5,204,530
Financial assets held under resale agreements	19	1,651,237	13,418,376
Loans and advances to customers	20	316,610,233	279,738,679
Financial investments:	21		
– Financial investments at fair value through profit or loss		80,406,906	72,114,709
– Financial investments at fair value through other comprehensive income		57,880,290	59,411,312
– Financial investments at amortised cost		73,669,697	70,392,189
Interests in associates	22	270,572	234,168
Property and equipment	23	3,690,469	3,816,678
Deferred tax assets	24	5,978,200	5,291,017
Other assets	25	903,334	909,773
Total assets		576,786,026	533,781,331
Liabilities and equity			
Liabilities			
Borrowings from the central bank		43,458,074	38,106,949
Deposits from banks and other financial institutions	27	25,382,493	23,228,193
Placements from banks and other financial institutions	28	4,944,628	4,604,940
Financial assets sold under repurchase agreements	29	–	8,501,793
Deposits from customers	30	356,246,245	326,324,447
Income tax payable		645,800	890,374
Debt securities issued	31	94,267,804	84,790,579
Deferred tax liabilities	24	190,492	–
Other liabilities	32	3,232,583	3,363,534
Total liabilities		528,368,119	489,810,809

The notes on pages 172 to 313 form part of these financial statements.

Statement of Financial Position (Continued)

As at December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes	2023	2022
Equity			
Share capital	33	14,588,047	14,588,047
Capital reserve	34(a)	8,670,091	8,670,091
Surplus reserve	34(b)	2,976,977	2,611,643
General reserve	34(c)	5,590,000	5,070,000
Fair value reserve	34(d)	17,258	(655,674)
Impairment reserve	34(e)	435,526	315,655
Deficit on remeasurement of net defined benefit liability	34(f)	(40,695)	(29,760)
Retained earnings	35	12,681,219	10,901,000
		<hr/>	<hr/>
Total equity attributable to equity shareholders of the Bank		44,918,423	41,471,002
Perpetual bonds	34(g)	3,499,484	2,499,520
		<hr/>	<hr/>
Total equity		<u>48,417,907</u>	<u>43,970,522</u>
		<hr/>	<hr/>
Total liabilities and equity		<u>576,786,026</u>	<u>533,781,331</u>

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

Yang Mingshang

Chairman of the Board of Directors

Cai Dong

Executive Director

An Peng

*The Person In Charge of
Accounting Affairs*

Li Wangang

*General Manager of the Planning and
Finance Department*

(Company Stamp)

The notes on pages 172 to 313 form part of these financial statements.

Statement of Changes in Equity

For the year ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

Notes	Attributable to equity shareholders of the Bank										
	Share capital	Capital reserve	Surplus reserve	General reserve	Fair value reserve	Impairment reserve	Deficit on remeasurement of net defined benefit liability	Retained earnings	Subtotal	Perpetual bonds	Total
Balance at January 1, 2023	14,588,047	8,670,091	2,611,643	5,070,000	(655,674)	315,655	(29,760)	10,901,000	41,471,002	2,499,520	43,970,522
Changes in equity for the year:											
Net profit for the year	-	-	-	-	-	-	-	3,653,336	3,653,336	-	3,653,336
Other comprehensive income	-	-	-	-	672,932	119,871	(10,935)	-	781,868	-	781,868
Total comprehensive income	-	-	-	-	672,932	119,871	(10,935)	3,653,336	4,435,204	-	4,435,204
Issuance of perpetual bonds	34(g)	-	-	-	-	-	-	-	-	999,964	999,964
Appropriation of profit											
Appropriation to surplus reserve	34(b)	-	-	365,334	-	-	-	(365,334)	-	-	-
Appropriation to general reserve	34(c)	-	-	-	520,000	-	-	(520,000)	-	-	-
Appropriation to shareholders	35	-	-	-	-	-	-	(875,283)	(875,283)	-	(875,283)
Appropriation to perpetual bondholders		-	-	-	-	-	-	(112,500)	(112,500)	112,500	-
Distribution paid to perpetual bondholders	34(g)	-	-	-	-	-	-	-	-	(112,500)	(112,500)
Balance at December 31, 2023	<u>14,588,047</u>	<u>8,670,091</u>	<u>2,976,977</u>	<u>5,590,000</u>	<u>17,258</u>	<u>435,526</u>	<u>(40,695)</u>	<u>12,681,219</u>	<u>44,918,423</u>	<u>3,499,484</u>	<u>48,417,907</u>

Notes	Attributable to equity shareholders of the Bank										
	Share capital	Capital reserve	Surplus reserve	General reserve	Fair value reserve	Impairment reserve	Deficit on remeasurement of net defined benefit liability	Retained earnings	Subtotal	Perpetual bonds	Total
Balance at January 1, 2022	14,588,047	8,670,091	2,228,698	4,690,000	(152,235)	280,056	(26,600)	8,709,773	38,987,830	-	38,987,830
Changes in equity for the year:											
Net profit for the year	-	-	-	-	-	-	-	3,829,455	3,829,455	-	3,829,455
Other comprehensive income	-	-	-	-	(503,439)	35,599	(3,160)	-	(471,000)	-	(471,000)
Total comprehensive income	-	-	-	-	(503,439)	35,599	(3,160)	3,829,455	3,358,455	-	3,358,455
Issuance of perpetual bonds	34(g)	-	-	-	-	-	-	-	-	2,499,520	2,499,520
Appropriation of profit											
Appropriation to surplus reserve	34(b)	-	-	382,945	-	-	-	(382,945)	-	-	-
Appropriation to general reserve	34(c)	-	-	-	380,000	-	-	(380,000)	-	-	-
Appropriation to shareholders	35	-	-	-	-	-	-	(875,283)	(875,283)	-	(875,283)
Balance at December 31, 2022	<u>14,588,047</u>	<u>8,670,091</u>	<u>2,611,643</u>	<u>5,070,000</u>	<u>(655,674)</u>	<u>315,655</u>	<u>(29,760)</u>	<u>10,901,000</u>	<u>41,471,002</u>	<u>2,499,520</u>	<u>43,970,522</u>

The notes on pages 172 to 313 form part of these financial statements.

Statement of Cash Flows

For the year ended December 31, 2023
(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes	2023	2022
Cash flows from operating activities			
Profit before tax		4,037,482	4,299,342
Adjustments for:			
Impairment losses on assets	14	3,324,102	3,856,066
Depreciation and amortisation		524,481	504,775
Depreciation of investment properties		944	943
Unrealised foreign exchange losses/(gains)	8	358	(17,478)
Net (gains)/losses on disposal of property and equipment, intangible assets and other assets		(12,654)	2,570
Net gains from debt securities	8	(938,610)	(530,872)
Net gains arising from investment securities	9	(1,111,988)	(845,541)
Share of losses/(gains) of associates	22	13,357	(2,212)
Interest expenses on debt securities issued	6	2,557,185	2,118,338
Interest expense on lease liabilities	11	11,604	14,218
Others		(113,615)	(163,899)
		<hr/>	<hr/>
Operating cash flows before movements in operating assets and liabilities		8,292,646	9,236,250
		<hr/>	<hr/>
Changes in operating assets			
Net (increase)/decrease in deposits with the central bank		(1,374,512)	821,945
Net increase in loans and advances to customers		(40,277,649)	(43,105,483)
Net (increase)/decrease in financial assets held for trading		(560,281)	18,990,761
Net decrease/(increase) in other operating assets		874,550	(1,164,186)
		<hr/>	<hr/>
Net changes in operating assets		<u>(41,337,892)</u>	<u>(24,456,963)</u>

The notes on pages 172 to 313 form part of these financial statements.

Statement of Cash Flows (Continued)

For the year ended December 31, 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	2023	2022
Changes in operating liabilities		
Net increase in borrowings from the central bank	5,340,099	5,809,587
Net increase/(decrease) in deposits from banks and other financial institutions	2,186,273	(776,119)
Net increase in placements from banks and other financial institutions	340,000	1,236,488
Net decrease in financial assets sold under repurchase agreements	(8,500,000)	(14,683,900)
Net increase in deposits from customers	27,930,494	19,426,680
Net increase in other operating liabilities	1,978,693	1,011,095
	<hr/>	<hr/>
Net changes in operating liabilities	29,275,559	12,023,831
	<hr style="border-top: 1px dashed #000;"/>	<hr style="border-top: 1px dashed #000;"/>
Net cash flows used in operating activities before income tax paid	(3,769,687)	(3,196,882)
Income tax paid	(1,386,034)	(1,076,174)
	<hr/>	<hr/>
Net cash flows used in operating activities	(5,155,721)	(4,273,056)
	<hr style="border-top: 1px dashed #000;"/>	<hr style="border-top: 1px dashed #000;"/>
Cash flows from investing activities		
Proceeds from disposal and redemption of investments	112,950,134	27,327,040
Proceeds from disposal of property and equipment, intangible assets and other assets	84,111	69
Payments on acquisition of investments	(107,908,962)	(28,137,472)
Payments for capital injection for an associates	(50,000)	-
Payments for acquisition of property and equipment, intangible assets and other assets	(295,027)	(233,707)
	<hr/>	<hr/>
Net cash flows generated from/(used in) investing activities	4,780,256	(1,044,070)
	<hr style="border-top: 3px double #000;"/>	<hr style="border-top: 3px double #000;"/>

The notes on pages 172 to 313 form part of these financial statements.

Statement of Cash Flows (Continued)

For the year ended December 31, 2023
(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes	2023	2022
Cash flows from financing activities			
Proceeds from issuance of debt securities	38(c)	109,870,000	92,735,467
Repayment of debt securities	38(c)	(100,450,000)	(82,140,000)
Interest paid on debt securities	38(c)	(2,499,960)	(317,506)
Capital element of lease liabilities paid		(123,535)	(124,508)
Interest element of lease liabilities paid		(11,604)	(14,218)
Dividends paid		(867,206)	(884,087)
Net proceeds from issuance of perpetual bonds		999,965	2,499,520
Interest paid on perpetual bonds		(112,500)	–
Net cash flows generated from financing activities		6,805,160	11,754,668
Effect of foreign exchange rate changes on cash and cash equivalents			
		4,090	16,416
Net increase in cash and cash equivalents	38(a)	6,433,785	6,453,958
Cash and cash equivalents as at January 1		54,828,236	48,374,278
Cash and cash equivalents as at December 31	38(b)	61,262,021	54,828,236
Net cash generated by operating activities include:			
Interest received		24,152,969	22,178,929
Interest paid (excluding interest expense on debt securities issued)		(8,903,160)	(8,728,242)

The notes on pages 172 to 313 form part of these financial statements.

Notes to the Financial Statements

(Expressed in thousands of Renminbi, unless otherwise stated)

1 BACKGROUND INFORMATION

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

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

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

As at December 31, 2023, the Bank has one head office and 9 branches across Guizhou Province. The principal activities of the Bank are the provision of corporate and personal deposits, loans and advances, settlement, financial market business and other banking services as approved by the former CBRC.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(1) Statement of compliance

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

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

The financial statements for the year ended December 31, 2023 comprise the Bank and the Bank's interests in associates.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

(2) Basis of preparation

The measurement basis used in the preparation of the financial statements is the historical cost basis, except that the financial instruments classified as financial assets at fair value through other comprehensive income ("FVOCI") or financial assets at fair value through profit or loss ("FVTPL") (see Note 4.1(1)) are stated at their fair value as explained in the accounting policies.

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of IFRS Accounting Standards that have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 5.

The financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Bank. All financial information presented in RMB has been rounded to the nearest thousand, except when otherwise indicated.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

3 CHANGES IN ACCOUNTING POLICIES

New standards, interpretations and amendments adopted from January 1, 2023

The following amendments are effective for the period beginning January 1, 2023:

- IFRS 17, Insurance Contract
- Amendments to IAS 1 and IFRS Practice Statement 2, Disclosure of Accounting Policies
- Amendments to IAS 8, Definition of Accounting Estimates
- Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12, International Tax Reform – Pillar Two Model Rules

These amendments to various IFRS Accounting Standards are mandatorily effective for reporting periods beginning on or after January 1, 2023. Except as described below, above amendments do not have material effect on the financial position and financial performance of the Bank.

Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

The Bank has applied the amendments for the first time in the current year. IAS 1 Presentation of Financial Statements is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policies.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

3 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

New standards, interpretations and amendments adopted from January 1, 2023 (Continued)

IFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Bank's financial positions and performance but has affected the disclosure of the Bank's accounting policies set out in Note 4 to the financial statements.

4 ACCOUNTING POLICY INFORMATION

4.1 MATERIAL ACCOUNTING POLICY INFORMATION

(1) *Financial instruments*

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

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

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

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

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

Classification of financial assets

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

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

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 ACCOUNTING POLICY INFORMATION (CONTINUED)

4.1 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(1) *Financial instruments (Continued)*

(ii) *Classification and subsequent measurement of financial assets (Continued)*

Classification of financial assets (Continued)

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

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

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

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

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

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

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 ACCOUNTING POLICY INFORMATION (CONTINUED)

4.1 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(1) *Financial instruments (Continued)*

(ii) *Classification and subsequent measurement of financial assets (Continued)*

Classification of financial assets (Continued)

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

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

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

Subsequent measurement of financial assets

- Financial assets at FVTPL

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

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 ACCOUNTING POLICY INFORMATION (CONTINUED)

4.1 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(1) *Financial instruments (Continued)*

(ii) *Classification and subsequent measurement of financial assets (Continued)*

Subsequent measurement of financial assets (Continued)

- Financial assets at amortised cost

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

- Debt investments at FVOCI

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

- Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 ACCOUNTING POLICY INFORMATION (CONTINUED)

4.1 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(1) *Financial instruments (Continued)*

(iii) *Classification and subsequent measurement of financial liabilities*

Financial liabilities are classified as measured at FVTPL, financial guarantee liabilities or amortised cost.

– Financial liabilities at FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss, unless the financial liabilities are part of a hedging relationship.

– Financial guarantee liabilities

Financial guarantees are contracts that requires the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee liability is measured at the higher of:

- The amount of the loss allowance determined in accordance with impairment policies of financial instruments (see Note 4.1(5) (i)); and
- The amount initially recognised less the cumulative amount of income.

– Financial liabilities at amortised cost

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 ACCOUNTING POLICY INFORMATION (CONTINUED)

4.1 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(1) *Financial instruments (Continued)*

(iv) *Impairment*

The Bank recognises loss allowances for expected credit loss ("ECL") on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI.

Financial assets measured at fair value, including debt investments or equity securities at FVTPL, and equity securities designated at FVOCI, are not subject to the ECL assessment.

Measurement of expected credit losses ("ECLs")

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the Bank is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

ECLs on these financial assets are estimated based on the Bank's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

See Note 41(a) for the measurement of expected credit loss of the Bank.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 ACCOUNTING POLICY INFORMATION (CONTINUED)

4.1 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(1) *Financial instruments (Continued)*

(iv) *Impairment (Continued)*

Presentation of allowance for ECL

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Bank recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Bank determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(v) *Fair value measurement principles*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 ACCOUNTING POLICY INFORMATION (CONTINUED)

4.1 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(1) *Financial instruments (Continued)*

(v) *Fair value measurement principles (Continued)*

If there is an active market for a financial asset or financial liability, the quoted price in the active market without adjusting for transaction costs that may be incurred upon future disposal or settlement is used to establish the fair value of the financial asset or financial liability. For a financial asset held or a financial liability to be assumed, the quoted price is the current bid price. For a financial asset to be acquired or a financial liability assumed, it is the current asking price. The quoted prices from an active market are prices that are readily and regularly available from an exchange, broker, industry bank or pricing service agency, and represent actual and regularly occurring market transactions on an arm's length basis.

If no active market exists for a financial instrument, a valuation technique is used to establish the fair value. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models. Where discounted cash flow technique is used, future cash flows are estimated based on management's best estimates and the discount rate used is the prevailing market rate applicable for instrument with similar terms and conditions at the end of each of the reporting period. Where other pricing models are used, inputs are based on market data at the end of each of the reporting period.

In estimating the fair value of a financial asset and financial liability, the Bank considers all factors including, but not limited to, risk-free interest rate, credit risk, foreign exchange rate and market volatility, that are likely to affect the fair value of the financial asset and financial liability.

The Bank obtains market data from the same market where the financial instrument was originated or purchased.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 ACCOUNTING POLICY INFORMATION (CONTINUED)

4.1 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(1) *Financial instruments (Continued)*

(vi) *Derecognition of financial assets and financial liabilities*

Financial asset is derecognised when one of the following conditions is met:

- the Bank's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Bank transfers substantially all of the risks and rewards of ownership of the financial asset; or
- the financial asset has been transferred, although the Bank neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred measured at the date of derecognition;
- the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment at FVOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the part derecognised.

The Bank derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

(vii) *Offsetting*

Financial assets and financial liabilities are generally presented separately in the statements of financial position, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the statements of financial position when both of the following conditions are satisfied:

- the Bank currently has a legally enforceable right to set off the recognised amounts;
- the Bank intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 ACCOUNTING POLICY INFORMATION (CONTINUED)

4.1 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(2) *Repossessed assets*

Repossessed assets are physical assets or property rights obtained by the Bank from debtors, warrantors or third parties following the enforcement of its creditor's rights. The repossessed assets are initially recognised at fair value, and are subsequently measured at the lower of the carrying value and net recoverable amount. If the recoverable amount is lower than the carrying value of the repossessed assets, the assets are written down to the recoverable amount.

(3) *Employee benefits*

(i) *Short-term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The defined contribution retirement plans of the Bank include the social pension schemes, annuity plan, housing fund and other social insurances.

Social pension schemes

Pursuant to the relevant laws and regulations in the PRC, the Bank has participated in the social pension schemes for the employees arranged by local government labour and security authorities. The Bank makes contributions to the retirement schemes at the applicable rates based on the amounts stipulated by the government. The contributions are charged to the profit or loss on an accrual basis. When employees retire, the local government labour and security authorities are responsible for the payment of the basic retirement benefits to the retired employees.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 ACCOUNTING POLICY INFORMATION (CONTINUED)

4.1 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(3) *Employee benefits (Continued)*

(i) *Short-term employee benefits and contributions to defined contribution retirement plans (Continued)*

Annuity plan

The Bank provides an annuity plan to the eligible employees. The Bank makes annuity contributions in proportion to its employees' total salaries and bonuses, which are charged to profit or loss when the contributions are made.

Housing fund and other social insurances

In addition to the retirement benefits above, the Bank has joined social security contributions schemes for employees pursuant to the relevant laws and regulations of the PRC. These schemes include a housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Bank makes monthly contributions to the housing fund and other social insurances schemes at the applicable rates based on the amounts stipulated by the relevant government authorities. The contributions are charged to profit or loss on an accrual basis.

(ii) *Supplementary retirement benefits*

Early retirement plan

The Bank provides early retirement benefit payments to employees who voluntarily agreed to retire early for the period from the date of early retirement to the regulated retirement date. The benefit is discounted to determine the present value based on certain assumptions. The calculation is performed by a qualified actuary using the projected unit credit method. Differences arising from changes in assumptions and estimates of the present value of the liabilities are recognised in profit or loss when incurred.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 ACCOUNTING POLICY INFORMATION (CONTINUED)

4.1 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(3) *Employee benefits (Continued)*

(ii) *Supplementary retirement benefits (Continued)*

Supplementary retirement plan

The Bank provides a supplementary retirement plan to its eligible employees. The Bank's obligations in respect of the supplementary retirement plan are calculated by estimating the present value of the total amount of future benefits that the Bank is committed to pay to the employees after their retirement. The calculation is performed by a qualified actuary using the projected unit credit method. Such obligations were discounted at the interest yield of government bonds with similar duration at the reporting date. The related service cost and net interest from the retirement plan are recognised in profit or loss, and the actuarial gains and losses arising from remeasurements are recognised in other comprehensive income.

Early retirement plan and supplementary retirement plan thereafter collectively referred to as "supplementary retirement benefits". Except for the above mentioned, the Bank has no significant responsibilities to pay any other retirement benefits to employees.

(4) *Income tax*

Income tax for the reporting period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the reporting period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 ACCOUNTING POLICY INFORMATION (CONTINUED)

4.1 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(4) *Income tax (Continued)*

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiary to the extent that, in the case of taxable differences, the Bank controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 ACCOUNTING POLICY INFORMATION (CONTINUED)

4.1 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(4) *Income tax (Continued)*

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Bank has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Bank intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(5) *Financial guarantees, provisions and contingent liabilities*

(i) *Financial guarantees*

Financial guarantees are contracts that require the issuer (the “guarantor”) to make specified payments to reimburse the beneficiary of the guarantee (“holder”) for a loss that the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. The fair value of the guarantee (being the guarantee fees received) is initially recognised as deferred income in other liabilities. The deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

In terms of off-balance sheet credit commitment, the Bank applies expected credit loss model to measure the loss caused by particular debtors incapable of paying due debts, which is present in provisions. See Note 4.1(1) (iv) for the description of expected credit loss model.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 ACCOUNTING POLICY INFORMATION (CONTINUED)

4.1 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(5) *Financial guarantees, provisions and contingent liabilities (Continued)*

(ii) *Other provision and contingent liabilities*

A provision is recognised for an obligation related to a contingency if the Bank has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

For a possible obligation resulting from a past transaction or event whose existence will only be confirmed by the occurrence or non-occurrence of uncertain future events or a present obligation resulting from a past transaction or event, where it is not probable that the settlement of the above obligation will cause an outflow of economic benefits, or the amount of the outflow cannot be estimated reliably, the possible or present obligation is disclosed as a contingent liability.

(6) *Fiduciary activities*

The Bank acts in a fiduciary activity as a manager, a custodian, or an agent for customers. Assets held by the Bank and the related undertakings to return such assets to customers are recorded as off-balance sheet items as the risks and rewards of the assets reside with customers.

The Bank enters into entrusted loan agreements with customers, whereby the customers provide funding ("entrusted funds") to the Bank, and the Bank grants loans to third parties ("entrusted loans") under instructions of the customers. As the Bank does not assume the risks and rewards of the entrusted loans and the corresponding entrusted funds, the entrusted loans and funds are recorded as off-balance sheet items at their principal amount. No provision for impairment loss is made for entrusted loans.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 ACCOUNTING POLICY INFORMATION (CONTINUED)

4.1 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(7) *Income recognition*

Income is recognised when the Bank satisfies the performance obligation in the contract which by transferring the control over relevant goods or services to the customers.

The following is the description of accounting policies regarding income from the Bank's principal activities.

(i) *Interest income*

Interest income for financial assets is recognised in profit or loss as it is incurred, based on the time for alienation of right to use capital and effective interest rates. Interest income includes the amortisation of any discount or premium or differences between the initial carrying amount of an interest-bearing asset and its amount at maturity calculated using the effective interest rate.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the reporting period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract, transaction costs and all other premiums or discounts that are an integral part of the effective interest rate.

Interest on the impaired assets is recognised using the rate of interest used to discount future cash flows for the purpose of measuring the related impairment loss.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 ACCOUNTING POLICY INFORMATION (CONTINUED)

4.1 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(7) *Income recognition (Continued)*

(ii) *Fee and commission income*

The Bank earns fee and commission income from a diverse range of services it provides to its customers. The fee and commission income recognised by the Bank reflects the amount of consideration to which the Bank expects to be entitled in exchange for transferring promised services to customers, and income is recognised when its performance obligation in contracts is satisfied.

The Bank recognises income over time by measuring the progress towards the complete satisfaction of a performance obligation, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Bank's performance as the Bank performs;
- The customer controls the service provided by the Bank in the course of performance or;
- The Bank does not provide service with an alternative use to the Bank, and the Bank has an enforceable right to payment for performance completed to date;
- In other cases, the Bank recognises revenue at a point in time at which a customer obtains control of the promised services.

(iii) *Government grants*

Government grants are recognised in the statements of financial position initially when there is reasonable assurance that they will be received and that the Bank will comply with the conditions attaching to them. Grants that compensate the Bank for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Bank for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 ACCOUNTING POLICY INFORMATION (CONTINUED)

4.1 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(7) Income recognition (Continued)

(iv) Other income

Other income are recognised on an accrual basis.

(8) Perpetual bonds

At initial recognition, the Bank classifies the perpetual bonds issued or their components as financial assets, financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definition of financial assets, financial liabilities and equity instruments.

Perpetual bonds issued that should be classified as equity instruments are recognised in equity based on the actual amount received. Any distribution of dividends or interests during the instruments' duration is treated as profit appropriation. When the perpetual bonds are redeemed according to the contractual terms, the redemption price is charged to equity.

(9) Associates and joint ventures

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

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

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 ACCOUNTING POLICY INFORMATION

4.1 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(9) *Associates and joint ventures (Continued)*

An investment in an associate or a joint venture is accounted for in the financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Bank's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Bank's share of the investee's net assets and any impairment loss relating to the investment (see Note 4.2(6)). Any acquisition-date excess over cost, the Bank's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the statements of profit or loss, whereas the Bank's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the statements of profit or loss and other comprehensive income.

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

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

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

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

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 ACCOUNTING POLICY INFORMATION (CONTINUED)

4.1 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(9) Associates and joint ventures (Continued)

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

(10) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, non-restricted balances with central bank, short-term deposits and placements with banks and other financial institutions, financial assets held under resale agreements and highly liquid short-term investments which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

(11) Financial assets held under resale and repurchase agreements

Financial assets purchased under agreements to resell are reported not as purchases of the assets but as receivables and are carried in the statements of financial position at amortised cost.

Financial assets sold subject to a simultaneous agreement to repurchase these assets are retained in the statements of financial position and measured in accordance with their original measurement principles. The proceeds from the sale are reported as liabilities and are carried at amortised cost.

Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements are recognised respectively as interest income and interest expense over the life of each agreement using the effective interest method.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 ACCOUNTING POLICY INFORMATION (CONTINUED)

4.2 OTHER ACCOUNTING POLICY INFORMATION

(1) *Translation of foreign currencies*

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

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

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

(2) *Property and equipment and construction in progress*

Property and equipment are assets held by the Bank for operation and administration purposes with useful lives over one year.

Property and equipment are stated in the statements of financial position at cost less accumulated depreciation and impairment loss (see Note 4.2(6)). Construction in progress is stated in the statements of financial position at cost less impairment loss (see Note 4.2(6)).

The cost of a purchased property and equipment comprises the purchase price, related taxes, and any expenditure directly attributable to bringing the asset into working condition for its intended use.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 ACCOUNTING POLICY INFORMATION (CONTINUED)

4.2 OTHER ACCOUNTING POLICY INFORMATION (CONTINUED)

(2) *Property and equipment and construction in progress (Continued)*

All direct and indirect costs that are related to the construction of property and equipment and incurred before the assets are ready for their intended use are capitalised as the cost of construction in progress. Construction in progress is transferred to property and equipment when the item being constructed is ready for its intended use. No depreciation is provided against construction in progress.

Where the individual component parts of an item of property and equipment have different useful lives or provide benefits to the Bank in different patterns thus necessitating use of different depreciation rates or methods, they are recognised as a separate property and equipment.

The subsequent costs including the cost of replacing part of an item of property and equipment are recognised in the carrying amount of the item if the recognition criteria are satisfied, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Property and equipment are depreciated using the straight-line method over their estimated useful lives, after taking into account their estimated residual values. The estimated useful lives, residual values and depreciation rates of each class of property and equipment are as follows:

Asset category	Estimated useful life	Estimated rate of residual value	Depreciation rate
Premises	30 years	3%	3.23%
Vehicles	2–6 years	3%	16.17%–48.50%
Electronic equipment and others	3–5 years	3%	19.40%–32.33%

Useful lives, residual values and depreciation methods are reviewed at least at each year-end.

Notes to the Financial Statements (Continued)

*(Expressed in thousands of Renminbi, unless otherwise stated)***4 ACCOUNTING POLICY INFORMATION (CONTINUED)****4.2 OTHER ACCOUNTING POLICY INFORMATION (CONTINUED)****(3) Investment property**

Investment property is a property held either for earning rental income or for capital appreciation or for both. Investment property is accounted for using the cost model and stated in the statements of financial position at cost less accumulated depreciation and impairment loss (see Note 4.2(6)). Investment property is depreciated using the straight-line method over its estimated useful life after taking into account its estimated residual value.

	Estimated useful life	Estimated rate of residual value	Depreciation rate
Premises	20 years	3%	4.85%

(4) Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Bank has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(i) As a lessee

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 ACCOUNTING POLICY INFORMATION (CONTINUED)

4.2 OTHER ACCOUNTING POLICY INFORMATION (CONTINUED)

(4) Leases (Continued)

(i) As a lessee (Continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option; and
- payments of penalties for terminating a lease, if the lease terms reflects the Bank exercising an option to terminate the lease.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 ACCOUNTING POLICY INFORMATION (CONTINUED)

4.2 OTHER ACCOUNTING POLICY INFORMATION (CONTINUED)

(4) Leases (Continued)

(i) As a lessee (Continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, or if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option or there is a revised in-substance fixed lease payment. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS 16 Leases. In such cases, the Bank took advantage of the practical expedient set out in paragraph 46A of IFRS 16 and recognised the change in consideration as if it were not a lease modification.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Bank presents right-of-use assets that do not meet the definition of investment property in 'other assets' and lease liabilities in 'other liabilities' in the statements of financial position.

Lease modifications

The Bank accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Bank remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 ACCOUNTING POLICY INFORMATION (CONTINUED)

4.2 OTHER ACCOUNTING POLICY INFORMATION (CONTINUED)

(4) Leases (Continued)

(i) As a lessee (Continued)

The Bank accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset

Short-term leases and leases of low-value assets

The Bank has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

In the comparative period, as a lessee the Bank classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the right-of-use assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent.

Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Bank's statements of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(ii) As a lessor

When the Bank acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 ACCOUNTING POLICY INFORMATION (CONTINUED)

4.2 OTHER ACCOUNTING POLICY INFORMATION (CONTINUED)

(4) Leases (Continued)

(ii) As a lessor (Continued)

To classify each lease, the Bank makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Bank considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Bank is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Bank applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Bank applies IFRS 15 to allocate the consideration in the contract.

The Bank recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Bank as a lessor in the comparative period were not different from IFRS 16. However, when the Bank was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

(5) Intangible assets

The intangible assets of the Bank have finite useful lives. The intangible assets are stated at cost less accumulated amortisation and impairment loss (see Note 4.2(6)). The cost of intangible assets less residual value and impairment loss is amortised on the straight-line method over the estimated useful lives.

The respective amortisation periods for intangible assets are as follows:

Land use rights	30 – 50 years
Computer software	3 – 10 years

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 ACCOUNTING POLICY INFORMATION (CONTINUED)

4.2 OTHER ACCOUNTING POLICY INFORMATION (CONTINUED)

(6) Provision for impairment losses on non-financial assets

The carrying amounts of the following assets are reviewed at the end of each of the reporting period based on the internal and external sources of information to determine whether there is any indication of impairment:

- property and equipment
- construction in progress
- investments property measured using a cost model
- intangible assets
- investments in associates
- right-of-use assets

If any indication exists that an asset may be impaired, the recoverable amount of the asset is estimated.

A cash-generating unit (“CGU”) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. A CGU is composed of assets directly relating to cash-generation. Identification of a CGU is based on whether major cash inflows generated by the asset groups are largely independent of the cash inflows from other assets or asset groups. In identifying an asset group, the Bank also considers how management monitors the Bank’s operations and how management makes decisions about continuing or disposing of the Bank’s assets.

The recoverable amount of an asset or CGU, or a group of CGUs (hereinafter called “asset”) is the greater of its value in use and its fair value less cost to sell. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset; if it is not possible to estimate the recoverable amount of the individual asset, the Bank determines the recoverable amount of the asset group to which the assets belongs.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 ACCOUNTING POLICY INFORMATION (CONTINUED)

4.2 OTHER ACCOUNTING POLICY INFORMATION (CONTINUED)

(6) *Provision for impairment losses on non-financial assets (Continued)*

An asset's fair value less costs to sell is the amount determined by the price of a sale agreement in an arm's length transaction, less the costs that are directly attributable to the disposal of the asset. Value in use is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using a pre-tax discount rate that reflects expected future cash flows, the useful life and the discount rate specific to the asset.

An impairment loss is recognised in profit or loss if the carrying amount of an asset exceeds its recoverable amount. A provision for an impairment loss of the asset is recognised accordingly.

If, in a subsequent period, the amount of impairment loss of the non-financial asset decreases and the decrease can be linked objectively to an event occurring after impairment was recognised, the previously recognised impairment loss is reversed through the profit or loss. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods.

(7) *Expenses recognition*

(i) *Interest expenses*

Interest expenses from financial liabilities are accrued on a time proportion basis with reference to the amortised cost and the applicable effective interest rate.

(ii) *Other expenses*

Other expenses are recognised on an accrual basis.

(8) *Dividends*

Dividends or distributions of profits proposed in the profit appropriation plan which will be authorised and declared after the end of each of the reporting period are not recognised as a liability at the end of each of the reporting period but disclosed separately in the notes to the financial statements.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 ACCOUNTING POLICY INFORMATION (CONTINUED)

4.2 OTHER ACCOUNTING POLICY INFORMATION (CONTINUED)

(9) *Related parties*

- (a) A person, or a close member of that person's family, is related to the Bank if that person:
 - (i) has control or joint control over the Bank;
 - (ii) has significant influence over the Bank; or
 - (iii) is a member of the key management personnel of the Bank or the Bank's parent.
- (b) An entity is related to the Bank if any of the following conditions applies:
 - (i) The entity and the Bank are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Bank or an entity related to the Bank;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - (viii) The entity, or any member of a Bank of which it is a part, provides key management personnel services to the Bank or to the Bank's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

4 ACCOUNTING POLICY INFORMATION (CONTINUED)

4.2 OTHER ACCOUNTING POLICY INFORMATION (Continued)

(10) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Bank's most senior executive management for the purposes of allocating resources to, and assessing the performance of the Bank's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(a) Measurement of expected credit loss

The measurement of the expected credit loss allowance for the investment in financial assets and debt instruments measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring expected credit losses is further detailed in Note 41(a).

A number of significant judgements are required in applying the accounting requirements for measuring expected credit losses, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of expected credit losses;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated expected credit losses.

Detailed information about the judgements and estimates made by the Bank in the above areas is set out in Note 41(a) credit risk.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Fair value of financial instruments

There are no quoted prices from an active market for a number of financial instruments. The fair values for these financial instruments are established by using valuation techniques. These techniques include using recent arm's length market transactions by referring to the current fair value of similar instruments, discounted cash flow analysis, and option pricing models. Valuation models established by the Bank make maximum use of market input and rely as little as possible on the Bank's specific data. However, it should be noted that some input, such as credit and counterparty risk, and risk correlations require management's estimates. The Bank reviews the above estimations and assumptions periodically and makes adjustment if necessary.

(c) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Bank carefully evaluates the tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

(d) Impairment of non-financial assets

Non-financial assets are reviewed regularly to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is provided.

Since the market price of an asset (the asset group) may not be obtained reliably, the fair value of the asset may not be estimated reliably. In assessing the present value of future cash flows, significant judgements are exercised over the asset's selling price, related operating expenses and discounting rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the selling price and related operating expenses based on reasonable and supportable assumption.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(e) Depreciation and amortisation

Investment properties, property and equipment, intangible assets and right-of-use assets are depreciated and amortised using the straight-line method over their estimated useful lives after taking into account residual values. The estimated useful lives are regularly reviewed to determine the depreciation and amortisation costs charged in each of the reporting period. The estimated useful lives are determined based on historical experiences of similar assets and the estimated technical changes. If there is an indication that there has been a change in the factors used to determine the depreciation or amortisation, the amount of depreciation or amortisation will be revised.

(f) Determination of control over investees

Management applies its judgement to determine whether the control indicators indicate that the Bank controls a non-principal guaranteed wealth management product and an asset management plan.

The Bank acts as manager to a number of non-principal guaranteed wealth management products and asset management plans. Determining whether the Bank controls such a structured entity usually focuses on the assessment of the aggregate economic interests of the Bank in the entity (comprising any carried interests and expected management fees) and the decision-making authority of the entity. For all these structured entities managed by the Bank, the Bank's aggregate economic interest is in each case not significant and the decision makers establish, market and manage them according to restricted parameters as set out in the investment agreements as required by laws and regulations. As a result, the Bank has concluded that it acts as agent as opposed to principal for the investors in all cases, and therefore has not consolidated these structured entities.

For further disclosure in respect of unconsolidated non-principal guaranteed wealth management products and asset management plans in which the Bank has an interest or for which it is a sponsor, see Note 36.

(g) Defined benefit plan

The Bank, in accordance with the projected unit credit method, using unbiased and mutually compatible actuarial assumption to estimate related demographic variables and financial variables, measures the obligations under the defined benefit plan and recognises a defined benefit plan liability by the present value of the defined benefit plan. The Bank attributes obligations under a defined benefit plan to periods of service provided by employees, with a corresponding charge to the profit or loss for the current period or the cost of a relevant asset which include the service cost and interest expense of under a defined benefit plan, changes as a result of remeasurements of the net defined benefit plan liability or asset are recognised in deficit/surplus on remeasurement of net defined benefit liability.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

6 NET INTEREST INCOME

	2023	2022
Interest income arising from		
Deposits with the central bank	293,396	296,876
Deposits with banks and other financial institutions	49,562	30,167
Financial assets held under resale agreements	370,795	376,780
Loans and advances to customers		
– Corporate loans and advances	14,260,386	13,968,738
– Personal loans and advances	1,982,447	1,797,633
– Discounted bills	137,017	166,397
Financial investments	5,085,012	5,830,469
Sub-total	<u>22,178,615</u>	<u>22,467,060</u>
Interest expense arising from		
Borrowings from the central bank	(1,013,607)	(985,801)
Deposits from banks and other financial institutions	(601,700)	(692,240)
Placements from banks and other financial institutions	(146,086)	(152,431)
Financial assets sold under repurchase agreements	(112,692)	(150,745)
Deposits from customers	(8,997,327)	(8,273,293)
Debt securities issued	(2,557,185)	(2,118,338)
Sub-total	<u>(13,428,597)</u>	<u>(12,372,848)</u>
Net interest income	<u><u>8,750,018</u></u>	<u><u>10,094,212</u></u>

Total interest income arising from financial assets that are not measured at FVTPL for the year ended December 31, 2023 amounted to RMB22,179 million (2022: RMB22,467 million).

Total interest expense arising from financial liabilities that are not measured at FVTPL for the year ended December 31, 2023 amounted to RMB13,429 million (2022: RMB12,373 million).

Interest income arising from impaired loans for the year ended December 31, 2023 amounted to RMB114 million (2022: RMB164 million).

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

7 NET FEE AND COMMISSION INCOME

(a) Income and expense streams:

	2023	2022
Fee and commission income		
Acceptance and guarantee services fees	238,858	272,304
Agency services fees	153,610	168,820
Bank card services fees	95,382	77,053
Fund supervision services and consultancy services fees	21,495	39,184
Settlement and clearing fees	39,567	40,300
	<hr/>	<hr/>
Sub-total	548,912	597,661
	<hr/>	<hr/>
Fee and commission expense		
Bank card services fees	(110,946)	(148,983)
Other services fees	(99,717)	(85,548)
	<hr/>	<hr/>
Sub-total	(210,663)	(234,531)
	<hr/>	<hr/>
Net fee and commission income	338,249	363,130
	<hr/> <hr/>	<hr/> <hr/>
Fee and commission income		
Fee income, other than amounts included in determining the effective interest rate, arising from financial assets or financial liabilities that are not held for trading or designated at FVTPL	61,848	44,603
	<hr/> <hr/>	<hr/> <hr/>
Fee income on trust and other fiduciary activities where the Bank holds or invests on behalf of its customers	73,919	105,206
	<hr/> <hr/>	<hr/> <hr/>
Fee and commission expense		
Fee expense, other than amounts included in determining the effective interest rate, arising from financial assets or financial liabilities that are not held for trading or designated at FVTPL	2,046	3,132
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

7 NET FEE AND COMMISSION INCOME (CONTINUED)

(b) Disaggregation of income:

	2023		2022	
	At a point in time	Over time	At a point in time	Over time
Acceptance and guarantee services fees	–	238,858	–	272,304
Agency services fees	–	153,610	–	168,820
Bank card services fees	95,382	–	77,053	–
Fund supervision services and consultancy services fees	–	21,495	–	39,184
Settlement and clearing fees	39,567	–	40,300	–
Total	<u>134,949</u>	<u>413,963</u>	<u>117,353</u>	<u>480,308</u>

(c) Contract balances

The following table provides information about contract liabilities from contracts with customers.

	2023	2022
Contract liabilities, which are included in 'other liabilities'	20,197	33,392

The contract liabilities primarily relate to the fees received from customers on fund supervision services. This is recognised as revenue over the period for which a customer is expected to continue receiving fund supervision services. The contract does not have a significant financing component.

Notes to the Financial Statements (Continued)

*(Expressed in thousands of Renminbi, unless otherwise stated)***8 NET TRADING GAINS**

	<i>Notes</i>	2023	2022
Net gains from debt securities	(a)	938,610	530,872
Net foreign exchange (losses)/gains	(b)	(358)	17,478
Total		<u>938,252</u>	<u>548,350</u>

Notes:

- (a) Net gains from debt securities include gains arising from the buying and selling of, and changes in the fair value of debt securities held for trading.
- (b) Net foreign exchange (losses)/gains mainly include (losses)/gains from translation of foreign currency monetary assets and liabilities into Renminbi.

9 NET GAINS ARISING FROM INVESTMENT SECURITIES

	<i>Note</i>	2023	2022
Net gains of financial investments at fair value through profit or loss	(a)	930,434	727,183
Net gains of financial investments at fair value through other comprehensive income		65,672	118,358
Net gains on disposal of financial investments at amortised cost		<u>115,882</u>	–
Total		<u>1,111,988</u>	<u>845,541</u>

Note:

- (a) Net gains of financial investments at fair value through profit or loss include the investment income and fair value changes of financial investments at fair value through profit or loss except for debt securities held for trading.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

10 OTHER OPERATING INCOME

	Note	2023	2022
Government grants	(a)	186,489	127,869
Rental income		3,488	2,587
Penalty income		1,514	1,580
Net losses on disposal of repossessed assets		(5,120)	(1,080)
Net gains/(losses) on disposal of property and equipment and intangible assets		12,654	(2,570)
Others		7,156	10,357
		<u>206,181</u>	<u>138,743</u>
Total		<u>206,181</u>	<u>138,743</u>

Note:

- (a) Government grants recognised as other operating income are awarded to the Bank by the local government as incentives primarily to encourage the development of the Bank and the contribution to the local economic development. The government grants are according to its balances of loans and advances to small and medium-sized enterprises and agricultural enterprises in Guizhou Province in the PRC.

11 OPERATING EXPENSES

	2023	2022
Staff costs		
– Salaries, bonuses and allowances	1,615,780	1,590,799
– Social insurance and annuity	487,323	449,646
– Staff welfares	169,907	156,284
– Housing allowances	134,693	124,542
– Employee education expenses and labour union expenses	42,764	37,075
	<u>2,450,467</u>	<u>2,358,346</u>
Sub-total	<u>2,450,467</u>	<u>2,358,346</u>
Depreciation and amortisation	399,616	362,144
Depreciation charge for the right-of-use assets	124,865	142,631
Taxes and surcharges	168,739	158,389
Interest expense on lease liabilities	11,604	14,218
Rental and property management expenses	42,437	48,902
Other general and administrative expenses	772,019	752,150
	<u>3,969,747</u>	<u>3,836,780</u>
Total	<u>3,969,747</u>	<u>3,836,780</u>

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

12 DIRECTORS' AND SUPERVISOR' EMOLUMENTS

Directors' and supervisors' emoluments disclosed pursuant to Section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Notes	2023				Total emoluments before tax
		Fees	Salaries	Discretionary bonus	Contribution by the employer to social insurance and welfare plans, housing allowance, ect.	
Executive directors						
Yang Mingshang		–	587	–	96	683
Xu An	(o)	–	621	–	96	717
Cai Dong		–	503	–	96	599
Non-executive directors						
Chen Jingde		–	–	–	–	–
Chen Hanqing		–	–	–	–	–
Gong Taotao		–	–	–	–	–
Zhao Yong		–	–	–	–	–
SUN Junwei	(l)/(m)	–	–	–	–	–
YE Jiangmei	(l)/(m)	–	–	–	–	–
WU Zhijun	(l)/(n)	–	–	–	–	–
Chen Duohang	(n)/(q)	–	–	–	–	–
Independent non-executive directors						
Wang Gefan		210	–	–	–	210
Tang Xin		210	–	–	–	210
Song Ke		210	–	–	–	210
Jiang Shangjun	(a)	–	–	–	–	–
Jia Xiangsen	(b)	–	–	–	–	–
Lee Hoey Simon	(d)	127	–	–	–	127
Sun Li	(i)	67	–	–	–	67
Supervisors						
Wu Fan	(p)	–	597	–	96	693
Yin Xinquan		210	–	–	–	210
Chen Houyi	(k)	210	–	–	–	210
Cheng Yunlong		–	–	–	–	–
Su Zhi		210	–	–	–	210
Zhang Hui		–	933	–	96	1,029
Wang Wei	(g)	–	836	–	96	932
He Xinzhang	(e)	–	–	–	–	–
Total		1,454	4,077	–	576	6,107

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

12 DIRECTORS' AND SUPERVISOR' EMOLUMENTS (CONTINUED)

Directors' and supervisors' emoluments disclosed pursuant to Section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows: (Continued)

		2022				
	Notes	Fees	Salaries	Discretionary bonus	Contribution by the employer to social insurance and welfare plans, housing allowance, ect.	Total emoluments before tax
Executive directors						
Yang Mingshang		–	479	–	95	574
Xu An	(o)	–	479	–	95	574
Cai Dong		–	383	–	95	478
Non-executive director						
Chen Jingde		–	–	–	–	–
Chen Hanqing		–	–	–	–	–
Chen Hua	(h)	–	–	–	–	–
Wang Xiaoyong	(f)	–	–	–	–	–
Wang Wencheng	(j)	–	–	–	–	–
Gong Taotao		–	–	–	–	–
Zhao Yong		–	–	–	–	–
Independent non-executive directors						
Wang Gefan		210	–	–	–	210
Tang Xin		210	–	–	–	210
Song Ke		210	–	–	–	210
Law Cheuk Kin Stephen	(i)	363	–	–	–	363
Jiang Shangjun	(a)	–	–	–	–	–
Jia Xiangsen	(b)	–	–	–	–	–
Lee Hoey Simon	(d)	–	–	–	–	–
Sun Li	(i)	–	–	–	–	–
Supervisors						
Wu Fan	(p)	–	479	–	95	574
Yin Xinquan		210	–	–	–	210
Chen Houyi	(k)	210	–	–	–	210
Cheng Yunlong		–	–	–	–	–
Su Zhi		210	–	–	–	210
Zhang Hui		–	968	–	95	1,063
Jiao Zhengjun	(c)	–	404	–	95	499
Wang Wei	(g)	–	380	–	95	475
He Xinzhang	(e)	–	–	–	–	–
Total		1,623	3,572	–	665	5,860

Notes to the Financial Statements (Continued)

*(Expressed in thousands of Renminbi, unless otherwise stated)***12 DIRECTORS' AND SUPERVISOR' EMOLUMENTS (CONTINUED)**

There was no amount paid during the year ended December 31, 2023 to the directors in connection with their retirement from employment or compensation for loss of office with the Bank, or inducement to join the Bank (2022: nil). There was no arrangement under which a director or supervisor waived or agreed to waive any remuneration during the year ended December 31, 2023 (2022: nil).

Notes:

- (a) In the general meeting held on June 16, 2021, Jiang Shangjun was elected as an independent non-executive director, and the appointment is still awaiting approval by the NFRA.
- (b) In the general meeting held on December 23, 2021, Jia Xiangsen was elected as an independent non-executive director, and the appointment is still awaiting approval by the NFRA.
- (c) On April 18, 2022, Jiao Zhengjun resigned as a supervisor.
- (d) On May 17, 2022, Lee Hoey Simon has been approved to be the independent non-executive director of the Bank.
- (e) On June 16, 2022, He Xinzhang has been approved by the Shareholders as a Shareholder Supervisor of the third session of the Board of Supervisors.
- (f) On June 27, 2022, Wang Xiaoyong resigned as a non-executive director.
- (g) On June 30, 2022, Wang Wei was elected as an employee supervisor of the third session of the Board of Supervisors.
- (h) On July 13, 2022, Chen Hua resigned as a non-executive director.
- (i) On August 25, 2022, Sun Li has been approved as an independent non-executive director of the Bank by the CBRIC; Law Cheuk Kin Stephen resigned as an independent non-executive director.
- (j) On December 2, 2022, Wang Wencheng resigned as a non-executive director of the Bank.
- (k) On April 27, 2023, Chen Houyi resigned as a supervisor.
- (l) In the general meeting held on May 18, 2023, WU Zhijun, SUN Junwei and YE Jiangmei were elected as the non-executive directors. The appointments of the three directors are still awaiting approval by the NFRA.
- (m) On October 9, 2023, SUN Junwei and YE Jiangmei have been approved as the non-executive directors of the Bank by NFRA.
- (n) On December 26, 2023, WU Zhijun resigned as a proposed non-executive director of the Bank; Chen Duohang was nominated by China Kweichow Moutai Distillery (Group) Co., Ltd. (中國貴州茅台酒廠(集團)有限公司), a shareholder of the Bank, as a non-executive director of the Bank. The appointment is still awaiting approval at the shareholders' general meeting and approval by the NFRA.
- (o) On March 7, 2024, XU An resigned as an executive director and the president of the Bank.
- (p) On March 7, 2024, WU Fan resigned as the chairman of the board of supervisors and employee supervisor of the Bank. On the same date, WU Fan was nominated by the Board as a candidate for executive director of the Bank, which was considered and approved at the 2024 first extraordinary general meeting held on March 27, 2024, and the appointment is still awaiting approval by the NFRA.
- (q) Chen Duohang was appointed as a non-executive director of the Bank, which was considered and approved at the 2024 first extraordinary general meeting held on March 27, 2024, and the appointment is still awaiting approval by the NFRA.
- (r) The salaries of all directors and supervisors exclude the amount of performance bonus.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

13 INDIVIDUALS WITH HIGHEST EMOLUMENTS

For the year ended December 31, 2023, there was no director or supervisor included in the five individuals with highest emoluments (2022: nil). The emoluments for the other highest paid individuals are shown as follows:

	2023	2022
Salaries and other emoluments	6,994	7,235
Contributions to pension schemes	294	290
	<u>7,288</u>	<u>7,525</u>

The number of these individuals whose emoluments are within the following bands is set out below:

	2023	2022
HK\$500,000–HK\$1,000,000	–	–
HK\$1,000,001–HK\$1,500,000	2	4
HK\$1,500,001–HK\$2,000,000	3	1

None of these individuals received any inducement to join or upon joining the Bank or compensation for loss of office, or waived any emoluments during the year ended December 31, 2023 (2022: nil).

14 IMPAIRMENT LOSSES ON ASSETS

	2023	2022
Loans and advances to customers	2,820,096	3,120,824
Financial investments	703,730	504,762
Credit commitments	(142,884)	104,300
Deposits with banks and other financial institutions	2,529	402
Financial assets held under resale agreements	602	–
Others	(59,971)	125,778
	<u>3,324,102</u>	<u>3,856,066</u>
Total	<u>3,324,102</u>	<u>3,856,066</u>

Notes to the Financial Statements (Continued)

*(Expressed in thousands of Renminbi, unless otherwise stated)***15 INCOME TAX EXPENSE****(a) Income tax:**

	<i>Note</i>	2023	2022
Current tax		1,141,460	1,476,736
Deferred tax	24(b)	<u>(757,314)</u>	<u>(1,006,849)</u>
Total		<u><u>384,146</u></u>	<u><u>469,887</u></u>

(b) Reconciliations between income tax and accounting profit are as follows:

	<i>Note</i>	2023	2022
Profit before tax		<u>4,037,482</u>	<u>4,299,342</u>
Statutory tax rate		25%	25%
Income tax calculated at statutory tax rate		<u>1,009,371</u>	<u>1,074,836</u>
Non-deductible expenses		99,773	55,074
Non-taxable income	(i)	<u>(724,998)</u>	<u>(660,023)</u>
Income tax		<u><u>384,146</u></u>	<u><u>469,887</u></u>

Note:

- (i) The non-taxable income mainly represents the interest income arising from the PRC government bonds.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

16 BASIC AND DILUTED EARNINGS PER SHARE

	Note	2023	2022
Net profit for the year		3,653,336	3,829,455
Less: distribution to perpetual bondholders		(112,500)	–
Adjusted net profit attributable to equity		3,540,836	3,829,455
Shareholders of the Bank		3,540,836	3,829,455
Weighted average number of ordinary shares (in thousands)	(i)	14,588,047	14,588,047
Basic and diluted earnings per share (in RMB)		0.24	0.26

There is no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the year.

Note:

(i) Weighted average number of ordinary shares (in thousands)

	2023	2022
Number of ordinary shares as at January 1 and December 31	14,588,047	14,588,047

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

17 CASH AND DEPOSITS WITH THE CENTRAL BANK

	Notes	2023	2022
Cash on hand		481,083	746,458
Deposits with the central bank			
– Statutory deposit reserves	(a)	18,647,842	16,925,716
– Surplus deposit reserves	(b)	10,354,837	4,964,134
– Fiscal deposits		257,546	605,160
Sub-total		29,260,225	22,495,010
Accrued interest		9,535	8,432
Total		29,750,843	23,249,900

Note:

- (a) The Bank places statutory deposit reserves with the PBOC in accordance with relevant regulations. As at December 31, the statutory deposit reserve ratios applicable to the Bank were as follows:

	2023	2022
Reserve ratio for RMB deposits	5.00%	5.25%
Reserve ratio for foreign currency deposits	4.00%	6.00%

- (b) The surplus deposit reserves are maintained with the PBOC for the purpose of clearing.

18 DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty:

	2023	2022
Deposits in mainland China		
– Banks	5,910,506	5,095,630
– Other financial institutions	63,816	108,355
Sub-total	5,974,322	5,203,985
Accrued interest	3,426	1,517
Less: provision for impairment losses	(3,503)	(972)
Net carrying amount	5,974,245	5,204,530

Notes to the Financial Statements (Continued)

*(Expressed in thousands of Renminbi, unless otherwise stated)***19 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS****(a) Analysed by type and location of counterparty**

	2023	2022
In mainland China		
– Banks	1,651,839	13,413,660
Sub-total	1,651,839	13,413,660
Accrued interest	–	4,716
Less: provision for impairment losses	(602)	–
Total	<u>1,651,237</u>	<u>13,418,376</u>

(b) Analysed by type of collateral held

	2023	2022
Debt securities	–	13,413,660
Bills	1,651,839	–
Accrued interest	–	4,716
Less: provision for impairment losses	(602)	–
Net carrying amount	<u>1,651,237</u>	<u>13,418,376</u>

Notes to the Financial Statements (Continued)

*(Expressed in thousands of Renminbi, unless otherwise stated)***20 LOANS AND ADVANCES TO CUSTOMERS****(a) Analysed by nature**

	2023	2022
Loans and advances to customers measured at amortised cost		
Corporate loans and advances	272,961,135	250,255,977
Personal loans and advances		
– Residential mortgage	21,534,597	19,820,559
– Personal business loans	14,950,460	10,227,740
– Personal consumption loans	2,949,347	272,612
– Credit cards	8,095,470	8,581,157
Sub-total	47,529,874	38,902,068
Accrued interest	680,049	1,388,959
Less: provision for loans and advances to customers measured at amortised cost	(16,018,352)	(15,177,852)
Sub-total	305,152,706	275,369,152
Loans and advances to customers measured at fair value through other comprehensive income		
Discounted bills	11,457,527	4,369,527
Sub-total	11,457,527	4,369,527
Net loans and advances to customers	316,610,233	279,738,679

Notes to the Financial Statements (Continued)

*(Expressed in thousands of Renminbi, unless otherwise stated)***20 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)****(b) Analysed by industry sector**

	2023		Loans and advances secured by collaterals
	Amount	Percentage	
Leasing and commercial services	117,769,558	35.47%	33,062,023
Wholesale and retail trade	38,401,722	11.57%	5,392,173
Water resources, environment and public facilities management	22,134,212	6.67%	4,370,703
Construction	16,031,883	4.83%	4,280,428
Manufacturing	13,819,068	4.16%	2,803,611
Mining	10,558,957	3.18%	6,108,036
Transportation, storage and postal services	10,551,470	3.18%	4,368,249
Agriculture, forestry, animal husbandry and fishery	9,667,137	2.91%	969,364
Education	9,497,361	2.86%	854,565
Real estate	7,541,163	2.27%	4,865,201
Health and social work	4,703,024	1.42%	329,716
Production and supply of electric power, gas and water	4,685,312	1.41%	434,527
Accommodation and catering	1,561,433	0.47%	585,269
Finance	1,346,500	0.41%	–
Culture, sports and entertainment	450,103	0.14%	65,590
Others	4,242,232	1.28%	501,235
Sub-total of corporate loans and advances	272,961,135	82.23%	68,990,690
Personal loans and advances	47,529,874	14.32%	23,793,966
Discounted bills	11,457,527	3.45%	–
Gross loans and advances to customers (excluding accrued interest)	331,948,536	100.00%	92,784,656

Notes to the Financial Statements (Continued)

*(Expressed in thousands of Renminbi, unless otherwise stated)***20 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)****(b) Analysed by industry sector (Continued)**

	2022		Loans and advances secured by collaterals
	Amount	Percentage	
Leasing and commercial services	121,180,028	41.29%	34,340,690
Wholesale and retail trade	27,454,326	9.35%	4,679,765
Water resources, environment and public facilities management	21,179,685	7.22%	4,455,168
Construction	15,505,791	5.28%	4,066,276
Real estate	10,202,588	3.48%	4,744,311
Education	9,031,157	3.08%	455,430
Mining	8,958,326	3.05%	5,059,074
Transportation, storage and postal services	7,880,270	2.68%	4,020,087
Agriculture, forestry, animal husbandry and fishery	7,664,100	2.61%	790,899
Manufacturing	7,605,326	2.59%	2,412,743
Health and social work	4,219,734	1.44%	336,695
Production and supply of electric power, gas and water	3,137,735	1.07%	754,085
Finance	1,486,939	0.51%	939
Accommodation and catering	1,125,668	0.38%	424,965
Culture, sports and entertainment	478,030	0.16%	10,930
Others	3,146,274	1.07%	376,999
Sub-total of corporate loans and advances	250,255,977	85.26%	66,929,056
Personal loans and advances	38,902,068	13.25%	22,567,486
Discounted bills	4,369,527	1.49%	–
Gross loans and advances to customers (excluding accrued interest)	293,527,572	100.00%	89,496,542

Notes to the Financial Statements (Continued)

*(Expressed in thousands of Renminbi, unless otherwise stated)***20 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)****(c) Analysed by type of collateral**

	2023	2022
Unsecured loans	54,906,012	42,712,657
Guaranteed loans	184,257,868	161,318,373
Collateralised loans	52,216,096	46,741,204
Pledged loans	40,568,560	42,755,338
	<hr/>	<hr/>
Gross loans and advances to customers	331,948,536	293,527,572
	<hr/>	<hr/>
Accrued interest	680,049	1,388,959
	<hr/>	<hr/>
Less: provision for loans and advances to customers measured at amortised cost	(16,018,352)	(15,177,852)
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Net loans and advances to customers	316,610,233	279,738,679
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(d) Overdue loans analysed by overdue period

	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	2023 Overdue more than one year to three years (inclusive)	Overdue more than three years	Total
Unsecured loans	347,055	493,054	28,906	3,656	872,671
Guaranteed loans	492,391	293,575	523,756	17,634	1,327,356
Collateralised loans	1,273,569	2,306,675	401,337	148,240	4,129,821
Pledged loans	17,500	6,605	91,900	–	116,005
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	2,130,515	3,099,909	1,045,899	169,530	6,445,853
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
As a percentage of gross loans and advances to customers	0.64%	0.93%	0.32%	0.05%	1.94%
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements (Continued)

*(Expressed in thousands of Renminbi, unless otherwise stated)***20 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)****(d) Overdue loans analysed by overdue period (Continued)**

	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	2022 Overdue more than one year to three years (inclusive)	Overdue more than three years	Total
Unsecured loans	269,504	182,137	7,598	2,027	461,266
Guaranteed loans	2,685,464	385,400	412,357	7,587	3,490,808
Collateralised loans	565,674	584,715	283,423	18,128	1,451,940
Pledged loans	2,000	–	91,900	–	93,900
Total	<u>3,522,642</u>	<u>1,152,252</u>	<u>795,278</u>	<u>27,742</u>	<u>5,497,914</u>
As a percentage of gross loans and advances to customers	<u>1.20%</u>	<u>0.39%</u>	<u>0.27%</u>	<u>0.01%</u>	<u>1.87%</u>

Overdue loans represent loans, of which the whole or part of the principal or interest were overdue for one day or more.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

20 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)**(e) Loans and advances and provision for impairment losses**

	2023			Total
	Loans and advances that are assessed for expected credit losses over the next 12 months	Loans and advances that are not credit-impaired and assessed for lifetime expected credit loss	Credit-impaired loans and advances that are assessed for lifetime expected credit loss (Note (i))	
Total loans and advances to customers measured at amortised cost	288,585,993	25,821,951	6,763,114	321,171,058
Less: provision for impairment losses	(5,706,936)	(4,643,801)	(5,667,615)	(16,018,352)
Carrying amount of loans and advances to customers measured at amortised cost	282,879,057	21,178,150	1,095,499	305,152,706
Carrying amount of loans and advances to customers measured at fair value through other comprehensive income	11,457,527	–	–	11,457,527
Total carrying amount of loans and advances to customers	294,336,584	21,178,150	1,095,499	316,610,233

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

20 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(e) Loans and advances and provision for impairment losses (Continued)

	2022			Total
	Loans and advances that are assessed for expected credit losses over the next 12 months	Loans and advances that are not credit-impaired and assessed for lifetime expected credit loss	Credit-impaired loans and advances that are assessed for lifetime expected credit loss (Note (i))	
Total loans and advances to customers measured at amortised cost	255,147,965	26,579,106	8,819,933	290,547,004
Less: provision for impairment losses	(5,074,375)	(5,411,763)	(4,691,714)	(15,177,852)
Carrying amount of loans and advances to customers measured at amortised cost	250,073,590	21,167,343	4,128,219	275,369,152
Carrying amount of loans and advances to customers measured at fair value through other comprehensive income	4,369,527	–	–	4,369,527
Total carrying amount of loans and advances to customers	<u>254,443,117</u>	<u>21,167,343</u>	<u>4,128,219</u>	<u>279,738,679</u>

Note:

- (i) The loans and advances are “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the loans and advances have occurred. Evidence that loans and advances are credit-impaired includes the following observable data: significant financial difficulty of the borrower or issuer; a breach of contract, such as a default or delinquency in interest or principal payments; for economic or contractual reasons relating to the borrower’s financial difficulty, the Bank having granted to the borrower a concession that otherwise would not consider; it is probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or debts overdue more than 90 days.

Notes to the Financial Statements (Continued)

*(Expressed in thousands of Renminbi, unless otherwise stated)***20 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)****(f) Movements of provision for impairment losses**

(i) Movements of provision for impairment losses measured at amortised cost:

	2023			Total
	Loans and advances that are assessed for expected credit losses over the next 12 months	Loans and advances that are not credit-impaired and assessed for lifetime expected credit loss	Credit-impaired loans and advances that are assessed for lifetime expected credit loss	
As at January 1	5,074,375	5,411,763	4,691,714	15,177,852
Transferred:				
– to expected credit losses over the next 12 months	1,087,367	(1,024,855)	(62,512)	–
– to lifetime expected credit losses: not credit-impaired loans	(49,481)	315,794	(266,313)	–
– to lifetime expected credit losses: credit-impaired loans	(16,287)	(14,587)	30,874	–
(Release)/charge for the year	(388,988)	(44,314)	3,250,490	2,817,188
Recoveries	–	–	208,191	208,191
Write-offs	–	–	(2,028,012)	(2,028,012)
Others	(50)	–	(156,817)	(156,867)
As at December 31	<u>5,706,936</u>	<u>4,643,801</u>	<u>5,667,615</u>	<u>16,018,352</u>

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

20 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(f) Movements of provision for impairment losses (Continued)

(i) Movements of provision for impairment losses measured at amortised cost: (Continued)

	Loans and advances that are assessed for expected credit losses over the next 12 months	2022		Total
		Loans and advances that are not credit-impaired and assessed for lifetime expected credit loss	Credit-impaired loans and advances that are assessed for lifetime expected credit loss	
As at January 1	2,359,507	6,920,887	3,001,889	12,282,283
Transferred:				
– to expected credit losses over the next 12 months	1,569,518	(1,561,637)	(7,881)	–
– to lifetime expected credit losses: not credit-impaired loans	(9,898)	841,677	(831,779)	–
– to lifetime expected credit losses: credit-impaired loans	(10,539)	(641,433)	651,972	–
Charge/(release) for the year	1,165,550	(147,731)	2,100,393	3,118,212
Recoveries	–	–	424,609	424,609
Write-offs	–	–	(464,590)	(464,590)
Others	237	–	(182,899)	(182,662)
As at December 31	<u>5,074,375</u>	<u>5,411,763</u>	<u>4,691,714</u>	<u>15,177,852</u>

As at December 31, 2023, the Bank adjusted the customer rating of loans and advances to customers. The loan principal transferred from stage 1 to stage 2 and stage 3 was RMB3,291.80 million (2022: RMB1,852.26 million), and corresponding impairment provision increased by RMB1,198.99 million (2022: RMB676.68 million). The loan principal transferred from stage 2 to stage 3 was RMB49.30 million (2022: RMB4,574.27 million), and the impairment provision increased by RMB23.64 million (2022: RMB1,721.21 million). The loan principal transferred from stage 2 to stage 1 was RMB3,487.06 million (2022: RMB8,007.23 million), and the impairment provision decreased by RMB958.54 million (2022: RMB1,323.33 million). The loan principal transferred from stage 3 to stage 2 was RMB531.69 million (2022: RMB1,383.88 million), and the impairment provision decreased by RMB185.11 million (2022: RMB492.01 million). The loan principal transferred from stage 3 to stage 1 was not significant.

Notes to the Financial Statements (Continued)

*(Expressed in thousands of Renminbi, unless otherwise stated)***20 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)****(f) Movements of provision for impairment losses (Continued)**

- (ii) Movements of provision for impairment of loans and advances to customers measured at fair value through other comprehensive income:

	2023			Total
	Loans and advances that are assessed for expected credit losses over the next 12 months	Loans and advances that are not credit-impaired and assessed for lifetime expected credit loss	Credit-impaired loans and advances that are assessed for lifetime expected credit loss	
As at January 1	5,510	–	–	5,510
Charge for the year	2,908	–	–	2,908
As at December 31	<u>8,418</u>	<u>–</u>	<u>–</u>	<u>8,418</u>
	2022			Total
	Loans and advances that are assessed for expected credit losses over the next 12 months	Loans and advances that are not credit-impaired and assessed for lifetime expected credit loss	Credit-impaired loans and advances that are assessed for lifetime expected credit loss	
As at January 1	2,898	–	–	2,898
Charge for the year	2,612	–	–	2,612
As at December 31	<u>5,510</u>	<u>–</u>	<u>–</u>	<u>5,510</u>

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

21 FINANCIAL INVESTMENTS

	Notes	2023	2022
Financial investments at fair value through profit or loss	(a)	80,406,906	72,114,709
Financial investments at fair value through other comprehensive income	(b)	57,880,290	59,411,312
Financial investments at amortised cost	(c)	73,669,697	70,392,189
Total		211,956,893	201,918,210

(a) Financial investments at fair value through profit or loss

	Note	2023	2022
Debt securities issued by the following institutions in mainland China	(i)		
– Government		18,752,888	15,132,450
– Policy banks		10,183,962	14,195,753
– Banks and other financial institutions		7,880,364	6,330,381
Sub-total		36,817,214	35,658,584
Unlisted		36,817,214	35,658,584
Structured notes issued by securities companies			
– Unlisted		103,817	–
Investment funds managed by public fund managers			
– Unlisted		43,485,875	36,456,125
Total		80,406,906	72,114,709

Note:

- (i) Certain debt securities were pledged for repurchase agreements, borrowings from the central bank and certain deposits from customers (Note 26(a)). No other investments were subject to material restrictions in the realisation.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

21 FINANCIAL INVESTMENTS (CONTINUED)

(b) Financial investments at fair value through other comprehensive income

	Notes	2023	2022
Debt securities issued by the following institutions in mainland China	(i)		
– Government		28,854,934	23,162,225
– Policy banks		17,500,826	21,753,601
– Bank and other financial institutions		100,260	550,797
– Corporates		9,888,463	12,206,812
Sub-total		<u>56,344,483</u>	<u>57,673,435</u>
Listed		7,365,705	8,561,841
Unlisted		48,978,778	49,111,594
Asset-backed securities			
– Listed		383,782	397,547
Equity investments	(ii) and (iii)		
– Unlisted		37,750	37,750
Accrued interest		<u>1,114,275</u>	<u>1,302,580</u>
Total		<u><u>57,880,290</u></u>	<u><u>59,411,312</u></u>

Notes:

- (i) Certain debt securities were pledged for repurchase agreements, borrowings from the central bank and certain deposits from customers (Note 26(a)). No other investments were subject to material restrictions in the realisation.
- (ii) The Bank designates non-trading equity investments as financial investments at fair value through other comprehensive income. The Bank did not dispose of any such equity investment, nor transfer any cumulative gain or loss from other comprehensive income to retained earnings during the reporting period.
- (iii) For the year ended December 31, 2023 and 2022, there were no cash dividends received from equity investments measured at fair value through other comprehensive income.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

21 FINANCIAL INVESTMENTS (CONTINUED)

(b) Financial investments at fair value through other comprehensive income (Continued)

Notes: (Continued)

- (iv) Movements in the gross carrying amount of financial investments at fair value through other comprehensive income are as follows:

	2023			Total
	Financial assets that are assessed for expected credit losses over the next 12 months	Financial assets that are not credit-impaired and assessed for lifetime expected credit loss	Credit-impaired financial assets that are assessed for lifetime expected credit loss	
As at January 1	59,045,423	–	328,139	59,373,562
New financial assets originated or purchased	16,299,739	–	–	16,299,739
Financial assets derecognised during the year	(17,790,000)	(343,361)	(400,000)	(18,533,361)
Transferred:				
– to lifetime expected credit losses: not credit-impaired	(2,422,005)	2,422,005	–	–
Change in accrued interest	(236,267)	95,994	(48,032)	(188,305)
Change in fair value	617,970	73,350	199,585	890,905
As at December 31	<u>55,514,860</u>	<u>2,247,988</u>	<u>79,692</u>	<u>57,842,540</u>

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

21 FINANCIAL INVESTMENTS (CONTINUED)

(b) Financial investments at fair value through other comprehensive income (Continued)

Notes: (Continued)

(iv) Movements in the gross carrying amount of financial investments at fair value through other comprehensive income are as follows: (Continued)

	2022			Total
	Financial assets that are assessed for expected credit losses over the next 12 months	Financial assets that are not credit-impaired and assessed for lifetime expected credit loss	Credit-impaired financial assets that are assessed for lifetime expected credit loss	
As at January 1	53,556,737	1,897,899	168,810	55,623,446
New financial assets originated or purchased	18,110,098	–	–	18,110,098
Financial assets derecognised during the year	(13,628,945)	(118,439)	(5,446)	(13,752,830)
Transferred:				
– to expected credit losses over the next 12 months	1,808,171	(1,808,171)	–	–
– to lifetime expected credit losses: credit-impaired	(435,231)	–	435,231	–
Change in accrued interest	10,561	–	48,032	58,593
Change in fair value	(375,968)	28,711	(318,488)	(665,745)
As at December 31	<u>59,045,423</u>	<u>–</u>	<u>328,139</u>	<u>59,373,562</u>

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

21 FINANCIAL INVESTMENTS (CONTINUED)

(b) Financial investments at fair value through other comprehensive income (Continued)

Notes: (Continued)

- (v) Movements of provision for impairment of financial investments at fair value through other comprehensive income are as follows:

	2023			Total
	Expected credit losses over the next 12 months	Lifetime expected credit losses not credit-impaired	Lifetime expected credit losses credit-impaired	
As at January 1	15,749	–	399,614	415,363
Transferred:				
– to lifetime expected credit losses: not credit-impaired	(2,750)	2,750	–	–
Charge for the year	12,610	103,925	440,386	556,921
Write-offs	–	–	(400,000)	(400,000)
As at December 31	<u>25,609</u>	<u>106,675</u>	<u>440,000</u>	<u>572,284</u>
	2022			
	Expected credit losses over the next 12 months	Lifetime expected credit losses not credit-impaired	Lifetime expected credit losses credit-impaired	Total
As at January 1	25,275	8,217	243,666	277,158
Transferred:				
– to expected credit losses over the next 12 months	8,217	(8,217)	–	–
– to lifetime expected credit losses: credit-impaired	(521)	–	521	–
(Release)/charge for the year	<u>(17,222)</u>	<u>–</u>	<u>155,427</u>	<u>138,205</u>
As at December 31	<u>15,749</u>	<u>–</u>	<u>399,614</u>	<u>415,363</u>

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

21 FINANCIAL INVESTMENTS (CONTINUED)

(c) Financial investments at amortised cost

	Notes	2023	2022
Debt securities issued by the following institutions in mainland China	(i)		
– Government		33,873,636	35,858,196
– Policy banks		9,733,229	5,798,967
– Corporates		18,483,997	13,953,096
Sub-total		62,090,862	55,610,259
Listed		15,248,165	10,454,065
Unlisted		46,842,697	45,156,194
Investment management products managed by asset management companies		8,437,449	13,755,944
Private debt financing plans		90,000	90,000
Other debt investments		4,297,439	2,040,367
Sub-total		12,824,888	15,886,311
Accrued interest		1,044,089	1,031,085
Less: provision for impairment losses	(iii)	(2,290,142)	(2,135,466)
Total		73,669,697	70,392,189

Notes:

- (i) Certain debt securities were pledged for repurchase agreements, borrowings from the central bank and certain deposits from customers (Note 26(a)). No other investments were subject to material restrictions in the realisation.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

21 FINANCIAL INVESTMENTS (CONTINUED)

(c) Financial investments at amortised cost (Continued)

Notes: (Continued)

(ii) Movements in the gross carrying amount of financial investments at amortised cost are as follows:

	2023			Total
	Financial assets that are assessed for expected credit losses over the next 12 months	Financial assets that are not credit-impaired and assessed for lifetime expected credit loss	Credit-impaired financial assets that are assessed for lifetime expected credit loss	
As at January 1	67,953,256	1,886,527	2,687,872	72,527,655
New financial assets originated or purchased	17,374,211	999,980	25,124	18,399,315
Financial assets derecognised during the year	(14,385,475)	(213,439)	(381,221)	(14,980,135)
Transferred:				
– to expected credit losses over the next 12 months	128,312	(128,312)	–	–
– to lifetime expected credit losses: not credit-impaired	(3,333,596)	3,623,175	(289,579)	–
Change in accrued interest	39,747	110,656	(137,399)	13,004
As at December 31	67,776,455	6,278,587	1,904,797	75,959,839

Notes to the Financial Statements (Continued)

*(Expressed in thousands of Renminbi, unless otherwise stated)***21 FINANCIAL INVESTMENTS (CONTINUED)****(c) Financial investments at amortised cost (Continued)**

Notes: (Continued)

(ii) Movements in the gross carrying amount of financial investments at amortised cost are as follows: (Continued)

	2022			Total
	Financial assets that are assessed for expected credit losses over the next 12 months	Financial assets that are not credit-impaired and assessed for lifetime expected credit loss	Credit-impaired financial assets that are assessed for lifetime expected credit loss	
As at January 1	72,121,015	6,502,438	1,159,666	79,783,119
New financial assets originated or purchased	8,487,350	–	–	8,487,350
Financial assets derecognised during the year	(15,255,521)	(246,115)	(425,123)	(15,926,759)
Transferred:				
– to expected credit losses over the next 12 months	4,217,022	(4,217,022)	–	–
– to lifetime expected credit losses: not credit-impaired	(370,392)	570,713	(200,321)	–
– to lifetime expected credit losses: credit-impaired	(1,336,512)	(683,756)	2,020,268	–
Change in accrued interest	90,294	(39,731)	133,382	183,945
As at December 31	<u>67,953,256</u>	<u>1,886,527</u>	<u>2,687,872</u>	<u>72,527,655</u>

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

21 FINANCIAL INVESTMENTS (CONTINUED)

(c) Financial investments at amortised cost (Continued)

Notes: (Continued)

(iii) Movements of provision for impairment of financial investments at amortised cost are as follows:

	2023			Total
	Expected credit losses over the next 12 months	Lifetime expected credit losses not credit-impaired	Lifetime expected credit losses credit-impaired	
As at January 1	328,040	427,435	1,379,991	2,135,466
Transferred:				
– to expected credit losses over the next 12 months	20,410	(20,410)	–	–
– to lifetime expected credit losses: not credit-impaired	(4,926)	127,422	(122,496)	–
(Release)/charge for the year	(12,349)	(229,115)	388,273	146,809
Recoveries	–	–	7,867	7,867
As at December 31	<u>331,175</u>	<u>305,332</u>	<u>1,653,635</u>	<u>2,290,142</u>
	2022			
	Expected credit losses over the next 12 months	Lifetime expected credit losses not credit-impaired	Lifetime expected credit losses credit-impaired	Total
As at January 1	350,429	1,007,459	411,021	1,768,909
Transferred:				
– to expected credit losses over the next 12 months	584,662	(584,662)	–	–
– to lifetime expected credit losses: not credit-impaired	(5,056)	165,531	(160,475)	–
– to lifetime expected credit losses: credit-impaired	(4)	(119,164)	119,168	–
(Release)/charge for the year	(601,991)	(41,729)	1,010,277	366,557
As at December 31	<u>328,040</u>	<u>427,435</u>	<u>1,379,991</u>	<u>2,135,466</u>

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

22 INTERESTS IN ASSOCIATES

	Note	2023	2022
Interests in associates	(a)	270,572	234,168

Note:

- (a) The following list contains the Bank's associates, all of which are individually immaterial to the Bank and are unlisted corporate entities whose quoted market price is not available.

Name	Note	2023	2022	Place incorporation/ registration	Business sector
Guiyang Baiyun Dexin Rural Bank Co., Ltd. (貴陽白雲德信村鎮銀行股份有限公司)	(i)	15.00%	15.00%	Guiyang Guizhou Province	Commercial bank
Qingzhen Xingbang Rural Bank Co., Ltd. (清鎮興邦村鎮銀行有限責任公司)	(i)	17.87%	17.87%	Guiyang Guizhou Province	Commercial bank
Zunyi Bozhou Huilong Town Bank Co., Ltd. (遵義播州匯隆村鎮銀行有限責任公司)	(i)	15.00%	15.00%	Zunyi Guizhou Province	Commercial bank
Suiyang Qianbei Town Bank Co., Ltd. (綏陽黔北村鎮銀行有限責任公司)	(i)	15.00%	15.00%	Zunyi Guizhou Province	Commercial bank
Zunyi Huichuan Qianxing Town Bank Co., Ltd. (遵義匯川黔興村鎮銀行有限責任公司)		20.00%	20.00%	Zunyi Guizhou Province	Commercial bank
Liupanshui Zhongshan Liangdu Town Bank Co., Ltd. (六盤水鐘山涼都村鎮銀行股份有限公司)		20.23%	20.23%	Liupanshui Guizhou Province	Commercial bank
Panzhou Wanhe Rural Bank Co., Ltd. (盤州萬和村鎮銀行有限責任公司)		20.00%	20.00%	Liupanshui Guizhou Province	Commercial bank
Pingba Dingli Rural Bank Co., Ltd. (平壩鼎立村鎮銀行有限責任公司)		45.24%	22.03%	Anshun Guizhou Province	Commercial bank
Anshun Xihang Nanma Rural Bank Co., Ltd. (安順西航南馬村鎮銀行有限責任公司)		20.95%	20.95%	Anshun Guizhou Province	Commercial bank
Longli County Guofeng Rural Bank Co., Ltd. (龍里國豐村鎮銀行有限責任公司)		25.36%	25.36%	Qiannan Bouyei and Miao Autonomous Prefecture, Guizhou Province	Commercial bank
Duyun Rongtong Town Bank Co., Ltd. (都勻融通村鎮銀行有限責任公司)		20.00%	20.00%	Qiannan Bouyei and Miao Autonomous Prefecture, Guizhou Province	Commercial bank
Tongren Fengyuan Town Bank Co., Ltd. (銅仁豐源村鎮銀行有限責任公司)		20.00%	20.00%	Tongren Guizhou Province	Commercial bank
Kaili Dongnan Town Bank Co., Ltd. (凱里東南村鎮銀行有限責任公司)		20.00%	20.00%	Qiandongnan Miao and Dong Autonomous Prefecture, Guizhou Province	Commercial bank

Notes to the Financial Statements (Continued)

*(Expressed in thousands of Renminbi, unless otherwise stated)***22 INTERESTS IN ASSOCIATES (CONTINUED)***Note:*

- (i) At December 31, 2023 and 2022, the Bank held 15% interest in Guiyang Baiyun Dexin Rural Bank Co., Ltd., 17.87% interest in Qingzhen Xingbang Rural Bank Co., Ltd., 15% interest in Zunyi Bozhou Huilong Town Bank Co., Ltd., and 15% interest in Suiyang Qianbei Town Bank Co., Ltd. The Bank was the largest shareholder of Guiyang Baiyun Dexin Rural Bank Co., Ltd., Qingzhen Xingbang Rural Bank Co., Ltd., Zunyi Bozhou Huilong Town Bank Co., Ltd., and Suiyang Qianbei Town Bank Co., Ltd.. Meanwhile, the Bank appointed directors to these rural banks, which exerted significant influence on them.

The following tables illustrate the aggregate information of the Bank's associates that are not individually material:

	2023	2022
Aggregate carrying amount of individually immaterial associates in the statement of financial position of the Bank	270,572	234,168
Declaration of cash dividends	240	–
Aggregate amounts of the Bank's share of results of those associates		
– (Loss)/profits from continuing operations	(13,357)	2,212
– Other comprehensive income	–	–
– Total comprehensive (expense)/income	<u>(13,357)</u>	<u>2,212</u>

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

23 PROPERTY AND EQUIPMENT

	Premises	Vehicles	Electronic equipment and others	Construction in progress	Total
Cost					
As at January 1, 2022	4,388,774	62,029	613,760	355,957	5,420,520
Additions	102,848	1,671	28,068	44,678	177,265
Disposals	–	(322)	(13,960)	–	(14,282)
Transfer in/(out)	299,839	–	–	(317,043)	(17,204)
As at December 31, 2022 and January 1, 2023	4,791,461	63,378	627,868	83,592	5,566,299
Additions	8,058	2,376	47,947	138,187	196,568
Disposals	(17,066)	–	(32,710)	–	(49,776)
Transfer out	–	–	–	(16,280)	(16,280)
As at December 31, 2023	4,782,453	65,754	643,105	205,499	5,696,811
Accumulated depreciation					
As at January 1, 2022	(940,401)	(57,149)	(493,749)	–	(1,491,299)
Charge for the year	(220,951)	(2,111)	(49,043)	–	(272,105)
Disposals	–	313	13,473	–	13,786
Transfer in	(3)	–	–	–	(3)
As at December 31, 2022 and January 1, 2023	(1,161,355)	(58,947)	(529,319)	–	(1,749,621)
Charge for the year	(230,478)	(1,081)	(57,692)	–	(289,251)
Disposals	918	–	31,612	–	32,530
As at December 31, 2023	(1,390,915)	(60,028)	(555,399)	–	(2,006,342)
Net book value					
As at December 31, 2022	3,630,106	4,431	98,549	83,592	3,816,678
As at December 31, 2023	3,391,538	5,726	87,706	205,499	3,690,469

Notes to the Financial Statements (Continued)

*(Expressed in thousands of Renminbi, unless otherwise stated)***23 PROPERTY AND EQUIPMENT (CONTINUED)**

Property and equipment are depreciated using the straight-line method over their estimated useful lives, after taking into account their estimated residual values. The estimated useful lives, residual values and depreciation rates of each class of property and equipment are as follows:

Asset category	Estimated useful life	Estimated rate of residual value	Depreciation rate
Premises	30 years	3%	3.23%
Vehicles	2–6 years	3%	16.17%–48.50%
Electronic equipment and others	3–5 years	3%	19.40%–32.33%

Useful lives, residual values and depreciation methods are reviewed at least at each year-end.

As at December 31, 2023, the net book value of premises of which title deeds were not yet finalised was RMB462.80 million (2022: RMB554.62 million). The net book value of premises of which the Bank had not gone through the progress of changing the name of the warrants was RMB58.00 million (2022: RMB61.90 million), the net book value of the above premises without title deeds does not include the net book value of the head office building of the Bank of RMB1,781.07 million (2022: RMB1,886.01 million). The registration of commercial housing pre-sale contract for the head office building of the Bank has been completed. The Bank is still in the progress of applying the outstanding title deeds for the above premises. The directors of the Bank are of the opinion that there would be no significant costs in obtaining the title deeds.

The carrying value of the Bank's premises is analysed based on the remaining terms of the land leases as follows:

	2023	2022
Held in mainland China		
– Medium-term leases (10–50 years)	2,731,700	2,917,145
– Long-term leases (over 50 years)	659,838	712,961
Total	<u>3,391,538</u>	<u>3,630,106</u>

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

24 DEFERRED TAX

(a) Analysed by nature

	2023		2022	
	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)	Deductible temporary differences	Deferred income tax assets
Deferred income tax assets				
– Allowance for impairment losses	21,856,276	5,464,069	19,132,440	4,783,110
– Accrued staff costs	1,156,225	289,056	1,154,542	288,635
– Supplemental retirement benefits	301,060	75,265	250,170	62,543
– Fair value changes of financial assets	–	–	477,098	119,275
– Others	599,240	149,810	149,818	37,454
Sub-total	<u>23,912,801</u>	<u>5,978,200</u>	<u>21,164,068</u>	<u>5,291,017</u>
Deferred income tax liabilities				
– Fair value changes of financial assets	(465,533)	(116,383)	–	–
– Others	(296,437)	(74,109)	–	–
Sub-total	<u>(761,970)</u>	<u>(190,492)</u>	<u>–</u>	<u>–</u>
Net Balance	<u>23,150,831</u>	<u>5,787,708</u>	<u>21,164,068</u>	<u>5,291,017</u>

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

24 DEFERRED TAX (CONTINUED)

(b) Movements of deferred tax

	Allowance for impairment losses	Accrued staff costs	Supplemental retirement benefits	Fair value changes of financial assets	Others	Net balance of deferred tax assets
January 1, 2022	4,017,328	203,394	26,756	(70,792)	34,968	4,211,654
Recognised in profit or loss	871,001	85,241	25,867	22,254	2,486	1,006,849
Recognised in other comprehensive income	(105,219)	–	9,920	167,813	–	72,514
December 31, 2022	4,783,110	288,635	62,543	119,275	37,454	5,291,017
Recognised in profit or loss	720,917	421	9,077	(11,348)	38,247	757,314
Recognised in other comprehensive income	(39,958)	–	3,645	(224,310)	–	(260,623)
December 31, 2023	<u>5,464,069</u>	<u>289,056</u>	<u>75,265</u>	<u>(116,383)</u>	<u>75,701</u>	<u>5,787,708</u>

25 OTHER ASSETS

	Notes	2023	2022
Right-of-use assets	(a)	296,437	319,420
Intangible assets	(b)	157,323	211,904
Deferred expenses		103,660	99,448
Repossessed assets		19,368	18,281
Investment properties	(c)	9,072	10,016
Interests receivable	(d)	5,399	102,418
Other receivables		312,075	148,286
Total		<u>903,334</u>	<u>909,773</u>

Notes to the Financial Statements (Continued)

*(Expressed in thousands of Renminbi, unless otherwise stated)***25 OTHER ASSETS (CONTINUED)****(a) Right-of-use assets**

	Property
Cost	
As at January 1, 2022	793,105
Additions	52,050
Disposals	(87,519)
Others	(36,171)
	<hr/>
As at December 31, 2022 and January 1, 2023	721,465
Additions	106,689
Disposals	(123,720)
	<hr/>
As at December 31, 2023	704,434
	<hr/>
Accumulated depreciation	
As at January 1, 2022	(375,926)
Additions	(142,631)
Disposals	80,654
Others	35,858
	<hr/>
As at December 31, 2022 and January 1, 2023	(402,045)
Additions	(124,865)
Disposals	118,913
	<hr/>
As at December 31, 2023	(407,997)
	<hr/>
Net book value	
As at December 31, 2022	319,420
	<hr/> <hr/>
As at December 31, 2023	296,437
	<hr/> <hr/>

Notes to the Financial Statements (Continued)

*(Expressed in thousands of Renminbi, unless otherwise stated)***25 OTHER ASSETS (CONTINUED)****(b) Intangible assets**

	Computer software	Land use rights	Total
Cost			
As at January 1, 2022	189,119	112,117	301,236
Additions	10,075	–	10,075
Disposals	(5,048)	–	(5,048)
Transfer in	4,666	–	4,666
As at December 31, 2022 and January 1, 2023	198,812	112,117	310,929
Additions	22,101	–	22,101
Disposals	(16,762)	(61,785)	(78,547)
Transfer in	1,426	–	1,426
As at December 31, 2023	205,577	50,332	255,909
Accumulated amortisation:			
As at January 1, 2022	(51,882)	(27,244)	(79,126)
Additions	(20,511)	(2,863)	(23,374)
Disposals	3,475	–	3,475
As at December 31, 2022 and January 1, 2023	(68,918)	(30,107)	(99,025)
Additions	(22,303)	(1,719)	(24,022)
Disposals	4,822	19,639	24,461
As at December 31, 2023	(86,399)	(12,187)	(98,586)
Book value:			
As at December 31, 2022	129,894	82,010	211,904
As at December 31, 2023	119,178	38,145	157,323

The cost of intangible assets less residual value and impairment loss is amortised on the straight-line method over the estimated useful lives.

The respective amortisation periods for intangible assets are as follows:

Land use rights	30 – 50 years
Computer software	3 – 10 years

Notes to the Financial Statements (Continued)

*(Expressed in thousands of Renminbi, unless otherwise stated)***25 OTHER ASSETS (CONTINUED)****(c) Investment properties**

	Investment properties
Cost	
As at January 1, 2022	19,449
Transfer out	(5)
	<u>19,444</u>
As at December 31, 2022, January 1, 2023 and December 31, 2023	<u>19,444</u>
Accumulated depreciation	
As at January 1, 2022	(8,488)
Additions	(943)
Transfer out	3
	<u>(9,428)</u>
As at December 31, 2022 and January 1, 2023	(9,428)
Additions	(944)
	<u>(10,372)</u>
As at December 31, 2023	<u>(10,372)</u>
Net book value	
As at December 31, 2022	<u><u>10,016</u></u>
As at December 31, 2023	<u><u>9,072</u></u>

Investment property is accounted for using the cost model and stated in the statements of financial position at cost less accumulated depreciation and impairment loss. Investment property is depreciated using the straight-line method over its estimated useful life after taking into account its estimated residual value.

	Estimated useful life	Estimated rate of residual value	Depreciation rate
Premises	<u>20 years</u>	<u>3%</u>	<u>4.85%</u>

Notes to the Financial Statements (Continued)

*(Expressed in thousands of Renminbi, unless otherwise stated)***25 OTHER ASSETS (CONTINUED)****(d) Interests receivable**

	2023	2022
Interests receivable arising from:		
– Loans and advances to customers	7,070	106,712
– Financial investments measured at amortised cost	824	33,147
– Other investment on bonds	–	26,600
	<hr/>	<hr/>
Sub-total	7,894	166,459
	<hr/>	<hr/>
Less: provision for impairment losses	(2,495)	(64,041)
	<hr/>	<hr/>
Total	5,399	102,418
	<hr/> <hr/>	<hr/> <hr/>

Interests receivable only includes interest that has been due for the relevant financial instruments but not yet received at the end of the reporting period. Interest on financial instruments based on the effective interest method has been reflected in the balance of corresponding financial instruments.

Notes to the Financial Statements (Continued)*(Expressed in thousands of Renminbi, unless otherwise stated)***26 PLEDGED ASSETS****(a) Assets pledged as collateral**

	2023	2022
Borrowings from the central bank:		
– Financial investments measured at fair value through profit or loss	7,716,922	670,000
– Financial investments measured at fair value through other comprehensive income	14,133,377	17,942,903
– Financial investments measured at amortised cost	23,394,685	22,408,525
Sub-total	<u>45,244,984</u>	<u>41,021,428</u>
For repurchase agreements:		
– Financial investments measured at fair value through profit or loss	–	880,000
– Financial investments measured at fair value through other comprehensive income	–	7,009,000
– Financial investments measured at amortised cost	–	1,113,000
Sub-total	<u>–</u>	<u>9,002,000</u>
For deposits from customers		
– Financial investments measured at fair value through profit or loss	3,089,323	22,171
– Financial investments measured at fair value through other comprehensive income	10,651,861	4,301,203
– Financial investments measured at amortised cost	14,038,744	7,286,368
Sub-total	<u>27,779,928</u>	<u>11,609,742</u>
Total	<u><u>73,024,912</u></u>	<u><u>61,633,170</u></u>

Financial assets pledged by the Bank as collateral for liabilities are mainly debt securities for repurchase agreements, borrowings from the central bank and certain deposits from customers.

Notes to the Financial Statements (Continued)

*(Expressed in thousands of Renminbi, unless otherwise stated)***26 PLEDGED ASSETS (CONTINUED)****(b) Pledged assets received**

The Bank conducts resale agreements under the usual and customary terms of placements, and holds collaterals for these transactions. As at December 31, 2023, the carrying amount of the received pledged assets was RMB1,653.12 million (2022: RMB14,219.00 million).

27 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS**Analysed by type and location of counterparty**

	2023	2022
Deposits in mainland China		
– Banks	9,830,528	10,698,318
– Other financial institutions	15,456,583	12,402,520
Sub-total	25,287,111	23,100,838
Accrued interest	95,382	127,355
Total	<u>25,382,493</u>	<u>23,228,193</u>

28 PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS**Analysed by type and location of counterparty**

	2023	2022
In mainland China		
– Banks	4,941,100	4,601,100
Accrued interest	3,528	3,840
Total	<u>4,944,628</u>	<u>4,604,940</u>

Notes to the Financial Statements (Continued)*(Expressed in thousands of Renminbi, unless otherwise stated)***29 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS****(a) Analysed by type and location of counterparty**

	2023	2022
In mainland China		
– Banks	–	8,500,000
Sub-total	–	8,500,000
Accrued interest	–	1,793
Total	–	8,501,793

(b) Analysed by type of collateral held

	2023	2022
Debt securities	–	8,500,000
Sub-total	–	8,500,000
Accrued interest	–	1,793
Total	–	8,501,793

Notes to the Financial Statements (Continued)

*(Expressed in thousands of Renminbi, unless otherwise stated)***30 DEPOSITS FROM CUSTOMERS**

	2023	2022
Demand deposits		
– Corporate customers	85,981,136	81,761,332
– Individual customers	<u>41,856,629</u>	<u>38,972,311</u>
Sub-total	<u>127,837,765</u>	<u>120,733,643</u>
Time deposits		
– Corporate customers	82,250,755	80,453,275
– Individual customers	<u>131,505,379</u>	<u>110,133,896</u>
Sub-total	<u>213,756,134</u>	<u>190,587,171</u>
Pledged deposits	7,123,043	9,629,929
Fiscal deposits	142,210	5,975
Inward and outward remittances	<u>519,420</u>	<u>491,360</u>
Sub-total	349,378,572	321,448,078
Accrued interest	<u>6,867,673</u>	<u>4,876,369</u>
Total	<u><u>356,246,245</u></u>	<u><u>326,324,447</u></u>

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

31 DEBT SECURITIES ISSUED

	Notes	2023	2022
Interbank deposits issued	(a)	75,511,603	69,851,425
Financial bonds issued	(b)	18,498,944	11,998,748
Tier-two capital bonds issued	(c)	–	2,794,957
Accrued interest		257,257	145,449
Total		94,267,804	84,790,579

Notes:

- (a) Interbank deposits issued
- (i) In 2022, the Bank issued a number of certificates of interbank deposits with total nominal amount of RMB87,300.00 million and duration between 3 to 12 months. The effective interest rates ranged from 2.28% to 2.72% per annum.
- (ii) In 2023, the Bank issued a number of certificates of interbank deposits with total nominal amount of RMB103,370.00 million and duration between 3 to 12 months. The effective interest rates ranged from 2.25% to 2.87% per annum.
- (iii) As at December 31, 2023, the fair value of outstanding interbank deposits amounted to RMB74,672.51 million (2022: RMB69,769.30 million).
- (b) Financial bonds issued
- (i) In December 2021, the Bank issued three-year fixed-rate green financial bonds with total nominal amount of RMB5,000.00 million. The coupon interest rate per annum is 3.45%.
- (ii) In March 2022, the Bank issued three-year fixed-rate green financial bonds with total nominal amount of RMB3,000.00 million. The coupon interest rate per annum is 3.27%.
- (iii) In December 2022, the Bank issued three-year fixed-rate small and micro enterprises loans financial bonds with total nominal amount of RMB4,000.00 million. The coupon interest rate per annum is 3.45%.
- (iv) In February 2023, the Bank issued three-year fixed-rate small and micro enterprises loans financial bonds with total nominal amount of RMB4,000.00 million. The coupon interest rate per annum is 3.30%.
- (v) In May 2023, the Bank issued three-year fixed-rate “Sannong” financial bonds with total nominal amount of RMB2,500.00 million. The coupon interest rate per annum is 3.04%.
- (vi) As at December 31, 2023, the fair value of outstanding financial bonds amounted to RMB18,674.12 million (2022: RMB12,158.33 million).

Notes to the Financial Statements (Continued)

*(Expressed in thousands of Renminbi, unless otherwise stated)***31 DEBT SECURITIES ISSUED (CONTINUED)***Notes: (Continued)*

- (c) Tier-two capital bonds issued
- (i) In June 2018, the Bank issued fixed-rate tier-two capital bonds with total nominal amount of RMB1,800.00 million and a maturity of 10 years. The coupon interest rate per annum is 5.00%. The Bank has fully redeemed the tier-two capital bonds at par value in June 2023.
- (ii) In December 2018, the Bank issued fixed-rate tier-two capital bonds with total nominal amount of RMB1,000.00 million and a maturity of 10 years. The coupon interest rate per annum is 5.50%. The Bank has fully redeemed the tier-two capital bonds at par value in December 2023.

32 OTHER LIABILITIES

	<i>Notes</i>	2023	2022
Accrued staff cost	(a)	1,606,557	1,465,582
Lease liabilities		286,458	307,983
Provisions for credit commitments	(b)	111,250	254,136
Other tax payable		283,284	312,910
Payment and collection clearance accounts		346,473	388,868
Dividend payable		91,669	83,592
Contract balances	7(c)	20,197	33,392
Other payables		486,695	517,071
		<hr/>	<hr/>
Total		<u>3,232,583</u>	<u>3,363,534</u>

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

32 OTHER LIABILITIES (CONTINUED)

(a) Accrued staff cost

	2023	2022
Salary, bonuses and allowances payable	1,210,981	1,154,542
Social insurance payable	87,733	60,283
Labour union fee, staff and workers' education fee	6,783	587
Supplementary retirement benefits payable	301,060	250,170
	<hr/>	<hr/>
Total	1,606,557	1,465,582
	<hr/> <hr/>	<hr/> <hr/>

Supplementary retirement benefits

The supplementary retirement benefits of the Bank include early retirement plan and supplementary retirement plan. The early retirement benefits is provided to employees who voluntarily agreed to retire before the retirement age during the period from the date of early retirement to the statutory retirement date. The supplementary retirement plan is provided to the Bank's eligible employees. Contributions to the defined contribution retirement plan, include the social pension insurance schemes and the annuity plan, are recognised as expenses when incurred and there are no forfeited contributions that may be used by the Bank to reduce the existing level of contribution.

The amount of supplementary retirement benefits represents the present value of the total estimated amount of future benefits that the Bank is committed to pay for eligible employees as at December 31. The Bank's obligations in respect of the supplementary retirement benefits were assessed using projected unit credit method by qualified staff (member of China Association of Actuaries and member of society of Actuaries in America) of an external independent actuary Willis Towers Watson Public Limited Company.

(i) The balances of supplementary retirement benefits of the Bank are as follows:

	2023	2022
Present value of early retirement plan	58,190	59,850
Present value of supplementary retirement benefits	242,870	190,320
	<hr/>	<hr/>
Total	301,060	250,170
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements (Continued)

*(Expressed in thousands of Renminbi, unless otherwise stated)***32 OTHER LIABILITIES (CONTINUED)****(a) Accrued staff cost (Continued)**

(ii) The movements of supplementary retirement benefits of the Bank are as follows:

	2023	2022
As at January 1	250,170	159,680
Benefits paid during the year	(20,240)	(13,240)
Changes recognised in profit or loss	56,550	90,650
Changes recognised in other comprehensive income	14,580	13,080
	<u>301,060</u>	<u>250,170</u>
As at December 31	<u>301,060</u>	<u>250,170</u>

(iii) Principal actuarial assumptions of the Bank are as follows:

Early retirement plan

	2023	2022
Discount rate	2.25%	2.50%
Retired age		
Male	60	60
Female	55	55
Annual withdrawal rate	3.00%	3.00%

Supplementary retirement plan

	2023	2022
Discount rate	2.75%	3.00%
Retired age		
Male	60	60
Female	55	55
Annual withdrawal rate	3.00%	3.00%

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

32 OTHER LIABILITIES (CONTINUED)

(b) Provisions

	Notes	2023	2022
Provision for credit commitments	(i)	111,250	254,136

(i) Movements of provisions for credit commitments are as follows:

	2023			Total
	Expected credit losses over the next 12 months	Lifetime expected credit losses not credit-impaired	Lifetime expected credit losses credit-impaired	
As at January 1	252,018	514	1,604	254,136
Transfer to:				
– Lifetime expected credit losses: not credit-impaired	(4)	4	–	–
– Lifetime expected credit losses: credit-impaired	(5)	–	5	–
(Release)/charge for the year	(143,346)	(247)	709	(142,884)
Other	(2)	–	–	(2)
As at December 31	108,661	271	2,318	111,250

	2022			Total
	Expected credit losses over the next 12 months	Lifetime expected credit losses not credit-impaired	Lifetime expected credit losses credit-impaired	
As at January 1	141,789	983	7,002	149,774
Transfer to:				
– Lifetime expected credit losses: not credit-impaired	(4)	4	–	–
– Lifetime expected credit losses: credit-impaired	(2)	–	2	–
Charge/(release) for the year	110,173	(473)	(5,400)	104,300
Other	62	–	–	62
As at December 31	252,018	514	1,604	254,136

Notes to the Financial Statements (Continued)

*(Expressed in thousands of Renminbi, unless otherwise stated)***33 SHARE CAPITAL**

Authorised and issued share capital

	2023	2022
Ordinary shares in Mainland China	12,388,047	12,388,047
Ordinary shares listed in Hong Kong (H-share)	<u>2,200,000</u>	<u>2,200,000</u>
Total	<u><u>14,588,047</u></u>	<u><u>14,588,047</u></u>

On December 30, 2019, the Bank issued 2,200.00 million H Shares with a par value of RMB1.00 at an offering price of HKD2.48 per share (the “H-share offering”).

All the H shares have been listed on the Stock Exchange of Hong Kong Limited. The H Shares rank pari passu in all respects with the existing ordinary shares in Mainland China including the right to receive all dividends and distributions declared or made.

34 RESERVES**(a) Capital reserve**

	2023	2022
Share premium	8,840,110	8,840,110
Changes in interests in associates	<u>(170,019)</u>	<u>(170,019)</u>
Total	<u><u>8,670,091</u></u>	<u><u>8,670,091</u></u>

(b) Surplus reserve

The surplus reserve at the end of each of the reporting period represented statutory surplus reserve and discretionary surplus reserve.

Pursuant to the Company Law of the PRC and the Articles of Association of the Bank, the Bank is required to appropriate 10% of its net profit as on an annual basis determined under the PRC GAAP after making good prior year's accumulated loss, to statutory surplus reserve until the balance reaches 50% of its registered capital.

The Bank appropriated an amount of RMB365.33 million to the statutory surplus reserve for the year ended December 31, 2023 (2022: RMB382.95 million).

The Bank may also appropriate discretionary surplus reserve in accordance with the resolution of the shareholders.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

34 RESERVES (CONTINUED)

(c) General reserve

Pursuant to the “Measures on Impairment Allowances for Financial Enterprises (Cai Jin [2012] No. 20)” issued by the Ministry of Finance, the Bank is required to set aside a general reserve through profit appropriation which should not be lower than 1.5% of the ending balance of its gross risk-bearing assets on an annual basis.

(d) Fair value reserve

	2023	2022
As at January 1	(655,674)	(152,235)
Changes in fair value recognised in other comprehensive income	638,578	(693,170)
Transfer to profit or loss upon disposal	258,664	21,918
Less: deferred tax	(224,310)	167,813
	<u>17,258</u>	<u>(655,674)</u>
As at December 31	<u>17,258</u>	<u>(655,674)</u>

(e) Impairment reserve

	2023	2022
As at January 1	315,655	280,056
Impairment losses recognised in other comprehensive income	159,829	140,818
Less: deferred tax	(39,958)	(105,219)
	<u>435,526</u>	<u>315,655</u>
As at December 31	<u>435,526</u>	<u>315,655</u>

Notes to the Financial Statements (Continued)

*(Expressed in thousands of Renminbi, unless otherwise stated)***34 RESERVES (CONTINUED)****(f) Deficit on remeasurement of net defined benefit liability**

Deficit on remeasurement of net defined benefit liability represents actuarial gains or losses, net of tax, from remeasuring the net defined benefit liability.

	2023	2022
As at January 1	(29,760)	(26,600)
Changes recognised in other comprehensive income	(14,580)	(13,080)
Less: deferred tax	3,645	9,920
	<hr/>	<hr/>
As at December 31	<u>(40,695)</u>	<u>(29,760)</u>

(g) Other equity instrument

On August 4, 2022, the Bank issued a perpetual bond of RMB2,500.0 million with no fixed maturity date, resulting in credits to perpetual bonds of RMB2,499.52 million, after deducting the direct issuance cost of RMB0.48 million. In addition, the payment of interest can be indefinitely deferred at the Bank's option and is not cumulative.

On February 27, 2023, the Bank issued a perpetual bond of RMB1,000.0 million with no fixed maturity date, resulting in credits to perpetual bonds of RMB999.97 million, after deducting the direct issuance cost of RMB0.03 million. In addition, the payment of interest can be indefinitely deferred at the Bank's option and is not cumulative.

The perpetual bond is classified as an equity instrument due to it does not include any contractual obligation:

- to deliver cash or another financial asset to another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer.

During the year ended December 31, 2022, the Bank did not distribute interest on perpetual bonds.

During the year ended December 31, 2023, the Bank did not cancel the payment of distribution and the corresponding interest of RMB112.50 million was paid to perpetual bondholders accordingly.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

35 RETAINED EARNINGS

(a) Appropriation of profits

In accordance with the resolution of the Bank's Board of Directors Meeting held on March 28, 2024, the proposed profit appropriations for the year ended December 31, 2023 is listed as follows:

- Appropriation of statutory surplus reserve amounted to RMB365.33 million;
- Appropriation of general reserve amounted to RMB560.00 million; and
- Declaration of cash dividend of RMB0.5 per 10 shares before tax and in an aggregation amount of RMB729.40 million to all existing shareholders.

The profit appropriation resolution mentioned above has yet to be approved by the Bank's shareholders.

In accordance with the resolution of the Bank's Annual General Meeting held on May 18, 2023, the shareholders approved the following profit appropriations for the year ended December 31, 2022:

- Appropriation of statutory surplus reserve amounted to RMB382.95 million;
- Appropriation of general surplus reserve amounted to RMB520.00 million; and
- Declaration of cash dividend of RMB0.6 per 10 shares before tax and in an aggregation amount of RMB875.28 million to shareholders whose name appear on the register of members of the shares on June 15, 2023.
- The agreed dividend were distributed in form of cash to the equity shareholders on July 13, 2023.

In accordance with the resolution approved in the 2021 Annual General Meeting of the Bank on June 16, 2022, a total amount of approximately RMB875.28 million (RMB0.06 per shares) were distributed in the form of cash dividend to the ordinary shareholders on July 13, 2022.

Notes to the Financial Statements (Continued)

*(Expressed in thousands of Renminbi, unless otherwise stated)***36 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES****(a) Structured entities sponsored by third party institutions in which the Bank holds an interest:**

The Bank holds interests in certain structured entities sponsored by third party institutions through investments in the units issued by these structured entities. Such structured entities include the investment management products under trust schemes, investment management products managed by securities companies and wealth management products issued by financial institutions. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of third party investors. These vehicles are financed through the issue of units to investors.

The following table sets out an analysis of the carrying amounts of interests held by the Bank in unconsolidated structured entities, as well as an analysis of the line items in the statements of financial position in which relevant assets are recognised at December 31:

	2023		2022	
	Carrying amount	Maximum exposure	Carrying amount	Maximum exposure
Financial investments at fair value through profit or loss	43,485,875	43,485,875	36,456,125	36,456,125
Financial investments at fair value through other comprehensive income	383,782	383,782	397,547	397,547
Financial investments at amortised cost	7,130,792	7,130,792	12,837,184	12,837,184
Total	51,000,449	51,000,449	49,690,856	49,690,856

At December 31, 2023 and 2022, the carrying amounts of the unconsolidated structured entities are equal to the maximum exposures.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

36 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES (CONTINUED)

(b) Structured entities sponsored by the Bank which the Bank does not consolidate but holds an interest in:

The types of unconsolidated structured entities sponsored by the Bank include non-principal guaranteed wealth management products. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of units to investors. Interest held by the Bank includes fees charged by providing management services. At December 31, 2023 and 2022, the carrying amounts of management fee receivables being recognised are not material in the statements of financial positions.

At December 31, 2023, the carrying amounts of assets held by the unconsolidated non-principal guaranteed wealth management products, which are sponsored by the Bank was RMB23,901.30 million (2022: RMB23,915.09 million).

(c) Unconsolidated structures entities sponsored by the Bank during the years which the Bank does not have an interest in as at December 31:

For the year ended December 31, 2023, the aggregated amount of the non-principal guaranteed wealth management products sponsored and issued by the Bank after January 1, but matured before December 31 amounted to RMB269.60 million (2022: nil).

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

37 CAPITAL MANAGEMENT

The Bank's capital management includes capital adequacy ratio management, capital financing management and economic capital management, of which the primary focus is on capital adequacy ratio management. The Bank calculates the capital adequacy ratio in accordance with guidelines issued by the former CBRC. The capital of the Bank is divided into core tier-one capital, other tier-one capital and tier-two capital.

Capital adequacy ratio management is the key in capital management. The capital adequacy ratio reflects the soundness of the Bank's operations and risk management capabilities. The main objective in capital adequacy ratio management is to set an optimal capital adequacy ratio that meets the regulatory requirements by benchmarking against the capital adequacy ratio level of leading peer banks with reference to its own business environment and conditions.

The Bank considers its strategic development plans, business expansion plans and risk variables when conducting scenario analysis and stress testing and executing other measures to forecast, plan and manage its capital adequacy ratio.

The Bank calculates its capital adequacy ratios in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)" and other relevant regulations promulgated by the former CBRC.

The former CBRC requires commercial banks to meet the requirements of capital adequacy ratios by the end of 2018 in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)". For non-systemically important banks, the minimum ratios for core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio are 7.50%, 8.50% and 10.50%, respectively.

The on-balance sheet risk-weighted assets are measured using different risk weights, which are determined according to the credit, market and other risks associated with each asset and counterparty, taking into account any eligible collaterals or guarantees. Similar treatment is adopted for off-balance sheet exposure, with adjustments made to reflect the more contingent nature of any potential losses. Market risk-weighted assets are calculated using the standardised approach. Operational risk-weighted assets are calculated using basic indicator approach.

The capital adequacy ratios of the Bank illustrated below are computed based on the Bank's statutory financial statements prepared in accordance with PRC GAAP.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

37 CAPITAL MANAGEMENT (CONTINUED)

The Bank's capital adequacy ratios calculated in accordance with "Regulation Governing Capital of Commercial Banks (Provisional)" and relevant requirements promulgated by the former CBRC are as follows:

	2023	2022
Total core tier-one capital		
– Share capital	14,588,047	14,588,047
– Qualifying portion of capital reserve	8,670,091	8,670,091
– Other comprehensive income	412,089	(369,779)
– Surplus reserve	2,976,977	2,611,643
– General reserve	5,590,000	5,070,000
– Retained earnings	12,681,219	10,901,000
	<hr/>	<hr/>
Core tier-one capital	44,918,423	41,471,002
Core tier-one capital deductions	(1,724,589)	(1,544,385)
	<hr/>	<hr/>
Net core tier-one capital	43,193,834	39,926,617
	<hr/>	<hr/>
Other tier-one capital	3,499,484	2,499,520
	<hr/>	<hr/>
Net tier-one capital	46,693,318	42,426,137
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Tier-two capital		
– Instruments issued and share premium	–	2,794,957
– Surplus provision for loan impairment	4,373,001	4,035,502
	<hr/>	<hr/>
Net tier-two capital	4,373,001	6,830,459
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net capital base	51,066,319	49,256,596
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Total risk weighted assets	383,889,981	356,341,994
Core tier-one capital adequacy ratio	11.25%	11.20%
Tier-one capital adequacy ratio	12.16%	11.91%
Capital adequacy ratio	13.30%	13.82%
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

Notes to the Financial Statements (Continued)

*(Expressed in thousands of Renminbi, unless otherwise stated)***38 NOTES TO THE STATEMENT OF CASH FLOWS****(a) Net increase in cash and cash equivalents**

	2023	2022
Cash and cash equivalents as at December 31	61,262,021	54,828,236
Less: cash and cash equivalents as at January 1	<u>(54,828,236)</u>	<u>(48,374,278)</u>
Net increase in cash and cash equivalents	<u><u>6,433,785</u></u>	<u><u>6,453,958</u></u>

(b) Cash and cash equivalents

On the statement of cash flows, cash and cash equivalents have an original maturity of less than three months and include the following:

	2023	2022
Cash on hand	481,083	746,458
Deposits with central bank other than restricted deposits	10,354,838	4,964,134
Deposits with banks and other financial institutions	5,974,322	5,203,984
Financial assets held under resale agreements	1,651,839	13,413,660
Trading securities	<u>42,799,939</u>	<u>30,500,000</u>
Total	<u><u>61,262,021</u></u>	<u><u>54,828,236</u></u>

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

38 NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Bank's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Bank's statement of cash flows as cash flows from financing activities.

	Debt securities issued	Lease liabilities
As at January 1, 2023	84,790,579	307,983
Changes from financing cash flows:		
Net proceeds from new debt securities issued	109,870,000	–
Repayment of debt securities	(100,450,000)	–
Interest paid on debt securities	(2,499,960)	–
Repayment of lease liabilities	–	(135,139)
Total changes from financing cash flows	6,920,040	(135,139)
Other changes:		
Increase in lease liabilities	–	106,689
Interest expenses	2,557,185	11,604
Others	–	(4,679)
Total other changes	2,557,185	113,614
As at December 31, 2023	94,267,804	286,458

Notes to the Financial Statements (Continued)

*(Expressed in thousands of Renminbi, unless otherwise stated)***38 NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)****(c) Reconciliation of liabilities arising from financing activities (Continued)**

	Debt securities issued	Lease liabilities
As at January 1, 2022	<u>72,394,280</u>	<u>468,561</u>
Changes from financing cash flows:		
Net proceeds from new debt securities issued	92,735,467	–
Repayment of debt securities	(82,140,000)	–
Interest paid on debt securities	(317,506)	–
Repayment of lease liabilities	<u>–</u>	<u>(138,726)</u>
Total changes from financing cash flows	<u>10,277,961</u>	<u>(138,726)</u>
Other changes:		
Increase in lease liabilities	–	52,050
Interest expenses	2,118,338	14,218
Others	<u>–</u>	<u>(88,120)</u>
Total other changes	<u>2,118,338</u>	<u>(21,852)</u>
As at December 31, 2022	<u><u>84,790,579</u></u>	<u><u>307,983</u></u>

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

39 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Related parties of the Bank

(i) Major shareholders

Major shareholders include shareholders of the Bank with direct or indirect 5% or above shareholding, or appointed a director in the Bank.

Shareholding in the Bank:

	<i>Notes</i>	2023	2022
Guizhou Provincial Financial Bureau (貴州省財政廳)		20.00%	18.29%
China Kweichow Moutai Distillery (Group) Co., Ltd. (中國貴州茅台酒廠(集團)有限責任 公司)		12.00%	12.00%
Zunyi City State-owned Assets Investment and Financing Management Co., Ltd (遵義市國有資產投融資經營管理 有限責任公司)		6.55%	6.55%
Guizhou Water Investment Water Affairs Group Co., Ltd (貴州水投水務集團有限公司)	(1)	4.44%	4.44%
Guizhou Water Conservancy Investment Group Co., Ltd. (貴州省水利投資 (集團)有限責任公司)	(1)	1.14%	1.14%
Shenzhen Expressway Corporation Limited (深圳高速公路集團股份有限公司)	(1),(2)	2.92%	2.92%
Guizhou Expressway Group Company Limited (貴州高速公路集團有限公司)	(1),(2)	2.06%	2.06%

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

39 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(a) Related parties of the Bank (Continued)

(i) Major shareholders (Continued)

Notes:

- (1) As at December 31, 2023, Guizhou Water Investment Water Affairs Group Co., Ltd and Guizhou Water Conservancy Investment Group Co., Ltd. jointly appointed one director to the Bank, Shenzhen Expressway Corporation Limited and Guizhou Expressway Group Company Limited appointed one director to the Bank respectively.
- (2) As at December 31, 2022, Shenzhen Expressway Corporation Limited and Guizhou Expressway Group Company Limited appointed one director to the Bank respectively.

The official names of these related parties are in Chinese. The English translation is for reference only.

(ii) Associates of the Bank

The detailed information of the Bank's associates is set out in Note 22.

(iii) Other related parties

Other related parties can be individuals or enterprises, which include: members of the Board of Directors, the board of supervisors and senior management, and close family members of such individuals; entities (and their subsidiary) controlled or jointly controlled or significantly influenced by members of the Board of Directors, the board of supervisors and senior management, and close family members of such individuals; and entities controlled or jointly controlled or significantly influenced by the major shareholders of the Bank as set out in Note 39(a) or their controlling shareholders.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

39 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)**(b) Transactions with related parties other than key management personnel****(i) Transactions between the Bank and major shareholders:**

	2023	2022
Transactions during the year		
Interest income	100,173	–
Interest expense	79,323	45,744

	2023	2022
Balances at end of the year		
Deposits from customers	6,362,604	3,370,044
Loans and advances to customers	1,298,416	–
Financial investments	838,134	–

(ii) Transactions between the Bank and other related parties:

	2023	2022
Transactions during the year		
Interest income	160,388	166,863
Interest expense	698,070	753,930
Financial investments	2,818	–

	2023	2022
Balances at end of the year		
Loans and advances to customers	3,068,999	4,550,032
Financial investments	608,774	532,823
Other assets	62,859	–
Deposits from customers	26,293,217	23,707,585
Deposits from banks and other financial institutions	13,326,695	10,285,771
Entrusted Loans	885,000	1,085,000
Bank acceptances	214,600	26,500

Notes to the Financial Statements (Continued)

*(Expressed in thousands of Renminbi, unless otherwise stated)***39 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)****(c) Key management personnel**

The key management personnel are those persons who have the authority and responsibility to plan, direct and control the activities of the Bank, directly or indirectly, including members of the Board of Directors, the supervisory board and executive officers.

(i) Transactions between the Bank and key management personnel

	2023	2022
Transactions during the year		
Interest income	11	45
Interest expense	309	214
Balances at end of the year		
Loans and advances to customers	–	747
Deposits from customers	8,935	7,826

(ii) Key management personnel compensation

The aggregate compensation of key management personnel is listed as follows:

	2023	2022
Key management personnel compensation during the year	9,867	10,295

(d) Loans and advances to directors, supervisors and key management personnel

	2023	2022
Aggregate amount of relevant loans outstanding at the end of the year	–	746
Maximum aggregate amount of relevant loans outstanding during the year	746	774

There was no amount due but unpaid, nor any impairment provision made against the principal or interest on these loans at December 31, 2023 (2022: nil).

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

40 SEGMENT REPORTING

The Bank manages its business by business lines. Consistent with the way in which information is reported internally to the Bank's most senior executive management for the purposes of resource allocation and performance assessment, the Bank defines reporting segments based on the following operating segments:

Corporate banking

This segment represents the provision of a range of financial products and services to corporations, government agencies and financial institutions. These products and services include corporate loans and advances, trade financing, deposit taking activities, agency services, wealth management services, consultancy services, settlement and clearing services and acceptance and guarantee services.

Retail banking

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

Financial markets

This segment covers the Bank's financial markets business operations. The financial markets business enters into inter-bank money market transactions, repurchases transactions and investments. It also trades in debt securities. The financial markets business segment also covers management of the Bank's overall liquidity position, including the issuance of debts.

Others

These represent assets, liabilities, income and expenses which cannot directly attributable or cannot be allocated to a segment on a reasonable basis.

Measurement of segment assets and liabilities and of segment income, expenses and results is based on the Bank's accounting policies.

Internal charges and transfer prices are determined with reference to market rates and have been reflected in the performance of each segment. Interest income and expense earned from third parties are referred to as "external net interest income/expense". Net interest income and expense arising from internal charges and transfer pricing adjustments are referred to as "internal net interest income/expense".

Segment income, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment income, expenses, assets and liabilities are determined before intra-bank balances and intra-bank transactions are eliminated as part of the consolidation process. Segment capital expenditure is the total cost incurred during the reporting periods to acquire property and equipment, intangible assets and other long-term assets.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

40 SEGMENT REPORTING (CONTINUED)

	2023				Total
	Corporate banking	Retail banking	Financial markets	Others	
Operating income					
External net interest income/ (expense)	10,853,963	(2,688,649)	584,704	–	8,750,018
Internal net interest (expense)/income	(5,026,694)	4,707,989	318,705	–	–
Net interest income	5,827,269	2,019,340	903,409	–	8,750,018
Net fee and commission income	189,897	14,948	133,404	–	338,249
Net trading gains	–	–	938,252	–	938,252
Net gains arising from investment securities	–	–	1,111,988	–	1,111,988
Other operating income	193,828	2,536	3,524	6,293	206,181
Operating income	6,210,994	2,036,824	3,090,577	6,293	11,344,688
Operating expenses	(2,193,928)	(741,326)	(1,002,448)	(32,045)	(3,969,747)
Impairment losses on assets	(2,170,586)	(376,980)	(776,536)	–	(3,324,102)
Share of losses of associates	–	–	–	(13,357)	(13,357)
Profit/(loss) before tax	1,846,480	918,518	1,311,593	(39,109)	4,037,482
Segment assets	287,045,135	61,535,026	221,625,573	602,092	570,807,826
Deferred tax assets	–	–	–	5,978,200	5,978,200
Total assets	287,045,135	61,535,026	221,625,573	6,580,292	576,786,026
Segment liabilities	180,524,780	177,486,427	169,229,967	936,453	528,177,627
Deferred tax liabilities	–	–	–	190,492	190,492
Total liabilities	180,524,780	177,486,427	169,229,967	1,126,945	528,368,119
Other segment information					
– Depreciation and amortisation	296,331	95,456	132,694	–	524,481
– Capital expenditure	166,690	53,695	74,642	–	295,027

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

40 SEGMENT REPORTING (CONTINUED)

			2022		
	Corporate banking	Retail banking	Financial markets	Others	Total
Operating income					
External net interest income/ (expense)	11,233,195	(2,309,513)	1,170,530	–	10,094,212
Internal net interest (expense)/income	<u>(4,929,567)</u>	<u>4,964,521</u>	<u>(34,954)</u>	<u>–</u>	<u>–</u>
Net interest income	6,303,628	2,655,008	1,135,576	–	10,094,212
Net fee and commission income	198,397	22,844	141,889	–	363,130
Net trading gains	–	–	548,350	–	548,350
Net gains arising from investment securities	–	–	845,541	–	845,541
Other operating income/ (expense)	<u>127,078</u>	<u>(749)</u>	<u>(373)</u>	<u>12,787</u>	<u>138,743</u>
Operating income	6,629,103	2,677,103	2,670,983	12,787	11,989,976
Operating expenses	(1,627,127)	(1,407,479)	(765,247)	(36,927)	(3,836,780)
Impairment losses on assets	(2,803,677)	(447,019)	(605,370)	–	(3,856,066)
Share of gains of associates	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,212</u>	<u>2,212</u>
Profit/(loss) before tax	<u>2,198,299</u>	<u>822,605</u>	<u>1,300,366</u>	<u>(21,928)</u>	<u>4,299,342</u>
Segment assets	264,850,843	50,975,992	212,254,977	408,502	528,490,314
Deferred tax assets	<u>–</u>	<u>–</u>	<u>–</u>	<u>5,291,017</u>	<u>5,291,017</u>
Total assets	<u>264,850,843</u>	<u>50,975,992</u>	<u>212,254,977</u>	<u>5,699,519</u>	<u>533,781,331</u>
Segment liabilities	<u>176,386,222</u>	<u>152,237,745</u>	<u>160,333,652</u>	<u>853,190</u>	<u>489,810,809</u>
Total liabilities	<u>176,386,222</u>	<u>152,237,745</u>	<u>160,333,652</u>	<u>853,190</u>	<u>489,810,809</u>
Other segment information					
– Depreciation and amortisation	200,960	202,823	100,992	–	504,775
– Capital expenditure	<u>93,042</u>	<u>93,905</u>	<u>46,758</u>	<u>–</u>	<u>233,705</u>

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

41 RISK MANAGEMENT

The Bank has exposure to the following risks from its use of financial instruments: credit risk, market risk, liquidity risk and operational risk.

This note presents information about the Bank's exposure to each of the above risks and their sources, and the Bank's objectives, policies and procedures for measuring and managing these risks.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and internal controls, and to monitor risks and adherence to limits. Risk management policies and relevant internal control systems are reviewed regularly in order to adapt to the changes in market conditions and the Bank's operating activities. The internal audit department of the Bank undertakes both regular and ad-hoc reviews of risk management controls and procedures.

(a) Credit risk

Credit risk represents the potential loss that may arise from the failure of a debtor or counterparty to meet its contractual obligation or commitment to the Bank. Credit risk exposures arise principally from credit business and debt bond investment business. In addition, off-balance sheet financial instruments, such as loan commitments, acceptance bills, letters of guarantee and letters of credit, etc.

Credit business

The Board of Directors formulates the Bank's risk management strategy and acceptable overall risk level, supervises the Bank's risk control, conducts regular assessments of risk status and risk management strategies, and advises on improving the Bank's internal controls related to risk management. The Bank's functional departments engaging in credit risk management mainly include Credit Review Department and Risk Management Department, as well as Corporate Business Department, Small and Micro Business Department and Consumer Finance Department. Risk Management Department is responsible for the overall promotion of the comprehensive risk management system and risk monitoring and management, immediately alerting any negative events that may affect the borrower's ability to repay, and taking countermeasures to prevent and control risks, and is also responsible for the establishment of relevant risk management policies. Credit Review Department is independent of Customer Relationship and Product Management Department so as to ensure the independence of credit extension review. The front line departments such as Corporate Business Department, Small and Micro Business Department and Consumer Finance Department, perform continuous monitoring and post-loan management regarding credit extension programs. The front-line departments such as branches and business divisions, carry out credit business in accordance with the Bank's risk management policies and procedures.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

41 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Credit business (Continued)

The Bank continuously improves the internal control mechanism and strengthens the management of the credit business. The Bank has established comprehensive assessment and inquiry mechanisms, assigning the credit management accountability to the relevant departments and individuals.

For corporate and institutional businesses, with respect to pre-lending evaluations, the Bank assesses customer credit ratings and performs integrated analysis on the risk and return of the loan. In the credit approval phase, all credit applications are approved by designated credit officers. During the post-lending management, the Bank continually monitors outstanding loans and other credit related businesses. Any adverse events that may significantly affect a borrower's repayment ability, actions are taken to mitigate the risks.

For personal credit operation business, credit assessment of applicants is used as the basis for loan approval. In the credit assessment, customer relationship managers are required to assess the income level, credit history and repayment ability of the applicant. The customer relationship managers then forward the application and their recommendations to the loan approval departments for further approval. The Bank monitors borrowers' repayment ability, the status of collateral and any changes to their value during the post-lending phase. Once a loan becomes overdue, the Bank starts the recovery process according to standardised loan recovery procedures.

Stages of risks in financial instrument

The financial assets are categorised by the Bank into the following stages to manage the credit risk:

Stage 1

Financial assets have not experienced a significant increase in credit risk since origination and impairment recognised on the basis of 12 months expected credit losses.

Stage 2

Financial assets have experienced a significant increase in credit risk since origination and impairment is recognised on the basis of lifetime expected credit losses.

Stage 3

If there is objective evidence of impairment of financial instruments at the financial reporting date, the provision for impairment is recognised on the basis of lifetime expected credit losses.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

41 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Significant increase in credit risk

The Bank has set qualitative and quantitative criteria for assessing whether the credit risk of financial instruments has increased significantly since the initial recognition, including:

- Significant adverse changes in the debtor's or the issuer's business, financial and economic status;
- The risk classification of credit assets has changed from Performing upon initial recognition to Watch list;
- The internal rating of loans are below AA, but above D, and the external credit ratings have downgraded by two and more levels;
- The PD of loan at the date of initial recognition be rated higher than 20% (inclusive);
- The external rating of bond issuers and that of financial institutions are below Baa2 (inclusive) (International credit rating), but above D, and the external credit ratings have downgraded by two and more levels; or
- Principal (including advances) or interest is more than 30 days past due.

The Bank uses watch lists to monitor credit risk of financial assets related to loans and treasury operations and conducts regular assessments at the counterparty level. The standards used in determining whether credit risk increases significantly are regularly monitored and reviewed by the management for the appropriateness.

As at December 31, 2023, the Bank has not considered that any of its financial assets has lower credit risk and no longer compared the credit risk at the balance sheet date with that at the initial recognition to identify whether there was a significant increase in credit risk.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

41 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Definition of “default” and “credit-impaired assets”

At each reporting date, the Bank assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- Significant financial difficulty of the issuer or the debtor;
- The debtor constitutes a breach of contract, such as a default on interest or principal payments;
- Concessions granted by the creditor to the debtor that would not have been made under any other circumstances due to economic or contractual considerations related to the debtor’s financial hardship;
- It is probable that the debtor will enter into bankruptcy or other financial restructuring;
- The disappearance of an active market for that financial asset because of financial difficulties of the issuer or the debtor;
- The external rating of bond issuers and that of financial institutions are rated as “D” or default even occurred;
- Purchase or originate a financial asset at a substantial discount that reflects the credit losses incurred; or
- Principal or interest is more than 90 days overdue.

The above criteria apply to all financial assets of the Bank and they are consistent with the definition of “default” adopted by the internal management of credit risk.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

41 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Measurement of expected credit losses ("ECLs")

The Bank adopts ECL model to measure provision for loss of financial assets based on the stages categorised above.

The ECL is the result of the discounted product of probability of default (PD), exposure at default (EAD) and loss given default (LGD). The definitions of these terms are as follows:

- PD refers to the likelihood that a borrower will be unable to meet his repayment obligations over the next 12 months or the remaining lifetime of the loan;
- EAD is the amount that the Bank should be reimbursed upon default of an obligor over the next 12 months or the remaining lifetime of the loan;
- LGD refers to the expected degree of loss arising from the exposure at default which is predicted by the Bank. LGD varies according to different types of counterparties, methods and priority of recovering debts and the availability of collaterals or other credit support.

The Bank determines the ECL by estimating the PD, LGD and EAD of individual exposure or asset portfolios in the 12 months and remaining lifetime. The Bank multiplies these three parameters and makes adjustments according to the probability of their continuance (i.e. there is no prepayment or default at an earlier period). By adopting this approach, the Bank can calculate the ECL for the 12 months and remaining lifetime. The results of calculation for each month are then discounted to the balance sheet date and added up. The discount rate used in the calculation of ECL is the initial effective interest rate or its approximate value.

The lifetime PD is deduced from using the maturity model or 12-month probability of default. The maturity model describes the development rule of the defaults of the asset portfolio over its lifetime. The model is developed based on historical observational data and applicable to all assets in the same portfolio with the same credit rating. The above method is supported by empirical analysis.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

41 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Measurement of ECLs (Continued)

The 12-month EAD and lifetime EAD are determined based on expected repayment arrangements, which are different according to different types of products.

- In respect of the financial assets with instalment repayments and bullet repayment, the Bank determines 12-month or lifetime EAD according to the repayment schedule agreed in the contract and makes adjustment based on prediction of overlimit repayment and prepayments/refinancing made by the borrower.
- As to the off-balance sheet credit commitments, the parameter of EAD is calculated using the current exposure method and obtained from multiplying the nominal amount of the off-balance sheet items on the reporting date by the credit conversion factor ("CCF").
- The Bank determines the 12-month LGD and lifetime LGD based on the factors that affects post-default recovery. LGD for different product types are different.
- As to financial assets classified as guarantees, the Bank determines LGD according to the types of collaterals and their expected value, the discount rate at the compulsory sale, the recovery time and the estimated recovery cost.
- As to credit-based financial assets, the Bank usually determines LGD in the product level due to the limited differences in recoverable amounts from different borrowers.

Forward-looking information should be considered when determining the 12-month and lifetime probability of default, exposure at default and loss given default.

The Bank quarterly monitors and reviews assumptions related to the calculation of expected credit losses, including the changes in PD and the value of collaterals under the different time limits.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

41 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Measurement of ECLs (Continued)

As at December 31, 2023 and December 31, 2022, there has been no significant changes in the estimate techniques and key assumptions of the Bank forward-looking information included in the expected credit loss model is as follows:

- Both the assessment of significant increase in credit risk and the measurement of expected credit losses involve forward-looking information. Based on the analysis on historical data, the Bank identified critical economic indicators that affect the credit risk and ECL of all asset portfolios, including macroeconomic prosperity index, consumer price index (CPI), and one year loan interest rate, etc. The Bank identified the relations between these economic indicators and the probability of default historically by conducting regression analysis and identified the expected probability of default by predicting the future economic indicators.
- When judging whether there is significant increase in credit risk, the Bank multiplies the lifetime PD at the benchmark and under other scenarios by the weight of the scenarios and considers the qualitative and maximum indicators. The Bank measures relevant provision for loss by the weighted 12-month ECL (for stage 1) or the weighted lifetime ECL (for stage 2 and stage 3). The above weighted credit losses are calculated from multiplying the ECL under the different scenarios by the weight of the corresponding scenarios.
- Similar to other economic forecasts, there is highly inherent uncertainty in the assessment of estimated economic indicators and the probability of occurrence, and therefore, the actual results may be materially different from the forecasts. The Bank believes that these forecasts reflect the Bank's best estimate of possible outcomes.
- Other forward-looking factors not incorporated in above scenarios, such as the impact of regulatory and legal changes, have also been taken into account. However, they were not considered to have significant impact and the expected credit losses were not adjusted accordingly. The Bank reviews and monitors the appropriateness of the above assumptions on a quarterly basis.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

41 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Measurement of ECLs (Continued)

Forward-looking information included in the expected credit loss model is as follows:

The Bank adopts three economic scenarios in the ECL measurement to meet the requirements of IFRS 9. The “Baseline” scenario represents a most likely outcome and the other two scenarios, referred to as “optimistic” scenario and “pessimistic” scenario, represent less likely outcomes which are more optimistic or more pessimistic compared to Baseline scenario.

The Baseline scenario is prepared by our Risk Management Department. Historical data, economic trend, external forecast from governmental and non-governmental organisation, etc. are also used as benchmarks to ensure the forecasts are reasonable and supportable. For the optimistic and pessimistic scenarios, the Bank makes reference to the historical macroeconomics data.

The Bank has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each asset portfolio such as macroeconomic prosperity index, CPI, interest rate for 1 year loan. The Bank evaluates and forecasts these economic indicators at least semi-annually and applied them in the impairment model.

The probability weight assigned for each scenario reflects the Bank’s view for the economic environment, which implements the Bank’s prudent and consistent credit strategy of ensuring the adequacy of impairment allowance.

A higher probability weight is assigned to the pessimistic scenario to reflect the most likely outcome and a lower probability weight is assigned to the Baseline and optimistic scenarios to reflect the less likely outcomes. As at 31 December 2023, the weights assigned to various economic scenarios were: “Baseline” 30%, “optimistic” 20%, and “pessimistic” 50% (31 December 2022: the same).

The calculation of ECL is affected by macroeconomic factors and economic scenarios. If more pessimistic macroeconomic factors are applied in ECL assessment or a higher probability weight is assigned to the Bad scenario, it would result in an increase in ECL.

(i) *Maximum credit risk exposure*

The maximum exposure to credit risk represents the worst-case scenario of credit risk exposure at the end of each reporting period, without considering any available collateral held or other credit enhancements. In respect of the on-balance sheet assets, the maximum exposure to credit risk represents the carrying amount of financial assets after deducting any impairment allowance. Besides, off-balance sheet items, such as loan commitments, credit card commitments, bank acceptance bills, letters of credit and financial guarantees also contain credit risks.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

41 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Measurement of ECLs (Continued)

(ii) Financial assets analysed by credit quality are summarised as follows:

	2023			
	Loans and advances to customers	Deposits with banks and other financial institutions	Financial assets held under resale agreements	Financial investments (*)
Balances of financial assets that are assessed for expected credit losses over the next 12 months				
– Overdue but not credit-impaired	497,661	–	–	800,000
– Neither overdue nor credit-impaired	298,920,949	5,974,322	1,651,839	200,987,251
Sub-total	299,418,610	5,974,322	1,651,839	201,787,251
Balances of financial assets that are not credit-impaired and assessed for lifetime expected credit losses				
– Overdue but not credit-impaired	649,150	–	–	–
– Neither overdue nor credit-impaired	25,121,676	–	–	8,317,460
Sub-total	25,770,826	–	–	8,317,460
Balances of credit-impaired financial assets that are assessed for lifetime expected credit losses				
– Overdue and credit-impaired	5,299,042	–	–	487,266
– Credit-impaired but not overdue	1,460,058	–	–	1,496,694
Sub-total	6,759,100	–	–	1,983,960
Accrued interest	680,049	3,426	–	2,158,364
Less: provision for impairment losses	(16,018,352)	(3,503)	(602)	(2,290,142)
Net value	316,610,233	5,974,245	1,651,237	211,956,893

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

41 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Measurement of ECLs (Continued)

(ii) Financial assets analysed by credit quality are summarised as follows: (Continued)

	2022			
	Loans and advances to customers	Deposits with banks and other financial institutions	Financial assets held under resale agreements	Financial investments (*)
Balances of financial assets that are assessed for expected credit losses over the next 12 months				
– Overdue but not credit-impaired	450,543	–	–	–
– Neither overdue nor credit-impaired	<u>258,126,712</u>	<u>5,203,985</u>	<u>13,413,660</u>	<u>197,005,900</u>
Sub-total	<u>258,577,255</u>	<u>5,203,985</u>	<u>13,413,660</u>	<u>197,005,900</u>
Balances of financial assets that are not credit-impaired and assessed for lifetime expected credit losses				
– Overdue but not credit-impaired	1,644,277	–	–	–
– Neither overdue nor credit-impaired	<u>24,868,603</u>	<u>–</u>	<u>–</u>	<u>1,884,061</u>
Sub-total	<u>26,512,880</u>	<u>–</u>	<u>–</u>	<u>1,884,061</u>
Balances of credit-impaired financial assets that are assessed for lifetime expected credit losses				
– Overdue and credit-impaired	3,403,094	–	–	857,468
– Credit-impaired but not overdue	<u>5,034,343</u>	<u>–</u>	<u>–</u>	<u>1,972,582</u>
Sub-total	<u>8,437,437</u>	<u>–</u>	<u>–</u>	<u>2,830,050</u>
Accrued interest	1,388,959	1,517	4,716	2,333,665
Less: provision for impairment losses	<u>(15,177,852)</u>	<u>(972)</u>	<u>–</u>	<u>(2,135,466)</u>
Net value	<u>279,738,679</u>	<u>5,204,530</u>	<u>13,418,376</u>	<u>201,918,210</u>

* Financial assets include financial investments measured at fair value through profit or loss, financial investments measured at fair value through other comprehensive income and financial investments measured at amortised cost.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

41 RISK MANAGEMENT (CONTINUED)**(a) Credit risk (Continued)*****Measurement of ECLs (Continued)******(iii) Loans and advances to customers analysed by credit quality***

Within overdue but not credit impaired loans and advances and credit-impaired loans and advances, the portions covered and not covered by the collateral held as at December 31 are as follows:

	2023		2022	
	Overdue but not credit-impaired loans and advances	Credit-impaired loans and advances	Overdue but not credit-impaired loans and advances	Credit-impaired loans and advances
Portion covered	415,726	3,959,242	234,926	4,447,810
Portion not covered	731,085	2,799,858	1,859,894	3,989,627
Total	1,146,811	6,759,100	2,094,820	8,437,437

The collaterals mainly include land, buildings, machinery and equipment, etc. The fair value of collaterals was estimated by the Bank based on the latest external valuations available, adjusted in light of disposal experience and current market conditions.

(iv) Rescheduled loans and advances to customers

Restructured loans refer to the loans that the Bank adjusts the repayment terms of the loan contract due to the deterioration of the borrower's financial condition or inability to repay. As at December 31, 2023, the Bank has rescheduled loans and advances to customers amounted to RMB1,262.80 million (2022: RMB1,496.91 million).

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

41 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Measurement of ECLs (Continued)

(v) Credit rating

The Bank adopts a credit rating approach in managing the credit risk of the debt securities portfolio. Debt securities are rated with reference to major rating agencies where the issuers of the securities are located. The carrying amounts of debt securities investments analysed by the rating agency designations as at December 31 are as follows:

	2023	2022
Neither overdue nor impaired		
<i>Ratings</i>		
– AAA	37,868,020	37,690,431
– AA- to AA+	<u>9,536,100</u>	<u>14,464,364</u>
Sub-total	47,404,120	52,154,795
Unrated	<u>107,848,439</u>	<u>96,787,483</u>
Total	<u><u>155,252,559</u></u>	<u><u>148,942,278</u></u>

For the year ended December 31, 2023, the unrated debt securities held by the Bank includes bonds issued by the Chinese government and government institutions (the Ministry of Finance, local government and policy banks) amounted to RMB84,670.32 million (2022: RMB81,148.61 million); and interbank deposited issued by commercial banks amounted to RMB5,757.31 million (2022: RMB4,894.85 million).

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

41 RISK MANAGEMENT (CONTINUED)

(b) Market risk

Market risk is the risk of loss, in respect of the Bank's activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, commodity prices, stock prices and other prices.

The Board of Directors is ultimately responsible for monitoring the Bank's market risk management to ensure that the Bank effectively identifies, measures, monitors and controls various market risks faced by each business. The Risk Management Committee and Related Party Transaction Management Committee are responsible for monitoring market risk management within the authorised scope of the Board of Directors, reviewing the strategies, policies and procedures regarding market risk management, and recommendations for acceptable level of market risk proposed by senior management. The market risk faced by the Bank's business operations and development are mostly concentrated in the treasury operations. The Financial Markets Department is responsible for fund investment and proprietary trading. The Planning and Financial Department is responsible for the daily monitoring and management of interest rate risk under the Bank accounts; and the Transaction Banking Department is responsible for the daily monitoring and management of exchange rate risk. The Risk Management Department is responsible for drafting basic policies and procedures for market risk management, as well as identifying, measuring and monitoring the Bank's market risk.

The major source of market risk of the Bank is the asset and liability businesses involved in market operation and the risks in interest rate and exchange rate of products.

Interest rate risk

Interest rate risk refers to the risk that the adverse changes in interest rate levels and maturity structures will cause the Bank to suffer losses. The Bank's interest rate risk mainly comes from the repricing risk, trading interest rate risk and the inconsistent changes in the benchmark interest rate on which assets and liabilities are based.

Repricing risk

Repricing risk, which is also known as "maturity mismatch risk", is the most common form of interest rate risk. It is caused by the differences in timing between the maturities (related to fixed interest instruments) or repricing (related to floating interest instruments) of bank assets, liabilities and off-balance sheet items. The mismatch of repricing timing causes the Bank's income or its inherent economic value to vary with the movement in interest rates.

The Planning and Financial Department is responsible for the measurement, monitoring and management of interest rate risk of the banking book. In respect of measuring and managing risks, the Bank regularly assesses the impact of interest rate sensitivity repricing gaps and interest rate changes on the Bank's net interest income and economic value. The main purpose of interest rate risk management of the banking book is to reduce the potential negative impact of interest rate changes on net interest income and economic value.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

41 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

Interest rate risk (Continued)*Trading interest rate risk*

Trading interest rate risk mainly arises from the investment portfolios of financial markets. Interest rate risk is monitored using the effective duration analysis method. The Bank employs other supplementary methods to measure its interest rate sensitivity, which is expressed as changes in the fair value of investment portfolios given a 100 basis points (1%) movement in the interest rates.

- (i) The following tables indicate the assets and liabilities as at December 31 by the expected next repricing dates or by maturity dates, depending on which is earlier:

	Total	2023				More than five years
		Non-interest bearing	Less than three months	Between three months and one year	Between one year and five years	
Assets						
Cash and deposits with the central bank	29,750,843	490,618	29,260,225	-	-	-
Deposit with banks and other financial institutions	5,974,245	3,425	5,970,820	-	-	-
Financial assets held under resale agreements	1,651,237	-	1,651,237	-	-	-
Loans and advances to customers (Note (i))	316,610,233	1,050,681	74,356,549	199,219,062	17,725,641	24,258,300
Financial investments (Note (iii))	211,956,893	45,681,990	13,913,461	25,599,129	87,973,362	38,788,951
Others	317,474	317,474	-	-	-	-
Total assets	566,260,925	47,544,188	125,152,292	224,818,191	105,699,003	63,047,251
Liabilities						
Borrowings from the central bank	43,458,074	444,374	9,580,000	33,433,700	-	-
Deposits from banks and other financial institutions	25,382,493	95,382	3,502,111	21,785,000	-	-
Placements from banks and other financial institutions	4,944,628	3,528	2,500,000	2,141,100	300,000	-
Deposits from customers	356,246,245	7,529,303	179,159,984	68,071,431	100,354,993	1,130,534
Debt securities issued	94,267,804	257,256	27,469,584	53,041,413	13,499,551	-
Others	678,375	678,375	-	-	-	-
Total liabilities	524,977,619	9,008,218	222,211,679	178,472,644	114,154,544	1,130,534
Asset-liability gap	41,283,306	38,535,970	(97,059,387)	46,345,547	(8,455,541)	61,916,717

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

41 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

Trading interest rate risk (Continued)

- (i) The following tables indicate the assets and liabilities as at December 31 by the expected next repricing dates or by maturity dates, depending on which is earlier: (Continued)

	Total	2022				
		Non-interest bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
Assets						
Cash and deposits with the central bank	23,249,900	754,890	22,495,010	-	-	-
Deposit with banks and other financial institutions	5,204,530	1,517	5,203,013	-	-	-
Financial assets held under resale agreements	13,418,376	4,716	13,413,660	-	-	-
Loans and advances to customers <i>(Note (i))</i>	279,738,679	1,950,371	65,485,407	168,896,497	26,358,246	17,048,158
Financial investments <i>(Note (iii))</i>	201,918,210	38,728,951	6,761,870	25,512,790	95,130,134	35,784,465
Others	250,704	250,704	-	-	-	-
Total assets	523,780,399	41,691,149	113,358,960	194,409,287	121,488,380	52,832,623
Liabilities						
Borrowings from the central bank	38,106,949	433,348	9,306,701	28,366,900	-	-
Deposits from banks and other financial institutions	23,228,193	127,355	3,140,838	19,960,000	-	-
Placements from banks and other financial institutions	4,604,940	3,840	2,100,000	1,861,100	640,000	-
Financial assets sold under repurchase agreements	8,501,793	1,793	8,500,000	-	-	-
Deposits from customers	326,324,447	4,876,369	169,864,495	57,840,378	91,643,177	2,100,028
Debt securities issued	84,790,579	145,449	17,663,469	52,187,956	11,998,748	2,794,957
Others	744,691	744,691	-	-	-	-
Total liabilities	486,301,592	6,332,845	210,575,503	160,216,334	104,281,925	4,894,985
Asset-liability gap	37,478,807	35,358,304	(97,216,543)	34,192,953	17,206,455	47,937,638

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

41 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

Trading interest rate risk (Continued)

- (i) The following tables indicate the assets and liabilities as at December 31 by the expected next repricing dates or by maturity dates, depending on which is earlier: (Continued)

Notes:

- (i) As at December 31, 2023, for loans and advances to customers, the category “Less than three months” includes overdue amounts (net of provision for impairment losses) of RMB443.01 million (2022: RMB748.38 million).
- (ii) Financial investments include financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income and financial investments at amortised cost. As at December 31, 2023, for financial investments, there is no overdue amounts (net of provision for impairment losses) in the category “Less than three months” (2022: RMB70.78 million).

- (ii) Interest rate sensitivity analysis

The Bank uses sensitivity analysis to measure the impact of changes in interest rate on the Bank’s net profit or loss and equity.

	2023 (Decrease)/increase	2022 (Decrease)/increase
Changes in net profit		
Up 100 bps parallel shift in yield curves	(566,464)	(593,029)
Down 100 bps parallel shift in yield curves	566,464	593,029
Changes in equity		
Up 100 bps parallel shift in yield curves	(1,911,145)	(1,841,474)
Down 100 bps parallel shift in yield curves	2,047,807	1,956,857

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

41 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

Trading interest rate risk (Continued)

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

- (ii) Interest rate sensitivity analysis (Continued)
 - Interest rate movements at the end of each of the reporting period apply to non-derivative financial instruments of the Bank;
 - At the end of each of the reporting period, an interest rate movement of 100 basis points is based on the assumption of interest rates movement over the next 12 months;
 - There is a parallel shift in the yield curve with the changes in interest rates;
 - There are no other changes to the assets and liabilities portfolio;
 - Other variables (including exchange rates) remain unchanged; and
 - The analysis does not take into account the effect of risk management measures taken by the management.

Due to the adoption of the aforementioned assumptions, the actual changes in the Bank's net profit or loss and equity caused by an increase or decrease in interest rates might vary from the estimated results of this sensitivity analysis.

Foreign currency risk

The Bank's currency risk mainly arises from foreign currency deposits with banks and other financial institutions and deposits from customers. The Bank manages currency risk by matching its foreign currency denominated assets with corresponding liabilities in the same currencies.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

41 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

Foreign currency risk (Continued)

(i) The Bank's currency exposures as at December 31 were as follows:

	2023				Total (RMB equivalent)
	RMB (RMB equivalent)	USD (RMB equivalent)	HKD (RMB equivalent)	Other (RMB equivalent)	
Assets					
Cash and deposits with the central bank	29,744,774	6,069	-	-	29,750,843
Deposits with banks and other financial institutions	5,818,974	6,725	-	148,546	5,974,245
Financial assets held under resale agreements	1,651,237	-	-	-	1,651,237
Loans and advances to customers	316,388,545	221,688	-	-	316,610,233
Financial investments	211,956,893	-	-	-	211,956,893
Others	317,474	-	-	-	317,474
Total assets	<u>565,877,897</u>	<u>234,482</u>	<u>-</u>	<u>148,546</u>	<u>566,260,925</u>
Liabilities					
Borrowings from the central bank	(43,458,074)	-	-	-	(43,458,074)
Deposits from banks and other financial institutions	(25,382,493)	-	-	-	(25,382,493)
Placements from banks and other financial institutions	(4,944,628)	-	-	-	(4,944,628)
Deposits from customers	(356,092,229)	(5,445)	-	(148,571)	(356,246,245)
Debt securities issued	(94,267,804)	-	-	-	(94,267,804)
Others	(455,763)	(222,612)	-	-	(678,375)
Total liabilities	<u>(524,600,991)</u>	<u>(228,057)</u>	<u>-</u>	<u>(148,571)</u>	<u>(524,977,619)</u>
Net position	<u>41,276,906</u>	<u>6,425</u>	<u>-</u>	<u>(25)</u>	<u>41,283,306</u>
Off-balance sheet credit commitments					
	<u>24,284,654</u>	<u>27,982</u>	<u>-</u>	<u>-</u>	<u>24,312,636</u>

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

41 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

Foreign currency risk (Continued)

(i) The Bank's currency exposures as at December 31 were as follows: (Continued)

	2022				Total (RMB equivalent)
	RMB (RMB equivalent)	USD (RMB equivalent)	HKD (RMB equivalent)	Other (RMB equivalent)	
Assets					
Cash and deposits with the central bank	23,248,256	1,644	–	–	23,249,900
Deposits with banks and other financial institutions	5,092,785	104,314	–	7,431	5,204,530
Financial assets held under resale agreements	13,418,376	–	–	–	13,418,376
Loans and advances to customers	279,603,661	135,018	–	–	279,738,679
Financial investments	201,918,210	–	–	–	201,918,210
Others	250,704	–	–	–	250,704
Total assets	523,531,992	240,976	–	7,431	523,780,399
Liabilities					
Borrowings from the central bank	(38,106,949)	–	–	–	(38,106,949)
Deposits from banks and other financial institutions	(23,228,193)	–	–	–	(23,228,193)
Placements from banks and other financial institutions	(4,604,940)	–	–	–	(4,604,940)
Financial assets sold under repurchase agreements	(8,501,793)	–	–	–	(8,501,793)
Deposits from customers	(326,295,824)	(21,200)	–	(7,423)	(326,324,447)
Debt securities issued	(84,790,579)	–	–	–	(84,790,579)
Others	(531,363)	(213,327)	–	(1)	(744,691)
Total liabilities	(486,059,641)	(234,527)	–	(7,424)	(486,301,592)
Net position	37,472,351	6,449	–	7	37,478,807
Off-balance sheet credit commitments	28,962,236	90,487	–	–	29,052,723

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

41 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

Foreign currency risk (Continued)

(ii) Exchange rate sensitivity analysis

Changes in net profit	2023	2022
	(Decrease)/increase	(Decrease)/increase
Foreign exchange rate decrease by 100 bps	(48)	(48)
Foreign exchange rate increase by 100 bps	48	48

The sensitivity analysis mentioned above is based on a static foreign exchange exposure profile of assets and liabilities and certain simplified assumptions as set out below:

- The foreign exchange sensitivity is the gain and loss recognised as a result of 100 basis points fluctuation in the foreign currency exchange rates against RMB based on the closing rate of reporting date;
- The fluctuation of exchange rates by 100 basis points is based on the assumption of exchange rates movement over the next 12 months;
- The exchange rates against RMB for the US dollars and other foreign currencies change in the same direction simultaneously; and
- Other variables (including interest rates) remain unchanged.

The analysis does not take into account the effect of risk management measures taken by the Bank. Due to the assumptions adopted, actual changes in the Bank's net profit or loss resulting from the increase or decrease in foreign exchange rates may vary from the estimated results of this sensitivity analysis.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

41 RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Liquidity risk refers to the risk of the failure to obtain sufficient funds in a timely manner at reasonable prices for meeting assets growth or repaying mature debts, although the commercial banks are capable of paying off debts. The Bank monitors its future cash flows based on liquidity risk management policies and ensures that appropriate levels of highly liquid assets are maintained.

The Liquidity Risk Management Committee is responsible for the overall liquidity of the Bank. The committee is responsible for formulating liquidity policies in accordance with regulatory requirements and prudential principles. Policy objectives include:

- Maintain a sound and adequate liquidity level and establish a sound liquidity risk management system to ensure timely payment obligations and the satisfaction of liquidity requirements arising from assets, liabilities and off-balance sheet businesses, thereby balancing the effectiveness and safety of funds; and
- Make timely and reasonable adjustments to the scale and structure of assets and liabilities based on market changes and business development, and under the premise of ensuring liquidity, moderately pursue profit maximisation and cost minimisation, and realise the centralisation of safety, liquidity and efficiency for the Bank's funds.

The Planning and Financial Department takes the lead in implementing the liquidity risk management policy and is responsible for formulating and timely revising the liquidity risk management strategy, and the identification, measurement, monitoring and mitigation management of the Bank's liquidity risk. In the meantime, the Planning and Financial Department and the Financial Markets Department are responsible for daily position management and forecasting and maintaining an appropriate level of highly liquid portfolio based on liquidity management strategies. The Financial Markets Department operates in accordance with the instructions from the Planning and Financial Department. In case of significant payment crisis or structural changes, the Financial Markets Department should report to the Liquidity Risk Management Committee and make recommendations in a timely manner.

Most of the sources of funds for the assets held by the Bank are deposits from customers. In recent years, the Bank's deposits from customers continue to grow, with diversified categories and types of maturities, it has become a stable source of funds.

The Bank mainly adopts liquidity gap analysis to measure liquidity risk and uses different scenario analysis and stress tests to assess the impact of liquidity risk.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

41 RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

The following tables provide an analysis of assets and liabilities of the Bank into relevant maturity groupings based on the remaining periods to repayment at December 31:

	Indefinite <i>Note (i)</i>	Repayable on demand	Within one month	2023				Total
				Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
Assets								
Cash and deposits with the central bank	18,905,388	10,845,455	-	-	-	-	-	29,750,843
Deposits with banks and other financial institutions	-	5,974,245	-	-	-	-	-	5,974,245
Financial assets held under resale agreements	-	-	1,651,237	-	-	-	-	1,651,237
Loans and advances to customers	1,495,394	556,350	16,171,200	15,804,572	82,425,206	89,818,056	110,339,455	316,610,233
Financial investments	268,756	-	48,767,856	9,537,296	26,620,672	87,973,362	38,788,951	211,956,893
Others	317,474	-	-	-	-	-	-	317,474
Total assets	20,987,012	17,376,050	66,590,293	25,341,868	109,045,878	177,791,418	149,128,406	566,260,925
Liabilities								
Borrowings from the central bank	-	-	3,080,209	6,725,729	33,652,136	-	-	43,458,074
Deposits from banks and other financial institutions	-	62,121	470,990	3,020,726	21,828,656	-	-	25,382,493
Placements from banks and other financial institutions	-	-	500,368	2,003,159	2,141,101	300,000	-	4,944,628
Deposit from customers	-	134,199,154	17,624,545	29,365,279	70,008,487	103,916,297	1,132,483	356,246,245
Debt securities issued	-	-	4,304,089	23,362,367	53,101,797	13,499,551	-	94,267,804
Others	331,981	346,394	-	-	-	-	-	678,375
Total liabilities	331,981	134,607,669	25,980,201	64,477,260	180,732,177	117,715,848	1,132,483	524,977,619
Net position	20,655,031	(117,231,619)	40,610,092	(39,135,392)	(71,686,299)	60,075,570	147,995,923	41,283,306

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

41 RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

The following tables provide an analysis of assets and liabilities of the Bank into relevant maturity groupings based on the remaining periods to repayment at December 31: (Continued)

	2022							Total
	Indefinite Note (i)	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
Assets								
Cash and deposits with the central bank	17,530,876	5,719,024	-	-	-	-	-	23,249,900
Deposits with banks and other financial institutions	-	5,204,530	-	-	-	-	-	5,204,530
Financial assets held under resale agreements	-	-	13,418,376	-	-	-	-	13,418,376
Loans and advances to customers	4,729,436	1,213,010	15,070,175	9,599,071	55,686,385	84,640,246	108,800,356	279,738,679
Financial investments	435,269	-	39,585,924	4,224,160	26,758,258	95,130,134	35,784,465	201,918,210
Others	250,704	-	-	-	-	-	-	250,704
Total assets	22,946,285	12,136,564	68,074,475	13,823,231	82,444,643	179,770,380	144,584,821	523,780,399
Liabilities								
Borrowings from the central bank	-	-	-	9,572,091	28,534,858	-	-	38,106,949
Deposits from banks and other financial institutions	-	70,908	255,885	2,849,786	20,051,614	-	-	23,228,193
Placements from banks and other financial institutions	-	-	400,397	1,703,437	1,861,106	640,000	-	4,604,940
Financial assets sold under repurchase agreements	-	-	8,501,793	-	-	-	-	8,501,793
Deposit from customers	-	134,989,213	14,243,692	21,756,135	59,035,918	94,197,379	2,102,110	326,324,447
Debt securities issued	-	-	2,007,269	15,735,755	52,253,850	11,998,748	2,794,957	84,790,579
Others	355,823	388,868	-	-	-	-	-	744,691
Total liabilities	355,823	135,448,989	25,409,036	51,617,204	161,737,346	106,836,127	4,897,067	486,301,592
Net position	22,590,462	(123,312,425)	42,665,439	(37,793,973)	(79,292,703)	72,934,253	139,687,754	37,478,807

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

41 RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

Note:

- (i) Indefinite amount of cash and deposits with the central bank represents the statutory deposit reserves and fiscal deposits with the central bank. Impaired deposits with banks and other financial institutions represents in indefinite category. Indefinite amount of loans and advances to customers includes all the credit-impaired loans, as well as those overdue more than one month. Loans and advances to customers with no impairment but overdue within one month are classified into the category of repayable on demand. Indefinite amount of investments represents credit-impaired investments or those overdue more than one month. Equity investments are listed in the category of indefinite.

The following tables provide an analysis of the contractual undiscounted cash flow of the non-derivative financial liabilities of the Bank at December 31:

	Carrying amount	Contractual undiscounted cash flow	Repayable on demand	2023				
				Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Non-derivative financial liabilities								
Borrowings from the central bank	43,458,074	44,053,960	-	3,083,646	6,798,030	34,172,284	-	-
Deposits from banks and other financial institutions	25,382,493	25,832,199	62,122	471,767	3,133,947	22,164,363	-	-
Placements from banks and other financial institutions	4,944,628	4,997,720	-	500,847	2,028,182	2,168,083	300,608	-
Deposits from customers	356,246,245	369,724,558	134,199,153	17,643,296	29,517,384	71,293,649	115,733,182	1,337,894
Debt securities issued	94,267,804	96,285,956	-	4,310,000	23,676,972	54,146,884	14,152,100	-
Total non-derivative financial liabilities	524,299,244	540,894,393	134,261,275	26,009,556	65,154,515	183,945,263	130,185,890	1,337,894

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

41 RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

The following tables provide an analysis of the contractual undiscounted cash flow of the non-derivative financial liabilities of the Bank at December 31: (Continued)

	Carrying amount	Contractual undiscounted cash flow	Repayable on demand	2022				
				Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Non-derivative financial liabilities								
Borrowings from the central bank	38,106,949	38,241,265	-	3,086,688	6,117,400	29,037,177	-	-
Deposits from banks and other financial institutions	23,228,193	23,582,255	70,908	256,163	2,926,300	20,328,884	-	-
Placements from banks and other financial institutions	4,604,940	4,679,345	-	400,477	1,729,948	1,894,760	654,160	-
Financial assets sold under repurchase agreements	8,501,793	8,503,221	-	8,503,221	-	-	-	-
Deposits from customers	326,324,447	337,950,232	134,989,236	14,264,743	21,872,091	60,125,750	104,085,370	2,613,042
Debt securities issued	84,790,579	87,468,750	-	60,000	17,907,655	53,331,395	13,224,700	2,945,000
Total non-derivative financial liabilities	<u>485,556,901</u>	<u>500,425,068</u>	<u>135,060,144</u>	<u>26,571,292</u>	<u>50,553,394</u>	<u>164,717,966</u>	<u>117,964,230</u>	<u>5,558,042</u>

This analysis of the non-derivative financial liabilities by contractual undiscounted cash flow might diverge from actual results.

(d) Operational risk

Operational risk is the risk of losses due to problems with internal procedures, personnel and information systems, or external events.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

41 RISK MANAGEMENT (CONTINUED)

(d) Operational risk (Continued)

The Board is ultimately responsible for our operational risk management and the senior management leads our day-to-day operational risk management. The Bank has established “three lines of defense” against operational risk. The first line of defense is formed by various business and management departments of our head office, branches and sub-branches, directly managing and assuming operational risk. The second line of defense is our Risk and Legal Compliance Department, which are responsible for supervising and guiding the management of operational risk in the first line of defense. The third line of defense is our Audit Department, which is responsible for supervising and evaluating the performance of our operational risk management in the first and second lines of defense and their effectiveness.

During the Reporting Period, the Bank clarified the operational risk management policy, improved the operational risk management related system, strengthened the application of operational risk management system, continuously strengthened the application of operational risk management tools, actively prevented and responded to various operational risks, and further promoted the Bank's operational risk management capability and effectiveness to support the healthy development of its business. Firstly, the Bank revised the management system for dealing with employees' violations of rules and disciplines and minor non-compliance points, strengthened accountability, sorted out the key points of job separation, and formulated the management system for incompatible posts to continuously consolidate the basis for the management and control of operational risks; secondly, the Bank continued to maintain the stable operation of the three management tools, namely, “Operational Risk and Control Self-Assessment” (RCSA), “Key Risk Indicator” (KRI), and “Loss Data Collection” (LDC), and deployed some of the product-type and behavioral management monitoring models in conjunction with the actual up line to strengthen the monitoring, early-warning and analysis of operational risks; thirdly, the Bank insisted on the guidance of science and technology, launched and put into operation the operational risk and internal control and compliance management system, and optimized the information management process of operational risk and internal control and compliance to boost the Bank's digital risk control capability of operational risk and internal control and compliance to a new stage; fourthly, relying on the system, the Bank built a whole-process management system for inspection, rectification and accountability, strengthened the base of operational risk management, and highlighted the effect of visualization of risk control to enhance the risk management and control capability of the first line of defense of operational risks; fifthly, the Bank completed the operational risk stress testing, established the operational risk capital measurement scheme in accordance with the requirements of the new capital regulations, and completed the system function renovation to ensure that the Bank has the ability to regularly carry out measurements, analyses and reports on operational risk-weighted assets by adopting the new standard approach; sixthly, the Bank revised and improved the management measures for outsourcing risks, incorporated the scope of outsourcing activities into the catalogue management, improved the management mechanism of outsourcing declaration authority, organized special inspections of business manpower outsourcing management around the management priorities, and conducted regular inspections of IT manpower outsourcing execution to strengthen the management of operational risk mitigation; and seventhly, the Bank expanded the scope of access channels, optimized the monitoring rule model, improved the system functions, and continuously improved the ability to prevent external fraud risks relying on the anti-fraud application platform.

During the Reporting Period, the Bank managed and controlled operational risk in strict accordance with the Commercial Bank Operational Risks Management Guidelines (《商業銀行操作風險管理指引》) and the Operational Risk Management Measures of Bank of Guizhou (《貴州銀行操作風險管理辦法》) and the overall operational risk was controllable.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

42 FAIR VALUE

(a) Methods and assumptions for measurement of fair value

The Bank adopts the following methods and assumptions when evaluating fair values:

(i) *Debt securities and equity investments*

The fair values of debt securities and equity investments that are traded in an active market are based on their quoted market prices in an active market at the end of the reporting period. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or discounted cash flows.

(ii) *Investments and other non-derivative financial assets*

Fair values are estimated as the present value of the future cash flows, discounted at the market interest rates at the end of the reporting period.

(iii) *Debt securities issued and other non-derivative financial liabilities*

Fair values of debt securities issued are based on their quoted market prices at the end of the reporting period, or the present value of estimated future cash flows. The fair values of other non-derivative financial liabilities are valued at the present value of estimated future cash flows. The discount rates are based on the market interest rates at the end of the reporting period.

The Bank has established policies and internal controls with respect to the measurement of fair values, specify the framework of fair value measurement of financial instruments, fair value measurement methodologies and procedures.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

42 FAIR VALUE (CONTINUED)

(b) Fair value measurement

(i) *Financial assets*

The Bank's financial assets mainly consist of cash and deposits with the central bank, deposits with banks and other financial institutions, loans and advances to customers, and investments.

Deposits with the central bank, deposits with banks and other financial institutions and financial assets held under resale agreements are mostly priced at market interest rates and due within one year. Accordingly, the carrying amounts approximate the fair values.

Loans and advances to customers are mostly priced at floating rates close to the PBOC rates. Accordingly, the carrying amounts approximate the fair values. The fair values of loans and advances to customers measured at fair value through other comprehensive income are based on valuation techniques.

Financial investments at fair value through other comprehensive income and financial assets at fair value through profit or loss are stated at fair value. Financial investments at amortised cost are the reasonable approximations of their fair values because, for example, they are repriced at current market rates frequently.

(ii) *Financial liabilities*

The Bank's financial liabilities mainly include deposits from banks and other financial institutions, placements from banks and other financial institutions, financial assets sold under repurchase agreements, deposits from customers and debt securities issued.

The book value and fair value of debt securities issued is presented in Note 31. The carrying amounts of other financial liabilities approximate their fair value.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

42 FAIR VALUE (CONTINUED)

(c) Fair value hierarchy

The following table presents the fair value of financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available; and
- Level 3: Fair value measured using significant unobservable inputs.

If there is a reliable market quote for financial instruments, the fair value of financial instruments is based on quoted market prices. If a reliable quoted market price is not available, the fair value of the financial instruments is estimated using valuation techniques. Valuation techniques applied include reference to the fair value of another instrument that is substantially the same, discounted cash flow analysis. The inputs used in valuation techniques include risk-free and benchmark interest rates and credit spreads. Where discounted cash flow analysis is used, estimated cash flows are based on management's best estimates and the discount rate used is reference to another instrument that is substantially the same.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

42 FAIR VALUE (CONTINUED)

(c) Fair value hierarchy (Continued)

	2023			Total
	Level 1	Level 2	Level 3	
Recurring fair value measurements				
Assets				
<i>Loans and advances to customers measured at fair value through other comprehensive income</i>				
– Discounted bills	–	11,457,527	–	11,457,527
<i>Financial investments at fair value through profit or loss</i>				
– Debt securities	–	36,817,214	–	36,817,214
– Investment funds	43,485,875	–	–	43,485,875
– Structured notes issued by securities companies	–	–	103,817	103,817
<i>Financial investments at fair value through other comprehensive income</i>				
– Debt securities	–	57,451,915	–	57,451,915
– Asset-backed securities	–	390,625	–	390,625
– Equity investments	–	–	37,750	37,750
Total	43,485,875	106,117,281	141,567	149,744,723

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

42 FAIR VALUE (CONTINUED)

(c) Fair value hierarchy (Continued)

	2022			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Assets				
<i>Loans and advances to customers measured at fair value through other comprehensive income</i>				
– Discounted bills	–	4,369,527	–	4,369,527
<i>Financial investments at fair value through profit or loss</i>				
– Debt securities	–	35,658,584	–	35,658,584
– Investment funds	36,456,125	–	–	36,456,125
<i>Financial investments at fair value through other comprehensive income</i>				
– Debt securities	–	58,969,230	–	58,969,230
– Asset-backed securities	–	404,332	–	404,332
– Equity investments	–	–	37,750	37,750
Total	<u>36,456,125</u>	<u>99,401,673</u>	<u>37,750</u>	<u>135,895,548</u>

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

42 FAIR VALUE (CONTINUED)

(c) Fair value hierarchy (Continued)

The movement during the year ended December 31, 2023 in the balance of Level 3 fair value measurements is as follows:

	January 1, 2023	Transfer into Level 3	Transfer out of Level 3	Total gains or losses		Purchases, issues, sales and settlements		December 31, 2023	Total gains or losses for the year included profit or loss for assets held at the end of the year
				Recorded in profit or loss	Recorded in other comprehensive income	Purchases	Settlements		
Assets									
Financial investments at fair value through profit or loss									
– structured notes issued by securities companies	-	-	-	3,817	-	100,000	-	103,817	3,817
Financial investments at fair value through other comprehensive income									
– equity investments	37,750	-	-	-	-	-	-	37,750	-
Total	37,750	-	-	3,817	-	100,000	-	141,567	3,817

The movement during the year ended December 31, 2022 in the balance of Level 3 fair value measurements is as follows:

	January 1, 2022	Transfer into Level 3	Transfer out of Level 3	Total gains or losses		Purchases, issues, sales and settlements		December 31, 2022	Total gains or losses for the year included profit or loss for assets held at the end of the year
				Recorded in profit or loss	Recorded in other comprehensive income	Purchases	Settlements		
Assets									
Financial investments at fair value through profit or loss									
– structured notes issued by securities companies	197,780	-	-	9,477	-	100,000	(307,257)	-	-
Financial investments at fair value through other comprehensive income									
– equity investments	37,750	-	-	-	-	-	-	37,750	-
Total	235,530	-	-	9,477	-	100,000	(307,257)	37,750	-

Notes to the Financial Statements (Continued)

*(Expressed in thousands of Renminbi, unless otherwise stated)***42 FAIR VALUE (CONTINUED)****(c) Fair value hierarchy (Continued)**

During the years ended December 31, 2023 and 2022, the carrying amounts of financial instruments valued with significant unobservable inputs were immaterial, and the effects of changes in significant unobservable assumptions to reasonably possible alternative assumptions were also immaterial.

The valuation techniques used and the qualitative and quantitative information of key parameters for recurring fair value measurements categorised within Level 3.

Quantitative information of Level 3 fair value measurement is as below:

	Fair value as at December 31, 2023	Valuation techniques	Unobservable inputs
Financial investments at fair value through profit or loss			
– structured notes issued by securities companies	103,817	Discounted cash flow	Risk-adjusted discount rate, cash flow
Financial investments at fair value through other comprehensive income			
– Equity investments	37,750	Discounted cash flow	Risk-adjusted discount rate, cash flow
	Fair value as at December 31, 2022	Valuation techniques	Unobservable inputs
Financial investments at fair value through other comprehensive income			
– Equity investments	37,750	Discounted cash flow	Risk-adjusted discount rate, cash flow

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

42 FAIR VALUE (CONTINUED)

(c) Fair value hierarchy (Continued)

During the year ended December 31, 2023, there were no significant changes in the valuation techniques (2022: nil).

As at December 31, 2023 and 2022, unobservable inputs such as risk-adjusted discount rate and cash flow were used in the valuation of financial assets at fair value classified as Level 3, which were mainly equity investments and wealth management products. The fair value of these financial assets fluctuates according to the changes in the unobservable inputs.

The sensitivity of the fair value on changes in unobservable inputs for Level 3 financial instruments is measured at fair value on an ongoing basis.

The fair value of financial instruments is, in certain circumstances, measured using valuation models which incorporate assumptions that are not supported by prices from observable current market transactions in the same instrument and are not based on observable market data. The following table shows the sensitivity of fair value due to parallel movement of plus or minus 1 percent of change in fair value to reasonably possible alternative assumptions.

	2023			
	Effect on net profit		Effect on other comprehensive income	
	Favourable	(Unfavourable)	Favourable	(Unfavourable)
Financial investments at fair value through profit or loss				
– structured notes issued by securities companies	38	(38)	–	–

As at year ended December 31, 2022, the level 3 financial instrument has no sensitivity of fair value.

Notes to the Financial Statements (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

43 ENTRUSTED LENDING BUSINESS

The Bank provides entrusted lending business services to customers. All entrusted loans are funded by entrusted funds from these customers. The Bank does not take any credit risk in relation to these transactions. The Bank acts as an agent to hold and manage these assets and liabilities at the direction of the entrustor and receives fee income for the services provided. The entrusted assets are not the assets of the Bank and are not recognised in the statements of financial position. Surplus funding is accounted for as deposits from customers.

	2023	2022
Entrusted loans	44,213,505	41,592,093
Entrusted funds	44,213,505	41,592,093

44 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Credit commitments

The Bank's credit commitments take the form of approved loans with signed contracts, credit card commitments, bank acceptances, letters of credit and financial guarantees.

The contractual amounts of loans commitments represent the amounts should the contracts be fully drawn upon. The Bank provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Acceptances comprise of undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be settled simultaneously with the reimbursement from the customers.

	2023	2022
Credit card commitments	12,891,294	11,900,588
Sub-total	12,891,294	11,900,588
Acceptances	9,627,067	15,596,513
Letters of credit	899,874	589,487
Letters of guarantees	894,401	966,135
Total	24,312,636	29,052,723

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

Notes to the Financial Statements (Continued)*(Expressed in thousands of Renminbi, unless otherwise stated)***44 COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)****(b) Credit risk-weighted amount**

	2023	2022
Credit risk-weighted amounts	7,598,827	10,253,108

The credit risk-weighted amount represents the amount calculated with reference to the guidelines issued by the former CBRC.

(c) Capital commitments

As at December 31, the Bank's authorised capital commitments are as follows:

	2023	2022
Contracted but not paid for	201,071	156,765
Authorised but not contracted for	2,713	–
Total	203,784	156,765

(d) Outstanding litigations and disputes

As at December 31, 2023, the Bank was the defendant in certain pending litigations and disputes with an estimated gross amount of RMB209.73 million (2022: RMB15.67 million). The Bank has assessed the impact of the above outstanding litigation and disputes that may lead to an outflow of economic benefits. Management believes that the Bank is extremely unlikely to be liable for compensation. Therefore, the Bank didn't recognise any litigation provision.

45 SUBSEQUENT EVENTS

The Bank has no material events for disclosure subsequent to the end of the reporting period.

Notes to the Financial Statements (Continued)

*(Expressed in thousands of Renminbi, unless otherwise stated)***46 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED DECEMBER 31, 2023**

Up to the date of issue of these financial statements, a number of amendments, new standards and interpretations are issued which are not yet effective for the year ended December 31, 2023 and which have not been adopted in these financial statements. These include the following which may be relevant to the Bank.

	Effective for Accounting period beginning on or after
Amendments to IAS 1, Classification of Liabilities as Current or Non-current	January 1, 2024
Amendments to IAS 1, Non-current Liabilities with Covenants	January 1, 2024
Amendments to IFRS 16, Lease Liability in a Sale and Leaseback	January 1, 2024
Amendments to IAS 7 and IFRS 7, Supplier Finance Arrangement	January 1, 2024
Amendments to IAS 21, Lack of Exchange ability	January 1, 2025
Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Bank is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

Unaudited Supplementary Financial Information

(Expressed in thousands of Renminbi, unless otherwise stated)

The information set out below does not form part of the financial statements, and is included herein for information purpose only.

In accordance with the Hong Kong Listing Rules and Banking (Disclosure) Rules, the Bank discloses the unaudited supplementary financial information as follows:

1 LIQUIDITY COVERAGE RATIO AND LEVERAGE RATIO

Liquidity coverage ratio

	2023	Average for 2023
Liquidity coverage ratio (RMB and foreign currency)	<u>365.70%</u>	<u>392.55%</u>
	2022	Average for 2022
Liquidity coverage ratio (RMB and foreign currency)	<u>419.41%</u>	<u>377.02%</u>

Pursuant to the Administrative Measures for Liquidity Risk Management of Commercial Banks (Provisional), the liquidity coverage ratio of commercial banks shall reach 100% by the end of 2018.

Leverage Ratio

	2023	2022
Leverage Ratio	<u>7.95%</u>	<u>7.73%</u>

Pursuant to the Leverage Ratio Management of Commercial Banks issued by the former CBRC and was effective since April 1, 2015, a minimum leverage ratio 4% is required for commercial banks.

The above liquidity coverage ratio and leverage ratio are calculated in accordance with the formula promulgated by the former CBRC and based on the financial information prepared in accordance with PRC GAAP.

Unaudited Supplementary Financial Information (Continued)

(Expressed in thousands of Renminbi, unless otherwise stated)

2 CURRENCY CONCENTRATIONS

	At December 31, 2023			Total
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
Spot assets	235,714	–	148,571	384,285
Spot liabilities	6,315	–	148,571	154,886
Net position	229,399	–	–	229,399

	At December 31, 2022			Total
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
Spot assets	244,141	–	7,424	251,565
Spot liabilities	21,962	–	7,423	29,385
Net position	222,179	–	1	222,180

The Bank has no structural position at December 31.

3 INTERNATIONAL CLAIMS

The Bank is principally engaged in business operations within Mainland China and regards all claims on third parties outside Mainland China as international claims.

International claims include loans and advances to customers, and amounts due from banks and other financial institutions.

A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account all risk transfers. Risk transfers are only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose Head Office is located in another country.

As at December 31, 2023 and 2022, the Bank has no international claims in all areas outside China.

Unaudited Supplementary Financial Information (Continued)*(Expressed in thousands of Renminbi, unless otherwise stated)***4 GROSS AMOUNT OF OVERDUE LOANS AND ADVANCES**

	2023	2022
Gross loans and advances which have been overdue with respect to either principal or interest for periods of		
– Within three months (inclusive)	2,130,515	3,522,642
– Overdue more than three months to one year(inclusive)	3,099,909	1,152,252
– Overdue more than one year	1,215,429	823,020
	<u>6,445,853</u>	<u>5,497,914</u>
Total	<u>6,445,853</u>	<u>5,497,914</u>
As a percentage of gross loans and advances		
– Within three months (inclusive)	0.64%	1.20%
– Overdue more than three months to one year (inclusive)	0.93%	0.39%
– Overdue more than one year	0.37%	0.28%
	<u>1.94%</u>	<u>1.87%</u>
Total	<u>1.94%</u>	<u>1.87%</u>

Appendix: Information on Branches

No.	Region	Name of Institution	Address of Institution
1	Guiyang	Guiyang branch Business Department of Bank of Guizhou Co., Ltd.	Shops (No.1-2) on 1/F, 39-45/F, 47-49/F, Guizhou Tourism Building, No.68 Beijing Road, Yunyan District, Guiyang, Guizhou Province
2	Guiyang	Guiyang Zunyi Road sub-branch of Bank of Guizhou Co., Ltd.	No. 1 1/F, No. 1 2/F, No. 1 3/F, Unit A & B, Chengshi Fangzhou, No.25 Zunyi Road, Nanming District, Guiyang, Guizhou Province
3	Guiyang	Guiyang Qianjiang Road sub-branch of Bank of Guizhou Co., Ltd.	Shop No.2, 1/F, Building 5 (former Building 1), Yunkaixiyuan Phrase II, No.29 Qianjiang Road, Guiyang Economic & Technology Development Zone, Guiyang, Guizhou Province
4	Guiyang	Guiyang Ruijin sub-branch of Bank of Guizhou Co., Ltd.	Nos. 2&3 1/F and 14/F, Yuhui Commercial Center, No. 68 Ruijin North Road, Yunyan District, Guiyang, Guizhou Province
5	Guiyang	Guiyang Huaxi sub-branch of Bank of Guizhou Co., Ltd.	Shops 1-6, 1-7, 1-8, 1-9, 1-10, 1/F & Shops 1-24, 1-25, 1-26, 1-27, 2/F, Building 1, Huaxi District Liangjiapo Big Data Comprehensive Industry Zone, Junction of Mingzhu Avenue and Huatong Road, Huaxi District, Guiyang, Guizhou Province
6	Guiyang	Guiyang Yunyan sub-branch of Bank of Guizhou Co., Ltd.	No. 77 Ruijin Middle Road, Guiyang, Guizhou Province
7	Guiyang	Guiyang Nanming sub-branch of Bank of Guizhou Co., Ltd.	Shops 6, 7, 8, 9, 11, Block C, Junyue Huating, No. 19 Xinhua Road, Nanming District, Guiyang, Guizhou Province
8	Guiyang	Guiyang Youyi sub-branch of Bank of Guizhou Co., Ltd.	Nos. 1-7 Youyi Road, Yunyan District, Guiyang, Guizhou Province
9	Guiyang	Guiyang Baoshan sub-branch of Bank of Guizhou Co., Ltd.	1/F & 2/F, Zhongke Jiayuan annex building (on the side facing Guanshui Road), Institute of Geochemistry Chinese Academy of Sciences, No. 46 Guanshui Road, Nanming District, Guiyang, Guizhou Province
10	Guiyang	Guiyang Fushui Road sub-branch of Bank of Guizhou Co., Ltd.	Annex building of Hengfeng Yipin, No. 31 Fushui South Road, Nanming District, Guiyang, Guizhou Province
11	Guiyang	Guiyang Jinyang Keji sub-branch of Bank of Guizhou Co., Ltd.	Building No. 1, Western China (Guiyang) High-tech Production and R&D base, No. 28 Changling South Road, National High-tech Zone, Guiyang, Guizhou Province
12	Guiyang	Guiyang Shijicheng Xingfu Road sub-branch of Bank of Guizhou Co., Ltd.	1-2/F, Units 7-11, Comprehensive Market periphery, Group M, Shijicheng, Guanshanhu District, Guiyang, Guizhou Province
13	Guiyang	Guiyang Taiciqiao sub-branch of Bank of Guizhou Co., Ltd.	No. 2, B1, Yijingchuntian, No. 560, North Section of Huaxi Avenue, Nanming District, Guiyang, Guizhou Province
14	Guiyang	Guiyang Xiaohe sub-branch of Bank of Guizhou Co., Ltd.	1/F, Building No. 1, Daxing Commercial Building, No. 418 Huanghe Road, Xiaohe District, Guiyang, Guizhou Province
15	Guiyang	Guiyang Shixin sub-branch of Bank of Guizhou Co., Ltd.	Shops 15-18, Basement 1, Block 8-12, Phase One, Manpo Xiaoshicheng, Guiyang, Guizhou Province
16	Guiyang	Guiyang Zhongtian Garden sub-branch of Bank of Guizhou Co., Ltd.	No. 14 overhead 1/F, Zhongtian Garden Sports Field, No. 289, South section of Xintian Avenue, Yunyan District, Guiyang, Guizhou Province
17	Guiyang	Guiyang Xinxingyuan sub-branch of Bank of Guizhou Co., Ltd.	No. 9 Basement 3, Block 4, Xinxingyuan, No. 198 North section of Xintian Avenue, Wudang District, Guiyang, Guizhou Province
18	Guiyang	Guiyang Exhibition Center sub-branch of Bank of Guizhou Co., Ltd.	No. 65 Zunyi Road, Nanming District, Guiyang, Guizhou Province

Appendix: Information on Branches (Continued)

No.	Region	Name of Institution	Address of Institution
19	Guiyang	Guiyang Guikai Road sub-branch of Bank of Guizhou Co., Ltd.	Commercial units on 1/F & residential units on 11/F, No. 47 Guiwu North Road, Yunyan District, Guiyang, Guizhou Province
20	Guiyang	Guiyang Yunhuan Road Community sub-branch of Bank of Guizhou Co., Ltd.	Nos. F-1-14, F-1-15, F-1-16, F-1-20, F-1-21, F-1-22, F-1-23, Beishang Huacheng Shopping Center, Yunhuan Road, Baiyun District, Guiyang, Guizhou Province
21	Guiyang	Guiyang Shinan Road community sub-branch of Bank of Guizhou Co., Ltd.	No. 11 1/F, No. 69 Shinan Road, Nanming District, Guiyang, Guizhou Province
22	Guiyang	Guiyang Wudang sub-branch of Bank of Guizhou Co., Ltd.	No. 1 1/F and 2/F, Commodity Building Block 22, No. 22 Xintian Avenue, Wudang District, Guiyang, Guizhou Province
23	Guiyang	Guiyang Jinyang North Road sub-branch of Bank of Guizhou Co., Ltd.	Shops 1-1, 1-2, 1-3, 1-4, No. 6, Guanfu No.1, PowerChina Real Estate, No.378, Jinyang North Road, Guanshanhu District, Guiyang, Guizhou Province
24	Guiyang	Guiyang Zhongdu sub-branch of Bank of Guizhou Co., Ltd.	1/F, Zhongdu Building, No. 149 Zhonghua South Road, Nanming District, Guiyang, Guizhou Province
25	Guiyang	Guiyang Zaoshan Road Community sub-branch of Bank of Guizhou Co., Ltd.	Shop No.2, 1/F, Tiedao Building, No. 31 Zaoshan Road, Yunyan District, Guiyang, Guizhou Province
26	Guiyang	Guiyang Zhongtie Yidu Community sub-branch of Bank of Guizhou Co., Ltd.	Nos. 1, 2, 19, 20, 1/F, Unit 8, Block DS-6, 8, 10, 12, 14, Group D, Zhongtie Yidu International, No. 300 Shilin Road, Guanshanhu District, Guiyang, Guizhou Province
27	Guiyang	Guiyang Jinyang South Road Community sub-branch of Bank of Guizhou Co., Ltd.	Nos. 44, 45, 46, 47, 48, 1/F, Guoxi Center Construction Project, Phase I, Next to the side facing Jinyang South Road, Karst Park, Guanshanhu District, Guiyang, Guizhou Province
28	Guiyang	Guiyang Huizhan City sub-branch of Bank of Guizhou Co., Ltd.	1/F, Block D1, SOHO Area, Jinyang International Convention and Exhibition Center, Guanshanhu District, Guiyang, Guizhou Province
29	Guiyang	Guiyang Xifeng sub-branch of Bank of Guizhou Co., Ltd.	No. 1-1 1/F, Block 1, Kunlun Building, Hucheng Avenue, Yongjing Town, Xifeng County, Guiyang, Guizhou Province
30	Guiyang	Guiyang Liyang sub-branch of Bank of Guizhou Co., Ltd.	1/F, 601 Complex Building, Guiyang Liyang Aero Engine Co., Ltd., Baiyun District, Guiyang, Guizhou Province
31	Guiyang	Kaiyang sub-branch of Bank of Guizhou Co., Ltd.	1/F, No. 395 Kaizhou Avenue, Kaiyang County, Guiyang, Guizhou Province
32	Guiyang	Xiuwen sub-branch of Bank of Guizhou Co., Ltd.	1/F, Unit 1, Block 1, Chaoyang Road, Xiuwen County, Guiyang, Guizhou Province
33	Guiyang	Guiyang Qingzhen sub-branch of Bank of Guizhou Co., Ltd.	1/F, high-rise residence Block A, Hongshu Dongfang, Yunling East Road, Qingzhen City, Guiyang, Guizhou Province
34	Guiyang	Gui'an New Area sub-branch of Bank of Guizhou Co., Ltd.	Temporary financial services area in the new district near Baima Road, Gui'an New Area, Guizhou Province
35	Guiyang	Guiyang Huaguoyuan sub-branch of Bank of Guizhou Co., Ltd.	Nos. 1005A & 1005B, phase one, Huaguoyuan Project, Zhongshan South Road, Guiyang, Guizhou Province
36	Guiyang	Guiyang Shuanglong Air Harbor sub-branch of Bank of Guizhou Co., Ltd.	Shop B, No.28, -3/F, Building B, phase one, Longdongbao E-Business Port, No. 9 Airport Road, Nanming District, Guiyang, Guizhou Province
37	Guiyang	Guiyang Shibe Road sub-branch of Bank of Guizhou Co., Ltd.	No. 1 Shibe Road, Yunyan District, Guiyang, Guizhou Province

Appendix: Information on Branches (Continued)

No.	Region	Name of Institution	Address of Institution
38	Guiyang	Guiyang Beijing Road sub-branch of Bank of Guizhou Co., Ltd.	No. 9 Beijing Road, Yunyan District, Guiyang, Guizhou Province
39	Guiyang	Guiyang Baiyun sub-branch of Bank of Guizhou Co., Ltd.	Nos. 2&3, 1/F, No. 65 Zhonghuan Road, Baiyun District, Guiyang, Guizhou Province
40	Guiyang	Guiyang Lanhua Plaza sub-branch of Bank of Guizhou Co., Ltd.	Shops S113, S114, S115, S116, Block 4, J Section, Huaguoyuan, Nanming District, Guiyang, Guizhou Province
41	Guiyang	Guiyang Weilai Fangzhou sub-branch of Bank of Guizhou Co., Ltd.	Nos. 16–18 Basement 7, Group E4, Weilai Fangzhou, Yu'an Anjin Area, Yunyan District, Guiyang, Guizhou Province
42	Guiyang	Guiyang Zhujiang Road sub-branch of Bank of Guizhou Co., Ltd.	Room 7&8 1/F, Block 14, Wanke Daduhui, No. 368 Zhujiang Road, Huaxi District, Guiyang, Guizhou Province
43	Guiyang	Guiyang Beijing West Road sub-branch of Bank of Guizhou Co., Ltd.	Around the corner on 1/F, Building No. 5, Longquan Resettlement Community, intersection between Beijing West Road and Jinyuan Street, Guanshanhu District, Guiyang, Guizhou Province
44	Guiyang	Guiyang Daqing Road sub-branch of Bank of Guizhou Co., Ltd.	Shop No. 5, 1/F, No. 17 Meishu Yangguang Community, No. 288 Daqing Road, Nanming District, Guiyang, Guizhou Province
45	Guiyang	Guiyang Huansha Road sub-branch of Bank of Guizhou Co., Ltd.	1/F of attached building, No. 157 Huansha Road, Yunyan District, Guiyang, Guizhou Province
46	Guiyang	Guiyang Xiaochehe Road sub-branch of Bank of Guizhou Co., Ltd.	Shops 103 & 104, 1/F, Block 2, R2 Section, Xiaochehe Road, Huaguoyuan, Nanming District, Guiyang, Guizhou Province
47	Guiyang	Guiyang Dongshan Road sub-branch of Bank of Guizhou Co., Ltd.	Nos. 1–23, Block 1–4, Group Nine & Ten, Zhongtian Shiji New Town, No. 198 Dongshan Road, Yunyan District, Guiyang, Guizhou Province
48	Guiyang	Guiyang Huaxi Avenue sub-branch of Bank of Guizhou Co., Ltd.	No. 3078, Qingxi Road, Huaxi District, Guiyang, Guizhou Province
49	Guiyang	Guiyang Zhongshan West Road sub-branch of Bank of Guizhou Co., Ltd.	No. 1 affiliated to No. 23 1/F, Huayi Building, No. 77 Zhongshan West Road, Nanming District, Guiyang, Guizhou Province
50	Guiyang	Guiyang Yanwu Street sub-branch of Bank of Guizhou Co., Ltd.	No. 35 Yanwu Street, Yunyan District, Guiyang, Guizhou Province
51	Guiyang	Guiyang Huguo Road sub-branch of Bank of Guizhou Co., Ltd.	No. 1 Basement 1, Shangri-La Building, No. 82 Huguo Road, Nanming District, Guiyang, Guizhou Province
52	Guiyang	Guiyang Youlin Road sub-branch of Bank of Guizhou Co., Ltd.	No. 1 Basement 1, Group G4, Weilai Fangzhou, Yu'an Anjin Area, Yunyan District, Guiyang, Guizhou Province
53	Guiyang	Qingzhen Yunling Middle Road sub-branch of Bank of Guizhou Co., Ltd.	No.91 Qingzhen Yunling Middle Road. Qingzhen, Guizhou Province
54	Guiyang	Guiyang Shachong North Road sub-branch of Bank of Guizhou Co., Ltd.	No. 2, 1/F, Block I, J, K, G, California Sunshine New Town, No.145 Shachong North Road, Guiyang, Guizhou Province
55	Zunyi	Zunyi branch Business Department of Bank of Guizhou Co., Ltd.	Middle Section of Xiamen Road, Huichuan District, Zunyi, Guizhou Province
56	Zunyi	Zunyi Hangtian sub-branch of Bank of Guizhou Co., Ltd.	No. 36 Beijing Road, Honghuagang District, Zunyi, Guizhou Province
57	Zunyi	Zunyi Waihuan Road sub-branch of Bank of Guizhou Co., Ltd.	Unit 4, 1/F, Block Caiyunjian, Dasenxin Town, Waihuan Road, Honghuagang District, Zunyi, Guizhou Province

Appendix: Information on Branches (Continued)

No.	Region	Name of Institution	Address of Institution
58	Zunyi	Zunyi Nangongshan sub-branch of Bank of Guizhou Co., Ltd.	Units 004, 005 & 006, 1/F, Block 5, Zone B, Xinxueyu Southwestern Agricultural Products Trading Center, Zunyi Xiangjiang Industry Zone, Nanguan Street Office, Honghuagang District, Zunyi, Guizhou Province
59	Zunyi	Meitan County sub-branch of Bank of Guizhou Co., Ltd.	Shops 3, 4, 5, 6, 7 & 8, Old Town (Shanty Town) Alternation Project, Former Industry and Commerce Bureau Area, Meitan County, Zunyi, Guizhou Province
60	Zunyi	Zunyi Huichuan sub-branch of Bank of Guizhou Co., Ltd.	Haixin Building, Hong Kong Road, Huichuan District, Zunyi, Guizhou Province
61	Zunyi	Zunyi Hong Kong Road sub-branch of Bank of Guizhou Co., Ltd.	Baoli Building, Hong Kong Road, Huichuan District, Zunyi, Guizhou Province
62	Zunyi	Zunyi Jinshan sub-branch of Bank of Guizhou Co., Ltd.	Shops 17–18, 1/F, East Section of Guangzhou Road, Huichuan District, Zunyi, Guizhou Province
63	Zunyi	Zunyi Nanjing Road sub-branch of Bank of Guizhou Co., Ltd.	1/F, Office Building, Land and Resources Branch, Zunyi Economic–Technological Development Area, Junction of Nanjing Road and Ningbo Road, Huichuan District, Zunyi, Guizhou Province
64	Zunyi	Zunyi Zhongnan sub-branch of Bank of Guizhou Co., Ltd.	Nos. 84–88 Zhonghua South Road, Honghuagang District, Zunyi, Guizhou Province
65	Zunyi	Zunyi Xinhua sub-branch of Bank of Guizhou Co., Ltd.	Nos. 54–56 Xinhua Road, Honghuagang District, Zunyi, Guizhou Province
66	Zunyi	Zunyi Tianyu sub-branch of Bank of Guizhou Co., Ltd.	Commercial Units 1, 2 & 3, 1/F, Block A, Jingteng Construction Materials Market, Waihuan Road, Honghuagang District, Zunyi, Guizhou Province
67	Zunyi	Zunyi Donggongsi sub-branch of Bank of Guizhou Co., Ltd.	Unit 1–1, Block 1, Feiyang Tiandi, Huichuan Avenue, Zunyi, Guizhou Province
68	Zunyi	Zunyi Zhongbei sub-branch of Bank of Guizhou Co., Ltd.	Shops 6, 7, 8 & 9, 1/F, Family Dormitory Building, Dongjiu Factory, Zhonghua North Road, Honghuagang District, Zunyi, Guizhou Province
69	Zunyi	Zunyi Shanghai Road sub-branch of Bank of Guizhou Co., Ltd.	Shops 7 & 8, 1/F, Block B, Phase II of Longquan Changqingteng Garden, Shanghai Road, Huichuan District, Zunyi, Guizhou Province
70	Zunyi	Zunyi Court Street sub-branch of Bank of Guizhou Co., Ltd.	Shops B11, B12, B13 & B14, 1/F, Zone B, Longhua Laocheng New Street, Honghuagang District, Zunyi, Guizhou Province
71	Zunyi	Zunyi Xima Road sub-branch of Bank of Guizhou Co., Ltd.	Shops 9 & 10, Block B, Meilunhuaxiang, Xima Road, Zunyi, Guizhou Province
72	Zunyi	Zunyi Honghuagang sub-branch of Bank of Guizhou Co., Ltd.	Middle Section of Haier Avenue, Honghuagang District, Zunyi, Guizhou Province
73	Zunyi	Zunyi Nanzhou Road sub-branch of Bank of Guizhou Co., Ltd.	No. 270 Nanzhou Road, Honghuagang District, Zunyi, Guizhou Province
74	Zunyi	Zunyi Haier Avenue sub-branch of Bank of Guizhou Co., Ltd.	2–1 Yongcheng Building, Yongshengting Ruiyuan, Haier Avenue, Honghuagang District, Zunyi, Guizhou Province
75	Zunyi	Zunyi Lanjiabao sub-branch of Bank of Guizhou Co., Ltd.	Shops 8–9, Block 18, Lanjiabao Community, Honghuagang District, Zunyi, Guizhou Province

Appendix: Information on Branches (Continued)

No.	Region	Name of Institution	Address of Institution
76	Zunyi	Zunyi Yinghong Bridge sub-branch of Bank of Guizhou Co., Ltd.	Unit 1-392, 1/F, Phase I Podium, Zone A, Zhongtian Wanli Xiangjiang, Wanli Road, Honghuagang District, Zunyi, Guizhou Province
77	Zunyi	Zunyi Bozhou sub-branch of Bank of Guizhou Co., Ltd.	Unit 1-10, 1/F, Block 5, Modern Town Square, Avenue South Section, Bozhou District, Zunyi, Guizhou Province
78	Zunyi	Zunyi Goujiang sub-branch of Bank of Guizhou Co., Ltd.	Junction of Dongnan Avenue and Goujiang Avenue, Goujiang Town, Bozhou District, Zunyi, Guizhou Province
79	Zunyi	Zunyi Majiawan sub-branch of Bank of Guizhou Co., Ltd.	No. 262 Tianchi Avenue, Longkeng Street, Bozhou District, Zunyi, Guizhou Province
80	Zunyi	Renhuai sub-branch of Bank of Guizhou Co., Ltd.	Commercial & Administrative Complex, Jiudu Xinjing Town Garden, east side of Guojiu Avenue, Jiudu New District, Renhuai, Zunyi, Guizhou Province
81	Zunyi	Renhuai Guojiu Road sub-branch of Bank of Guizhou Co., Ltd.	No. 6-7 Guojiu Middle Road, Renhuai, Zunyi, Guizhou Province
82	Zunyi	Renhuai Maotai sub-branch of Bank of Guizhou Co., Ltd.	Shop 122, Maotai Lobby Commercial Square, South of 1915 Square, Maotai Town, Renhuai, Zunyi, Guizhou Province
83	Zunyi	Renhuai Zhongshu sub-branch of Bank of Guizhou Co., Ltd.	A26-1-1-1, A26-1-1-2, A26-1-1-3, A26-1-1-4 and A26-1-1-5, Huibang International Building, Chengnan Community, Yanjin Street Office, Renhuai, Zunyi, Guizhou Province
84	Zunyi	Chishui City sub-branch of Bank of Guizhou Co., Ltd.	Shop 8, Jinwei Jiezu, Xiangyang Road, Chishui, Zunyi, Guizhou Province
85	Zunyi	Tongzi County sub-branch of Bank of Guizhou Co., Ltd.	Block 4, Zone 11, Wenbi Road, Loushangan Town, Tongzi County, Zunyi, Guizhou Province
86	Zunyi	Tongzi County Loushan sub-branch of Bank of Guizhou Co., Ltd.	Shops 40, 41 and 42, Central Commercial Town, Shiji Xincheng, South Section of Dongqing Road, Tongzi County, Zunyi, Guizhou Province
87	Zunyi	Xishui County sub-branch of Bank of Guizhou Co., Ltd.	Units 1-13, 1/F, "Huijing Xincheng • Wealth Square", Cross of Ruijin Road and Zunyi Road, Xiancheng West Area, Xishui County, Zunyi, Guizhou Province
88	Zunyi	Yuqing sub-branch of Bank of Guizhou Co., Ltd.	Xinglong Road, Baini Town, Yuqing County, Zunyi, Guizhou Province
89	Zunyi	Fenggang sub-branch of Bank of Guizhou Co., Ltd.	Xinggangwan Community, Longquan Town, Fenggang County, Zunyi, Guizhou Province
90	Zunyi	Zheng'an sub-branch of Bank of Guizhou Co., Ltd.	Nos. B-11, B-12 & B-13, Shizishan Relocation Community, Shiji Fuyuan, Tongdu Avenue, Chengdong Area, Fengyi Town, Zheng'an County, Zunyi, Guizhou Province
91	Zunyi	Zunyi Shenyang Road sub-branch of Bank of Guizhou Co., Ltd.	Shops 17#, 18# & 19#, Block 60, Tianyang Community, Shenyang Road, Huichuan District, Zunyi, Guizhou Province
92	Zunyi	Chishui Hongjun Avenue sub-branch of Bank of Guizhou Co., Ltd.	Units 1-9, 1-10 & 1-11, Mingyi Building, "Junhao Town Garden", Hongjun Avenue, Chishui, Zunyi, Guizhou Province
93	Zunyi	Zunyi Nanbai sub-branch of Bank of Guizhou Co., Ltd.	Nos. 0-1-34, 0-1-35 and 0-2-2, Block 1-2, Shanty Town Transformation Project in Wanxiang Square Area, Nanbai Street Office, Bozhou District, Zunyi, Guizhou Province

Appendix: Information on Branches (Continued)

No.	Region	Name of Institution	Address of Institution
94	Zunyi	Wuchuan sub-branch of Bank of Guizhou Co., Ltd.	Shops 2-1-8, 2-1-9 & 2-1-10, 1/F, Block 2, Wuxing Xingang, Dongsheng Avenue, Yangcun Village, Duru Town, Wuchuan Mulao and Miao Autonomous County, Zunyi, Guizhou Province
95	Zunyi	Daozhen sub-branch of Bank of Guizhou Co., Ltd.	Basement 1, Block 1, Linda Yangguang Jiayuan, Zunyi Road, Yuxi Town, Daozhen Mulao and Miao Autonomous County, Zunyi, Guizhou Province
96	Zunyi	Suiyang sub-branch of Bank of Guizhou Co., Ltd.	Shops 1-1, 1-2, 1-3, 1-4, 1-15, 1-16, 1-17 & 1-18, Zone K, Group II Project, Phase I of "Luyuan Town Square" Binhe 1st Road, Yangchuan Town, Suiyang County, Zunyi, Guizhou Province
97	Zunyi	Zunyi Xiazi sub-branch of Bank of Guizhou Co., Ltd.	South side of 1/F, Block 5#, R&D Zone, Xinpu Economic Development Area, Xiazi Town, Honghuagang District, Zunyi, Guizhou Province
98	Zunyi	Xishui County Fuxi Road sub-branch of Bank of Guizhou Co., Ltd.	1/F, Guifu Haoyuan, Fuxi Road, Xishui County, Zunyi, Guizhou Province
99	Zunyi	Zunyi Hexing Avenue sub-branch of Bank of Guizhou Co., Ltd.	Shops B33-1-70 & B33-2-54, Zhongjian • Happiness Town, west side of Hexing Avenue, Xinpu New District, Zunyi, Guizhou Province
100	Zunyi	Zunyi Dongxin Avenue sub-branch of Bank of Guizhou Co., Ltd.	Commercial Units -2-11, -2-12 & -2-13, Block D49&50, Zone 4, Group D, Dongxin Caihong Town, Dongxin Avenue, Honghuagang District, Zunyi, Guizhou Province
101	Zunyi	Meitan County Zunyihong Road sub-branch of Bank of Guizhou Co., Ltd.	Units 2-2-14, 2-2-15 & 2-2-16, -2/F, Block 2, Meijiang Haoyuan (Podium), Zunyihong Road, Meijiang Town, Meitan County, Zunyi, Guizhou Province
102	Zunyi	Zunyi Biyun sub-branch of Bank of Guizhou Co., Ltd.	Shops 2-3, Housing Office Alternation, Chengdu Military Region, No. 01-1-08 Biyun Road, Honghuagang District, Zunyi, Guizhou Province
103	Zunyi	Zunyi Xinpu sub-branch of Bank of Guizhou Co., Ltd.	No. 1-2, Building 1, Linda Yangguang New Town, Xinpu New Area, Bozhou Avenue, Xinpu New Area, Zunyi, Guizhou Province
104	Anshun	Anshun sub-branch Business Department of Bank of Guizhou Co., Ltd.	1-5/F, Block B, Yinxiang Anshun-Wealth Center, Huangguoshu Street, Xixiu District, Anshun, Guizhou Province
105	Anshun	Anshun Xihang Road sub-branch of Bank of Guizhou Co., Ltd.	No. 136, Xihang Road, Economic and Technological Development Zone, Anshun, Guizhou Province
106	Anshun	Pingba sub-branch of Bank of Guizhou Co., Ltd.	Zhongshan Building, Zhongshan Road, Pingba District, Anshun, Guizhou Province
107	Anshun	Puding County sub-branch of Bank of Guizhou Co., Ltd.	No. 116, Guangming Road, Chengguan Town, Puding County, Anshun, Guizhou Province
108	Anshun	Zhenning County sub-branch of Bank of Guizhou Co., Ltd.	Shops 24-31, 1/F, Longcheng Impression, south side of Yanhe Road, Zhenning County, Anshun, Guizhou Province
109	Anshun	Guanling County sub-branch of Bank of Guizhou Co., Ltd.	No. 12, Binhe Road, Guansuo Town, Guanling County, Anshun, Guizhou Province
110	Anshun	Anshun Dashizi sub-branch of Bank of Guizhou Co., Ltd.	No. 2 Tashan East Road, Xixiu District, Anshun, Guizhou Province

Appendix: Information on Branches (Continued)

No.	Region	Name of Institution	Address of Institution
111	Anshun	Anshun Dongguan sub-branch of Bank of Guizhou Co., Ltd.	Dongsheng Xingyuan at intersection of Ruofei East Road and Jianshe Road, Anshun, Guizhou Province
112	Anshun	Anshun Tuobao Mountain sub-branch of Bank of Guizhou Co., Ltd.	Xixiu District Government Financial Center, Tuobao Mountain, Huangguoshu Street, Xixiu District, Anshun
113	Anshun	Anshun Xiaoshizi sub-branch of Bank of Guizhou Co., Ltd.	Shops 1-4&1-5, Block 1-B, Xichun Garden, Zhonghua North Road, Anshun
114	Anshun	Anshun Fenghuangshan sub-branch of Bank of Guizhou Co., Ltd.	Nos. 54, 55, 56, 57, "Longfeng Chengxiang" Basement 2, Longquan Road, Anshun, Guizhou Province
115	Anshun	Anshun Longqing Road sub-branch of Bank of Guizhou Co., Ltd.	Nos. 1-9&1-10, Yincheng Dijing, Longqing Road, Xixiu District, Anshun, Guizhou Province
116	Anshun	Anshun Development Zone sub-branch of Bank of Guizhou Co., Ltd.	Basement 3-2, Block A3, Jiangshan Garden (Panshan Longting) on Jianyanpo, west side of North 2nd Ring Road, Anshun, Guizhou Province
117	Anshun	Anshun Xixiu sub-branch of Bank of Guizhou Co., Ltd.	Office Building No. 1, No. 64 Zhonghua South Road, Anshun, Guizhou Province
118	Anshun	Anshun Nanhua sub-branch of Bank of Guizhou Co., Ltd.	Block A, Shun'an Shiji New Town, Nanhua Road, Anshun, Guizhou Province
119	Anshun	Anshun Jian'an sub-branch of Bank of Guizhou Co., Ltd.	Block 1, Plot 3, Group three, phase two, Dongguan Economically Affordable Housing Community, Zhonghua East Road, Xixiu District, Anshun, Guizhou Province
120	Anshun	Anshun Qianzhong sub-branch of Bank of Guizhou Co., Ltd.	Shops 1-8, 1-9 and 1-10, Cuilu Jincheng, Anshun, Guizhou Province
121	Anshun	Ziyun sub-branch of Bank of Guizhou Co., Ltd.	Shop No. 101, 1/F, Block C, Hongtai Trade Mart, middle section of Getu Avenue, Ziyun County
122	Anshun	Huangguoshu New City sub-branch of Bank of Guizhou Co., Ltd.	No. 1, 1/F, Suofei'er Hotel, Huangguoshu New City, Guanling County, Guizhou Province
123	Anshun	Anshun Ruofei sub-branch of Bank of Guizhou Co., Ltd.	New Administrative Center of the Municipal Government on intersection of Wudang Road and North 2nd Ring Road, Anshun
124	Qiannan	Qiannan branch Business Department of Bank of Guizhou Co., Ltd.	1-5/F, Block 1, Guanlan Shengdingcheng Office Building, No. 25, Xishan Avenue, Duyun, Qiannan Bouyei and Miao Autonomous Prefecture, Guizhou Province
125	Qiannan	Duyun Jianjiang sub-branch of Bank of Guizhou Co., Ltd.	1/F and 3/F, Poly Star Mansion, No. 70, Doupengshan Road, Duyun, Qiannan Bouyei and Miao Autonomous Prefecture, Guizhou Province
126	Qiannan	Longli sub-branch of Bank of Guizhou Co., Ltd.	Shop 1 Basement 2 & Shop 2 Basement 2, Block A & Block B, Laiyinbao Community, Jinlong West Road, Guanshan Street, Longli County, Qiannan Prefecture, Guizhou Province
127	Qiannan	Fuquan sub-branch of Bank of Guizhou Co., Ltd.	1/F & 2/F, 6#, Block 4, Zhongxincheng • Tianjie, Chaoyang Road, Fuquan, Qiannan Prefecture, Guizhou Province
128	Qiannan	Guiding sub-branch of Bank of Guizhou Co., Ltd.	No. 71 Hongqi Road, Guiding County, Qiannan Prefecture, Guizhou Province
129	Qiannan	Weng'an sub-branch of Bank of Guizhou Co., Ltd.	Block 1, Zone B, Lvcheng Central Park, Hexi New District, Yongyang Town, Weng'an County, Qiannan Prefecture, Guizhou Province

Appendix: Information on Branches (Continued)

No.	Region	Name of Institution	Address of Institution
130	Qiannan	Huishui sub-branch of Bank of Guizhou Co., Ltd.	Shops in 1/F and 2/F, Jinhui Building, Huixing Road, Huishui County, Qiannan Bouyei and Miao Autonomous Prefecture, Guizhou Province
131	Qiannan	Changshun sub-branch of Bank of Guizhou Co., Ltd.	Units 2, 3 & 4, 1/F, Block 2, Xinhe Building, Chengnan Avenue, Chengnan New District, Changshun County, Qiannan Prefecture, Guizhou Province
132	Qiannan	Sandu sub-branch of Bank of Guizhou Co., Ltd.	Units 1 & 2, 1/F, Commercial Building, 68 Fudi, Zhonghua Road, Sanhe Town, Sandu County, Qiannan Prefecture, Guizhou Province
133	Qiannan	Pingtang sub-branch of Bank of Guizhou Co., Ltd.	Shops 22–25, 1/F & Shops 21–22, 2/F, Podiums 3 & 4, Central Street Community, Pingtang County, Qiannan Prefecture, Guizhou Province
134	Qiannan	Dushan sub-branch of Bank of Guizhou Co., Ltd.	Unit 11, 1/F, Fuzun Huating Commerce, Zhongnan Road, Dushan County, Qiannan Prefecture, Guizhou Province
135	Qiannan	Luodian sub-branch of Bank of Guizhou Co., Ltd.	Shops in 1/F and 2/F, Fashion Shopping Center, Block B, Guizhou Mingqiang Real Estate Development, Co., Ltd., Hebin Road, Luodian County, Qiannan Bouyei and Miao Autonomous Prefecture, Guizhou Province
136	Qiannan	Libo sub-branch of Bank of Guizhou Co., Ltd.	Units 101 & 102, No. 4 Zhangjiang East Road, Yuping Town, Libo County, Qiannan Prefecture, Guizhou Province
137	Qiannan	Duyun Dalong sub-branch of Bank of Guizhou Co., Ltd.	Shops 5–7 & 18–19, 1/F, Block 8, Yudufu, Dalong Avenue, Duyun, Qiannan Prefecture, Guizhou Province
138	Qiannan	Weng'an Middle Street sub-branch of Bank of Guizhou Co., Ltd.	Units 1–8 & 9, Block 7, Wenfeng Middle Road, Wengshui Huazhu Community, Weng'an County, Qiannan Prefecture, Guizhou Province
139	Qiannan	Duyun Shidai sub-branch of Bank of Guizhou Co., Ltd.	1/F, Times Square, No. 66 Jianjiang Middle Road, Duyun, Qiannan Prefecture, Guizhou Province
140	Qiandongnan	Qiandongnan branch Business Department of Bank of Guizhou Co., Ltd.	1/F-3/F, Fengqiu Xintiandi, Yingbin Avenue, Kaili City, Qiandongnan Miao and Dong Autonomous Prefecture, Guizhou Province
141	Qiandongnan	Kaili Ningbo Road sub-branch of Bank of Guizhou Co., Ltd.	Shops 1 & 2, Block B1, Xinding Guoji Mingju, No. 33 Ningbo Road, Kaili, Guizhou Province
142	Qiandongnan	Kaili Dashizi sub-branch of Bank of Guizhou Co., Ltd.	No. 11, Beijing East Road, Kaili City, Guizhou Province
143	Qiandongnan	Rongjiang sub-branch of Bank of Guizhou Co., Ltd.	Huilong Commercial Square, No. 9–1 Dongbingjiang Avenue, Rongjiang County, Guizhou Province
144	Qiandongnan	Danzhai sub-branch of Bank of Guizhou Co., Ltd.	1/F & 2/F, Cultural, Sports, Broadcast, Television & Tourism Bureau Building, east side of middle section of Longquan Avenue, Danzhai County, Guizhou Province
145	Qiandongnan	Jianhe sub-branch of Bank of Guizhou Co., Ltd.	No. 3 Yang'ashadong Avenue, Gedong Town, Jianhe County, Guizhou Province
146	Qiandongnan	Tianzhu sub-branch of Bank of Guizhou Co., Ltd.	Old Office Building, Land Tax Bureau, Commercial Zone II Road, Fengcheng Town, Tianzhu County, Guizhou Province
147	Qiandongnan	Kaili Century Town sub-branch of Bank of Guizhou Co., Ltd.	Shops 9 & 10, 1/F, Century Town, No. 22 Wenhua North Road, Kaili, Guizhou Province

Appendix: Information on Branches (Continued)

No.	Region	Name of Institution	Address of Institution
148	Qiandongnan	Huangping sub-branch of Bank of Guizhou Co., Ltd.	No. 2 Feiyun Road, Xinzhou Town, Huangping County, Guizhou Province
149	Qiandongnan	Taijiang sub-branch of Bank of Guizhou Co., Ltd.	No. 8 Miaojiang East Avenue, Taigong Town, Taijiang County, Guizhou Province
150	Qiandongnan	Liping sub-branch of Bank of Guizhou Co., Ltd.	Shops 12–15 and portion of 2/F, Block 8, Li'nan Jiayuan, Wukai South Road, Defeng Town, Liping County, Guizhou Province
151	Qiandongnan	Zhenyuan sub-branch of Bank of Guizhou Co., Ltd.	Former Hardware Factory's Dormitory, Lianhe Street, Wuyang Town, Zhenyuan County, Guizhou Province
152	Qiandongnan	Sansui sub-branch of Bank of Guizhou Co., Ltd.	Shops 1–3 and portion of 3/F, Jinxiu Qiancheng, Fuzheng West Road, Bagong Town, Sanshui County, Guizhou Province
153	Qiandongnan	Congjiang sub-branch of Bank of Guizhou Co., Ltd.	Block 1 & Block 2, Trade Town, Jian'an Road, Bingmei Town, Congjiang County, Guizhou Province
154	Qiandongnan	Leishan sub-branch of Bank of Guizhou Co., Ltd.	No. 115 Leigongshan Avenue, Danjiang Town, Leishan County, Guizhou Province
155	Qiandongnan	Majiang sub-branch of Bank of Guizhou Co., Ltd.	1/F & 2/F, Land and Resources Bureau Building, Fenghuang Avenue, Xingshan Town, Majiang County, Guizhou Province
156	Qiandongnan	Jinping sub-branch of Bank of Guizhou Co., Ltd.	Shops 13–18, State-owned company settlement building, north side of Binjiang Avenue, Sanjiang Town, Jinping County, Guizhou Province
157	Qiandongnan	Cengong sub-branch of Bank of Guizhou Co., Ltd.	1/F & 2/F, south side of Waihuan West Road (Yukai Express Exit-Dayuan Road Link), Cengong County, Guizhou Province
158	Qiandongnan	Shibing sub-branch of Bank of Guizhou Co., Ltd.	1/F, Office Building, Water Resources Bureau, Zhongsha Avenue, Chengguan Town, Shibing County, Guizhou Province
159	Qiandongnan	Kaili Weilaicheng sub-branch of Bank of Guizhou Co., Ltd.	Shops 90, 92–97, 101, 1/F, North Zone of the Commercial Plaza, Jiahe Shengshi Phase Two, No. 140, Kaimian Road, Kaili, Guizhou Province
160	Qiandongnan	Kaili Shaoshan Road sub-branch of Bank of Guizhou Co., Ltd.	Two commercial units with street frontage, 1/F, Kaili Hexie Dunpu Hotel, No. 70, Shaoshan South Road, Kaili City, Qiandongnan Miao and Dong Autonomous Prefecture, Guizhou Province
161	Tongren	Tongren branch Business Department of Bank of Guizhou Co., Ltd.	No. 256 Jinlin Avenue, Wanshan District, Tongren, Guizhou Province
162	Tongren	Dejiang sub-branch of Bank of Guizhou Co., Ltd.	No. 4 Wujiang North Road, Qinglong Street, Dejiang County, Tongren, Guizhou Province
163	Tongren	Songtao sub-branch of Bank of Guizhou Co., Ltd.	1/F, Block 1, Zone C, Binjiang Garden, Qixing Avenue, Liaogao Street Office, Songtao Miao Autonomous County, Tongren, Guizhou Province
164	Tongren	Tongren Dashizi sub-branch of Bank of Guizhou Co., Ltd.	Unit 101–3, Fulin Building, Jiefang Road, Bijiang District, Tongren, Guizhou Province
165	Tongren	Tongren Train Station sub-branch of Bank of Guizhou Co., Ltd.	7#, Planned Zone D, Railway Station Square, Bijiang District, Tongren, Guizhou Province
166	Tongren	Yuping sub-branch of Bank of Guizhou Co., Ltd.	1/F, Yuanda Caizhi Center, Yuping, Maoping New District, Yuping Dong Autonomous County, Tongren, Guizhou Province

Appendix: Information on Branches (Continued)

No.	Region	Name of Institution	Address of Institution
167	Tongren	Yanhe sub-branch of Bank of Guizhou Co., Ltd.	Tuanjie Avenue, Development Area, Yanhe Tujia Autonomous County, Tongren, Guizhou Province (Opposite to County SAT Bureau)
168	Tongren	Si'nan sub-branch of Bank of Guizhou Co., Ltd.	1/F & 2/F, Water Resources Bureau Office Building, Guizhou Xinyue Group Shengshi Haoting, Chengbei Street, Si'nan County, Tongren, Guizhou Province
169	Tongren	Yinjiang sub-branch of Bank of Guizhou Co., Ltd.	Xiyuan Road, Eling Town, Yinjiang Tujia and Miao Autonomous County, Tongren, Guizhou Province (1/F, Commercial & Residential Building, Duowei Guoji)
170	Tongren	Tongren Jinjiang sub-branch of Bank of Guizhou Co., Ltd.	Ancillary Building, Jinjiang Hotel, No. 8 Jinjiang South Road, Tongren, Guizhou Province
171	Tongren	Jiangkou sub-branch of Bank of Guizhou Co., Ltd.	Foguang Road, Shuangjiang Street Office, Jiangkou County, Tongren, Guizhou Province
172	Tongren	Shiqian sub-branch of Bank of Guizhou Co., Ltd.	1/F, Guoji Minghao, Fodingshan South Road, Wenbi Community, Quandu Street Office, Shiqian County, Tongren, Guizhou Province
173	Tongren	Tongren Bijiang sub-branch of Bank of Guizhou Co., Ltd.	Unit 3, 1/F, Block B, Bandao Haoyuan, No. 19 Nanchangcheng Road, Bijiang District, Tongren, Guizhou Province
174	Bijie	Bijie branch Business Department of Bank of Guizhou Co., Ltd.	Block A, Jinyuanda Time Square, Baili Dujuan Road, Qixingguan District, Bijie, Guizhou Province
175	Bijie	Qixingguan sub-branch of Bank of Guizhou Co., Ltd.	1/F, Block A, Shangcheng International, Biyang Avenue, Qixingguan District, Bijie, Guizhou Province
176	Bijie	Jinsha sub-branch of Bank of Guizhou Co., Ltd.	Block F0026, Zone B, Kaiming Tongxin City, Yuping Community, Guchang Street, Jinsha County, Bijie, Guizhou Province
177	Bijie	Zhijin sub-branch of Bank of Guizhou Co., Ltd.	Zijin Huafu, No. 2 Jinan Road, Chengguan Town, Zhijin County, Bijie, Guizhou Province
178	Bijie	Qianxi sub-branch of Bank of Guizhou Co., Ltd.	Fulin International, Wenhua Road, Qianxi City, Bijie, Guizhou Province
179	Bijie	Weining sub-branch of Bank of Guizhou Co., Ltd.	Building No. 1, Yangguang 100 International New City, Binhai Avenue, Weining County, Bijie, Guizhou Province
180	Bijie	Nayong sub-branch of Bank of Guizhou Co., Ltd.	1/F Yonghuafu, Jingsi Road, Yongxi Town, Nayong County, Bijie, Guizhou Province
181	Bijie	Dafang sub-branch of Bank of Guizhou Co., Ltd.	1/F, Dongfang Hotel, west side of middle section of Shexiang Avenue, Dafang County, Bijie, Guizhou Province
182	Bijie	Hezhang sub-branch of Bank of Guizhou Co., Ltd.	Longquan Road, Chengguan Town, Hezhang County, Bijie, Guizhou Province
183	Bijie	Bijie Jinhaihu New District sub-branch of Bank of Guizhou Co., Ltd.	1/F Block 1, Jinhai Xinyuan, Jinhaihu New District, Bijie, Guizhou Province
184	Bijie	Bijie Hongshan sub-branch of Bank of Guizhou Co., Ltd.	1/F, Hongshan Wealth International, No. 5 Hongshan Road, Qixingguan District, Bijie, Guizhou Province
185	Bijie	Weining Liuqiao sub-branch of Bank of Guizhou Co., Ltd.	1/F, Jinse Yangguang Building, west side of Renmin North Road, Liuqiao Street, Weining County, Bijie, Guizhou Province
186	Bijie	Bijie Tianhe sub-branch of Bank of Guizhou Co., Ltd.	1/F Block 9, Tianhe Farmer's Market, Tianhe Road, Qixingguan District, Bijie, Guizhou Province

Appendix: Information on Branches (Continued)

No.	Region	Name of Institution	Address of Institution
187	Bijie	Baili Dujian sub-branch of Bank of Guizhou Co., Ltd.	1/F, Building No. 23, Pengcheng Community, Pudi Township, Dafang County, Bijie, Guizhou Province
188	Bijie	Jinsha Zhonghua sub-branch of Bank of Guizhou Co., Ltd.	No. 157 Zhonghua Road, Guchang Street, Jinsha County, Bijie, Guizhou Province
189	Bijie	Dafang Yingbin sub-branch of Bank of Guizhou Co., Ltd.	Shops No. 7-8, Jiuhuan International Phase I, Yingbin Avenue Road No.4, Xinzhuang Village, Shunde Street, Dafang County, Bijie, Guizhou Province
190	Bijie	Zhijin Anju sub-branch of Bank of Guizhou Co., Ltd.	1/F, State-owned company settlement building No. 3-4, Anju Road, Shuangyan Street, Zhijin County, Bijie, Guizhou Province
191	Liupanshui	Liupanshui branch business department of Bank of Guizhou Co., Ltd.	Baolong International Building, No.36 Zhongshan West Road, Liupanshui, Guizhou Province
192	Liupanshui	Liupanshui Liangdu sub-branch of Bank of Guizhou Co., Ltd.	No. 37, Zhongshan West Road, Liupanshui, Guizhou Province
193	Liupanshui	Liupanshui Qunli sub-branch of Bank of Guizhou Co., Ltd.	Shops 1-1 & 1-2, Block A, Jiusheng Building, east side of Guangchang Road, Liupanshui, Guizhou Province
194	Liupanshui	Liupanshui Jinxing sub-branch of Bank of Guizhou Co., Ltd.	Nos. 8, 9, 10 affiliated to No. 14, Renmin Middle Road, Liupanshui, Guizhou Province
195	Liupanshui	Liupanshui Yinxing sub-branch of Bank of Guizhou Co., Ltd.	Room 103 affiliated to No. 25, Zhongshan Middle Road, Liupanshui, Guizhou Province
196	Liupanshui	Liuzhi Special Region sub-branch of Bank of Guizhou Co., Ltd.	A-08 & A-09, 1/F Gongkuang Building, No. 22 Renmin Road, Pingzhai Town, Liuzhi Special Region, Liupanshui, Guizhou Province
197	Liupanshui	Panzhou Shuangfeng sub-branch of Bank of Guizhou Co., Ltd.	No. 57 Yanhe South Road, Shuangfeng Town, Panzhou City, Liupanshui, Guizhou Province
198	Liupanshui	Panzhou sub-branch of Bank of Guizhou Co., Ltd.	1/F, Shangpin International Commercial Square, Shengjing Avenue, Yizi Street, Panzhou City, Liupanshui, Guizhou Province
199	Liupanshui	Liupanshui Guanting sub-branch of Bank of Guizhou Co., Ltd.	No. 101 affiliated to No. 24 Renmin East Road, Zhongshan District, Liupanshui, Guizhou Province
200	Liupanshui	Liupanshui Hecheng sub-branch of Bank of Guizhou Co., Ltd.	1/F & 2/F, Block B, Mingdu Commercial Plaza, Zhongshan District, Liupanshui, Guizhou Province
201	Liupanshui	Liupanshui Huangtupo sub-branch of Bank of Guizhou Co., Ltd.	Opposite to Suning Appliance, intersection of Kangle South Road, Zhongshan District, Liupanshui, Guizhou Province
202	Liupanshui	Shuicheng sub-branch of Bank of Guizhou Co., Ltd.	No. 126 Jinshan Road, Shuangshui Development Area, Shuicheng District, Liupanshui, Guizhou Province
203	Liupanshui	Panzhou Boguo sub-branch of Bank of Guizhou Co., Ltd.	1/F, Jianhe Commercial Center, Yanjiang West Road, Boguo Town, Panzhou City, Liupanshui, Guizhou Province
204	Liupanshui	Liupanshui Gangcheng sub-branch of Bank of Guizhou Co., Ltd.	No. 452279, Shuigang Baxi Middle Road, Liupanshui, Guizhou Province
205	Liupanshui	Panzhou Panjiang sub-branch of Bank of Guizhou Co., Ltd.	No. 5 Panjiang North Road, Hanlin Street, Panzhou City, Guizhou Province
206	Liupanshui	Liupanshui Qilin sub-branch of Bank of Guizhou Co., Ltd.	1/F, Housing Provident Fund Management Center, Qilin Road, Zhongshan District, Liupanshui, Guizhou Province

Appendix: Information on Branches (Continued)

No.	Region	Name of Institution	Address of Institution
207	Liupanshui	Liupanshui Zhongshan sub-branch of Bank of Guizhou Co., Ltd.	1/F for commercial purpose, Block A3, Deyuan • Future City, Fenghuang New District, Zhongshan District, Liupanshui, Guizhou Province
208	Liupanshui	Liupanshui Jintai sub-branch of Bank of Guizhou Co., Ltd.	Jintai Building, No. 73, Zhongshan Middle Road, Liupanshui
209	Liupanshui	Liuzhi Jiankang sub-branch of Bank of Guizhou Co., Ltd.	1/F & 2/F, Block E, Jiankang Road, Pingzhai Town, Liuzhi Special District
210	Liupanshui	Liupanshui Dexinyuan sub-branch of Bank of Guizhou Co., Ltd.	Shop No. 10, 1/F, Building No. 10, Shuikuang Dexinyuan Community, Dewu New subdistrict, Zhongshan District, Liupanshui, Guizhou Province
211	Liupanshui	Panzhou Hongguo sub-branch of Bank of Guizhou Co., Ltd.	1/F, Office Building, Guizhou Panxing Energy Development Investment Limited, Yizi Street, Panzhou City, Liupanshui, Guizhou Province
212	Liupanshui	Liupanshui Hongqiao sub-branch of Bank of Guizhou Co., Ltd.	1/F, Outlets International Plaza, Hongqiao New District, Liupanshui
213	Qianxinan	Qianxinan branch Business Department of Bank of Guizhou Co., Ltd.	1/F-2/F, Aocheng Community, Ruijin Avenue, Xingyi, Qianxinan Bouyei and Miao Autonomous Prefecture, Guizhou Province
214	Qianxinan	Xingren sub-branch of Bank of Guizhou Co., Ltd.	Middle Section of Zhenxing Avenue, Donghu Street Office, Xingren, Qianxinan Bouyei and Miao Autonomous Prefecture, Guizhou Province
215	Qianxinan	Zhenfeng sub-branch of Bank of Guizhou Co., Ltd.	Side of New Transit Center, Yongfeng Avenue, Mingu Town, Zhenfeng County, Guizhou Province
216	Qianxinan	Anlong sub-branch of Bank of Guizhou Co., Ltd.	Unit 108, Stone Factory Group, Xihe Village, Zhaodi Street Office, Anlong County, Guizhou Province
217	Qianxinan	Xingyi Ruijin sub-branch of Bank of Guizhou Co., Ltd.	No.1 Panjiang Road, Xingyi, Qianxinan Prefecture, Guizhou Province
218	Qianxinan	Puan sub-branch of Bank of Guizhou Co., Ltd.	Block 2 Jinqiao Baihui, Nanhu Street, Puan County, Qianxinan Prefecture, Guizhou Province
219	Qianxinan	Qinglong sub-branch of Bank of Guizhou Co., Ltd.	East Street, Northeast Community, Liancheng Town, Qinglong County, Qianxinan Prefecture, Guizhou Province
220	Qianxinan	Wangmo sub-branch of Bank of Guizhou Co., Ltd.	South side of Wangmu Square, Wangmo County, Qianxinan Prefecture, Guizhou Province
221	Qianxinan	Ceheng sub-branch of Bank of Guizhou Co., Ltd.	Former SAT Bureau Office Building, Crossroad of Qianjin Road, Zhelou Street Office, Ceheng County, Qianxinan Prefecture, Guizhou Province
222	Qianxinan	Xingyi Wanfeng sub-branch of Bank of Guizhou Co., Ltd.	Side of Civil Aviation Avenue in Xingyi City, Qianxinan Prefecture, Guizhou Province



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